

Remuneration Model Proposal:

1: Flat commission percentage paid by all lenders = .75% upfront and .25% trail

Removes perceived bias and promotes a truly consumer focused approach.

2. Cap referral payments to 20% of upfront commission maximum. No trail.

The will reward highly skilled, ethical and consumer focused brokers with more leads from introducers. The current model may not reward high quality brokers enough, leads can be sent to those paying the highest fee. It will also reinforce that trail commissions are paid for Brokers to maintain the ongoing needs of customers. Referrers do not deserve this.

3. Trail commissions to be standardised from day one based on the limit drawn, less offset and redraw funds held.

Discouraging and removing perceived cause for increased loan amounts. All banks to pay based on net balance outstanding.

4. Clawbacks to be absorbed 50/50 by bank and Broker for reasons outside of their control (eg. death, unexpected life event etc.)

Showing that both parties are accepting responsibility and working in harmony.

5. Upfront commissions to be paid based on amount drawn down at settlement only. 12 months later, if further funds are used by the customer, a top-up upfront commission will be paid based on the peak limit drawn down in any one day within that period.

I don't believe it is common, but the perceived cause of larger broker loan amounts can be eliminated.

6. Ban all soft-dollar and bonus commissions

We don't want or need these.

7. Require all residential lending platforms (Banks, Non-Banks, Online Lenders & Brokers) to abide by the same NCCP requirements.

Approvals and decisions which are in the consumers best interest cannot be achieved in 22 minutes or 2 hours. To follow the correct procedure and put the customer first, lending must be well thought through and the consumer well informed.

8. Define Consumer Outcomes

We are debating consumer outcomes without first defining what constitutes a 'good consumer outcome'.

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