Deloitte.

The Value of Mortgage and Finance Broking 2025

Final Report | Mortgage & Finance Association of Australia

10 February 2025

Foreword

Deloitte Access Economics consulted the Mortgage & Finance Association of Australia (MFAA) for this report. We also worked closely with industry partners through an established Mortgage & Finance Broking Industry Steering Group. Deloitte Access Economics would like to thank the Steering Group for their feedback and contributions to this report.

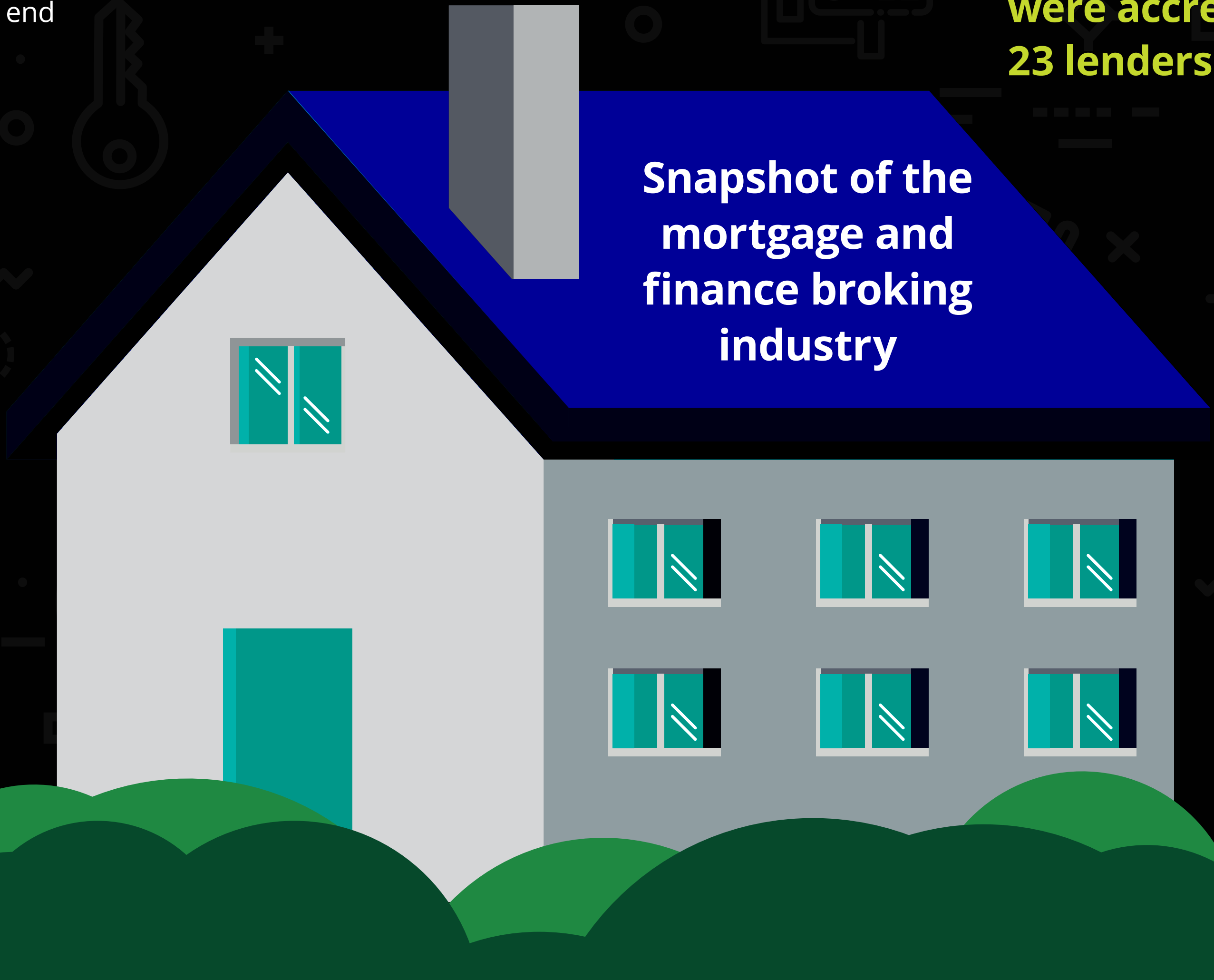
Other organisations contributed through this research through participation in an industry consultation or through their promotion of our broker survey. A full list of these organisations is included in the Appendices.

Contents

List of acronyms

Acronym	Full name
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACL	Australian credit licence
AFCA	Australian Financial Complaints Authority
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
CAFBA	Commercial and Asset Finance Brokers Association
CDR	Consumer data right
CRM	Customer relationship management
EDR	External dispute resolution
ESG	Environmental, social and governance
FBAA	Finance Brokers Association of Australia
FTE	Full-time equivalent
FY	Financial Year
GDP	Gross domestic product
GOS	Gross operating surplus
GVA	Gross value added
IIS	Industry Intelligence Services
MFAA	Mortgage & Finance Association of Australia
NIMs	Net interest margins
RBA	Reserve Bank Australia
SME	Small-to-medium enterprise
SMSF	Self-managed super funds

Snapshot of the mortgage and finance broking industry



22,031 brokers operating at the end of March 2024

Repeat customers (44%) and **referrals (28%)** are the key leads for generating broker business

Surveyed brokers were accredited with 23 lenders on average in 2023-24

75% of all new residential loans in Australia are arranged by mortgage brokers.

13% of surveyed brokers are commercial lending focussed, writing **25%** or more commercial loans

Economic contribution of the mortgage and finance broking industry

$3.3 billion in direct Value Added and **$800 million** in indirect Value Added

37,349 direct and indirect jobs supported through broking activity

The **growth of mortgage brokers** is correlated with reductions in mortgage interest rates for borrowers

$4.1 billion in economic activity to the Australian economy in FY23

Key benefits of the mortgage and finance broking industry

45% of brokers' owner occupier customers are first home buyers, compared to **30%** in the market

0.35% average reduction in interest rates achieved for those who are successfully repriced

Brokers **expand lender market reach** and help new players to enter the market

Brokers spend **11% of time educating** customers for mortgage applications

86% hold qualifications equal to or above a Diploma in Mortgage Broking Management Services

Executive Summary

The mortgage and finance broking industry plays a pivotal role in Australia's economy, linking consumers and businesses to lenders. By facilitating access to residential and commercial loans, financial products and services, brokers support millions of Australians to secure homes, gain access to finance for their businesses and achieve their financial goals. In doing so, the broking industry makes a significant contribution to economic growth and stability and ensures a competitive marketplace.

This report

Deloitte has been engaged to produce a report that provides an evidence base about the role of the mortgage and finance broking industry and its value to the Australian economy. This research provides an update and expansion to the previous Value of Mortgage Broking Report, published by the industry in 2018.

Six key changes set this report apart from previous analysis:

- **The introduction of Best Interests Duty in January 2021 has assisted in continuing to raise industry professionalism** and maintaining strong consumer protections by requiring brokers to act in the best interests of their customers when providing credit assistance. Brokers have embraced changes, with 56% of respondents reporting the changes have improved trust in the sector- ten times more than reported negative impacts.
- **Mortgage brokers have increased their role in the market,** with 75% of all new Australian residential loans arranged by brokers in 2024, up 18 percentage points from 2017.[1] This corresponds with rising interest rates and cost of living pressures, with borrowers seeking the best deal possible.
- **The mortgage broking industry has grown.** By March 2024, the number of mortgage brokers had reached 22,031 according to latest Industry Intelligence Survey data.[2] There were 17,040 brokers in 2018, representing an increase of 29%.[3]
- **Economic analysis** developed for this report finds that the growth of mortgage brokers is correlated with reductions in mortgage interest rates for borrowers and enabled more competition in the banking sector, along with other factors.
- **Commercial and asset finance broking remain emerging growth areas for the profession.** Specialist brokers serving the financing needs of small to medium sized businesses have grown since the last report, expanding out the role of brokers in the community to service a more diverse range of financing needs in addition to residential mortgages.
- **The broker role is evolving, enabled by technological adoption.** Brokers are using technology to streamline their operational tasks, resulting in more time being spent with their clients on upfront education and ongoing proactive assessment of best mortgage terms for their clients. Surveyed brokers reported a **0.35% average reduction in interest rates** achieved for those who are successfully repriced.

Sources informing this research

The report is based on a variety of public and commercial data sources and specific information collected for this report, including a nationally representative survey of 454 individual mortgage brokers and 393 mortgage broking businesses, and twelve one-to-one consultations with key industry participants.

The Value of Mortgage and Finance Broking 2025

GROWTH WITHIN THE MORTGAGE AND FINANCE BROKING INDUSTRY

Increased role in mortgage market
75% of all new residential loans in Australia are arranged by mortgage brokers.

Number of brokers
22,031 brokers operating at the end of March 2024, according to latest Industry Intelligence Survey data.

Key leads
Repeat customers (44%) and referrals (28%) are the key leads for generating broker business.

Consumer choice
Surveyed brokers were accredited with 23 lenders on average in 2023-24.

Regulatory changes
Brokers are 10 x more likely to report a positive impact to their business than negative from the introduction of Best Interests Duty.

Executive Summary continued

Enhancing competition and choice

Mortgage brokers play a crucial role in enhancing competition and choice by offering consumers access to diverse loan products across multiple lenders, empowering them to secure the best terms tailored to their unique needs.

In 2023-24, surveyed mortgage brokers reported that, on average, they are accredited with **23** different lenders through their aggregator and settled loans with 8 different lenders. Beyond this, brokers can access up to 65 lenders through their aggregator panels.[4] Brokers present **three options** on average to each customer, aligned to their customers' best interests.

Brokers are also pro-actively assessing whether consumers are receiving competitive rates. Survey respondents reported a **0.35% average reduction in interest rates** achieved for customers who are successfully repriced.

In the long term, growth in mortgage broker-arranged loans has helped facilitate a more competitive banking sector. Since the early 1990s, major banks' Net Interest Margins (NIMs) have more than halved, falling by nearly 3 percentage points to below 2%.

Lenders have continued to be profitable by becoming more efficient, using technology, and using the mortgage broker channel to grow the loan market overall. Analysis for this report suggests that, alongside other factors such as digitisation, changes to regulation and wholesale funding, and more players in the market, mortgage brokers have helped to facilitate greater competition.

Economic contribution of the mortgage broking industry

Mortgage and finance broking is a significant industry, contributing **$4.1 billion in gross value added to the Australian economy each year** and supporting the employment of over 37,349 employees.

The industry directly employed an estimated 31,899 people across Australia at the end of March 2024, and indirectly supports the employment of a further 5,450 workers in other Australian businesses through broking activities.

Unlocking benefits for lenders

The broking industry is helping to realise important benefits for lenders by enabling new players to enter the market, expanding their market reach and connecting them with a broader pool of prospective customers. Brokers also benefit larger lenders by improving their ability to make costs more variable, invest in technology that can be used at scale by brokers and customers alike and improve qualification of applications.

Driving improved outcomes for Australian consumers

A healthy mortgage broking industry drives significant benefits for lenders and consumers by promoting competition between lenders, expanding choice for consumers and providing them with the knowledge and expertise to navigate a complex marketplace.

Mortgage brokers are driving benefits for different consumer segments such as first home buyers and customers in regional areas. Our survey finds 45% of brokers' owner occupier customers are first home buyers, compared to 30% in the overall market. Brokers also make a significant contribution across Australia's regional areas. 1 in 4 mortgages arranged by brokers are for customers located in regional and rural areas, reflective of the national population distribution (27% in regional and remote).

Mortgage brokers help consumers to navigate a complex loan market, delivering important **efficiency and equity benefits for Australian consumers**. This role is more important than ever as cost of living pressures continue to impact consumers.

ECONOMIC CONTRIBUTION OF THE MORTGAGE AND FINANCE BROKING INDUSTRY

Economic contribution

$4.1 billion in economic activity to the Australian economy in FY23.

Value Added

$3.3 billion in direct Value Added and **$800 million** in indirect Value Added.

Total workforce

37,349 jobs supported including 31,899 direct and 5,450 indirect through broking activities.

Driving competition

0.35% average reduction in interest rates achieved for those who are successfully repriced.

Consumer benefits

The growth of mortgage brokers is correlated with reductions in mortgage interest rates for borrowers.

Executive Summary continued

In addition to traditional broking services, brokers provide important education support, spending approximately **11% of their time educating and preparing each customer** for mortgage applications. In doing so, brokers are helping Australians to overcome barriers to access and boost low financial literacy levels, with brokers reporting that 41% of their customers had lower perceived financial literacy. Australia is ranked in the top 10 countries for financial literacy, yet 8.5 million or 45% of adults were estimated to have low financial literacy levels in 2020.[5]

The strong retention of existing customers demonstrates the valuable role brokers play in serving their clients. Repeat customers (44%) and referrals from customers (28%) are the key leads for generating new business, according to surveyed brokers.

Commercial and asset finance

Residential lending continues to be the core business of most broker portfolios for businesses surveyed, yet the industry has observed trends towards commercial and asset lending.

Commercial lending refers to financial products provided to businesses for purposes such as property acquisition, development, and operational financing. Based on our survey, 13% of brokers are commercial lending focussed, writing 25% or more of their settlements as commercial loans in FY23/24, however this remains an emerging growth areas for the profession.

Extending mortgage broking services to include asset finance and commercial lending provides broader benefits to broker customers across a more diverse range of financing needs. This is particularly noticeable within the Small and Medium Enterprise (SME) segment where there are residential and business financing needs.

Where to next for the industry?

The future of the mortgage and finance industry in Australia is expected to be shaped by evolving customer expectations, technological adoption and regulatory changes.

Mortgage brokers have **experienced rapid change in technological adoption,** with digital platforms such as Artificial Intelligence (AI) and data analytics streamlining processes and enabling brokers to offer more personalised and efficient services. Brokers now conduct **three times more communication on a digital platform** during the broking process since the 2018 report, enabling them to reach a wider customer base. Staying up to date with these trends will be crucial for maintaining a competitive edge.

Economic factors including shifting interest rates, rising cost of living and the impacts of constrained housing supply will continue to impact consumers and drive demand for broker services. Brokers must remain responsive to these changes to effectively meet client needs. A strong commitment to ongoing professional development will be essential to maintaining quality of service, building customer relationships and attracting a strong and diverse pipeline of brokers into the workforce.

By focusing on offering a professional and personalised service, leveraging emerging technologies and keeping step with regulatory changes, mortgage and finance brokers can harness the opportunities ahead and continue to support Australians on their home ownership and business financing journeys.

Deloitte

KEY BENEFITS OF THE MORTGAGE AND FINANCE BROKING INDUSTRY

Consumer benefits

45% of brokers' owner occupier customers are first home buyers, compared to 30% in the market.

Commercial lending

13% of surveyed brokers are commercial lending focussed, writing 25% or more commercial loans.

Lender benefits

Brokers expand lender market reach and help new players to enter the market.

Guiding consumers

In addition to traditional broking services, brokers spend 11% of time educating customers for mortgage applications.

Education and regulation

86% hold qualifications equal to or above a Diploma in Mortgage Broking Management Services.

Introduction

Introduction

The mortgage and finance broking industry plays a pivotal role in Australia's economy, acting as a crucial link between consumers, businesses and lenders. By facilitating access to residential and commercial products and services, brokers support millions of Australians to secure homes and achieve their financial goals. In doing so, the broking industry makes a significant contribution to economic growth and stability.

A healthy mortgage and finance broking industry drives significant benefits for lenders, consumers and business owners through providing greater transparency, promoting competition between lenders, expanding choice for borrowers and providing them with the knowledge and expertise to navigate an increasingly complex marketplace.

The industry is growing, having reached 22,031 brokers at the end of March 2024.1 The industry's growth has been driven by a combination of a strong customer value proposition, strong demand for housing and business finance, evolving customer needs and an increasingly competitive financial services sector.

The financial services sector and mortgage and finance broking industry are closely regulated by the Australian Securities and Investment Commission (ASIC) and other regulatory bodies. The industry has experienced significant regulatory changes, including the introduction of the Best Interests Duty in January 2021 which gives statutory recognition to consumer protections and requires brokers to act in the best interests of their consumers when providing credit assistance.

Brokers have responded well to regulatory changes, with 56% of brokers reporting that the changes have improved trust in the sector - **ten times as many as reported a negative impact to their business.**

More recently in March 2022, the Council of Financial Regulators and the Australian Competition and Consumer Commission (ACCC) announced a review into mortgage broker remuneration was no longer required due to a lack of evidence of consumer harm or broker misconduct from the current remuneration structure.

Deloitte has been engaged to produce a report that provides an evidence base about the role of the mortgage and finance broking industry and its value to the Australian economy. This research provides an update and expansion of the previous Value of Mortgage Broking Report, published in 2018.[2]

This edition explores the impact of current and emerging trends including the rising prominence of Environmental, Social and Governance (ESG) considerations, shifts in technological adoption for consumers and brokers, the changing face of the broker industry and evolving consumer needs in response to challenging economic circumstances.

About this report

The report demonstrates the importance of the mortgage and finance broking industry to the Australian economy and the value of brokers to Australian consumers and small businesses.

This analysis is informed by a range of quantitative and qualitative evidence including:

- Economic Contribution modelling of the contribution of the mortgage and finance broking industry to the economy in terms of Value Added, and employment;
- Analysis of Australian Financial Complaints Authority data;
- Publicly available and industry data on workforce composition;
- Survey and consultation evidence collected on the services mortgage and finance brokers provide;
- Analysis of the relationships between broker market share and net interest margins (recognising that brokers are just one of the forces impacting competition in recent decades).

A bespoke survey was conducted with responses received from a nationally representative sample of 443 individual mortgage brokers and 393 mortgage broking businesses, as well as 7 aggregators and sub-aggregators. Appendix A contains further information related to the survey methodology.

Introduction continued

Beyond the quantitative survey insights, assessment of the value provided by mortgage brokers is supported by insights compiled from in depth consultations with brokers, aggregators, lenders, MFAA and CAFBA. Appendix B contains a full list of organisations consulted as part of this research.

The remainder of this report is structured as follows:

Chapter 1 provides information on the evolution of the mortgage and finance broking industry in Australia including key descriptive statistics, regulatory context, background on the broking ecosystem and key participants. It sets out the roles and responsibility of industry participants, including information on training, educational and professional qualifications, geographic coverage, years of experience, gender composition and average income.

Chapter 2 explores the economic contribution of the mortgage and finance broking industry to the Australian economy in terms of direct and indirect Value Added and employment.

Chapter 3 examines the outcomes and benefits brokers provide to consumers including through their role in improving education and financial literacy, technology adoption and their contribution to sustainability.

Chapter 4 explains the value proposition brokers provide to lenders through reducing distribution costs, driving innovation and improving accessibility for smaller and digital only lenders, as well as considering the role of aggregators.

Chapter 5 analyses the role of brokers in enhancing competition and choice through examining the growth in broker market share, as well as examining the role of brokers in enabling new lenders to enter the market.

Chapter 6 examines key trends across the commercial and asset finance broking sector of the lending market including trends in commercial transactions, key differences between mortgage and finance brokers and priority areas for future growth.

Appendices present the survey methodology, further detail on the economic contribution analysis and information on industry participants consulted as part of this work.

1

The mortgage and finance broking industry in Australia

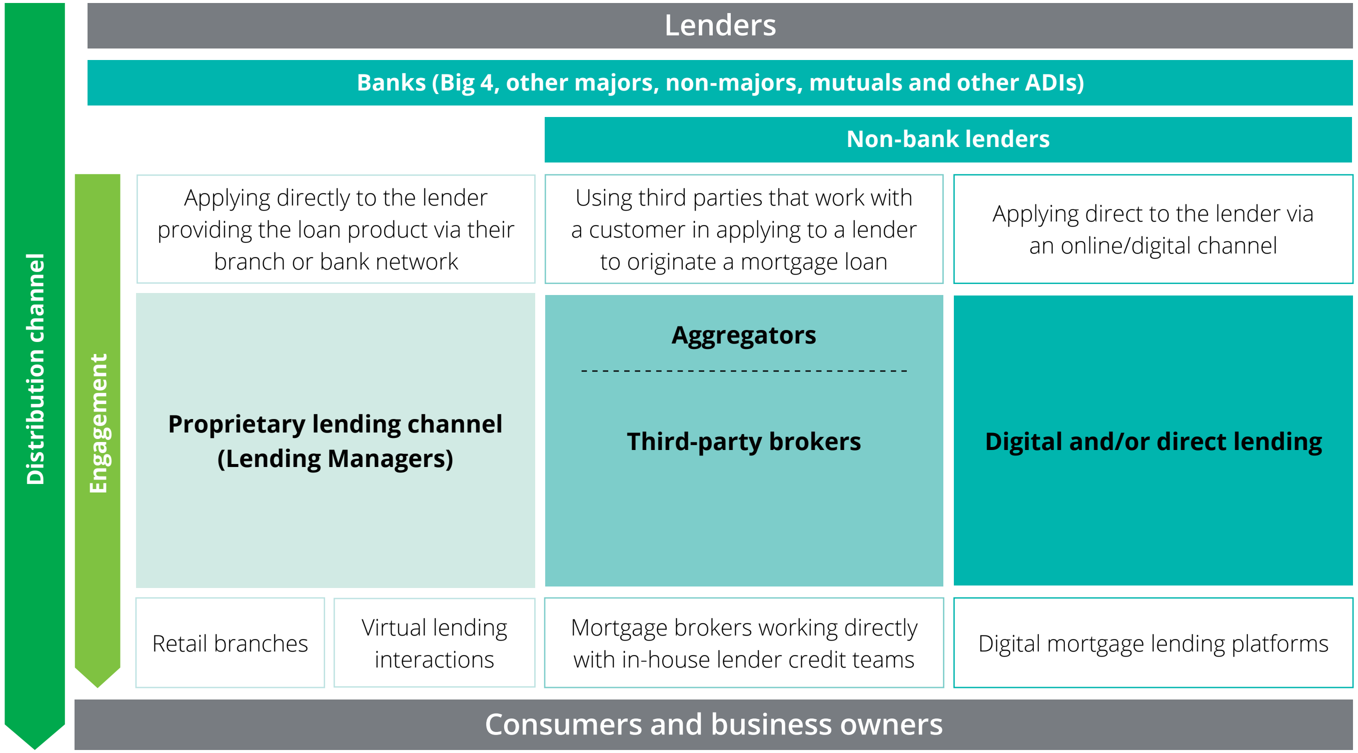
The mortgage broking ecosystem in Australia

Brokers are increasingly playing a larger role in the distribution of credit products to consumers and business owners.

The broking ecosystem

Brokers play a critical role in connecting consumers to a variety of different lenders. Lenders can distribute their products directly to the end borrower or via a broker. The presence of brokers in the Australian lending market has made it possible for new lenders to build presence without the need to establish a retail branch network.

Figure 1.1 Consumer access to lender finance via different channels



Key participants in the broking ecosystem

Lenders provide finance to borrowers seeking to buy a home. The Australian home loan market has a range of active lenders including the four major banks, a mix of mid-tier banks, international banks, credit unions and non-bank lenders.

Lending managers are employed by lenders and sell home loans on behalf of a particular organisation. They only have access to their lender's products.

Mortgage brokers work as sole traders or within multi-broker businesses to facilitate access to residential mortgages and/or other financial services credit products (e.g. asset finance, commercial loans).

Aggregators act as an intermediary between lenders and mortgage brokers and may also hold an Australian Credit License (ACL) under which mortgage brokers can seek authorisation as credit representatives.

Other notable participants

Referrers are individuals or businesses that collect details of consumers and refer them to brokerage businesses or to lenders. Unlike brokers, referrers are unlicensed so cannot provide credit services to consumers or assist them in applying for a loan.

Comparison websites contain information on loan interest rates and product attributes to generate sales for lenders. Website owners are remunerated by lenders based on the number of click-throughs by consumers to the lender's website.

Evolution of the mortgage and finance broking workforce in Australia

Finance and mortgage brokerages have undergone significant change over the last seven years driven by regulatory changes, technological advancement and shifts in consumer expectations.

Our analysis of industry and publicly available data highlights changes in the industry workforce over the past seven years:

Key insights	2017/18	2023/24	Change
The mortgage and finance broking industry is **growing.**	In 2018, there were **17,040** mortgage brokers.	In 2024, there are **22,031** mortgage brokers.[1]	+29%
	In 2018, there were **8,126** mortgage broking businesses.	In 2024, there are **10,635** mortgage broking businesses.[2]	+31%
	In the six months prior to Sep 2018, **12%** of total brokers were recruited and **11%** left the business.	In the six months prior to March 2024, **9%** of total brokers were recruited and **8%** left the business.[1]	-3%
Industry is marked by a **high level of experience.**	In 2018, **38%** of brokers had 5+ years' experience. **13%** had <1.year.	In 2024, **56%** of brokers had more than 5 years' experience. **11%** had <1 year.[1]	+18%
Mortgage brokers settle a **higher share of residential loans than in 2017**	As at Sept 2017, mortgage brokers settled **56%** of all residential loans.	As at Sept 2024, mortgage brokers settled **74.6%** of all residential loans.[1]	+16%
Gender diversity remains consistent at 27%.	In 2018, female brokers represented **27%** of the workforce.	In 2024, female brokers represented **27%** of the workforce.[1]	+0%
Average total value of new loans is increasing.	In 2018, average total monthly value of new home loans settled was **$1m** per broker.	In 2024, the average total monthly value of home loans settled was **$1.4m** per broker.[1]	+42%

[1] Of responding brokers, according to latest IIS data (2024)
[2] According to latest IbisWorld data

Evolution of the mortgage and finance broking industry in Australia

Finance and mortgage brokers have changed in terms of their growing role and increasing professionalisation.

Role of mortgage and finance brokers

Mortgage and finance brokers help lenders without physical retail branches and help lending markets operate more efficiently. They act as intermediaries to provide consumers and businesses with information and assist them to apply for credit products. For lenders, brokers provide an additional channel to consumers and businesses, allowing less established lenders to reach new customer segments.

Brokers who deal predominantly in commercial finance and asset finance are referred to as commercial and asset finance brokers.

Mortgage brokers provide their credit services to customers under the National Consumer Credit Protection Act 2009 (National Credit Act). This Act regulates the activities of institutions that engage in credit activities, including providing credit assistance to consumers and acting as an intermediary.

Mortgage brokers can hold their own credit licence or be authorised as a representative of another's credit licence, often their aggregator. All mortgage brokers must go through competence assessments and periodic conduct reviews.

Commercial finance brokers help clients secure commercial and asset finance solutions tailored to the needs of small businesses and consumers.

Mortgage brokers help clients secure consumer credit, predominantly home loans.

Education and standards

Broker education and training

Mortgage brokers that engage in lending regulated by the National Credit Act must have, as a minimum, a Certificate IV in Finance and Mortgage Broking.[4] Industry bodies such as the MFAA also require mortgage brokers to have a Diploma in Finance and Mortgage Broking Management.

By statutory requirement, mortgage brokers are required to spend a minimum of 20 hours per year in continuing professional development (CPD) activities. The MFAA also requires a minimum of 30 hours.[5] As part of accreditation processes, many lenders and aggregators also require membership of an industry body.

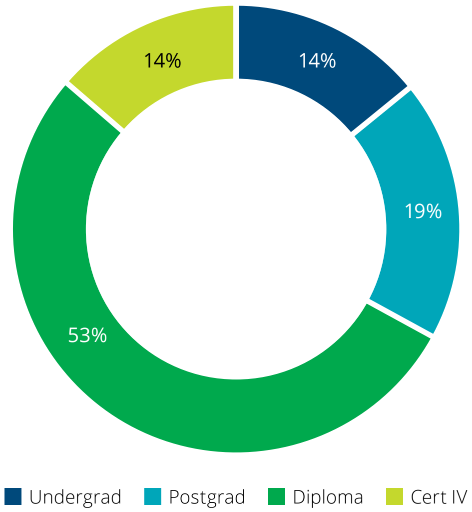
For commercial brokers, requirements are generally more specific to the skillset required to deal with commercial customer needs. Often this requires direct commercial lender accreditation and/or aggregator group specific training for such brokers. Many are members of the industry association Commercial and Asset Finance Brokers Association (CAFBA).

Most brokers have a diploma as their highest qualification (53%), however our survey found that 86% of brokers hold qualifications equal to or above a diploma in Mortgage Broking Management Services, as shown in Chart 1.1. Within this cohort, over one third of responding brokers held an Undergraduate or a Postgraduate degree qualification, meaning brokers represent a highly qualified industry.

Key insights:

- **86% of surveyed brokers hold qualifications equal to or above a Diploma** in Mortgage Broking Management Services. One third of brokers hold an Undergraduate or Postgraduate degree (33%).

Chart 1.1: Share of brokers with the following as their highest qualification



Note: Cert IV and Diploma refer to qualifications in Finance and Mortgage Broking Management

Source: Deloitte Broker Survey

Broker remuneration and business models

Mortgage broker remuneration is aligned with securing of finance for their customers.

A commission-based model

Mortgage brokers are remunerated by lenders once a customer has their finance needs fullfilled and a loan is entered into. The broker remuneration model comprises three key components:

- an **upfront commission –** which is a percentage of the drawn loan amount and net of any offset account, paid to the broker (via their aggregator) at the time of settlement;
- a **trail commission –** an ongoing payment calculated as a percentage of the outstanding drawn loan balance monthly over the life of loan (or shorter if stipulated by the lender); and
- **clawback provisions –** which allow lenders to reclaim part or all of the upfront commission if the loan is repaid, refinanced, or discharged within a specified period, typically up to two years.

Whilst the Banking Royal Commission also recommended changes to mortgage broker remuneration - specifically shifting from lender-paid commissions to a consumer-pays model, this proposal was not implemented due to concerns that it could reduce competition in the lending market and limit borrower choice.

A proposed review by the Council of Financial Regulators and the Australian Competition and Consumer Commission into broker remuneration was subsequently cancelled, with the Federal Government citing sufficient progress in addressing conflicts of interest through existing reforms, such as the introduction of the Best Interests Duty and to a lack of evidence of broker misconduct and consumer harm from the current remuneration structure.[6]

Broker incomes

Analysis of our bespoke broker survey identified the following key dimensions and facts about broker remuneration:

- Within our survey sample, sole trading brokers had an average revenue (before business expenses), of $182,040 after weighting for experience.
- This represents 11.5% growth in real terms on levels reported in the 2018 report- increasing from $163,200, when adjusted for inflation.

More experienced brokers, who tend to have higher revenues, were overrepresented in the survey, with 77% of surveyed brokers having 5 or more years experience compared to 56% overall. Just 5% of respondents had fewer than 2 years, compared to 15% overall. We have normalized for this in our average revenue calculation above.

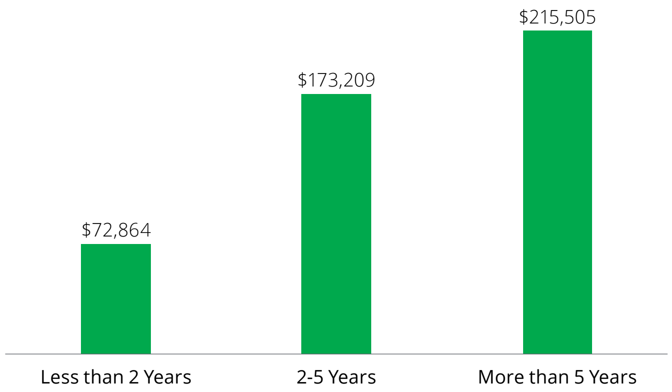
For the period April 2023 to September 2023, the MFAA estimates that average gross annual commission (prior to costs) is around $192,354.[7] Out of these gross commission figures, brokers pay fixed costs for their business including premises, service fees paid to aggregators, marketing and communications expenses, support staff salaries and wages, and other costs.

Increases in broker remuneration can be associated with increases in the national average dwelling price and the average value of owner occupier loans, as well as productivity improvements.

Key insights:

- Average revenue (before expenses) for sole traders in our survey with two to five years of experience is **$173,209,**
- For surveyed brokers with more than five years experience, the average revenue before expenses is **$215,505**.
- This is consistent with average income reported in Industry Intelligence Survey 17.

Chart 1.2: Average revenue (before expenses), by broker experience



Source: Deloitte Broker Survey (2024)

Growth of the mortgage and finance broking industry in Australia

Mortgage and finance brokers are responding to meet the evolving needs of clients and the dynamic financial landscape.

Industry snapshot

22,031 mortgage brokers in 2024

56% of brokers have 5+ years' experience

27% of brokers are female

2 brokers per average business

Growth of mortgage broking

The role of mortgage brokers are continuing to evolve in response to customer needs. Initially, brokers provided price comparison services and prepared applications for loans. Now, brokers are increasingly investing in upfront education of consumers, helping them to navigate lending policy and requirements, as well as ongoing optimisation based on changing customer needs.

Shifting first and third-party channels – Together with larger banks reducing their proprietary channel footprints, particularly in regional areas, brokers provide a critical service to enable lending choice for these customers. Brokers provide smaller and specialised lenders the ability to meet specific customer needs that would be a struggle to do so directly.

Mortgage brokers now account for 75% of all residential loans written in Australia, up 18 percentage points from 2017.[8] Mortgage brokers arranged an estimated $353 billion of new residential home loans in Australia for the year to March 2024.[9]

Brokers are adapting to new regulations, embracing digital tools, expanding their services, facing increased competition, and pursuing more personalised guidance and product recommendations to better serve the best interests of their customers.

Changing face of the broker workforce

As the role of an Australian broker has evolved, so to has its workforce. The industry has reached new heights with 22,031 brokers in 2024, following strong growth in both the share of loans written by brokers and recruitment into the industry.[10]

This report analyses both the shape and composition of the industry:

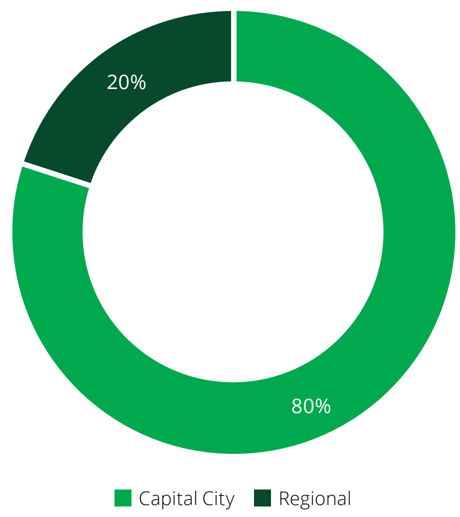
- **Growth of brokers across regions** – One fifth (20%) of brokers are located now outside of Australian capital cities (Chart 1.3).
- **Gender diversity has remained low with 27% of brokers being women, the same level as in 2017.** Efforts to improve gender diversity are ongoing. When contextualised against the broader finance industry, the broker workforce performs similarly.

Our survey asked brokers which strategies they believe are the most effective for promoting increased diversity and inclusion in the industry. Brokers selected training, mentorship and leadership development programs first and foremost (24%), followed by remote working options (23%) and flexible working (15%). The MFAA acknowledges the need to improve workforce diversity and continues to advocate and champion strategies for Diversity, Equity and Inclusion.

Key insights:

- One fifth (20%) of brokers are located **outside of capital cities,** slightly lower than the proportion of Australia's population that live in regional areas (26%)
- Gender diversity remains low with mortgage brokers identifying **training, mentorship and leadership development programs** as the most effective strategy to promote diversity and inclusion in the industry.

Chart 1.3: Location of Brokers



Source: Deloitte Broker Survey (2024)

Regulatory reform context

Regulatory reform was codified by legislation introduced following the Banking Royal Commission.

The regulatory environment prior to this report is highlighted in the 2018 report. This section discusses key regulatory updates in the period since the previous report.

Regulatory reform context

Mortgage brokers in Australia operate within a stringent regulatory environment designed to ensure customer protection and market integrity. Brokers are required to adhere to ongoing compliance requirements, responsible lending obligations, training standards and report any breaches to ASIC. This is particularly the case following the Royal Commission into the Banking, Superannuation and Financial Services industry in 2017 (Banking Royal Commission), which identified compliance issues resulting in poor customer outcomes across the financial services sector.

In 2017, the Combined Industry Forum (CIF) implemented key self-regulatory reform initiatives in response to the ASIC Report 516 Review of Mortgage Broker Remuneration to improve customer outcomes, reduce conflicts of interest, and strengthen governance within the mortgage broking industry.

These initiatives included changing the commission structure to "net of offset" or utilisation-based payments and banning volume-based and campaign-based incentive payments. The CIF addressed soft dollar benefits and volume-based incentives, recommending education-focused conferences and restricting entertainment benefits.

Further reforms included clearer disclosure of ownership structures, introducing a public reporting regime on customer outcomes and competition, and enhancing governance frameworks with regular reviews, broker monitoring, and customer feedback mechanisms.

The majority of these self-regulatory initiatives were codified by legislation introduced as a result of the Banking Royal Commission, as set out in Table 1.1 and below.

Design and distribution obligation rules intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric approach to designing and distributing products,[11] noting that only record keeping and notification obligations will apply to mortgage brokers.[12]

Established role of industry bodies through existing association codes of practice and membership requirements relating to learning and development.

Changes to Consumer Data Right (CDR) saw mortgage brokers listed as 'trusted advisers,' enhancing data access for brokers, while providing customers with improved, personalised advice and greater data control.

The expansion of the reference checking protocol now allows mortgage aggregators to share references about brokers, enhancing due diligence.

Establishment of ASIC's **Regulatory Guide 271: Internal Dispute Resolution (IDR)** outlines mandatory reporting requirements for brokers and aggregators to submit bi-annual complaints data to ASIC, including information on volumes, types, resolution timeframes, and outcomes.

Table 1.1: Key reforms codified by the Banking Royal Commission

Key reform	Description
Best Interests Duty (BID) and Conflict Priority Rule	Brokers must act in the best interests of their clients and in the case of a conflict prioritise the interests of their clients over their own.
Net of Offset Commission Structure	Upfront commissions are based on the drawn-down loan amount, net of offset balances, to discourage brokers from recommending unnecessarily large loans.
Clawback Provisions	Brokers are prohibited from passing clawback costs to customers, holding brokers accountable for loans repaid or refinanced within a set period.
Ban on Volume-Based and Campaign-Based Payments	Volume-based bonuses and campaign incentives were eliminated to reduce conflicts of interest and ensure brokers focus on achieving good customer outcomes.
Restrictions on Soft Dollar Benefits	Educational and business-focused requirements for conferences, hospitality, and gifts were introduced, along with caps on entertainment and benefit values, to minimise undue influence.
Reference Checking Protocol	A formal reference checking system was introduced for mortgage brokers, requiring licensees to share key information about broker conduct to prevent individuals with poor records from moving unchecked within the industry.

Source: The MFAA (2024)

Regulatory reform context

Regulatory reforms over the last 6 years have assisted in maintaining strong protections for consumers.

What does this mean for consumers?

- **Improved service quality** with a focus on ensuring customers' needs are prioritised.
- **Consumer confidence.** Changes to conflicted remuneration mean greater confidence that brokers are providing unbiased assistance, free from incentives that may compromise the quality or suitability of products.
- **Data shared more easily.** For customers, the Consumer Data Right means greater control over their financial information, enabling them to securely share data with brokers as trusted advisers for more personalised services.

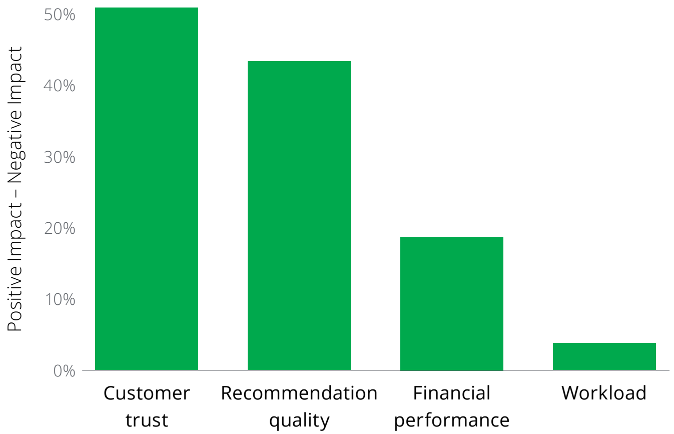
What does this mean for brokers?

- **Obligation to consumers.** Brokers have a legal obligation to act in the best interests of the customer. This is a powerful marketing vehicle and customer value proposition as best interests duty applies to brokers, and not banks or lenders.
- **Reinforced commission-based remuneration model,** having removed volume bonus and 'soft dollar' payments to address risks associated with conflicts of interest.
- **Increased compliance costs.** Evidence of compliance with the best interests obligations will come mainly from broker records.10 Brokers are required to report breaches to ASIC.
- **Changing business models** to be able to meet ongoing professionalism and compliance requirements, encouraging more broking businesses rather than sole practitioners and encouraging greater leveraging of data and technology.
- **Industry professionalisation.** There has been a push to improve the professional standards and education requirements within the industry, with most aggregators and lenders requiring association with MFAA, FBAA or CAFBA.

The impact on brokers

The industry is responding well to regulatory changes, supporting a better broking industry. Our survey found the Best Interests Duty has improved trust and quality in the industry, without harming financial performance or workload (Chart 1.4).

Chart 1.4: Impact of regulatory changes on brokers' businesses



Source: Deloitte Broker Survey (2024)

Figure 1.2: Key regulatory changes for mortgage brokers since 2017

14 December 2017	Royal Commission into the Banking, Superannuation and Financial Services Industry
1 February 2019	Final Report of the Financial Services Royal Commission tabled in Parliament
24 June 2020	ASIC publishes new regulatory guidance (RG 273) for mortgage brokers to assist in the application of the new best interests duty
17 December 2020	Omnibus Act includes reference checking, breach report and remediation requirements
1 January 2021	Best interests duty and addressing conflicted remuneration for mortgage brokers legislated by Parliament through the National Credit Act.[11]
9 March 2021	MFAA Code of Practice & Disciplinary Rules reauthorised by ACCC
5 October 2021	Design and Distribution Obligation laws commence/RG271 Internal Dispute Resolution effective
February 2022	Brokers as Trusted Advisers can access Consumer Data Right (CDR) data
March 2022	Council of Financial Regulators and ACCC announce cancellation of mortgage broker remuneration review
July 2024	Expansion of reference checking protocol

Source: Deloitte (2024)

2

Contribution to the Australian economy

Economic contribution of the mortgage and finance broking industry

The mortgage and finance broking industry makes a substantial contribution to the Australian economy.

Contribution to the Australian economy

The mortgage broking industry contributed an estimated $4.1 billion to the Australian economy in 2023/24 and supported the employment of 37,349 workers.

This includes **$3.3 billion** in direct Gross Value Added (GVA) and 31,899 employees in direct employment, including brokers and support staff. The mortgage broking industry indirectly supported Australian businesses in other industries in the economy, contributing **$801 million** in indirect Gross Value Added and employing **5,450 workers,** as shown in Table 2.1.

This section summarises the results of the economic contribution analysis, with detailed methodology presented in Appendix C.

What does this mean for brokers?

The direct economic contribution of mortgage broking comprises of the wages (the income earned by individual brokers and support staff) and profits (gross operating surplus (GOS)) of mortgage broking businesses, plus taxes. To calculate the direct economic contribution of the mortgage broking industry, we made the following assumptions:

- Revenue per broker (prior to costs) across the industry is equal to $192,000, as per the MFAA IIS data (17th Edition).[1]
- The shares of revenue allocated to wages, non-wage costs and profits reported in our survey are representative of the entire industry;
- The ratio of FTE support staff to FTE brokers is 0.44 to 1.

Based on our survey and latest IIS data, direct employment in the mortgage and finance broking industry is estimated to be 31,899. This includes 22,031 brokers (8,963 sole traders and 13,068 brokers working in a business) and 9,868 support staff.

The **direct economic contribution** of the mortgage broking industry in 2023-24 is estimated to be $3.3 billion.

Indirect economic contribution

The indirect economic contribution of mortgage broking is the economic activity and jobs created in service industries supplying inputs to the mortgage broking industry.

The **indirect economic contribution** of the mortgage broking industry is estimated to be $801 million in Gross Value Added and 5,450 indirect jobs supported in the broader supply chain.

Our estimates assume:

- the structure of broking businesses' non-wage costs in our survey is representative of all mortgage broking businesses;
- Expenditure by mortgage brokers is spent as per the ABS IO industry 'Auxiliary Finance and Insurance Services'.[2]

Chart 2.2 on the following page shows the share of expenditures of this industry as per the ABS I-O table (2021-22). Share of expenditures data provides valuable insights into the flow-on industries which are supported by the mortgage and finance industry, through the purchase of goods and services.

What is economic contribution?

The economic contribution of the mortgage broking industry is measured in terms of the gross value added (GVA) to the economy and the number of workers the industry employs. GVA is the difference between the value of the inputs (i.e. labour, capital) into the mortgage broking industry and the value of the outputs (i.e. the services they provide). The sum of GVA across all entities in the economy equals gross domestic product (GDP).

Table 2.1: Total economic contribution of the mortgage broking industry, 2023-24

	Direct	Indirect	Total 2023/24	Total 2016/17*
Gross Value Added ($m) (GVA)	$3,304	$801	**$4,104**	$3,472
Employment	31,899	5,450	**37,349**	27,144

* 2024 dollars.

Source: Deloitte Broker Survey, ABS IO tables 2021-22, IIS (2024)

Economic contribution of the broking industry

The broking industry makes a substantial contribution to the Australian economy.

Total contribution

The total annual economic contribution of the mortgage broking industry is $4.1 billion in Gross Value Added, with $3.3 billion of this is being direct Value Added. The industry supported 37,349 total jobs in 2023-24 including direct employees such as aggregators, sole traders, brokers working in a business and support staff, as well as indirect jobs supported through broking activities.

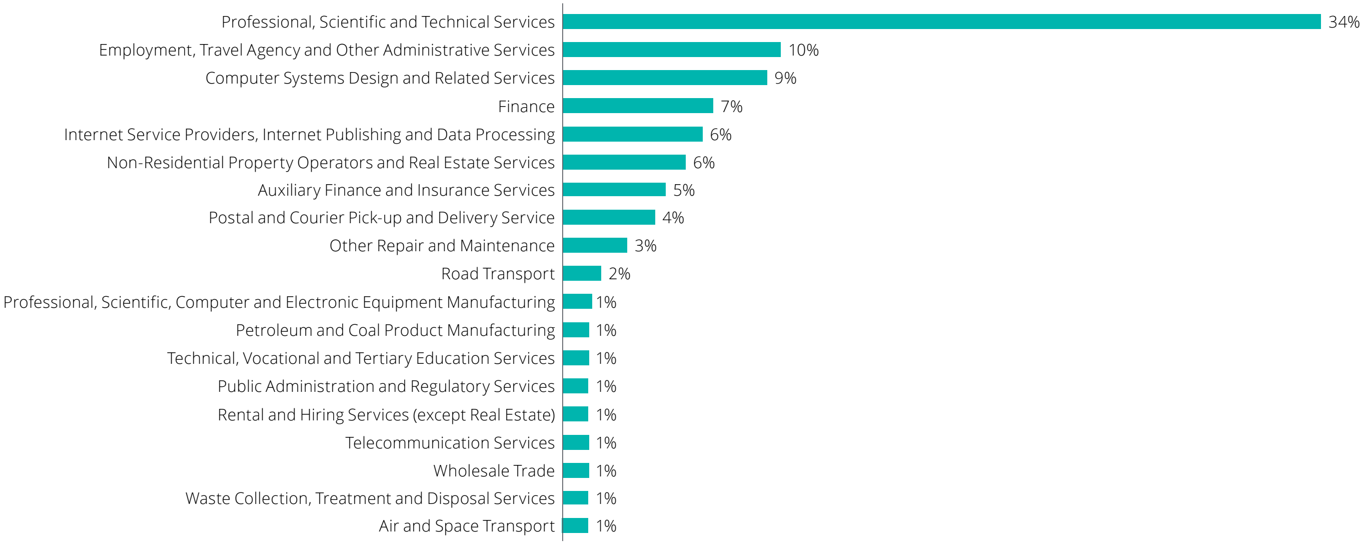
This represents an 18% increase in total contribution since 2016-17, when adjusted for inflation. This can be attributed partially to workforce growth, expanding market share and loan values.

Broader social benefits

The mortgage and finance broking industry also generates substantial social benefits beyond its quantified economic contribution. The industry creates high-value job opportunities in rural and remote communities across Australia, as well as supporting increased home ownership for first time buyers or other vulnerable consumer segments.3 Many brokers also have social responsibility strategies in place to give back to their respective communities.

Brokers work with their customers to enhance their financial literacy levels and improve understanding of the consumer credit and mortgage market, protecting vulnerable customers against the risk of fraud. These benefits are discussed further in Section 3.

Chart 2.2: Share of goods and services purchased by the Auxiliary Finance and Insurance Service industry, 2021-22.



Source: ABS Input-Output tables, 2021-22, Deloitte analysis (2024)

The Value of Mortgage and Finance Broking 2025

KEY FIGURES FOR THE ECONOMIC CONTRIBUTION OF THE BROKING SECTOR

Economic contribution
$4.1 billion in economic activity to the Australian economy in FY23.

Direct contribution
$3.3 billion in direct contribution to the Australian economy.

Indirect contribution
$801 million in indirect contribution supported through broking activities.

Workforce
37,349 total jobs supported in 2024 including **31,899** direct employees (brokers and support staff) and **5,450** indirect jobs.

3 Consumer value proposition

Value proposition for consumers

Brokers are delivering value to consumers in the face of evolving customer needs and challenging economic circumstances

Evolving customer needs

Customers are increasingly seeking out more personalised financial solutions, driven by a desire for tailored mortgage products. There is a strong preference for digital convenience, personalised service, coupled with clear communication about loan terms and fees. Customers expect brokers to act in their interests, provide proactive guidance and offer ongoing support to ensure mortgages remain competitive.

Navigating challenging economic times

In the past several years, challenging economic circumstances have put pressure on household incomes and driven increased demand for brokers' expertise. With fluctuating interest rates, mortgage stress, stricter lending criteria and heightened market uncertainty, brokers are now more crucial than ever in guiding clients through complex financial decisions. In response to these challenges, brokers have adapted to help clients navigate refinancing options and manage financial risks.

Key outcomes for consumers

Strong retention of existing customers: Most brokers receive the bulk of their business through repeat customers and referrals. Consumers that use mortgage brokers value the personal relationships and support offered throughout the life of the loan.

Our survey finds **72% of a broker's business comes from existing customers or referrals** from a customer, demonstrating high levels of customer satisfaction (Chart 3.1).

Brokers are simplifying a complex marketplace and improving consumer choice. By leveraging their expertise and understanding of individual needs, mortgage brokers provide clients with tailored advice to guide them in identifying the best solution for them.

Mortgage brokers reduce the time, effort and resources involved in finding the right loan for customers by helping them compare deals across lenders. This is especially valuable for time-poor clients, helping them navigate the complexities of expanded choices. Brokers play a crucial role in educating clients on the process, empowering them to make informed financial decisions. Brokers present three options on average to each customer.

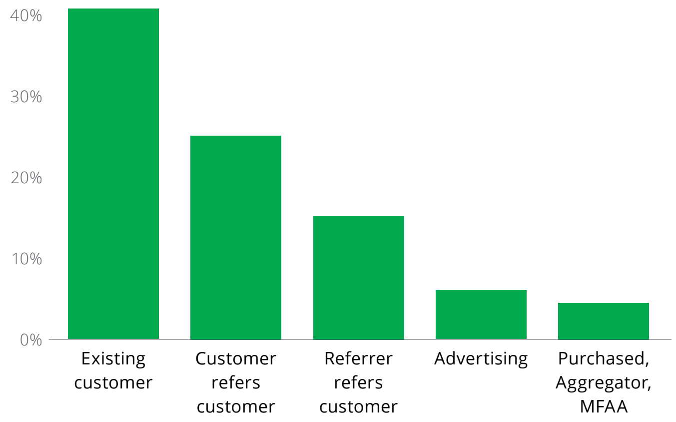
Mortgage brokers provide access to a wider range of products across multiple lenders, ensuring that the clients view the most competitive options for their circumstances. In 2023-24, surveyed mortgage brokers reported that, on average, they are accredited with 23 different lenders through their aggregator and settled loans with 8 different lenders. Beyond this, brokers can access up to 65 lenders through their aggregator panels.[1] Aggregators are the key source of brokers' relationships with lenders. While most brokers are not accredited with lenders outside their aggregator panel, off panel relationships can exist.

Brokers are pro-actively assessing whether consumers are receiving the best rates. Brokers have an informed understanding of the level of competition between lenders and are thus able to provide guidance on better deals available in the market. Survey respondents reported a 0.35% average reduction in interest rates achieved for customers who successfully repriced.

Key insights:

- Strong retention of existing customers and referrals from existing customers demonstrates the ongoing value customers associate with their broker relationships.

Chart 3.1: Repeat customers and referrals from customers are the most common sources of leads for brokers



Source: Deloitte Broker Survey (2024)

Value proposition for consumers

Rapid technological adoption is enabling increased broker efficiency and driving improved consumer outcomes.

Technology as a key industry enabler

Mortgage brokers have experienced rapid change in technological adoption. Brokers are now able to offer faster, more efficient services, providing customers with quicker access to tailored mortgage options. Digital platforms have streamlined loan applications and increased competition, while consumer demand for personalised services has led brokers to diversify offerings.

The top tools currently being used by brokers are typically admin-focused technologies, including digital signing services (84% of brokers), CRM (77%) and cybersecurity (70%). Brokers are planning to implement more advanced technologies in the future, with Open Banking/Consumer Data Right being the most planned for technology (34% of brokers). Generative AI (32%) and mobile apps (31%) were also heavily planned for.

Brokers report that new technologies have sped up the borrowing capacity assessment and client identification stages of the broking process the most (Chart 3.2). These stages typically require manual effort, so technologies such as digital identification verification **reduce application processing times and increase accuracy.**

In another example, CRM software streamlines the broking process by automating and organising customer data into one central place, allowing brokers to more efficiently manage clients and enhance their service offerings.

By reducing the time needed for administrative tasks, brokers can spend more time providing **personalised support** to improve the customer experience.

Generative AI has also been leveraged by brokers to record client meetings, generate marketing, and to assist with client communications.

Mortgage brokers are increasingly using multiple digital communication channels to provide their services, enabling them to reach a wider customer base than previously before. Brokers conduct **three times more communication on a digital platform** than face to face during the broking process.

Digitising the broking process particularly benefits regional and rural customers, as it allows brokers to offer more accessible and timely support, regardless of location.

Future of technology

The broking industry will likely continue to embrace technology as a way to create a more efficient and customer-centric mortgage broking experiences

Brokers have indicated that opportunities for more digital information sharing to allow for consistency in data access between brokers and lenders will assist with offering faster, more accurate loan solutions to customers.

Brokers must remain responsive to changes in technological adoption to remain competitive and effectively meet client needs. A strong commitment to ongoing professional development and digitisation will be essential for maintaining quality of service and strong customer relationships.

Chart 3.2: Areas of broking process most impacted by technology

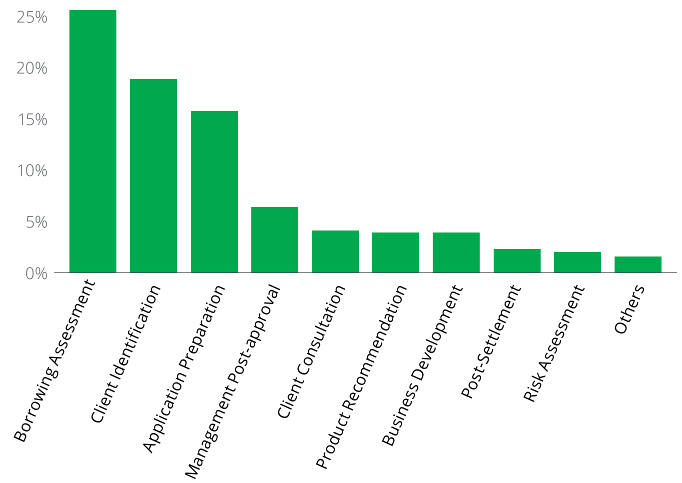
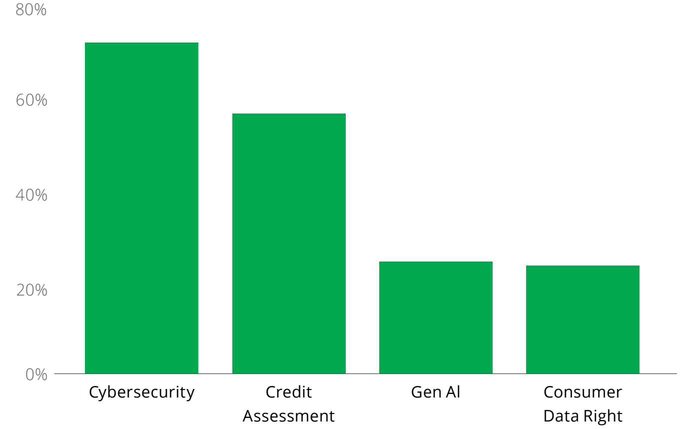


Chart 3.3: Proportion of brokers using key technologies



Source: Deloitte Broker Survey (2024)

Value proposition for consumers

Brokers play a critical role in educating consumers and enabling access to finance

Supporting improved financial literacy

Mortgage brokers play a valuable role in helping consumers to navigate a complex loan market. Customers benefit significantly from the additional support and education provided by brokers, helping them to navigate financial decisions more effectively. Mortgage brokers tailor processes to equip customers with a better understanding of the home buying process.

Brokers are investing more time upfront educating consumers and seeing efficiencies in the latter stages of managing process to settlement and post settlement contact. In addition to traditional broking services, surveyed brokers reporting spending 11% of their time educating and preparing each customer for mortgage applications, empowering them to make more informed and confident financial decisions long term. One third of broker time is spent on assisting a client before they commit to finding a loan (Chart 3.4).

In facilitating greater home ownership, brokers help to achieve a higher standard of living across a wide range of communities.

Increased home ownership has been linked to social benefits, including mental and physical health outcomes, stronger family cohesion, and increased civic engagement.[2] Many of these benefits have positive spillover effects in Australian neighbourhoods.[3]

Reducing access barriers

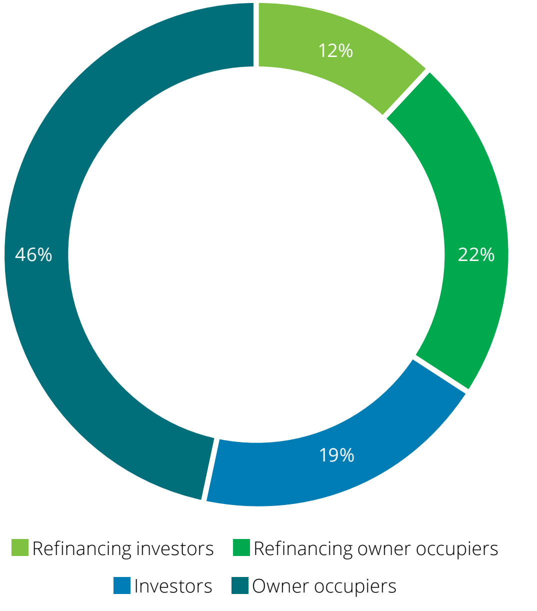
Mortgage brokers help **reduce barriers to entry for customers** that face unique challenges in accessing the housing market, such as first home buyers, regional customers or customers with unconventional lending history. Many have affordability concerns in a competitive market and are less able to access finance alone.

First home buyers represent 45% of mortgage brokers' owner occupier clients (Chart 3.5), compared to 30% in the overall market. As property prices rise, mortgage brokers provide guidance on available grants and loan options to help them with securing a loan.

Regional customers can face similar housing affordability challenges, coupled with fewer bank branches, meaning limited lender choice. Mortgage brokers help to increase access to a greater range of mortgage products. **More than 1 in 4** mortgages arranged by brokers are for customers in regional and rural areas (26%).

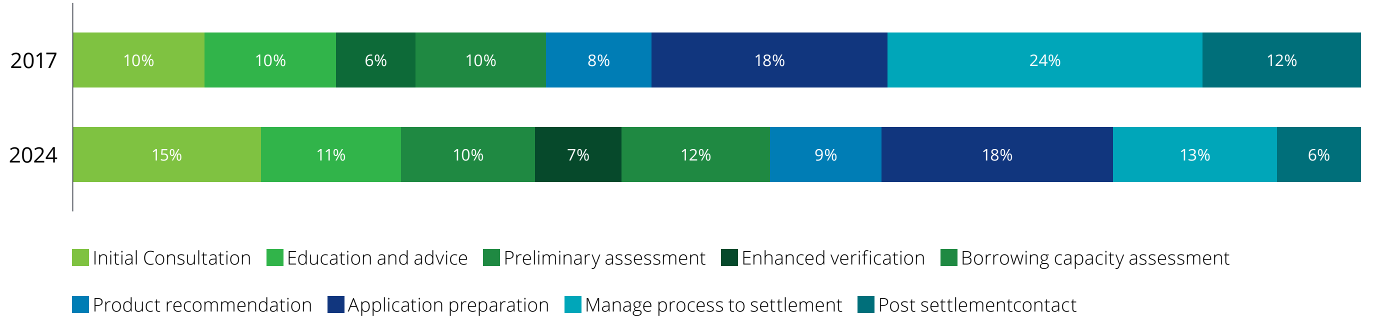
For these consumer segments, brokers offer access to an expanded lender panel for the most appropriate option, and work to expedite mortgage approval within tight timeframes.

Chart 3.5: Breakdown of customer base



Source: Deloitte Broker Survey (2024)

Chart 3.4: Share of time spent on each stage of the broking process, 2017 vs 2024



Source: Deloitte Broker Survey (2024)

Brokers are receiving low levels of complaints

Brokers attract a small number of complaints in proportion to banking and finance, indicating a higher quality of customer experience and greater value delivered to consumers.

Delivering customer satisfaction

Brokers historically have attracted a small number of external dispute resolution (EDR) complaints and despite the growing role of brokers in the lending market, the number of complaints has experienced a steady decline. This suggests broker customers are having a more positive experience compared to customers seeking mortgages through other channels.

Data from EDR body, Australia Financial Complaints Authority (AFCA), suggest changes since the Banking Royal Commission may be improving customer satisfaction for broker businesses. The number of complaints regarding mortgage businesses and brokers shows a reduction in total complaints and proportion of AFCA complaints overall since the Banking Royal Commission.

Chart 3.6 shows the number of complaints from FY20 to FY24 received against mortgage brokers and aggregators (likely reflecting complaints against brokers who operate as credit representatives under aggregator ACLs) is trending downwards. Despite the continued increase in home loans facilitated by brokers, complaints against mortgage brokers and aggregators continue to represent less that 1% of banking and finance complaints.

Complaints against mortgage broking businesses have reduced on average faster than all banking and finance businesses combined. Notwithstanding year-on-year volatility, total complaints relating to mortgage broking businesses dropped 19% between FY20 and FY23. In the period, overall total complaints dropped by 4%.[4]

Key insights:

Customers coming through third party channel are having a positive experience. In FY24, mortgage brokers attracted **less than 4 complaints per 1,000 brokers.**

Mortgage brokers and aggregators consistently represent **less than 1%** of all complaints relating to banking and finance, every year from FY20 to FY24 inclusive.

From FY20 to FY24 **total complaints about mortgage brokers and aggregators reduced by 40%,** recognising the small sample sizes for comparison purposes (Chart 3.6). Over the same period, complaints regarding banks fell 2%.

Complaints regarding housing finance across institutions have **decreased,** from 24% of all banking and finance complaints in FY20 to 19% of complaints in FY23 (Chart 3.7).

Over the same period, the number of complaints relating to banking and finance more generally have fallen by 5% (Chart 3.7).

Chart 3.6: AFCA complaints for brokers and aggregators by FY

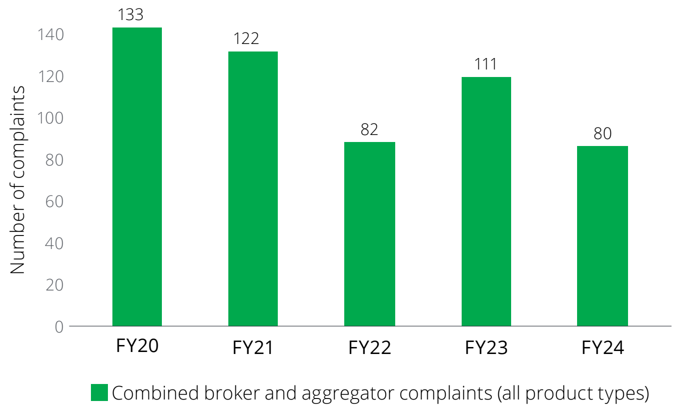
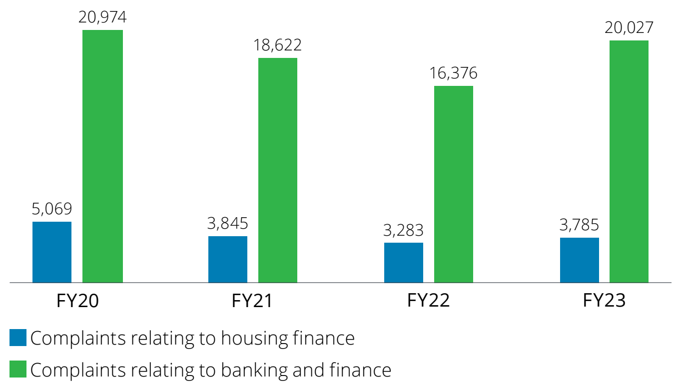


Chart 3.7: Total AFCA complaints for banking and finance entities by FY



Source: AFCA (2024)

Contribution to sustainability

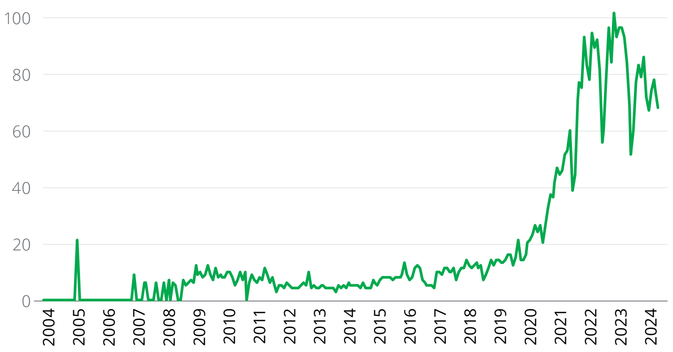
Brokers are linking customers to sustainable lenders and/or finance products that align with their values.

Contribution to sustainability

Recent years have seen strong growth in consumer interest in Environmental, Social and Governance (ESG) factors, demonstrated by a rapid increase in the number of Google searches for ESG (Chart 3.8). ESG is an investing principle that considers the broader impacts of an investment on the environment and social outcomes as well as its financial performance. For example, many investors choose not to invest in fossil fuels or weapons companies.

The rise of ESG is impacting the mortgage market as well, with some borrowers choosing to use lenders that align with their personal values. Aiming to attract these borrowers, many lenders make sustainability and social responsibility a central component of their advertising campaigns and branding.

Chart 3.8: Google Searches related to ESG, 2004-2024. 2023=100



Source: Google Trends (2024)

With many sources of ESG information, brokers play a key role in ensuring that their customers are well informed and able to access a loan from a lender that meets their standards.

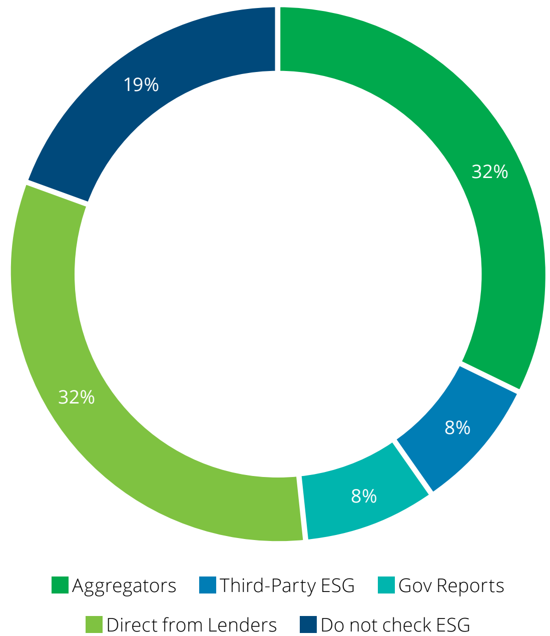
Brokers leverage their relationships with lenders and aggregators to gather information about ESG performance- with **32% of brokers nominating these as their main sources of ESG information (Chart 3.9).** A further 8% used each of government reports and third-party ESG analytics services. Only 19% of brokers reported never checking ESG performance.

The broker survey revealed that ESG remains a small consideration for most customers, with **just 3.5% of customers asking their broker about potential lenders' ESG performance.** While this is a relatively small share of the total market, the large size of the Australian mortgage market means that ESG-concerned customers represent more than $600 million of borrowing each month.

For some brokers, ESG-concerned customers are a significantly greater part of their customer base, with **20% of brokers reporting more than 5% of their clients asked about ESG** and 5% of brokers reporting more than 20%.

As sustainability and social responsibility continue to grow in prominence in the finance industry, brokers will play an important role in simplifying complex information and educating customers. Australian mortgage products that are linked to key sustainability goals may be in high demand over the coming years as consumers seek to align their financial decisions with their values. **Green loans** are an emerging focus, offering consumers with financing options for upgrades to make homes more energy-efficient.[5]

Chart 3.9: Aggregators and lenders are the most common sources of ESG information for brokers



Source: Deloitte Broker Survey (2024)

4

Lender value proposition

Lender value proposition

Brokers offer lenders support in distribution of their products, educating and qualifying customers and broadening market reach.

Brand Presence

In Australia, there are a **total of 138 Authorised Deposit-Taking Institutions (ADIs),** comprising of 98 banks and 40 credit unions and building societies.[1] There are also many more non-ADI financial institutions in Australia.[2] The big 4 banks (CBA, NAB, ANZ, Westpac) and other major lenders (such as Macquarie) are well known due to their market share, however, often smaller lenders are lesser known and not necessarily household names. This presents a gap in public awareness and knowledge of these smaller lenders by the general public.

Per chart 4.1, **brokers, on average, are accredited with 23 lenders through their aggregator.** Without brokers, customers could face reduced choice as they are likely to have less ability to directly access such a range of lenders. They may also be unaware of alternative lenders or lack the confidence to trust them.

Brokers play a crucial role in providing a fair playing field for smaller lenders and supporting their sustainability and growth by improving their awareness with customers. While brokers are accredited with the big 4 banks, the average surveyed broker is accredited with 19 other lenders.

Chart 4.1: Average Broker Lender Panel (Number of Lenders)

Source: Deloitte survey (2024)

Accessibility

For smaller and non-bank lenders, brokers play a key role in introducing customers to their brand propositions and product offerings, while expanding their distribution footprint. By improving awareness of lesser-known lenders, trusted brokers enhance such lenders credibility in the eyes of consumers.

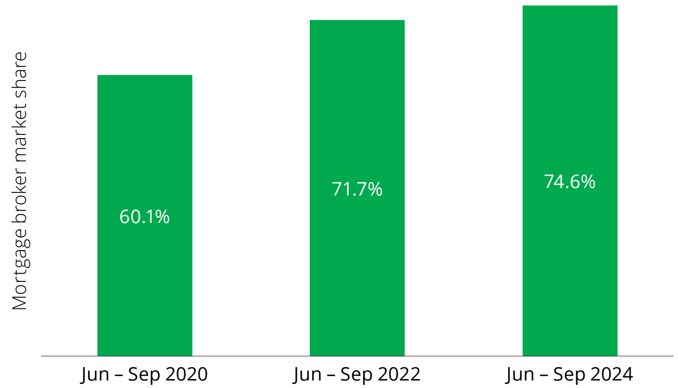
Chart 4.2 demonstrates that, in the September quarter of 2024, **mortgage brokers wrote 75% of all new home loans[3]** illustrating the importance of the broker channel for all lenders. This is especially for non-major lenders where a greater proportion of their loans are typically sold through brokers, although smaller lenders still need the systems to provide services and support to the broker channel.

Brokers are also important for major lenders for many reasons, including that they are versatile and mobile, enabling them to assist customers in accessing finance with major lenders outside of standard branch and bank business hours and in areas where lenders may not have branches due to a lack of economic viability.

Technology has enabled accessibility improvements, with brokers experiencing rapid change in technological adoption. This has been most noticeable for brokers in their Customer Relationship Management systems, their ability to communicate with customers remotely and digital collation and verification of identification and customer information.

Brokers provide an additional line of defence and oversight when evaluating customer documents, for instance being the first screen for detection of fraud and assessing customer borrowing capacity.

Chart 4.2: Quarterly mortgage broker market share



Source: MFAA media release (2024)

Lender value proposition

Brokers provide a flexible sales channel for lenders, promoting innovation and relationships

Variable Cost Model and Flexibility

The broking channel provides lenders with a model for offering loans which can be scaled up or down, without significant additional effort on the lender's part. This channel does not require the same degree of fixed overhead costs as proprietary channels, such as office space and salaries, and is directly proportional to the size of loans written by the brokers.

After taking into account corporate overheads and fixed costs for permanent staff, premises and systems, for many lenders it may be as or more cost efficient for lenders to write loans through brokers. For example, smaller lenders do not have access to a large revenue and capital base to weather periods of low originations, and may not be able to support a fixed cost base in these circumstances. Using the broker channel can circumvent this issue and still allow fast upscaling when sales increase again.

Brokers streamline the borrowing application process, ultimately directing a customer to apply with a single lender instead of individuals going through the application process with multiple lenders (and incurring cost for such multiple lenders).

The broker channel is a convenient lever to pull when a lender's priorities change in terms of product offerings and target sales volumes. This is done on the basis of improved value for consumers with the lender's offering, as opposed to any form of remuneration-based incentive following regulatory reforms.

Innovation

Brokers encourage lenders to be more innovative by promoting competition, providing feedback on pain points in the application process, adopting emerging technology in how they interact with their customers and giving lenders valuable feedback on lender's products and features.

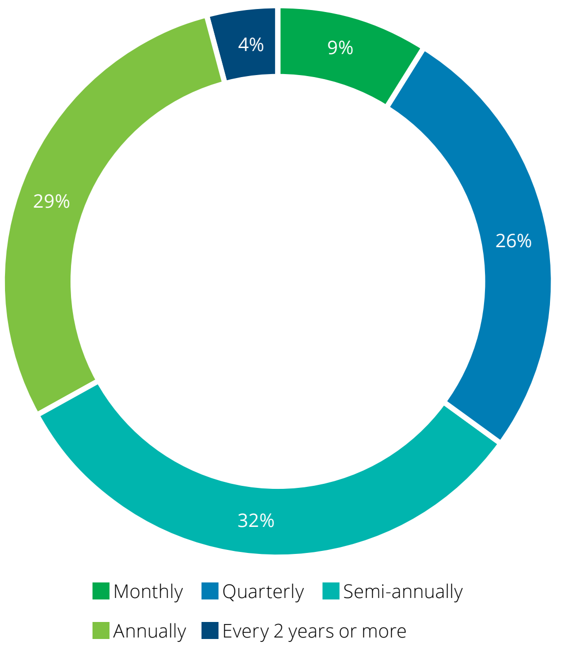
The increased adoption of technology by brokers has not only enabled brokers to reach a wider customer base and communicate with customers more efficiently but also given lenders the confidence to invest in their technology improvements to be used by brokers and customers. This can range from customer submission of information and other exchanges with the lender being digitally managed, through to customers having the confidence to use digital platforms for future servicing needs on their loan and other self-service interactions with the lender.

Support lender relations with customers

Brokers recommend lenders to a customer on an informed basis, aligning the customer's needs and objectives with the right lenders in terms of the lenders' product offerings, systems and services. This **supports improved outcomes for the customer** (a more targeted and suitable lender and loan product) and **improved outcomes for the lender** (a customer that has been pre-qualified and educated around the lender's product and processes). This results in a positive engagement at commencement of the loan for the lender with the customer.

Brokers also maintain regular ongoing contact with their customers, with 96% reporting being in contact with their customers annually or more frequently post settlement, with most being in contact semi annually (Chart 4.3). This contact supports engagement of the customer with their lender, as their experience with the loan product and lender is proactive. Brokers, customers and lenders then have an opportunity to directly address any concerns around ongoing suitability, pricing or service levels rather than the customer potentially looking to alternative lenders.

Chart 4.3: Frequency of contacting customers post-settlement



Source: Deloitte Broker Survey (2024)

Lender value proposition

Aggregators serve as a critical link between lenders and brokers

Lenders access brokers via aggregators

Aggregators and sub-aggregators connect lenders to brokers and vice versa. They provide services that include supplying the information, tools and platforms that help brokers to assess their clients' needs and match them to the best product for them, and they provide lenders with a single interaction source to access many brokers rather than having to have individual relationships with all brokers across the industry.

The average aggregator has **45 lenders on its panel, including 18 non-Big 4 banks and 23 non-bank lenders.** Aggregators facilitate brokers to become accredited with these lenders. In particular, aggregators provide a connection to brokers for smaller lenders and new entrants to the market.

It is far easier for a new lender, such as an overseas-based bank, to join an aggregator's panel and build relationships with brokers, than it is to build a physical branch network and build a brand and awareness with consumers.

Operationally, lenders also find it more efficient and scalable to use aggregators to pay the commission owing to individual brokers rather than having to pay all of them individually.

Aggregators enhance the broker service

The services that aggregators offer for brokers support the broker in their interactions with the end customer, as well as assist the brokers to be better business operators.

Aggregators provide technology and services to brokers to enhance the customer experience, with **96% of brokers reporting using technology tools provided by aggregators.**

This can range from education collateral to share with customers at the start of their home financing journey, right through to advanced digital and AI tools to collect information from the customer required by lenders (e.g. expenditure analysis tools).

Other commonly provided services to brokers by aggregators include ongoing training and professional development, business planning and development, and administration support services (especially to sole brokers). Many aggregators also provide marketing and lead generation systems to support their broker's business growth and customer access, depending on the aggregator business model and services provided.

Aggregators also support brokers and lenders, and ultimately customers, by their various compliance and conduct monitoring tools and increasingly of late, cyber security services to protect their broker's clients' confidential information.

Chart 4.4: Services provided by aggregators (beyond standard technology tools)

Source: Deloitte Broker Survey (2024)

5

Enhancing competition and choice

Mortgage Brokers in Australia

Brokers have become the primary distribution channel for most Australians when applying for a residential mortgage

Broking over time

Since their emergence in the early 1990s, mortgage brokers have grown rapidly, now writing almost 75% of new residential loans in Australia. The late 1990s and early 2000s was when brokers truly established themselves, and more banks began to use broker-arranged loans. For example, Westpac first began using brokers in 1998.[1]

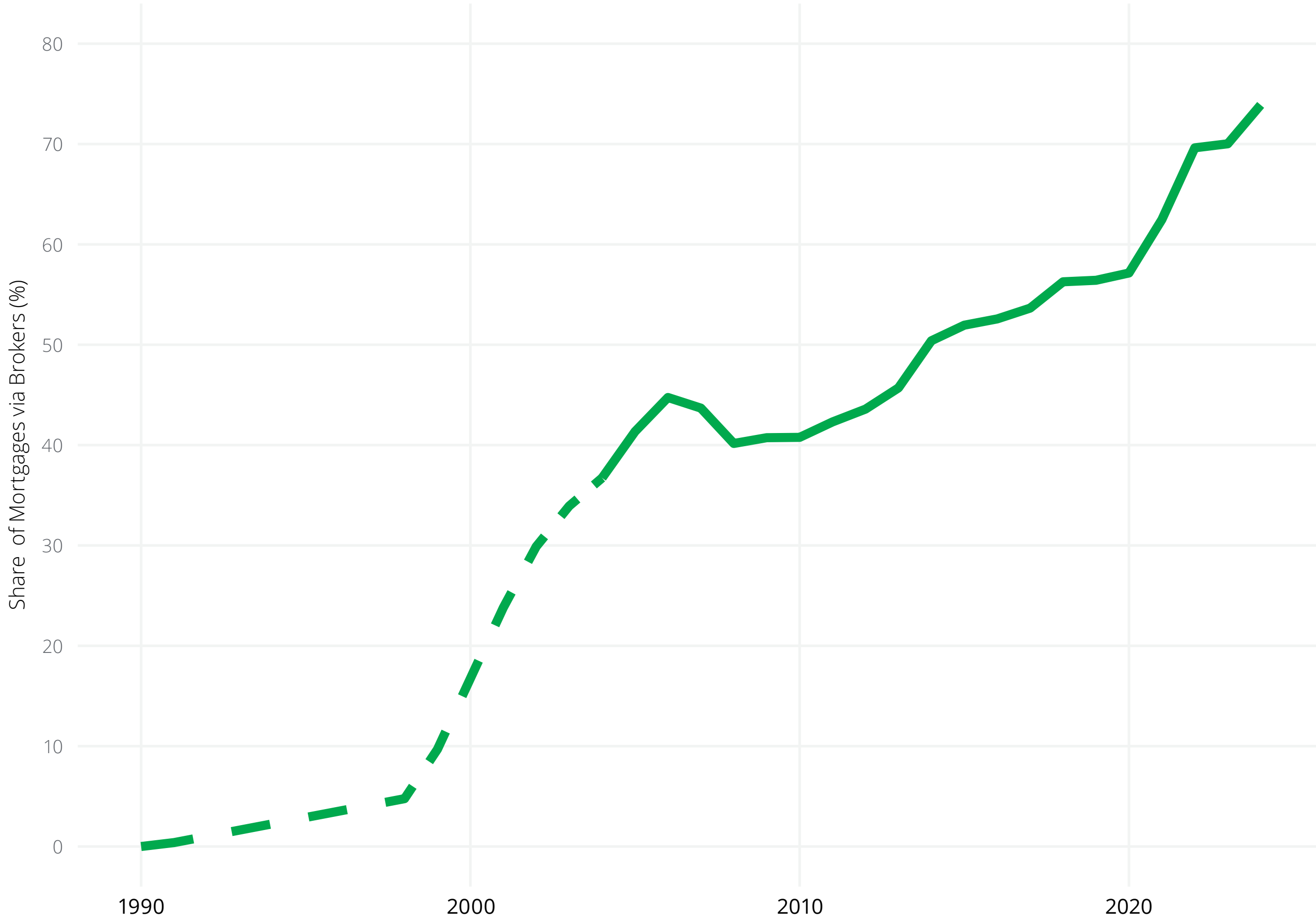
Following a period of stagnation in the late 2000s, broking grew strongly through the 2010s, continuing in the 2020s as brokers' market share hit record highs.

As has been highlighted throughout this report, reforms to the industry prior to and following the Banking Royal Commission have driven increased confidence in the sector. It is likely that this increased trust has contributed to the strong growth in recent years.

Chart 5.1 shows the trajectory of new mortgages arranged by mortgage brokers over time. It has been collated by Deloitte drawing on a range of historical datasets. It is important to note that broker market share may be defined differently across different datasets although where there were overlaps, figures appeared broadly consistent.

By improving competition in the overall lending market, brokers can reduce the cost of loans made through a direct channel, encourage lenders to find new efficiencies as well as encourage innovation in non-price features of banking services. This chapter examines how the rise of brokers has interacted with broader trends in the mortgage market to contribute to improved competition and better outcomes for borrowers.

Chart 5.1: Share of new mortgages written by brokers, 1990-2024



Source: Deloitte analysis of Corelogic, Fujitsu Consulting, MISC and other data.

Note: Data is annual averages, dotted line represents that pre-2004 estimates are highly uncertain and should be interpreted as indicative only.

Major trends in the Australian mortgage market

Brokers are contributing to increased competition in the Australian mortgage market

Facilitating greater competition

Recent decades have seen several factors combine to increase competition in the Australian mortgage market, including changes to technology, regulation and financial markets. The rise of mortgage brokers is another significant factor over this period, interacting with broader trends to further facilitate greater competition and better outcomes for borrowers.

Mortgage brokers play a critical role in helping new and smaller lenders to enter the market, as well as supporting existing lenders to reach new customer segments:

- Broker-written loans are more likely to be with non-Big 4 banks than direct approach loans. **38% of brokers' loan portfolios are with banks outside of the Big 4 and their sub-brands,**[2] despite the Big 4 representing 75% of the market.[3]
- **The number of banks active in Australia has almost doubled since 2004, from 50 to almost 100,**[4] following significant changes to banking regulation which eased legal barriers to new banks entering the market.

New technologies such as online banking and comparison websites have reduced the need for physical branches, making it easier for customers to find information about lending products and helping new lenders (either start-up ADIs, international banks or non-bank lenders) to expand in Australia.

Brokers are a key channel for new entrants to the mortgage market to establish themselves and compete with established lenders. It may be easier for a new lender to attract customers by offering competitive rates on a broker's panel than by establishing physical branches.

Equipping borrowers with information

Today, borrowers are more easily able to compare products from different lenders. Equipped with more information, borrowers are in a better position to choose the product that best suits their needs, rather than just the product from a lender with a local branch. With more information available than ever, brokers play a valuable role in helping to identify and explain mortgage options in line with consumers' unique circumstances, needs and preferences.

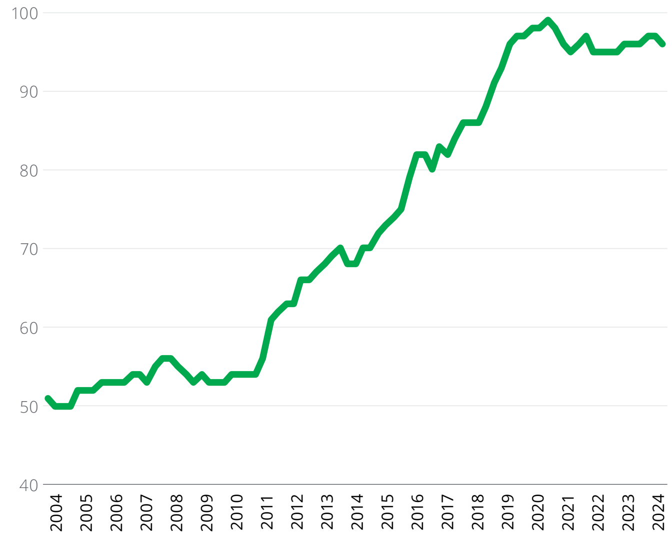
Brokers encourage competition in the Australian mortgage market by facilitating comparison, switching, repricing and refinancing of loans for consumers. By shopping around for the best deal for their clients, both at the outset and during the term of the loan, brokers can drive better outcomes for borrowers.

Improving lender efficiency

Technology adoption and changes to lender business models have substantially reduced operational costs. Recent decades have seen banks reduce operational expenditure per dollar of their loan book by more than half, through branch network changes and automation of loan management processes.[5]

Industry consultation revealed that brokers have played a key role in smoothing the transition from in-person bank branches, particularly in regional and rural areas. By enabling lenders to quickly scale up or down, brokers can lower fixed operating costs and drive efficiency. For example, ING Australia spent less on advertising and physical premises in 2023 than it did in 2011, despite holding almost twice as many assets.[6]

Chart 5.2: Number of Banks, 2004-2024



Source: APRA (2024)

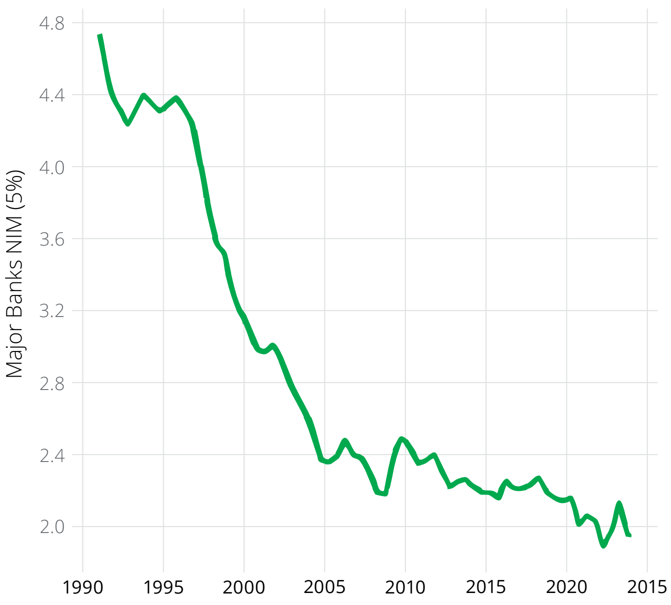
Major trends in the Australian Mortgage Market

Net Interest Margins have reduced, benefitting consumers, while bank returns on capital have remained above 10%

Benefits for borrowers

One way that the increased competition mortgage brokers have brought to the lending market has benefited borrowers is through lower net interest margins (NIMs). A bank's NIM is the average difference between interest charged on loans and the interest paid on bank funding sources. Since 1990, NIMs for major banks have fallen by almost 3% (Chart 5.2), representing substantial savings for borrowers.

Chart 5.2: Major banks' net interest margin (NIM), 1990-2024



Source: Reserve Bank of Australia (2024)

Changes in banks' funding sources have also significantly impacted banks' costs. Throughout the 1980s and 90s, banks became less reliant on domestic deposits to fund loans and increasingly were able to raise funds more cheaply through wholesale markets, including from overseas. For example, the Commonwealth Bank saw deposits fall from 76% of liabilities in 1980 to 51% in 2007. Following the GFC and changes to regulation, this has since largely reversed, with CBA's deposits rising to 75% of its liabilities in 2024.[7]

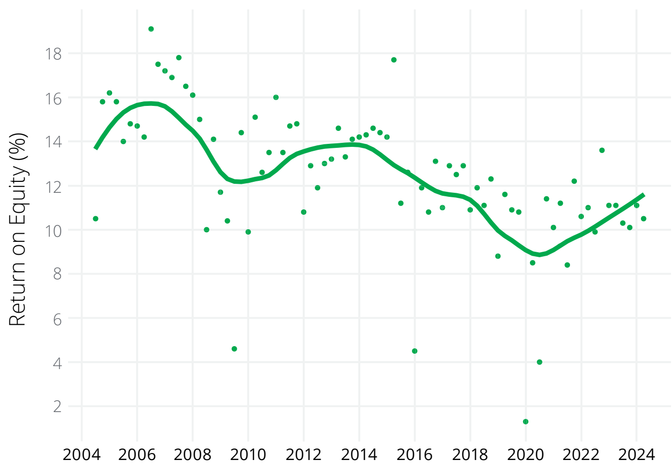
Bank return on capital

Increased competition in the banking sector and lower NIMs has reduced return on equity, a key measure of profitability, for Authorised Deposit-taking Institutions (ADIs). It declined from an average of around 15% in the early 2000s to around 11% today (Chart 5.3). However, as a result of cost savings and improved efficiency, the impact has been more muted than otherwise, and helped banks recover from downturns such as during the GFC. By international standards, Australian banks' return on equity remains high.[8]

Over this period, capital ratios for banks have substantially increased, with tier 1 capital ratios increasing from less than 8% of risk-weighted assets for most of the 2000s to now sit at around 14% - further weighing on returns.[9]

Overall, this suggests that although increased competition has contributed to somewhat lower profitability for banks, Australian banks remain in a strong position, with robust profitability and substantial capital funding, by international standards.

Chart 5.3: ADIs Return on Equity (after tax), 2004-2024



Note: Points represent quarterly data, line is LOESS smoothed curve.

Source: APRA

6

Commercial and asset finance broking

Commercial and asset finance landscape

Brokers are expanding into commercial lending and asset finance broking to support broader customer needs

Commercial lending

Commercial lending refers to financial products provided to businesses for purposes such as **property acquisition, development, and operational financing.** This focuses primarily on property and business financial needs, including:

- Commercial Mortgages: Loans for commercial real estate. This may include mortgages to self managed super funds (SMSFs).
- Business Financing: Funding for business operations, such as cash flow, working capital, and other non-asset related needs.
- Construction and Development: Loans specifically for property-related construction and development projects, generally larger value loans.

Asset finance

Asset finance involves funding for the acquisition of physical assets needed by businesses or individuals. This encompasses a wide range of items, including:

- Consumer asset finance: a range of personal assets, from vehicles to boats.
- Business asset finance: including motor vehicles for business use, trucks, and other vehicles; yellow goods such as heavy machinery (eg forklifts) and business-related equipment, from coffee machines to office fit-outs.

Commercial finance broking growth

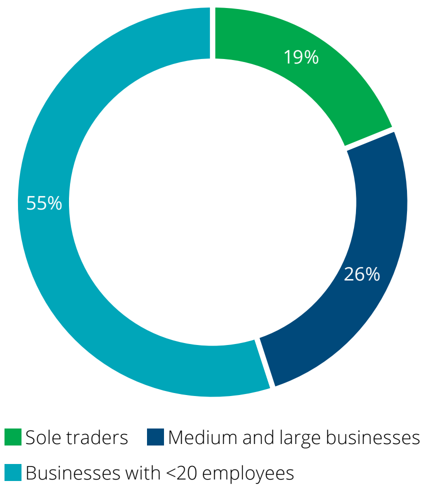
There has been **increasing interest in commercial and asset finance broking** in recent years. Brokers have identified the opportunity to holistically support customers who have an increasingly diverse and complex set of needs.

For example, residential mortgage clients may be small business owners with some form of commercial lending or asset finance need.

The range of business customers spans sole traders all the way through to larger businesses. The majority however are businesses with up to 20 employees. The commercial broker is the intermediary between lenders and business customers, understanding the specific business needs and the various finance options available, e.g. cashflow financing, financing for premises fit-out, acquisition financing.

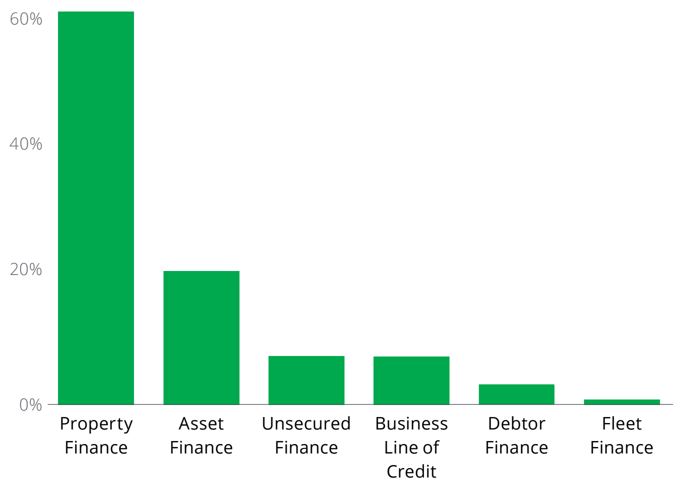
The mix of commercial broker lending through the Deloitte Broker Survey showed the majority is property finance, per Chart 6.2. However, there is range of other specialised lending services, such as business line of credit and debtor finance, where brokers also assist commercial clients.

Chart 6.1: Types of commercial loan broking customers



Source: Deloitte Broker Survey (2024)

Chart 6.2: Proportion of commercial loans in each category



Source: Deloitte Broker Survey (2024)

Commercial Broker Participation

There are limited published statistics to measure broker participation in commercial and asset finance lending. However, based on industry consultations, major aggregators noted year on year growth in their commercial broking volumes of 20% or more. Aggregators' total commercial loan volumes are lower than residential loans, at generally 10% of residential settlements by loan value. Based on our broker survey, **13% of brokers are commercially active, writing 25% or more of their settlements as commercial loans in FY23/24.** However, there is strong support from industry bodies and aggregators for brokers seeking to grow in this area in future.

Commercial and asset finance landscape

Commercial broking is more specialised than residential broking, requiring higher education to address the diverse needs of clients and the complexity of products involved.

Broker pathways

Most commercial and asset finance brokers come from a business banking background. Through our industry consultations, it was **noted by brokers, aggregators and lenders that commercial and asset finance broking requires a specialised focus** due to the nature and complexity of commercial broking, such as the need to understand business cashflows, tax implications and company structuring. Currently, the most traditional pathway for commercial brokers therefore is to move across from business banking, leveraging their prior experience and knowledge from the banking sector.

In terms of driving reasons for commercial brokers to commit to the sector, from our survey as seen in Chart 6.3, 59% of brokers working in this space stated their personal interest as the key reason. This underscores brokers' passion for understanding and supporting their clients' complex needs. Other reasons for commercial broking focus included the opportunity to diversify income streams and the growth potential of commercial lending.

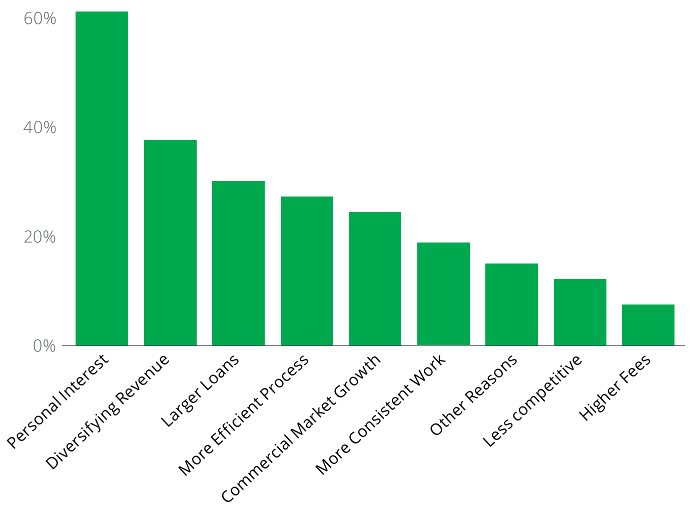
Industry consultations affirmed the generally more complex nature of commercial and asset finance lending. It was observed that customers often require more bespoke solutions given specific business needs, and it is onerous for the broker to stay abreast of the range of specific products available, and the services and rates offered by different lenders.

As a result, brokers tend to focus on chosen lending areas as opposed to offering products across all of residential, commercial and asset finance.

An emerging pathway for new commercial brokers to enter the industry is directly from university, working with specialised commercial and asset finance brokers to build the required knowledge and experience to become accredited. Recruits from universities often have relevant financial training which provides a foundation to learn from more experienced brokers.

Few brokers are currently transitioning from residential broking into commercial and asset finance due to the differences in skills and knowledge required. While some are successfully making the transition, this is mainly doing smaller scale commercial property lending rather than broader commercial financing.

Chart 6.3: Reasons for commercial broking focus



Source: Deloitte Broker Survey (2024)

For broader needs, such brokers are often using referrals to specialist commercial or asset finance brokers to ensure customers are appropriately supported.

A middle ground which has become apparent is **consumer asset finance**. As an adjacent area, the industry is seeing residential brokers exploring asset finance by first offering and arranging consumer asset finance, such as vehicle finance options, to their residential mortgage customers. They may also facilitate commercial loans at the smaller end of commercial lending sizes to customers who own small businesses, where the process is more familiar with that of a residential mortgage. This familiarity allows brokers to leverage their existing skills whilst expanding their service offering to meet the needs of their clients.

As brokers become comfortable facilitating applications for wider lending areas, it provides a pathway to expand their knowledge of lending products and what they can offer to their customers.

Accreditation process

Although brokers may be associated with a particular industry body, lenders typically have their own standards for commercial and asset finance broker accreditation which, in some cases, is stricter than an industry body association. For example, commercial brokers may be required to demonstrate competency and years of experience in commercial finance broking before they can be accredited with the lender. This sets an entry bar for residential brokers interested in moving into commercial and asset finance broking.

Commercial and asset finance landscape

Industry participants are working together to address current growth constraints driven by technology and size of broker pool

The role of aggregators, lenders and industry bodies

Aggregators, lenders and industry bodies are working together to improve and expand the commercial and asset finance broker offering. They each have specialist requirements and support for their brokers looking to facilitate commercial and asset finance loans. However, all acknowledge that it is a journey for brokers to gain the required specialisation in these areas, and it takes particular focus from a broker to transition across.

Specialised lenders often require specific accreditation for brokers looking to arrange commercial and asset finance loans given the knowledge required to confidently offer products in these areas. Some lenders specifically require CAFBA membership to gain confidence that the broker has appropriate training in the commercial and asset finance areas, as well as aggregator group accreditation for commercial lending.

Product offerings can vary widely by lender, ranging from lower size commercial loans offered by specialised lenders, which follow a similar broking process to residential mortgages, to complex business financing loans by large banks which require specialist broker knowledge to facilitate. This provides a range of areas for brokers to support their customers, some which may be reasonable for a broker to service directly, and others where a broker may need to refer to a specialised broking partner.

Industry bodies (MFAA, FBAA and CAFBA) provide brokers with training, education and mentorship programs which can support them in building knowledge and experience in the commercial and asset finance areas.

Aggregators also provide a range of support, education and training for brokers in the commercial and asset finance spaces.

Aggregators support brokers looking to move into these areas by offering specialist referral models and accreditation pathways. In some cases, aggregators are recruiting specialised teams to service customers in commercial and asset finance areas. However, there are still a number of aggregators which are not offering commercial and asset finance loans, presenting an opportunity for them to support their brokers in expanding into these growth areas.

Some aggregators offer referral models to allow brokers to support their customers' holistic needs and potentially support the upskill into a new broking area. This is achieved by referring their customers to other specialist brokers associated with the aggregator where it is not currently an area the broker services.

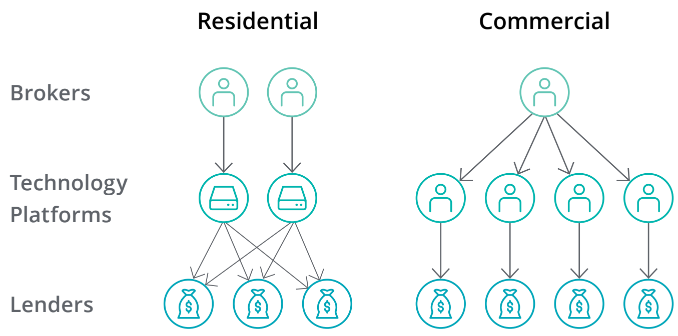
Accreditation pathways include shadowing and mentorship programs, where a broker can work closely with another specialised broker to build sufficient skills and knowledge in an area to gain accreditation. This ensures they can confidently offer loans to customers in that area which meet customer needs.

Technology improvements

Technology platforms used by commercial and asset finance brokers, offered by aggregators and lenders, are not as standardised as those used in residential broking. This is due to bespoke technology and product offerings by different lenders, the wide range of products available, and a requirement for more complex customer information to be assessed and stored, such as business cashflows.

Aggregators are working with lenders to improve and standardise their commercial and asset finance technology offerings, which will improve efficiencies for brokers in future and allow faster loan approvals for customers.

Figure 6.1: Ecosystem of broker technology platforms



Source: Deloitte (2024)

Case Study – Smartmove Professional Mortgage Advisors

Smartmove merged with Viridian Financial Group to offer its customers more holistic lending and investment advice in one place.

smartmove professional mortgage advisors

The specialist lending service of VIRIDIAN FINANCIAL GROUP

Introduction and background

This case study demonstrates a residential mortgage broking business that has successfully diversified into commercial and asset finance broking. It has faced into the challenges we have highlighted in doing so, such as the need for further education and lender accreditations, by partnering with specialised brokers and uplifting its broker education programs.

Founded over two decades ago, Smartmove has established itself in the Australian broking industry, specialising in broking for various financial products including home loans, investment properties, car finance, and commercial loans to name a few. It currently has close to 100 employees in the lending team servicing approximately 8000 clients with a total book size of close to $4 billion.

Business structure

Predominantly a residential mortgage broking business, Smartmove merged with Viridian Financial Group in 2023 to become the specialist lending service of the Viridian Financial Group. This coming together has created a genuine diversified financial services business at scale across Australia. Smartmove was strategic in selecting its partner, working to ensure there was cultural alignment between the two entities, and saw it as an opportunity to further build trust with its customers.

The merger provided Smartmove brokers with access to a broader range of clients, including those with commercial and asset finance borrowing needs which Smartmove brokers did not historically focus on. By combining financial planning and brokering in one offering, it identified opportunities for expansion of its offering to ensure the dual benefits of improved customer servicing and business growth.

To support its growth in commercial and asset finance broking, it used two channels – the first being expanding the capability of the residential brokers through training programs and bringing in a technology solution to help write the commercial lending; the second being to identify a reliable partner Smartmove's brokers can make referrals to in the asset finance space. This has seen good results for their clients when dealing with a dedicated professional.

Smartmove has been successful in its first year of efforts to ensure that, if a mortgage broker or financial advisor across the group can identify a need for the client, the ability to assist exists within the team. This can further improve as the technology platforms make it more seamless to work together for the good of the client.

Innovations

Salaried model. The compensation structure is one where brokers receive a fixed salary plus a monthly bonus rather than earning straight commissions based on the loans they originate. As one of the largest independent broker groups in Australia to use this model, it enables team members to focus on client outcomes and work together as a team. Smartmove allows employees to purchase shares in the overall Viridian group, which unites the team approach and the aim to grow a sustainable and profitable business and offer valuable long-term service to customers.

Staff education (Broker Academy). This is a fully paid 26-week training program to train new employees and provide better services to customers. The majority of students in the broker academy are new to the industry and come from a diverse range of cultural backgrounds, providing a pathway for diversity improvements in the broking community. This also enables Smartmove to engage and service a larger proportion of the market.

International Support. Overseas resources improve efficiency, reducing processing times for loan applications. Smartmove owns its own facilities in Nepal and the Philippines which support the brokers.

Appendices

Appendix A: Survey methodology and findings

Industry participants are working together to address current growth constraints driven by technology and size of broker pool

Approach

Qualtrics was used to field the survey and collect data, which was then analysed by Deloitte Access Economics. Data was collected via an online portal and took respondents approximately 30 minutes to complete. The survey was in field from early October to early November 2024, with 842 responses collected in total.

The survey questionnaire was developed by Deloitte Access Economics in consultation with mortgage broking industry stakeholders. The survey asked a series of questions about the way mortgage broking businesses operate, the types of customers they serve, the services they provide and financial information on the operation of their business (such as loan sizes, upfront payment margin, trail commission margin, operating costs, wages, and other information).

The questions were specifically tailored for aggregators, individual sole trading mortgage and finance brokers and mortgage broking businesses with more than one staff member.

Sample population

The survey included a random sample of 454 individual sole trading mortgage broking businesses and 393 mortgage broking businesses with more than one staff member, covering a total of 842 brokers (Table A.1).

This should be compared with a national population of 10,635 mortgage broking businesses1 and 22,031 mortgage brokers.[2]

Definition of survey participants

For the purpose of this survey, the survey participants are defined as follows to avoid double counting and to extract a good cross-sectional representation of the mortgage broking industry:

- individual sole trading mortgage broking business – a mortgage broker providing service to customers as a sole trading business, owns and operates the business and does not employ or contract other staff to work for the business
- mortgage broking business with more than one staff member – a mortgage broking business that has more than one staff member working for the business and can include mortgage brokers and administrative and support staff; and
- aggregator – a party that has more than one individual mortgage broker and/or mortgage broking business aligned to its service.

Table A.1: Sample Coverage

	Number of broking businesses	Number of sole trader brokers
Sample total	393	454
Population	13,068	8,963

Source: Deloitte analysis (2024)

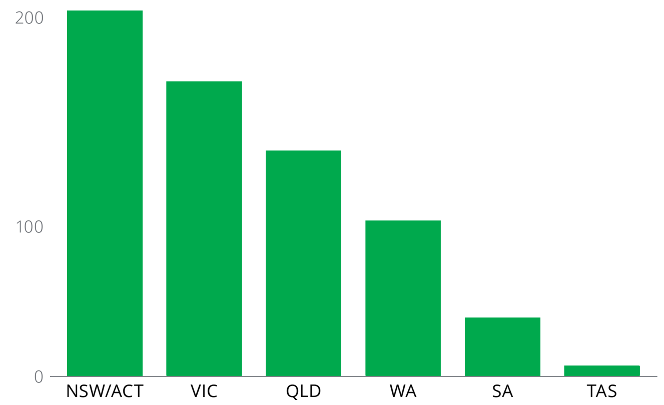
Summary of survey findings

Survey analysis findings are included throughout this report and were presented as a standalone deliverable to the MFAA and aggregator representatives in the interim stages. 17 key survey findings were identified through analysis of survey responses, grouped across six key focus areas.

Figure A.1 includes a summary of key survey headlines derived from our bespoke broker survey. Survey findings were iterated in collaboration with the MFAA and informed quantitative components of this report.

Surveyed brokers are similarly distributed to Australia's population, as shown in Chart A.1.

Chart A.1: State distribution of surveyed brokers



Source: Deloitte analysis (2024)

Appendix A: Survey methodology and findings

Figure A.1: Survey headlines

Consumer benefits

1. **Strong retention of existing customers** demonstrates the value brokers bring their customers. Repeat customers (45%) and referrals from customers (27%) are the key leads.
2. Mortgage brokers play a valuable role in helping consumers to **navigate a complex loan market**. 41% report that their customers have low levels of financial literacy.
3. In addition to traditional broking services, brokers spend **11% of time educating and preparing customers** for mortgage applications. One third of time is committed before a guaranteed fee.

Promoting competition

4. The average broker is **accredited with 23 lenders,** including 12 non-big 4 banks and 7 non-bank lenders- a reduction of 10 since the previous survey. Brokers wrote loans with **8 lenders** on average, consistent with the previous survey.
5. Brokers present **three options** on average to each customer, exceeding regulatory requirements.
6. Brokers are pro-actively assessing whether consumers are receiving the best rates. Survey respondents reported a **0.35% average reduction in interest rates** achieved for customers who are successfully repriced.

Commercial and SME lending

7. **Residential remains the core business of most brokers.** Currently just 13% of brokers are commercially focused, writing 25% or more commercial loans in FY23/24.
8. However commercial lending is identified as a growth opportunity. Over half of commercially-focussed brokers have **experienced growth in commercial loans over the last three years (52%)**.
9. **Commercial loans are larger** than residential, averaging $750,000 among commercially-focused brokers, compared to the average residential loan of $507,180.

Use of technology

10. Mortgage brokers have **experienced rapid change in technological adoption**. Digital signing services are most common, followed by Customer Relationship Management (CRM) and cybersecurity tools.
11. Technology has assisted brokers to communicate with their customers more efficiently. Brokers conduct **three times more communication on a digital platform** than face to face during the broking process, enabling them to reach a wider customer base.

Diversity of brokers and consumers

12. Mortgage brokers are providing important support for first home buyers. **45% of broker's owner occupier purchases are first home buyers,** compared to 30% in the overall market.
13. Mortgage brokers advocate for **training, mentorship and leadership development programs** as the most effective strategy to promote diversity and inclusion in the industry.
14. 22% of brokers are located **outside of major cities. 1 in 4** mortgages arranged by brokers are for customers located in regional and rural areas (26%).

Education and regulation

15. **86% of brokers hold qualifications equal to or above a Diploma** in Mortgage Broking Management Services. One third of brokers hold an Undergraduate or Postgraduate degree (33%).
16. 46% of brokers report that the 2020 ASIC guidance has **positively impacted** every single area of their business, from customer trust to financial performance.

Appendix B: Stakeholders consulted

Approach

Deloitte conducted 12 one-to-one consultations with industry stakeholders including a combination of individual brokers, broker groups, major lenders, industry associations and non-bank lenders. Stakeholder consultations were semi-structured lasting approximately 60 minutes in duration.

In designing the methodology approach for this research project, the purpose of industry consultations was to provide nuanced understanding of key issues, challenges and opportunities facing the mortgage and finance broking sector.

One lesson from the previous report is that one-on-one consultations provided the greatest opportunities for businesses to discuss sensitive issues. This learning informed our approach to consultation, which focused on select one-on-one interviews, as opposed to broader industry workshops.

Information collected from the consultations informed the qualitative evidence supporting our analysis.

In these consultations, stakeholders shared their ideas and insights on the role of mortgage brokers, the services that mortgage brokers provide and how that has changed over time, and how the services that mortgage brokers provide are of importance and value to lenders and customers. There were also insightful discussions about the growth of commercial lending and the impediments to growth.

Consultation coverage

Lines of questioning were broadly based around the below key themes, based on consultation guides and data collection instruments designed in collaboration with the MFAA:

- Introduction and context of the MFAA/Deloitte report.
- Stakeholder's history in the mortgage and finance broking industry.
- Background on stakeholder's organisation including business set up, optimal team structure, ongoing learning and training; and challenges such as managing compliance burden.
- Perspectives on the key value proposition of brokers to customers and lenders.
- Perspectives on key opportunities over the coming 3-5 years for brokers including emerging technologies; shifts in customer behaviour and expectations and commercial and asset finance lending trends.

Broader stakeholder input

In addition to participation in an industry consultation, other organisations contributed to this research through their promotion of our broker survey, or other related activities.

These organisations include the MFAA, AFG, Astute Financial Management, Connective, Finsure, Lendi Group, Loan Market Group, Moneyquest, Mortgage Choice (REA Group), NAB, National Mortgage Brokers, NextGen, Outsource, Pepper Money, Specialist Finance Group, Teachers Mutual Bank and Yellow Brick Road.

Table B.1: Stakeholders consulted as part of this research

Stakeholder	Date
Individual brokers	
Individual broker	October 2024
Smartmove	October 2024
Broker groups	
AFG Ltd	September 2024
Connective	October 2024
REA Group	October 2024
Resolve Finance	September 2024
Loan Market Group (LMG)	September 2024
COG Finance	October 2024
Major lenders	
NAB	October 2024
Macquarie Bank	November 2024
Industry association	
CAFBA	October 2024
MFAA	Throughout project duration
Non-bank lenders	
Pepper Money	October 2024

Appendix C: Economic contribution analysis

Approach

The total economic contribution of the mortgage broking industry is based on direct and indirect value add derived from survey results and data from ASIC, IBISWorld and the MFAA.

The estimations are based on the following ABS definitions:

- economic contribution is value added to the economy and jobs created by mortgage broking;
- direct contribution is wages (which is reflective of the income earned by individual brokers and support staff) and profits (gross operating surplus or GOS) of broking businesses, plus taxes; and
- indirect contribution is economic activity and jobs created in service industries supplying inputs to the mortgage broking industry, derived from broking businesses' non-wage costs.

Based on our estimation, the mortgage broking industry is associated with a total economic contribution of $4.1 billion in 2023-24, including a direct economic contribution of $3.3 billion and an indirect contribution of $800 million. The mortgage broking industry also supports the employment of 37,459, which includes 31,899 FTEs directly employed by the industry and 5,450 FTEs indirectly supported in other Australian businesses.

Methodology overview

Data for this survey is drawn from the MFAA's Industry Intelligence Service Report published in 2024, supplemented with data from the bespoke survey of brokers.

The central data point is taken from the IIS survey, which reveals that, for the period April 2023 to September 2023, the MFAA estimates that average gross annual commission (prior to costs) is around $192,354.[1] This overall average was attributed between sole trading brokers and broking businesses based on their share of loan value written in the latest IIS data.

Out of these gross commission figures, brokers pay the costs of their business including premises, service fees paid to aggregators, marketing and communications expenses, support staff salaries and wages, and other costs.

According to the MFAA, there are 22,031 mortgage brokers in Australia as of March 2024, of which 8,963 are sole traders and 13,068 are in a business. Expenditure and revenue figures were scaled to these levels.

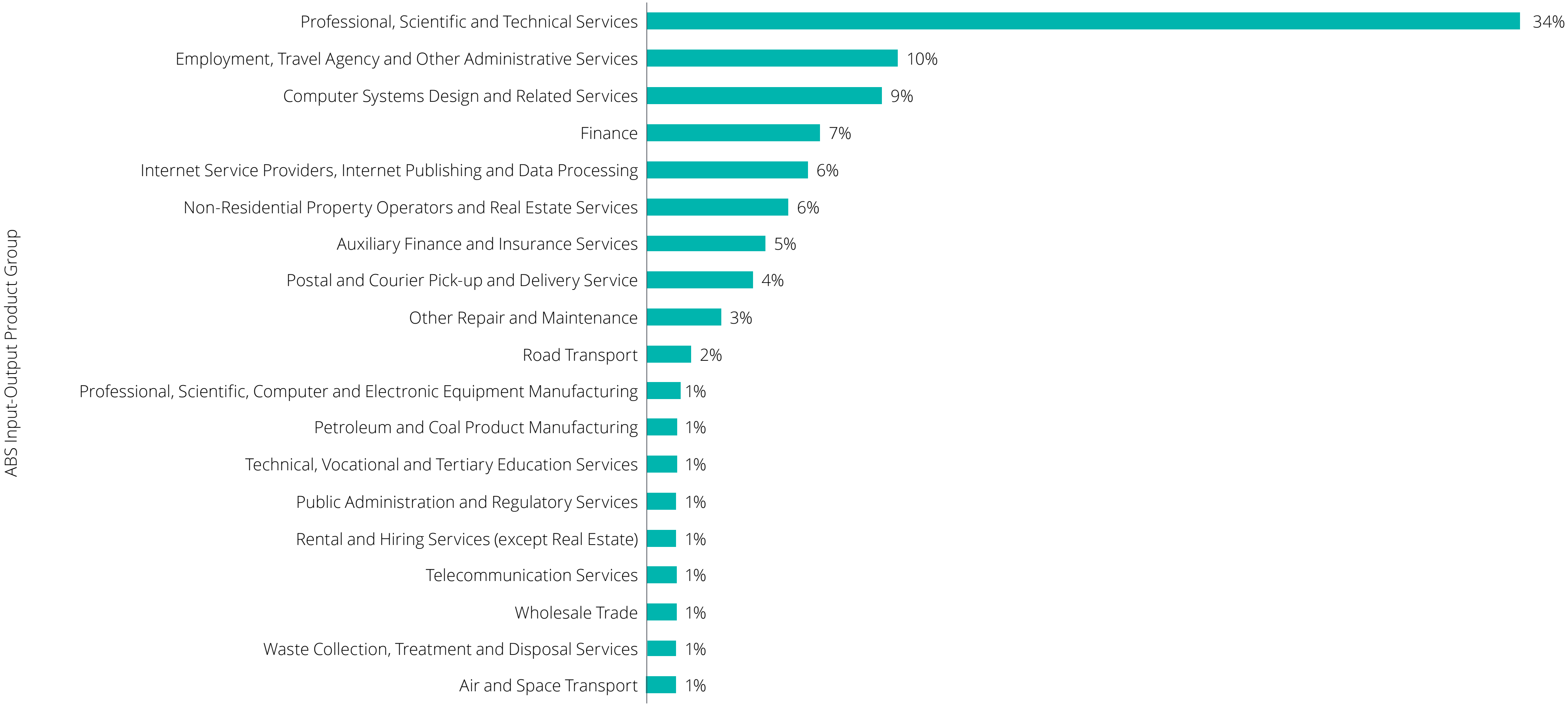
Indirect contribution

The indirect contribution was calculated based on brokers' reported average expenditure on goods and services. Applying a similar approach as in the direct contribution calculation to extrapolate to the full population of brokers, we estimate the total expenditure for the mortgage broking industry to be $1.2 billion.

Input-Output tables were used to approximate the types of goods and services, such as office supplies and utilities, typically purchased by brokers. It was assumed that the brokers' expenditure profile mimics the wider Auxiliary Finance and Insurance Services industry. This industry covers Financial Asset Broking Services as well as other auxiliary services such as Stock exchange operation, executor service and finance consultant service. Fig C.1 shows the assumed share of expenditures of the mortgage and finance industry based on the ABS I-O table (2021-22). This expenditure was input into Deloitte Access Economics' Regional Input-Output model to calculate the indirect contribution.

Appendix C: Economic contribution analysis

Chart C.1: Share of goods and services purchased by the Auxiliary Finance and Insurance Service industry, 2021-22.



Source: ABS I-O tables 2021-22, Deloitte analysis (2024)

References

References

Executive Summary

1. CoreLogic Comparator, MFAA's Quarterly Survey of leading mortgage brokers and aggregators for July, August, September 2024, November 2024.
2. Mortgage and Finance Association Australia, Industry Intelligence Service (IIS) Report 18th Edition, (2024), 1 Oct 2023 to 31 Mar 2024.
3. Deloitte Access Economics, The Value of Mortgage Broking, (2018). Available at: https://cdn.sanity.io/files/t0x3ukgp/production/a0293d4390be194e713db024e0c3c93b96c2e782.pdf
4. Loan Market Group, About LMG, (2025). Available at: https://lmg.broker/about-lmg
5. Preston, A. The University of Western Australia. *Financial Literacy in Australia: Insights from HILDA Data*, (2020).

Introduction

1. Mortgage and Finance Association Australia, *Industry Intelligence Service (IIS) Report 18th Edition*, (2024), 1 Oct 2023 to 31 Mar 2024.
2. Deloitte Access Economics, The Value of Mortgage Broking (2018). Available at: https://cdn.sanity.io/files/t0x3ukgp/production/a0293d4390be194e713db024e0c3c93b96c2e782.pdf

1. The mortgage and finance broking industry in Australia

1. Mortgage and Finance Association Australia, *Industry Intelligence Service (IIS) Report 18th Edition*, (2024), 1 Oct 2023 to 31 Mar 2024.
2. IBISWorld, Mortgage Brokers in Australia – Number of Businesses 2008 – 2031 (2024). Available at: https://www.ibisworld.com/au/number-of-businesses/mortgage-brokers/1821/
3. CoreLogic Comparator, MFAA's Quarterly Survey of leading mortgage brokers and aggregators for July, August, September 2024, November 2024.
4. Mortgage and Finance Association Australia, CPD requirements (2024), Available at: https://www.mfaa.com.au/professional-development/cpd-requirements.
5. Ibid.
6. Mortgage and Finance Association Australia, MFAA welcomes Government's cancellation of 2022 Review (2022). Available at: https://www.mfaa.com.au/news/mfaa-welcomes-government-s-cancellation-of-2022-review.
7. MFAA (2024), Industry Intelligence Service 17th Edition, 1 April 2023 – 30 September 2023. Accessed at: https://cdn.sanity.io/files/t0x3ukgp/production/86ad362f54c8e7ac23ca67a27c6e2bb3c75a0866.pdf
8. Mortgage and Finance Association Australia, Industry Intelligence Service (IIS) Report 18th Edition, (2024), 1 Oct 2023 to 31 Mar 2024.
9. CoreLogic Comparator, MFAA's Quarterly Survey of leading mortgage brokers and aggregators for July, August, September 2024, November 2024.
10. Mortgage and Finance Association Australia, Industry Intelligence Service (IIS) Report 18th Edition, (2024), 1 Oct 2023 to 31 Mar 2024.
11. Australian Securities and Investments Commission, "RG 273 Mortgage brokers: Best interests duty", (24 June 2020) <https://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-273-mortgage-brokers-best-interests-duty/)
12. Ibid.

2. Contribution to the Australian economy

1. MFAA (2024), Industry Intelligence Service 17th Edition, 1 April 2023 – 30 September 2023. Accessed at: https://cdn.sanity.io/files/t0x3ukgp/production/86ad362f54c8e7ac23ca67a27c6e2bb3c75a0866.pdf.
2. Australian Bureau of Statistics, Australian National Accounts: Input-Output Tables (27 March 2024). Available at: https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-input-output-tables/latest-release.
3. Parliament of Australia, 'Social aspects of home ownership', https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Former_Committees/hsaf/report/c02;

3. Consumer Value Proposition

1. Loan Market Group, About LMG, (2025). Available at: https://lmg.broker/about-lmg
2. Parliament of Australia, 'Social aspects of home ownership', (2008) https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Former_Committees/hsaf/report/c02;
3. National Association of Home Builders Housing Policy Department, 'The Benefits of Homeownership', (2022) https://www.internationalhousingassociation.org/fileUpload_details.aspx?contentTypeID=3&contentID=266313&subContentID=721506&channelID=38488#:~:text=Another%20social%20impact%20of%20homeownership,a%20loss%20from%20criminal%20activity.
4. Australian Financial Complaints Authority (2024), Annual overview of complaints. Available at: https://www.afca.org.au/annual-review-overview-of-complaints
5. ABC News (2024), Green loans offer a cheap option to make your house more efficient. Available at: Green loans offer a cheap option to make your house more efficient - ABC News

References

4. Lender Value Proposition

1. APRA (2024), 'Quarterly authorized deposit-taking institution performance statistics – highlights', https://www.apra.gov.au/sites/default/files/2024-06/Quarterly%20authorised%20deposit-taking%20institution%20performance%20statistics%20-%20highlights.pdf.
2. RBA (2024) 'Main types of financial institutions', Main Types of Financial Institutions | RBA
3. MFAA (2024), 'Mortgage broker market share reaches new record highs', https://www.mfaa.com.au/news/mortgage-broker-market-share-reaches-new-record-highs

5. Enhancing Competition and Choice

1. McLachlan (2001), 'Brokers increase slice of home loans pie', <https://www.afr.com/politics/brokers-increase-slice-of-home-loans-pie-20010312-k0rrh>
2. ACCC summary of APRA (2022), 'Authorised deposit-taking institution statistics', <https://www.accc.gov.au/system/files/public-registers/documents/Annexure%2030.1%20-%20APRA%20market%20share%20data%20-%2002.12.22%20-%20PR%20-%20MA1000023%20ANZ%20Suncorp.xlsx?ref=0&download=y>
3. APRA (2024), 'Monthly Authorised Deposit-taking Institution Statistics', www.apra.gov.au/monthly-authorised-deposit-taking-institution-statistics
4. Ibid.
5. Ibid.
6. ING Australia (2011) and ING Australia (2023), Annual Reports.
7. Commonwealth Bank of Australia (1980, 2007 & 2024), Annual Reports.
8. APRA ADI Statistics
9. Productivity Commission (2018), 'Competition in the Australian Financial System', https://www.pc.gov.au/inquiries/completed/financial-system/report
10. Ibid.

Appendix A: Survey Methodology

1. Ibis World (2024), Mortgage Brokers in Australia - Number of Businesses 2008–2031'.
2. MFAA (2024), Industry Intelligence Service 17th Edition, 1 April 2023 – 30 September 2023. Accessed at: https://cdn.sanity.io/files/t0x3ukgp/production/86ad362f54c8e7ac23ca67a27c6e2bb3c75a0866.pdf

Appendix C: Economic Contribution

1. MFAA (2024), Industry Intelligence Service 17th Edition, 1 April 2023 – 30 September 2023. Accessed at: https://cdn.sanity.io/files/t0x3ukgp/production/86ad362f54c8e7ac23ca67a27c6e2bb3c75a0866.pdf

Notes

Notes

General use restriction

This report is prepared solely for the use of the Mortgage & Finance Broking Association of Australia (MFAA). This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of set out in our work order. You should not refer to or use our name or the advice for any other purpose.

Designed by CoRe Creative Services. RITM1979492.