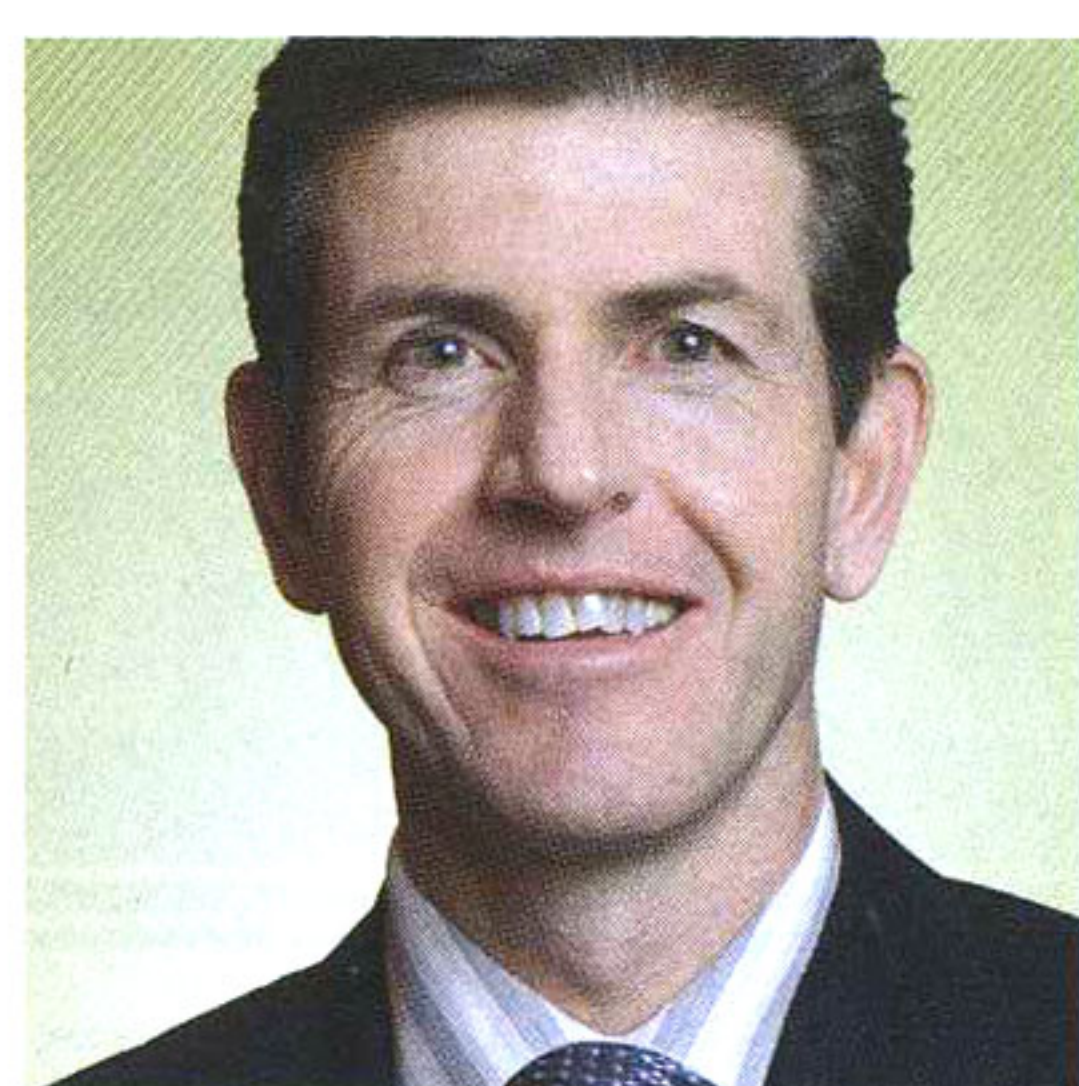


the word

Debate about commissions has raged since they were cut in 2007 but what do industry pundits have to say on the topic as we enter the new year...

ARE COMMISSIONS LEVELS SUSTAINABLE AND WILL THEY CHANGE IN 2010?

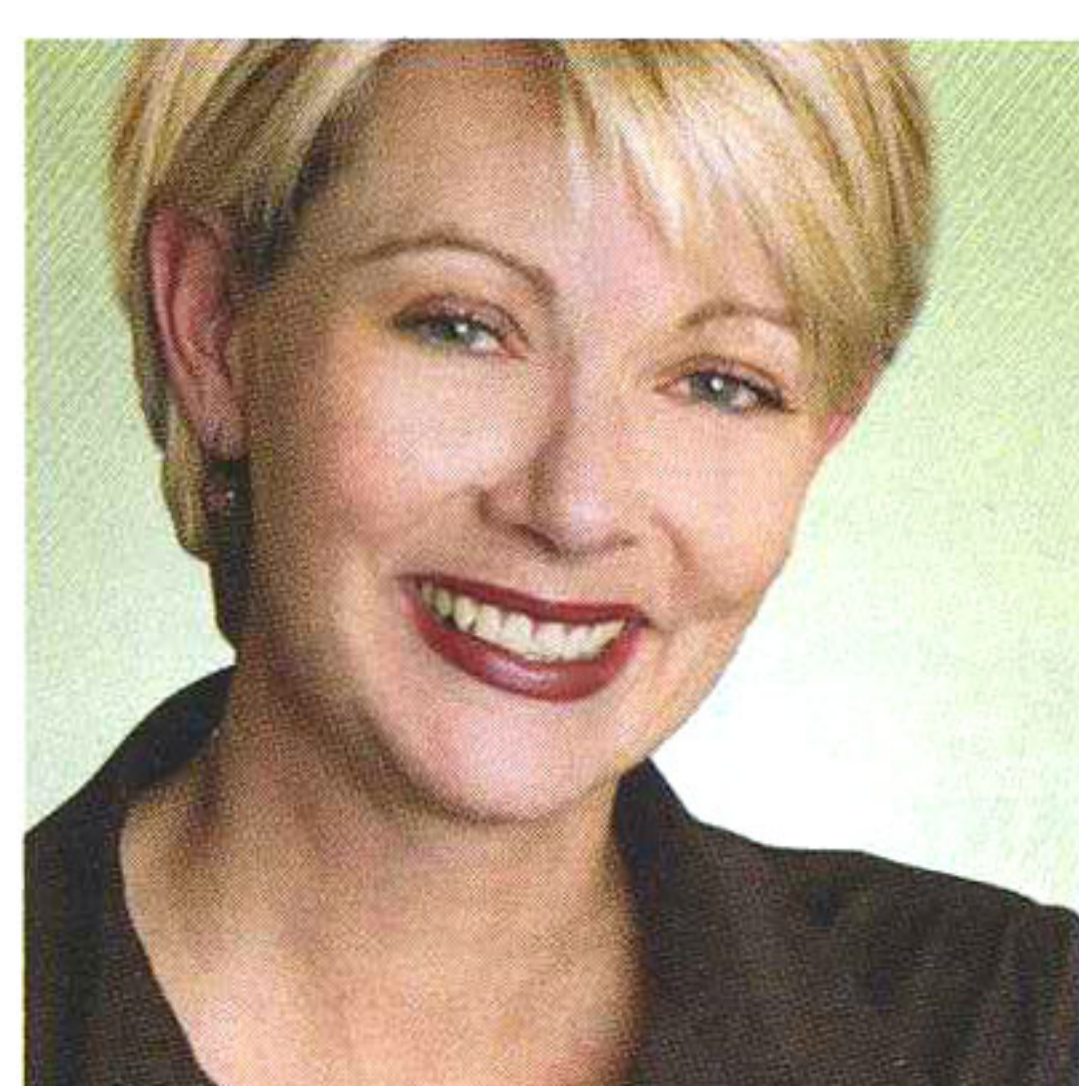


BRENDAN O'DONNELL
Choice Aggregation Services

**POSSIBLE
FUTURE
INCREASES**



"TODAY WE have brokers working harder to make the same return and many have not, and probably will never recover, the lost revenue as a result of the commission reductions. In the short term – that is the next 12 months – I don't believe we will see any major change to commissions. As competition comes back into the market and we start seeing non-banks and regional banks play a more significant role, then I believe we may actually see an increase in commissions – but... this will be targeted and depend on the nature and professionalism of a broker/brokerage."



ALISON WHITTLE
Tiffen & Co / The Mortgage Detective

**COMMISSION
CUTS WOULD BE
DETRIMENTAL**



"I HOPE commission levels are sustainable this year. There is certainly plenty of industry talk about commissions by brokers, as any commission cuts would be detrimental to the third-party channel. It is a hard one to call because it essentially depends on the lender's perspective, that is, how much value they place on the third-party channel. While brokers want to be paid fairly for their services, a broker's product offering is not centred on commissions, rather, it's all about trying to source the right product, price and value for their clients."



RAY HAIR
PLAN Australia

**IT'S TOO
EARLY TO
MAKE A CALL**



"IT'S HARD to make a call at this stage as to whether broker commission levels will be sustainable in 2010. In the past, and particularly when we look at the global financial crisis, banks were hit by funding costs and this led to a reduction in broker commissions. The situation is different now because there is more competition in the market. This has effectively alleviated the downward pressure on commissions by the banks. Having new competition in the market can only be a good thing."



PETER HAYWARD
Citibank

**HIGHER FOR
QUALITY
BROKERS**



"THERE WILL definitely be movement in broker commissions this year. For some brokers it will be an upwards movement, for others, it will be downwards. The key driver for increased broker commissions in 2010 will be a focus on the quality of home loans written rather than volume. Commissions are important, for both broker and lenders. Brokers have the ability to defray some costs that lenders otherwise have to bear when dealing with poor quality loans. I believe that brokers who have good quality loan applications with strong borrowers will grow their relationship with lending institutions and this in turn can only lead to profitability."



MICHAEL COOMBES
Southshore Finance

**NO CHANGES
ON THE
HORIZON**



"I DON'T think commissions will be moving upwards, nor will banks try to drop them. Banks are in control at the moment. Commissions are important to a broker's offering, but not so important that a broker would choose a lender based on which lender offered the highest commission. We aim to provide the best service and product for our clients, and that takes priority over commissions."