



Backing brokers with an Ezy solution

WE BELIEVE the royal commission’s recommendations for brokers were undertaken without due consideration to the needs of the consumer – the suggestion of paying the broker directly is not a feasible solution that customers will support.

Statistics in a recent report by Momentum Intelligence showed that 48 per cent of those surveyed are prepared to pay brokers less than \$100 only! It requires experience and time to prepare a submission. Simply put, nobody would be expected to work hours on reviewing and preparing the necessary paperwork, so why would anyone suggest that a fee-for-service model would be appropriate, much less for the suggested \$100 fee.

Truth be acknowledged, the pending compliance obligations extending even beyond today’s requirements will mean that even smaller or typical loans will not be viable to be serviced by brokers. The eradication of trailing commissions coupled with the fee-for-service model will effectively kill most brokers altogether.

Was the intent to force brokers to join the banks as an employee and/or retire? We have repeatedly heard that “competition” is vital in any business, so let’s support

this in our industry too by looking at what brokers bring to the table.

Reviewing the commissioner’s final report evidences a multitude of wrongdoings by the big four banks, yet the recommended changes address processes externally, targeting brokers rather than the details at hand.

The solution that perhaps should have been tabled was that brokers should be recognised for what they are... an “agent” just as the precedent set by real estate agents.

Real estate agents provide their customers a selection of houses. Likewise, brokers do a similar thing by showing a customer several lenders’ loan offerings. If they deal with a number of lenders, then they would act in the capacity of a “multiagency”. If they support just one lender, they would simply be called an agent of the lender. Real estate agents are paid by any one of a series of vendors and, as such, there is no confusion on whom they act for.

Support for the broker channel

Currently, declaration by brokers of commission is more rigorous as it compares each lender’s rate upfront.

Is changing the name of

brokers the simple solution rather than what has been tabled by CBA CEO Matt?

For over 18 years, we have championed the broker channel. In the *Consumer Access to Mortgages Report*, it states that 96 per cent of borrowers interviewed expressed satisfaction from the service provided by brokers and would elect to use them again. In contrast, the majority of borrowers utilising bank services expressed dissatisfaction with the service they received.

The intent to eradicate brokers has clearly been indicated by the statements of both Westpac and the Commonwealth Bank. This will eliminate the current service levels that consumers expect and deserve and will decimate the objective that was being championed with the broker’s service to the consumer.

The non-bank proposition

Independence in the market needs brokers to support the demands and needs of the customer, and let’s not forget that transparency goes hand in hand with competition.

Non-banks provide the mutually beneficial relationship between customers and the broker channel whilst maintaining

equality, honesty and completion without the exorbitant costs incurred by bricks and mortar banks. They provide innovation and competition, ensuring customers are receiving service and value for the services received. Now more than ever, brokers see the importance of partnering with those lenders who generally have their interest and that of the consumer at heart.

Mortgage Ezy’s unfaltering support within the non-bank sector will see the healthy revival of the market in its business model, which will see a continued growth in the coming years.

We continue to compete head-to-head with the majors in the marketplace in prime lending as well as specialty loans and near/sub-prime.

We are a lean operation that delivers sharp rates and superior service. Brokers need to vote with their feet today. They need to understand that for their future survival and for promotion of genuine competition in the market place, they need to look to non-banks especially if they have not looked there before. ●



Peter James
CEO, Mortgage Ezy