

A photograph of two business professionals shaking hands in an office setting. One person is wearing a light blue shirt and a dark tie, while the other is wearing a tan jacket. The background shows a window with a view of a building.

Ease of doing business

Understanding Key Stakeholders

August 2024

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SECTION 1

Executive summary



Executive summary



Perceptions of the FMA and NZ markets

Stakeholder perception of FMA's **efficacy** has declined over the 2023 to 2024 period. While agreement that FMA supports market integrity remains strong at 85%, all other metrics have declined significantly year-on-year.

In terms of **ease of doing business** with the FMA, just over half (53%) of stakeholders stated they either agreed or strongly agreed with this statement (down significantly from 67% in 2023).

There has been a significant increase in stakeholders' agreement that **regulatory burden** is proportionate to the value their organisation receives (up 19pp to 67% in 2024), as well as an increase in agreement that regulatory burden is proportionate to the value of broader impact on NZ markets (up 8pp to 70% in 2024).

Stakeholder **confidence in New Zealand's financial markets and regulation** remains at very high levels, with over 9 in 10 saying they are slightly, fairly or very confident (no change vs 2023).



Communication with the FMA

Reported frequency of contact with the FMA has decreased significantly, with less than two thirds of stakeholders saying they deal with the FMA at least once every six months. Email and face-to-face remain the most common and most preferred ways to communicate with the FMA, while contact via telephone has decreased significantly over the last year.

Among FMA's **market communications**, email newsletters and media releases achieve the highest readership, although down on 2023 levels. Stakeholders rate the usefulness of FMA-issued guidance highly, with around 8 in 10 stakeholders agreeing that FMA guidance helps them make improvements to their policies or processes and comply with the law and their obligations.

Stakeholder sentiment towards the efficacy of FMA market communications has softened year-on-year, with providing clear, concise and effective communication experiencing significant decline.



Dealings with the FMA

Sentiment towards the **service provided** by the FMA fell back in 2024, with 11% fewer stakeholders (56%) rating service levels as very good or excellent (67% in 2023). Ratings of the quality of FMA's engagement with stakeholders have also trended down (49%, down from 56% in 2023).

There was further decline experienced in how stakeholders rated their **dealings with the FMA** with approximately half (49%) giving a very good or excellent rating (down a significant 15pp vs 2023).

In terms of outcomes from dealings with the FMA, improving stakeholders' understanding of expectations had the highest level of agreement (77%). However, there was uniform decline across all outcome metrics vs 2023.

Two-thirds (66%) of stakeholders said they feel comfortable raising issues with the FMA, consistent with 2023 levels (67%).

A group of business professionals in a meeting room. Several people are standing around a white conference table, looking at and pointing to various documents and charts. The scene is brightly lit, suggesting a modern office environment. The focus is on the collaborative work and discussion taking place.

SECTION 2

Background & objectives

Introduction

The FMA commissioned FiftyFive5 to conduct research among key stakeholders to understand the effectiveness of their interactions with the FMA and satisfaction with the services provided.

This is the ninth year this stakeholder research has been conducted.

Methodology

FMA stakeholders were invited to provide feedback through a 10-minute online survey.

The survey was open from Wednesday 10 July to Monday 29 2024. A total of 133 stakeholders completed the survey.

While the questionnaire has remained largely consistent with previous years, additional statements were added to questions relating to FMA effectiveness and impact on regulation.

Throughout the report significant differences to previous years' results are indicated with arrows.

▲ ▼ *Denotes results significantly different to previous year*

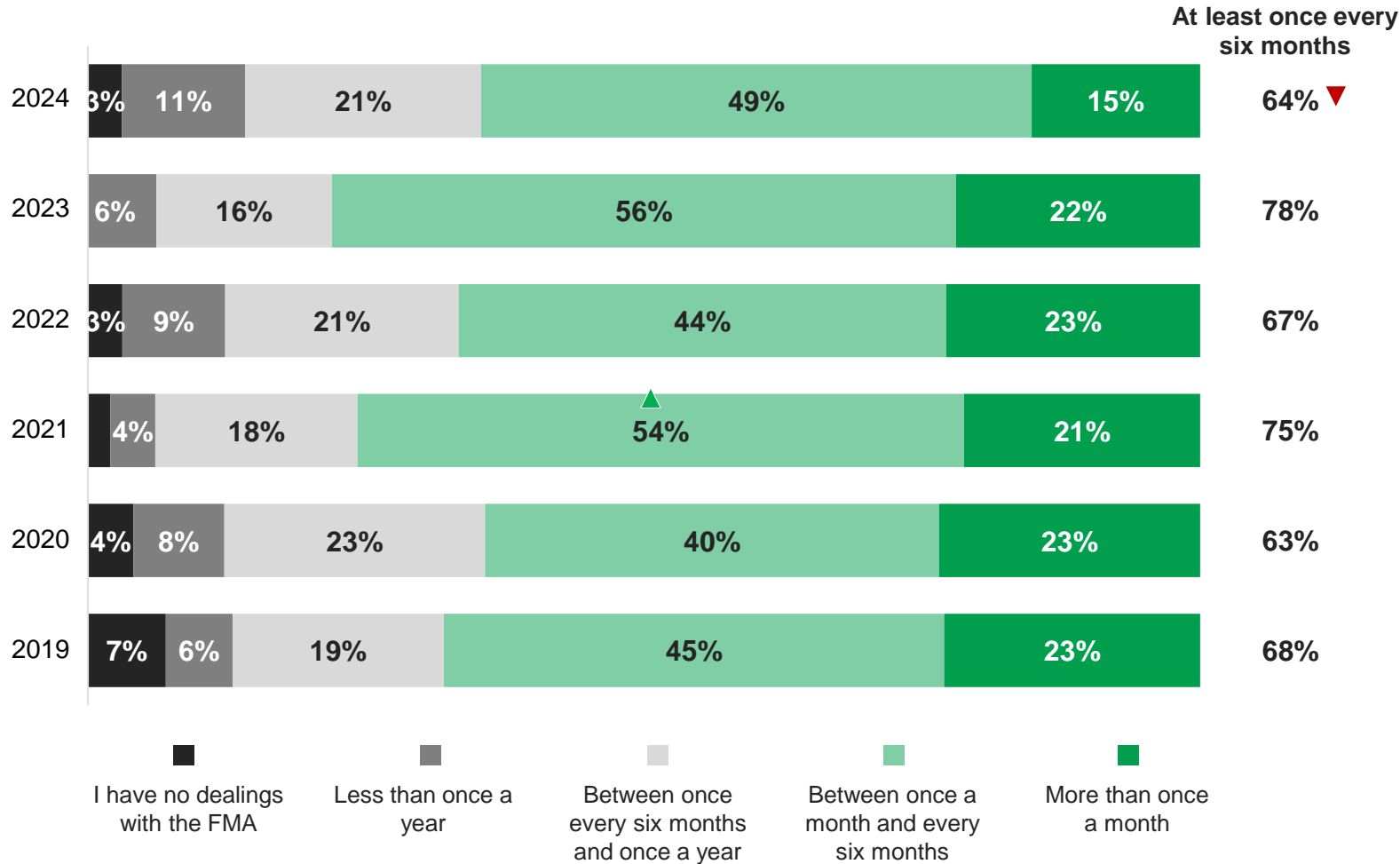




SECTION 3

Communication with the FMA

Frequency of stakeholder contact

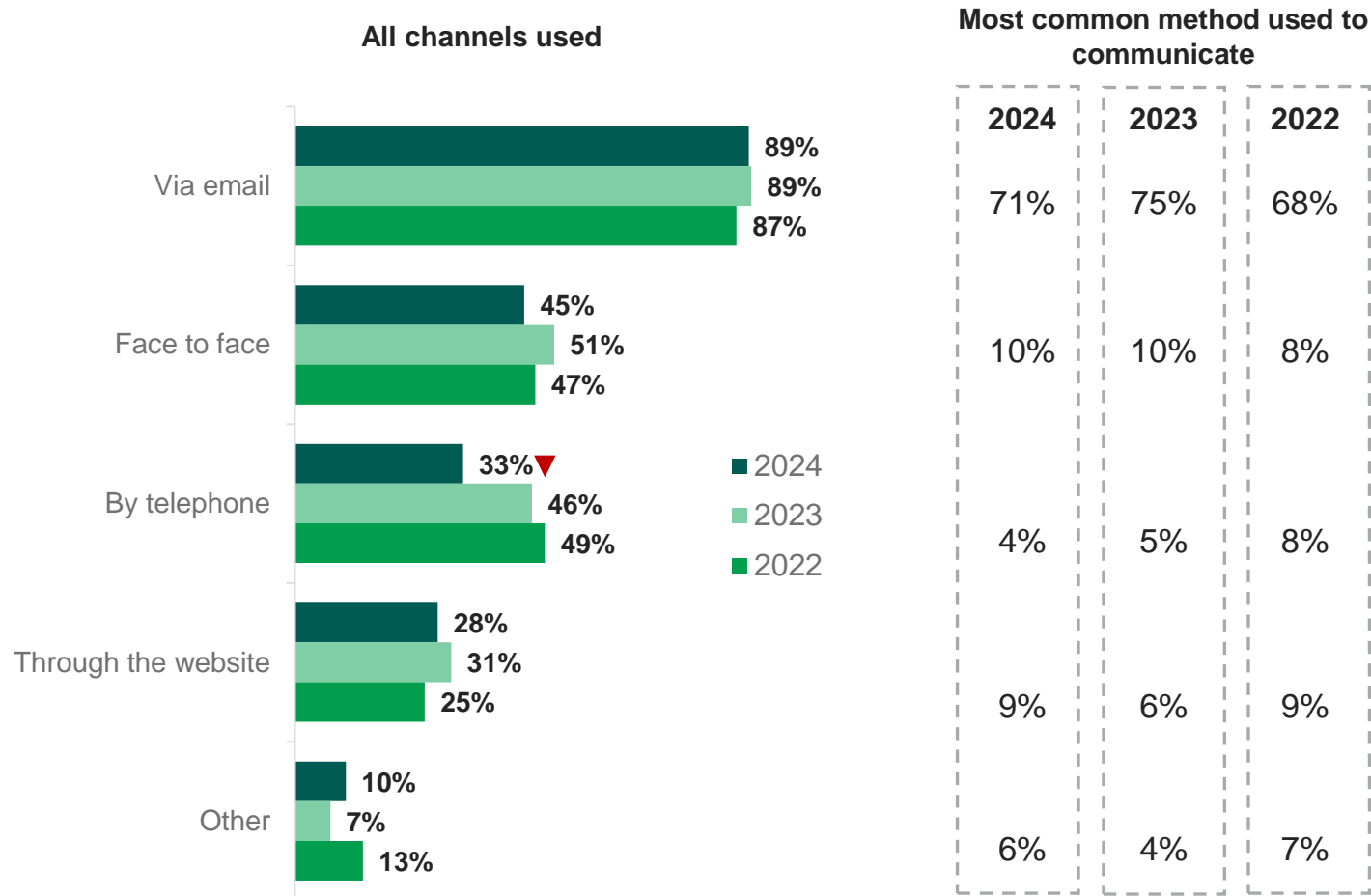


Reported frequency of stakeholder contact with the FMA has reverted to a trend of a bi-annual peak and trough, decreasing significantly in 2024, with 64% of stakeholders saying they deal with the FMA at least once every six months. This is down from the six-year high of 78% in 2023.

Consequently, stakeholders who claim they deal with the FMA less often than once every six months has risen from 2023 levels (22%), now at 32%.

The proportion of stakeholders who said they had no dealings with the FMA (3%) is up directionally vs 2023 (0%) but remains negligible.

Channels of communication



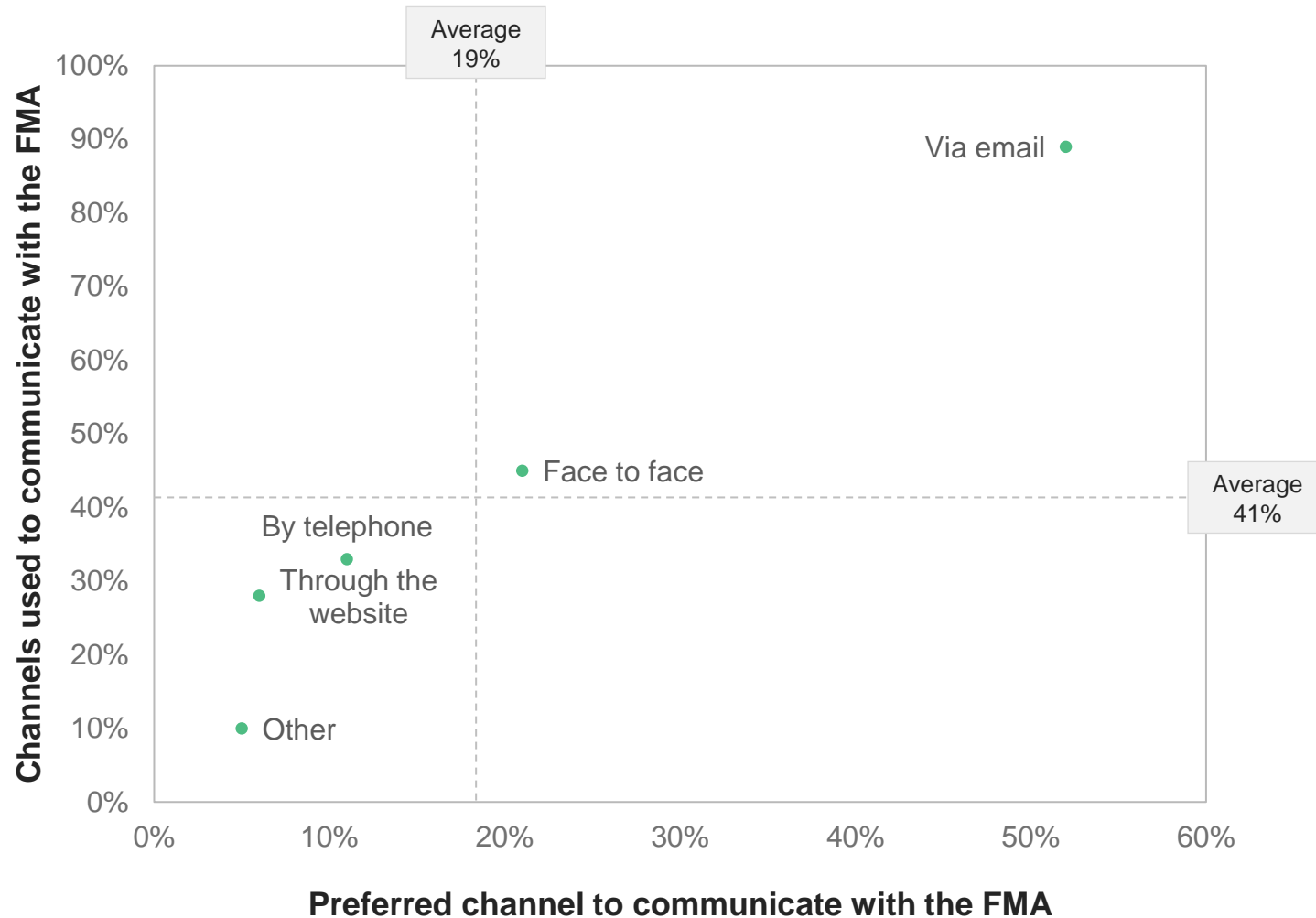
Consistent with previous years, email remains by far the most common method used to communicate with the FMA, with nearly 9 out of 10 stakeholders (89%) using this method, and 68% saying it is the most common channel they use.

Face-to-face communication has softened off the back of a high in 2023 (down from 51% to 45% in 2024) yet remains ahead of telephone, which saw a significant drop from 2023 levels to 33%.

Communication via the website has dipped slightly, down to 28% from the 31% registered in 2023.

One in ten (10%) stakeholders use other channels for communication, up slightly from 7% in 2023. Open-ended feedback indicates these other methods are typically various video conferencing platforms.

Preferred channels of communication

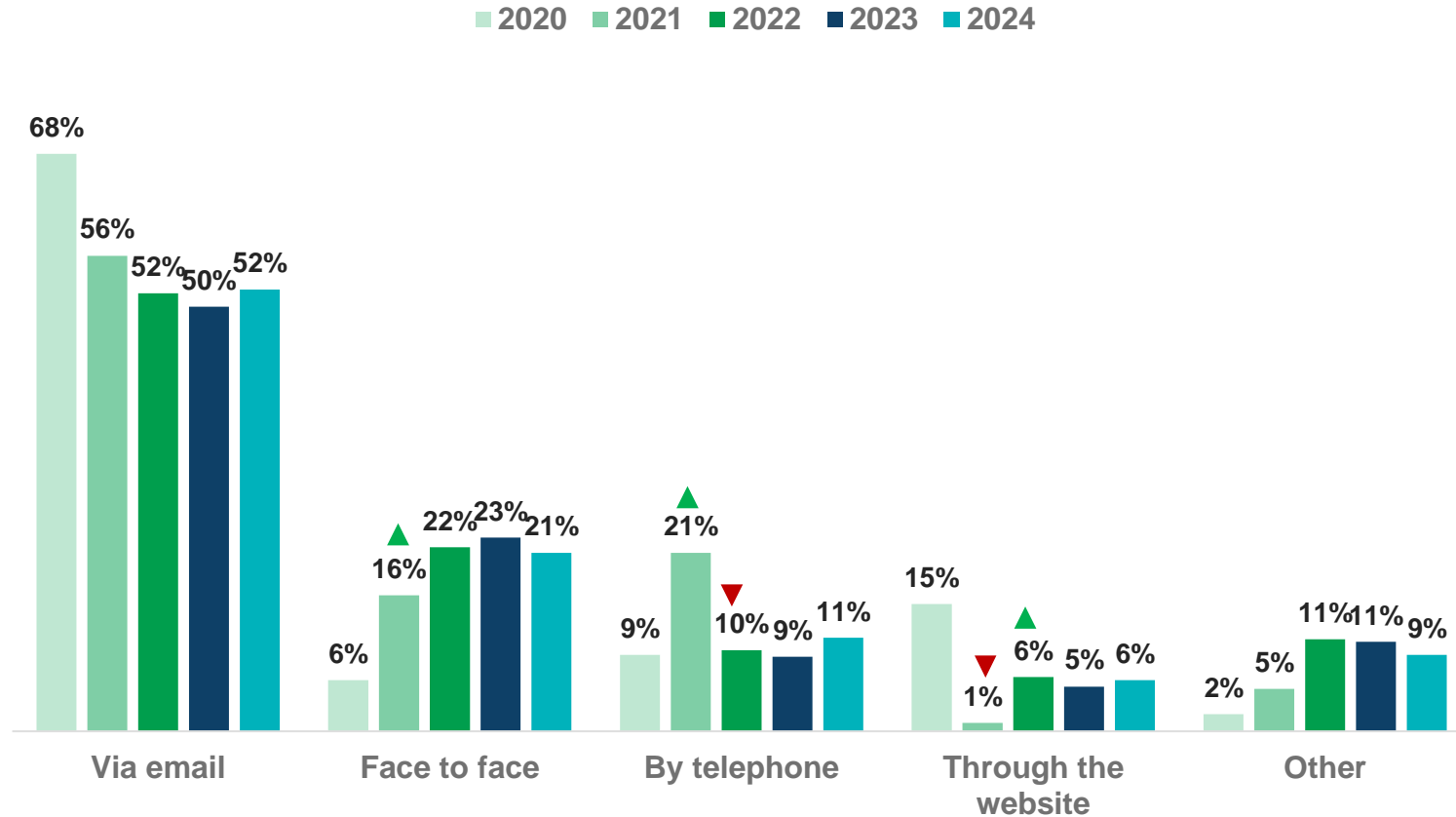


As has been the case in previous years, email is by far the most common and preferred mode of communication with the FMA (52% of stakeholders claiming email as their preferred means of FMA communication).

The use (45%) and preference (21%) of face-to-face meetings with the FMA have softened in 2024 (down from 51% and 23% respectively).

Phone channels are also relatively common in use, albeit down vs previous year (33%, down from 46% in 2023). Phone (11%) and the website (6%) are both at the low end in terms of preferred channels.

Preferred channels of communication – over time



The preference for email as the communication method with FMA has stabilised after a number of years in decline. 52% of stakeholders state email was their preferred channel of communication with the FMA in 2024.

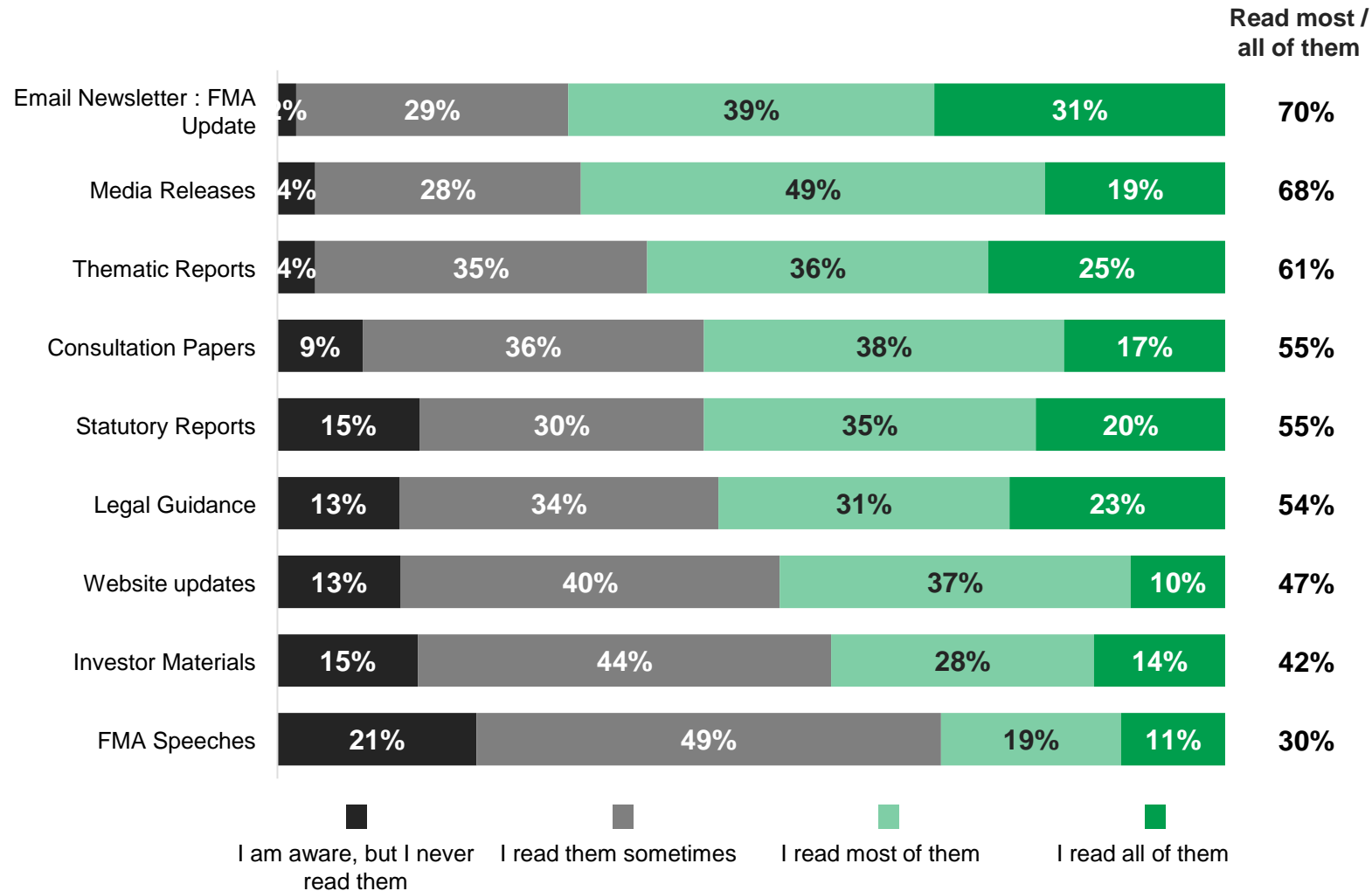
2024 was another year where there were no significant changes in channel preference, with preferred channels of communication remaining stable with 2023.



SECTION 4

Market communications

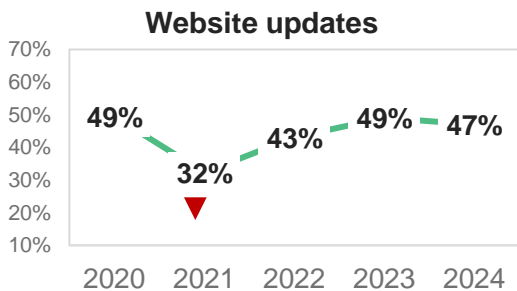
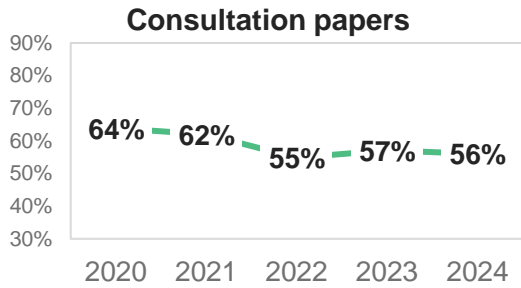
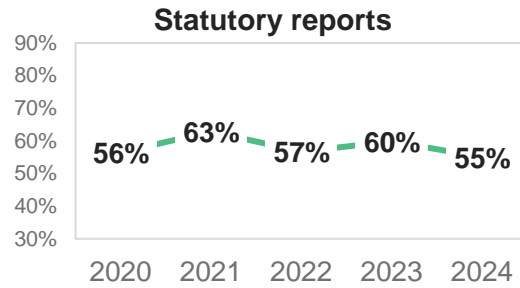
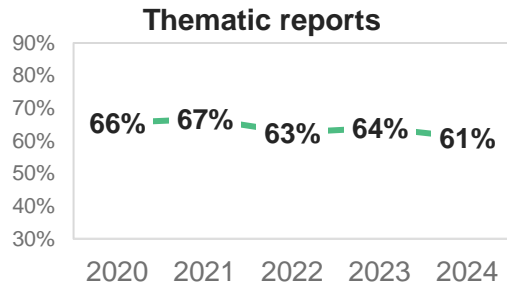
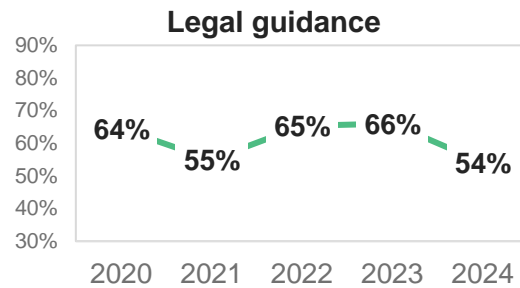
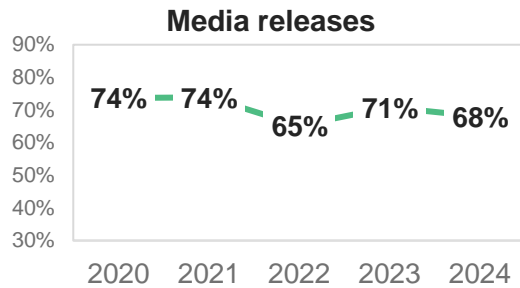
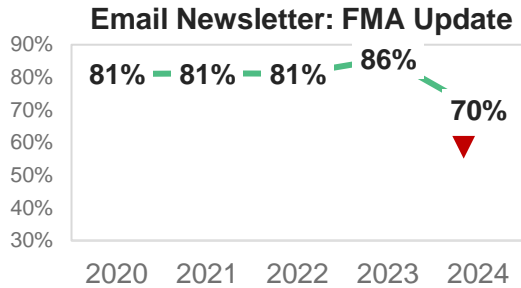
Readership of market communications



Amongst FMA’s market communications, the email newsletter (70%) and media releases (68%) have the highest claimed readership amongst stakeholders. Thematic reports have a claimed readership of 61%, while consultation papers (55%), statutory reports (55%) and legal guidance (54%) are the only other channels of communication with a claimed readership in excess of 50%.

Investor materials (41%) and FMA speeches (30%), have the lowest readership amongst stakeholders.

Readership of market communications – trends over time (% read most/all of them)



Overall, stakeholder readership of FMA’s market communications has softened slightly across the board in 2024. However, the only significant difference is in the readership of the email newsletter, which is down 16pp vs 2023 to 70%.

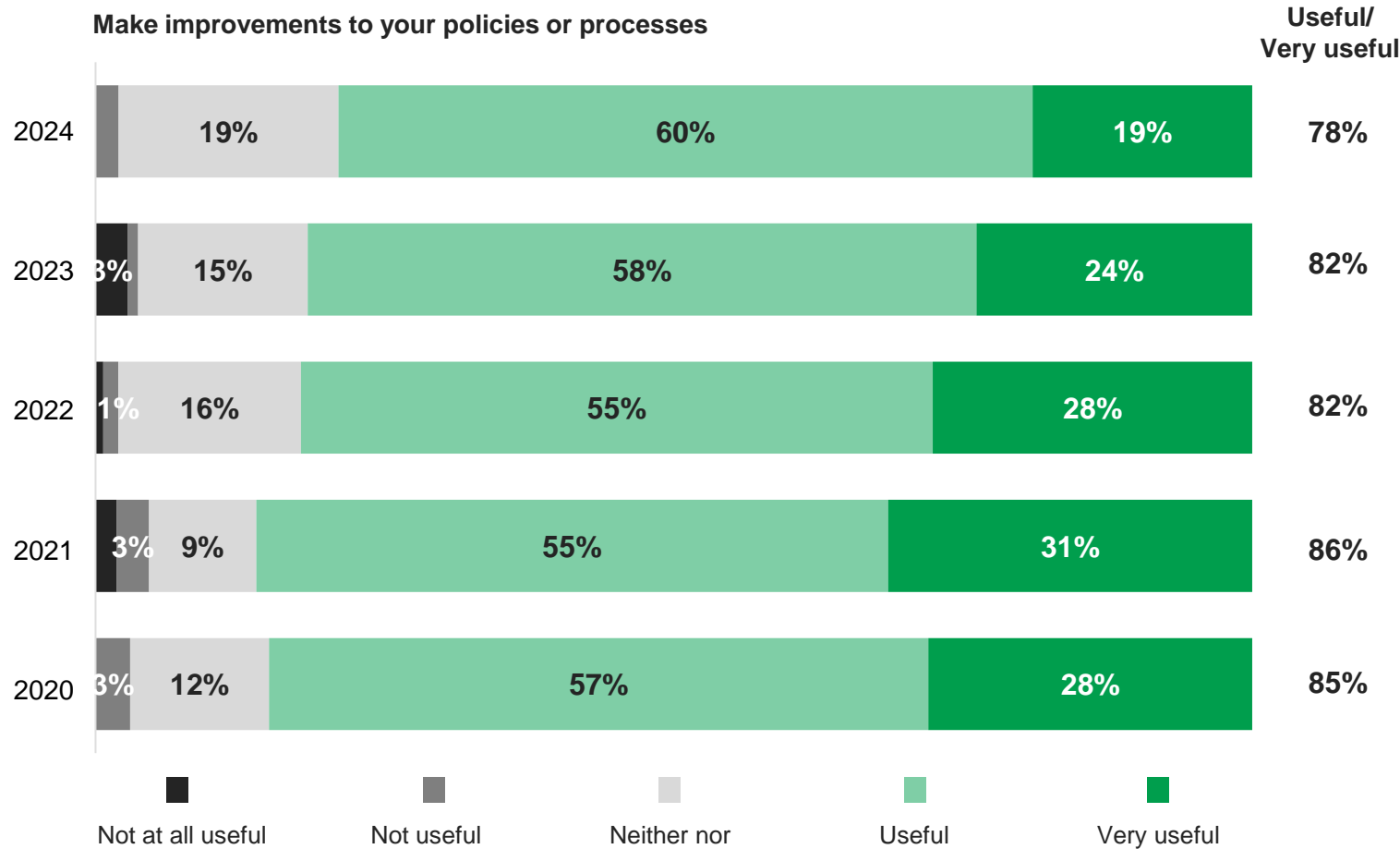
Legal guidance (down 12pp to 54%) and statutory reports (down 5pp to 55%) were the other two communication platforms with a noticeable readership decline, albeit not statistically significant versus 2023.

Investor materials were the only mode of communication with an increased readership in 2024 (up 5pp to 41% in 2024).

Usefulness of FMA-issued guidance

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

Make improvements to your policies or processes



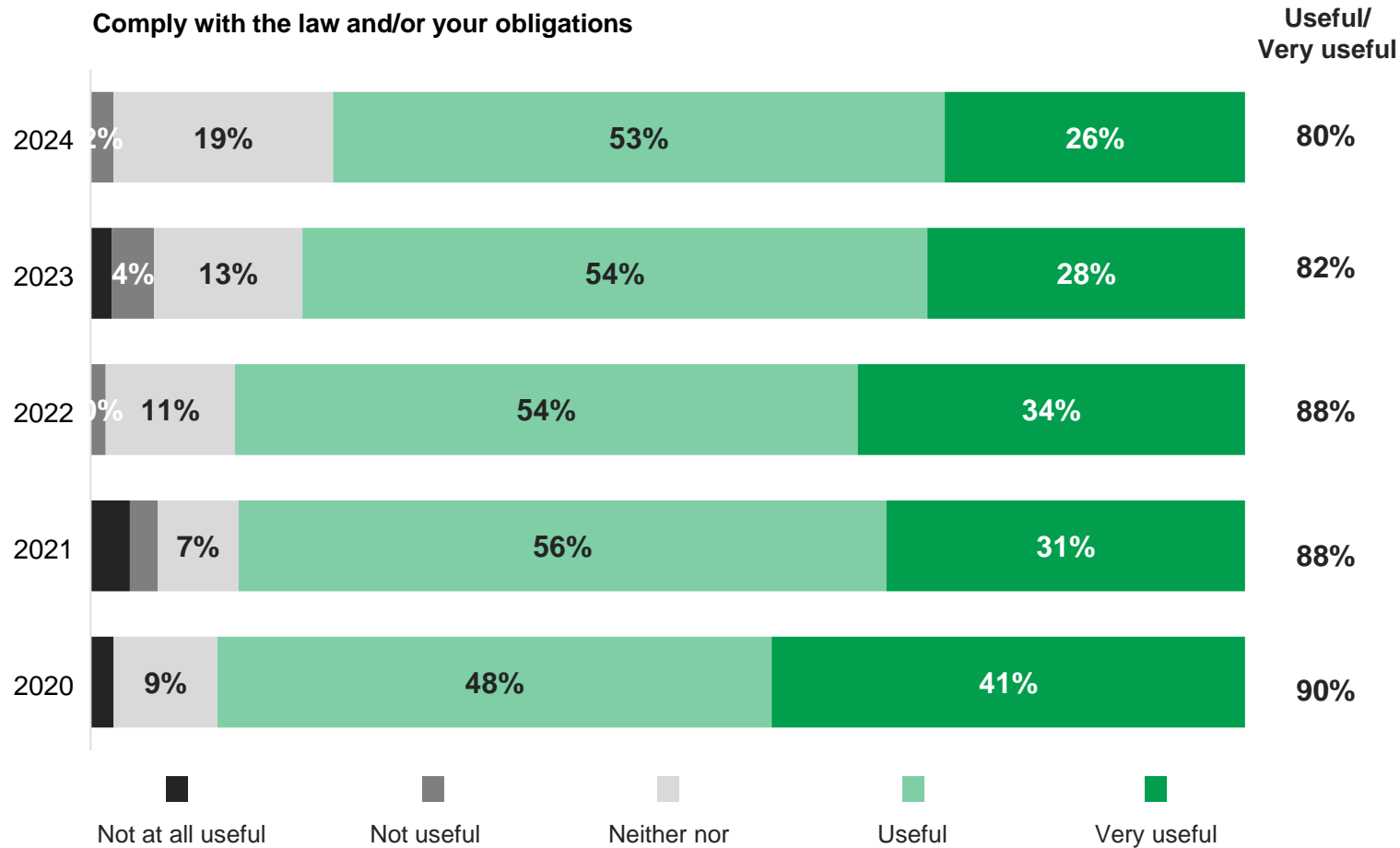
The rating of the usefulness of FMA-issued guidance is down slightly from 2023. However, the majority of stakeholders (78%, down from 82%) believe the guidance they received from the FMA was useful or very useful in helping them to improve their policies or processes.

While not significant year-on-year, the proportion of stakeholders who found the guidance very useful has been trending downwards since 2021, with the 12pp delta between the 31% in 2021 and the 19% in 2024 representing a significant decline.

Usefulness of FMA-issued guidance

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

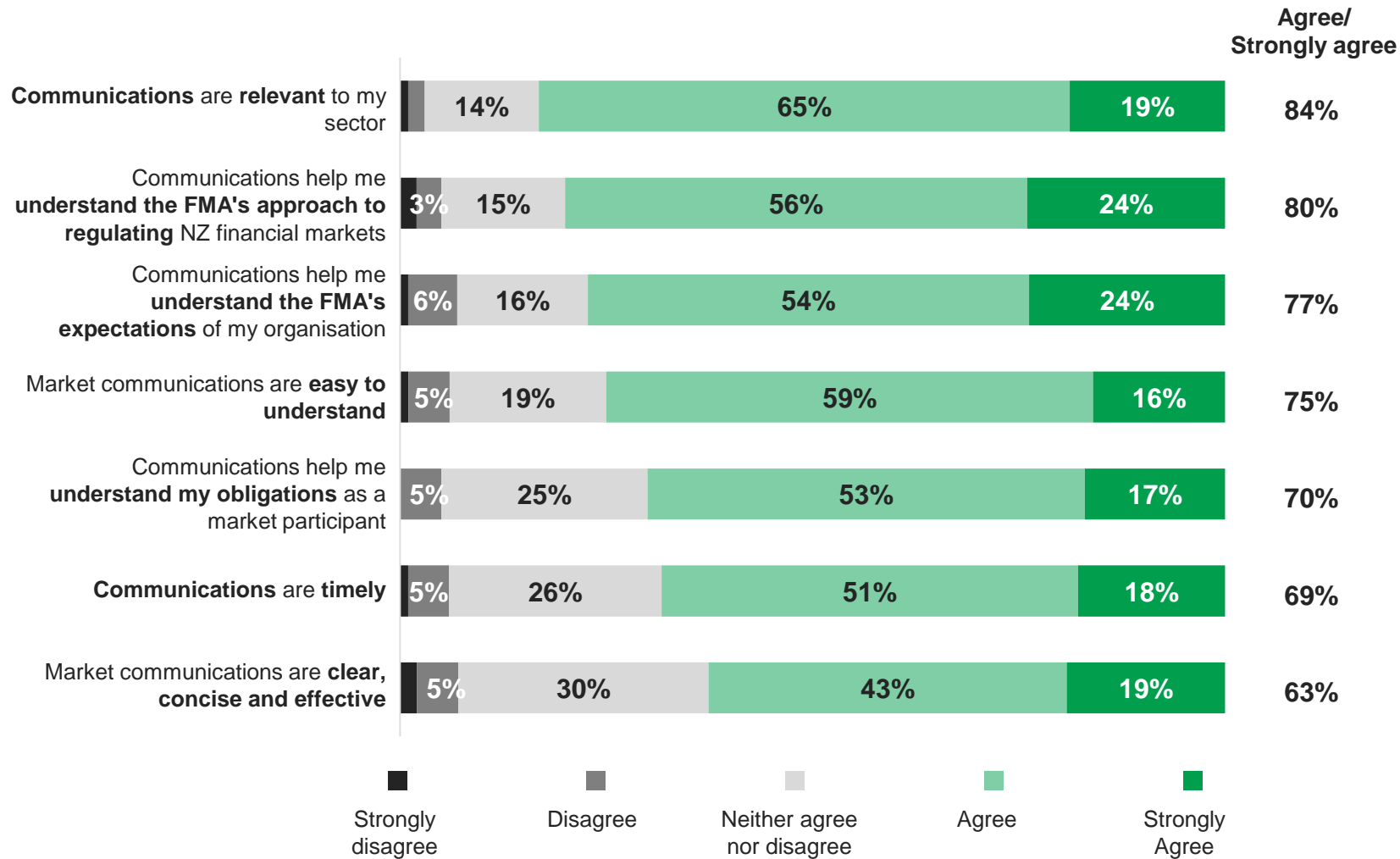
Comply with the law and/or your obligations



Usefulness of FMA-issued guidance in helping stakeholders to comply with the law or their obligations declined marginally, with 8 in 10 stakeholders (80%) saying guidance was useful or very useful in this aspect, compared to 82% in 2023.

There was an increased ambivalence towards FMA issued guidance in 2024 as 19% of stakeholders said they found FMA guidance neither useful nor not useful (up 6pp on 2023).

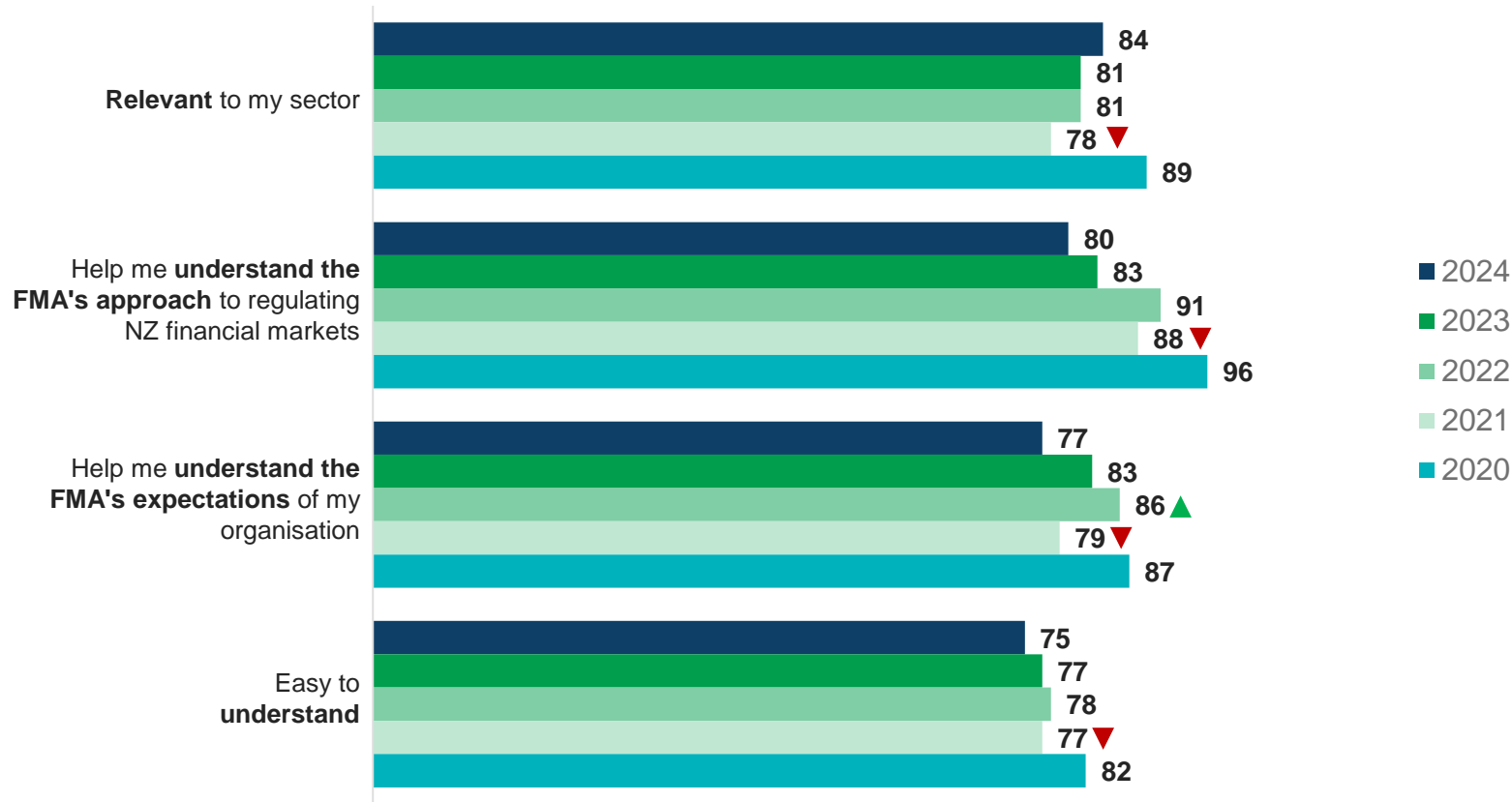
Effectiveness of market communications



Over 8 in 10 stakeholders agree or strongly agree that FMA market communications are relevant to their sector (84%) as well as help them understand the FMA's approach to regulating New Zealand's financial markets (80%).

Three-quarters of stakeholders agree or strongly agree that FMA communication helps them understand the FMA's expectations of their organisation (77%) and that market communications are easy to understand (75%).

Effectiveness of market communications – over time (% agree/strongly agree)

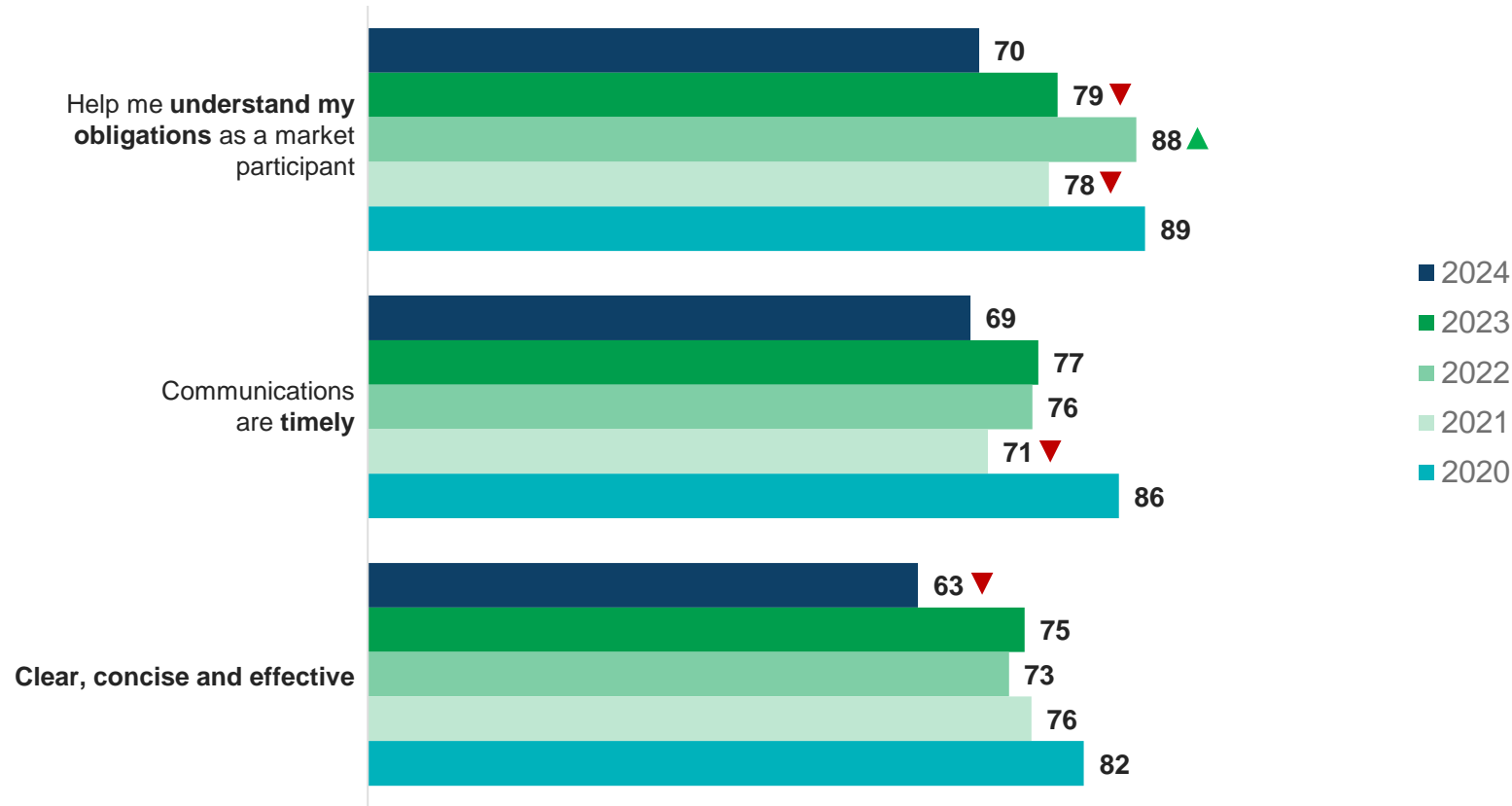


The perceived effectiveness of FMA's communications has declined across most measures of efficacy, a continuation of the 2022-2023 trend.

The exception to this decline is the agreed relevance of the communication to the stakeholder's sector, which is up 3pp to 84% in 2024.

Although not significant, there is decline in the proportion of stakeholders who agree or strongly agree that market communications help them understand the FMA's approach to regulating NZ financial markets (80%, vs 83% in 2023), help them understand FMA's expectations of their organisation (77%, vs 83% in 2023) and are easy to understand (75% down from 77%).

Effectiveness of market communications – over time (% agree/strongly agree)



There has been a significant decline in how clear, concise and effective stakeholders found FMA communications in 2024 (63%, down from 75% in 2023).

Communications' timeliness (69% in 2024, down from 77% in 2023) and ability to help stakeholders understand their obligations as a market participant (70%, down from 79% in 2023 and 88% in 2022) have also experienced noticeable decline.

Ways to improve market communications

KEEP COMMUNICATION FOCUSED

“Communication with auditors tends to be high level, with details only coming out during inspection visits. We need to know the FMA’s precise expectations, so more guidance would be good.”

“Option for a quick information session with some consultations would be good- they could receive questions anonymously and respond. That would mean that everyone interprets the consultation as it is intended and would also probably signal any issues early.”

“Only communicate on things that are necessary, less waffle, simpler and more concise language to avoid ambiguity. They're often far too long - more words does not equal better quality (in fact, often quite the opposite).”

“Be more concise. Provide better search functionality on the FMA website.”

MAINTAIN CONSISTENCY AND ACCURACY OF COMMUNICATION

“Ensure consistency between what you say you're interested in and where you actually focus your energies.”

“The monitoring insights report was very well written, practical and had good application. If reports could be more like this going forward, it would be well received.”

“There is an inconsistent approach to communication. Some things (e.g. ministerial letter of expectation was not publicised). Some alerts are not received.”

“I’m clearly not on any of the correct email lists. I have recently joined as CEO of a peak body which has members very impacted by reporting requirements as well as the Small Cooperatives Exemption.”

GREATER GUIDANCE PROVIDED IN COMMUNICATION

“The guidance provided could provide better clarity around the more complex matters or grey areas where a number of interpretations are possible, ideally with practical examples - rather than simply restating the law.”

“Specific examples - the moment you decide what is relevant to your organisation it just leaves us perpetually in fear we have decided wrong”

“I find guidelines ambiguous...not the law, not expectations, not benchmarks.....”

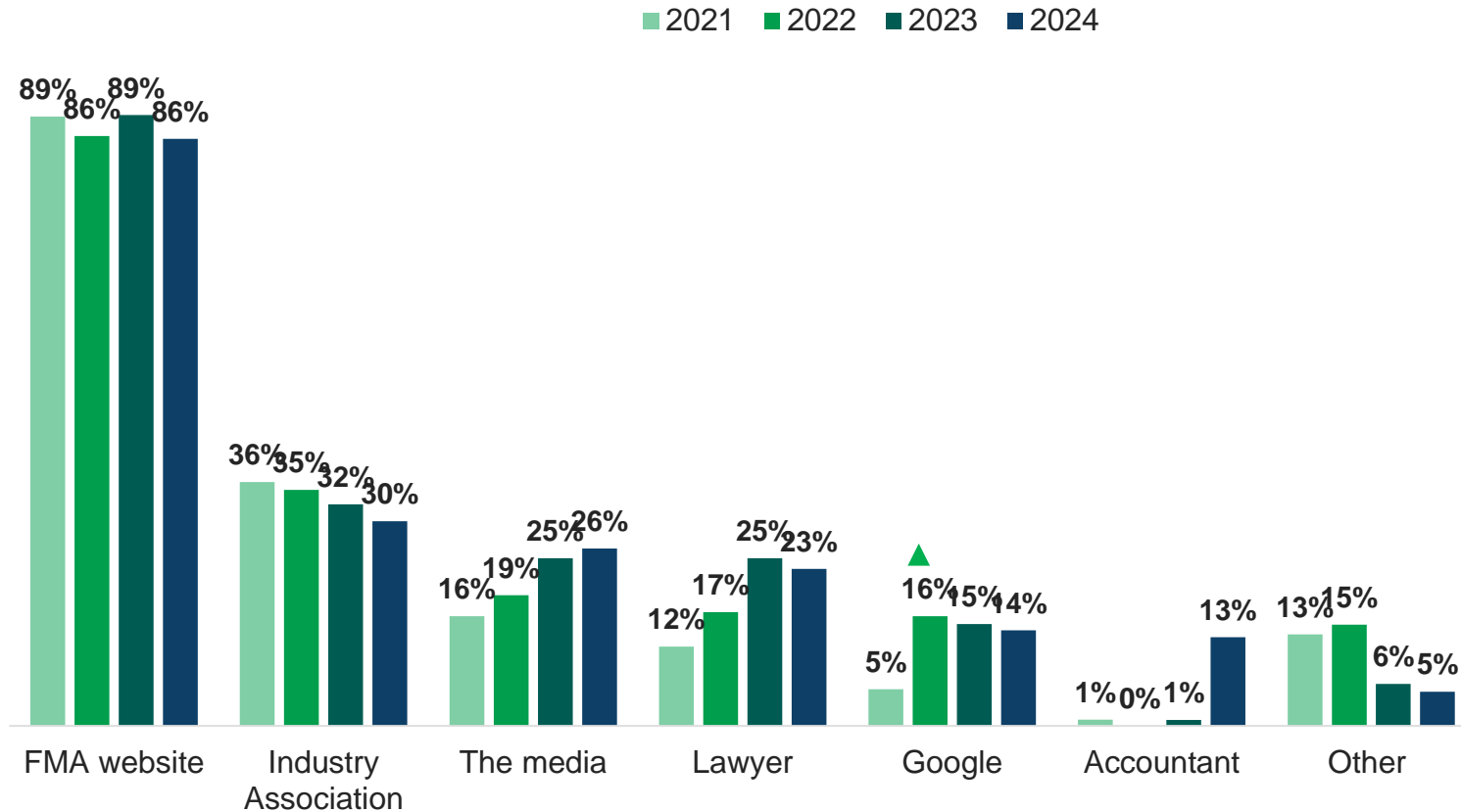
“More guidance, especially expectations in relation to oversight of third party providers, and continuity of service arrangements where services are provided by third parties.”

FMA stakeholders were asked to provide open-ended feedback as to ways FMA could improve their market communications to their stakeholders.

The most common themes mentioned included:

- **Keep communication focused:** Desire for collateral to be as precise and concise as possible.
- **Maintain consistency and accuracy of communication:** A lack of consistency in message / information and its dissemination to stakeholders is problematic.
- **Greater guidance provided in communication:** Expectation for FMA to ensure communications provide clear, example-based guidance to stakeholders.

Sources used to gather important information about the FMA's work



The FMA's website remains the most used source to gather information about the FMA's work amongst stakeholders, with 86% having used it.

There was a slight increase in gathering information from the media (26%, up 1pp from 2023). All other sources softened slightly in their use by stakeholders, with industry association usage declining for the third year running (down 2pp in 2024 to 30%).

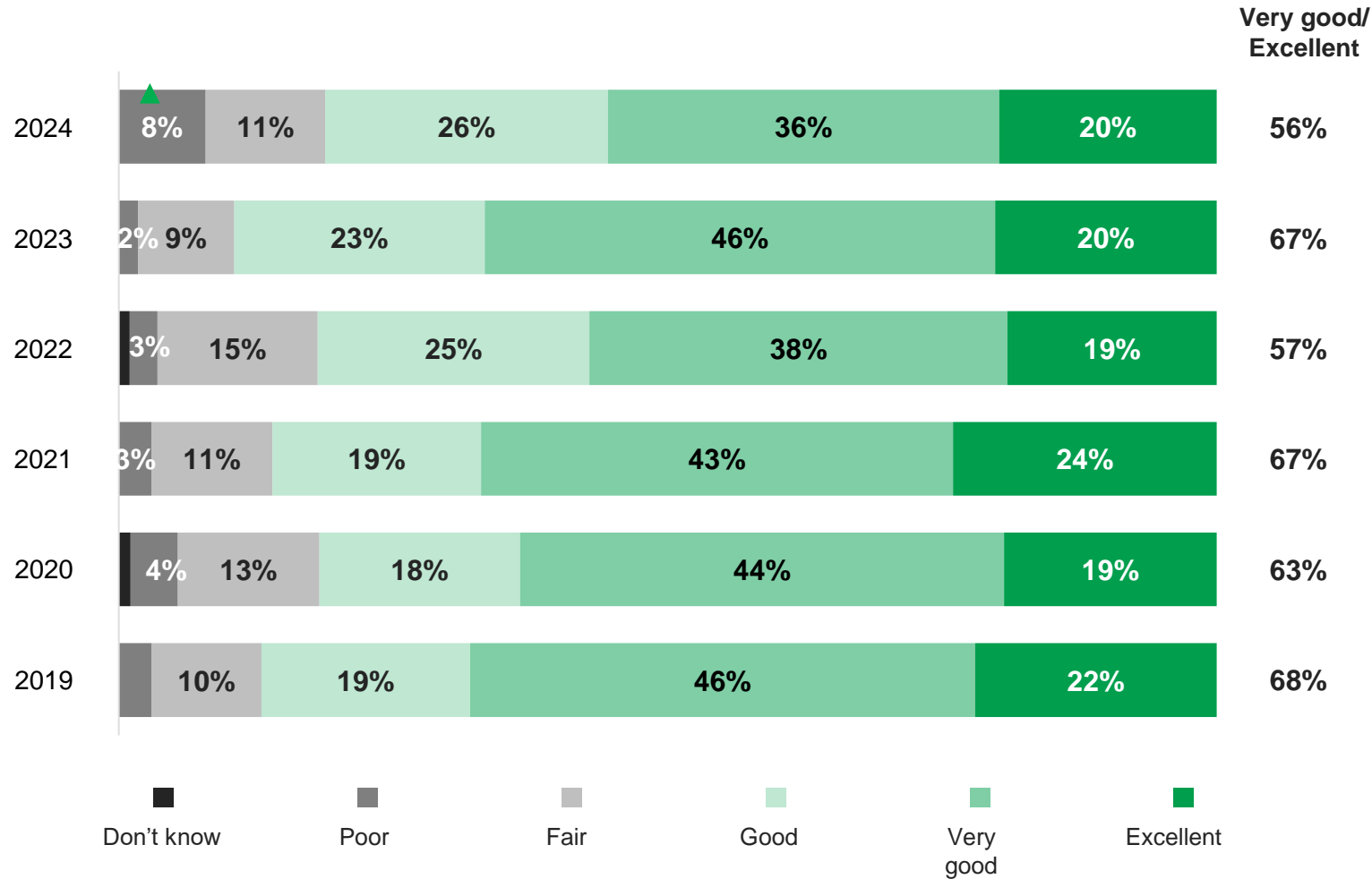
Open-ended responses suggest 'other' includes engaging with FMA staff.

A photograph of three business professionals sitting around a conference table in a bright, modern office. On the left, a man with a beard and glasses is looking towards the center. In the middle, a man with glasses is resting his chin on his hand, looking down at a document. On the right, a woman with curly hair is looking towards the man in the middle. There are several glasses of water and papers on the table.

SECTION 5

Dealings with the FMA

Quality of service



Following the reported improved quality of service experienced by stakeholders in 2023, ratings in 2024 have reduced to previous levels, with 56% of stakeholders saying the quality of service in their most recent business interaction with the FMA was very good or excellent (compared to 67% in 2023).

The decline was largely felt in stakeholders who stated they had received a poor quality of service, which rose significantly from 2% in 2023 to 8% in 2024.

▲ ▼ Statistically significant vs previous year to 95% confidence

Reasons for rating of service received

(Very Good / Excellent)

GOOD COMMUNICATION AND RESPONSIVE

“Clear communication with the ability to follow up on matters and fully understand context.”

“Our relationship managers were very responsive and helpful with the questions we had” “The staff were responsive and flexible.”

“FMA always responds promptly to our queries and have always endeavoured to maintain a good rapport with us.”

“Highly supportive attitude in all communications. Clear & relevant communication.”

KNOWLEDGEABLE AND INFORMATIVE

“FMA frequently raises timely and relevant issues, often the very ones we aim to address. FMA always present clear questions and specific requirements, which greatly helps us understand the necessary next step.”

“Prime reason is the understanding on the part of my FMA counterpart of the area of financial markets in which I operate.”

“Our regular meetings (quarterly) with the FMA representative have been mutually insightful and beneficial, significantly enhancing our respective initiative to improve audit quality in New Zealand and Australia.”

“Comms via email is great and the events I've attended whether online or in person are always informative and useful.”

PROFESSIONAL AND COMPETENT

“Visit was done while I was away but I received a report with questions that was easy to follow and respond to.”

“Professional, respectful and supportive.” “Great to deal with FMA at times. Always professional.”

“The team I deal with are respectful, approachable and willing to assist.”

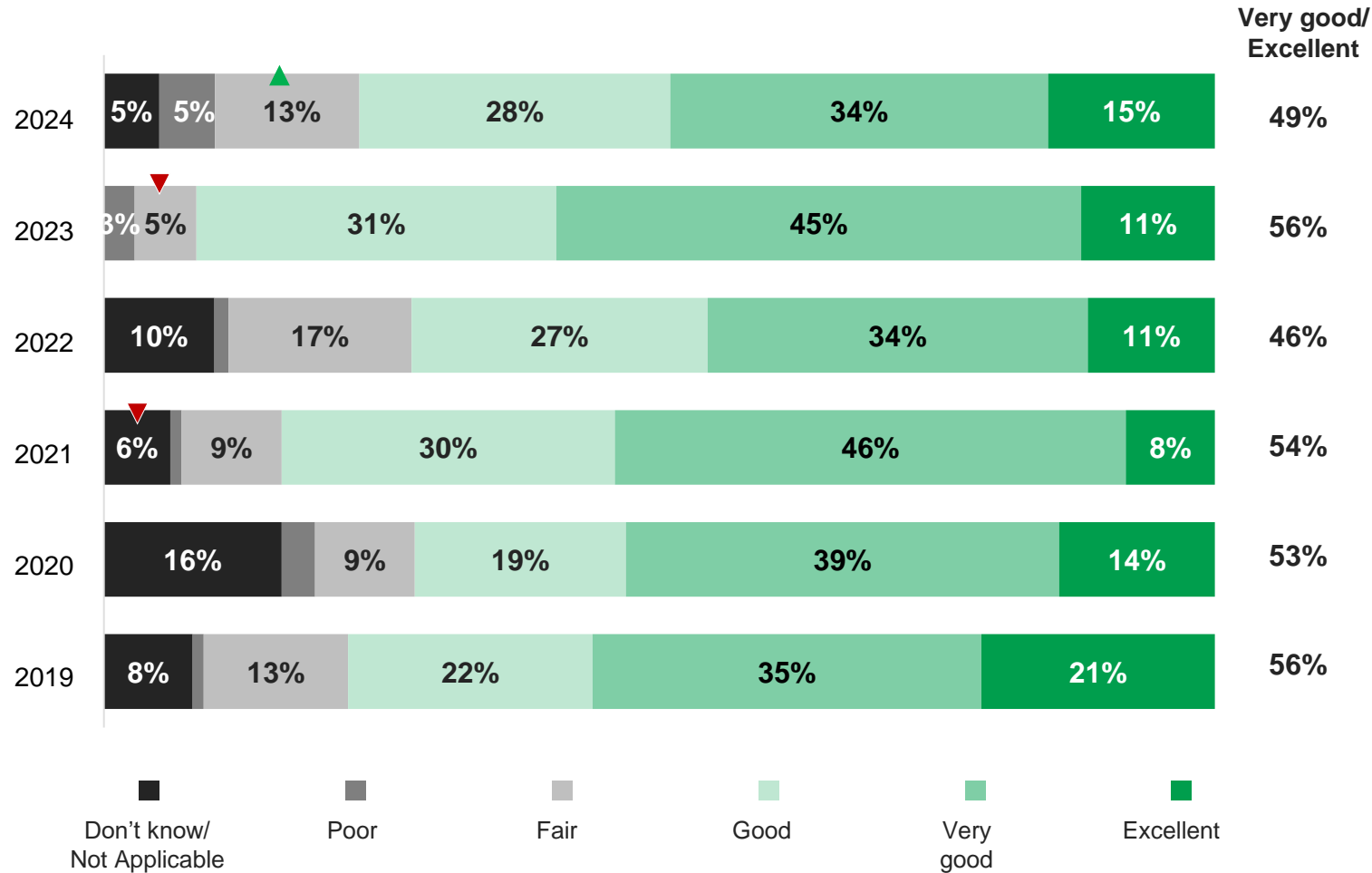
“The FMA has been very responsive, commercial, practical and easy to deal with.”

FMA stakeholders were asked to provide open-ended feedback as to the reasons they gave an excellent or very good rating for their quality of service they received from the FMA.

The most common reasons mentioned included:

- **Good communication and responsive:** FMA maintains strong, proactive lines of communication that deliver helpful outcomes.
- **Knowledgeable and informative:** Engage and deliver with demonstrable knowledge of stakeholder's business.
- **Professional and competent:** FMA conducting themselves respectfully and supportively within their professional engagements.

Quality of engagement with stakeholders



Quality of engagement with stakeholders has seen a negative shift in 2024, with 49% of stakeholders rating their engagement with the FMA as very good or excellent (compared to 56% in 2023).

After the encouraging lessening in FMA's 'fair' rating in 2023 (5% down from 17% in 2022), 2024 has seen a significant increase in stakeholders rating the quality of FMA stakeholder engagement as 'fair' (up from 5% to 13%).

Reasons for rating of quality of engagement

(Very good / Excellent)

GOOD RELATIONSHIP

“Good relationship management, responsive, happy to participate, and willing to consider different approaches.”

“With less changes to staff at the FMA I feel we have developed a better relationship and understanding of the roles of us and FMA.”

“Engagement is open and transparent but not too intrusive given our scale in NZ.”

“FMA is genuinely interested in feedback” “FMA listen to the feedback. Genuinely wants to help and guide.”

COMPETENT TEAM

“FMA consistently delivers clear and well-structured sprints, providing ample time to prepare responses. This approach makes licensees feel comfortable working with such a reasonable regulator.”

“I have attended via teams FMA seminars and we find them very informative.”

“I recently attended the Monitoring Insights seminar. Very good, professional, and welcoming staff were in attendance.”

“Competent people, good attitude, willing to listen. We may not always agree on outcomes, but there is clear commitment from FMA to understanding positions etc.”

STRONG ENGAGEMENT

“They are getting out and about doing roadshows which is great. We get to ask questions live and in person which we then get to understand the nuances of what they are looking for.”

“Forums have been regular and that enables groups to attend, contribute, ask questions and have access to key FMA staff to be involved in important changes for the industry.”

“it appears to me that they are doing their best to engage with the industry and keep us all up to date with changes and developments.”

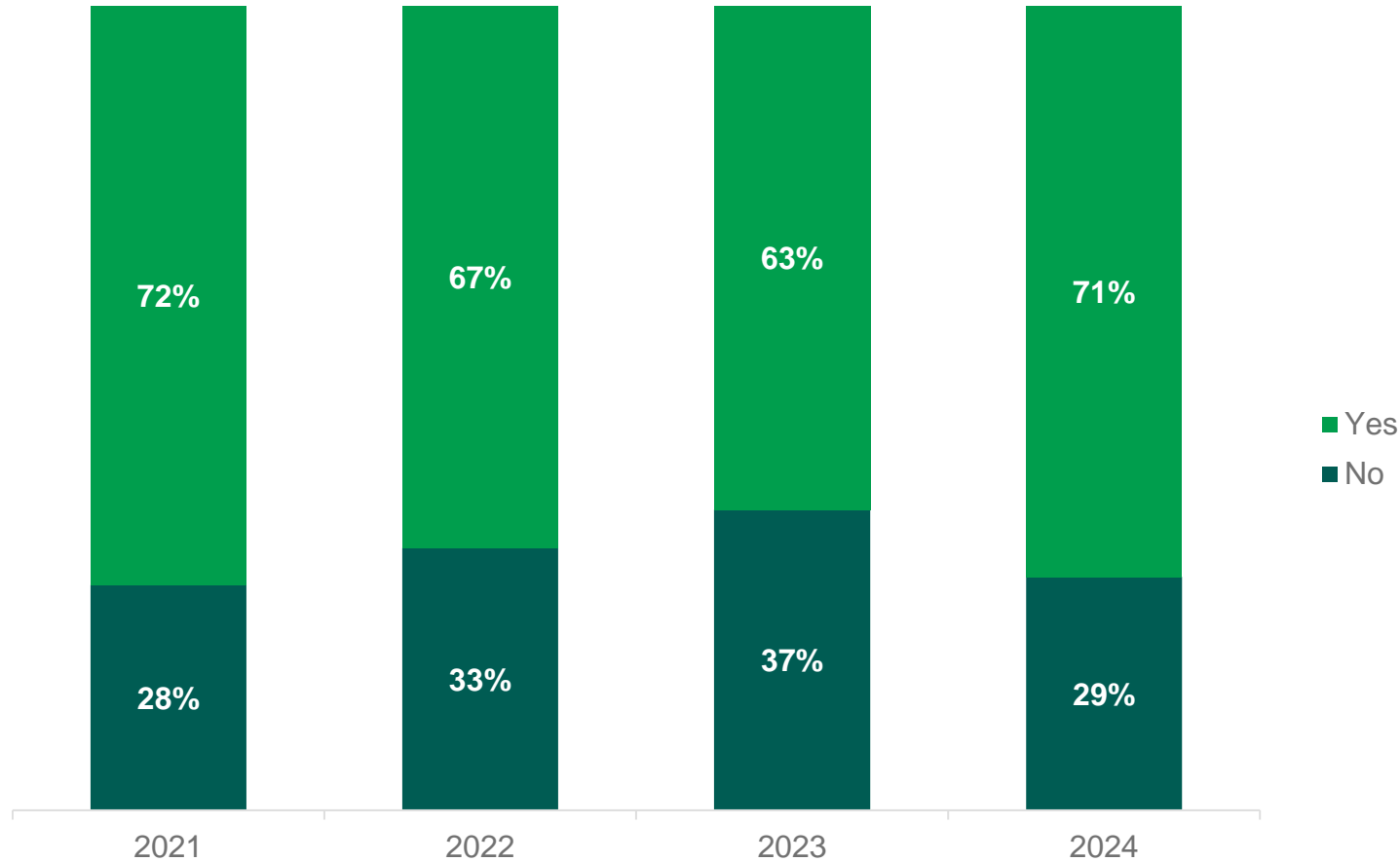
“New Zealand's financial markets are built on a foundation of professionalism and best practice. It's regulators are fair and progressive.”

FMA stakeholders were asked to provide open-ended feedback as to the reasons they gave an excellent or very good rating for the quality of engagement with the FMA.

The most common reasons mentioned included:

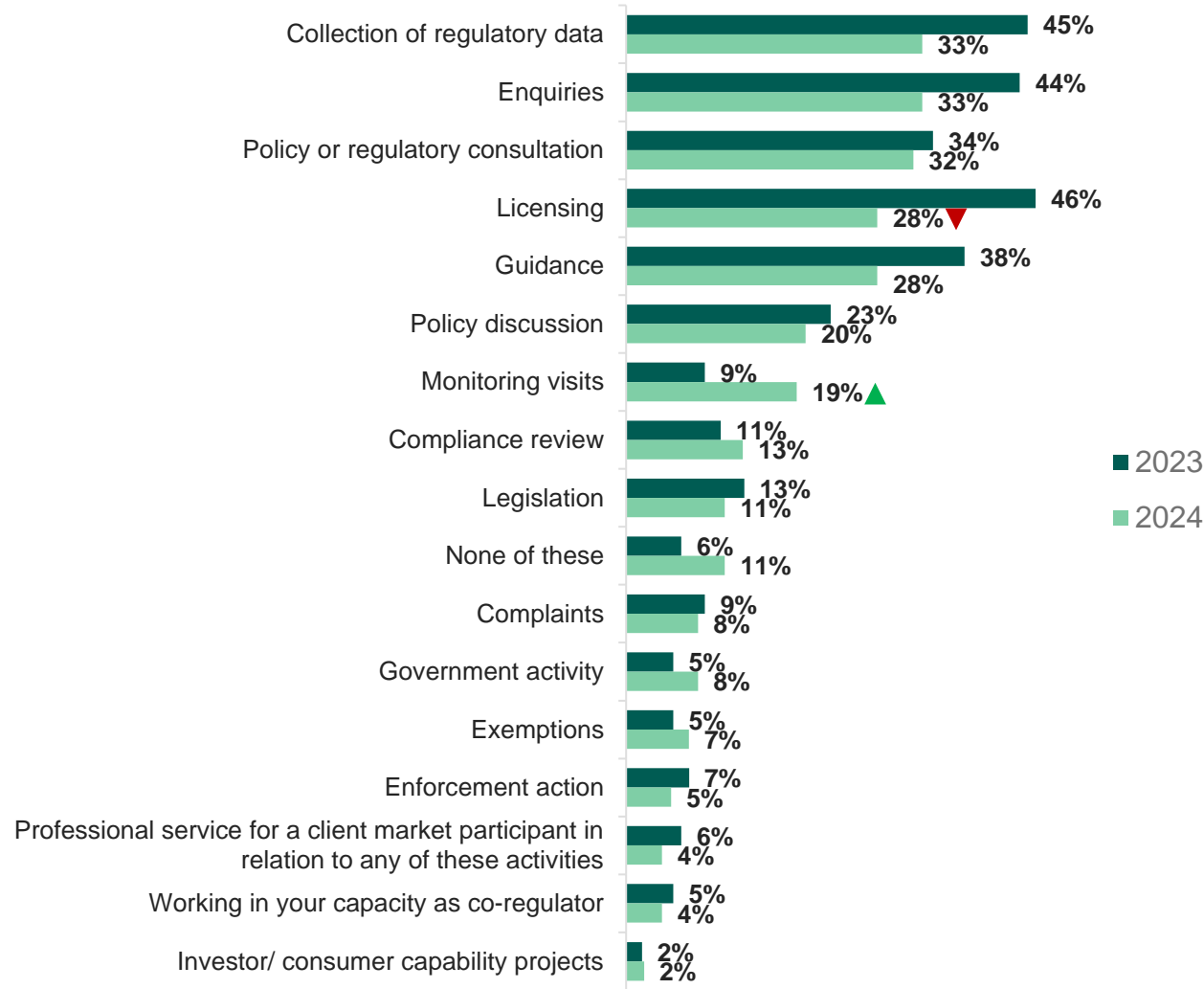
- **Good relationship:** FMA manages relationship with the desired cadence of connection and collaboration.
- **Competent team:** Understanding and knowledgeable and provide good access to the transfer of that knowledge
- **Strong engagement:** FMA conducting themselves professionally and proactively, giving stakeholders access to their expertise on a regular basis.

Contact with the FMA



In 2024, more than 7 out of 10 (71%) of stakeholders who responded to the survey said they have a point of contact at the FMA, which has trended up from the 63% recorded in 2023.

Involvement in the FMA's activities



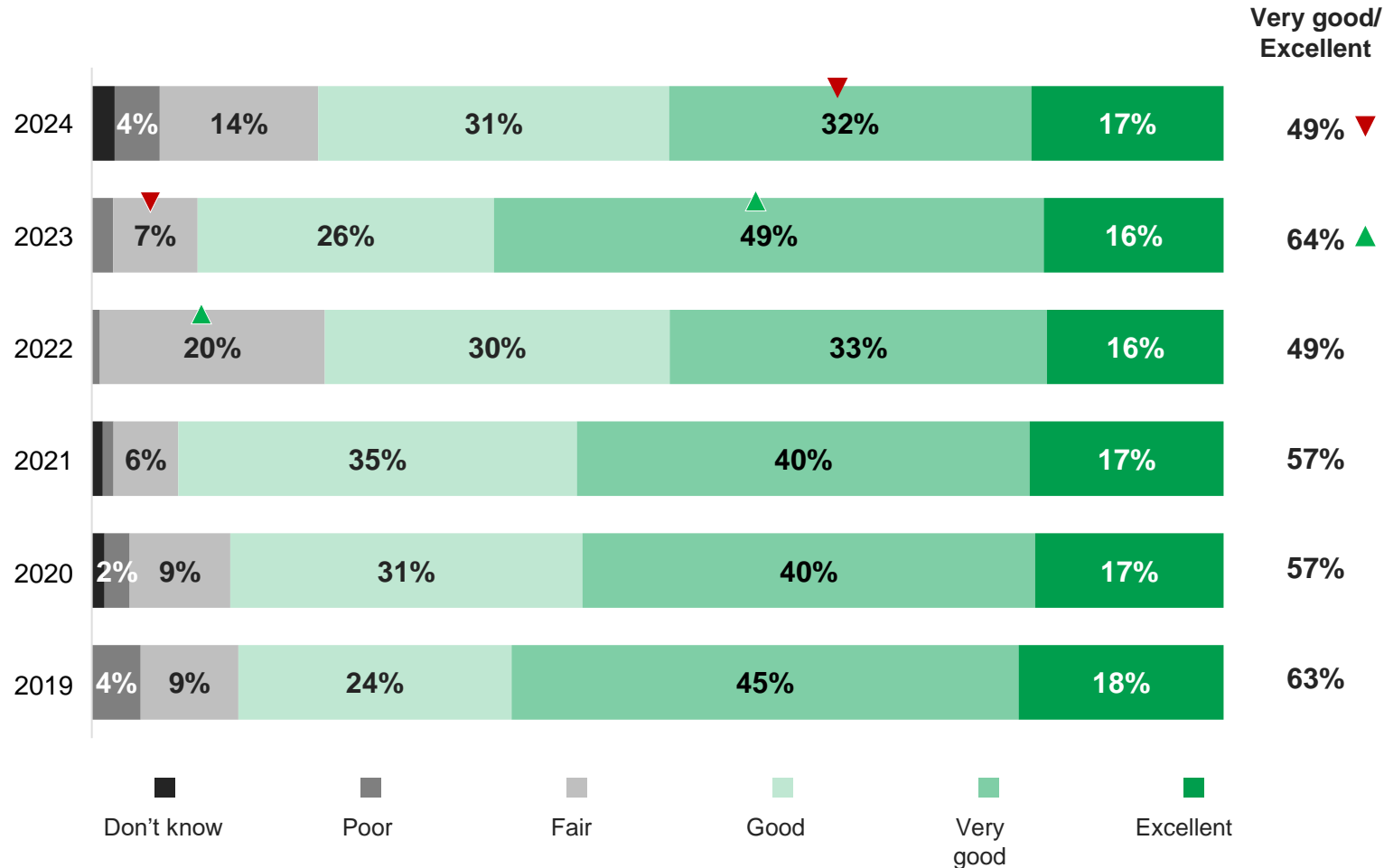
Stakeholder involvement with the FMA's activities in 2024 has experienced some significant changes since the previous 2023 wave.

Licensing is no longer the leading way stakeholders have been involved with the FMA in the last 12 months, declining significantly from 46% in 2023 to 28% in 2024.

Collection of regulatory data, and policy or regulatory consultation are the leading means of involvement with the FMA (both at 33% of stakeholders).

Notably, monitoring visits has increased significantly in 2024, with one in five stakeholders (19%) claiming to have been involved in this FMA activity in 2024 (up 10pp vs 2023).

Dealings with the FMA

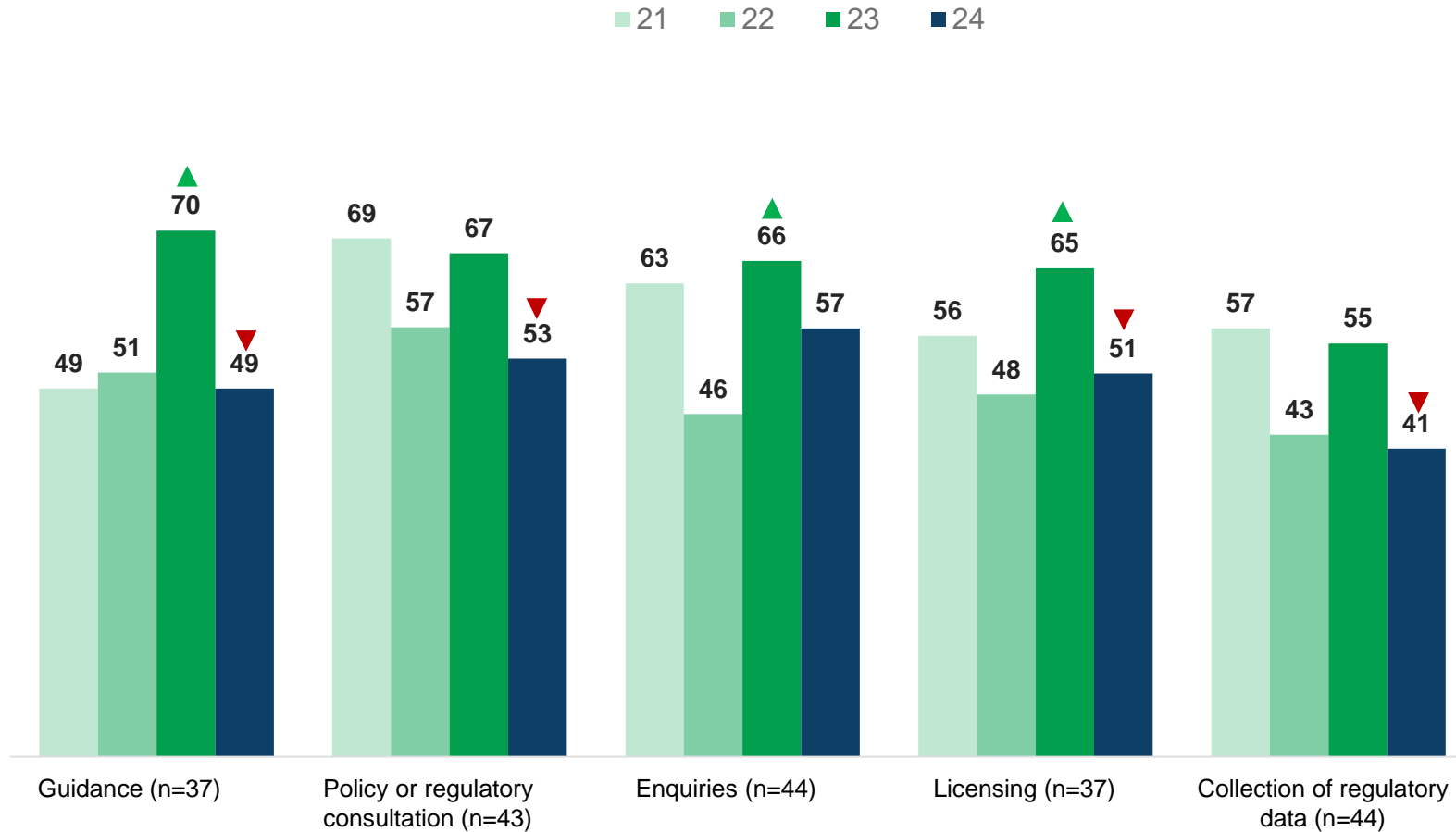


Stakeholders' ratings of their dealings with the FMA in the last 12 months have essentially declined to 2022 levels after the improvement experienced in 2023. Less than half (49%) of stakeholders gave a rating of 'Very Good' or 'Excellent', a significant decrease from the 64% recorded in 2023.

The biggest shift in rating has been the movement away from 'Very Good' (32%, down from 49% in 2023) into the less favourable ratings of 'Good' (31%) 'Fair' (14%) and 'Poor' (4%).

Activities and dealings with the FMA

(% very good/excellent)



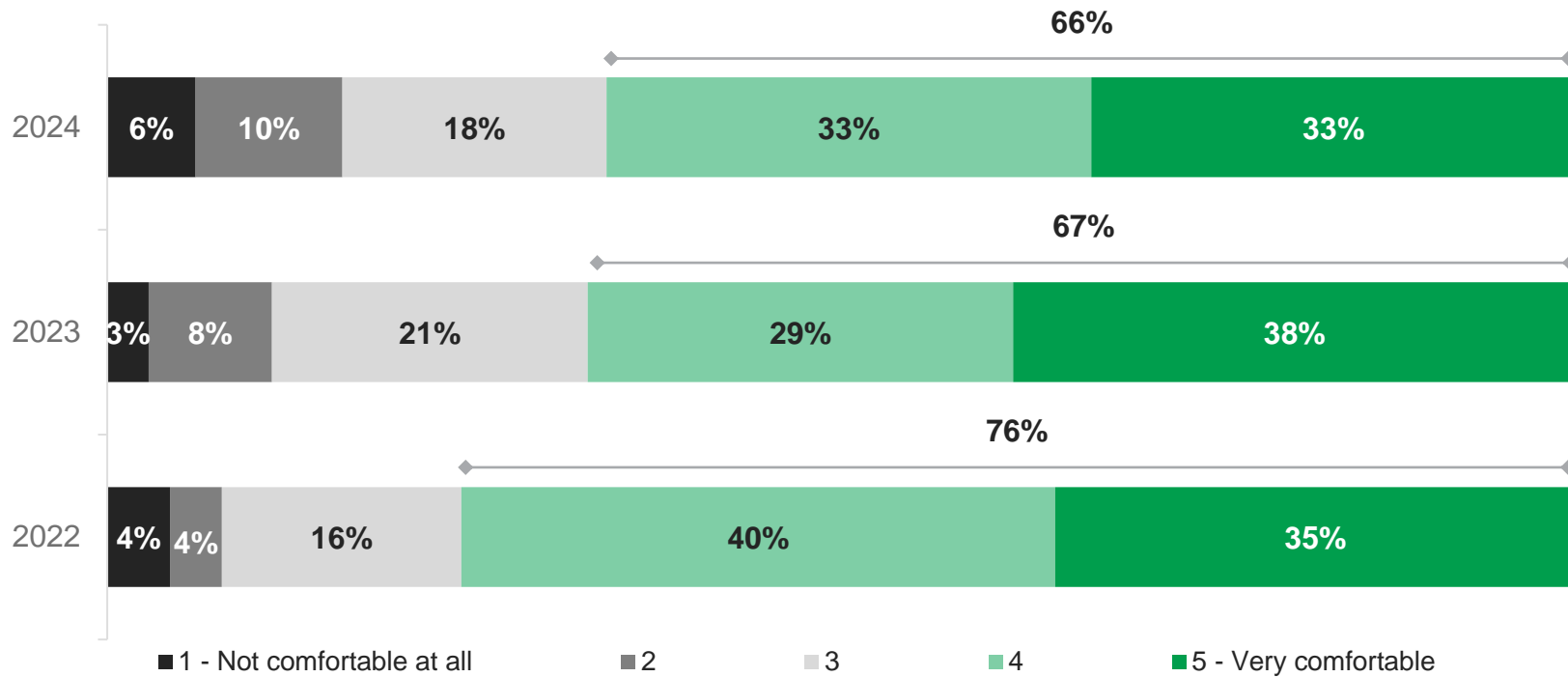
After the improvement experienced in dealings stakeholders had with FMA in 2023, the proportion of stakeholders rating their dealings with the FMA as very good or excellent has declined significantly across a range of activities.

In particular, 5 out of 10 (49%) stakeholders involved in guidance rated their dealings with FMA as very good or excellent (compared to 70% in 2023).

Similarly, there was significant decline in stakeholder dealings with FMA across policy or regulation consultation (53%, down from 67%), licensing (down 14pp to 51% in 2024) and collection of regulatory data (41%, down from 55% in 2023).

* Only activities with more than n=30 shown
Note: low sample sizes, results to be interpreted with caution

Raising issues with the FMA

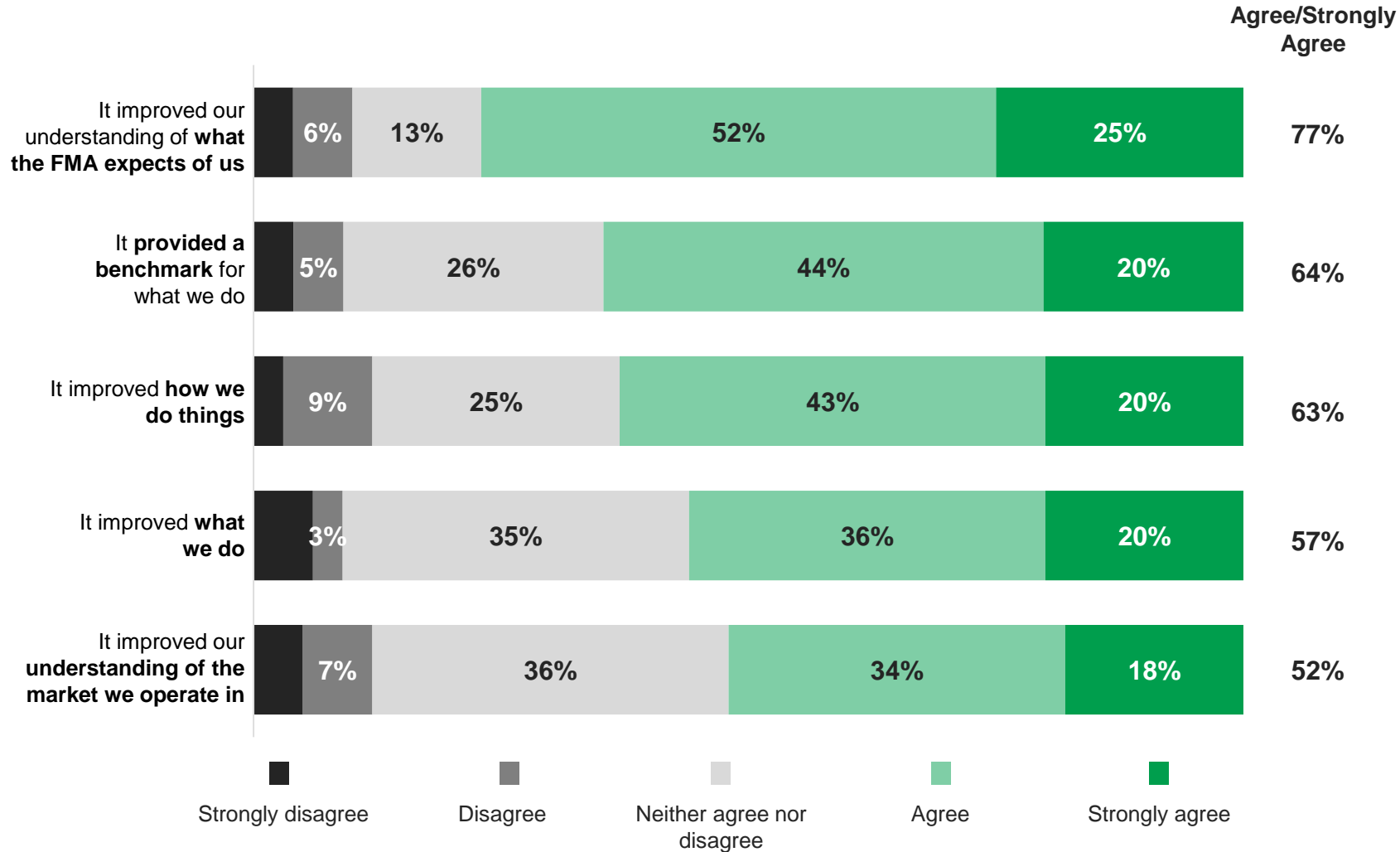


Two-thirds (66%) of stakeholders rated their comfort in raising issues with the FMA as a 4 or 5 out of 5 in 2024, which is in line with the levels recorded in 2023 (67%).

As was the case in 2023, those stakeholders who rated their dealings with the FMA in the last 12 months as ‘very good’ or ‘excellent’ were significantly more likely to feel comfortable raising issues with the FMA (90% rated 4 or 5 out of 5, vs 66% overall).

4 out of 5 stakeholders (79%) who stated they were uncomfortable raising issues with the FMA gave less favourable ratings for their dealings with the FMA.

Outcomes for organisations



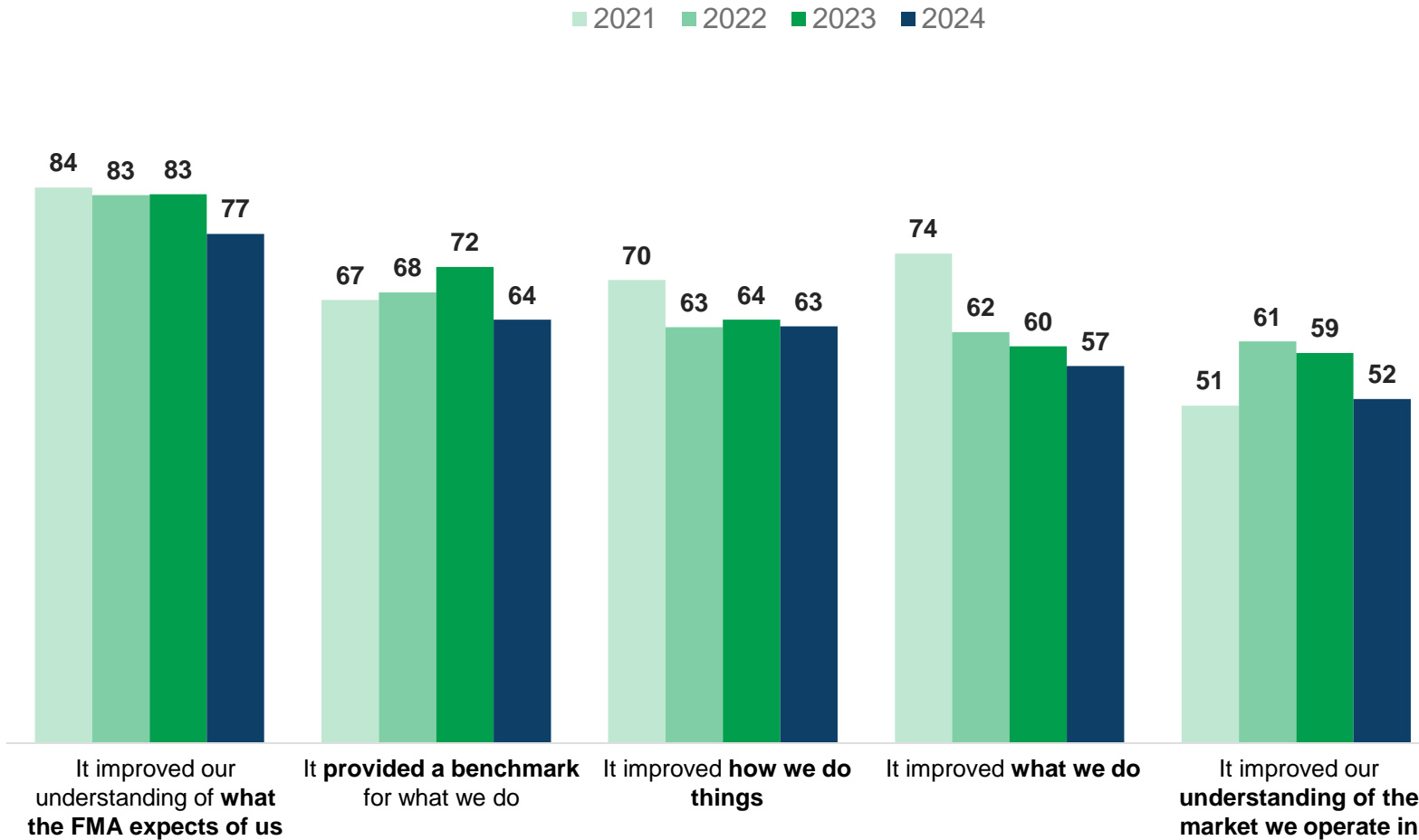
Approaching 8 in 10 (77%) stakeholders agree or strongly agree that their involvement with the FMA improved their understanding of what the FMA expects of them, while 64% said it has provided a benchmark for what they do.

Around 6 in 10 agree or strongly agree that their dealings with the FMA improved how they do things as well as improving what they do.

Just over half (52%) of stakeholders stated that their interactions with the FMA improved their understanding of the market they operate in.

Outcomes for organisations - over time

(% agree / strongly agree)



This year the proportion of stakeholders who agree or strongly agree with several outcome-based statements has softened versus 2023, most notably the proportion who agreed that their dealings with the FMA improved their understanding of what the FMA expects of them (77% down 6pp vs. 2023), provided a benchmark for what they do (down 8pp to 64%) and improved their understanding of the market they operate in (52%, vs 59% in 2023).

None of these declines in agreement were statistically significant.

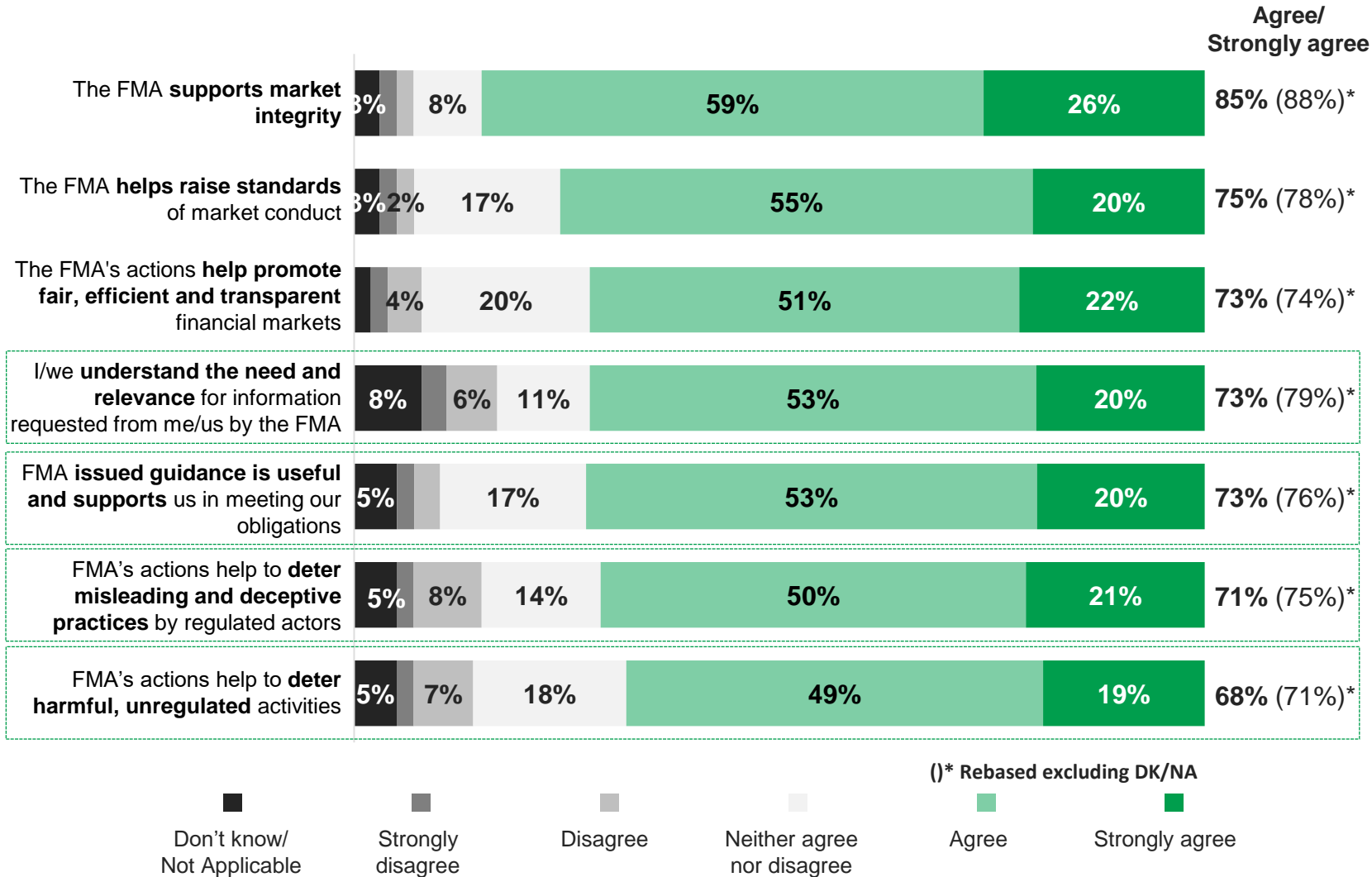


SECTION 6

Perceptions of the FMA

Perceptions of FMA and its effectiveness

1/2



Stakeholder perceptions of the FMA and its effectiveness are mostly positive, with 85% saying they agree or strongly agree that the FMA supports market integrity.

75% of stakeholders agree or strongly agree that the FMA helps raise standards of market conduct, while 73% feel the FMA helps promote fair, efficient and transparent financial markets.

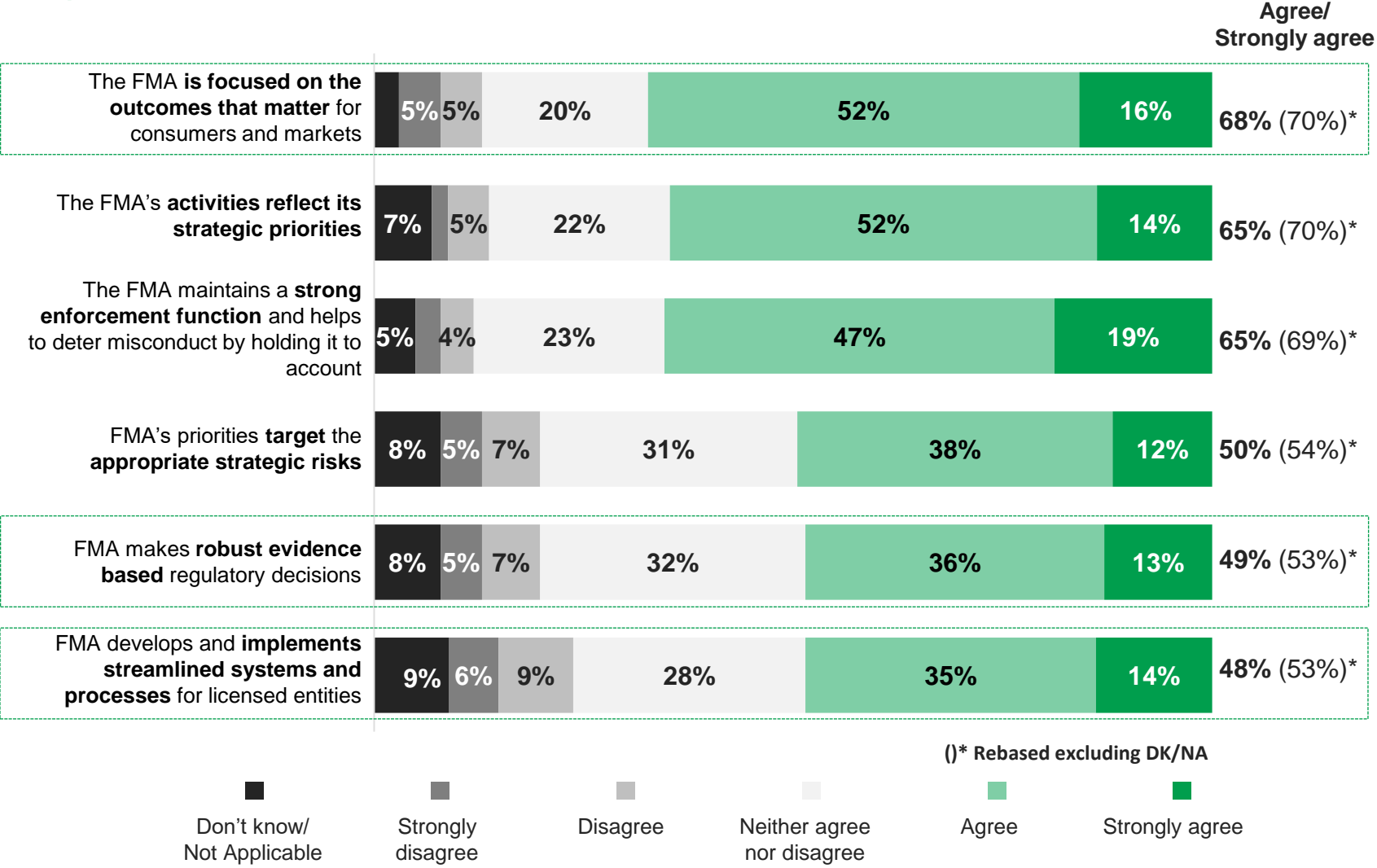
Of the 7 statements introduced in 2024 that further explore perceptions of FMA's effectiveness, understanding the need and relevance for information requested by the FMA (73%) and FMA-issued guidance being useful and supporting stakeholders to meet their obligations (73%) had the highest agreement levels.

Note that more stakeholders answered 'Don't Know / Not Applicable' than in previous years, which diluted (lowered) the absolute scores across the agreement scale. Rebased top 2 box scores for each metric have been provided in () on the chart.

CB: The next set of statements relate to the FMA and its effectiveness. To what extent do you agree or disagree with each statement?
Base: All stakeholders (n=133)

Perceptions of FMA and its effectiveness

2/2



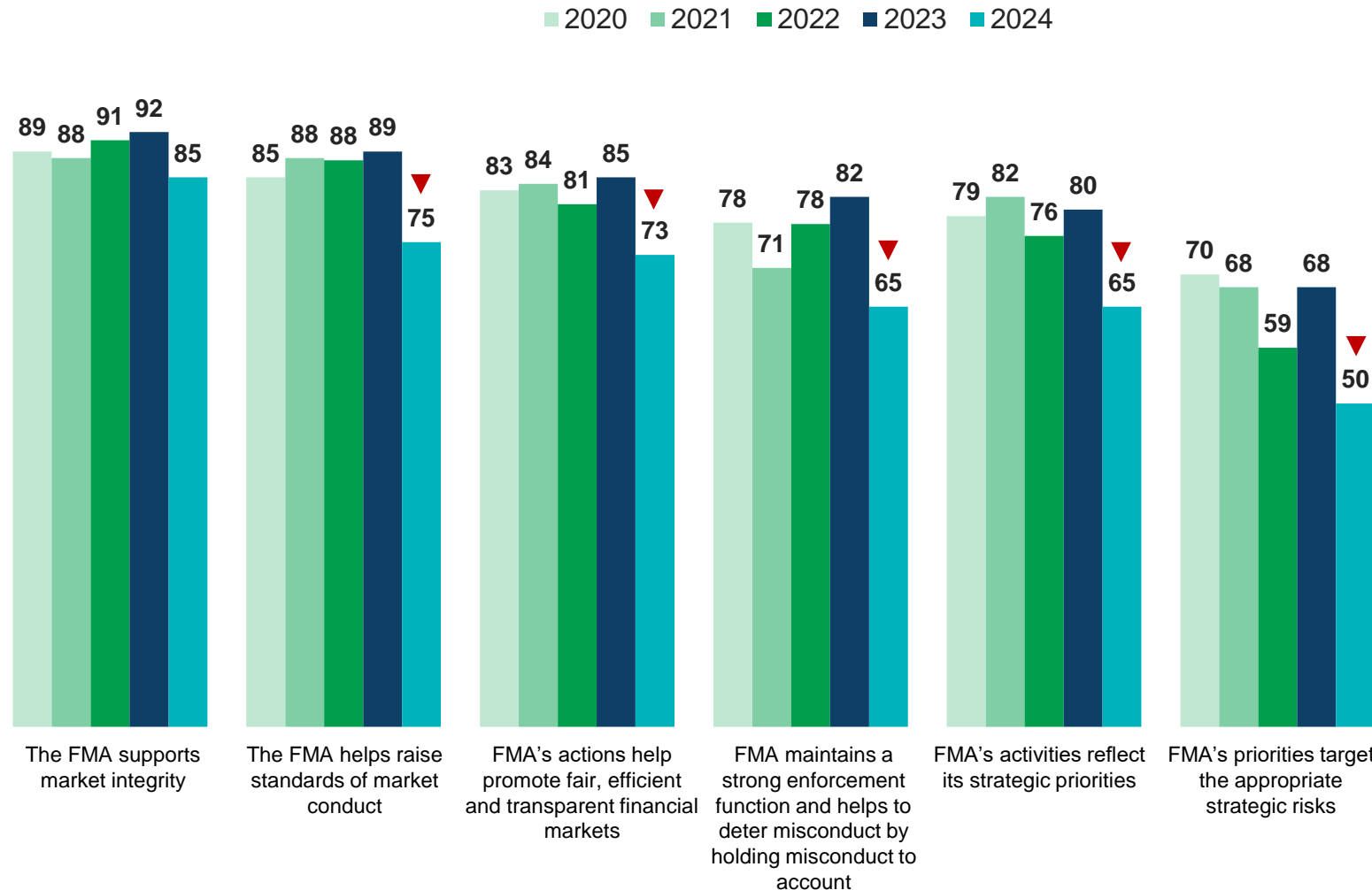
Approximately 7 out of 10 stakeholders (68%) agreed or strongly agreed with the new metric that the FMA is focused on outcomes that matter for consumers and markets, placing it above FMA activities reflect strategic priorities (65%) and FMA maintains a strong enforcement function that helps deter misconduct (65%).

Agreement is lowest across three statements around effectiveness. The first is the FMA's priorities target the appropriate strategic risks, with 50% of stakeholders agreeing or strongly agreeing with this statement. Two new statements, FMA makes robust evidence-based regulatory decisions and FMA develops and implements streamlined systems and processes had the lowest levels of agreement with 49% and 48% respectively.

All 3 of these statements with low levels of agreement also had high levels of stakeholders take a neutral position in terms of agreement (neither agreeing nor disagreeing), which suggests relevance of these statements is low comparative to other statements.

CB: The next set of statements relate to the FMA and its effectiveness. To what extent do you agree or disagree with each statement?
Base: All stakeholders (n=133)

Perceptions of FMA and its effectiveness – over time (% agree/strongly agree)

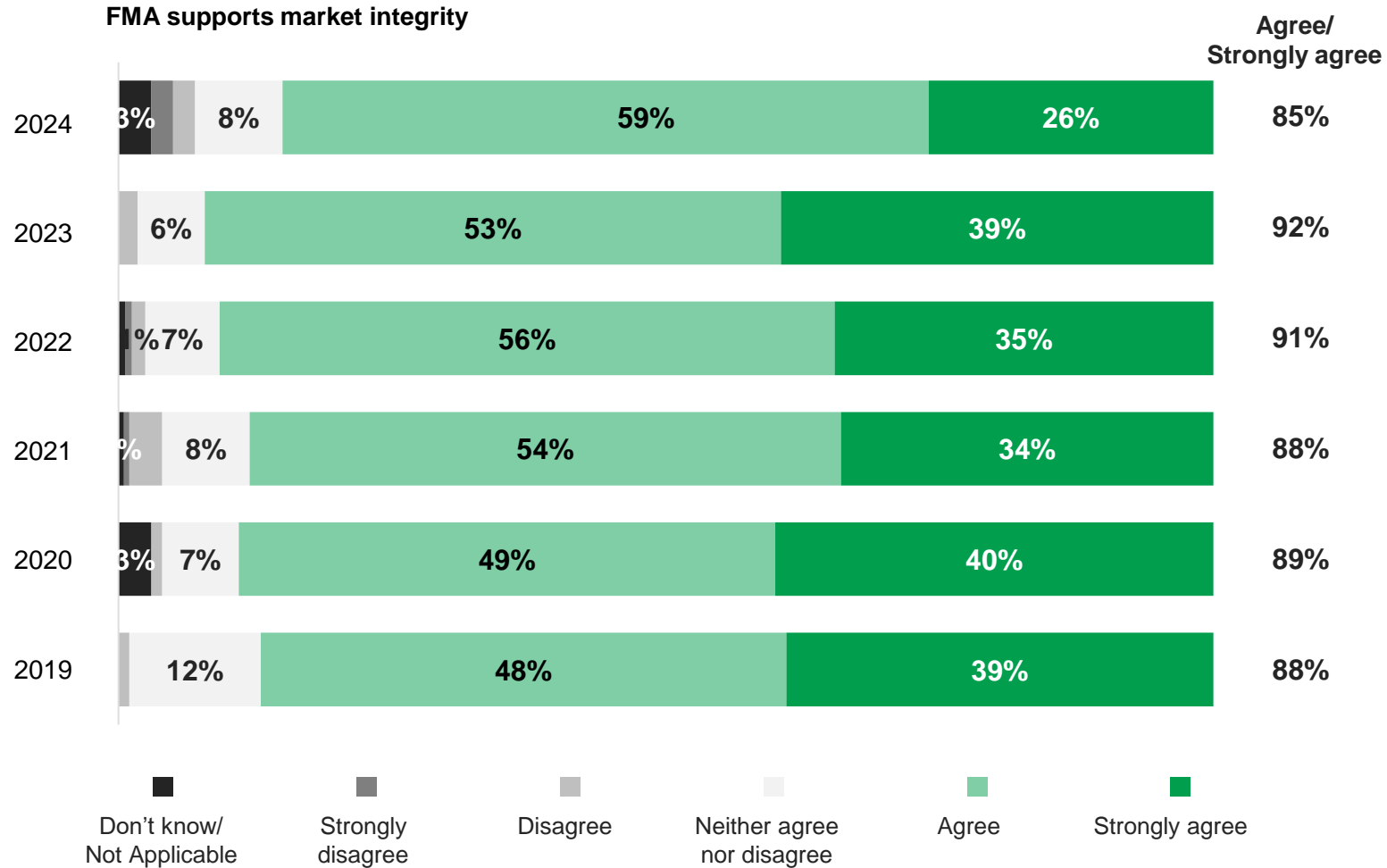


Stakeholders' perceptions of the FMA and its effectiveness have significantly declined across a number of measures between 2023 and 2024.

More than 8 out of 10 stakeholders say they agree or strongly agree that the FMA supports market integrity (85%, down from 92% in 2023).

The other effectiveness measures have seen significant declines.

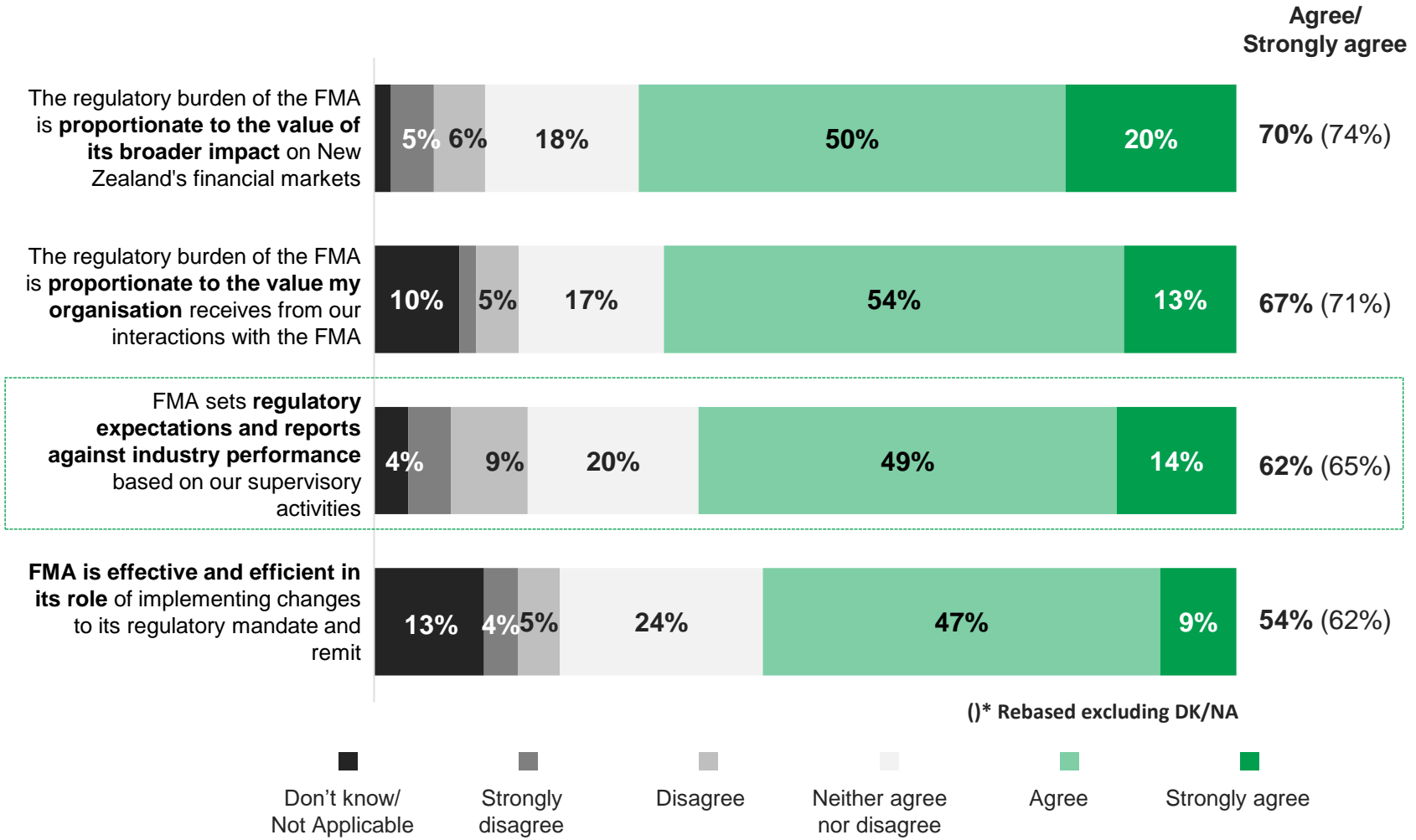
FMA supports market integrity – over time



Stakeholder agreement that the FMA supports market integrity remains high but has softened from previous years (85% agree or strongly agree, vs 92% in 2023).

The FMA's efficiency and impact of regulation

1/2



7 in 10 stakeholders agree or strongly agree that the regulatory burden of the FMA is proportionate to the value of its broader impact on New Zealand's financial markets (70%), and that the regulatory burden is proportionate to the value their organisation receives from their interactions with the FMA (67%).

Of the four new statements pertaining to FMA efficiency and impact of regulation it was FMA's setting regulatory expectations and reporting against industry performance that garnered the strongest positive response, with 62% strongly agreeing or agreeing.

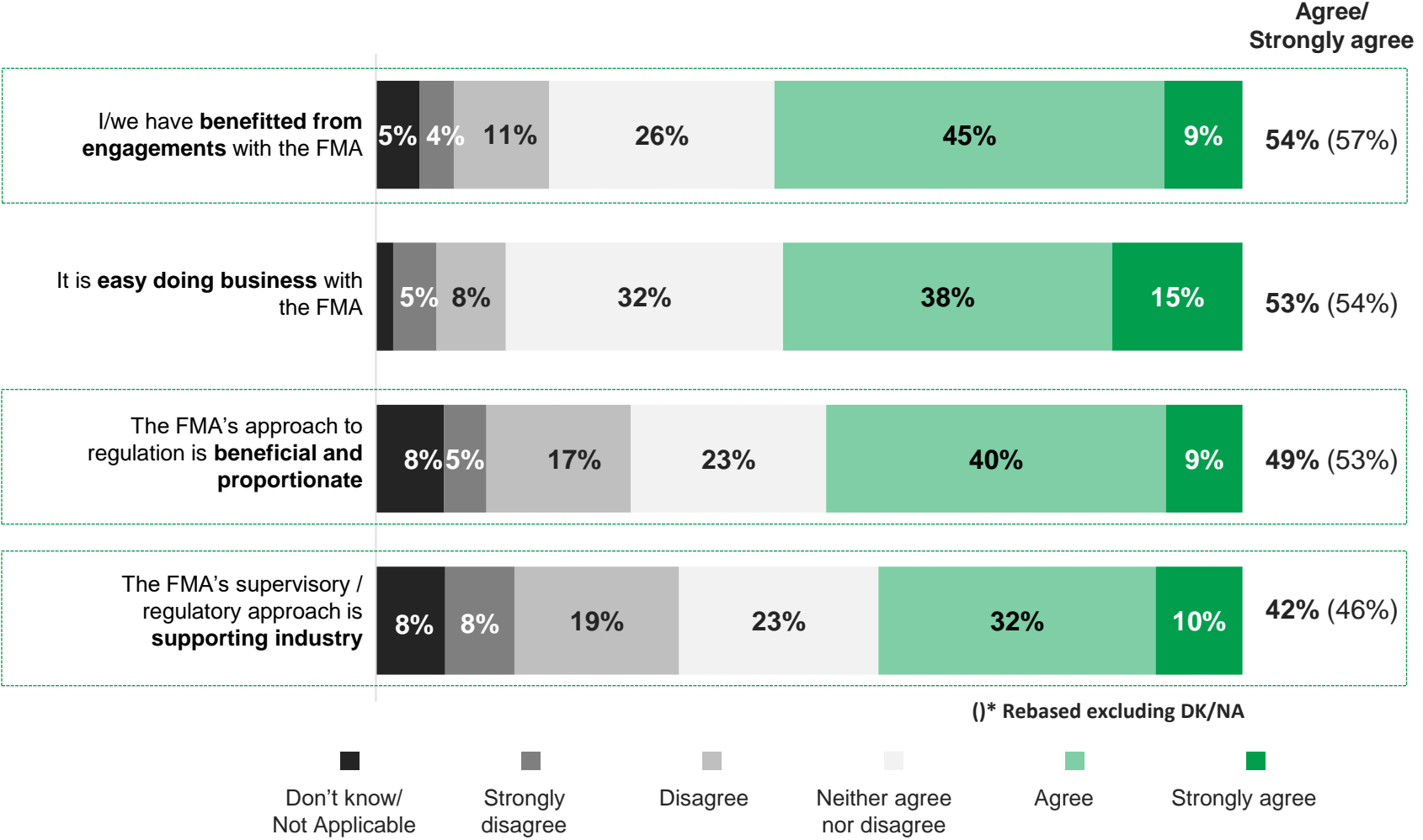
Agreement levels were moderate with the FMA being effective and efficient in its role of implementing changes to its regulatory mandate and remit (54%), albeit with a high level of stakeholders stating DK/NA (13%).

C9. 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 are also potential 'burdens' arising from something we have chosen to do (using discretion); or from the relative efficiency in the way we have delivered our mandate.
Base: All stakeholders (n=133)

New statement in 2024

The FMA's efficiency and impact of regulation

2/2

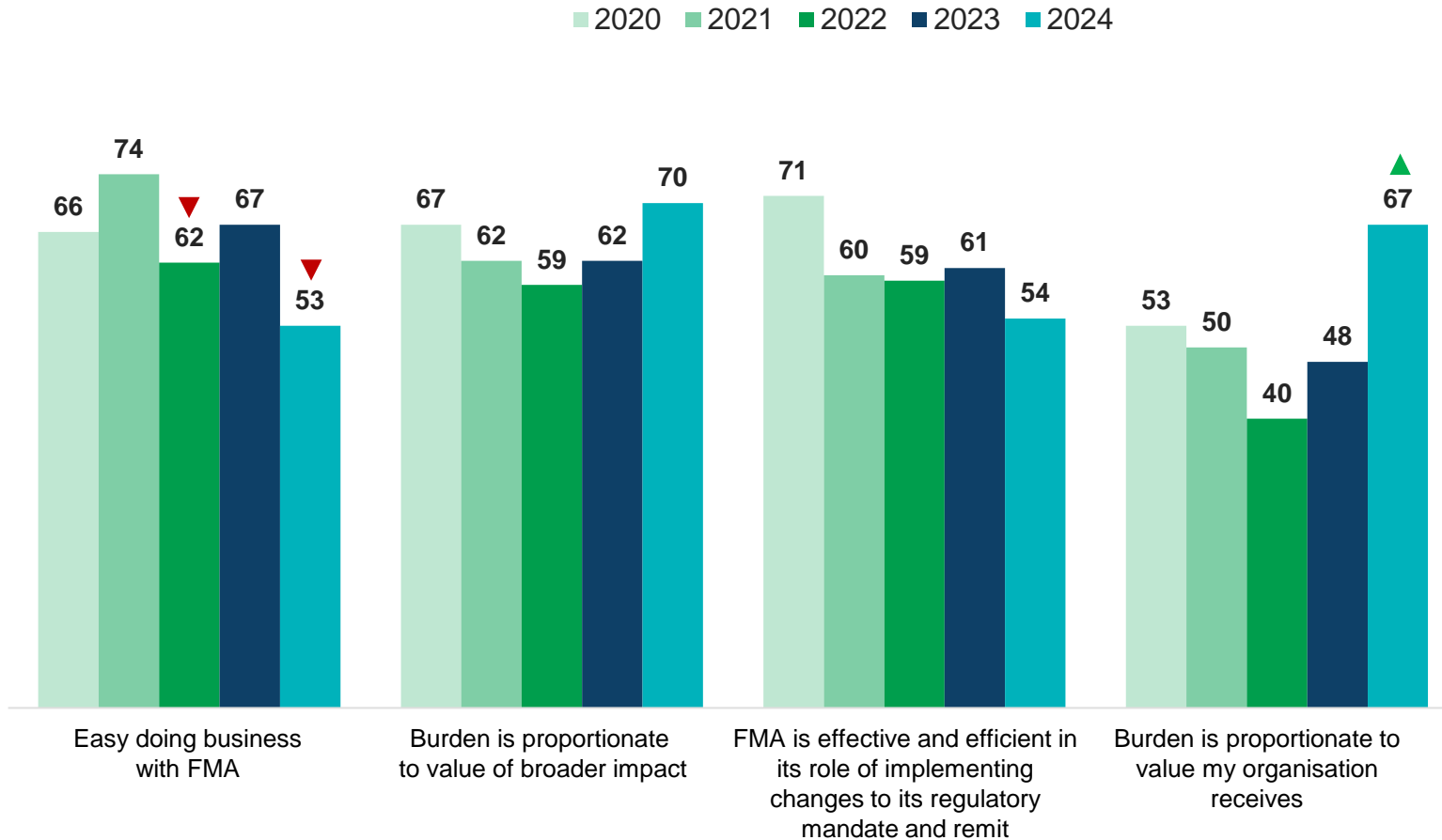


There was moderate stakeholder agreement with the statements relating to them having benefitted from FMA engagements (54%) and the FMA being easy to do business with (53%).

The FMA's approach to regulation being beneficial and proportionate, and the FMA's supervisory approach supports industry received the highest levels of disagreement (disagree or strongly disagree). This disagreement coupled with relatively high DK/NA scores contributed to the lower levels of overall agreement.

C9. 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 are also potential 'burdens' arising from something we have chosen to do (using discretion); or from the relative efficiency in the way we have delivered our mandate.
Base: All stakeholders (n=133)

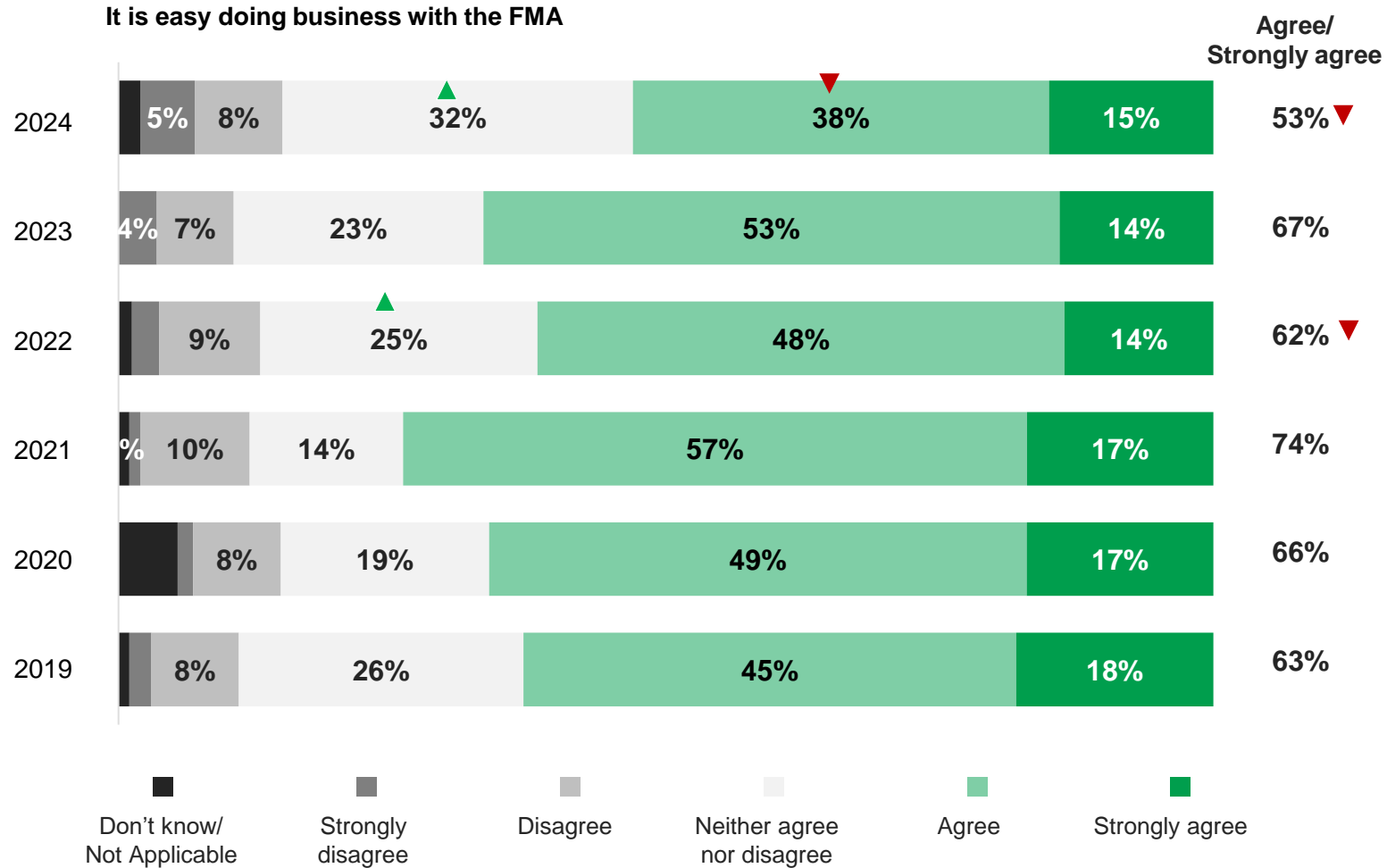
The FMA's efficiency and the impact of regulation – over time (% agree/strongly agree)



There has been a significant enhancement in stakeholder agreement with regulatory burden being proportionate to the value their organisation receives (up 19pp to 67% in 2024). Also experiencing a year-on-year increase in agreement is regulatory burden being proportionate to the value of broader impact on NZ's financial markets (up 8pp to 70% in 2024).

The biggest decline in agreement is that it is easy doing business with the FMA, down significantly to a five-year low (-14pp to 53% in 2024).

Ease of doing business – over time



2024 has seen a significant decline in the level of agreement amongst stakeholders that it is easy doing business with the FMA (53% agree or strongly agree, vs. 67% in 2023), while the proportion of stakeholders who were indifferent increased significantly to 32% (up from 23% in 2023).

Ways to improve FMA's efficiency / effectiveness

FOCUS ON OUTCOMES NOT JUST COMPLIANCE

"The regulatory regime and process thrives in the minutia of detail ... as opposed to the strategic level"

"Being an outcomes based regulator means being proportionate and knowing when regimes need a firm hand, or a very open one. I don't necessarily think the FMA has a good handle on that right down to the lowest staff level."

"FMA can be very compliance, rather than outcomes, focused."

"The FMA is too much focused on enforcing regulation instead of helping auditors meeting regulatory requirements."

FMA stakeholders were asked to provide open-ended suggestions as to how FMA could improve its efficiency and effectiveness.

The most common reasons mentioned included:

- **Focus on outcomes not just compliance:** Regulatory conformity uniformly applied across all business types can impede strategic outcomes.
- **Proportionate regulation:** Regulatory compliance can be incredibly burdensome to small businesses, consuming vast resource.
- **Improved communication & engagement:** Relationships built on face-to-face engagement and continuity of contact along with forums where ideas can be discussed.

PROPORTIONATE REGULATION

"Reporting of audit file reviews is too nitpicky, consuming massive time and effort for minimal return in terms of improvement. More important issues that really affect financial reporting and auditing quality, but are more difficult to identify and tackle."

"Greater recognition of the disproportionate impact of regulatory compliance on smaller organisations and the constraint on co-operatives in raising capital or retaining equity"

"The FMA still continues to target the easier small end of town, and it is amazing how the brokers continue to get a free ride despite the continued bad practices they demonstrate."

"The amount of time and cost it takes to comply with compliance requirements that often overlap are a huge burden to our small business. The time and cost is not proportionate to the risks the regime is trying to prevent."

IMPROVED COMMUNICATION & ENGAGEMENT

"There appears to be continued high turnover of staff and leadership, which impacts continuity and engagement. Restructuring to industry sector verticals may improve alignment, but it is sub-optimal that MIS teams are based predominantly in Wellington."

"The FMA's efficiency and effectiveness to our business is only demonstrated in faceless email communication and on-line regulatory reporting/licensing. These may be efficient in reducing the FMA's time but it is debatable if it is effective from a business perspective."

"It would be useful to have more face to face or workshop opportunities to address some issues.."

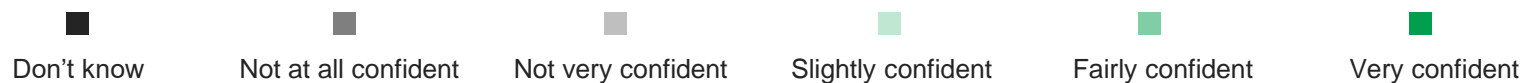
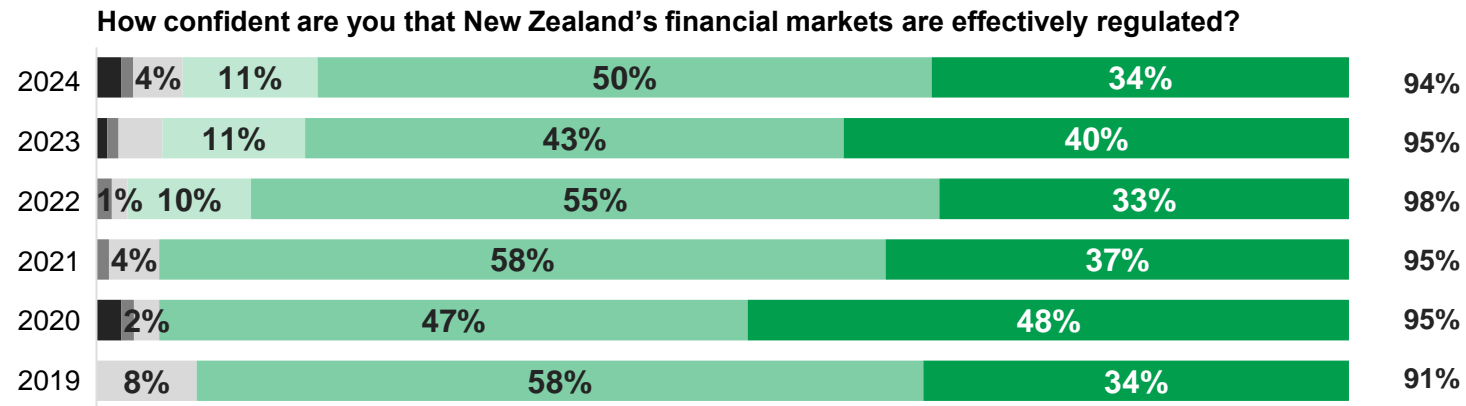
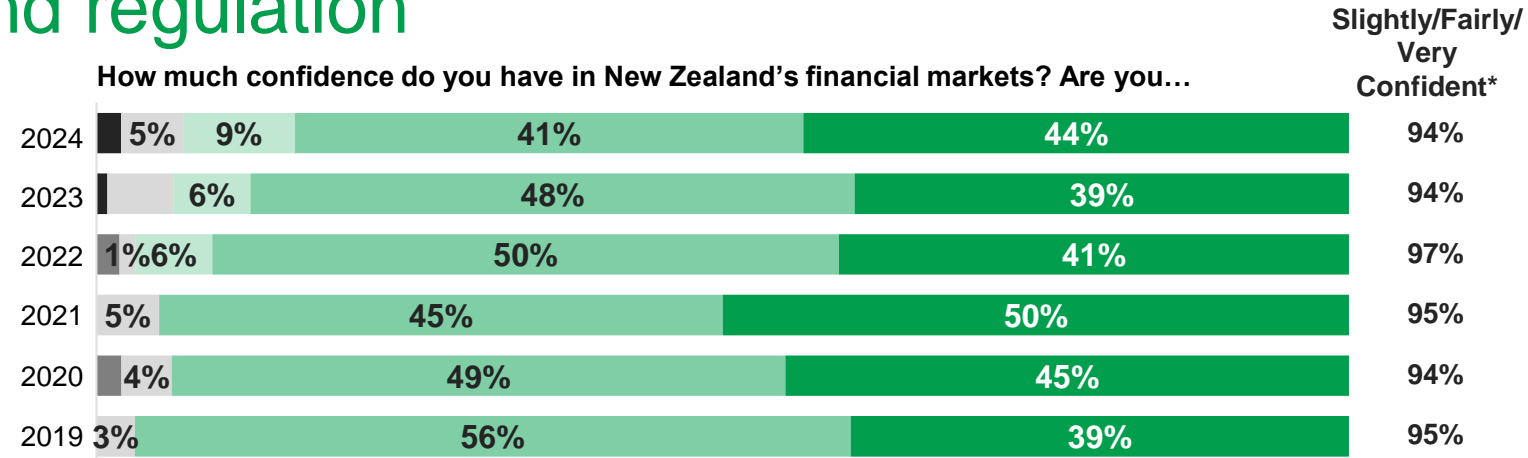
"I think this has improved in recent years. We benefit greatly by having a point of contact, and this has enabled us to efficiently communicate when need to."

SECTION 7

Confidence in financial markets



Stakeholder confidence in financial markets and regulation



Stakeholder confidence in New Zealand's financial markets remains at high levels, and stable when compared with previous years, with 94% of stakeholders saying they are slightly, fairly or very confident (consistent with the 94% recorded in 2023).

Also consistent with previous years, the majority of stakeholders are slightly, fairly or very confident that New Zealand's financial markets are effectively regulated (94% vs. 95% in 2023).

* Question changed to a 5 point scale in 2022 (added 'Slightly confident') – overall confidence has been reported based on top 3 box scores (Slightly/fairly/very confident) to allow comparison over time

Reasons for confidence in financial markets

Very Confident + Fairly Confident

WELL REGULATED

“Good actors in the market and regulatory spaces.” “Good oversight and governance.”

“Firms are strong, and the regulation is robust.”

“Companies and entities are in good shape, professional, well trained and have self regulation through their accounting bodies.”

“We believe we have in NZ a strong regulatory framework and a history of prudent financial management which leads to consumer and market confidence.”

GENERAL POSITIVE SENTIMENT

“The majority of financial services participants are 'doing the right thing' and meeting, if not exceeding, regulatory expectations. They are professional operators. This creates confidence in the sector.”

“Proactive regulator providing guidance and willing to engage with those they monitor”

“NZ'rs are basically good people and the various market players are doing a good job, the FMA , COMMCOMM, NZX XRB etc all play roles as deterrents.”

“By and large market participants have processes in place to ensure regulatory compliance, even where the guidance and information sheets are at a high level and could provide more clarity.”

WELL MANAGED / HIGH -QUALITY ADVICE

“New Zealand is in a good position to grow and develop its financial market by reducing red tape and making business easier.”

“A collaborative approach by the FMA. Compared to other regulators, who appear to have a slash and burn approach.”

“I believe markets are efficient and that the NZ markets are well managed, disciplined and outcome driven.”

“The FMA seem to be moving in the right direction. The increase in oversight & qualifications & disclosures needed on insurance and mortgage advisers is a positive.”

FMA stakeholders were asked to provide open-ended feedback as to the reasons they said they were either very or fairly confident in New Zealand’s financial markets.

The most common reasons mentioned included:

- **Well regulated:** Governance of NZ financial markets is seen to be in good overall health.
- **General positive sentiment:** Prevailing feeling that appropriate checks and balances are in place surrounding NZ financial markets.
- **Well managed / high-quality advice:** Stakeholders take confidence from available and reputable expertise and sources of information.

Reasons for confidence in regulation

Very Confident + Fairly Confident

REGULATORY RIGOR

"I believe markets are efficient and that the NZ markets are well managed, disciplined and outcome driven."

"Regulation since 2010 has certainly improved market stability in NZ"

"We believe we have in NZ a strong regulatory framework and a history of prudent financial management which leads to consumer and market confidence."

"The markets operate well and in general with good integrity."

GOOD REGULATION BUT CAN BE IMPROVED

"Industry is only slowly adapting to the needs of the customer and putting them first. I think there is a long road ahead."

"I think if COFI's implementation is effective I will have more confidence."

"It has been difficult to prevent bad actors from overseas abusing NZ regulation through timely interventions."

"FMA directions and actions are compelling to the financial market to act in the best interest of customers. It should be proven by record and actions and not merely saying."

IMPORTANCE OF EXPERTISE AND GUIDANCE OFFERED

"I believe the integrity/functions suits the market However I don't believe FMA is proactive enough- especially in the area of Open Banking / Finance developments The is little clarity on the strategic approach here and this would be helpful."

"Proactive regulator providing guidance and willing to engage with those they monitor."

"Compared to RBNZ /Comm Comm I think FMA gets the sector."

"New Zealand's financial markets are built on a foundation of professionalism and best practice. It's regulators are fair and progressive."

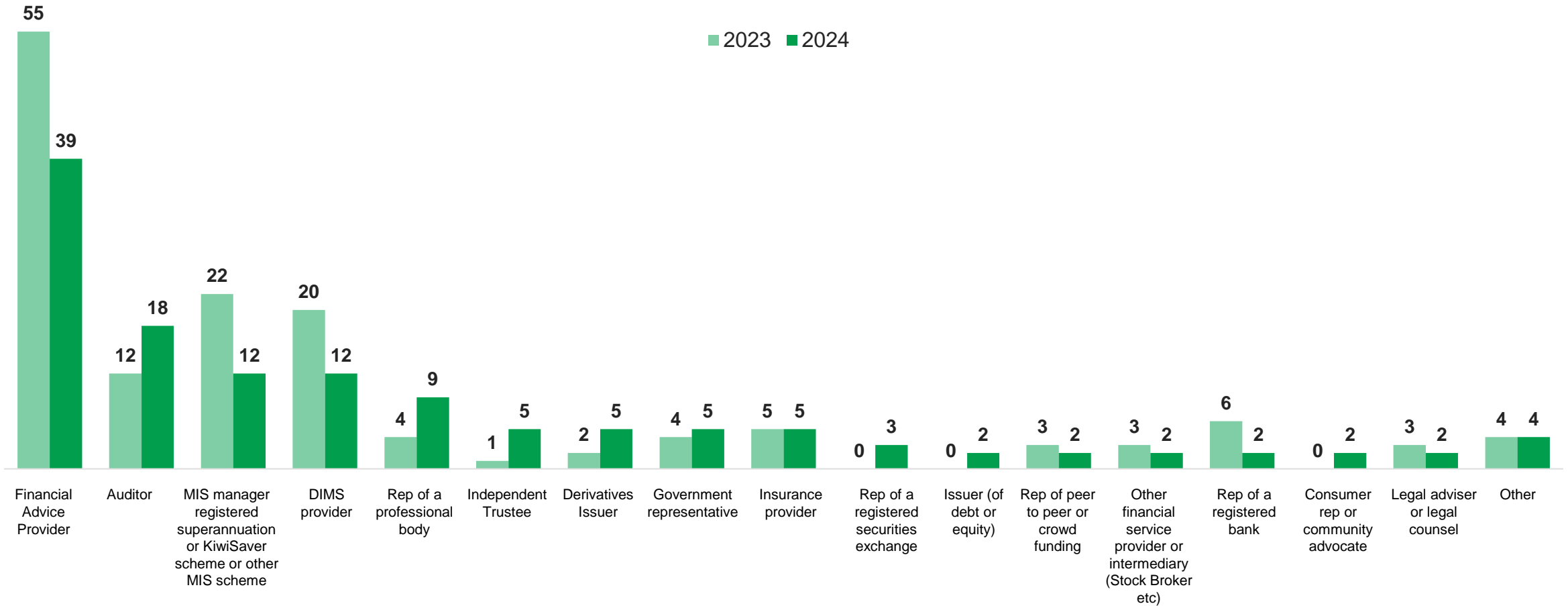
FMA stakeholders were asked to provide open-ended feedback as to the reasons they said they were either very or fairly confident in the effectiveness of regulation in New Zealand's financial markets.

The most common reasons mentioned included:

- **Regulatory rigor:** general robustness in the regulation in place that safeguards integrity and market stability.
- **Good regulation but can be improved:** while confidence is strong there is a feeling regulation is not without challenge.
- **Importance of expertise and guidance offered:** FMA acknowledged as playing an integral role in financial markets, good expertise with opportunities for greater proactivity.

Appendix

Stakeholder roles (%)



fiftyfive5
Part of **Accenture** Song

 **FMA**
FINANCIAL MARKETS AUTHORITY
TE MANA TĀTAI HOKOHOKO