Welcome to FAP-land

where NZ financial advisers live now

Introduction

NZ financial advisers have been living in new, loosely charted, legal territory for more than four years under an expansive licensing regime that now claims more than 9,000 citizens.

Before the Financial Services Legislation Amendment Act (FSLAA) eventually redefined the regulatory borders in 2021, only 1,600 or so advisers were subject to formal licensing conditions.

Passed into law in 2019 following a fraught two-year journey through parliament, the official onset of FSLAA was delayed by the COVID-19 pandemic until March 15, 2021 – first for a two-year transition period ahead of full implementation on the same date in 2023.

Ushering FSLAA into parliament at its first reading in December 2017, then Commerce Minister Kris Faafoi, noted the Ministry of Business, Innovation and Employment (MBIE) had spent the past three years surveying the sector and drafting the law.

“Prior to the current legislation being passed in 2008, financial advice was largely unregulated and investor confidence was low,” Faafoi told parliament. “While the current regime has made some positive changes in this respect, there are a number of issues that need addressing.”

The-then Minister cited the product-centric complexity of the 2008-era system as a key ‘issue’ that revolved around a number of poorly understood regulatory acronyms, namely: Authorised Financial Advisers (AFAs); Regulated Financial Advisers (RFAS); and, Qualifying Financial Entities (QFEs).

Faafoi said “the bill also gives the Financial Markets Authority (FMA) the tools that it needs to effectively regulate financial advice. At present, only some advisers at large firms are subject to active regulatory oversight by the FMA”.

“The new legislation will require everyone providing financial advice to retail clients to be covered by a licence, meaning they are actively monitored.”

FSLAA gathered all advisers under a single 'Code' while shifting the sector to an entity-licensing model rather than the individual licence set-up used for AFAs. About 1,600 advisers (mostly investment-focused) were licensed as AFAs before the system was scrapped with another 6,400 or so individually registered RFAs operating under a compliance-lite regime designed for 'less complex' products such as insurance or mortgages.

Essentially self-regulated organisations, QFEs oversaw an estimated 20,000 employees who offered limited advice on in-house products.

As of March 15, 2023, however, all those covered by the old, disjointed rules must be linked to a Financial Advice Provider, or FAP – either as 'financial advisers' (who are required to also register as individuals) or as part of an anonymous horde of 'nominated representatives'.

If FSLAA has imposed a uniform structure and regulatory clarity on the NZ advice sector, albeit at the expense of new jargon, the legislation has also exposed a much wider slice of the industry landscape to public view.

For example, two seminal *Investment News NZ* reports – the 2013 classic 'AFA Today' and the popular 2016 sequel 'Last of the AFAs' – found the number of practising licensed advisers had declined from almost 2,000 in the first study to roughly 1,600 in the follow-up.

Yet other than some broad statistics supplied by the FMA, the new adviser world remains largely undocumented. This report is a first attempt to fill in some of those missing topographical details, regional borders and population statistics: a FAP-map.

Based on MBIE information, the study examines FAPs by overall adviser numbers as well as across the three official classes and business type – the latter category a somewhat subjective assessment of a group's main advice speciality.

The cleaned-up data may not perfectly trace out the contours of the NZ advice industry but it lays down some lines and colours between them.

As at January 2025, the official figures cover almost 1,540 main entities (and about 1,110 'authorised bodies') in FAP-land and the more than 9,100 advisers who live there.

Advice mega-cities

More than half of the global population are city-dwellers with the United Nations estimating the proportion will surge to almost 70 per cent by 2050.

The urbanisation trend has also seen a few ‘mega-cities’, housing 10 million or more people, grow ever-more dominant as key locations form centres of gravity. For example, a 2016 study published in the *Sage Journals* estimated 11 per cent of humans lived in mega-cities in 2010.

“By the end of the century, world population is projected to range from 6.9 billion to 13.1 billion, with 15 per cent to 23 per cent of people residing in the 101 largest cities,” the academic report notes.

Despite the wide spectrum of potential outcomes implied in the *Sage* numbers, the pull of mega-cities appears inexorable in a tendency to bigness that shows up in other human endeavours, too, such as business and financial markets (see the ‘Magnificent 7’, showing now in global indices near you).

And similar dynamics seem to be at play in the newly defined NZ financial advisory world where a handful of mega-FAPs have emerged to service the compliance needs of a significant chunk of the approximately 9,100-strong adviser population.

The 10 largest FAPs, as shown in the table below, account for more than 3,400 financial advisers, or about 40 per cent of the total.

Top 10 FAPS by adviser numbers

FAP name	Business type	Number of advisers
Arthur J Gallagher	General insurance	814
NZFSG	Insurance/mortgages	679
Aon	General insurance	543
Rothbury	General insurance	248
Forsyth Barr	Investment	234
Craigs	Investment	207
Marsh	General insurance	187
ICIB	General insurance	184
Wealthpoint	Life insurance	172
NZ Home Loans	Mortgages	162

Importantly, the above data only allocates one-FAP per adviser while the regulations allow ‘authorised bodies’ – a complicating factor in this analysis – to pledge allegiance to more than one licensee.

Perhaps about 1,500 advisers belong to multiple FAPs by way of authorised bodies (which are also licensed entities), although a full scrutiny of those relationships is beyond the scope of this study.

Regardless, the authorised body double-count is only a material factor for NZ Financial Services Group (NZFSG) among the top 10 largest FAPs listed above. (Link Financial would also make the table above including all associated authorised bodies with 177 advisers in the box.)

NZFSG, majority-owned by the Australian Loan Market business, claims more than 1,100 advisers under its wing that would catapult the network to number one in FAP-land. Expanding the probe to include multiple FAP membership, this study could positively link just 730 or so advisers with NZFSG – a discrepancy that may disappear on a deeper data-dig.

Notably, half of the 10 largest FAPs specialise in general insurance, at least as categorised here, equating to almost 60 per cent of the financial advisers captured in this cohort.

General insurers largely fell outside the previous regime. Life insurance- and mortgage-focused groups fill out three of the top 10 spots while the two largest, broker-originated firms, Forsyth Barr and Craigs, represent the investment category in the big-end of FAP-town.

The border between life insurance and debt products is particularly porous with many advisers offering both services as well as KiwiSaver options: however, as best as possible, this study has categorised each FAP on the *main* area of speciality or historical origin.

Wealthpoint, for example, falls under the life insurance label here due to the group’s foundation as the AMP adviser body, even though it also runs a substantial investment book across the network.

Of course, the approach is subjective – and open to improvement – but as the *Sage* report notes, city borders “are as ephemeral and arbitrary as other political boundaries”.

Class divisions

As well as defining the external limits of the licensed financial advice world, FSLAA also stratified its interior into three broad regions.

Under the three-tiered class system, FAPs can operate as sole adviser entities (Class 1) or choose one of two multi-adviser categories, each with different compliance duties.

Class 2 FAPs can hold any number of registered ‘financial advisers’ but are not able to employ ‘nominated representatives’ – the latter privilege only available to Class 3 types. The Class 2 region is by far the most-populated in FAP-land, accounting for more than 2,000 (including almost 990 authorised bodies) of total 2,650-odd licenced advice entities in the MBIE database as at January 2025.

Almost 8,000 of the approximately 9,100 advisers captured in the data belong to Class 2 FAPs. But given all of the top 10 largest FAPs are also Class 2 groups (see earlier table), they can be dismissed from a countdown in this section.

Class 1 FAPs also remain absent from a number-based roll-call as – by definition – the category only contains single-adviser businesses.

However, the 350 or so Class 1 advisers have been categorised as below according to one of the four main business types as defined here. Bear in mind the caveat, which applies throughout this report, that FAPs were assigned to the advice genres via a desktop-based assessment of their principal business focus: many FAPs – especially those offering life and debt advice (comprising mortgages and other financing services) – span multiple product types.

Nonetheless, the principal observation that most Class 1 advisers operate as life insurance and/or mortgage advisers passes the test.

Class 1 FAPs by main advice category

Life insurance	158
Mortgages/debt	127
Investments	56
General insurance	6

Some 66 Class 3 entities appear on the FAP-list as at the beginning of 2025, 10 of which register as authorised bodies linked to associated companies (Westpac and BT, for example).

The institutional-grade category, of course, contains the largest adviser-adjacent population in the hidden realm of 'nominated representatives'.

When the FSLAA regime launched in 2021, the FMA reported the Class 3 empire housed about 12,000 nominated representatives: a sprawling, officially unregistered group of employees who remain outside the range of this report.

But some Class 3 FAPs – a cohort of mostly familiar banks, insurance companies and fund managers – also take direct responsibility for actual 'financial advisers' operating under their respective licences.

As the table below details, banks and fund managers largely fill this category as the formal home for investment advisers in their ranks. While all high street banks have, unsurprisingly, opted for Class 3 status, fund managers and broker-brands are split on the issue: about 10 managers have gone the 3 route while others took the 2 road.

Jarden and JBWere, the two FirstCape-owned wealth managers about to unite under the latter name, would rank as number one here with a combined 124 advisers.

Top 10 Class 3 FAPS by adviser numbers

FAP name	Business type	Number of advisers
ASB	Investment	108
ANZ	Investment	94
Jarden	Investment	87
AIA	Life insurance	73
Westpac	Investment	40
BNZ	Investment	39
JBWere	Investment	37
Fisher Funds	Investment	37
BMS	General insurance	23
NZ Funds	Investment	21

Topographic types: shades of life, debt, risk and investment

This topographical survey of the licensed financial advice landscape has shoe-horned FAPs into one of four core stylistic categories in an effort to zoom in on some underlying industry features.

As discussed previously, the labelling process has flaws and doesn't capture the considerable cross-border activity nor the dual FAP-citizenship of a sizeable number of advisers… but all maps are approximations.

Consider the following four tables as general directions only.

Top 10 FAPS by general insurance adviser numbers

FAP name	Number of advisers
Arthur J Gallagher	814
Aon	543
Rothbury	248
Marsh	187
ICIB	178
AdviserNet	83
Willis	79
Abbott	63
PIC Insurance Brokers	42
Runacres	34
Total in category	**3,121**

Top 10 FAPS by mortgage/debt adviser numbers

FAP name	Number of advisers
NZFSG	616
NZ Home Loans	162
Link	105
Astute	82
Mike Pero	79
Squirrel	61
Vega	61
Global Financial	39
Finance NZ	33
Opes	32
Total in category	**2,547**

Top 10 FAPS by life insurance adviser numbers

FAP name	Number of advisers
Wealthpoint	172
Enva	118
Lifetime	66
AIA	66
NZFSG	63
Haven	57
Share	53
Apex	49
Certainty	35
Link	33
Total in category	**1,972**

Top 10 FAPS by investment adviser numbers

FAP name	Number of advisers
Forsyth Barr	234
Craigs	207
ASB	108
ANZ	94
Jarden	87
AdviceFirst	49
Westpac	40
Milford	38
Fisher	37
JBWere	37
Total in category	**1,545**

Despite best efforts to accurately place FAPs and advisers in one of the four professional locations, this analysis will have inevitably strayed off course at times with the results more rough whereabouts than GPS-precision coordinates.

Most FAPs have at least some latitude to travel between regions and others offer holistic ‘financial planning’ services that potentially span the entire advice universe: identifying this latter sub-population could be a subject for further research but anecdotal evidence collected in this data journey suggests the type remains a minority.

Conclusion

According to the FMA, the FSLAA regime was designed with a few goals in mind including the need to "set industry-wide standards for conduct and competence" and formally welcome the robots inside the advice perimeter.

While the Code and competence standards are now well-entrenched in industry practice, the fuss over robo-advice appears to have been a little premature from the perspective of 2025.

The valuable FMA summary of the first set of annual FAP regulatory returns published this April notes: "There are 36 FAPs across the three licence classes providing digital advice and 86,500 retail clients received digital advice. This shows us that less than 3% of licensed providers offered digital financial advice during the return period."

(Note: the regulator's snapshot figures are based on FAP annual returns for the 12 months to June 30, 2024, with its overall population figures as at September last year also deviating slightly from the MBIE data used in this study.)

The FMA also highlights a third aim of FSLAA was to "remove regulatory boundaries, such as the adviser classifications (AFA, RFA, and QFE), the distinction between 'class advice' and 'personalised advice' and category 1 and 2 products".

While the law has officially demolished those categories, the cultural and product-based divisions remain. In some ways, not much has changed.

For example, this study identifies about 1,550 investment-leaning financial advisers, well within the vicinity of the circa 1,600 of the AFA era.

Pre-FSLAA, the AFA-RFA complex housed roughly 8,000 advisers with the FAP regime expanding the population by 1,100-ish (probably general insurance types). The FMA snapshot captures 11,423 nominated reps as at June 30 last year compared to the QFE guesstimation of 20,000.

Despite an overall decline in industry numbers since 2021, a much larger proportion of the advice population now reside in the wide open licensed spaces that this study has explored in search of previously undocumented geographical details: welcome to FAP-land.