

BREAKING NEWS

Brokers divided over fee for service

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Jessica Darnbrough

While some industry professionals believe the new legislated environment will offer brokers the perfect opportunity to introduce a fee for service, some brokers are not sold on the idea.

Last week, NAB's general manager distribution John Flavell indicated that consumers would be happy to pay brokers a fee for their service, provided the advice they receive is sound and reliable.

"I speak to a lot of customers and there is an expectation out there that they would pay a broker a fee for the service they provide," Mr Flavell told *The Adviser*.

However, not all brokers agree that a fee for service model would be effective in the broking industry.

Mortgage Point broker Susy Bessell said clients would not want to pay a broker a fee when they can get the same service from their bank for free.

"I have been a broker for many years and have clients across Melbourne and I can definitely say that consumers would not pay 'fee for service' to a broker. There is not enough difference in the service offerings of a bank and a broker to warrant charging a fee. They come to us because it doesn't cost them anything," Ms Bessell said.

Todd Hunter of Where Group was of the same opinion. According to Mr Hunter, if a client had the choice to use a bank for free or pay a broker a fee, they would inevitably choose the bank.

"Regardless of the service we provide, they will choose the cheaper option," he said.

Of course, not all brokers are adverse to the idea of implementing a fee for service.

Paul Golightly from Finance Queensland said any professional broker who values what they do should be paid for their work.

"It is a business transaction and if you don't protect yourself, no one else will," he said.

Mr Golightly's sentiments were largely echoed by LJ Hooker broker Bob Campbell, who agreed that now could be a great time to introduce a fee for service if customers understood the services brokers provide.

According to Mr Campbell, many customers do not realise that the broking industry has undergone a regulatory overhaul.

"If you went out and did a street survey, I could almost guarantee that 99.9 per cent of the general public would have no clue of all the changes and new regulations within our industry. It is high time the MFAA, the FBAA and the large aggregator groups got together to devise a joint strategic campaign going forward, to really ensure that the public learn what we, in the industry, already know," he said.

"John Flavell could be on the right track if brokers had an advocate to actually get the message to the masses that the broker proposition is now far more attractive because of new regulatory requirements and the fact that the public are dealing with professionals that offer assistance, advice, choice and unparalleled service that branches are simply not able to provide."

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