

MORTGAGE BROKER REMUNERATION REFORMS – WHAT YOU NEED TO KNOW

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Concerns have been raised by the Australian Government in recent times in relation to the effect of current remuneration structures in the mortgage broking market on the quality of consumer outcomes.

During 2016, the Australian Securities and Investments Commission (ASIC) was asked by Government to look into these structures and at the same time also looked at the governance and oversight arrangements within industry participants in relation to remuneration. During this same period, the Australian Bankers Association (ABA) was conducting a review into remuneration issues within retail banking. The ABA review was led by Stephen Sedgewick, former Australian Public Service Commissioner.

The ASIC report was released in March 2017 followed by the release of ABA's review in April 2017. There is consensus between these two proposals in relation to some of the key recommendations. If these key recommendations are adopted – which appears more likely than not – they will have a significant impact on the remuneration and business models of mortgage broker participants.

Treasury is seeking feedback on the ASIC report by 30 June 2017, after which time they will summarise their recommendations to Government. While there is no definite timeline on the introduction of these reforms it would not be unreasonable to predict a commencement date in 2019.

To read the full alert, [click here](#).

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