

Media Release

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Financial product regulation good news for consumers

The Government's announcement of tighter regulation and higher expectations of the financial sector have come at the right time for consumers, according to the Retirement Commission.

With KiwiSaver looming, financial institutions extending services and fringe lenders (or loan sharks) on the increase, the reviews of Financial Products and Providers and Financial Intermediaries provide consumers with much-needed assurances from the financial services sector, says Retirement Commissioner Diana Crossan.

"The reviews are good news for consumers - they will mean those trying to save for their future can have more confidence that the money is in good hands.

"Registration of service providers and credit ratings will mean people can make more informed judgements.

"The financial services sector has promised to self-regulate for a long time, but this hasn't happened. So it is good to see it finally come to fruition, and we are especially pleased that the Securities Commission has been given an oversight role," says Ms Crossan.

"Consumers will now have a clearer process for advice and complaints. With KiwiSaver coming in on July 1, this is particularly important. It will provide more transparency among financial institutions offering funds management services," she says.

"We look forward to the next phase of new rules being announced as a result of the reviews that will include decisions on insurance, collective investment schemes, debt issuers, portfolio management and enhanced disclosure later in the year. We expect these will help to further improve consumer confidence in the financial sector," says Ms Crossan.

The Retirement Commission has a range of resources aimed at helping New Zealanders lift their financial literacy and get their finances sorted including www.sorted.org.nz and the budget helpline 0800 SORT MONEY (0800 767 866).

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