



CHOOSING AN AGGREGATOR, SUB AGGREGATOR OR BROKER GROUP

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Choosing an aggregator/sub-aggregator/broker group is an important decision for brokers. What suits some brokers may not suit you. You should make your own enquiries to make sure your requirements will be met.

The business models and offering differs significantly between operations. The MFAA has prepared the following check list to assist you – but beware this is just a guide and there may be matters which are very important to you not listed. Some of the items listed will be very important to you; others not important at all.

Item	Importance to you
Do I have the option to be a credit representative or a licensee? If you chose to be a licensee, is there any compliance support offered?	
1. Development & training	
What professional development training programs are offered? Are these offered online, classroom or remote? Will they satisfy my CPD requirements and help me build my business?	
What state or national conferences are offered by the Head Group?	
Do they provide leads? If so, at what cost? Can they provide evidence of lead programs? Can I speak to a member who has received leads?	
2. Fees & charges	
Fees:	
<ul style="list-style-type: none"> • joining • annual • lead fee • compliance fee –eg does it include COSL, PI Insurance • software • others? (Make sure you identify all fees or other costs you have to pay, or which will be deducted from your commission). 	
3. Commissions & payments	
What percentage or rate of commission do I receive? Are there any volume bonuses or other incentives? Is the % or rate quoted net or gross of what aggregator/group receives?	
How often is commission paid and how many ways can it be split to	

<p>cater for referrers etc?</p> <p>Are commission reports emailed or accessed by a secure web portal?</p> <p>Does the suite of commission reports include upfront & trail exception reports to help identify and reconcile missing or stopped commission payments?</p>	
<p>Is their panel of lenders suitable for my purposes? Eg Residential, Equipment and Commercial, Leasing and car finance.</p> <p>Am I able to source lenders that are not on the panel?</p> <p>What are their agreement terms like with lenders e.g. could the actions of one rogue broker jeopardise your trail?</p>	
<p>Are they financially strong, so I can be confident of receiving commission?</p> <p>Have you sighted their financial statements and made your own assessment of their financial strength? If they will not supply, why not?</p> <p>This is critical as every lender agreement contains a default clause that specifies that should the head group materially default and be unable to remedy the said default, then the lender may terminate the agreement and have no further obligation to continue paying trailing commission. Liquidation and fraud by the head group are examples of what would constitute material default.</p>	
<p>How will they support me? For example:</p> <ul style="list-style-type: none"> • how many BDMs deal with my region and what kind of support will they provide? • Local marketing support • Loan application scenarios • Software training • Compliance support • Evidence of support of brokers on various issues • Do they offer business coaching and development? Is there an extra cost? 	
<p>4. Software & documentation</p> <p>Do they supply a full set of the documentation I require to conduct my business? These may include:</p> <ul style="list-style-type: none"> • disclosure documents (ie credit guide, quote, proposal 	

<p>disclosure document, copy preliminary credit assessment for borrowers)</p> <ul style="list-style-type: none"> • marketing materials (eg newsletters?) • fact find (how does this work?) • electronic deal recording, submission, and storage • credit policy (so I can conduct my preliminary credit assessment) • CRM with server back up 	
<p>Do they offer an end to end IT system which:</p> <ul style="list-style-type: none"> • Has full DRP in place including a back up site • Guarantees security of your customer information • Is a complete business management system from electronic lodgement, CRM & marketing, commission payment and reconciliation, website provision, MIS reporting through to compliance • Is flexible enough to quickly make enhancements to keep pace with a changing market place. 	
<p>5. Visibility & reputation</p> <p>Are they an advocate for the industry and will they take a stand for me on important issues?</p>	
<p>Are they members of the MFAA?</p>	
<p>How long have they traded and what is their ownership structure?</p>	
<p>Check with some lenders whether they are in good repute.</p>	
<p>What's their key value proposition to me?</p>	
<p>Do I keep my trail if I cease trading or swap aggregators?</p>	
<p>In what circumstances do I lose my trail?</p>	
<p>Do they supply a professional indemnity insurance package?</p>	
<p>6. Licensing & compliance</p> <p>Make sure that you have a written contract setting out everything that you have agreed and that it is signed by all relevant parties.</p> <p>Make sure you get and keep a copy of the contract.</p>	
<p>Read their Broker Agreement carefully and make sure you understand all of its provisions including your contractual obligations regarding</p>	

access to income flows. If in doubt, get legal advice. Your broker Agreement is your key document – as it provides how you get paid. If it has restrictions, you may lose your commissions.	
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This document does not comprise legal advice and the MFAA accepts no responsibility for it.
