

MPA's 3rd  
annual Brokers  
On Aggregators  
Survey

# What brokers want

**Slashed commissions, high volume hurdles and new licensing requirements are leaving brokers out in the cold. MPA examines how recent industry pressures and changes are affecting the relationship between brokers and their aggregators in its third annual survey**

**T**his year's MPA Brokers on Aggregators Survey attracted over 200 responses from brokers around the country, and all of the ratings and comments were taken into consideration when evaluating the survey results.

The survey was divided into three sections. The first section required brokers to rate each one of eight key services according to how important they felt it was to their business with space allowed for comments.

Section two asked brokers four yes/no questions about recent changes within the industry and how they were affecting business. Brokers were also able to comment on their answers. Finally, section three provided brokers with the opportunity to share their thoughts on seven open-ended questions about issues currently facing the mortgage industry.

## Overview of results

After a tumultuous 12 months, MPA found that brokers were certainly

feeling the pressure of takeovers, diminishing lending panels, slashed commissions and loss of accreditation. Forty per cent of brokers listed the quality of an aggregator's lending panel as most important to their business, and many were encouraging aggregators to seek out new partnerships with second-tier and non-bank lenders to boost competitiveness.

New licensing regulations were also a cause of concern, with many brokers at a loss over exactly what was required of them in the wake of the GFC. Turning to their aggregator in the hope of support, 38% of brokers said that an aggregator's ability to guide them through the process was most important.

However, the overriding theme was one of satisfaction. While slashed commissions and high fees were still hot topics, most brokers responded positively to diversification strategies implemented by their aggregators and were happy with the level of business support being supplied.

---

## What brokers want

MPA asked brokers to rate a range of aggregator services from most to least important. Here's what we found.

important

- > Quality of lending panel
- > Assistance with licensing
- > IT and broker systems
- > Keeping brokers informed of industry-wide issues

not important

- > Training and education
- > Quality of BDM
- > Back-office support
- > Marketing support



## SECTION 1:

## Relative importance of various aggregator services

In this section, respondents assigned scores ranging from five (most important) to one (least important) to each of eight services provided by aggregators. Thus, higher total scores indicate brokers feel the service is very important, and lower total scores indicate the service is less important

### Quality of lending panel

Total score	Rank
915	01

It should come as no surprise that 40% of brokers ranked the quality of their aggregator's lending panel as very important to their business.

Brokers feeling the effects of market rationalisation and tightening credit policies were turning to their aggregators for choice and

assistance in meeting strict volume hurdles.

However, due to the loss of a number of second-tier lenders, many brokers were struggling to find good deals for their clients.

Lee, a broker from Victoria, is finding it "much harder these days" to find the right lender for her clients with fewer non-bank lenders on her aggregator's panel. So, too, is director Michelle from Queensland. "The quality of the panel is good, however, the numbers have significantly diminished and we're not sure if there are replacements in the horizon. The panel could definitely use more non-bank lenders."

With a diminished lending panel, Elle from Victoria is also worried about the lack of choice. "It is essential that we are able to offer clients a choice from all of the lenders available to them," she said. However, with tight credit policies and high volume hurdles making it hard to maintain accreditations, Toowoomba-based director, Todd, is finding that brokers need to "maintain some direct accreditations" as aggregators stop dealing with a broad selection of lenders.

While the majority of brokers were commenting on the lack of non-bank lenders on their aggregator's panel, some were positive about their aggregator's efforts to maintain diversity. "My aggregator is always approachable for other lenders to join the panel if they are niche lenders filling a void," said Kimberly, a broker from Queensland.

Things brokers hate about aggregators:  
# 1 Charging too much

“

**What are they doing for the fees they charge?**

”

- Tony, WA

## Would you be disappointed if your aggregator merged with another aggregator?

yes!



44%

### Merging aggregators

In the current climate of consolidation, MPA wanted to know how brokers felt about aggregators merging. There were pro's and con's to both sides of the argument, but overall most brokers weren't too worried

no.



56%



# WE'VE GOT MONEY TO LEND, so deal direct with the lender!

With ample funds on hand, you'll have plenty to smile about on settlement day!

**NCF Financial Services... make them your first choice and fast financial solution for...**

- BRIDGING FINANCE Loans
- BUSINESS FINANCE Loans
- INVESTMENT FINANCE Loans
- SHARE PURCHASE Loans
- PROPERTY SETTLEMENT Advances
- LOANS from \$50,000 to \$3,000,000
- APPROVED & SETTLED in \*72 hours
- FIRST or SECOND Mortgages
- BROKERS FEES paid on settlement
- NO FINANCIALS Required
- LOAN TERMS from 1 - 12 months
- LENDING to all States in Australia

*Talk to one of our friendly team members today...*

## 1300 550 707

Apply or download our application online at  
[www.ncf1.com.au](http://www.ncf1.com.au)



FINANCIAL SERVICES

### Assistance with licensing

**Total score** 844 **Rank** 02 With the grizzly aftermath of the GFC now largely behind us, brokers are preparing for a reformed market that includes participation in a new licensing regime.

From 1 July 2010, brokers who have not registered with ASIC must stop engaging in credit activities until they have the correct credit licence. Thirty-eight per cent of brokers feel that the support of their aggregator during these changes is a very important service, critical to the success of their business.

“Everyone is waiting for the dust to settle,” said James, a general manager based in NSW. David, a director from Victoria, agrees. “They will probably ramp it up closer to the time.”

However, many brokers are already finding support from their aggregators. Gary, a managing director from Victoria, has had nothing but “first rate” support from his aggregator. “They have spent plenty on resources and human hours to make sure we have all the information and support required to make the changeover as easy as possible,” he said.

Bruce from Queensland is also benefiting from a pro-active aggregator. “We have been updated on progress and requirements from the get-go,” he said.

**Things brokers hate about aggregators: #2 Not lobbying banks for better deals**

“

**Aggregators should be lobbying for higher commission from banks. The broker industry needs to bargain more collectively**

”

- James, NSW

Finding the new regulations “arduous,” Wendy from Queensland is appreciating aggregator support. “It makes it easier when you have help from the aggregator,” she said.

But not all brokers believe their aggregators are doing all that they can to help them through the process. Brett from South Australia argues that “nobody really knows what’s going on, or cares,” and John from Queensland says that his aggregator provides “no assistance.”

### IT and broker systems

**Total score** 841 **Rank** 03 In an increasingly digital age, brokers are relying more and more upon quality IT support and user-friendly systems from their aggregator to effectively conduct their business.

Thirty-seven per cent of brokers rated IT and broker systems as very important to their business. Dependant on internal aggregator systems, brokers are looking for reliable systems that are simple to understand, easy to use, and offer a seamless flow of information, especially in regards to commissions and CRM.

However, outdated and complicated systems are causing a high level of frustration among brokers who are looking to their aggregator to provide user-friendly solutions.

“The system my aggregator uses is outdated and lacks vital commission information,” said John, a Brisbane-based director. Carolyn from ACT agrees. “It’s very limited in most areas and not user friendly,” she said.

Wayne was frustrated by the lack of timely support and integration abilities. “It’s somewhat complicated, and timely support is often not available,” he said.

However, it is not all bad news. James from NSW is experiencing “excellent commission payment capabilities and virtually limitless payment combinations” with his aggregator’s system. Sharing a similar positive experience is Harold from Victoria. “Fantastic IT platform and unbelievable support from IT,” he said.

The consensus? Things appear to be improving, with many brokers noting that their aggregators are making significant advances in their IT offerings.

### Would you support your aggregator in launching its own branded products?

**84%**  
yes

**16%**  
no

#### Aggregator owned products

Diversification is the catch-cry of 2010. But do brokers really want aggregators who offer their own products?

## Information supply

Total score	Rank
823	04

Keeping abreast of market trends and changes is important to brokers. Thirty-two per cent of brokers ranked their aggregator's efforts at keeping them informed of industry-wide issues as very important, however, most who commented felt that it was not a service an aggregator should be expected to supply.

"Plenty of other areas are providing this. It's not necessary for aggregators to do this as well," said Nick from NSW. Meanwhile, Jay from Western Australia found most of his information in "broker magazines."

Timeliness was an issue, with stale content being a cause for concern. While brokers were happy to find their information from alternative sources, aggregators who did supply timely and relevant content were favoured.

Mark found his aggregator provided ample

information. "They have daily updates and weekly newsletters covering all issues," he said. However, Gary sought his information elsewhere. "Seminars are arranged with leading banks on economic updates and articles are posted on an internal website from time to time, but I have an array of leading worldwide analysts providing information each day that I find invaluable," he said.

## Training and education

Total score	Rank
816	05

Surprisingly, training and education was not high on the priority list of services offered by aggregators. Out of the 31% of brokers who ranked it as very important to their business, many stated that they felt it was up to them to organise their own training. Of those who did expect their aggregator to supply this service, many who were based outside of capital cities or financial centres were left frustrated.

Things brokers hate about aggregators: #3 Providing poor-quality BDMs

“Some are good, some are useless but that's just the industry”

- Les, NSW

# SERVING THE MORTGAGE INDUSTRY!

## Experience

We have been doing residential and commercial mortgage work since we started in 1993. We are now stronger and better than ever.

## National Coverage

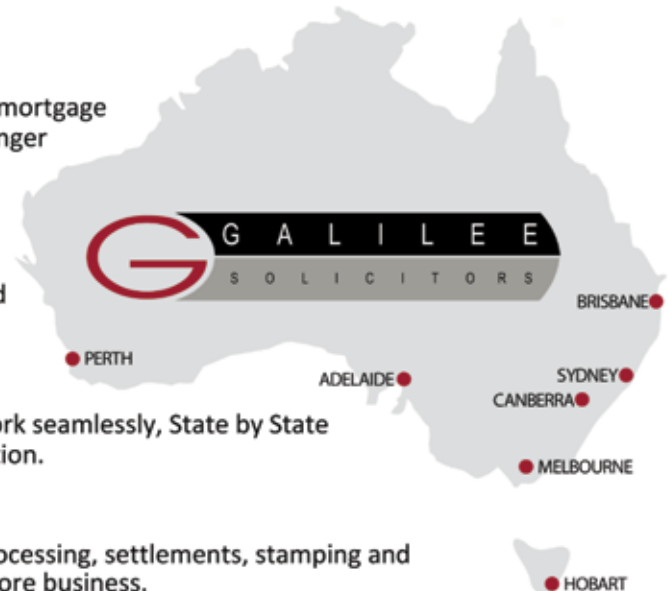
We have our own fully-linked offices in Sydney, Melbourne, Brisbane, Adelaide, Hobart, Perth and now CANBERRA.

## Technology

Our own GOLD system enables us to do your work seamlessly, State by State or right across Australia. Ask us for a demonstration.

## Focus

Mortgage-related work, from documentation, processing, settlements, stamping and registration to discharges and recoveries, is our core business.



## TO DISCUSS HOW WE CAN HELP YOU CONTACT:-

RALPH GALILEE, Managing Partner on 02 9324 8008, email: ralph.galilee@galilee.com.au or  
ASHLEY SIMPSON, Chief Operating Officer on 02 9324 8007, email: ashley.simpson@galilee.com.au

## What should your aggregator be doing more / less of?

more of

- ✗ Accepting demands from banks
- ✗ Charging high commissions
- ✗ Self promotion

- ✓ Quality business support services
- ✓ Standing up to the banks
- ✓ Lead generation support

less of

ACT-based broker, Carolyn, said that she tended to rely on the MFAA for training because her aggregator tended to do very little for her. “It’s probably because I am their only ACT writer,” she said. “The majority of their brokers are in the rest of the country but since I cannot travel very far for training, I use MFAA education to remain up to date on legislation.”

### Quality of BDMs

Total score	Rank
811	06

Ranked as the fourth most important service offered by aggregators to brokers it was refreshing to see that in this instance, the good definitely outweighed the bad.

Thirty-four per cent of brokers stated that quality BDMs were very important to their business, and the majority of brokers surveyed were happy with the level of competency and professionalism their BDM displayed.

“Fantastic,” was all Dean of Victoria had to say. Jim from NSW stated that his BDM went “above and beyond the call,” while Alan, a lending manager, told MPA that his aggregator’s BDMs were “very respected, knowledgeable and always willing to assist.”

Of course it wasn’t all roses. Brokers complained of BDMs that lacked basic levels of

Things brokers hate about aggregators:  
**#4 Ignoring regional areas**

“  
**Regional areas should be treated as importantly as the major centres**

”  
 - Kimberly, QLD

service or a presence altogether. “The last three calls I have made to my BDM have not been returned,” said Carolyn of ACT. Daniel from Queensland wasn’t even sure who his BDM was. “I’m not sure I’ve ever met him,” he said. “My previous BDM was fantastic, but she’s no longer there.”

Smaller brokers also faced challenges, with BDMs ignoring them in favour of larger players. “My BDM is good, but does not seem interested in smaller brokers,” said Spiro, a Melbourne-based managing director.

### Back office support

Total score	Rank
795	07

This year’s MPA survey found that most brokers chose their current aggregator based on a combination of service, support and price. So it is surprising that back office support ranked second to last for most brokers as the most important service an aggregator could offer.

Overall, comments showed that brokers were satisfied with the level of back office support they were receiving from their aggregator, even if there were some frustrations surrounding timely service.

Mark, a Queensland-based director, said that for his aggregator, “nothing was too hard. I call and they answer, no recorded messages, no

call centres.”

Harold from Victoria agreed. “People placed to support franchisees are always of a high calibre. Sometimes support is not immediate, but it is always – without exception – good and fixes all issues.”

### Marketing support

Total score	Rank
688	08

Most important to only 19% of all brokers, marketing support was a service many did not expect their aggregator to supply.

While aggregators often charged extra for marketing assistance and materials, brokers pointed out that they were often paying to give the aggregator free advertising.

“It’s available, but at a cost!” said Gary, a Victorian broker. Daniel from Queensland found the same with his aggregator. “We have to pay for information brochures. They make enough money, why should we pay to help them market their business?” he asked.

However, many brokers were more than satisfied with the level of marketing support given. “I get all the help I need to grow my business,” said Kimberly, broker principal in Queensland.

### SECTION 2:

## Brokers’ views on current industry issues

In this section, brokers were asked for yes/no answers on four issues that are currently affecting the industry. They were also invited to supply additional comments

**Q1: “Would you be disappointed if your aggregator merged with another aggregator?”**

Generally speaking, merging aggregators was not a concern for most brokers. Fifty-six per cent would not be disappointed by a merge, with many stating that there could be safety in numbers.

Elle from Victoria said that unity could provide a useful bargaining tool. “Unity would probably

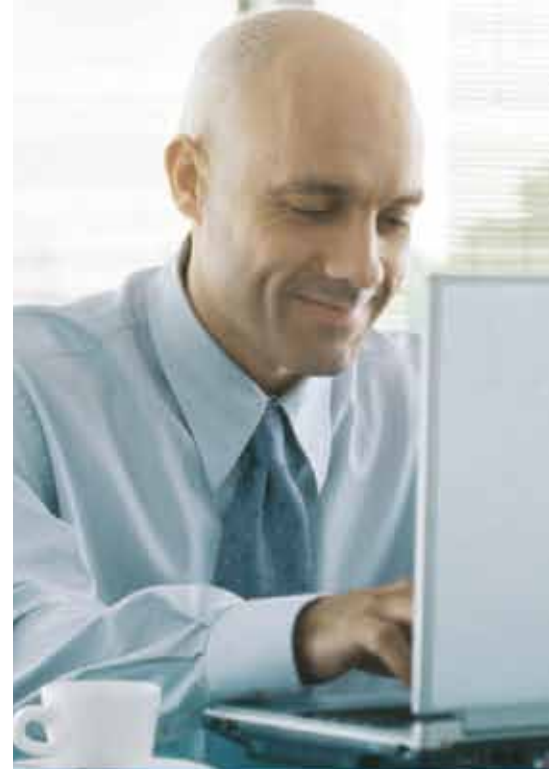
Things brokers hate about aggregators: **#5 Withdrawing trail commissions**

“**I can’t switch aggregator without massive financial penalty**”

”  
- Stewart, NSW

**IAC**  
IAC RENTALS

**Add value to your business.**



Partner with IAC Rentals and give your clients access to low-doc leasing, rentals and full-doc structured finance products.

CONTACT US TODAY ON

**1300 880 252**  
**iacrentals.com.au**

## Does the size of your aggregator matter to your business?

58%  
yes

42%  
no

### Does size matter?

MPA asked brokers whether they thought size really mattered. The answer? Yes

assist in standing up for brokers against what the banks are doing to us," she said.

While consolidation is not widely accepted by brokers, some believe it may be the best solution for aggregators struggling to maintain accreditation. "This is the only way our aggregator will survive," said Brenton, SA-based sales manager.

Some brokers, like Kimberly from Queensland, worried that a merger may cause the aggregator to "lose the intensity of a small organisation," while others believed that independence should be maintained at all costs.

"Independence is paramount in an environment where mergers and consolidations take away competition and, at the bottom line, options for clients," said Queensland-based

Things brokers hate about aggregators: **#6 Selling out to the Big Four**

“

**I want an independent aggregator. Lenders have far too much power in their relationship with brokers**

”

- David, SA

broker, Alicia.

Those in favour of a merger typically listed improved quality and maintained control as conditional factors.

"As long as their systems stayed as good or improved I wouldn't be disappointed," said Ian of NSW.

### Q2: "Would you support your aggregator in launching its own products?"

In an era where diversification is an integral part of any risk management plan, MPA wanted to know how brokers felt about being offered aggregator-branded products. Brokers responded with a resounding 'yes' towards aggregators launching their own loan products, with 84% of those surveyed supporting the initiative.

Todd from Queensland was enthusiastic about aggregator-branded products, answering that he would "definitely" support the move. "The more competition and opportunity to brand ourselves the better," he said.

Alan, a Queensland-based lending manager, agreed. "Especially if the product was competitively priced and had similar features and products as other products already on the market," he said.

While most brokers answered in the affirmative, many, like Mark of Victoria, were quick to point out that to be successful, the product needed to be a "quality product" with a "market leading interest rate, long term." Michelle from Queensland also argued that the pricing needed to be "comparable".

Those who were against the move believed that aggregators should focus on what they did best. "They have been created to be an administrative tool between the lenders and the brokers. If they launch their own stuff they will need to have an aggregator to deal with the lender," said Greg, NSW-based credit analyst.

### Q3: "Does the size of your aggregator matter?"

Apparently size does matter to brokers, but only marginally. Fifty-eight per cent of brokers surveyed believe that the size of their aggregator is important, with most respondents arguing that bigger is usually better.

Martin from SA said that "a more visible public profile" could do nothing but help his business. Ian

from NSW agreed. "Size helps with lender volumes, which helps with commissions," he said.

Those arguing in favour of smaller aggregators said that they were often lost in anonymity with larger organisations. "I do not want to be part of a huge aggregator where the personal touch is lost," said Andrew from NSW. Sean, a Victoria-based broker, shared the sentiment. "I need an aggregator that is large enough to deal with the banks but not so large that you are just a number," he said.

While many brokers are quite happy in dealing with smaller aggregators, to be considered they must have a competitive lending panel and be able to demonstrate financial security.

"I would be quite happy with a smaller aggregator as long as they had access to the key lenders, could provide good services, and were sound financially," said Tony of SA. They need to be "big enough to count, but small enough to care,"

agreed Bruce, a Queensland-based loan writer.

However, smaller aggregators face challenges that brokers may not be willing to share. "Due to lending panel issues, small aggregators unfortunately will only have small lending panels due to the banks' volume requirements," said Gary, a Victoria-based broker.

But Michael of NSW doesn't agree. "Quality and dedication to its brokers is far more important," he said. Daniel from Victoria agrees that there are more important factors than size to take into account. "Their financial stability matters more than the actual size of the business," he said.

**Q4: "Are you looking to switch aggregators in the next 12 months?"**

With only 16% of brokers looking to switch aggregators in 2010, you could be forgiven for thinking that aggregator satisfaction levels were

Things brokers hate about aggregators: #7 Treating brokers like a number

"  
**You need an aggregator that is large enough to deal with the banks but not so large you are just a number**

"  
- Sean, VIC



**Need instant relief?**

*Quantum Credit will relieve you of any symptoms of frustrating financial lending you may be experiencing. We are a flexible Perth based lender that is funded by an international bank. Our strength in the lending market is quick turn-around times with loans generally settled within 3 days. We will lend to consumers, businesses and investors against residential or commercial property in Western Australia on a first or second mortgage basis. With the focus being on quick settlements Quantum will give you instant relief.*

→ For more information, broker accreditation and fast on-line enquiry see [www.quantumcredit.com.au](http://www.quantumcredit.com.au)

→ If you have a scenario you would like to discuss, please call Richard, Peter or Marius on 08 9325 6255

Credit Provider's Licence No 368  
**Quantum Credit | 182 Hay Street, East Perth, WA | Tel: 08 9325 6255**

**Quantum Credit**

## Are you looking to switch aggregators in the next 12 months?

84%  
no

16%  
yes



### Looking to switch?

After a tumultuous 2009, most brokers seem to want some stability. While they may not be completely satisfied with the performance of their current aggregator, most are unlikely to switch within the next 12 months

Out of the 219 of respondents to answer this question, 41% had not changed aggregators in the past 12 months. Those who had made a switch consistently listed price and a higher level of service as their motivations for moving.

“I was forced by lenders to join an aggregator again,” said Colin from Tasmania. “Volume requirements meant I couldn't operate effectively as an independent,” he said.

For NSW-based director Nalin, price was the main motivator for switching. “My past aggregator had an 80/20 split. This is good at the start, however, as you write more loans and your loan book grows, a big chunk of your commission goes to the aggregator,” he said. “The new aggregator has a monthly fee and the broker gets the full 100% of the commission,” said Nalin.

Unmet service promises caused Gary of Victoria to switch. “The previous aggregator lacked in initial promises of what they would provide,” he said. “Their professional standards were not up to scratch, their agreement wording was always to their way of thinking, and, being a boutique lender, their panel was not good enough.”

In short, the decision to move all boils down to “personal service, access to a good lending panel, good commission splits and experience in the industry,” said Murray of Western Australia.

at an all-time high.

Sadly, this isn't the case. “Better the devil you know,” said Andrew, a Queensland-based broker. Donald, also from Queensland, agrees. “I am not actively looking, however I am not pleased with the support offered in the 2009 year,” he said.

So why aren't more brokers making a move? Many are adopting a ‘wait and see’ approach, giving aggregators time to lift their game after the dust of the GFC has settled.

Derek from Queensland is considering a move. “It depends on whether they deliver their promises in 2010. Service and support was appalling during the GFC period and they neglected their long term and loyal broker members,” he said.

Others still were concerned about the cost a shift would entail. “Penalties charged on my existing loan trail would be overwhelming,” said Queensland-based broker, Evelyn.

We also asked brokers: “If you changed aggregators in the past 12 months, what were your reasons for switching?”

Things brokers hate about aggregators:  
#8 Excessive self promotion

“

**Aggregators should spend less time promoting their own branded products**

”

- Michael, NSW

### SECTION 3:

## Industry sentiment

In this section we asked brokers to give longer answers on some of the key issues affecting their businesses and the relationships between themselves and their aggregators

**Q1: “How would you feel about your aggregator being owned by a lender?”**

We received an overwhelmingly negative response to the question of lender takeovers, with 68% of surveyed brokers believing that a lender takeover was bad news, and only 6% seeing it in a positive light.

Michael, a NSW-based broker, was not in

favour of lender ownership. "It's a very bad move as aggregators and brokers should remain independent," he said.

David a broker from SA said he would be "disgusted." He said, "I want an independent aggregator. Lenders have far too much power in their relationship with brokers."

For Queensland broker Bruce, the most important issue to consider was the potential conflict of interest. "At a management level there has to be a conflict of interest between looking after your customers and your shareholders," he said.

However, despite these concerns, some brokers could see the positive side of lender takeovers. Les from NSW said that it wouldn't be a problem as long as "it wasn't biased" and there was still "access to all lenders." Sharing this sentiment was Bob, also from NSW. "I wouldn't mind, provided there was no pressure to use their products unless they provided the best solution for the customer," he said.

For brokers like Tony of NSW, lender takeovers signalled recognition of the broker channel and a higher level of security. "I'm glad that the channel is being supported," he said. "It reduces the risk that the owner of the aggregator will fail financially."

Unfortunately for some, it's already too late. Eleven per cent of survey respondents replied that their aggregator had already been taken over by a lender, with mixed results. "It has already

---

**Things brokers hate about aggregators: # 9 Not offering a broad lender panel**

---

“  
**Would like to see more second-tier lenders**

”  
- Daniel, QLD

happened," said Gary, a Victoria-based broker. "Fast, Plan, Choice; we have been told that each individual group will remain independent and that we will remain to offer impartial advice to our clients. There's no 'one size fits all'," he said.

**Q2: "What were the reasons for selecting your current aggregator?"**

Service, support and price were the determining factors for most brokers when selecting an aggregator.

Phil from SA looked for "commission structure, back office support, lead network, and a continued trail commission after leaving or retiring," while for Tony, also from SA, "fee structure in terms of price and flexibility, a good reputation, good services and financial stability," were most important.

Many brokers, like Rick of NSW, also mentioned access to a solid lending panel that included non-bank lenders, alongside the reputation of the aggregator's BDMs as important factors. "Access to all major lenders as well as a range of smaller lenders is important," said Rick.

For Brett, a SA-based consultant, one of the most important factors was his BDM's commitment to support. "The BDM should be focused on growing each broker's business, and not just on adding more brokers," he said. Queensland-based consultant Alik, agreed. They need a "good panel, strong IT support and an excellent BDM," he said.

## Flexible cash flow solutions for business

Bibby Financial Services offers businesses a full range of flexible Debtor Finance solutions to strengthen cash flow and fund growth. In addition, we reward our referral partners with an innovative and generous commissions scheme.

We're the world's largest independent specialist in Debtor Finance with over 25 years experience and we're open for business. For more information call 1300 18 11 44 or visit [www.bibby.com.au](http://www.bibby.com.au).

FLEXIBLE CASH FLOW SOLUTIONS FOR BUSINESS



[www.bibby.com.au](http://www.bibby.com.au)

Others, like Joe from SA were looking for “the whole package.” When selecting an aggregator, Joe looked for a “great commission model coupled with low ongoing costs for top notch software, marketing included – not at an extra cost – plus great service.”

Overall, most brokers were looking for the expertise and support that the aggregation industry was created to provide. “A great deal of experience and knowledge, excellent culture, support through the hard times, and taking key industry concerns front on,” were all factors that Victoria-based broker Gary looked for in his aggregator.

### Q3: “What initiatives has your aggregator undertaken to help you grow or improve your income?”

Out of the 187 brokers to answer this question, almost a third stated that their aggregator had done “nothing” to help them grow or improve their income.

“They have done absolutely nothing,” said Les. NSW-based director. “We only join aggregators because we have to,” he said. Evelyn from Queensland agreed, stating that her aggregator had “not made contact” with her in over two years.

However, more than half of the surveyed brokers were pleased with the efforts their aggregators were making towards helping them diversify or improve their income. Almost 30% said that their aggregator had implemented or improved their marketing strategy and many commented on the increase in cross-sell initiatives.

Del from Queensland said that his aggregator helped him with “a marketing campaign with e-mails and database management which is subscription-based but very affordable.” Victoria-based broker Robert had a similar experience, with his aggregator providing “training in marketing, people recruitment and sales.”

With diversification the current industry buzzword, Adrian from Victoria wasn't surprised at the importance placed on cross-selling opportunities. However, he noted that “harder and effective negotiation with lenders to achieve measurable improvements in broker conditions would be more appreciated.”

Outsourcing also seemed to be a new industry trend, with brokers like Tony, director of Barkly

---

**Things brokers hate about aggregators: #10 Not providing licensing assistance**

“

**Nobody really knows what's going on or cares**

”

- Brett Coombs, SA

Hall Finance in SA reporting the use of external companies for marketing and sales support. “They are also introducing a number of outside organisations to provide marketing support, sales and management training,” he said.

With support, service and price ranking as most important for most brokers when choosing their aggregator, it was no surprise that many brokers were pleased at their aggregator's efforts to improve their income stream through assistance in these areas.

“They are continually striving for more value-add services we can provide to clients such as access to marketing, real estate information and life insurance options,” said Gary from Victoria. “They have spent plenty in improving IT and keeping us up to date on the all-important new regulations, allowing us more time to do what we do best – write new business,” he said.

### Q4: “What do you wish your aggregator was doing more of?”

‘Commissions’ was the catchcry from brokers on this front. With commissions slashed in the wake of the GFC, brokers were turning to their aggregators to help them get a better deal.

Del from Queensland believes brokers deserve a bigger reward for their hard work. “Brokers still need better commissions,” he said. “Clawbacks are bad for the broker. I understand the reason but it is disheartening when you do so much work then lose money due to no fault of your own.”

Adding additional revenue streams was also on the wish list. Darryl, a Victoria-based general manager, wanted his aggregator to “add more potential income streams to the business, and find more second-tier commercial lenders.” Alicia from Queensland suggested her aggregator try “more different marketing” to help brokers separate themselves from the crowd, while Chris was looking for a higher level of advertising for the broker network to help “generate leads to the broker members.”

Finally, a number of brokers mentioned that they would like to see their aggregator focus more on collective bargaining. “They should stop playing safe when dealing with the banks,” said James from NSW. “The broker industry needs to bargain more collectively,” he said.

## How would you feel about your aggregator being owned by a lender?

### Lender take-over

With banks busily buying up aggregators, MPA asked brokers what they really thought about the recent trend of lender take-over's. Most brokers were not impressed.



68%

Unhappy



14%

Indifferent



11%

It's too late



7%

Happy

### Q5: "What do you wish your aggregator was doing less of?"

Most brokers who responded to this question believed that their aggregators should focus less on accepting demands from banks.

Peter from Victoria wanted to see his aggregator accept less "volume and accreditation hurdles from lenders," while Stewart, a NSW-based broker, said that aggregators should focus less on "being concerned with their relationship with lenders at the broker's expense."

A significant number also reported that internal marketing and excessive promotion of their own branded products was off-putting. "They send e-mails about their mortgage management products every second day," said Daniel from Queensland. Keith, also from Queensland, agreed that "sending out glossy brochures that have no meaning," was something aggregators could do less of.

However, the overwhelming majority of brokers responded that there was "nothing" that their broker should be doing less of. "You can never do less of anything in this age," said Gary from Victoria.

### Q6: "What aspect of your aggregator most concerns you?"

By far the biggest concern brokers had of their aggregator was that they would be bought out by a bank. Brokers were also concerned that their aggregator may lose accreditation due to strict new volume hurdles, or would further reduce their commissions.

"We seem to be at the majors' mercy at present and I am afraid commissions and accreditations will continue to be used to reduce broker profitability," said John, a Queensland-based broker. Steve from NSW agreed, stating that he was concerned by the aggregators' "lack of power in retaining lender accreditations."

A minority of brokers were concerned by diversification strategies. Donald from Queensland was worried that by "concentrating on other revenue streams" and "losing sight of the main business of home loans", aggregators were risking their core business. Losing sight of broker needs was also mentioned, with Robert from NSW worrying that aggregators are "losing the focus of what made them what they are – the brokers." **MPA**

### Thank you

A special thank you to all brokers who participated in this year's MPA Brokers on Aggregators survey. Stay tuned for next month's survey: Brokers on Banks