

APRIL 2025

Review of access to financial advice for New Zealand: Proposed terms of reference

Introduction

On 15 March 2021, the Financial Markets Conduct Act 2013 (**FMC Act**) was amended by the Financial Services Legislation Amendment Act 2019 (**FSLAA**), introducing a new regulatory framework for giving financial advice. Known as the financial advice regime, the amendments changed how financial advice in New Zealand is regulated.

The FMC Act's financial advice provisions have an additional purpose¹ of “regulating the giving of financial advice and provision of financial advice services with a view to ensuring

- the availability of financial advice for persons seeking that advice; and
- the quality of financial advice and financial advice services.”

The availability and quality of financial advice are therefore cornerstones of the regime.

Since the new financial advice regime came into effect, monitoring² by the Financial Markets Authority – Te Mana Tātai Hokohoko (FMA) has helped us understand how quality and accessibility of advice work together. Our view is quality and accessibility are complementary but can also have trade-offs.

To enhance our understanding of the *availability* of financial advice in New Zealand, including where consumers go to get advice, we intend to undertake a review focusing on challenges and opportunities related to access to financial advice.

To help shape our review, we want to hear from the financial advice industry and other relevant stakeholders, such as organisations that may represent or advocate for consumers and community groups. We're seeking feedback on the four focus areas set out in this document, as well as any other topics or sources of information that may provide insight into the availability of financial advice (see 'Have your say' below).

¹ In addition to the main purposes in section 3 of the FMC Act, which are to promote the confident and informed participation of businesses, investors, and consumers in the financial markets; and promote and facilitate the development of fair, efficient, and transparent financial markets; and the additional purposes set out in section 4.

² See our 2024 report [Financial Advice Provider Monitoring Insights](#)

What do we mean when we talk about availability and access to financial advice?

When we talk about availability, we broadly mean the availability of regulated financial advice to New Zealand consumers and the ease with which consumers can access that advice. However, as part of this review we want to get a broader view of what consumers may consider advice, and look at other sources of information used to make financial decisions, e.g. social media, friends and family, financial wellbeing organisations (that do not hold an FAP licence). As part of this review, we want to understand why consumers may not consider using a financial adviser, e.g. affordability of services, preference for a DIY approach without financial advice, lack of understanding about how financial advice could benefit them.

Why are we doing this review?

Ensuring consumers can access quality financial advice when they need it is crucial. We know there are many positive impacts on consumers who receive good quality financial advice. The Financial Services Council of New Zealand (FSC) has published several reports on the value of financial advice and its positive benefits on New Zealanders' financial wellbeing. In 2021, Financial Advice New Zealand (FANZ) published its research, 'Better behaviours – research on the value of financial advice', which found that advised Kiwis exhibit good financial behaviours more often than unadvised Kiwis.

This review will help us understand opportunities and challenges in relation to consumer access to financial advice. What we learn will inform our areas of regulatory focus, including deciding what further work we may need to undertake in our role of monitoring the regime and ensuring it is fulfilling its purpose.

We plan to publish any relevant insights and engage with the market on our findings. We will aim to share constructive insights that may highlight opportunities for improvement, for individual FAPs or the sector as a whole.

Where we identify issues that are having undesirable impacts on access to financial advice, we will consider the best steps to address these. This could include issuing new guidance, evolving our monitoring focus, making recommendations if we identify gaps or potential improvements that need to be addressed, or improving consumer awareness.

Insights from our review will help ensure we take appropriate actions to improve outcomes both for consumers and the financial advice industry, and that the financial advice regime succeeds in improving the availability of quality financial advice.

Next steps

We are seeking feedback from financial advice firms, industry groups and other stakeholders to gather their views on these terms of reference. Once we have reviewed the feedback we will begin engaging directly with the financial advice industry, ensuring we speak to a wide range of FAPs and financial advisers, along with any other relevant stakeholders we've identified. How we gather information will depend on the

stakeholder(s), but a significant portion of information-gathering will be via targeted questionnaires and interviews. We will also undertake consumer research as part of this review.

Have your say

Before we begin, we want to be sure we are focusing on areas that are relevant for industry and consumers, and that we will use our own resources and those of the financial advice industry in a meaningful way that doesn't create unnecessary burden. We are therefore seeking feedback on the proposed terms of the review set out in this document, specifically in two key aspects:

1. Scope and themes	Are the four areas we are proposing to focus on appropriate as a basis for us to explore the challenges and opportunities for accessibility of financial advice? Are there other relevant key themes or focus areas that should be included?
2. Engagement	Which industry participants, experts or other stakeholders should we engage with as part of this review? Is there existing research, literature and data (e.g. existing studies, market data on net worth and assets held, consumer demographic data, pricing and revenue flows) that you believe would be useful for us to use as part of this review?

Feedback on the above questions can be provided by clicking the following link:

[Have your say: Financial Markets Authority](#)

You will need to provide your contact details to be able to submit your feedback, so we can contact you if we have further questions. Feedback closes at 5pm on 30 May 2025.

Focus areas

We are proposing to structure our review around four areas:

1. Consumer demographics and preferences

Seeking financial advice may feel daunting to some Kiwis. A key part of access to advice is demystifying advice for consumers, and building their confidence in its relevance to their lives. It is particularly important that all Kiwis can access simple and affordable advice about everyday products, such as KiwiSaver, as well as being able to access thorough and expert advice on more complex products, when they need it.

We want to understand what demographic factors influence the propensity to access regulated financial advice. This includes where groups of consumers may be experiencing barriers to accessing or taking advice, such as affordability, level of financial capability, financial wellbeing, literacy and education. We will also seek to understand a te ao Māori perspective and take appropriate action that supports us to enable Māori consumers and providers to participate as Māori in the uptake of financial advice that is both culturally appropriate and relevant. If consumers who would benefit significantly from receiving financial

advice do not or cannot access advice, this may point to the existence of an 'advice gap', which we will investigate further.

We also want to understand potential alternative sources of information used to support financial decisions, such as family members, online influences or research providers, and how consumer preferences may be changing.

We will look at the types of financial advice that the majority of consumers want or need, and whether current advice offerings are fit for purpose. This could include considering the needs of consumers who only have a small amount to invest or who require simple advice about less-complex financial products, rather than a full assessment of their financial circumstances.

2. Innovation and digital advice

One of the changes implemented through FSLAA was allowing advice to be provided through digital advice services to promote innovation and flexibility in the financial markets, which is one of the purposes of the FMC Act. However, our regulatory returns data shows that currently less than 3% of licensed FAPs offer a digital advice service.

We want to explore innovation in the financial advice industry, including why innovation may be subdued. Our review will seek to understand whether the financial advice regime is helping to improve access through innovation, and how digital innovation impacts availability and affordability of financial advice. Emerging technologies, for example artificial intelligence, are likely to have an impact on digital advice services and may present opportunities and challenges for advice providers; uptake and adoption of technology will be an area our review seeks to understand further.

As part of our considerations around digital innovation, we are interested in how the adoption of the forthcoming Consumer Data Right (CDR) in New Zealand might influence greater innovation in financial advice and provide opportunities for FAPs.

3. Remuneration structures and advice business models

We would like to understand how different financial advice business models and remuneration structures may impact access to financial advice.

This will be explored through a separate review of financial advice business models and remuneration structures. That review will look at business models and remuneration structures from the perspective of conduct, client care, and advice quality. The information gathered through that work will also inform our review of access to advice.

We are also interested in any structural factors in the market that might be limiting access to advice, including the effects of competition. We are interested in the views of smaller players and new entrants to the market, and any barriers they have experienced.

4. Ease of provision of regulated financial advice

The principles-based nature of the financial advice regime means FAPs are able to offer services to clients with a variety of needs and goals. Some clients may benefit from detailed advice and planning that requires analysis of their personal circumstances; for others, advice that makes reasonable assumptions about their circumstances may be suitable. However, we have seen instances where advisers are unsure of how to meet their obligations in relation to offering a spectrum of advice and/or products.

We want to understand how the new regime might be influencing FAPs' choices when providing financial advice and what impact that might have on their willingness to innovate, e.g. using or relying on digital tools to provide or support the advice process. We will look at direct and indirect costs associated with complying with the new financial advice regime, and whether highly conservative compliance practices are a barrier to providing advice.

Some consumers may require simple and affordable advice on common financial products such as KiwiSaver. We will consider the impact of the removal of the 'class advice' and 'personalised advice' categories (which existed previously under the Financial Advisers Act 2008). We want to understand whether this removal has had any unintended consequences for FAPs and advisers, particularly in relation to their confidence in providing simple advice. This includes whether advisers are taking advantage of the flexibility of the new regime, which imposes principles-based obligations that apply with regard to the nature and scope of the advice and the client's needs, goals and circumstances.

We are also interested in whether advisers feel confident providing general advice to the public where there may not be an identifiable client, or providing associated information that doesn't constitute financial advice but may help the client make an informed decision – or if these may be perceived as triggering additional compliance obligations.

As part of our review we will also consider how part two of the Code of Professional Conduct for Financial Advice Services (which includes adviser competence, knowledge and skill requirements) influences the availability of advice.

We will assess whether these dynamics are presenting challenges that may impede access to simple advice about basic products that are relevant to the majority of consumers, and which is both high quality and affordable. We would also like to understand if FAPs require additional guidance to improve confidence in what services they are able to provide, including simplified advice.