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Mortgage brokers in the mix

AFG (ASX: AFG) has today called on the banking Royal Commission to recognise the significant inquiries that have already been conducted into the mortgage broking sector and the important role mortgage brokers play in the Australian lending market, as the government outlines the inclusion of mortgage brokers in the scope of the banking Royal Commission.

“The mortgage broking channel accounts for more than 53% of the Australian lending market so it is unsurprising that we are in the mix, however 2017 has also been marked by significant regulatory scrutiny of our industry,” said AFG CEO David Bailey.

“The ASIC Review of mortgage broker remuneration and the ongoing Productivity Commission inquiry into competition in the financial system have both looked at the structure of the mortgage broking sector.

“We are confident Justice Hayne will recognise the unprecedented data collection process conducted by ASIC in their Review of mortgage broker remuneration has thoroughly examined our industry.

“The ASIC report recognised the important role that mortgage brokers can play in promoting good consumer outcomes and strong competition in the home loan market and we are confident any other examination of our sector would find the same,” said Mr Bailey.

The Combined Industry Forum (CIF), made up of representatives from across the mortgage industry, has submitted a report to government that outlines a package of reforms to address the proposals made in the ASIC review.

“The Productivity Commission is also undertaking a significant examination of the competitive landscape and mortgage brokers are a key lynchpin in providing that competition.

“The Royal Commission, and the industry as a whole, needs to focus on how competition can be further improved and this should include the impact the government guarantee has on competition. “Ultimately, the findings of this inquiry should assist the government to promote a competitive and stable financial industry that contributes to Australia’s productivity,” said Mr Bailey.

“The mortgage broking sector provides vital competition to deliver on that aim.

“AFG has 45 lenders on its panel with more than 37% of borrowings going to lenders other than the four major banks, and we remain committed to ensuring choice and competition remains for Australian consumers.

“This competitive tension ensures consumers continue to have choice and most importantly benefit in terms of home loan price and service because of the service brokers deliver on a daily basis across the Australian lending market,” he concluded.

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