

# BUSINESS

Issue 264  
Monday, 26th  
#Economy

## Economy of the European Union

Marketing is defined as the process of creating and maintaining a unique name or design for a product or service. Having a good brand strategy allows you to have a major advantage in gaining a large market share. Your brand is your identity, and what you can have or expect from the product and services you offer.

Are you innovative or do you offer the experienced level of service? A high-end, high-quality product or a low-end, high-value product, it's impossible to be both. You should consider everything about your customers, and you can be their hero in the main foundation of your brand. All the promotional material should be connected with your logo to

be your trademark or you can be the experienced level of service. Offer a high-end, high-quality product or a low-end, high-value product. It's impossible to be both. You should consider everything about your customers, and you can be their hero in the main foundation of your brand. All the promotional material should be connected with your logo to

## World Bank's stock at all-time high

It is a process to allow an organization to focus resources on the greatest opportunities to increase sales and achieve the company's target.

Marketing strategy's goal is to increase sales and achieve advantage over other competitors. It includes short-term and long-term objectives of marketing that has to do with the success of a company's operation and contribute to its objectives. The strategy will be based on how you gain sales by increasing and keeping customers. A marketing strategy helps in making good decisions with the right level of marketing approaches to increase sales and marketing activities.

Putting your strategy into action is how your marketing plan should work. Marketing budgets will be set at the same time as your strategy. It involves going to work with your targets, it involves creating marketing, advertising, and branding. The perfect strategy will help you to increase sales and marketing activities. It will help you to increase sales and marketing activities. It will help you to increase sales and marketing activities.

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## US rate rise chances recede as jobs growth slows

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# Ease of doing business

## Stakeholder research

August 2019

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# Background

The FMA commissioned Buzz Channel to conduct research among key stakeholders to understand the effectiveness of interactions FMA has with stakeholders and satisfaction with the service it provides.

Fieldwork was carried out between 5<sup>th</sup> and 30<sup>th</sup> July 2019.

This is the fourth year the FMA has conducted this stakeholder research, and the second year Buzz Channel has been involved.

This research helps the FMA to better understand its stakeholders and enables the FMA to focus on continuous improvement in its efficiency and effectiveness.

The results of this research will also be used in statutory reporting required in the FMA's role as a crown agency.

Prior to the fieldwork being conducted, FMA sent out an introductory email introducing the research to stakeholders. In addition, during the fieldwork period two reminder emails were sent to those who had not yet completed the survey.

A total of n=617 stakeholders received an invitation to participate and n=137 completed the survey, a 22% completion rate.

The margin of error for the sample is +/- 8% (at the 95% confidence level).

# Summary

## Perceptions of the FMA:

Stakeholder perceptions of the FMA and its effectiveness have remained fairly steady since 2017. This year:

- 88% agree that the FMA supports market integrity;
- 84% agree that the FMA helps raise standards of market conduct;
- 72% agree that the FMA's activities reflect its strategic priorities;
- 65% are aware of the FMA's Strategic Risk Outlook document and have read it;
- 62% agree that the FMA's priorities target the appropriate strategic risks, and;
- 61% agree that the FMA maintains a strong enforcement function and is effective in deterring misconduct by holding it to account.

63% of stakeholders agree that it's easy doing business with FMA. Agreement is lowest with the perceptions that the regulatory burden of the FMA is proportionate to the value stakeholders receive (50%). The proportion of those agreeing that the regulatory burden of the FMA is proportionate to the value of its broader impact increased significantly since 2018 (62% vs 50%).

Six in ten stakeholders didn't share any thoughts on improving FMA's efficiency and/or effectiveness. 11% mentioned something generally positive, and 5% said they have noticed an improvement. A few stakeholders expressed a need to improve communication (8%), closer monitoring of certain entities (4%), and a few mentioned over-regulation (4%).

Almost all stakeholders surveyed indicated they are fairly or very confident in New Zealand's financial markets (95%) and that they are being effectively regulated (91%). Similar to 2018, reasons given for being confident in the financial markets, and its regulation, include them being well-regulated and managed to a high standard. 15% of those who are very confident mentioned there have been improvements in recent years.

Results show the FMA has made good progress over the last few years, via interactions and communications with stakeholders, in lifting understanding of what the FMA does in terms of its approach to regulating the markets and what is expected of stakeholders and their obligations. Readership of FMA market communications has increased significantly along with agreement that the regulatory burden of the FMA is proportionate to the value of its broader impact – an increase from 50% in 2018 to 62% in 2019.

# Summary

## Communication with the FMA:

68% of stakeholders have contact with the FMA once every six months or more often. Similar to 2018, around seven in ten stakeholders who have had dealings with FMA most commonly communicate via email. The next most common communication channels are face to face (11%) and phone (11%).

Nearly seven in ten stakeholders (68%) rate the service they received on their most recent interaction with the FMA as very good or excellent. This is the highest rating since reporting commenced in 2016 (2018 – 62%; 2017 – 64%; 2016 – 67%), however, these movements are not statistically significant. Similar to 2018, 56% of stakeholders rate the FMA's engagement as very good or excellent. Of these, 62% consider the FMA professional, organised, cooperative, and the staff knowledgeable. Stakeholders who rated the engagement fair or poor (18 stakeholders in total) mentioned a poor level of communication (28%) and a bureaucratic system (22%) as reasons for their lower rating.

Media releases and market updates are the most well-read of the market communications produced by the FMA. All communications are read by a slightly larger proportion of stakeholders in comparison to 2018, there is significantly higher readership (proportion reading all or most of the communications) of market updates (73% vs 60% in 2018), thematic reports (65% vs 52% in 2018), and website updates (54% vs 42% in 2018).

New in 2019, stakeholders were asked how useful they found FMA-issued guidance. The majority of stakeholders (87%) indicated they find the guidance useful in helping them comply with the law and/or their obligations, and in helping them make improvements to their policies or processes.

When considering the FMA's market communications overall, all aspects of communication are rated highly by stakeholders, with the lowest ratings relating to communications being timely and easy to understand, although even this score is still agreed by 75% of stakeholders. The highest ratings relate to FMA communications helping stakeholders understand the approach to regulating markets, expectations of their organisation and their obligations. There has been a general upward trend over the last 3 years in stakeholder agreement on these three aspects.

Similar to 2018, half of the stakeholders offered no suggestions on ways to improve FMA's communications, and 13% said things were fine as they are. Some stakeholders suggested keeping communications transparent by using simple language and keeping it clear/consistent (8%).

# Summary

## **FMA Activities and Interactions:**

In the last 12 months, the most common FMA activities stakeholders have been involved in are enquiries (29%), licensing (29%), policy discussions (28%), guidance (27%), and compliance reviews (27%).

63% of stakeholders rated their dealings with the FMA over the last 12 months as very good or excellent. This is a slight increase from 2018 (58%) although not significantly significant, and is nearly back in line with the 2016 (65%) and 2017 (64%) results.

For stakeholders, the likely outcomes for their interactions with the FMA were:

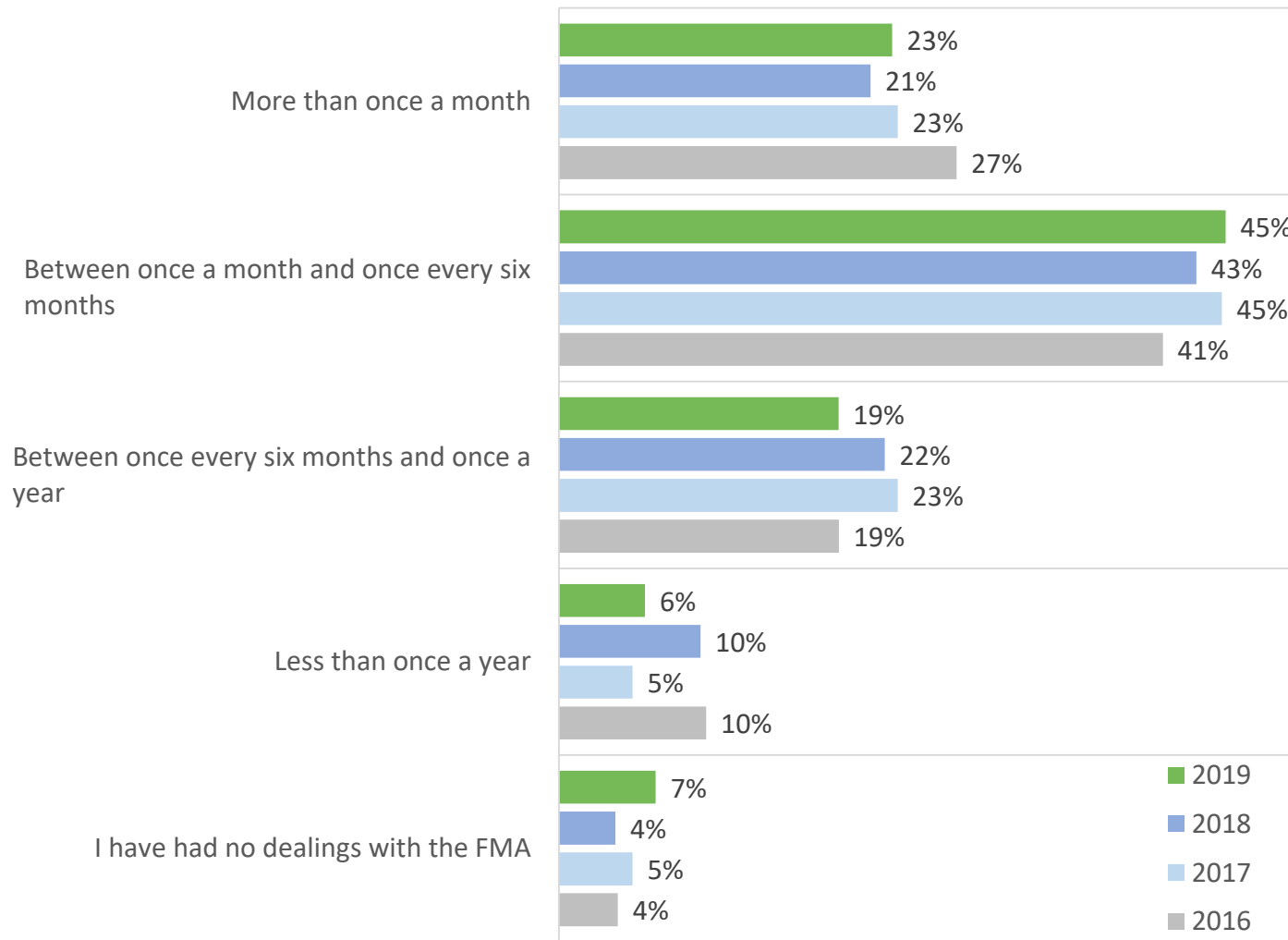
- An improved understanding of what the FMA expects (82% agree);
- Providing a benchmark for what stakeholders do (68% agree);
- Improving what stakeholders do (68% agree);
- Improving how stakeholders do things (66% agree), and;
- Improving the understanding of the market they operate in (50% agree).

There were no significant movements in comparison to 2018, but there is a general upward trend for all outcomes from an FMA run activity since 2016 (except for interactions delivering an improvement in the understanding of the market, which has remained fairly steady at 50% agreement since 2016).

# Communication with the FMA



# Frequency of stakeholder contact



Nearly seven in ten stakeholders have contact of some sort with the FMA once every six months or more often (68%).

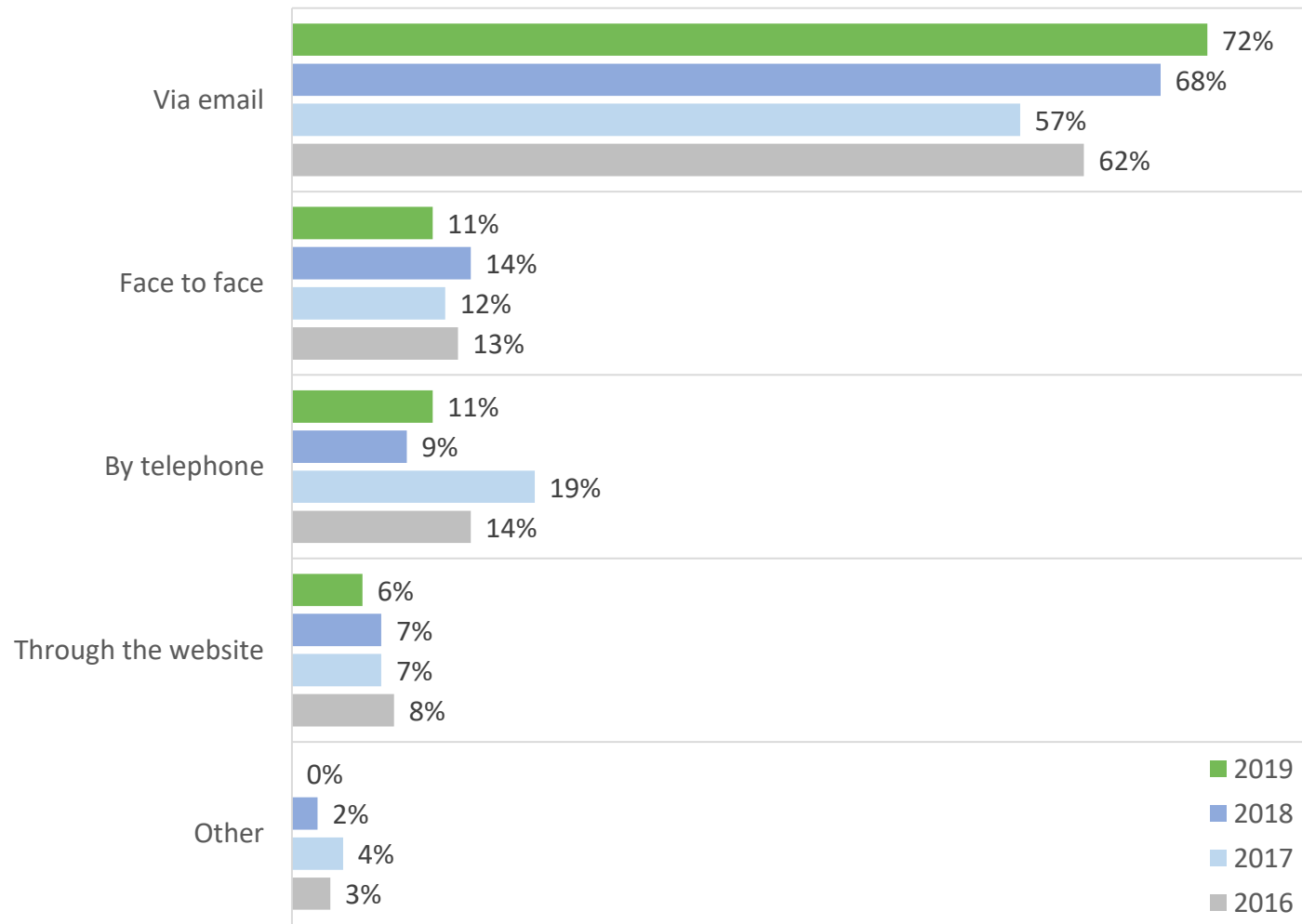
45% of stakeholders deal with the FMA between once a month and once every six months, and nearly a quarter deal with the FMA more frequently than that (23%).

Stakeholders involved in New Zealand’s financial markets as a legal advisor/ legal counsel are more likely to be dealing with the FMA more frequently than once a month.

A small proportion of stakeholders indicated they don’t have any dealings with the FMA (7%).



# Channels of communication



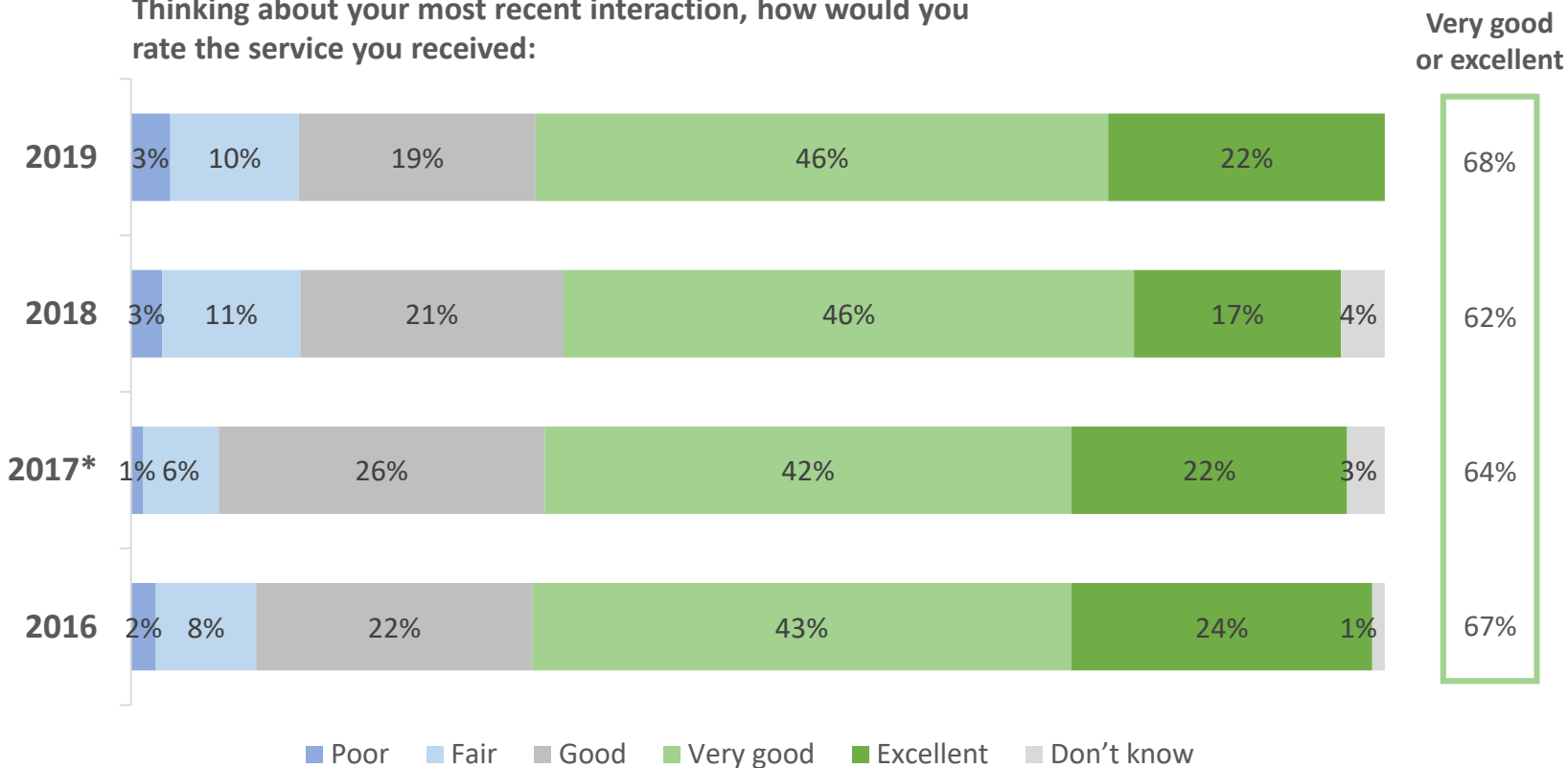
Among stakeholders who do have dealings with FMA, the most common channel of communication is via email, followed by face to face (11%), and phone (11%). The movements from the 2018 results are not statistically significant.

# Quality of service

Nearly seven in ten stakeholders (68%) rate the service they received on their most recent interaction with the FMA as very good or excellent.

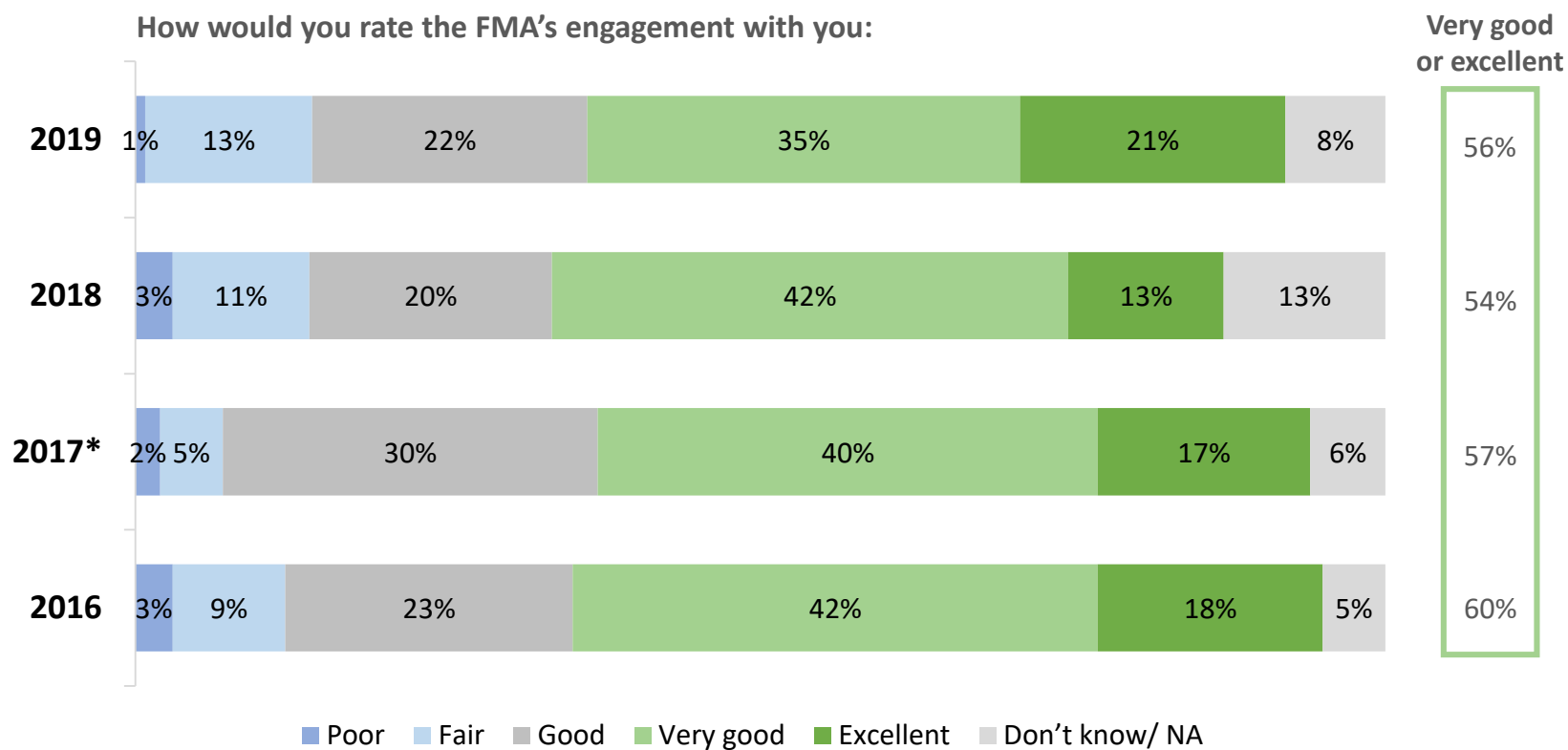
This is a slight increase from 2018 (although not a significant one) and the highest rating since reporting commenced in 2016.

Thinking about your most recent interaction, how would you rate the service you received:



\*Note: Question wording changed from 2016 to 2017.

# Quality of engagement with stakeholders



Fairly consistent with all four years of reporting, 56% of stakeholders rate the FMA's engagement as very good or excellent.

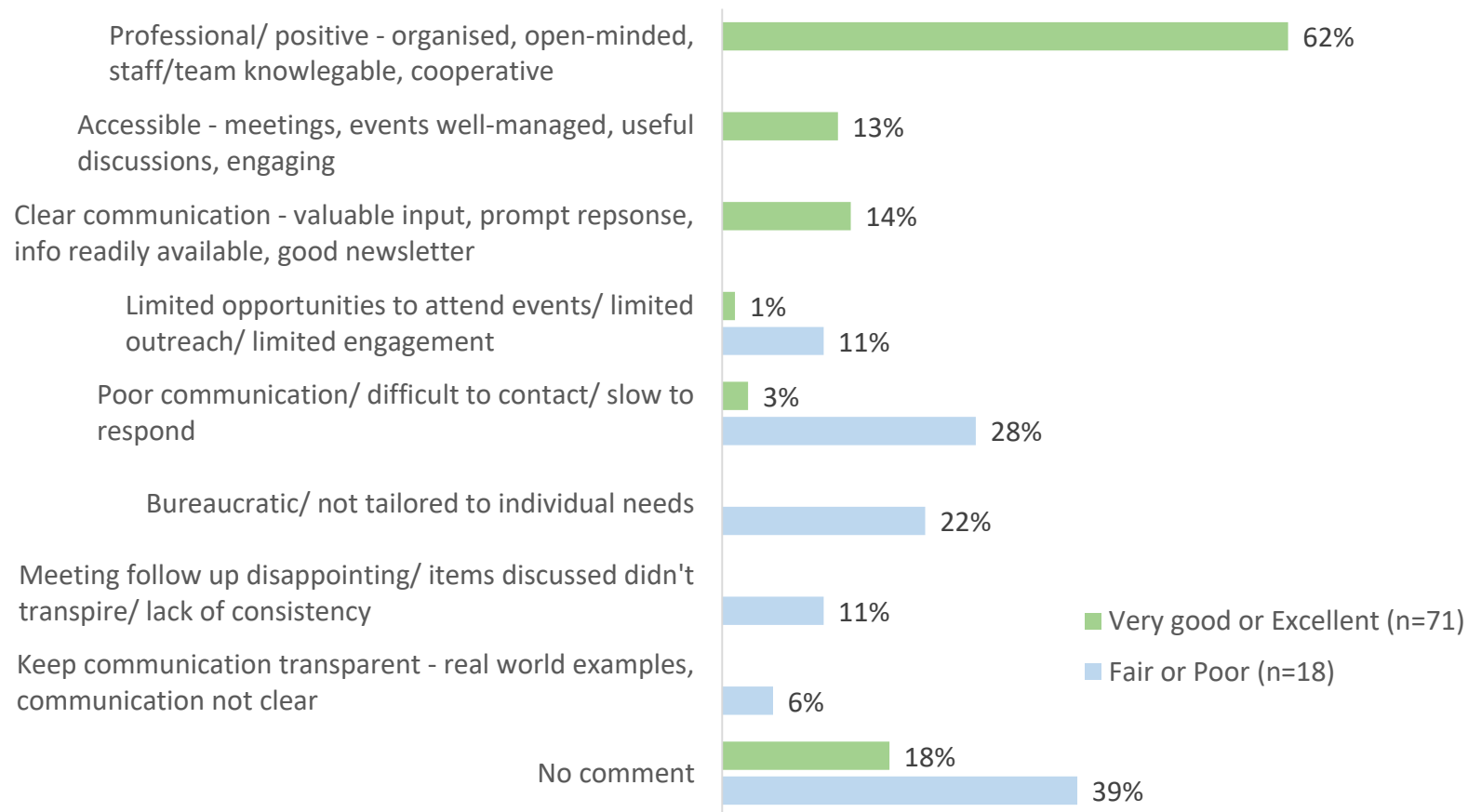
The relationship between the quality of a stakeholders last interaction and a stakeholders' rating of the FMA's engagement with appear to be linked, i.e. those who rate the interaction highly, also rate the quality of their engagement with the FMA highly, and vice versa.

\*Note: Question wording changed from 2016 to 2017.

Q: 'Thinking about your involvement with the FMA in your capacity as a stakeholder, for example policy discussions, attending an FMA event, or being involved in a joint project, how would you rate the FMA's engagement with you?'

Base, had dealings with FMA: 2019 n=127; 2018 n=200; 2017 n=129; 2016 n=147

# Reasons for quality of engagement



Reasons for stakeholders rating FMA's engagement with them are similar to the 2018 reasons.

62% of stakeholders who rated the level of engagement with the FMA as very good or excellent did so because they consider the FMA professional, organised, cooperative, and the staff knowledgeable. 14% also mentioned clear communication, prompt responses, and valuable input as a reason for their high rating.

Stakeholders who rated the engagement fair or poor (18 stakeholders in total) mentioned a poor level of communication (28%) and a bureaucratic system (22%) as reasons for their lower rating.

Stakeholders who rated their last interaction with the FMA as very good or excellent are more likely to mention professionalism, cooperation and knowledgeable staff as reasons for FMA's engagement rating.

# Example quotes – quality of engagement

*“My contacts at the FMA always keep up open and free and frank communications with me. I feel they communicate honestly about what is happening, so I'm never surprised down the track.”*

*“FMA were very responsive to a policy issue arising for the industry and worked with us both to understand the impact on our business, and to assist in the submission process with MBIE. The result was legislative change that provided certainty to our industry.”*

*“We consider that we have strong professional working relationships with the individuals we work with and information is shared in a timely manner.”*

*“Have always found FMA staff helpful, engaging and informative on changes, and our openness and willingness to engage has always been positively reciprocated.”*

*“I think that the FMA team are good at running discussion groups like the lightning lab events. These are great for engaging with the FMA team and getting a better understanding for how the FMA thinks about different issues.”*

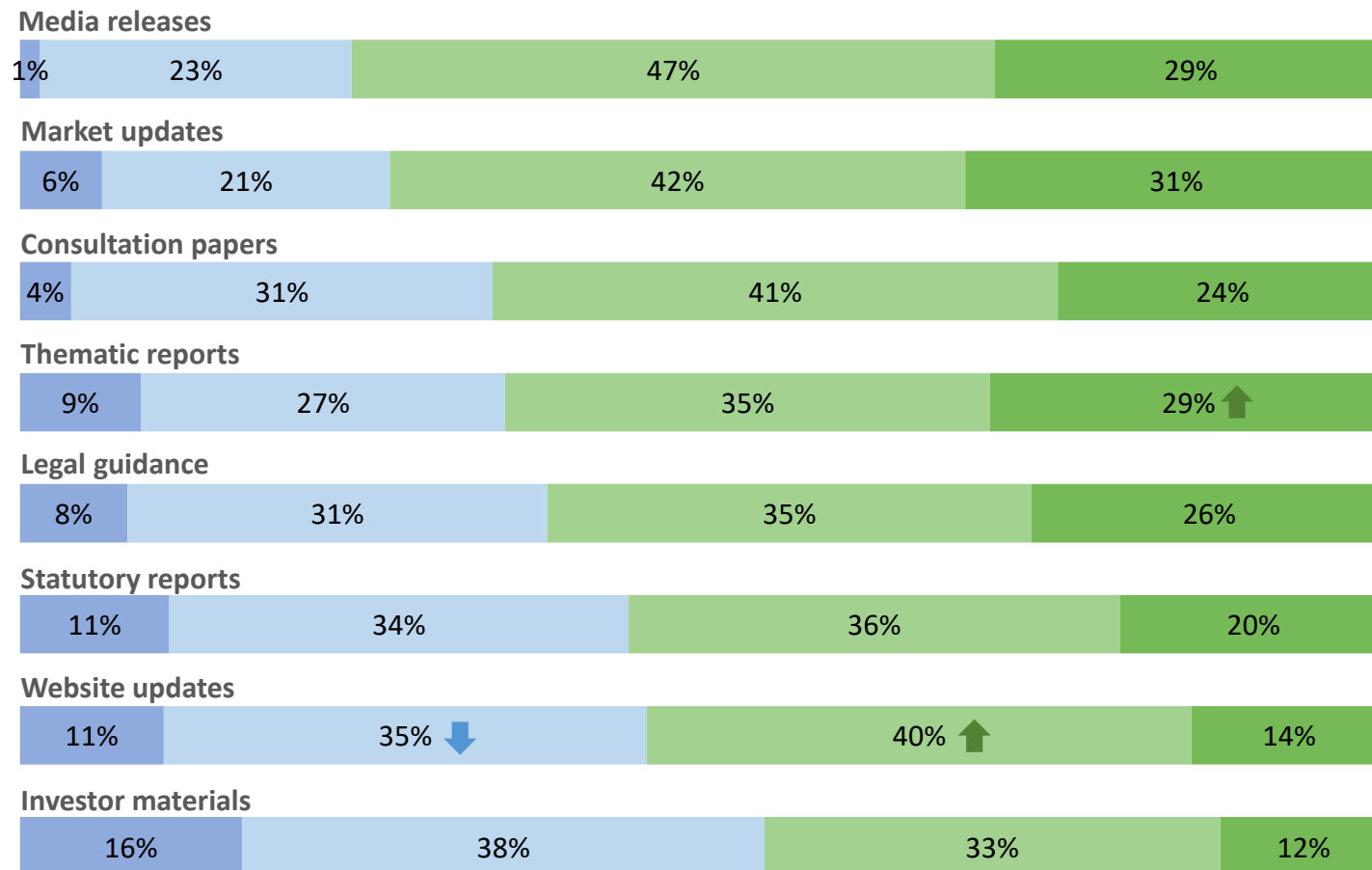
*“FMA works very well with the licensed supervisors. The workshops are well planned and topical and give good guidance and take feedback. Very useful to ensure alignment.”*

*“We needed the Product Disclosure Statement of a new scheme reviewed quickly in order to meet a deadline. It was reviewed immediately despite the stated reply period being much longer.”*

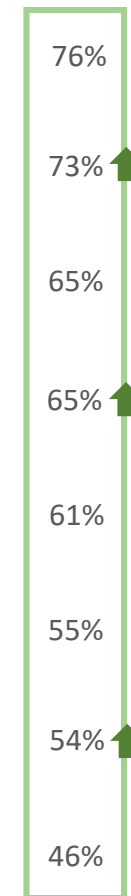
*“We've rated the FMA poorly as it took more than 5 times the "standard" hours to assess our license application and more than 7 months to obtain one. This was not helped by changes in FMA personnel through the assessment process. We believe our business model is very straight-forward and should have been able to be assessed within the standard hours allotted.”*

*“You don't answer direct questions well (or at all sometimes), this causes us to contact our lawyers that adds dramatically to the cost of doing business.”*

# Readership of market communications



Read all or most



As in 2018, media releases and market updates are the most well-read of the market communications produced by the FMA.

Different to 2018, market updates (73% vs 60% in 2018), thematic reports (65% vs 52% in 2018), and website updates (54% vs 42% in 2018) saw significant increases in the proportions of stakeholders reading all or most of these communications. Overall trends of each of these communications types are discussed in more detail on the next slide.

■ I never read them ■ I read them sometimes ■ I read most of them ■ I read all of them

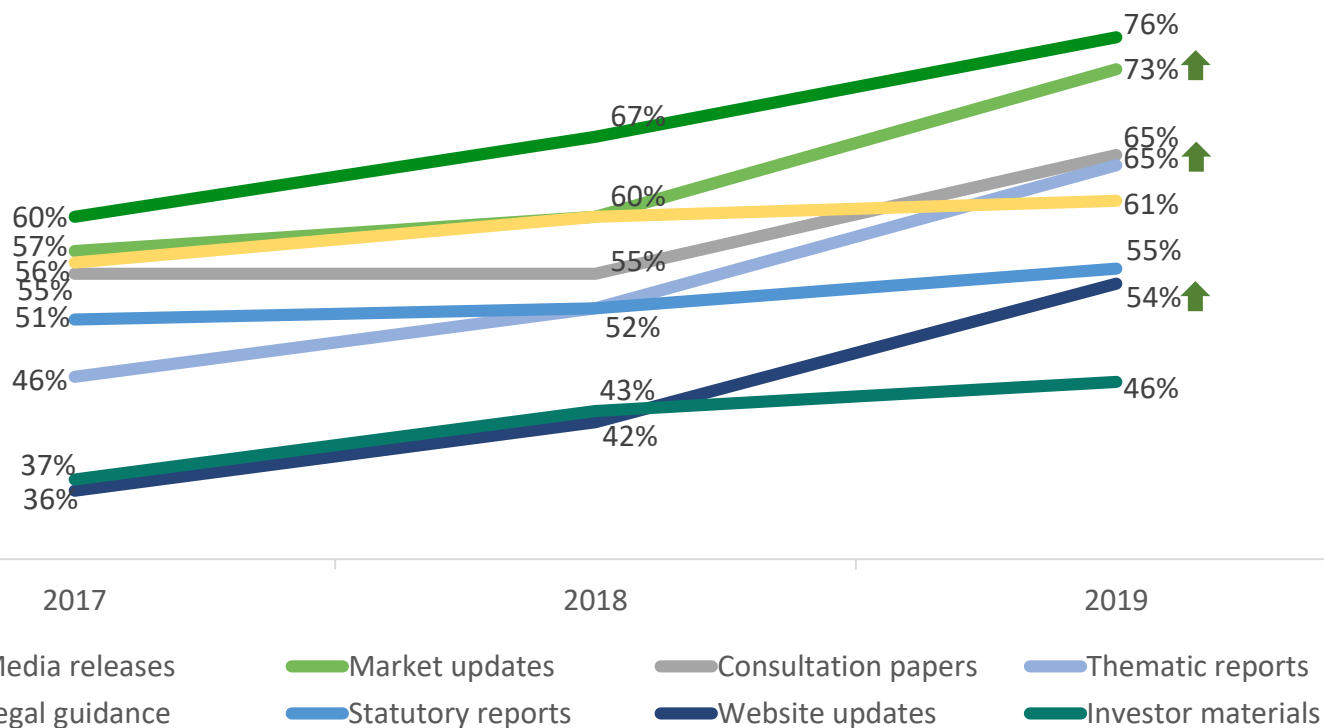
\*Excludes not applicable

↑ Significant increase from the 2018 results.

↓ Significant decrease from the 2018 results.

# Readership of market communications – trends over time

Showing % read all or most



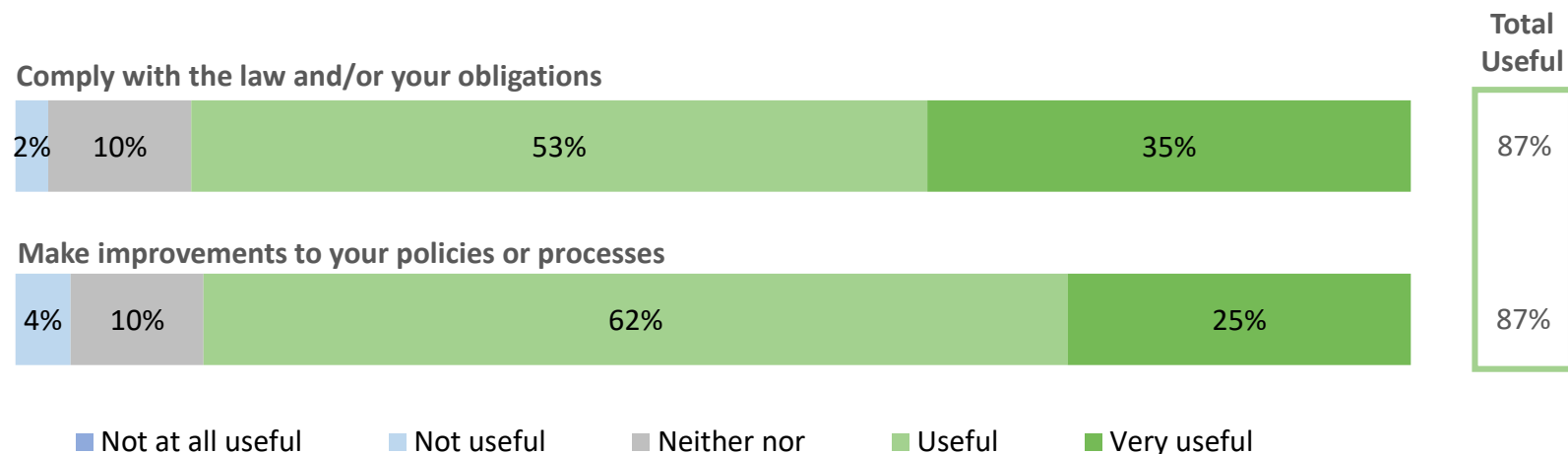
All communications are read by a slightly larger proportion of stakeholders in comparison to 2018, with market updates, thematic reports and website updates having significantly larger readership.

And if we compare 2019 to 2017 readership, media releases have also seen a significant increase in those reading all or most.

# Usefulness of FMA-issued guidance

New to 2019, stakeholders were asked how useful they found FMA-issued guidance. 87% of stakeholders found the guidance useful in helping them comply with the law and/or their obligations, and in helping them make improvements to their policies or processes.

How useful did you find the guidance in helping you to...



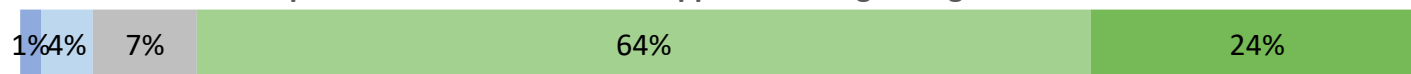
*\*Excludes not applicable*

**New question in 2019** Q: 'Thinking about any FMA-issued guidance for market participants you have read during the past year (standalone guidance or guidance within a thematic report), how useful did you find the guidance in helping you to....'  
Base, all stakeholders: 2019 n=137

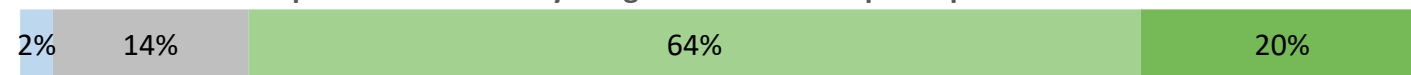


# Effectiveness of market communications

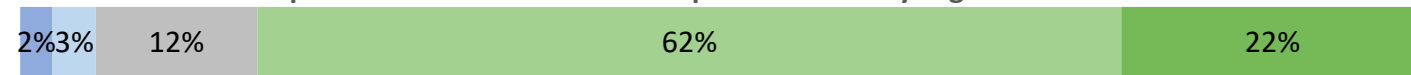
Communications help me understand the FMA’s approach to regulating NZ financial markets



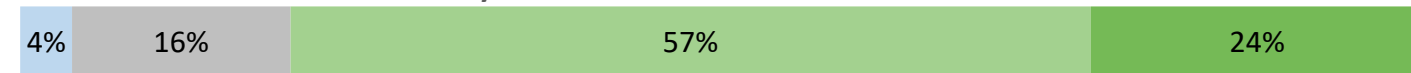
Communications help me understand my obligations as market participant



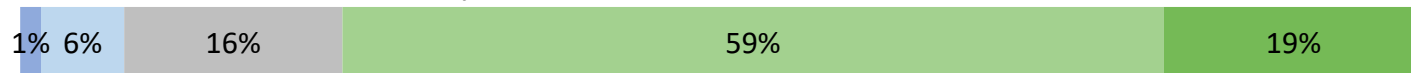
Communications help me understand the FMA’s expectations of my organisation



Communications are relevant to my sector



Market communications are clear, concise and effective



Market communications are easy to understand



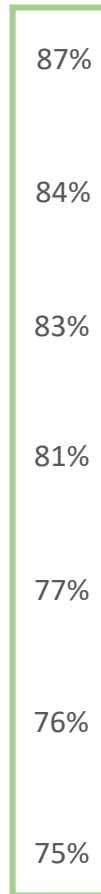
Communications are timely



Strongly disagree Disagree Neither agree nor disagree Agree Strongly agree

\*Excludes not applicable

Total agree

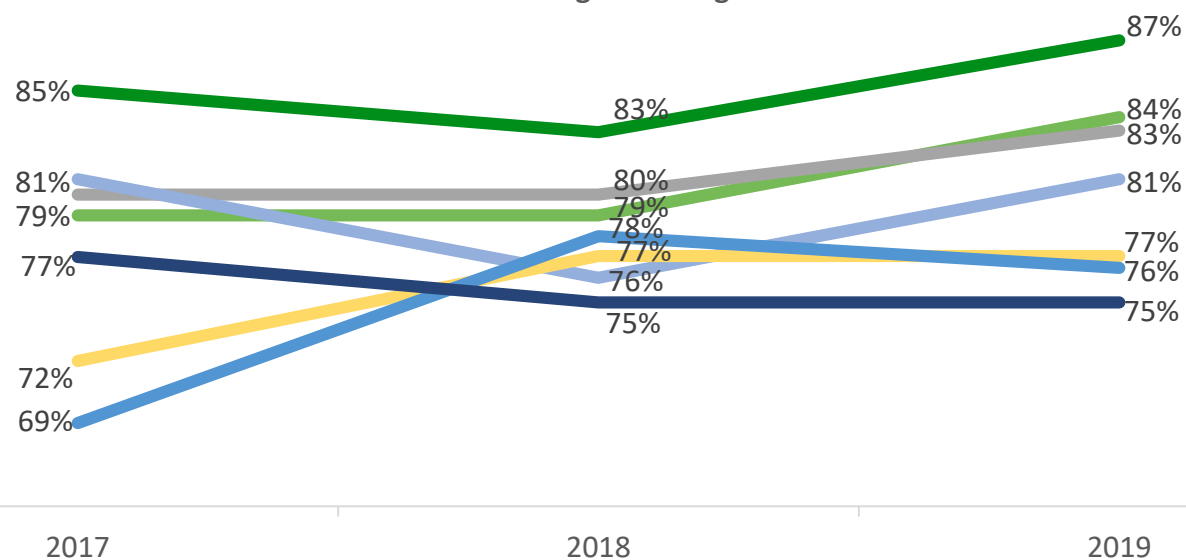


When considering the FMA’s market communications overall, 87% of stakeholders agree that they have helped understanding of the FMA’s approach to regulating the financial markets.

All aspects of communication are rated highly by stakeholders (similar to 2018). The lowest ratings relating to timeliness of communications and ease of understanding, however all scores are at or above 75% agreement.

# Effectiveness of market communications – trends over time

Showing % total agree

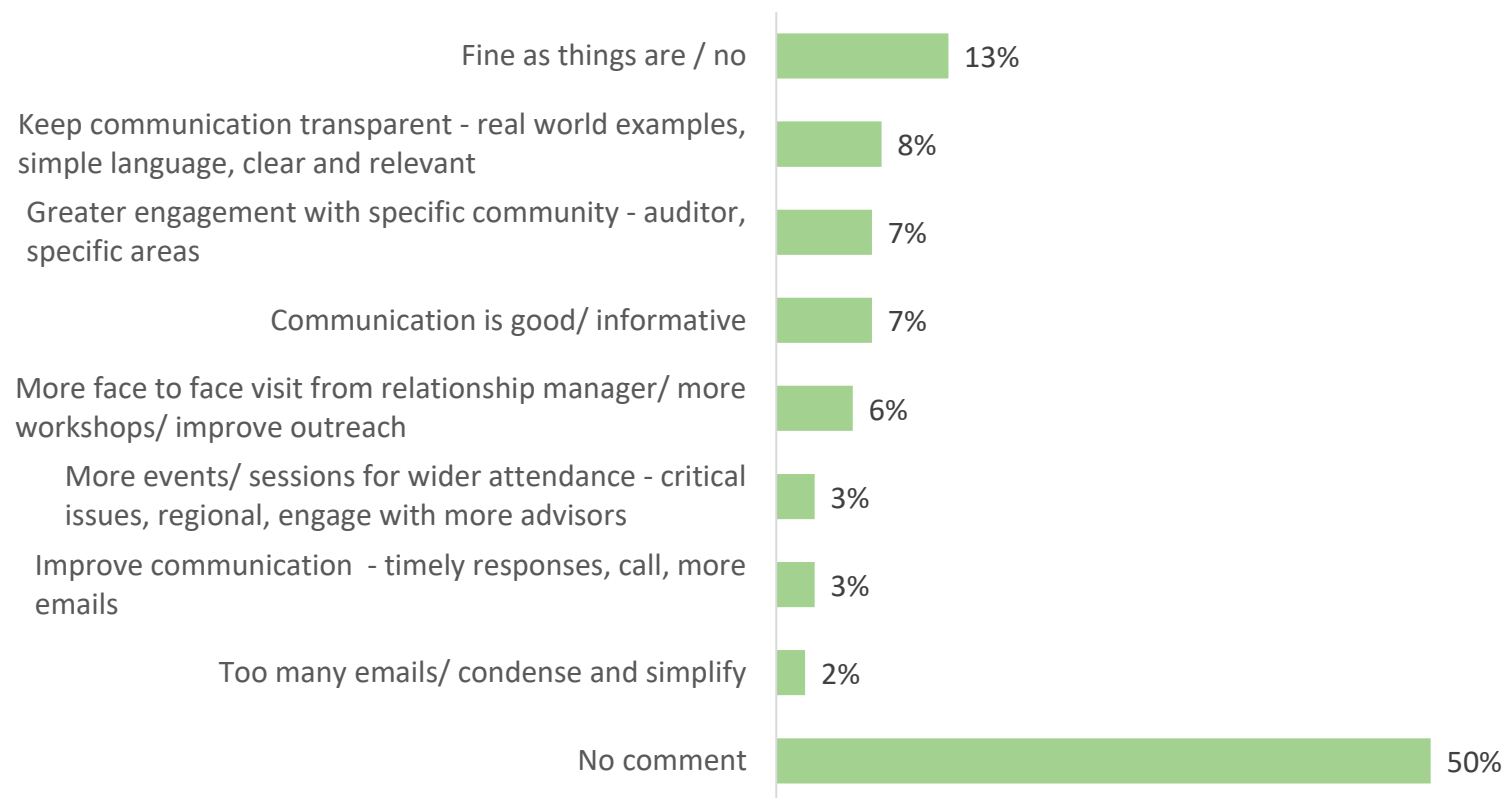


- Understand approach to regulating markets
- Understand expectations of my organisation
- Clear, concise and effective
- Timely
- Understand obligations as market participant
- Relevant to my sector
- Easy to understand

Tracking the effectiveness of the communications ratings over time, there have been no significant increases or decreases for the 2019 results in comparison to 2018.

There seems to be a general upward trend over the last 3 years in stakeholder agreement that FMA communications help them understand the approach to regulating markets, and expectations of their organisation and obligations.

# Opportunities to improve market communications



*\*All other responses were less than 1%.*

*Q: 'Are there any ways you think the FMA could improve their communications? Is there anything they're not currently doing that you'd like them to, or ways of communicating you'd like to see changed?'*

*Base, all stakeholders: 2019 n=137*

Similar to 2018, half of the stakeholders didn't offer any suggestion on ways to improve FMA's communications, and 13% said things are fine as they are.

Some stakeholders suggested keeping the communication transparent by using simple language and keeping it clear/consistent (8%). This is an interesting area of focus considering the communications being 'easy to understand' and 'clear, concise and effective' have remained pretty steady in comparison to 2018, while most other communication aspects are showing slight lifts.

Others suggested greater engagement with specific communities (e.g. auditors) (7%), and more face to face visits/workshops (6%), and/or events (3%).

*\*This year, reasons/themes have been expanded on and are not able to be directly compared to the 2018 results.*

# Example quotes – improving market communications

*“I'm happy with the communications as they come to me which are by email or web link. Not sure if additional communication would serve any better purpose.”*

*“No, the general communication is excellent. We receive guidance regarding our individual business from our compliance provider Strategic - the individual component is missing from the FMA communication.”*

*“I understand what the problem is after reading the communication but don't always know what the FMA is looking for as a solution. I realise that the FMA don't prescribe exactly how you comply as there are many ways to comply with the legislation but it would be helpful sometimes if there was an example of exactly what is expected.”*

*“Using more examples of how it applies to the different sectors is always good in the guidance. Case study examples of how guidance applies helps us put the information into context.”*

*“Examples of expectations would be useful due to our code approach. I am sure that many business have resolved to identify processes with much time and energy in an endeavour to comply to their interpretation so guidance on process would be useful.”*

*“Perhaps more specific sub-sector communications, such as superannuation scheme MIS, would be good, giving details of recent interactions, decisions, questions-we've-been-asked etc. The full-market communications often seem only vaguely relevant.”*

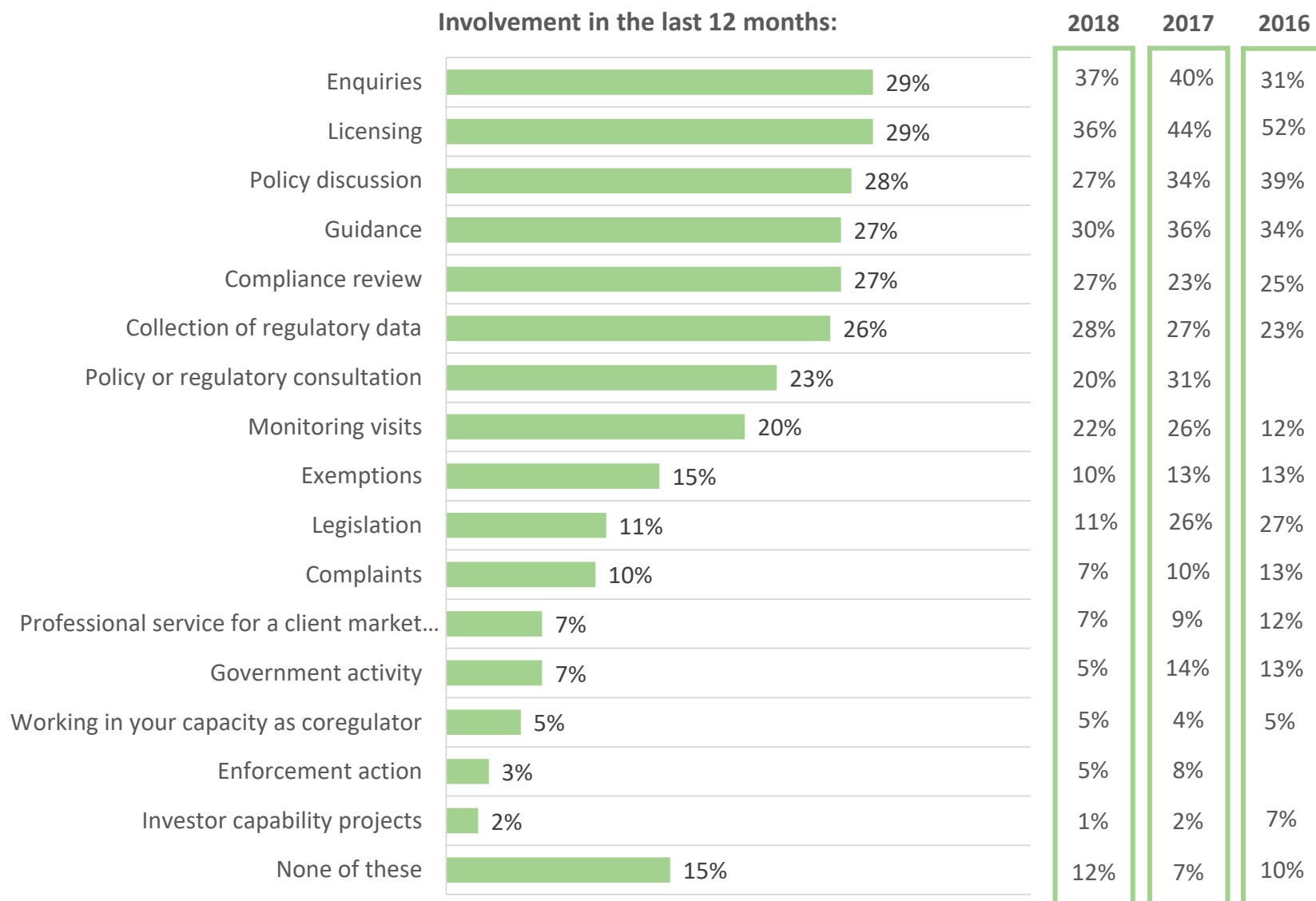
*“I would like to see communication that are relevant to different sized organizations. As a small organization, I find some of the communications discussing for example the makeup of our Board advice not as relevant. With the FLAA coming into force, there will be many smaller stakeholders that need targeted relevant communication.”*

*“The regulations are far too complex and not easy to understand. You really have to be a lawyer to comprehend them. With over 100 lawyers in the FMA that is not surprising. I would suggest that people with more practical experience be employed.”*

# FMA Activities and Interactions



# Involvement in FMA activities

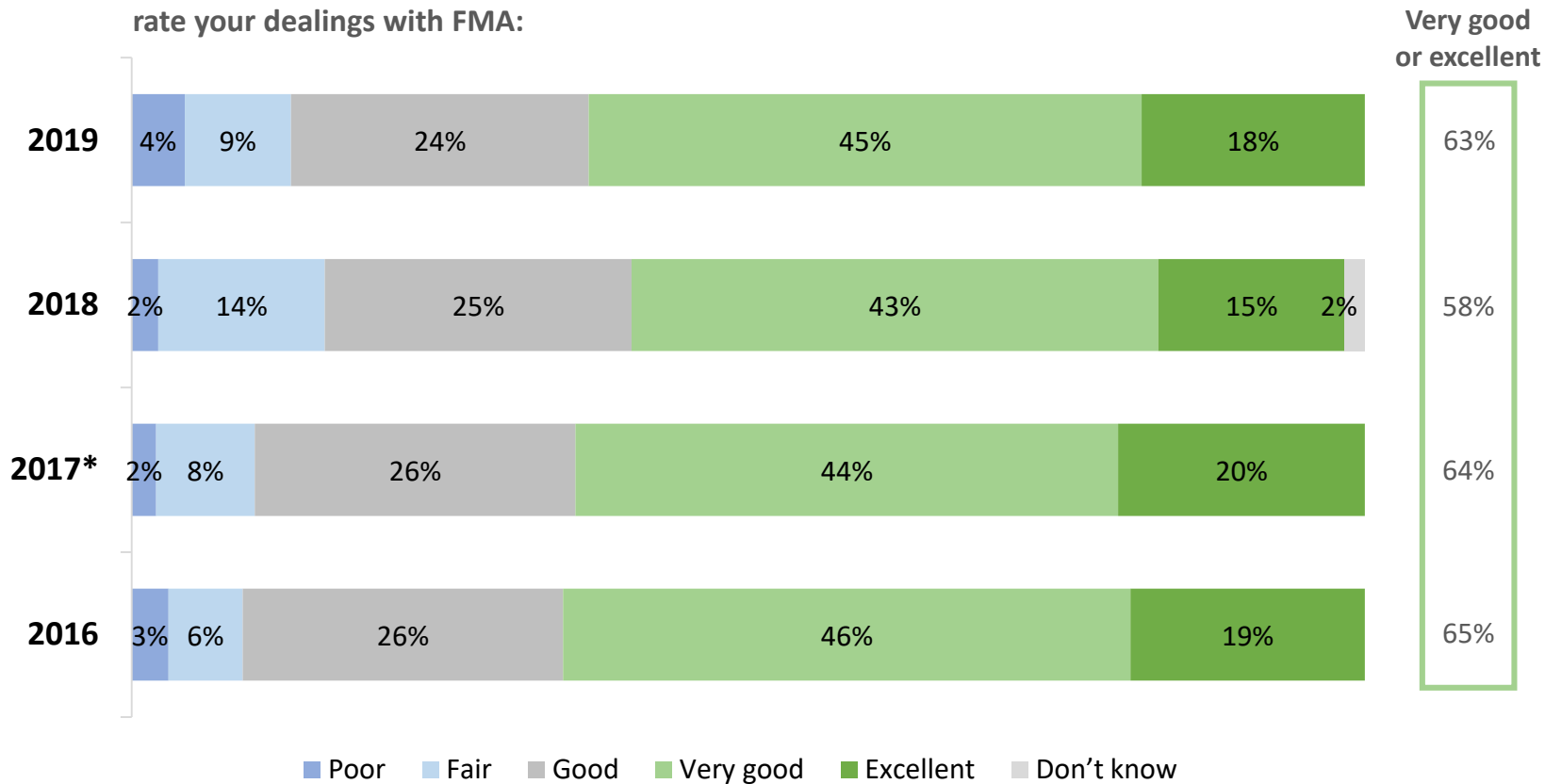


In the last 12 months, the most common FMA activities stakeholders have been involved in are enquiries, licensing, and policy discussions.

Stakeholders who are getting in contact with the FMA more than once a month are also the group more likely to be involved in a wide range of FMA activities.

# Dealings with the FMA

Thinking about the specific activity/activities in the last 12 months, how would you rate your dealings with FMA:



63% of stakeholders rated their dealings with the FMA over the last 12 months as very good or excellent. This is a slight increase from 2018 (not significant) and is nearly back up to the 2016 and 2017 findings.

The relationship between the quality of a stakeholders last interaction, the quality of the FMA’s engagement, and the quality of the dealings they had through a recent activity are all strongly linked. Those who rate the interaction and/or engagement highly, also rate their dealings with FMA highly, and vice versa.

\*Note: Question wording changed from 2016 to 2017.

Q: ‘Thinking about the specific activity activities in the last 12 months, how would you rate your dealings with FMA Were they...’  
 Base, been involved in activities: 2019 n=116; 2018 n=185; 2017 n=125; 2016 n=140

# Activities and dealings with the FMA

When looking at stakeholders who rated their dealings with the FMA as very good or excellent by activity; policy discussions, enquiries, and guidance have the highest ratings.

% who rate dealing as very good or excellent:



\*Only activities with more than n=20 are shown.

Q: 'Thinking about the specific activity activities in the last 12 months, how would you rate your dealings with FMA Were they...'  
 Base, been involved in each activity



# Outcomes for organisations

It improved our understanding of what the FMA expects of us



It provided a benchmark for what we do



It improved what we do



It improved how we do things

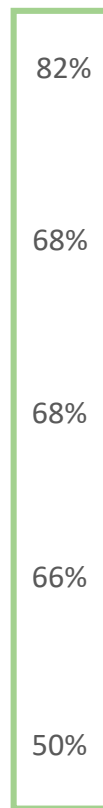


It improved our understanding of the market we operate in



■ Strongly disagree ■ Disagree ■ Neither agree nor disagree ■ Agree ■ Strongly agree

**Total Agree**



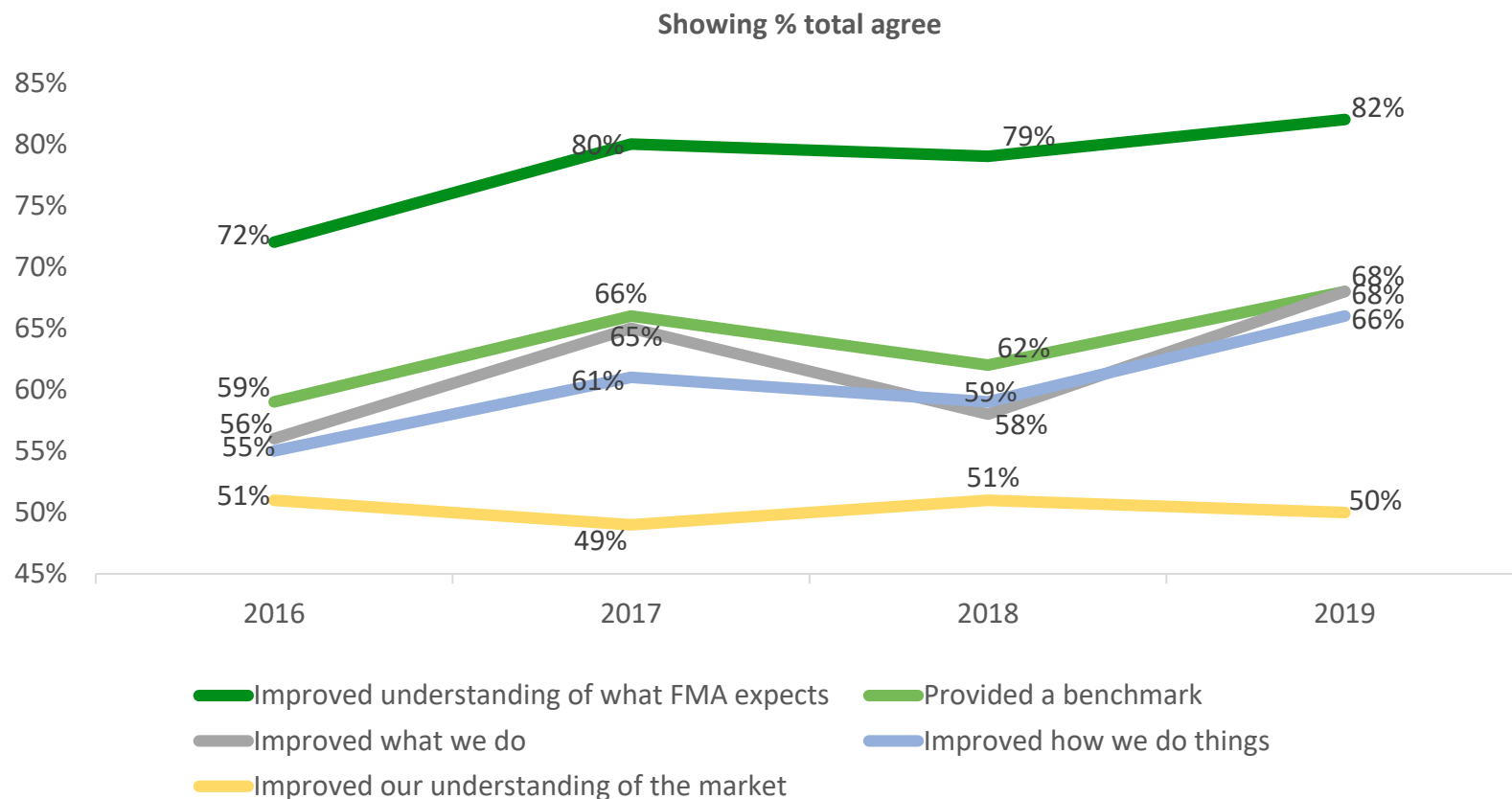
Involvement in FMA activities are most likely to result in stakeholders improved understanding of what the FMA expects of them, followed by activities providing a benchmark for what they do.

Stakeholders who rated their last interaction, and/or level of engagement, as very good or excellent were more likely to agree / strongly agree that an improved understanding of FMA expectations and an improvement in what they do were outcomes from an activity run by the FMA.

*\*Excludes not applicable*

# Outcomes for organisations – trends over time

There is a general positive, upward trend for all outcomes from an FMA run activity, except for an improvement in the understanding of the market which has remained fairly steady at 50% since 2016.



\*Excludes not applicable

Base, been involved in activities: 2019 n=116; 2018 n=185; 2017 n=125; 2016 n=140

# Perceptions of the FMA



# Perceptions of FMA and its effectiveness

## FMA supports market integrity



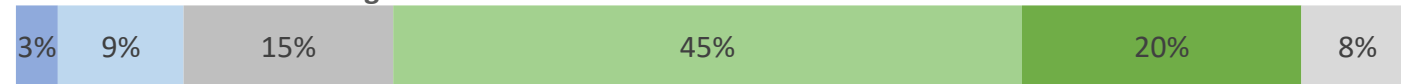
## FMA helps raise standards of market conduct



## The FMA's activities reflect its strategic priorities



## Aware of the FMA's Strategic Risk Outlook document and have read it



## The FMA's priorities target the appropriate strategic risks



## The FMA maintains a strong enforcement function and is effective in deterring misconduct by holding misconduct to account (new option 2019)



■ Strongly disagree ■ Disagree ■ Neither agree nor disagree ■ Agree ■ Strongly agree ■ Don't know

### Total Agree



Nearly nine in ten (88%) of stakeholders agree that the FMA supports market integrity. 84% believe the FMA helps raise the standards of market conduct.

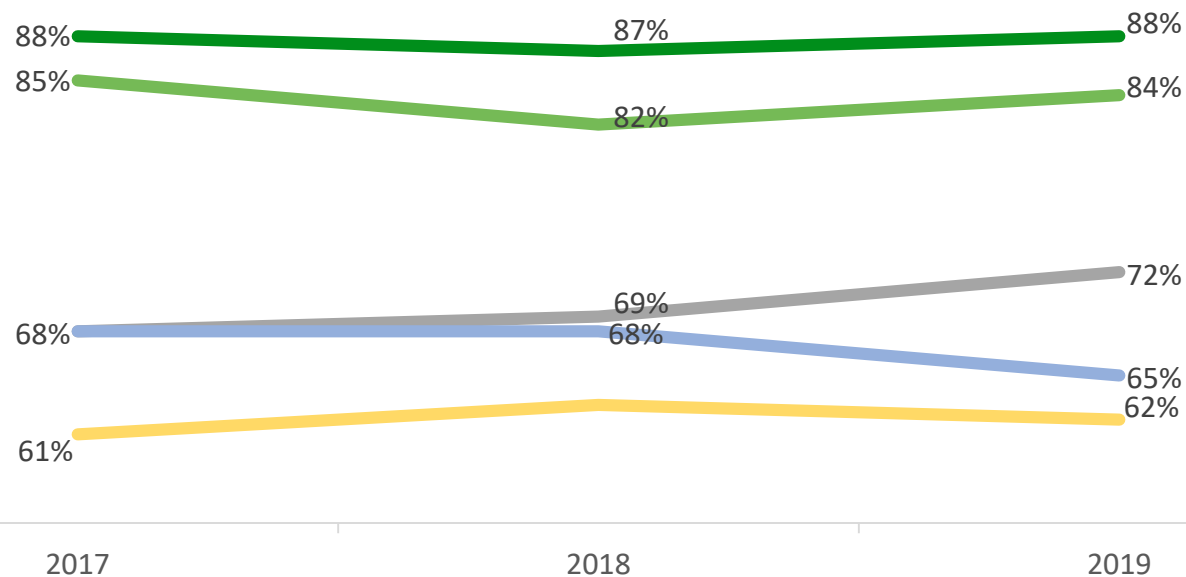
Stakeholders who rated their last interaction with the FMA highly, and/or rate the quality of FMA's engagement with them highly, were also more likely to strongly agree that the FMA supports market integrity and helps raise standards of market conduct.

Stakeholders who are very confident in regulation of the financial markets were more likely to strongly agree with all statements relating to their perceptions of the FMA (except for their awareness of the Strategic Risk Outlook document).

# Perceptions of FMA and its effectiveness – trends over time

Stakeholder perceptions of the FMA and its effectiveness have remained fairly steady since 2017.

Showing % total agree



Supports market integrity

Helps raise standards of market conduct

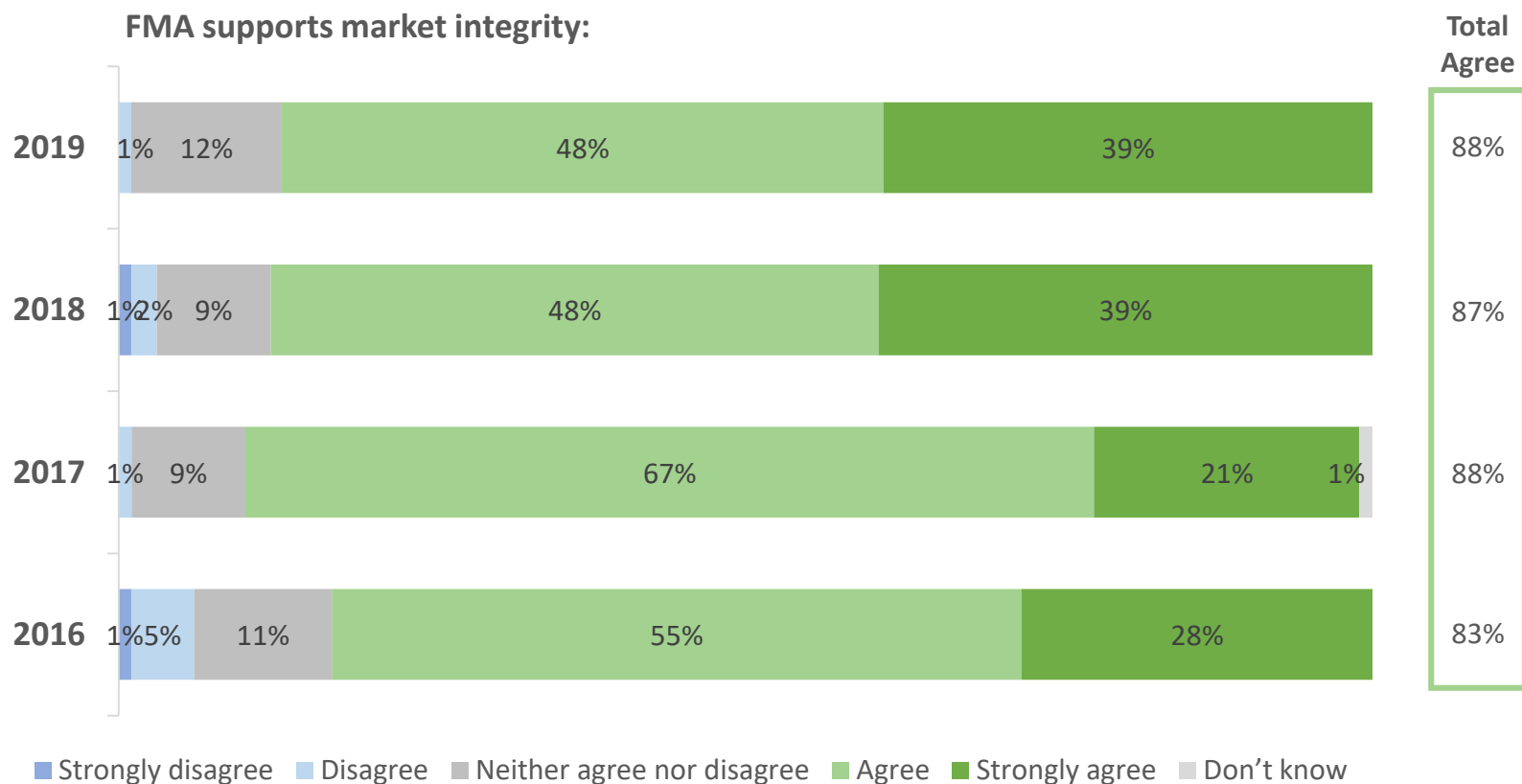
Activities reflect strategic priorities

Aware of Strategic Risk Outlook/ have read it

Priorities target appropriate strategic risks

# FMA supports market integrity – changes over time

The proportion of stakeholders who agree that the FMA supports market integrity has remained steady since 2017.



# The FMA's efficiency and the impact of regulation

## It is easy doing business with FMA



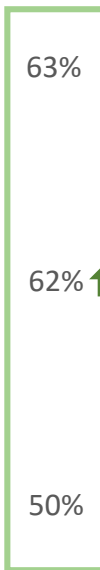
## The regulatory burden of the FMA is proportionate to the value of its broader impact on New Zealand's financial markets



## The regulatory burden of the FMA is proportionate to the value my organisation receives from our interactions with the FMA



Total Agree



■ Strongly disagree ■ Disagree ■ Neither agree nor disagree ■ Agree ■ Strongly agree ■ Don't know

63% of stakeholders agree that it's easy doing business with FMA. Agreement is lowest with the statement that the regulatory burden of the FMA is proportionate to the value stakeholders receive.

The proportion of those agreeing that the regulatory burden of the FMA is proportionate to the value of its broader impact saw a significant increase from 2018 (62% vs 50%).

Stakeholders who rated their last interaction and/or engagement with the FMA highly are also more likely to strongly agree that it's easy doing business with the FMA.

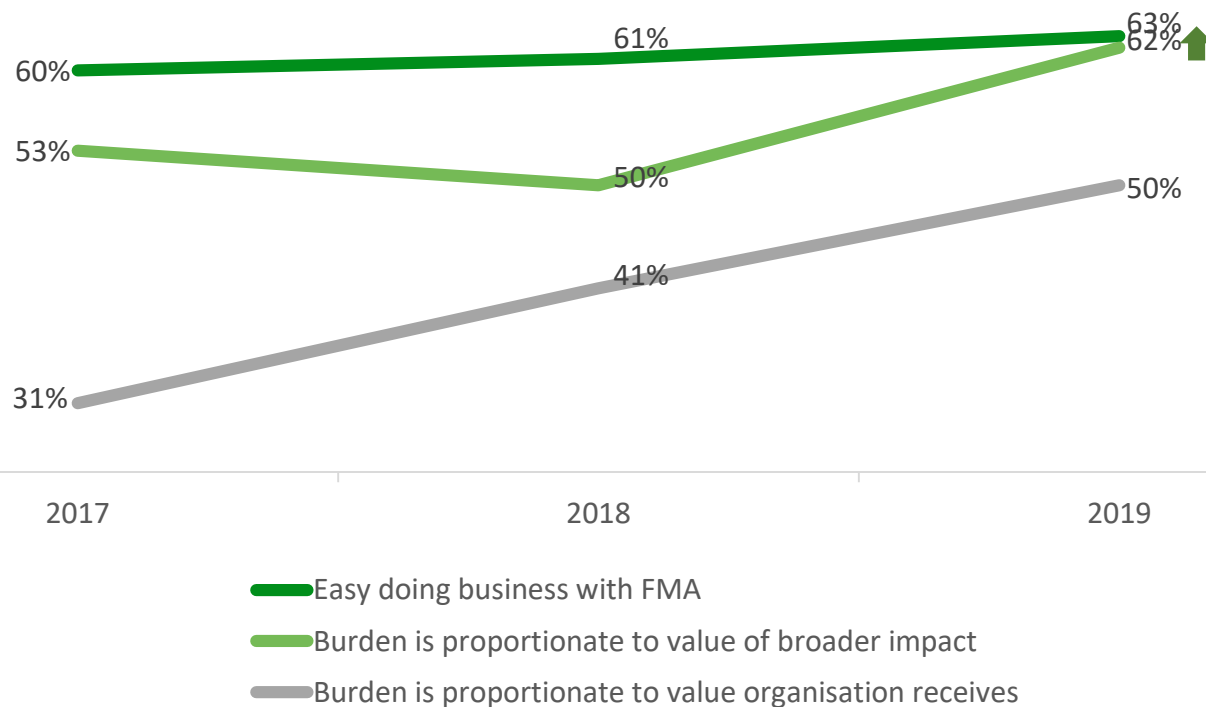
Stakeholders who are very confident in the regulation of the financial markets were more likely to strongly agree with all three statements.

The following statements relate to the FMA's efficiency and the impact of regulation. The regulatory 'burden' of the FMA on your organisation comes from two things. The 'burden' inherent in the law which the FMA must enforce and with which you must comply. There is also potential 'burden' arising from something we have chosen to do (using discretion); or from the relative efficiency in the way we have delivered our mandate. With this in mind, to what extent do you agree or disagree with the following statements? Base, all stakeholders: 2019 n=137

↑ Significant increase from the 2018 results.  
↓ Significant decrease from the 2018 results.

# The FMA's efficiency and the impact of regulation – trends over time

Showing % total agree



The proportions of stakeholders agreeing that the burden of the FMA is proportionate to the broader value and/or organisational value are both significantly higher than two years ago (2017 results).

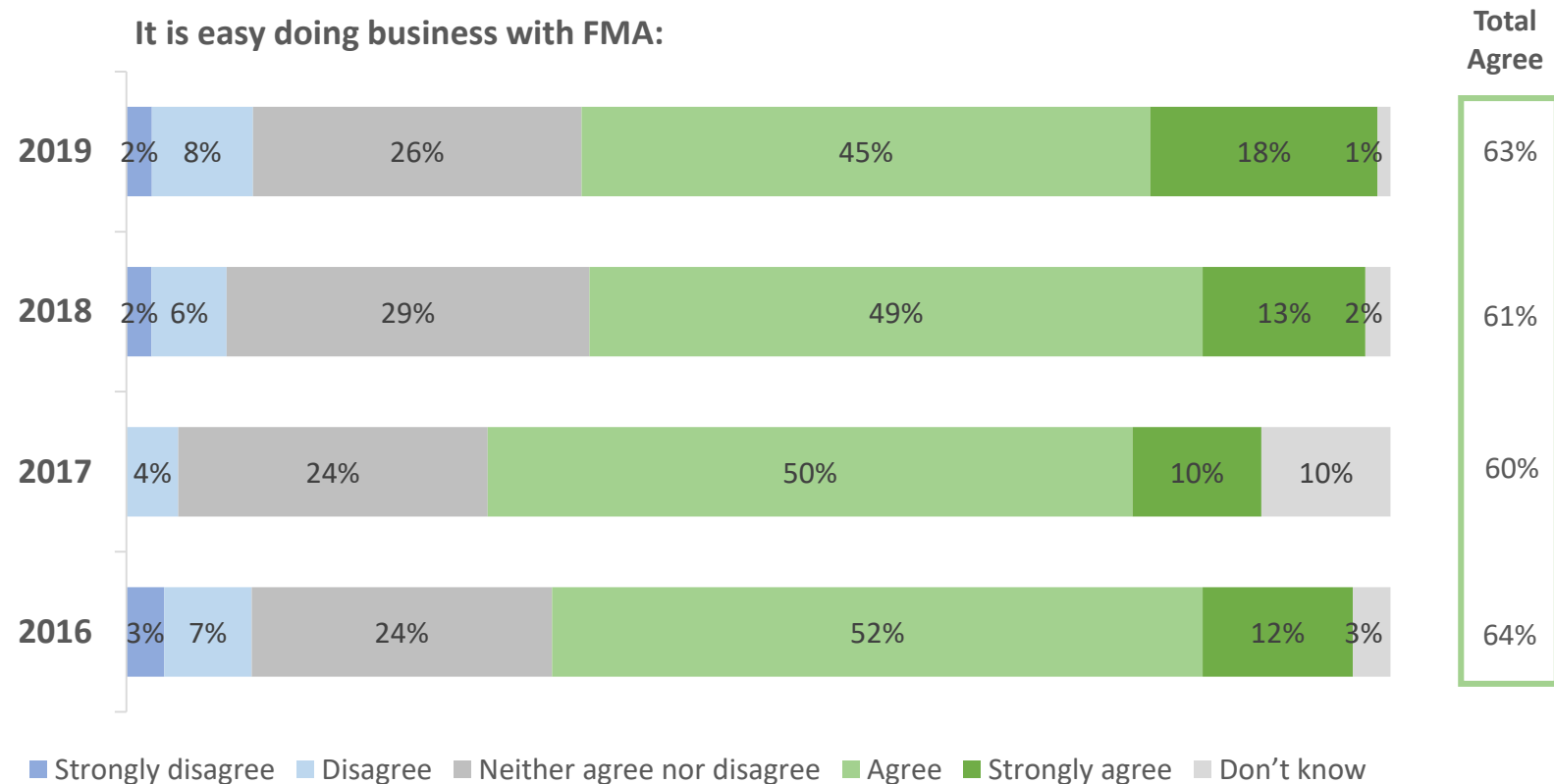
Stakeholder agreement that it's easy doing business with FMA has remained fairly static since 2017.

↑ Significant increase from the 2018 results.

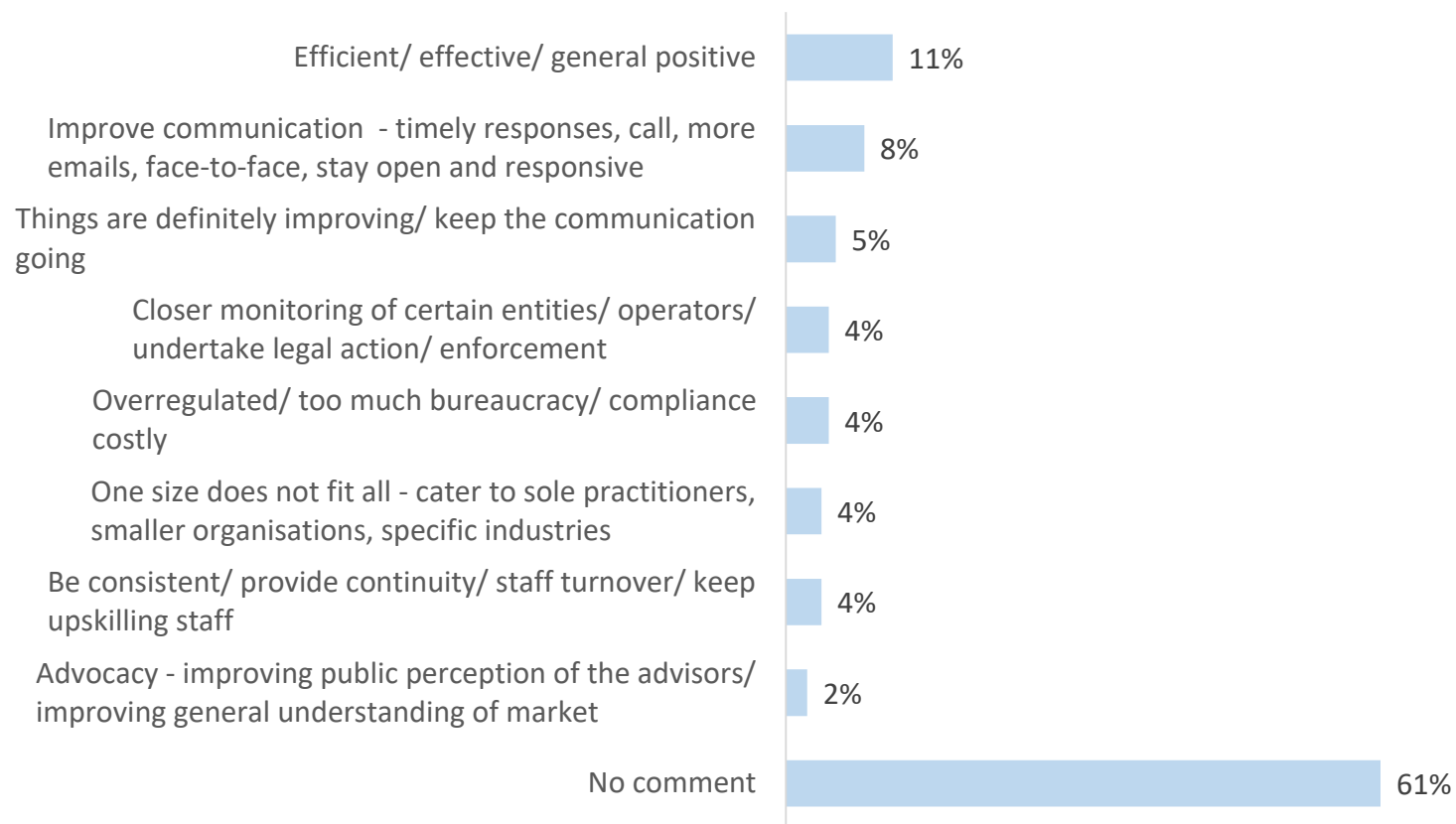


# Ease of doing business with FMA – changes over time

The proportion of stakeholders who agree it is easy doing business with the FMA has remained fairly steady since 2017.



# Thoughts on improving the FMA's efficiency and/or effectiveness



*\*All other responses were less than 1%.*

*Q: 'We would greatly appreciate hearing your thoughts about the FMA's efficiency and/ or effectiveness and how it might be improved. Please take the time to tell us your thoughts.'*

*Base, all stakeholder n=137*

Six in ten stakeholders didn't share any thoughts on improving FMA's efficiency and/or effectiveness. 11% mentioned something generally positive, and 5% noticed an improvement.

A few stakeholders expressed a need to improve communication (8%), closer monitoring of certain entities (4%), and a few mentioned overregulation (4%).

*\*This year, reasons/themes have been expanded on and are not able to be directly compared to the 2018 results.*

# Example quotes – improving the FMA’s efficiency and/or effectiveness

*“The FMA is a much more effective body than the Securities Commission. I think they have the balance about right in their enforcement role, ie they are very serious in what they do but are also pragmatic-they are solution orientated.”*

*“We have always had efficient service from the FMA, and it tries to make things happen where it is possible, rather than simply saying no (e.g. a recent licensing experience). My impression is that the FMA is not interested in small complaints about possibly misleading advertising by competitors, which can sometimes make one feel like there is an uneven playing field.”*

*“A phone call to FMA could be acknowledged in a timely fashion. Face to face meeting with someone would be helpful.”*

*“I believe that the FMA is under resourced with the number of activities it has scheduled. This impacts sometimes on getting timely responses back from them.”*

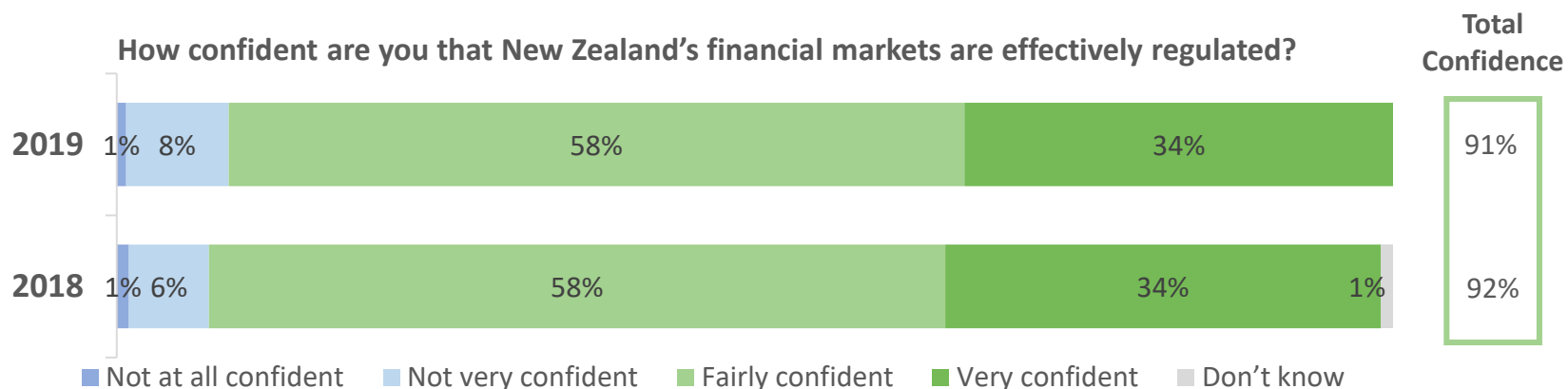
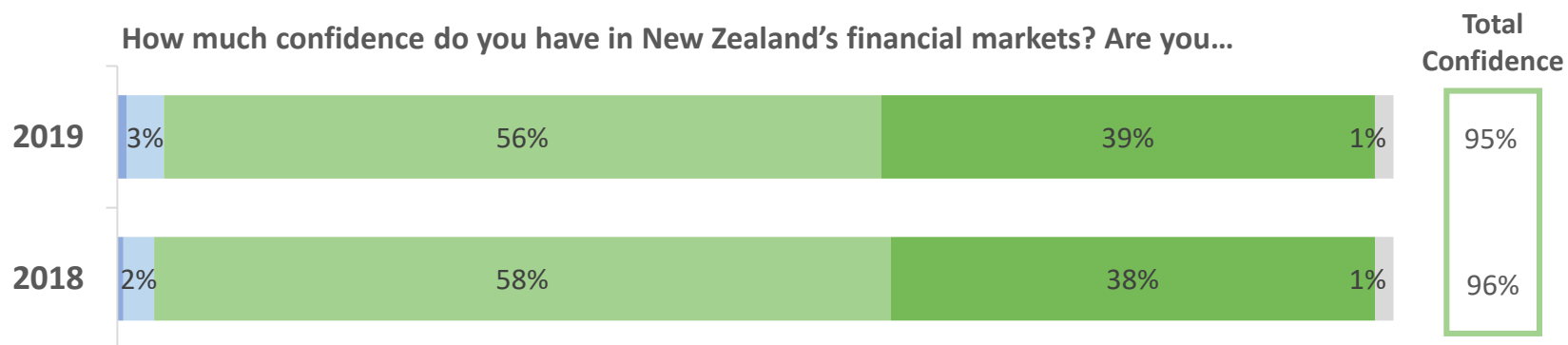
*“Not enough monitoring and oversight of the larger corporate organisations and/or banks where there is ongoing inappropriate behaviour and advice.....look no further than the Australian Royal Commission. To believe that there are not similar systemic issues in NZ is naive and totally misguided.”*

*“There is a lot of cost imposed by regulation and oversight. At times it seems this level of regulation may be disproportionate to the perceived benefits. It seems that there is a lot less focus, if any, on market development and market promotion activities.”*

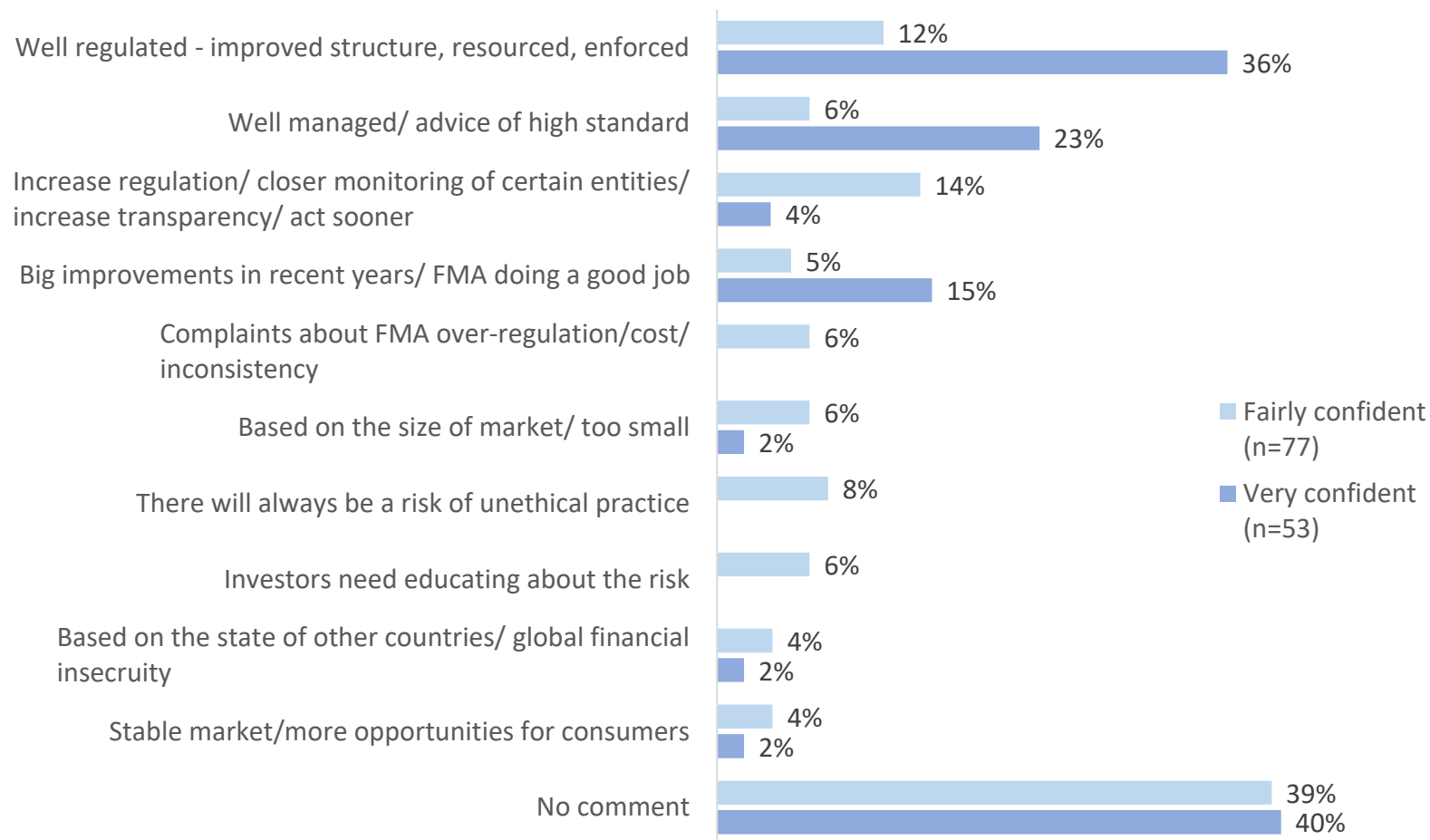
# Stakeholder confidence in financial markets and regulation

Almost all stakeholders surveyed indicated they are fairly or very confident in New Zealand's financial markets (95%) and that they are being effectively regulated (91%).

Stakeholders who rated their last interaction with the FMA as very good or excellent, and/or rate the quality of FMA's engagement with them highly, are more likely to be very confident that New Zealand's financial markets are effectively regulated.



# Reasons for confidence in financial markets



\*All other responses were less than 2%.

Q: 'Can you tell us why?'

Base: Fairly confident n=77; Very confident n=53

Similar to 2018, stakeholders are confident in the financial markets due to them being well regulated and managed to a high standard. 15% of those who are very confident said there had been big improvements in recent years.

14% of stakeholders who are fairly confident did mention that there may be a need for some closer monitoring of certain entities, or an increase in regulation.

The small number with low confidence (n=5) had some complaints about over-regulation.

\*This year, reasons/themes have been expanded on and are not able to be directly compared to the 2018 results.

# Reasons for confidence in regulation



\*All other responses were less than 2%.

Reasons stakeholders gave for feeling confident in the financial markets being effectively regulated are similar to reasons for overall confidence in the financial markets.

Those with low confidence (n=12) had complaints about over-regulation and mentioned the need for closer monitoring of certain entities.

# Example quotes – confidence in financial markets and its regulation

*“The Regulators have covered the key sectors in the market which require regulations and significant effort has been put in place to manage the sectors and provide ongoing confidence to investors and other market participants.”*

*“Regulation has greatly improved and not hindered business activity. Participants overall are a lot more professional. Acceptance of Financial Advisers in the general public still needs to improve.”*

*“The standard of financial advice in the areas that I operate is high, as reflected in the low number of complaints received by the FSCL. Advisers in general seem to want to improve their service to clients and are therefore supportive of the regulatory changes to help achieve this”*

*“Those people doing the regulating have an excellent knowledge of how the NZ markets operate. I have heard many presentations and they all sing the same song. I believe there is a genuine will to make our markets a safe and efficient place for investors.”*

*“The regulations put in place have had a marked effect already and the new regulations look like they will take it a step further. What is pleasing is the FMA's awareness that regulation must not be a burden to the financial markets.”*

*“Banks are sound, although under threat of significantly increased capital requirements and their margins are the highest among similar countries suggesting lack of competition. New FMC Act has probably over-reacted to GFC disaster among non-bank finance houses and prevalence of poorly-qualified, commission-led financial adviser salesmen. Robo-advice is good. KiwiSaver products are becoming cheaper and more transparent as scale increases.”*

*“Again, the effort required for the positive market participants to prove their effectiveness, versus firm action being taken against those whose conduct has been lacking, currently seems a bit disproportionate.”*

*“We appreciate it's a challenge to effectively regulate markets with the resources available to the regulator. If the FMA can get a better understanding of the businesses they regulate, it will be better placed to apply its risk-based approach to the businesses that need to greatest attention.”*

# Appendix





# Stakeholder roles

