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Media release

Challenges ahead for broker industry but consumer confidence points to career & business opportunities

Although the finance and mortgage broker sector has undergone many structural changes in past years (with more to come), it has also been the beneficiary of consumer disenchantment with the major institutions – especially their lending/client care and service practices said Mentor Education Group founder and principal Dr Mark Sinclair.



When the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry is delivered in February 2019, it will herald a very new era and landscape for the entire sector continued Dr Sinclair.

“With respect to home loans, consumers in growing numbers are voting with their feet choosing brokers over the banks as the provider for lending options. This upward trend in consumer sentiment can only be good news for the mortgage and finance broker sector and practitioners.

“This was reinforced by recent Mortgage & Finance Association of Australia (MFAA) data that revealed the proportion of loans written by the third-party channel had reached its highest figure ever at the end of March 2018”, said Dr Sinclair.

The market research compiled by CoreLogic research group Comparator revealed brokers had settled \$46.1 B in home loans in the quarter ended March 2018. This represented 55.3% of home loans and a 1.7% increase over the same quarter in March 2017.

Although ‘roboadvice’ style technology supported services are growing in popularity, consumers are reluctant to entrust large purchases and significant financial undertakings to an APP or computer screen – they demand the reassurance of person-to-person engagement with an industry professional.

Hence the industry being a beacon for individuals seeking a career change or potential to establish an advisory based business with growth potential prospects.

Dr Sinclair continued, “The mortgage broking industry has not been immune from scrutiny and undergone immense change primarily in response to ASIC, NCCP, ACL and APRA requirements including the need for licensing of mortgage brokers.

“Against a background of more ‘speed bumps’ comprising further regulatory changes, tightening lending practices and consumer expectation challenges is the embedded home ownership Australian mindset – and this will continue to be the main driver for upward demand for mortgage brokers”.

“It’s a must for the industry and broker practitioners to be ready for the future”.

Last year Mentor Education launched the Diploma of Finance & Mortgage Broking Management (DFMBM) and over 160 students undertook the course in 2017. 2018 enrolments have exceeded the RTO’s expectations and are a good indication of the future health of the sector.

“It was inevitable that the broking sector would follow the financial planning industry and respond to industry and government pressure, market consolidation and heightened scrutiny in general”, said Dr Sinclair.

“Mentor has consulted extensively with the industry and professional associations to develop a course that is structured to address the needs of the sector.

“The content of the DFMBM has been structured to both assist current brokers as well as equipping and preparing the next generation with a solid footing, understanding and appreciation of a career in broking”.

An interesting observation gleaned by Mentor is the number of accountants that are replacing their previous SMSF offering with mortgage broking services. From a business and client offering perspective it makes sense for accountants to become a ‘one-stop-shop’ in addition to their compliance, accounting and related services.

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