

The year
IN REVIEW 2022

GROWTH AND PROGRESS



THE YEAR 2022

At the end of 2020, in the midst of the COVID pandemic we reviewed the year with this opening line - “The year 2020 will be remembered forever as one of great uncertainty and instability.”

What a difference two years makes!

The year 2022 has been a year of growth and influence for the FBAA and our members across Australia. The broker share of the mortgage market has again increased, the efforts and influence of our association has resulted in positive messaging coming out of Canberra, members report growing businesses, more members have engaged in non-mortgage finance like commercial and motor, and the public profile of our industry has resulted in widespread positive media nationally.

Thanks to your confidence in the FBAA, the association has record membership numbers, crossing the 10,000 mark earlier in the year for the first time, and rising.

Of course there are still challenges both individually and collectively. In business there always will be, however it's a time to celebrate the positives, and you've earned a good break over Christmas.

It must be said that the reason our industry is growing is because of the high level of service that finance and mortgage brokers provide to Australian consumers. You go above and beyond to provide borrowers with personal support and you ensure that their best interests are your priority.

This level of support is vital as we enter the new year, due to the rising interest rates we've seen during 2022, after more than a decade of low and stagnant rates. We must be aware that many of our clients are doing it tough and will need our services even more. We have already seen a substantial increase in refinancing requests and the FBAA has regularly been in the national media providing advice around refinancing.

With rates expected to rise even further, all of our members will be working hard for their clients to help them through this time in a way that serves their best interests.

While you do this, the FBAA will continue to talk to governments, regulators, lenders and others across the industry and stand up for both our industry and borrowers. We will continue to fight for fairness when it comes to clawbacks and other practices that hinder our members. We will also continue to publicly warn consumers about the refinancing tactics of banks, like cash-back incentives, that may seem attractive to them at first, but will disadvantage them over time.

While we work closely with lenders, the FBAA is the only industry association that goes into bat for consumers and calls out banks when required - and it seems this is required fairly often. The end result of our lobbying and engagement with stakeholders and the public is increased credibility for our sector, and increased business for our members.

Thank you for your support over the past year, for being a part of PD days and important events, for coming to the annual conference (both of them this year), and for working together to improve our industry and association. A special thank you to those who have filled honorary positions across our states and nationally.

“ **Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilisation work.** ”

- Vince Lombardi



2022 WINS

Our industry has positively developed in many areas over the past year, and we should celebrate these. Here are a few...



EDUCATION INSTITUTE

We launched the FBAA broker education platform. Access to education is a priority, particularly given that the industry is becoming more complicated with changes to regulation. The platform provides members with a new level of support in this area through a central point to search and access information and courses.

CLAWBACK PROGRESS

For the first time ever, the Federal Government has committed to discussions around reviewing clawbacks with the consideration to limiting them to one year. This is across all clawbacks impacting all consumer lending, not only mortgages. There is a long way to go and a lot of work to do, and we will continue to progress these discussions.



REMUNERATION REVIEW DROPPED

In early 2022 the former federal government announced it would not proceed with the planned 2022 broker remuneration review and would not conduct further reviews as the data didn't support doing so. This position was later also confirmed by the Labor Party. This announcement was not random, but a result of independent research data supplied by the FBAA clearly showing that both consumers and lenders benefit from the important role finance brokers play, are happy with the current remuneration structure, and that any change would lead only to new monopoly by the big four banks and consumer confusion – a result that would be disastrous for Australia. Thank you to all who contributed to this process.



RECORD MEMBERSHIP

For the first time our membership passed 10,000 during the year, and it is growing every month. Even more remarkable is that around 95 per cent are customer-facing finance brokers. This reflects the reputation of the FBAA for providing high quality member services. Thanks for your support.

NATIONAL SURVEY

We were the first industry group to publicly alert borrowers to the potential of rising interest rates, and in November 2021, conducted the national "Australian mortgage and rental affordability survey". The ramifications of this survey carried right through 2022 as rates rose significantly. This helped not only the FBAA's credibility but that of the entire industry.



GOVERNMENT RELATIONS

We were prepared for the election of a new government, having been in regular discussions with both sides of politics over many years. This resulted in the now Assistant Treasurer and Minister for Financial Services Stephen Jones MP, announcing at the start of 2022 that if elected, Federal Labor would not change the current broker remuneration structure. He also acknowledged that commissioner Kenneth Hayne got it wrong by recommending the industry moves to a consumer-pays model. We have been assisting Mr Jones to gain a deeper understanding of many issues and he publicly credited the FBAA with being the catalyst behind the Government's support of the industry during his address at the November FBAA National Industry Conference.



MENTORING PROGRAM

We launched a new mentor program as part of the FBAA Education Institute. The new system ensures brokers applying to be mentors provide the FBAA with a business plan before creating a digital platform, giving the mentee 24/7 access. The platform includes educational material on a range of important subjects including business operations, industry education and life skills. It ensures mentees have every chance of success and are provided the highest level of support so they can gain maximum knowledge.



COMMERCIAL MASTERCLASS

We held the first commercial masterclass in-person since 2019, with the aim of providing brokers with an opportunity to expand and develop their business. Commercial lending is a complex area, requiring specialist skills and knowledge, and the masterclass helped brokers understand every aspect including how to read a valuation, understanding and assessing different markets, writing local applications and the importance of executive summaries.



MEDIA COVERAGE

During the past year, the FBAA was undoubtedly the public face of finance and mortgage brokers across every state in Australia, featuring in more than 1300 media reports across print, digital, radio and TV. Using accepted media industry formula to calculate reach, this equates to a reach of around 670 million people, and it was all positive coverage. This is important as it brings our industry credibility, it builds trust in the broking sector, and it leads to growth.

A Snapshot OF THE YEAR 2022

The association has engaged with industry and mainstream media across the nation on your behalf on a multitude of issues. Here is a small sample of some excerpts from our media releases and published articles that outline the topics that demanded our (and your) attention throughout 2022.



JANUARY

FBAA statement – Labor announcement

The FBAA welcomes the confirmation from the shadow minister for financial services and superannuation, Stephen Jones, that Federal Labor will not change the current broker remuneration structure if it forms government this year.

This outcome was not surprising...and follows continual and close dialogue between the FBAA and the Labor Party at state and federal levels since the royal commission.

Nestegg (Momentum Media) - How much more will borrowers pay under higher rates?

A survey by the Finance Brokers Association of Australia late last year found that 57 per cent of Australians would not be able to afford an additional \$300 payment per month.

FEBRUARY

Australian Broker - FBAA to address how to #BreakTheBias in Brisbane event

The FBAA will hold its annual International Women's Day event.....where it will tackle the issue of gender bias.

White said gender bias is a conversation that will stir debate but is necessary within the broking industry.

"We all know that our industry will thrive as more women continue to join and gain even greater influence, and the FBAA is excited to be a driver for progress," White said.

The Adviser – Labour announcement on remuneration review

Mr White said: "This now means that our industry can move forward with confidence, knowing that irrespective of which major party wins government at the next election, we have security."

"There have been enough political and regulatory inquiries into our industry and the results always show how important brokers are to Australian borrowers and how well the current model of remuneration works."



MARCH

Nine News – Budget 2022

“Talk from some economists of the spending initiatives in the budget driving up inflation and increasing mortgage payments are a concern,” said Peter White, Managing Director of the Finance Brokers Association of Australia.

“We know that interest rates will likely rise soon anyway, but we also know that after such a long period with no rate rises, many people are not prepared.

“Therefore the Government must ensure that post-budget they do what they can to keep rates as affordable as possible.”

APRIL

The Adviser - FBAA slams lenders for ‘grubby’ discharge tactics

The “dirty, underhanded grubby tactics to try and retain borrowers when [a lender has] already lost them” were “absolutely ludicrous”, “narrow minded” and “short visioned”.

“There’s not an infinite number of lenders in Australia. These things run around circles. So what you might lose with one hand, they’d pick up with another. But they don’t seem to get it, all they do is create enemies. It is the dumbest thing on the planet,” Mr White said.

“Brokers work so hard... the average time it takes for a broker to actually process a loan application has risen by 52.3 per cent to now being about 17 hours of work per file, on average.”

ABC News Radio – Finance brokers

Peter White is managing director at Finance Brokers Association of Australia. He says price rises have made it a very busy time for his members. It has been an enormous year of growth, and it’s been an interesting period for finance and brokers across the country.



MPA - Commercial masterclass to feature again

The Finance Brokers Association of Australia (FBAA) will bring back its commercial industry masterclass national roadshow to help more brokers understand and write commercial finance.

White says the participation of lenders is vital, and their aim is to educate, not to promote their products.

“These sessions are about achieving best practice, because if brokers don’t do this right, it will affect our reputation.”

MAY

News.com.au - How interest rate rise will affect your household budget

“Past experience showed some banks would use the opportunity to maximise their profits at the expense of mortgage holders.”

“It is imperative that banks do not increase their rates outside of increases in the costs of funds, because many Australians cannot afford sudden and steep rate increases,” (Mr White) said.

“If banks see this as a green light to start hiking consumer lending rates up higher than they need to, it will backfire and create a greater problem.”

The West Australian - Warning for investors chasing fast buck in Perth’s red-hot property market

Finance Brokers Association of Australia State president Trent Carter said that on the back of recent hefty returns, interest had picked up among potential property investors.

However, he warned that investors needed to be clear about what sort of property they were looking for.

“You really need to decide what you are trying to achieve and if you need to gear the investment, be aware that borrowing costs are likely to rise substantially over the next few years in line with the potential increase in interest rates. That might not suit someone that is relying on growth alone and has a high level of debt.”



MAY CONT.

Australian Broker - Net of offset commissions hurting brokers, says FBAA

The FBAA is calling for greater consistency across the mortgage finance industry on net of offset commissions, with its research revealing that payment delays are hurting brokers financially.

“There is no excuse for delaying commissions for 12 months,” White said.

“I am calling this the unholy trinity for brokers – net of offsets, clawbacks, and retention teams – are all damaging to brokers’ profitability in business.”

The Adviser - Labor open to discussing clawback

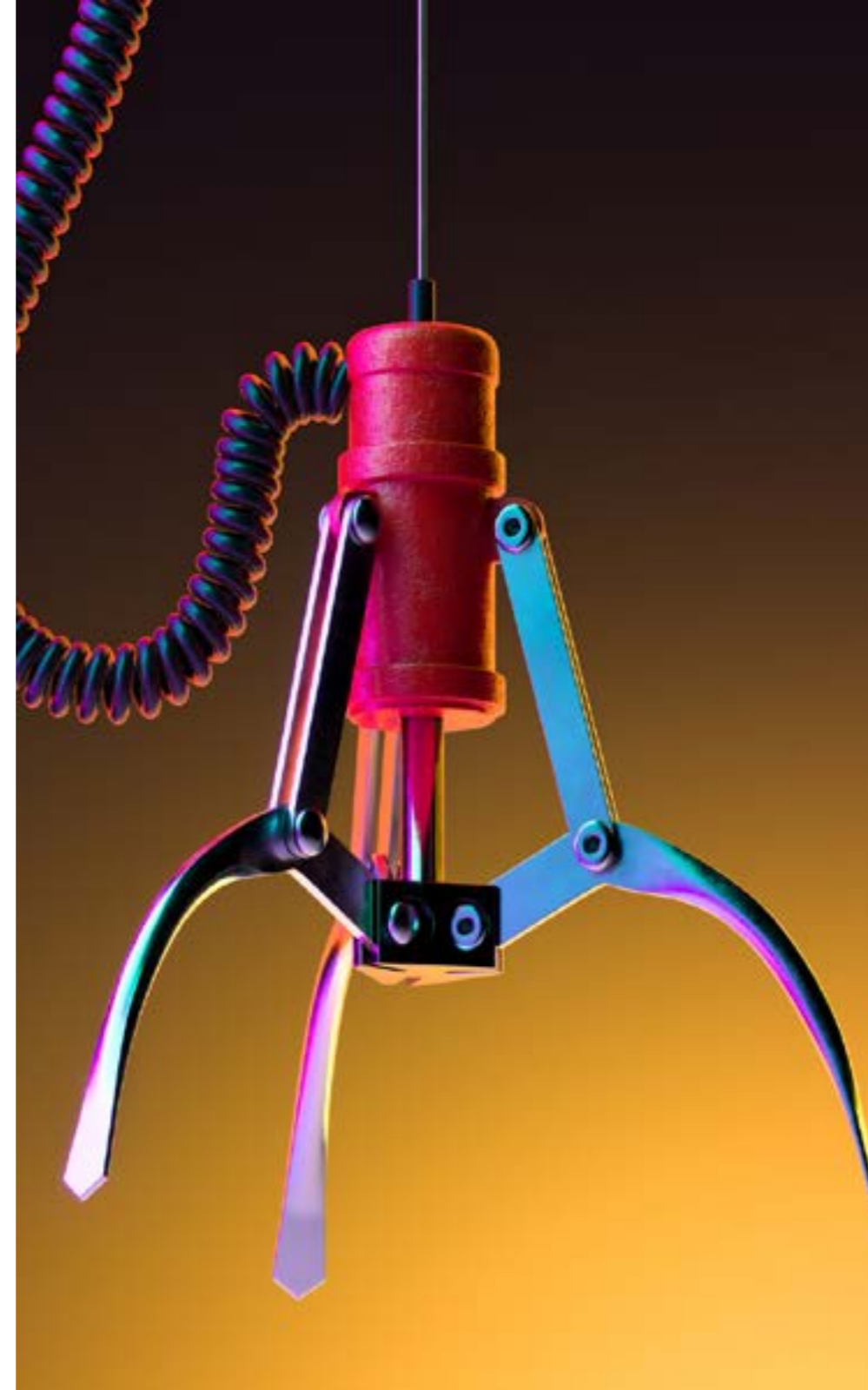
Speaking in a webcast hosted by the Finance Brokers Association of Australia (FBAA) on Friday (6 May), the shadow financial services minister and shadow assistant treasurer, Stephen Jones MP, said that the Australian Labor Party (ALP) wants to ensure that brokers are fairly remunerated and would be open to discussing clawback arrangements.

JUNE

The Adviser - New financial hardship reforms welcomed

“Brokers will be able to see (where they hold the credit report) any reported hardship provisions and if there are issues and or positive conduct which will enable more detailed conversation disclosures in the lodgement of credit applications,” Mr White said.

“Hopefully this brings fairer and more balanced outcomes.”



JULY

Australian Financial Review - ANZ to decide on ‘painting Queensland blue’

“It’s disappointing to see the much-needed competition in the banking sector being reduced, after Volt Bank not being able to raise the capital it needed, 86 400 being basically taken over by NAB, and now Suncorp potentially being absorbed by ANZ,” said FBAA managing director Peter White.

“If we go back to the ’80s when there was no competition, interest rate margins above cost of funds were two to three times what they are now. This would disadvantage consumers if it were to happen again, particularly at a time when costs of funds are rising globally.”

Mortgage Business - Industry welcomes RLO certainty

The managing director of the Finance Brokers Association of Australia (FBAA), Peter White, noted that while it had been known that the responsible lending repeal would not go ahead, he welcomed the public certainty, and the fact that the objections the association had previously raised were now “mitigated”.

He explained: “APRA would govern the ADIs and ASIC would govern the non-ADIs. The FBAA has, on multiple occasions, raised concerns about ASIC overreaching, and we were very concerned that would happen again here and the non-banks / non-ADIs would have a higher bar above the law than the ADIs/banks.

The Adviser - FBAA membership surpasses 10,000 milestone

Mr White also hailed the industry’s increasing credibility and professionalism as a whole, noting that there were fewer instances of the financial services regulator taking action against brokers than in previous years.

For example, he flagged that the Australian Securities & Investments Commission (ASIC) had taken action against only 69 consumer-facing mortgage brokers over the financial year (only), two of whom were FBAA members.

Surpasses
10,000
Memberships



AUGUST

News.com.au - 'Cheaper isn't always better', expert warns

"Some banks at the moment are offering cheap variable rates to new borrowers only. This is a trap," Mr White told news.com.au.

"For the lender it's about using a marketing budget to generate more customers, knowing that most customers will stay as it costs to change again."

It's all part of a "vicious cycle" lenders use to draw customers into borrowing from them, Mr White explained, where new customers are blindsided as the rate on offer doesn't always mean the customer will be better off in the long term.

MPA - FBAA launches new mentorship program

She said that while earning a Certificate IV or a diploma is supposed to take 12 months under compliance for new brokers, it is often done in a "roundabout way." Byrne said that the FBAA was concerned that new brokers aren't gaining the knowledge they need.

"We have gone back to a Cert IV and implemented some of the important information, and added activities and assessment, communication and marketing, client interaction, and skills to run your own business," she said.

SEPTEMBER

The West Australian - Maximise your gains by refinancing

Finance Brokers Association of Australia managing director Peter White said refinancing a mortgage helped the borrower gain something they did not already have or could not get.

Mr White said the first step should be to have a conversation with your current lender around negotiating a better deal to refinance your loan.

Aust Property Investor - REIA faces tough sell in calling for end to stamp duty



Most commentators agreed it was a flawed tax, but as Peter White, Managing Director of the Finance Brokers Association of Australia, told API Magazine that getting rid of the tax altogether may be a utopian dream.

"The states are reliant on the revenue, so while the REIA's campaign is a noble cause, it's going to be a tough sell to the states, some of whom have said they're not considering changes and others are actually raising stamp duty," Mr White said.

7 News National - Are interest rates bringing down inflation?

Whether or not these rises will bring down inflation is yet to be seen. I dare say we have more to come unfortunately.

At the moment (for some people) the actual different between the new

OCTOBER

News.com.au - Hidden victims of the interest rate rises

A national finance and mortgage broker focus group has revealed individuals who have recently been through a marriage or relationship breakdown will be heavily impacted.

Finance Brokers Association of Australia managing director Peter White said this was the biggest concern of brokers polled.

He said tightening credit assessments left those recently divorced or separated paying the price, calling it "grossly unfair".

The Australian - Huge risk Christmas spending blowout could hurt your mortgage

"If you're thinking about splashing out this year, it isn't the year to do it," managing director of Finance Brokers Association of Australia (FBAA) Peter White said.

Mr White said the banks will be looking at potential customers' discretionary or non-essential spending to determine whether they should give them a home loan, with the cost of the festive season also taken into account.



OCTOBER CONT.

Herald Sun - Mortgage refinancing can save borrowers

Finance Brokers Association of Australia managing director Peter White said borrowers should understand that lenders examined discretionary spending when assessing creditworthiness, so now might not be the time to spend up.

“Be aware that lenders will assess you not at the current rate, but at a rate approximately 3 per cent higher, as they take future rises into consideration,” he said.

NOVEMBER

The Australian - Hefty mortgage ‘cashback’ offers heading for a clampdown

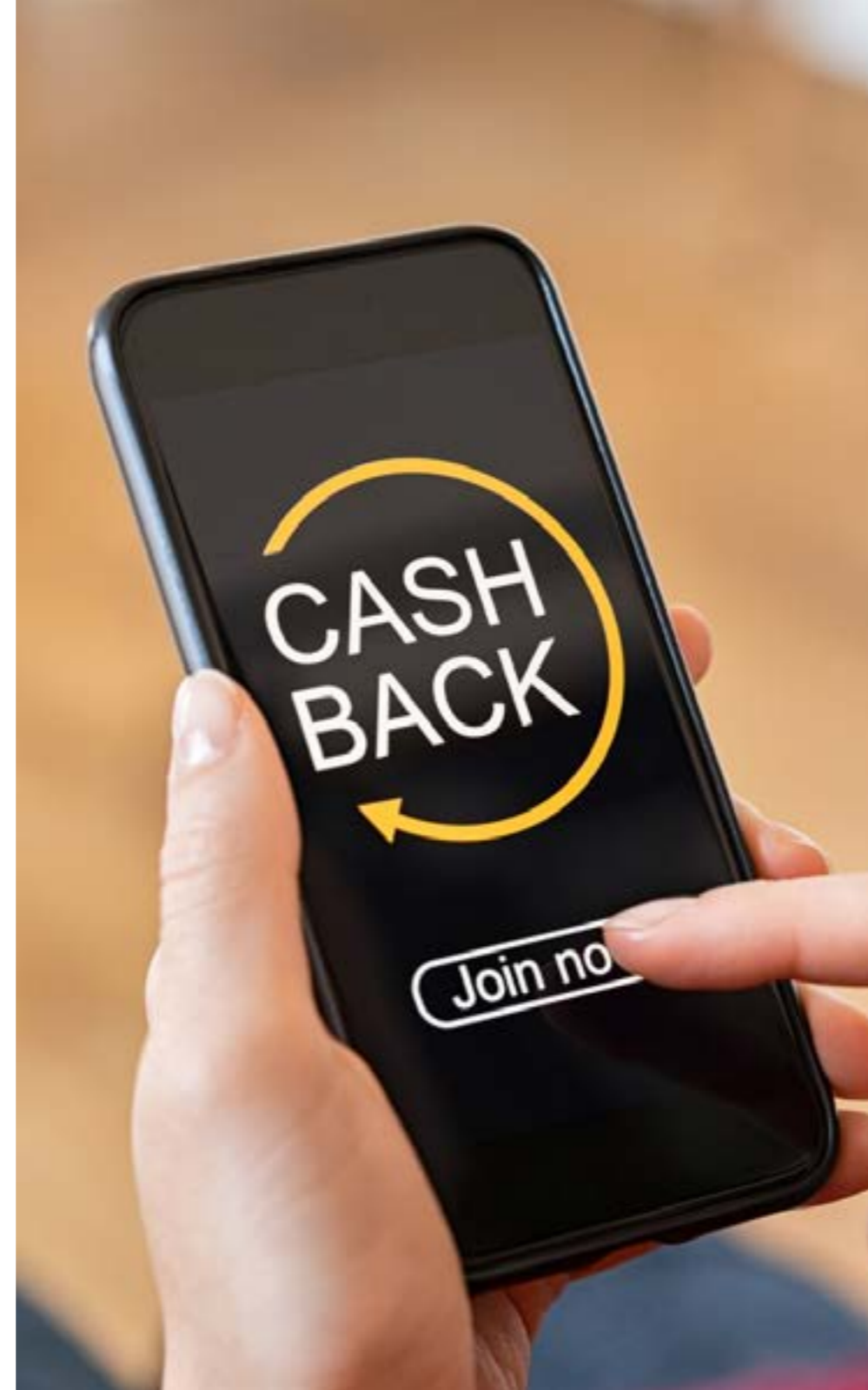
But the managing director of the Finance Brokers Association of Australia, Peter White, says a flood of ever more generous cashback offers are a ‘dog act’ from the banking industry. White said there is ‘borderline misleading behaviour’ from the banking industry in the race to sign up borrowers rushing to refinance.

The FBAA is now working on a report on the issue which will go to the Minister for Financial Services, Stephen Jones, who has indicated he is willing to review the relationship between cashback and so-called ‘clawbacks’ - where the broker must return commissions to the bank.

MPA - Call to end cashbacks as offers reach \$10,000

FBAA managing director Peter White told MPA that cashbacks create increased due diligence for brokers, as they determine whether the offer is in effect in the best interests of the borrower.

Best Interests Duty forms part of a broker’s service, therefore cashbacks don’t affect brokers’ decisions and their recommendations to clients. This is why cashbacks are such a pain point for the industry, White said.



NOVEMBER CONT.

The Adviser - FBAA appoints female board member

At its recent AGM, the FBAA board appointed Christine Green, joining two other women on the nine-member board - Kim Szigeti and Felicity Heffernan.

Sunrise on 7 - Interest rates hurting one group of hidden victims

“It’s an unfair situation that people find themselves in. Not everything works out as planned in a relationship. When one party pulls out of a relationship it puts a blemish on their credit history. It’s unfair that people should be penalised through what’s happened through a relationship breakdown. We need to look at through a different lens.”

DECEMBER

The Adviser - Non-bank lender CDR insertion ‘supercharges’ the platform

The Finance Brokers Association of Australia (FBAA) managing director, Peter White, commented: “The FBAA has been actively consulting with government and the regulator on the proposed outcomes of CDR and specifically supporting its expansion into the non-bank sector - fair’s fair, they need to be a part of this and not just left in the hands of banks.”

“The proposed expansion of CDR into the non-bank sector will be great for brokers as this will assist to ensure that which is in the best interests of the borrower are fairly and transparently played out and not just forced into the hands of banks because borrowers just want the CDR capabilities.”



WHAT ABOUT 2023?

FROM FBAA MANAGING DIRECTOR PETER WHITE AM:

“While 2022 was a good year on many fronts, let’s work towards building on these gains and experiencing an even better year for the industry in 2023. Here are a few areas of priority for the association over the coming year”:

GREATER CONSUMER ENGAGEMENT

We will continue to work on ways to connect consumers to brokers and promote the benefits of our industry, through both mainstream media and marketing initiatives.

PODCAST

The launch of a new podcast series that will reach borrowers and provide key tips from brokers for brokers.

GOVERNMENT

There is always much to be done in the area of government engagement and we can never take anything for granted. We will continue to work closely with the federal government and opposition, as well as regulators. This advocacy work is key to enhancing the industry.

EDUCATION

We will be introducing new upgrades to our mentoring platform and education institute, recognising that it is our expertise and professionalism that sets us apart.

On behalf of the board and our staff,

Merry Christmas & Happy New Year!



Happy
NEW YEAR

2023

From the team at

