



## Media Release

6 May 2010

### ANZ NZ recommends positive changes to financial advisors' regime to assist business

ANZ New Zealand today recommended changes to the proposed financial advisors' regime to ensure the new system does not unnecessarily restrict international investment and normal banking services for thousands of business customers.

Managing Director Commercial Graham Turley made the recommendations to Parliament's Commerce Committee today as part of evidence on the Financial Service Providers (Pre Implementation Adjustments) Bill.

Mr Turley said ANZ New Zealand<sup>1</sup> strongly supported the bill's protections for retail investors.

"We also welcome Commerce Minister Simon Power's proposals that reduce the obligations on advisers to wholesale customers such as institutional investors, large companies, and sophisticated individuals.

"However, the regime still has the potential to seriously impede investment and normal banking services to business customers, due to the broad definition in the bill of "wholesale customers"; and the definition of "financial advice",," Mr Turley said.

The proposed *wholesale customer* thresholds in the bill meant about 7000 corporate and commercial customers would be in the Authorised Financial Advisor regime, despite the fact that they were not asking for nor relying on financial advice from the bank as part of their banking service.

"We agree that ALL customers, whether retail or wholesale, should be protected by the Fair Trading Act and that the existing provisions (in the bill) should apply around duty of care etc, and the prevention of misleading and deceptive conduct."

But the definition of "wholesale customers" still meant far too many medium and large businesses would be unnecessarily caught.

"This will limit access to investment products and inhibit basic banking services. It makes it harder for wholesale customers to undertake investment in New Zealand," Mr Turley said.

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<sup>1</sup> ANZ New Zealand comprises retail brands The National Bank and ANZ, the bank's wholesale business and other branded businesses: UDC, ING NZ, Bonus Bonds, Direct Broking and Eftpos New Zealand Ltd.

In addition, ANZ New Zealand believed that unless “financial advice” was more clearly defined, then compliance costs would be large due to the significant record-keeping and ongoing disclosures required.

ANZ New Zealand recommended straightforward adjustments to the bill which would address the problems with the “financial advice” and “wholesale customer” definitions, including:

- Align the definition of “financial advice” with the Australian regime rather than introducing more exemptions that would lead to ongoing uncertainty and confusion.
- Redefine “institutional investor” so the term included investors who habitually invested as part of their business (for example local authorities or state owned enterprises).
- Change the thresholds for “large entities” to gross assets of \$1 million, annual turnover of \$1million and 10 employees.

Mr Turley said ANZ New Zealand agreed that customer protections should be clearly targeted at those that needed them – namely, retail investors. Most of the bank’s relevant advisors would be trained to the required standards by the end of the year.

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