

MORTGAGE BROKING IN AUSTRALIA

Findings from Deloitte Access Economics report, *The Value of Mortgage Broking*

Mortgage brokers drive competition and reduce prices

- The mortgage broker channel works for all Australians by driving competition, which helps to make interest rates more competitive for everyone. It has contributed to a fall in lenders' net interest margins of more than three percentage points in the past 30 years.
- Mortgage brokers bring competition to the mortgage industry by improving access to lenders that are not major banks or their affiliates. The share for these lenders increased from 21.4 per cent in 2013 to 27.9 per cent in the past four years.
- The average mortgage broker has access to 34 lenders and uses an average of 10 lenders on their panel, bringing more choice to Australian home buyers.
- Without mortgage brokers, smaller lenders would need to expand their branch footprint across Australia with an additional 118 branches each - on average - to maintain their current market share.

Australians love their mortgage brokers

- More than 90 per cent of mortgage broker customers are happy with their mortgage broker.
- More than 70 per cent of mortgage brokers' business comes from existing customers.
- Mortgage brokers arrange more than half of all home loans each year, and this number continues to grow.

The broker channel helps those who need it most

- Three in 10 mortgages arranged by mortgage brokers are in rural and regional areas, improving access to home lending for rural and regional Australians - in locations where there may be few or no bank branches.
- Mortgage brokers help first-home buyers enter the housing market. Around 23 per cent of broker customers are first-home buyers and the ABS estimated that FHBs accounted for around 18% of all housing finance in November 2017.

Mortgage broking supports Australian jobs

- The mortgage broking industry contributes \$2.9 billion to the Australian economy each year and supports more than 27,100 (full-time equivalent) jobs.

Mortgage brokers are industry experts

- Mortgage brokers have an average of 13.8 years of industry experience helping Australians finance their homes.
- 64 per cent of brokers have education and training above and beyond their required broker-related qualifications:
 - 36 per cent have another diploma or certificate qualification.
 - 40 per cent have an advanced diploma or bachelor's degree.
 - 24 per cent have post graduate qualifications.

Mortgage brokers are everyday Australians

- Brokers that are sole traders earn an average income after costs and before tax of \$86,417.