



30 June 2017

Manager
Financial Services Unit
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

Sent by email to: consumercredit@treasury.gov.au

Dear Sir / Madam,

Aussie Home Loans submission on ASIC Review of Broker Remuneration report proposals

Aussie Home Loans (AHL) welcomes the opportunity to make a submission on the proposals outlined in ASIC's Review of Broker Remuneration report.

AHL considers ASIC's report to be well considered and balanced, and AHL is aligned with ASIC's position in relation to the need for self-regulation by the industry. AHL is broadly supportive of ASIC's findings and proposals outlined in its report and remains committed to ensuring the right outcomes for consumers, particularly for AHL's valued customers.

AHL's 25-year presence in the Australian home loan market has significantly contributed to improved outcomes for consumers through, for example, increased competition and the quality of service provided to our customers. AHL always aims to put customers first and strongly supports ASIC's view on the importance of the broker channel.

AHL does not believe that its current remuneration structure leads, or is likely to lead, to poor outcomes for our customers. However, AHL does agree that any potential or perceived conflicts of interest in the industry should be addressed. In AHL's case, all AHL brokers are Authorised Credit Representatives under AHL's Australian Credit Licence (ACL). Consequently, all AHL brokers are subject to oversight and monitoring by AHL as the licensee. Furthermore, AHL brokers are required to be accredited with every lender on AHL's panel, such that poor conduct with any one of the lenders that resulted in withdrawal of accreditation would disentitle the broker from submitting loans to any other panel lender. Clearly, this has potentially significant consequences for AHL brokers' businesses. AHL welcomes recommendations of improved, consistent and thorough governance and oversight of all Australian mortgage brokers, in particular those operating under their own ACLs.

This letter is an endorsement by AHL of the industry response to ASIC as submitted by the Mortgage and Finance Association of Australia (MFAA) earlier today. As documented in the MFAA response, the MFAA consulted with their member base, including AHL. AHL's preliminary views are therefore broadly reflected in the MFAA submission.

Aussie
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In some areas, AHL is unsure of how some ASIC proposals and/or MFAA recommended actions can be implemented, but AHL is committed to working with the MFAA, our large group of panel lenders and other industry participants to ensure that ASIC's recommendations are addressed to the extent appropriate and practicable. However, AHL believes that potential changes that introduce unreasonable levels of complexity or inconsistency should be avoided. It will therefore be necessary to achieve industry consensus on any proposed actions before changes are implemented.

If you have any questions related to this submission, please do not hesitate to contact the writer at don.campbell@aussie.com.au.

Yours faithfully,

Don Campbell

Head of Risk & Compliance

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