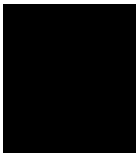
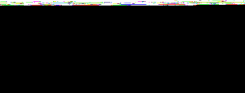
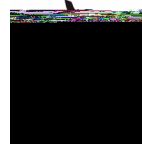
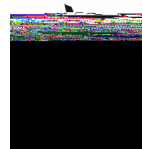




*Executive Summary*

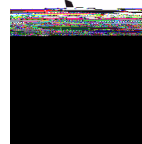
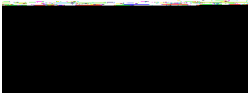






***Introduction***

I founded Peach Home Loans, Australia's first national discount mortgage broker,



### ***The need for regulation***

Graham Samuel, Chairman of the Federal consumer watchdog the Australian Competition and Consumer Commission, has recently commented that consumer regulation can hurt consumers.<sup>2</sup> He argues that consumer regulation





In broking as in 'financial advice' there are hefty rewards for practitioners who can get their customers to think that, despite their remuneration as sales agents, they act as fiduciaries – that is on behalf of their customers, the way a good doctor or accountant would.

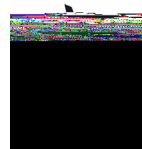
Thus, though we wonder what took it so long, we support the increased vigilance ASIC is showing towards misleading claims being made in the industry,



required to advise borrowers to consider 'shopping around' by consulting more than one broker as well as searching the internet for available options.

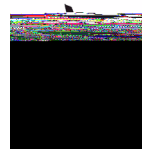
Peach has processes in place for ensuring that its brokers are not financially motivated to sell one product ahead of another. However we believe the concern about this matter in the community arises from the ambiguity in the way in which brokers are conceived of within the community as 'advisors'. If it is understood that they are salespeople and people understand that this is their role, and if





It can do so very effectively. For instance the Discussion Paper calls for a licensing regime that imposes probity checks to cover a range of concerns such as convictions for offences involving dishonesty, the cancellation of licences, registration or permission to trade in a regulated occupation, profession or business, undischarged bankruptcy and so on. It would be perfectly feasible to regulate to prevent people with such blemishes on their records to practice as





**Box 1: Comparison rates**

The rationale behind comparison rates, like that of its earlier, simpler and much better Annualised Average Percentage Rate (AAPR), is compelling. The comparison rate and the AAPR calculate the total range of costs in addition to interest payments. (The main costs are application and other up front costs and account keeping costs). They then produce a single interest rate that is intended to 'take into account' all unavoidable costs in the loan – like application and loan maintenance fees.

When we heard of the intention to regulate for comparison rates we thought it would be a good step to help consumers. We had imagined regulators would

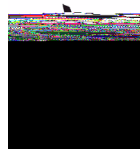




However limited its use as a document of account for consumer protection

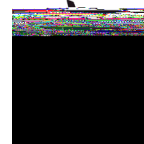




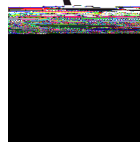


The 'advice' will neither identify loans outside the brokers' panel nor their existence. In all probability it will not identify;

- 







We support the idea of having an ombudsman, having agitated for one before it existed. But because it was designed to appease consumer groups, its costs are met by those businesses consumers bring before it. In nearly five years we've never been taken to the Ombudsman. But if we were, we'd be charged \$200 for the initial referral, a further \$2,000 for conciliation and then another \$5,000 for the

