

# Statement of Intent

2020-2024

# Contents

<b>Statement of Responsibility</b>	<b>3</b>
<b>From the Chair and Chief Executive</b>	<b>4</b>
<b>Refining our performance measures</b>	<b>6</b>
Our planning and reporting framework	5
<b>Our purpose and approach</b>	<b>7</b>
Why are we here?	7
What do we regulate?	8
What do we do?	9
What do we expect?	9
How we approach our work	10
<b>Our strategic intentions</b>	<b>11</b>
Impact of COVID-19	11
Overarching strategic intention	12
Governance and culture	13
Deterrence of misconduct	14
Implementation of remit changes	15
Investor and customer decision-making	16
Trust and confidence in capital markets	17
<b>Organisational health and capability</b>	<b>18</b>
<b>Appendix: SOI performance indicators</b>	<b>20</b>

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**FMA**  
FINANCIAL MARKETS AUTHORITY  
TE MANA TATAI HOKOHOKO - NEW ZEALAND

# Statement of Responsibility

This Statement of Intent (SOI) is presented to the House of Representatives in accordance with Part 4 of the Crown Entities Act 2004.

The SOI provides a four-year outlook on the performance measures that we will use to demonstrate progress towards our strategic intentions, spanning 1 July 2020 to 30 June 2024. The strategic intentions outlined in this document mirror the strategic priorities set in our 2019 Strategic Risk Outlook (SRO). The SOI also outlines high-level activities in relation to each strategic intention and details how we will measure the impact of our activities over the four-year period.

Our SOI should be read together with our annual Statement of Performance Expectations (SPE), which outlines our annual operational performance measures based on the FMA's three appropriation categories.

We are responsible for preparing our Statement of Intent and Statement of Performance Expectations, which includes the forecast financial statements, the statement of forecast performance and all judgements used within the two documents.



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Mark Todd  
**Chair**  
Financial Markets Authority  
16 June 2020



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Elizabeth Longworth  
**Chair**  
Audit and Risk Committee  
16 June 2020

# From the Chair and Chief Executive

This Statement of Intent comes at a time of significant transition for the Financial Markets Authority, as our regulatory regime matures and expands, and we seek to embed the findings of our Culture and Conduct work\*. This includes an increased focus on the treatment of not just investors, but all customers of the financial services firms we regulate. We also face significant uncertainty as we assess and respond to the impact of COVID-19 on financial markets and the economic conditions within New Zealand. We anticipate that the broad economic impacts of COVID-19 will require us to flex our work programmes and our resource allocation as the next 12-18 months develop.

The strategic intentions in this SOI mirror the strategic priorities identified in our 2019 Strategic Risk Outlook. The priorities resulted from an assessment of the markets we regulate to identify the significant risks to and opportunities for progressing our statutory objectives. The five priorities are:

- Governance and culture
- Deterrence of misconduct
- Implementation of remit changes
- Investor and customer decision-making
- Trust and confidence in capital markets.

These strategic intentions underpin our regulatory approach by ensuring we focus on the most significant risks and opportunities relating to promoting fair, efficient and transparent financial markets. They reflect the period of transition noted above and what we think is necessary for delivering a truly customer-centric financial services market. We have also reviewed these in light of the current and emerging impact of COVID-19 and our initial and ongoing response to the crisis. While COVID-19 is likely to have significant impacts on the markets we regulate, the risks to our objectives and the activity we undertake, we consider our strategic priorities remain the right ones to guide our ongoing response to the crisis.

\*See Bank Conduct and Culture Review and Life Insurer Conduct and Culture Review

This document explains how we will measure our success against our strategic intentions using a refreshed set of narrative-based performance measures. The narrative approach will provide a deep assessment of our performance across a wide range of factors. Overall, we are confident that this publication will be a major contributor to the FMA's accountability over the medium term. It will allow the Government and others to judge our progress towards our strategic intentions and our effective oversight of New Zealand's financial markets.

We welcome the Government's recent decision to provide the FMA with additional funding of \$24.8 million to be phased over the next three financial years (starting with \$12.5 million in 2020-21). This additional funding leaves us well-placed to be an effective and efficient regulator, successfully navigate the expansion of our remit, and continue to focus on our priorities while responding to significant events such as the impacts of COVID-19.



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Mark Todd

**Chair**



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Rob Everett

**Chief Executive**

# Refining our performance measures

We have undertaken an extensive review of the SOI performance measures. The number of SOI measures has been reduced from the previous SOI to reflect a refined strategic focus. The new measures are outcomes-focused, reflecting both the impact of our work and breadth of our statutory mandate.

We have also identified improvements for measuring our performance. This includes a move to more narrative-based performance measures that will allow us to better explain our progress towards our strategic objectives. Progress will be reported in our Annual Report, and will use both qualitative and quantitative data (see Appendix on

performance indicators) to provide evidence and help tell our performance story.

We have also reviewed and refined the measures in our annual performance document, the Statement of Performance Expectations. Where the SOI measures progress towards our strategic intentions, the SPE measures our operational performance in delivering our activities. In essence, the SOI measures strategic performance and the SPE measures operational performance.

Our Annual Corporate Plan will outline our work plan for the next financial year to promote our strategic intentions.

## Our planning and reporting framework

### Strategic Risk Outlook

Medium term (3-5 year) view of risks and issues, strategic priorities that reflect our key focus areas, and the regulatory outcomes we seek to achieve.

### Annual Corporate Plan

Outlines activities for the coming year that will promote our strategic priorities, address regulatory risks and deliver sector outcomes.

### Statement of Intent

Outlook and performance measures to show what success will look like over a four-year horizon for the FMA, market participants and investors.

### Statement of Performance Expectations

Annual performance targets and financial forecast showing how we intend to perform the services we receive funding for.

### Annual Report

Yearly report of progress against the Statement of Intent, results against Statement of Performance Expectations, and overview of key activities and achievements.

# Our purpose and approach

## Why are we here?

The FMA is an independent Crown entity and New Zealand’s principal conduct regulator of financial markets. Our overarching statutory purpose is to promote and facilitate the development of fair,

efficient and transparent financial markets. Well-regulated financial markets are a cornerstone of a successful economy and the financial wellbeing of its participants.

### Government priorities

To improve the wellbeing and living standards of New Zealanders through sustainable and inclusive growth

### FMA’s purpose

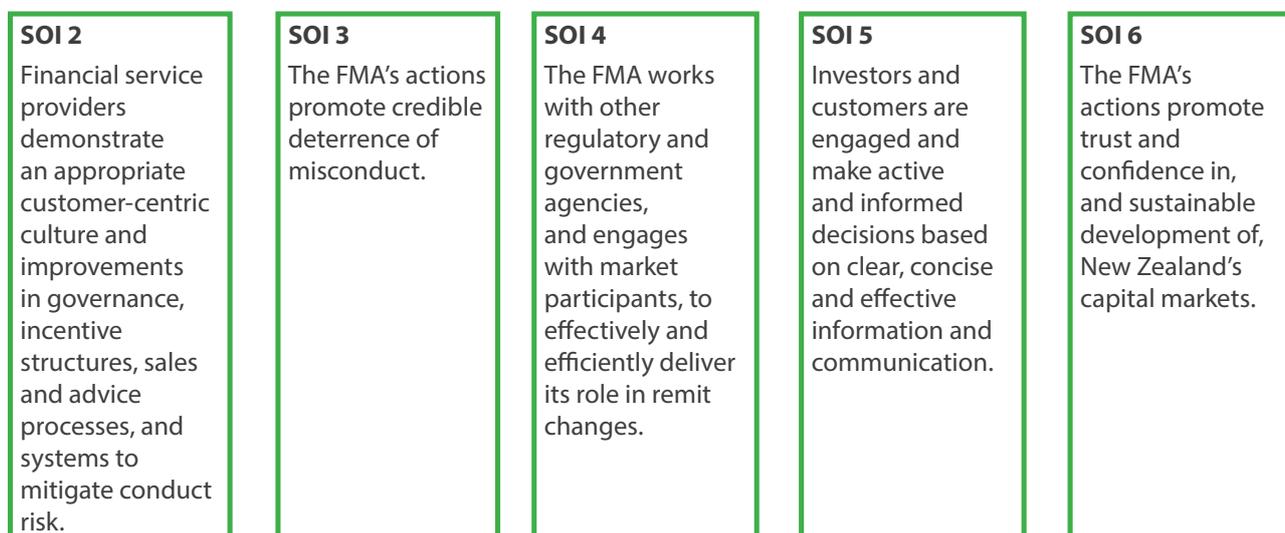
To promote and facilitate the development of fair, efficient and transparent financial markets

### Strategic intentions



### Assessing performance

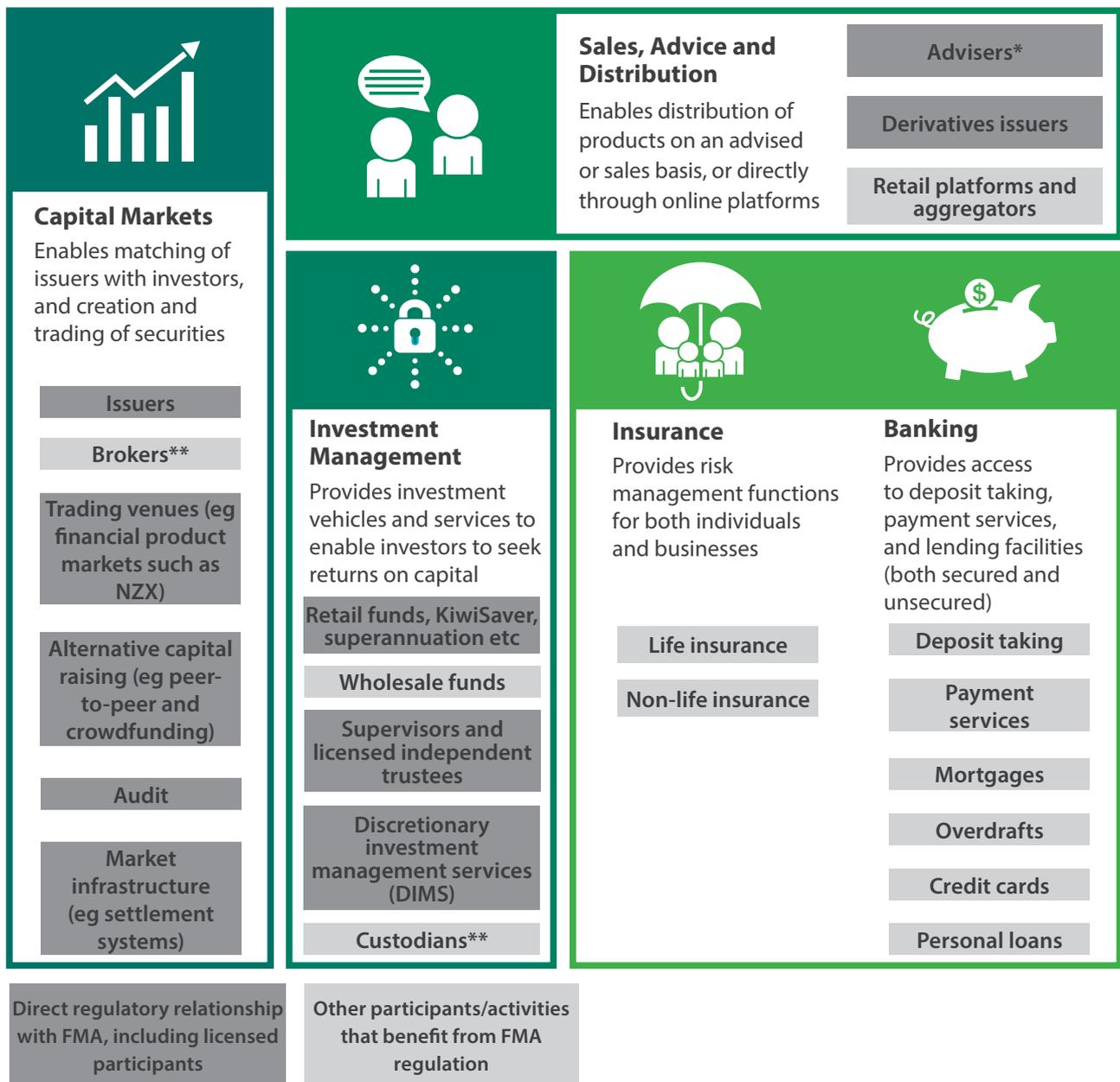
**SOI 1** The FMA’s actions promote fair, efficient and transparent financial markets.



## What do we regulate?

The diagram below outlines the sectors influenced by our work, and describes some of the activities and product types covered at time of publication. The extent of our oversight varies across these sectors. Proposed regulatory reform such as

the Financial Markets (Conduct of Institutions) Amendment Bill will result in changes to the degree of oversight – most notably to the FMA’s entity-based supervisory oversight of banks, insurers and non-bank deposit takers.



\* Authorised Financial Advisers (AFAs), Registered Financial Advisers (RFAs), Qualifying Financial Entity (QFE) advisers, and, under the new regime, Financial Advice Providers

\*\* Brokers and custodians are supervised by the FMA under the AML/CFT regime.

## What do we do?

As New Zealand's principal conduct regulator of financial markets, we focus on protecting investors, customers and the integrity of markets through influencing how participants behave towards their customers, investors and each other.

Our activities include:

**Policy and guidance** - We engage and provide information and guidance that assists firms and professionals to comply with the law. We keep under review the law and practices relating to financial markets and participants.

**Information and resources** - We provide information and resources to help investors and customers make better investment and financial decisions.

**Licensing** - We license a range of firms and professionals that meet the requirements in law.

**Monitoring and supervision** - We monitor and assess conduct, compliance and competency of market participants.

**Investigations and enforcement** - Through our investigation and enforcement activities we aim to raise standards of behaviour, deter misconduct, and hold to account those whose conduct harms the operation of our financial markets.

**Environmental scanning** - We scan the environment to identify the most significant risks to and opportunities for promoting our priorities.

In delivering our functions we work and engage closely with industry, investors and customers, the Government and other agencies.

## What do we expect?

When interpreting our statutory objectives we consider:

- **Fair** to mean providers and participants acting fairly, professionally and with integrity, focusing on serving the needs of customers.\*
- **Efficient** to mean dynamic and accessible markets that facilitate growth and innovation.
- **Transparent** to mean investors and customers get the clear, concise and effective information they need to make informed decisions.

### \*Serving the needs of customers

This means financial service providers focus on:

- treating customers fairly in all interactions
- recognising and prioritising the interests of customers and effectively managing the conflicts of interest that arise
- giving customers clear, concise and effective information
- designing and distributing products that are suitable, work as expected and as represented, and are targeted at appropriate customer groups
- ensuring adequate after-sales care, including complaints and claims handling, and not imposing unnecessary barriers to switching or exiting a product or service
- effectively monitoring their own conduct, and where relevant the conduct of suppliers and distributors, to ensure they can identify, rectify and learn from mistakes

We also want to see capable and engaged investors and customers operating in those markets.

We expect all market participants to act fairly and professionally, and be committed to pursuing the objectives and spirit of regulation rather than just the letter of the law. We expect financial service providers to engage openly, honestly and proactively with us.

Fair, efficient and transparent financial markets will promote high levels of trust and confidence. Markets will be effective in matching investors with those that need capital and New Zealanders will be able to access quality advice, investment management and other financial services they need.

Effective financial markets are central to supporting the four capitals of the Treasury's living standards framework and to the broader Government's economic strategy of improving the wellbeing and living standards of New Zealanders through sustainable and inclusive growth.

### How we approach our work

The following principles underpin our regulatory approach and guide our regulatory decisions.

- Intelligence-led and harm-based: we use intelligence to identify and assess the areas of greatest harm to investors, customers and financial markets, and the drivers of that harm.
- Outcome-focused: we focus our resources on where we have the greatest opportunity of achieving desired outcomes and reducing harm. We consider the most appropriate action for each situation, recognising the limits of our powers, and considering regulatory burden

and potential unintended consequences of our actions.

- Effective and efficient: we regularly review the use of our resources to enhance our effectiveness and efficiency.
- Consistent and transparent: we clearly communicate our intentions and expectations to market participants, and explain our actions.
- Flexible and responsive: we have an operating model that enables us to adapt and respond quickly to changing market conditions. We seek and act on feedback, and learn from our experiences.
- A systems view: we promote an integrated and coordinated approach to financial markets regulation in New Zealand. The FMA is a member of the Council of Financial Regulators (CoFR), together with the RBNZ, MBIE, Treasury and the Commerce Commission. CoFR provides a forum for a continuous, forward-looking focus on system risks and regulatory coordination by members.

### The legislation underpinning our work includes:

- Financial Markets Authority Act 2011
- Financial Markets Conduct (FMC) Act 2013
- Auditor Regulation Act 2011
- Financial Advisers Act 2008
- Financial Services Legislation Amendment Act 2019
- Financial Markets Supervisors Act 2011
- KiwiSaver Act 2006 (Part 4 and Schedule 1)
- Anti-Money Laundering and Countering Financing of Terrorism Act 2009

# Our strategic intentions

At the highest level, our strategic intent mirrors our statutory objective of promoting fair, efficient and transparent markets. This is reflected in the overarching SOI 1. The other five strategic intentions reflect the five strategic priorities identified in our Strategic Risk Outlook. These priorities are based on an assessment of the most significant risks to and opportunities for progressing our statutory objective, and the subsequent outcomes we want to see across the sectors that we regulate. The following pages set out how we intend to manage our functions and operations to meet our strategic intentions, and how we will assess our performance.

However, we consider our medium-term strategic intentions remain fit for purpose and will help guide our ongoing responses to the crisis. As an example, a customer-centric culture and robust governance of conduct are particularly important in times of stress to reduce risks to customers and investors. Similarly, maintaining trust and confidence in capital markets will be critical to ensure a smooth recovery from the economic impacts of COVID-19.

## Impact of COVID-19

We have reviewed our strategic intentions in light of the current and emerging impact of COVID-19 and our initial and ongoing response to the crisis. COVID-19 is likely to have significant impacts on both the markets we regulate and our regulatory approach. It is likely to act as a driver of some existing conduct risks and result in the emergence of new risks for customers and investors. It will impact the activities we will be able to undertake and may necessitate new action in some areas.



# Overarching strategic intention

Strategic intention

**The FMA's actions promote fair, efficient and transparent financial markets**

Fair, efficient, and transparent financial markets are a cornerstone of a well-functioning New Zealand economy. This defines the FMA's overarching statutory purpose. Within our statutory framework, we therefore work and engage with financial service providers, investors and customers to promote and facilitate developments that enhance fairness, efficiency and transparency in financial markets.

## How we will manage our functions and operations

All of our activities and subsequent strategic intentions are aimed at achieving this overarching objective.

We will use our wide range of regulatory tools to influence the behaviour and conduct of market participants, to protect investors and customers, and promote the integrity of financial markets.

This includes setting expectations and standards through engagement and guidance, monitoring compliance with those standards, and undertaking proportionate enforcement action where breaches are identified.

We will focus on effective implementation of changes to our regulatory remit and use relevant tools to promote innovation in markets that is likely to lead to improved customer outcomes. We will actively collaborate with other agencies to

pursue shared objectives.

We will be responsive to market events such as COVID-19 that impact confidence in our financial markets and/or result in regulatory risks to our statutory objective of fair, efficient and transparent financial markets.

## How we will assess our performance

SOI 1

**The FMA's actions promote fair, efficient and transparent financial markets.**

## What we will report on

We will survey and report on the perceptions of investors, customers and financial service providers about the overall effectiveness of the FMA's actions in pursuing its objectives. This is in addition to reporting on progress against the other strategic intentions outlined in this document, all of which are aimed at progressing this overall intention.



## Governance and culture

Strategic intention

**Regulated firms have customer-centric cultures that serve the needs of customers. In particular, firms have appropriate governance and systems to manage conduct risk.**

As highlighted in our Conduct and Culture work\*, culture is a core driver of conduct. A customer-centric culture is an essential way for firms to reduce the likelihood and impact of misconduct. Governance, systems and controls that reflect a customer-centric approach are important elements of good conduct risk management.

### How we will manage our functions and operations

We will engage with industry to outline our expectations for culture, governance and conduct. Using a risk- and harms-based approach when monitoring firms' conduct, we will look for cultural drivers of misconduct, and assess alignment of the firm's governance, systems, controls and processes with the needs of customers. Where we identify breaches of licence conditions or other regulatory requirements in relation to governance and culture, we will take appropriate enforcement action.

### How we will assess our performance

SOI 2

**Financial service providers demonstrate an appropriate customer-centric culture and improvements in governance, incentive structures, sales and advice processes, and systems to mitigate conduct risk.**

### What we will report on

We will assess our progress towards this measure by reporting on findings from our relevant monitoring and engagement activity. In particular we will report on findings in relation to cultural factors (eg incentive structures), governance, sales and advice processes, and other systems, processes and controls that can both drive and mitigate conduct risk. As part of this activity, we will be explicitly seeking to promote and identify improvements in the conduct maturity of the regulated population.

\*See Bank Conduct and Culture Review and Life Insurer Conduct and Culture Review



## Deterrence of misconduct

Strategic intention

**We deter misconduct through effective enforcement action.**

Enforcing compliance with legislation and other regulations is core to our role as a regulator. Enforcement activity enables us to hold individuals and entities to account, send clear messages to industry regarding their obligations, and provide clarity on those obligations.

It is important that the FMA is efficient and effective in its enforcement activity, and is appropriately resourced to provide deterrence of misconduct. Areas of particular focus in the coming years are likely to include:

- trading misconduct (eg insider trading and market manipulation)
- misconduct on our perimeter
- failure to meet AML/CFT requirements
- misleading and deceptive conduct (ie enforcing fair dealing provisions of the Financial Markets Conduct Act 2013).

By focusing on these areas, we expect to deter future misconduct.

### How we will manage our functions and operations

Our enforcement activity includes a range of statutory tools including:

- publishing warnings
- imposing conditions

- revoking licences
- criminal prosecution and civil proceedings
- giving directions
- stopping promotion or distribution of financial products and services.

We will adopt a proportionate and outcomes-based approach to the use of these tools, which will also be guided by our enforcement policy, cooperation policy, regulatory response guidelines, model litigant policy and prosecution policy.

### How we will assess our performance

SOI 3

**The FMA's actions promote credible deterrence of misconduct.**

### What we will report on

We will assess our progress towards this measure by reporting on enforcement activity undertaken and the outcomes achieved. We will also report on market and investor perceptions of whether the FMA's activities provide credible deterrence of misconduct.



## Implementation of remit changes

Strategic intention

**We deliver policy objectives in a way that promotes confidence in the regulatory regime and financial markets generally.**

A number of legislative reforms are underway. These are aimed at improving the conduct of financial institutions and market participants, and ultimately improving both the wellbeing of customers and investors, and confidence in financial markets.

Key pieces of law reform include:

- Financial Services Legislation Amendment Act
- Financial Markets (Conduct of Institutions) Amendment Bill
- Financial Markets Infrastructure Bill
- Insurance contract law review
- the review of KiwiSaver default provider arrangements
- the proposed regime for climate-related financial disclosures
- implementation of the licensing regime for financial benchmark administrators under the FMC Act.

By successfully implementing remit change (which includes transformation within the FMA to support these changes), we will deliver policy objectives in a way that promotes confidence in the regulatory regime and financial markets generally.

### How we will manage our functions and operations

The FMA will contribute to policy development through technical advice (on regulation and practical implementation) to the Ministry of

Business, Innovation and Employment, as well as other relevant agencies and Ministers. Once legislation is passed we will engage with industry, Government, other agencies, investors and customers to deliver effective and efficient implementation.

### How we will assess our performance

SOI 4

**The FMA works with other regulatory and government agencies, and engages with market participants, to effectively and efficiently deliver its role in remit changes.**

### What we will report on

We will assess our progress towards this measure by reporting on the progress of key law reform projects, including implementation dates and milestones. We will give examples to demonstrate how the FMA has provided effective input in relation to law reform and system coordination (eg through CoFR). We will seek feedback from stakeholders on the effectiveness and efficiency of our role in implementing law reform.



## Investor and customer decision-making

Strategic intention

**Investors and customers are engaged and make active choices based on clear, concise and effective information.**

Clear, concise and effective disclosure and financial reporting by issuers of financial products is critical to enable investors to make informed decisions.

Similarly, we expect all financial services providers to ensure communications with investors and customers are clear, concise and effective. This includes making efforts to ensure customers and investors are engaged and make active decisions on an ongoing basis about the financial products and services they purchase.

Focusing on effective communication and processes and practices that enable investors and customers to make decisions in their best interest is an important component of a customer-centric culture.

By focusing on this priority, we expect to see improved engagement by investors and customers with product providers and improved disclosure by those providers. This will lead to improved decision-making and the purchase of more suitable products.

### How we will manage our functions and operations

Using a risk-based approach, we will monitor disclosure by financial product issuers and financial reporting by relevant entities. We will continue to report on the findings of our monitoring work and provide guidance to industry and investors aimed at improving the effectiveness of disclosure and financial reporting.

We will work closely with industry and other agencies on programmes and campaigns aimed at improving investor capability and customer engagement and decision-making. This will include exploring further use of behavioural insights techniques, as well as identifying and focusing on particularly vulnerable or disengaged investor and customer segments. It will also include providing feedback to industry on their efforts to improve investor and customer decision-making and engagement.

### How we will assess our performance

SOI 5

**Investors and customers are engaged and make active and informed decisions based on clear, concise and effective information and communication.**

### What we will report on

We will assess our progress towards this measure by reporting on our observations about the overall effectiveness of disclosure and financial reporting, which will include findings from surveys of investors and customers. In relation to investor capability, we will report on our work to target investors directly through campaigns, guidance material, and collaboration with community groups and other agencies, as well as what investors and customers tell us through our survey activity.



## Trust and confidence in capital markets

Strategic intention

**Investors and participants have trust and confidence in New Zealand capital markets, enabling the sustainable growth of those markets**

There are numerous factors that drive trust, confidence and growth in capital markets. We seek to promote trust and confidence by exercising our regulatory responsibilities, in particular:

- influencing improvements in audit quality, disclosure and financial reporting, and corporate governance
- maintaining effective oversight of NZX and other licensed capital-raising platforms
- providing credible deterrence in relation to trading misconduct.

This priority is closely linked to both investor and customer decision-making, and deterrence of misconduct. For this priority we are looking to see an improved level of confidence in the regulation of New Zealand capital markets, as well as higher levels of trust and confidence in those markets overall.

### How we will manage our functions and operations

In addition to our investor and customer decision-making, and deterrence activities, we will monitor and work closely with the NZX and market participants to maintain integrity and promote sustainable growth in the listed space,

and continue to monitor crowdfunding and peer-to-peer lending providers. We will continue to monitor audit accredited bodies and review the quality of audits of listed companies and other FMC reporting entities, including engaging with industry. We will outline our efforts in relation to innovation, including potential changes to disclosures and financial reporting requirements (including climate change).

### How we will assess our performance

SOI 6

**The FMA's actions promote trust and confidence in, and sustainable development of, New Zealand's capital markets.**

### What we will report on

We will assess our progress towards this measure by reporting on our work in relation to audit and financial reporting, our monitoring of NZX and other licensed markets, and support for innovations such as climate-related reporting. We will also continue to monitor and report on overall market confidence levels, with a particular interest in the quality of regulation in supporting that confidence.

# Organisational health and capability

Management of the FMA's health and capability is central to the significant organisational change we are undertaking. Key areas of focus will continue to be employee engagement and culture, diversity and inclusion, and our employee value proposition. We see these as current strengths but worthy of more focus. Our recruitment strategy will focus on local candidates as a priority, supplemented with international recruitment for those seeking to continue their career in New Zealand. In light of COVID-19 developments, we will also continue to focus on health, safety and wellbeing of employees and contractors, and ensure our business continuity plan supports this. The FMA worked effectively at home during the COVID-19 lockdown and we will continue to examine working practices both from an employee point of view but also from a resilience perspective.

## Recruitment

In response to our increase in funding and remit expansion we will build on our established capability framework to assess what additional capability is required. We will assess the impact on our organisational structure and effectively manage resulting structural change as required.

Our employee value proposition rebrand will ensure we capture and communicate our employee experience in an authentic way. We will also develop talent-sourcing channels to attract candidates from both local and international markets.

## Engagement and culture

We will focus efforts on activity that supports a well-functioning organisation in terms of cultural health and employee engagement. We will ask our employees on a regular basis how we can embed a positive culture, and improve performance and leadership efforts. We will continue to assess ourselves against the seven key elements of being a good employer, as defined by the Human Rights Commission.

## Diversity and inclusion

Members of our Executive Committee will champion our diversity and inclusion policy, strategy and work programme. We will seek to understand and respect the characteristics that make one individual similar or different to another within our working environment. One focus area will be engaging with and hiring people

from diverse backgrounds. We will promote an environment that is welcoming and inclusive to our diverse workforce. Central to this is ensuring our employees are able to provide their talent and skills in an inclusive working environment, using their depth and breadth of cultural experience.

### **Health, safety and wellbeing**

The FMA is committed to providing a safe and healthy work environment. Work in this area is progressed through the Health, Safety and Wellbeing Committee, which includes representatives from across functions and levels. The COVID-19 pandemic has brought this work to the fore. The FMA's initial response to COVID-19 has focused on ensuring the safety of all FMA employees and contractors in terms of both physical safety and mental health. There is an emphasis on leadership and communication from senior management, through frequent communications across a variety of channels. The message has been 'family first' and an understanding that some business-as-usual and project work will have shifting timelines. There has also been practical guidance provided on working remotely, and meeting the challenges of managing and participating in remote teams.

As we transition through the pandemic, we will continue to explore ways to meet employee expectations on how we challenge and change our traditional office environment. This will involve an increased focus on providing greater flexibility, and different models of communication and meetings, in addition to our existing offerings.

# Appendix: SOI performance indicators

Strategic intention	Measure	Current Relevant Baseline Metrics and Information*	Desired changes or trends (2020 – 2024):	Qualitative and quantitative indicators we will report on
<b>SOI 1</b> The FMA's actions promote fair, efficient and transparent financial markets.	The FMA's actions promote fair, efficient and transparent financial markets.	<p>Ease of doing business survey (2019)</p> <ul style="list-style-type: none"> <li>88% of stakeholders agree that the FMA supports market integrity.</li> <li>84% of stakeholders agree that the FMA helps raise standards of market conduct.</li> </ul> <p>Investor Confidence survey (2019)</p> <ul style="list-style-type: none"> <li>60% of investors surveyed are confident financial markets are effectively regulated.</li> </ul>	<p>Maintaining (in the post COVID-19 world) high levels of stakeholder agreement that the FMA's activities reflect its strategic priorities.</p> <p>Investors and customers have increased confidence they are being treated fairly.</p>	<p>Baseline survey questions will be repeated.</p> <p>New questions will be added to survey investor and customer confidence, which will report on:</p> <ul style="list-style-type: none"> <li><i>Investors and customers agree that the FMA's actions help promote fair, efficient and transparent financial markets.</i></li> <li><i>Investors and customers are confident that New Zealand financial markets and financial service providers are set up to treat investors and customers fairly.</i></li> </ul>
<b>SOI 2</b> Governance and culture	Financial service providers demonstrate an appropriate customer-centric culture and improvements in governance, incentive structures, sales and advice processes, and systems to mitigate conduct risk.	<p>Concerns identified through supervisory monitoring regarding the conduct maturity of populations, eg firms having appropriate governance, systems and controls to effectively identify, manage and mitigate conduct risks as well as appropriate drivers of customer centric culture.</p> <p>Examples and indicators include:</p> <ul style="list-style-type: none"> <li>Findings and follow-up on Conduct and culture reviews.</li> <li>70% of entities assessed had conflict management procedures designed to support customer interests (findings from 2018/19 supervision and monitoring work).</li> <li>40% of market participants assessed demonstrated alignment of sales and advice processes to serve the interest of their customers (findings from 2018/19 supervision and monitoring work).</li> </ul>	<p>FMA's monitoring and supervisory work shows firms can demonstrate an appropriate customer-centric culture and improvements in governance, incentive structures, sales and advice processes, and systems to mitigate conduct risk.</p>	<p>We will summarise and report on quantitative and qualitative findings from our supervisory monitoring, including the metrics noted in the baseline, published reports of thematic work, non-published internal monitoring reports and feedback letters to firms.</p> <p>Our reporting will focus on indicators relating to culture, governance and systems and controls, such as incentive structures, sales and advice processes, and systems to mitigate conduct risk. We will highlight where positive change has occurred or not and where new issues may have emerged.</p>

\* This includes metrics we currently have that provide an indication of the baseline. In a number of cases these metrics reflect previous SOIs. As such a number of these metrics will need to be amended, e.g. through changes to wording of survey questions, to ensure they are relevant indicators of the new SOI.

Strategic intention	Measure	Current Relevant Baseline Metrics and Information	Desired changes or trends (2020 – 2024):	Qualitative and quantitative indicators we will report on
<b>SOI 3</b> <b>Deterrence of misconduct</b>	The FMA's actions promote credible deterrence of misconduct.	Ease of doing business survey (2019) <ul style="list-style-type: none"> <li>61% of stakeholders agree that the FMA maintains a strong enforcement function and helps to deter misconduct by holding it to account.</li> </ul>	Increased agreement by financial service providers that FMA actions help to deter misconduct.	Baseline survey question to be repeated. In addition, we will report on enforcement activity and market responses.
<b>SOI 4</b> <b>Implementation of remit changes</b>	The FMA works with other regulatory and government agencies, and engages with market participants, to effectively and efficiently deliver its role in remit changes.	Similar previous SOI was “The FMA works with other regulatory and Government agencies to have a positive combined impact on New Zealand financial markets, to reduce regulatory overlap, minimise gaps and increase efficiencies”. Reporting was based around providing examples of activities to this end.	The FMA continues to provide effective input into regulatory reform in support of the Government’s policy objectives. Financial service providers are confident in the implementation of remit changes by the FMA. The FMA meets implementation timelines and milestones.	We will give continue to provide examples to demonstrate how the FMA has provided effective input in relation to law reform, policy development, and system coordination (eg through CoFR). We will report on the implementation of remit changes, including implementation dates and milestones. A new question will be added to the Ease of doing business survey and reported on: <i>Stakeholders agree that the FMA is effective and efficient in its role of implementing remit changes.</i>

Strategic intention	Measure	Current Relevant Baseline Metrics and Information	Desired changes or trends (2020 – 2024):	Qualitative and quantitative indicators we will report on
<b>SOI 5</b> <b>Investor and customer decision-making</b>	Investors and customers are engaged and make informed decisions in relation to financial products and services based on clear, concise and effective information and communication.	Investor confidence survey (2019) <ul style="list-style-type: none"> <li>58% of investors who received investment materials found the information helpful.</li> </ul>	An increasing proportion of investors and customers find the information they receive to be clear, concise and effective and consider that it supports their decision making.  Improved investor engagement with financial products and services, particularly in relation to KiwiSaver.  The FMA continues to develop and promote tailored information for investors and customers, and has 'joined-up' efforts on investor capability with Government agencies.	Baseline survey question will be repeated.  A new question will be added to the Investor confidence survey and reported on: <i>Investors found information materials to be clear, concise and effective.</i>  We will report on KiwiSaver engagement metrics from KiwiSaver Annual returns and results from the KiwiSaver Statements survey.  We will report on our investor campaigns and relevant outcomes as well as our engagement with other agencies.
<b>SOI 6</b> <b>Trust and confidence in capital markets</b>	The FMA's actions promote trust and confidence in, and sustainable development of, New Zealand's capital markets.	Investor confidence Survey (2019) <ul style="list-style-type: none"> <li>56% of investors are confident that trading in shares on the public market is clean, stable, and honest.</li> </ul> 2019 NZX obligations review found NZX complied with its market operator obligations.  2019 Audit Quality Monitoring report found improvements in audit quality since the last review but ongoing inconsistencies in how auditors apply the audit standards.	Maintaining (in light of COVID-19) current levels of investor confidence in the effectiveness of FMA actions in promoting trust and confidence in capital markets. In addition:  NZX continues to meet its regulatory obligations  We see improvements in audit quality  The FMA's approach to capital markets innovation enhances confidence and trust in New Zealand capital markets.	Baseline survey question will be replaced with a new question in the Investor Confidence Survey to be reported on: <i>The FMA's actions help promote trust and confidence in New Zealand capital markets.</i>  We will summarise and report on the findings from: <ul style="list-style-type: none"> <li>The NZX obligations review</li> <li>Audit Quality Monitoring Report</li> <li>Findings from our financial reporting reviews</li> </ul> We will outline our efforts in relation to innovation, including potential changes to disclosures and financial reporting requirements (including climate change).



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