



Addressing vulnerability in New Zealand

Responding to the FMA's call to action



July 2020

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What the FMA expects of firms in New Zealand

How are you prioritising your customer vulnerability practices?



The FMA has recently published an information sheet Customer vulnerability – our expectations for providers setting out how it expects firms to prioritise customer vulnerability practices in light of the ongoing COVID-19 crisis.

Firms will need to take action now to ensure appropriate frameworks are in place to meet these expectations or face increased regulatory focus.

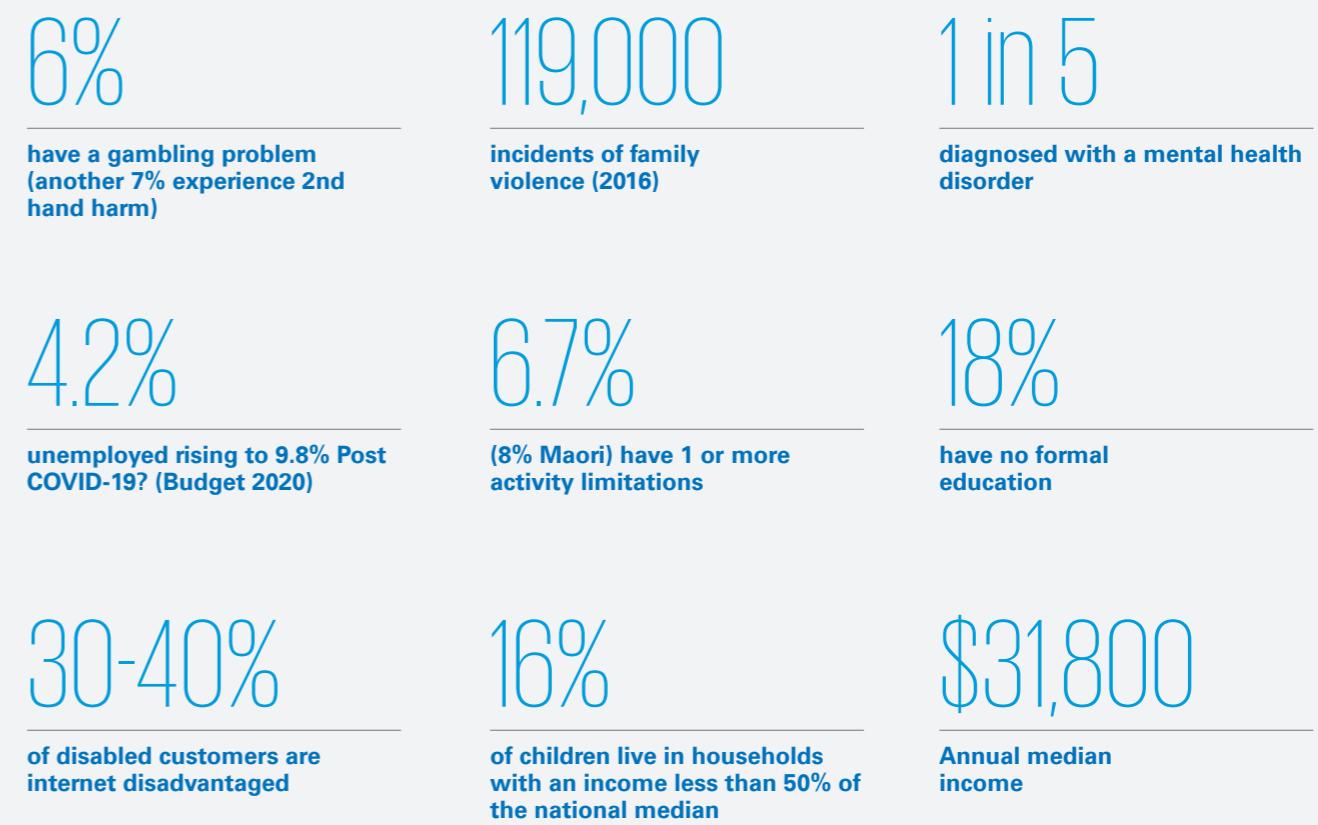
This is a call to action by the FMA...

to change and improve what you are currently doing and not to wait for the regulator to set out prescriptive rules that could be more costly to implement. KPMG have seen positive examples of proactive support for vulnerable customers through flexible lending and dedicated telephone support lines for elderly but the requirements go much further than this. The FMA expects vulnerability to be embedded and that firms can demonstrate how they are doing this as the focus continues in the coming months. Firms that have accountable executives leading their programmes through a dedicated framework will set the pace of change. Those that are slow to respond face a more difficult transition.

Firms who do not improve customer outcomes face additional regulatory focus as we have seen in the UK where the FCA have imposed fines for poor handling of arrears, poor complaints handling and unfair customer treatment.

We passionately believe that the flow-on effect from focusing on helping fuel the prosperity of our clients significantly contributes to ensuring that our communities, and ultimately our country and all New Zealanders, will enjoy a more prosperous future.

How well do you know your customers and their vulnerability risk factors?



Are you aware that...

COVID-19 has created a new wave of vulnerable customers, evidenced by a Commission For Financial Capability (CFFC) survey in May, showing that:



Sources:
-2018 Government Census.
-Commission For Financial Capability survey May 2020.

Taking a strategic approach to reviewing and embedding vulnerability to meet customer needs

KPMG recommend that firms should apply a strategic approach to their vulnerability programme and we have set out below a framework of the key elements firms will need to consider.



KPMG can help you set out a firm-wide strategy

How can KPMG help?

KPMG provide regulatory advisory, proposition design and programme support services for a number of financial services and non-financial services firms in the vulnerable customers space.

KPMG can support you with all aspects of your vulnerable customer programme.



Clients include New Zealand, Australian and UK financial services firms and non-financial services firms such as utilities.

During our engagements, we have gained global insight into firms' responses to vulnerability and examples of good practice of how other firms and other sectors are tackling the concept of vulnerable customers.

Contact us

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