

Straight Talk

**REAL CONVERSATIONS.
A STRONGER INDUSTRY.**

Some of the most important conversations in our industry can be tough. Straight Talk is where Broker Magazine tackles them.



THE QUESTION

How can the industry strengthen trust between lenders and brokers?

In every issue, we ask a timely question to a group of respected industry experts and invite them to share their views.

As the industry evolves, so do the questions and the people we feature. Depending on the topic, we invite brokers, lenders, aggregators, economists, advocates, and other leaders to share their insights.

Our goal isn't to create controversy or force agreement. We want to encourage open, constructive discussions about the issues brokers face, even the uncomfortable ones. For our first Straight Talk column, we're focusing on one of the industry's most important working relationships.

Brokers and lenders work side by side every day. Both rely on delivering good outcomes for customers, and with brokers now playing a big role in how Australians access finance, that relationship is crucial.

But there are still points of tension.

Issues like channel conflict, clawbacks, retention pricing, communication, and how brokers support customers after settlement all raise real questions about what a true lender-broker partnership should be.

Instead of avoiding these topics, we asked three experienced industry professionals to share their perspectives.



Gerald Foley,
CEO, nMB



Marios Rokka,
FBAA VIC State President,
& Lending Centre Australia



Rishi Bhatia,
Mortgage & Finance
Broker, KRIA Mortgages

Gerald Foley

CEO, nMB



Trust comes from transparency, respect, consistency and a shared focus on good customer outcomes.

In the past 20 years, brokers have become the preferred channel and trusted advisers for most Australian borrowers. People value choice, competition, and professional advice.

To keep that trust, lenders and brokers need to see each other as strategic partners, not just as distribution channels or product providers. Unfortunately, it sometimes feels like the latter.

Communication is a critical starting point. Brokers need clear, timely information about policy changes, service levels and credit appetite so we can set realistic expectations with our clients. Equally, lenders benefit when brokers provide complete applications, quality submissions and constructive feedback from the market.

Trust grows when decisions are consistent, turnaround times are predictable, and everyone is working toward the same goal: helping customers reach their goals responsibly and sustainably.

Above all, lenders and brokers should keep the customer at the centre.

There is no doubt lenders with direct channels — generally banks — would prefer customers to come to them directly. Who wouldn't?

“Trust grows when decisions are consistent, turnaround times are predictable, and everyone is working toward the same goal.”

But it's important to keep recognising that customers choose how they get finance and advice. That recognition should continue after settlement, with lenders acknowledging the broker's ongoing role in supporting the customer throughout their loan journey.

The Australian broker channel has matured significantly and the level of professionalism across the industry continues to rise.

By investing in collaboration, sharing information openly and keeping customer outcomes at the centre of every decision, lenders and brokers can strengthen trust and ensure the industry continues to thrive for many years to come.

Marios Rokka

FBA VIC STATE PRESIDENT
Lending Centre Australia Pty Ltd



Trust between lenders and brokers isn't broken. However, there is an undertone that needs attention if we're going to strengthen the relationship and recognise the value brokers provide.

For me, one of the biggest — and undoubtedly most controversial — issues is clawback. It's an issue that has long left a sour taste in the broker-lender relationship when it occurs.

Brokers work hard to meet all our compliance and regulatory responsibilities, including our Best Interests Duty and responsible lending obligations.

We painstakingly work through our clients' goals and objectives, assess the appropriate product type and then consider credit policies to match the client with the right lender.

“We're responsible for acting in our client's best interests. We handle the introduction, the application, and often the relationship long after settlement.”

We undertake our own detailed credit analysis, present our findings to the lender and manage the application through approval and settlement.

And our work often doesn't end there.

Brokers continue to maintain relationships with both the client and lender well beyond settlement. That's part of where trust in the broker-lender relationship is developed.

Then, at some point, the client may decide to discharge their loan and the lender claws back the broker's commission.

This is the tipping point.

If we truly have a strong relationship built on trust, I think we need to be willing to have a conversation about what happens in those circumstances.

If a broker can demonstrate that they have diligently managed the client relationship — a relationship that may also have benefited the lender through additional products such as bank accounts and credit cards — should the broker automatically carry the entire cost when that customer leaves?

We're responsible for acting in our client's best interests. We handle the introduction, the application and often the relationship long after settlement. But if the client leaves the lender during the clawback period, the broker can lose income, time, and sometimes face real financial costs.

I'd like to see lenders come together with the broking industry and have a genuine conversation about whether that burden could be shared through changes to the current system.

Because in many cases, it isn't the broker who has caused the clawback.

Rishi Bhatia

Mortgage & Finance
Broker, KRIA Mortgages



For me, one of the biggest challenges is transparency within the channel partnership.

When both parties focus on mutual transparency, the end customer benefits from a smoother and fairer experience.

We need to avoid channel conflict and remember that we're all working for the success of our customer. Ultimately, we're a partnership.

It is disappointing when different channels within a lender have different success criteria, and brokers feel that branch or direct channels are looking for broker-originated clients.

Pricing is one area where this becomes particularly frustrating.

Often, a lender won't match pricing when we first approach them, forcing the broker to conduct a market search on the client's behalf. Yet once a formal discharge request is received, a competitive rate may suddenly become available.

I'd like to see lenders have the guts to match that pricing before we submit the discharge.

That could save the lender from losing a good customer, protect its back book and allow the broker to continue working towards the right outcome for the client.

“We aren’t working against you; we’re working for the client.”

The discharge process itself also needs to be seamless. We now use digital signatures and online documentation throughout so much of the lending journey, yet parts of the discharge process can still be unnecessarily cumbersome. Making that experience faster and easier would ultimately improve the customer experience as well.

But the biggest message I have for lenders is this:

As brokers, we value our partnership. We aren't working against you; we're working for the client.

If you treat us like your own, we'll own the outcome too.

What's striking isn't that our three contributors agree on everything. They don't need to.

They've identified different pressure points in a complex commercial relationship: recognition of the broker's ongoing role, clawbacks, channel conflict, retention pricing, communication and transparency.

But underneath their responses is a common idea.

Partnership needs to work when things get difficult, not only when everything is going well.

Lenders have commercial realities. Brokers have obligations to their clients and businesses to run. At times, those interests will inevitably pull in different directions.

Perhaps strengthening trust isn't about removing those tensions altogether. It's about creating a relationship strong and transparent enough to deal with them when they arise.

And there is one place where the interests of both sides should ultimately meet: the customer.

If lenders and brokers can keep that common ground at the centre of the relationship-while being prepared to have frank conversations about the areas where the relationship isn't working as well as it could – that's a pretty good place to start.

