

MEDIA RELEASE

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MFAA hits back at broker claims

The Mortgage and Finance Association of Australia (MFAA) today hit back at claims by consumer group CHOICE that consumers bypassing mortgage brokers can get a better deal. The Association also challenged CHOICE's assertion that mortgage brokers are focussed on securing commissions, rather than working in the best interests of consumers.

"CHOICE has failed to acknowledge that there are other important factors in selecting a loan – beyond the interest rate offered. Brokers are experts in assessing the different features of a loan, including the interest rate, exit fees, services offered and loan structure," said Phil Naylor, CEO of the Mortgage and Finance Association of Australia (MFAA).

"The survey also undersells the important role that brokers can play in helping consumers navigate the often complex and confusing home loan market.

"A report like the one undertaken by CHOICE, covering the experiences of three consumers is anecdotal feedback, but can hardly be defined as empirical research," said Mr Naylor.

"Independent research commissioned by MFAA and BankWest drew from a pool of 802 online respondents – 455 of which have either an investment or residential property. This survey revealed that consumers are consistently more satisfied when using a broker than going directly to a lender to source their loan."

The MFAA/BankWest Home Finance Index revealed the reasons consumers use a broker to help source home loan options:

- Brokers do all the leg work (75% of respondents agreed with this comment)
- Brokers have a wider loan range (72%)
- Brokers are experts in a range of mortgages from numerous lenders (71%)
- Brokers can get the right loan for individuals' circumstances (64%)

"It's clear from our research that the criticism brokers often receive for not being compelled to source the right loan for individuals is overplayed and exaggerated. Other parts of our research clearly show that borrowers with a broker-facilitated loan are less likely to struggle with repayments than those who directly dealt with a bank," said Mr Naylor.

"We encourage any potential borrowers to do their homework, sit down with a broker and assess a range of loans in their entirety. It's not enough to base a loan decision purely on interest rates.

"Lenders offer many different loan options, each with varying rates, terms and conditions, service and fee packages. It is important when researching a loan to consider all of these things holistically, said Mr Naylor.

"Don't jump at a loan just because the interest rate is low. It is no good having a low-rate home loan if the exit fees are too high. Make sure you are comparing oranges and oranges when you shop around."

ENDS -

For further information phone: Phil Naylor, CEO MFAA (02) 8905 1301; or Kerry McGregor, MFAA Director Member Services, 0414 955 899

The Mortgage & Finance Association of Australia (MFAA) is the peak industry body providing service and representation to over 13,000 mortgage brokers, finance brokers, mortgage managers, mortgage lenders (bank and non-bank), and originators to assist them to develop, foster, and promote the mortgage and finance industry in Australia.

The MFAA has a consumer website www.essentialsofborrowing.com.au which contains 40 essential pieces of information for home buyers and small business owners. It also has a search function to help consumers locate a local accredited MFAA member.