

26 April 2010

ISI to Phase Out Commission

“The Australian Government’s announcement to ban commissions and volume-based payments in relation to investment products comes as no great surprise. The Investment Savings and Insurance Association believe this is a sensible and logical move”, said Vance Arkinstall, CEO, Investment Savings & Insurance Association (ISI).

“In NZ, ISI is finalising an announcement that will result in a voluntary policy to discontinue the payment of commissions on investment products, including KiwiSaver. The proposed ISI policy will include the discontinuance of volume-based performance bonuses or commission and ongoing renewal commissions”, said Vance Arkinstall.

Like the Australian Government announcement, the ISI policy will not be retrospective and ISI members will have a period during which to make the necessary systems changes and also changes to documentation and information to consumers.

“The effect of the changes proposed in NZ will be a move that results in consumers negotiating a fee for the service they receive which will ensure the consumer is fully aware of the cost and how that advice will be paid for”, said Vance Arkinstall.

“We see this as a further step by the industry to improve the confidence and trust of investors in our products”, said Mr Arkinstall.

ISI expects to announce details of its policy very shortly.

For further information contact:
Vance Arkinstall, Chief Executive