

# Young Professionals Report III 2021

Understanding the next generation of brokers

With thanks to our Sponsor:

 **estpac**

  
**MFAA**  
MORTGAGE & FINANCE ASSOCIATION OF AUSTRALIA

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The finance broking industry continues to experience strong growth. It is estimated that there are now 16,968 mortgage brokers across Australia, up from 16,490 in the six-months prior. It is the second highest total for the broker population observed and highlights the buoyant appeal and confidence of the housing market in attracting more brokers to the industry.

Furthermore, the broker channel settled \$93.42 billion in residential home loans in the September 2021 quarter, the highest value recorded for any period since the MFAA commenced reporting, up 62.5% year-on-year.

And brokers now write 66.9% of all residential loans, according to the September 2021 MFAA Quarterly Survey further cementing the broker channel as the channel of choice for consumers.

With brokers becoming the channel of choice for residential home loans, it's more important than ever that we support the younger generation of brokers coming through – the Young Professionals – aged 35 years and under, and representing approximately 18% of the MFAA's membership (as at the time of survey).

For this reason, the MFAA undertook the Generations Survey in 2021 targeting under 35-year-old and over 35-year-old members. The survey sought to facilitate greater understanding of the different experiences of the two demographic groups, their professional journeys, challenges, opportunities, and hopes for the future.

The survey received nearly 600 responses and was the subject of discussion at the Young Professionals (YP) Panel Forum. The Panel analysed the data to consider what it meant for the industry and how it could be used to develop programs to better recruit younger brokers as well as form strategies to maintain and retain them.

We also compared results from previous YP reports to determine if any attitudes or views had changed over time between the two age cohorts.



## A message from our Sponsor

### Westpac is proud to have partnered with the MFAA on their Young Professionals Panel and this report.

Young professionals, those aged 35 and under, are a diverse and dynamic group of finance brokers who are entering the industry from a wide array of professions, compared to previously when most brokers came from a banking background.

This change is just one of the many insights highlighted in this report that will help our industry provide the right support and guidance for young professionals.

It's having skilled and committed finance brokers that allows our industry to maintain its place in the residential lending market and continue to grow a presence in the commercial lending sector.

In the same way the finance broking industry is evolving in terms of how we operate, the regulations, customer expectations, market dynamics and needs of young professionals entering the industry are also evolving.

With the regulatory environment, compliance requirements and the growing awareness of the need to avoid burnout, young professionals are eager for education opportunities, both as avenues to enter the industry and to maintain and grow their skills.

At Westpac we believe it's important to support ongoing education and professional development opportunities, and this report highlights the level of importance young professionals also place on these factors for their career. This is something the industry as a whole can play a part in to support young brokers to achieve their goals.

A key point in the report for me was also the clear desire from young professionals to achieve business success in a way that allows them to manage their time and lifestyles. It's insights like this that are vital for business owners who are hiring or developing employees and their career pathways, to better understand how to attract and retain successful talent.

The members of the MFAA Young Professionals Panel represent the future leaders in the finance broking industry and we commend their enthusiasm for their industry and for supporting the next generation of brokers.

We hope you find this report helpful in understanding the needs of young professionals in our industry and the value they bring to the finance broking profession to ensure its longevity and relevance in the market.

#### **Warren Shaw**

Head of Broker Distribution, Westpac Group



## CEO's report

**Young brokers are entering the industry at a time of change – change in regulations, change in what consumers expect and changing lender policy. However, they are taking on the challenge and looking to the future of broking.**

The importance of brokers is evident from the fact they are writing more than two thirds of all residential loans and are increasingly working on other types of financing for their clients. This growth in market share is just the reason we need to support and nurture the next generation of brokers – the MFAA has already surpassed a record 14,000 members.

The Generations Survey which is detailed in this report is an example of the enthusiasm the MFAA Young Professionals Panel has for the industry.

A key finding in the report for me was that young brokers are joining the industry from a more diverse range of industries outside the banking and finance sector than previously. The report also gives a sense that young brokers are often finding themselves quickly running a business themselves, which isn't always the best outcome and could lead to brokers becoming overwhelmed and burnt out.

Support for new talent is a key challenge the industry will need to continually focus on to uphold our already high standards.

Creating opportunities for training and development is something young brokers are eager to see introduced to help younger people from diverse backgrounds enter the industry and have pathways to build experience in a supported way.

Consistent with findings from the 2018 survey, brokers of all ages continue to name lead generation and keeping up to date with lender policy, regulation, and compliance changes as the two main challenges they face. These issues are ones we continue to work with the industry on.

I continue to be impressed by the resilience of our young brokers and their initiative to create an industry that will extend positive customer outcomes into the future.

Finally, I'd like to thank Westpac for their support as sponsor of the Young Professionals Forum, Young Professional Award, and this report. We hope you enjoy reading this report.

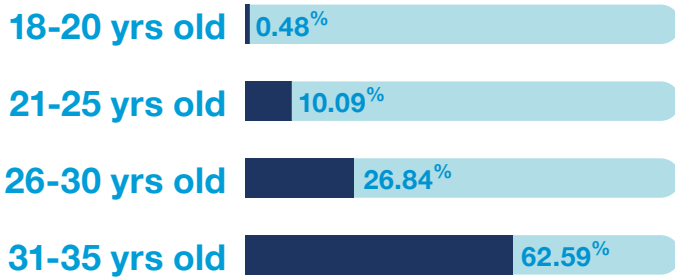
**Mike Felton**

Chief Executive Officer, MFAA

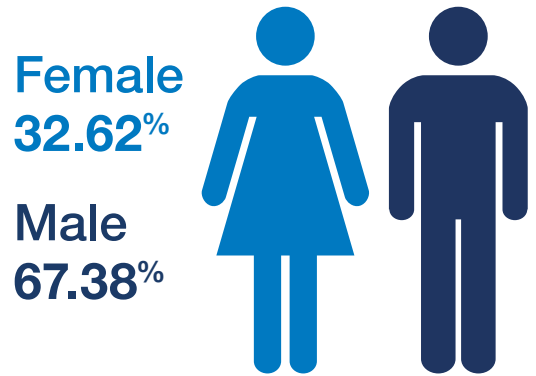
# About the MFAA Young Professionals

A demographic summary of the MFAA's 35-years-of-age-and-under membership (N: 2,299).<sup>^</sup>

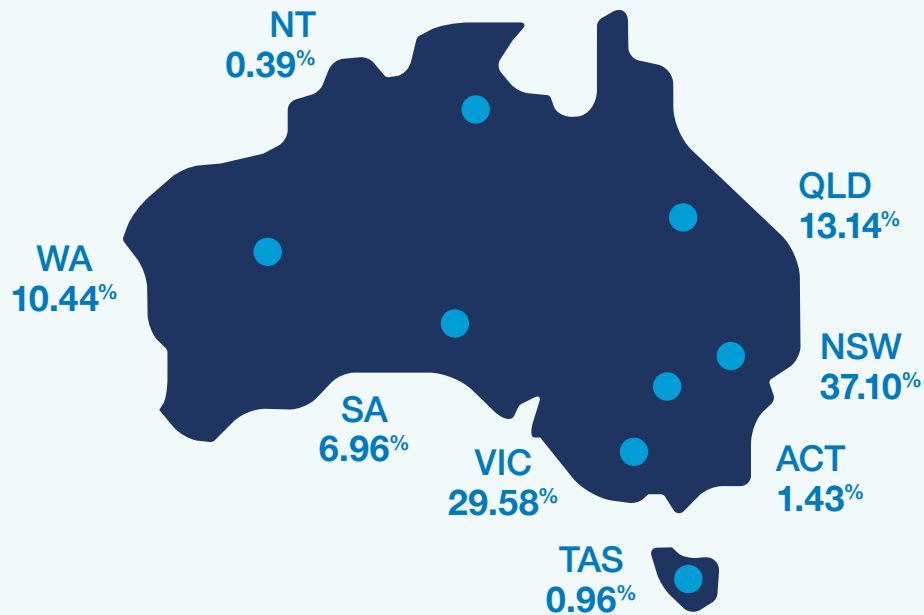
## By age



## By gender

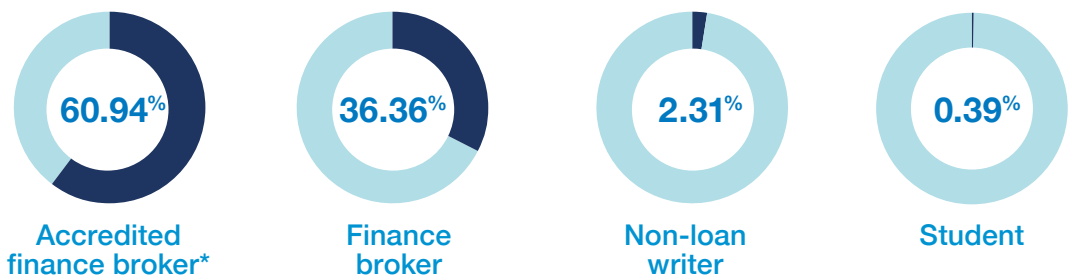


## By state



## By loan writer status

<sup>\*</sup>An accredited finance broker has completed two years of mentoring and obtained their diploma.



<sup>^</sup>As at September 2021.

# Pathway to broking

In this section we look at where young professionals joined our industry from and what motivated them.

What best describes what you were doing before you became a broker?

Under 35s	2021	2018
Financial institution, such as a bank or non-bank lender	30%	35%
Mortgage broking admin or broking support staff role	18%	N/A
Wealth-knowledge industry, such as a financial planner or accountant	4%	7%
High School/TAFE	1%	3%
University	5%	10%
Non-finance industry - white collar	21%	21%
Non-finance industry - blue collar	11%	8%
Other	10%	16%

When over 35's were asked the same question, their top three answers were:

Working in a financial institution	51%
Non-finance – white collar	21%
Other	10%

## Observations

While the majority of over-35s reported working for a financial institution before becoming a broker, only 30% of under-35s did the same.

The survey results point to a definite shift in the types of positions younger members tend to hold before becoming brokers. There is a clear trend since the 2018 report that younger members are entering the industry from an increasingly diverse range of other industries versus the older cohort who predominantly came from financial institutions.

It also suggests that broking as a career has become widely recognised and that prior finance experience is not necessary to consider broking as a career option.

The Young Professionals discussed the benefit of an increase in diversity of experience, and other insights provided by the data.

“A lot of older brokers I speak to worked in a bank for 20 years before becoming a broker. Broker businesses with admin support have really only existed for the last 10 or 15 years, which explains why almost 18% have that background.” **YP Panel member**

“I think it is also really positive that people are coming to broking with a greater variety of skills and experiences – like 10% of under-35s coming from blue collar industries compared to 3% of over-35s – which I think is good for broking.” **YP Panel member**

“I was blue collar, working on the railways when I did the Cert IV and battled and survived. It actually almost crippled me, I almost failed at the 18-month mark, and if it wasn’t for some encouragement and a bit of financial help and luck in terms of turning it around, I wouldn’t have made it.” **YP Panel Member**

The YPs felt that an apprenticeship-style education would be a beneficial pathway into the industry. It would give younger brokers on the job experience while learning the ins-and-outs and theory of the role and thereby have a better understanding of the job before getting started on their own.

Interestingly, 18% of under-35s have had experience in the industry having been employed as support staff in a broking business which supports this idea.

“I think we should be having an apprenticeship-style approach. You can’t learn this job at university. By the time someone’s finished their degree the lenders have changed their policies so many times the job is barely recognisable, and the regulators have made all their changes. At least with an apprenticeship you can get your hands dirty and work the job in real time.” **YP Panel Member**

“Even though I started broking at 21, I would have liked to have started earlier because I wasted three years going to university. I was really fortunate that I started in admin for a broking firm and that was literally how I found out about mortgage broking. So, I feel like when I started broking I did know what I was doing because I almost did have that apprenticeship. That worked well for me, and I think that could work well for a lot of people.” **YP Panel Member**



**Mortgage broking as a profession affords you the option to be the architect of your lifestyle.**





## Why did you originally decide to become a finance broker? Select up to three answers.

Under 35s	2021	2018
Income growth potential	63%	57%
Lifestyle factors	50%	42%
To become my own boss	38%	40%
Better future prospects	36%	32%
Wanting an interesting career	28%	24%
A challenge	22%	29%
Other	10%	12%

## When over 35's were asked the same question, their top three answers were:

To become my own boss	53%
Lifestyle factors	50%
Income growth potential	42%

## Observations

The top three answers between the generations were the same: 'income growth potential', 'lifestyle factors' and 'to become my own boss.'

Interestingly in 2021, lifestyle factors for the younger cohort has increased in importance compared to 2018. However, the top three answers as to why an under-35 decided to become a finance broker has not changed over the years.

The survey results showed 63% of under-35s regarded income growth potential as a reason why they entered the finance broking profession. The Young Professionals Panel felt this showed that there was a misunderstanding regarding broker earning power, particularly in the first five years.

"I think with the amount of work mortgage brokers do now, our commissions have not changed, but in the last five years our work has without a doubt doubled. So, if you look at income growth potential that is declining because you either need to work more hours, which reduces your hourly rate, or you need to hire more people to do these tasks for you, which reduces your profitability. So, that is a huge misconception in this business."

### **YP Panel Member**

At 50% for both age cohorts, lifestyle factors were also a motivator for becoming a broker. The YPs expressed concern about this perception that broking provided strong lifestyle incentives.

"If you look at why people got into broking, the reasons are for lifestyle and money. But most people don't know when you start you won't get your first commission for six months.

"And for lifestyle, you are going to get calls on Saturdays and late nights. People need to know that. It is a really difficult high stakes, high pressure job. It seems like a lifestyle job before you get into it, but it's not. You've got to be available for your clients and you have deadlines to meet." **YP Panel Member**

However, the point was also made that, compared to some other professions, there is an element of flexibility afforded to brokers that should not be disregarded.

“I think as a newer mum, the lifestyle benefits come from being able to pick up your kids and you can block out that time in the calendar, then you can catch up on work out of hours. We can build flexibility into our lives and businesses if we choose.” **YP Panel Member**

“Lifestyle is quite subjective, but mortgage broking as a profession affords you the option to be the architect of your lifestyle. You can choose to work 80 hours a week and make that kind of money, or you can choose to do three or four deals a month. There are not too many professions where you can do that and to me that is invaluable.” **YP Panel Member**

# Settling into the industry

How hard is it to achieve success as a young broker? As regulations, compliance, product and customer needs become more complex how do we ensure that younger brokers have the support they need to survive and thrive.

What professional challenges do you most often face? Select up to three answers.

Under 35s	2021	2018
Time and workload management	51%	40%
Staying up to date with legal and compliance changes	44%	34%
Lead generation and marketing	42%	65%
Too much competition	14%	16%
Staying up to date with lender product and policy changes	41%	54%
Earning trust, respect and recognition	6%	18%
Recruiting and training quality staff	15%	11%
Client management and relationships	10%	9%
Motivation	11%	8%
Other	13%	4%

When over 35's were asked the same question, their top three answers were:

Time and workload management	53%
Staying up to date with lender product and policy changes	52%
Staying up to date with legal and compliance changes	49%
Lead generation and marketing	34%

## Observations

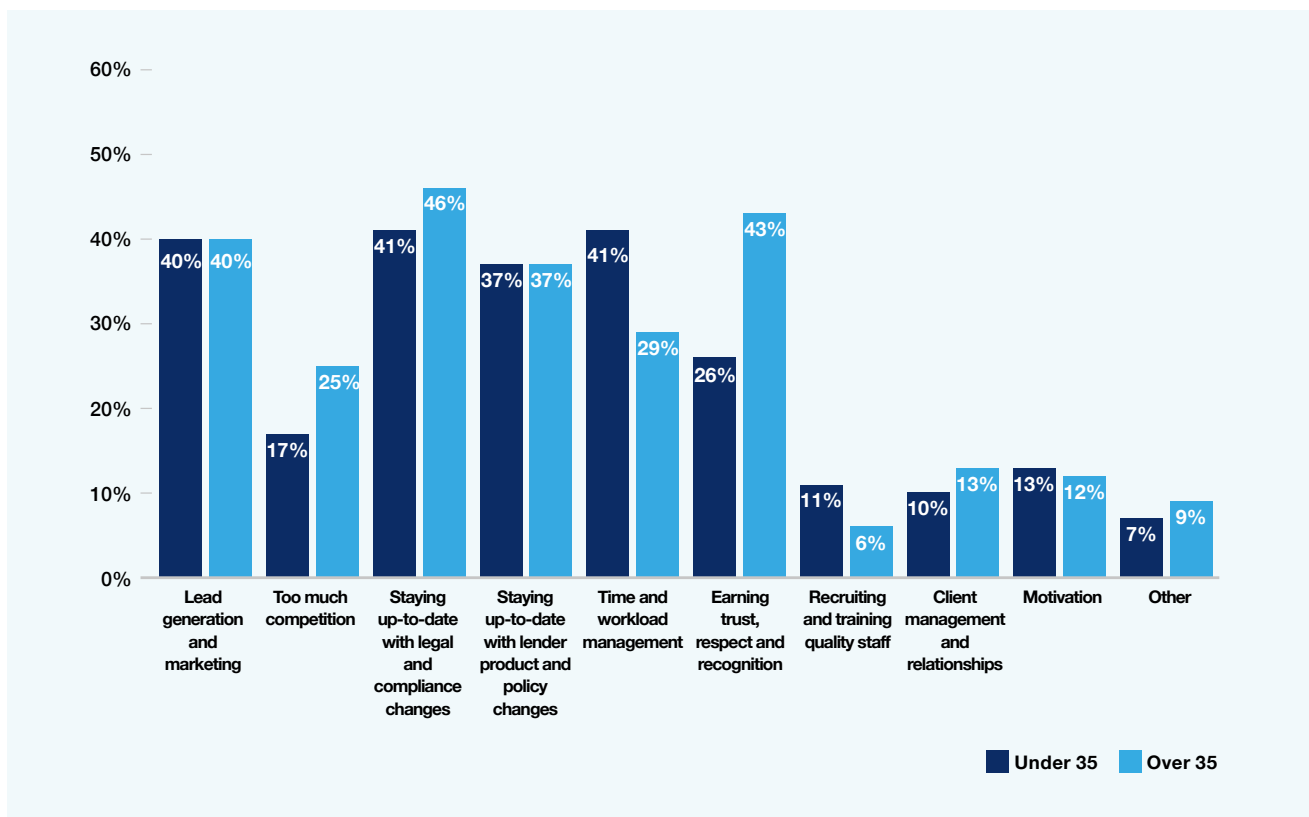
Despite lead generation being the life blood of any broker business, both age demographics felt that legal and compliance were as challenging if not more for a broker business in 2021. While 49% of over-35 brokers felt legal and compliance was a challenging aspect of business, almost 44% of the younger cohort felt the same way.

Over 50% of both age demographics believed that time and workload management was the most pressing professional challenge they faced.

The Generations Survey also revealed that approximately 35% of all respondents felt that lead generation and marketing was a significant challenge for broker businesses.

Notably, in 2018 ‘lead generation and marketing’ was the most important professional challenge for under-35s. However, in 2021 it did not rank as highly compared to workload management and staying up to date with legal and compliance changes. This is not surprising given the numerous legislative and regulatory change experienced by the industry since this report was last conducted.

**What do you see are the biggest professional challenges facing younger brokers (under-35) these days? Select up to three.**



**Observations**

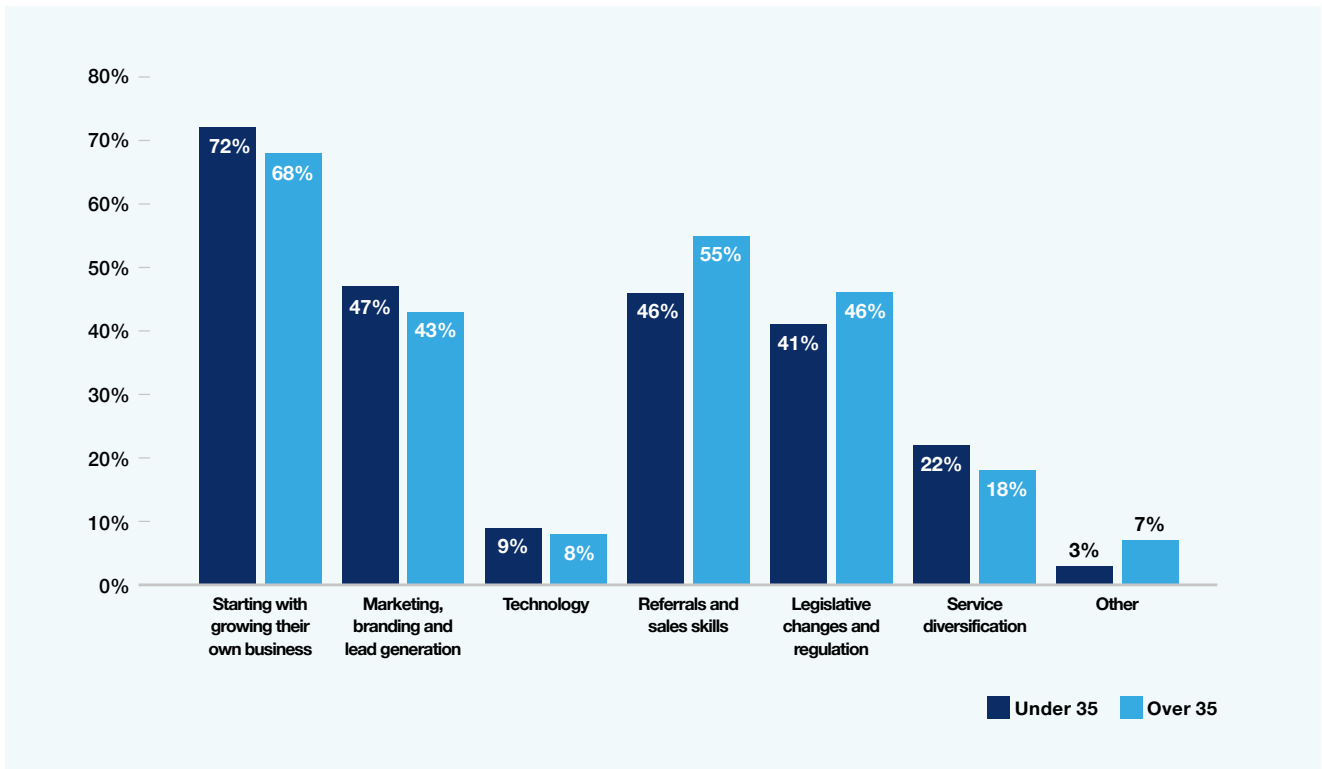
The survey showed contrasting opinions between the age cohorts when considering the younger generation’s ability to earn trust, respect and recognition from customers. Compared to 26% of under-35s, 43% of over-35s felt it was a challenge for the younger cohort.

Unsurprisingly, both age cohorts believed that the number one professional challenge facing under-35s was staying up to date with legal and compliance changes.

The Young Professionals Panel discussed how much more burdensome compliance has become in recent years as lender policies changed regularly and legal and government regulation has become more onerous.

“Compliance has significantly increased. Also, with banks there’s no such thing as a one touch approval anymore. We used to be able to get formal approval at one touch with good notes. I think we’ve had one or two files in the last month that have been one touch. Everything is coming back to us, and it is taking at least double the time with lenders to get approvals. It is becoming more time intensive.” **YP Panel Member**

**What areas in business do you see younger brokers (under-35) needing more support in?  
Select up to three.**



**Observations**

The most important area that both cohorts believed under-35s need more support in was starting and growing their own business at 72% for under-35s and 68% for over-35s.

Generally, both age cohorts agreed on the support that younger brokers needed, however the over-35s felt that the younger generation need further assistance in referrals and sales skills.

The Young Professionals Panel felt that often brokers were finding themselves running their own business relatively quickly and potentially before they had enough experience or guidance on the fundamentals.

They advised anyone finding it difficult should seek coaching.

“I think for young people or anyone starting out, business coaching is super important. And there are so many coaches out there. We’ve engaged a number of business coaches and are currently working with one. You do need someone beyond your family and friend network to be able to help you see deficiencies in your business and what you need to grow and improve on.” **YP Panel Member**

“I think my colleague makes a really good point to bring in someone external. As an industry I find it’s lovely how supportive everyone is of each other. People are willing to share their intellectual property and their knowledge, and I find this industry really supportive, but getting an external set of eyes to view it in a different way is really important.” **YP Panel Member**



**I think for young people or anyone starting out, business coaching is super important.**



In your experience, what are the common areas of improvement needed by young brokers (under-35)? Select up to three.

	Under 35s	Over 35s
Should spend more time and effort on lead generation and marketing	34%	36%
Should organise their time and workload better	40%	33%
Should become a broker a lot earlier in their career	16%	8%
Should make more use of professional networks and their industry connections	41%	36%
Should listen to their mentors more	13%	31%
Should set up better initial systems and processes	41%	33%
Should hire support staff sooner	7%	16%
Should have researched the industry and profession more	19%	20%
Should spend more time servicing current clients	16%	17%
Should spend more time maintaining their customer database/book	19%	18%

## Observations

Generally, both age cohorts agreed on the common areas of improvement needed by younger brokers. The most important at 41% for under-35s and 36% for over-35s being making more use of professional network and industry connections.

The Young Professionals Panel felt that when starting out, connections and contacts, particularly those within the industry, can help to provide guidance and much needed advice.

They agreed that one of the best ways to get started as a broker is to work under a more experienced and established broker or within a group. This experience would help to ensure new brokers received important support and avoid the common pitfalls when starting out. This could mean the difference between surviving and thriving or leaving the industry.

“I think surround yourself with good people, which can be challenging when you may not know anyone in the industry. I suppose it’s just leaning on your aggregators and your BDMs and trying to expand your network and getting yourself out there.” **YP Panel Member**

One factor that was distinctly different between the cohorts was that 31% of over-35s believed that younger brokers should listen more to their mentors compared to 13% of under-35s. However contrary to the results, some YP members experienced the benefits of working closely with their mentor.

“What worked really well for me was that my mentor for the first couple of years was really involved in a business networking group and I managed to fall into an established one of those groups. I’ve been in that for six years now and the leads I receive through that group account for on average 30 to 40% of my business.” **YP Panel Member**

What might you have done differently in your career so far? Select up to three.

	Under 35s	Over 35s
I would have spent more time and effort on lead generation and marketing	33%	27%
I would have organised my time and workload better	33%	27%
I would have become a broker a lot earlier in my career	53%	52%
I would have listened to my mentor more	1%	1%
I would have set up better initial business systems and processes	30%	32%
I would have hired support staff sooner	17%	26%
I would have researched the industry and profession more	13%	9%
I would have spent more time and attention servicing clients	6%	8%
I would have spent more time maintaining my customer database/book	21%	26%

## Observations

Generally, the two age cohorts felt quite similar in the things they would have done differently in their career. Overwhelmingly, they all felt that wish they had become a broker a lot earlier in their career.

On reflection 26% of over-35s compared to 17% of under-35s felt that if they could go back in time, they would have hired support staff sooner.

For the Young Professionals Panel, hiring support staff is an important step forward in the maintenance and potential expansion of a broker business. But how soon should brokers be seeking support in their business journey?

“The advice I received when I started out on my own was to hire an admin support staff member six months before you need one. If you hire one when you need one it’s already too late and you’re already time poor, which then affects how you are able to train them.” **YP Panel Member**

“One thing brokers should be aware of is to have their processes in place before they hire support because it can be difficult for a new person to start and for you to get them up to speed when you don’t have a solid grasp of it yourself.”

They went on further to discuss their experiences with overseas staff and found that a hybrid model of international and domestic staff can provide a good balance in terms of capabilities and staff costs. However, sourcing competent and committed staff in Australia was difficult, whilst finding overseas staff that are right for your business takes time and effort.

Additionally, hiring staff brings with it other challenges including:

- learning about human resources
- payroll
- how to manage employees.

The consensus amongst the panel was this was an important and complex step that should not be taken lightly.



**The advice I received when I started out on my own was to hire an admin support staff member six months before you need one.**



# Success as a broker

In your experience, what are the key things that make for a successful broker?

Open ended response.

## Top four most popular answers in order were:

1. Product, policy, and industry knowledge
2. Time Management
3. Honesty
4. Customer Service

## Observations

Specialisation is an increasing trend and one the Young Professionals felt may be important in the future to attract clients and provide top notch service.

“I personally focus 75% on construction, from knockdown construction to rebuilds to commercial developments, and I build my reputation on that basis. I think that really has helped drive other types of finance like getting repeat customers. Word of mouth from providing a great experience is important.” **YP Panel Member**

Other YPs felt that a level of personal service was important for a broker to be successful.

“I know when I was starting out, the key thing I learnt was that you can teach someone the technical know-how, but it’s difficult to teach someone how to be a good person. I think people skills are really important because the rest of it you can learn.” **YP Panel Member**

Having a strong ability to problem solve also makes for a good broker and could stand to future-proof your business moving forward.

“From my standpoint it’s important to know what you’re actually doing as a broker. I think it took a long time for me to realise this but we’re not here to give the best rates, we are here to solve people’s problems.” **YP Panel Member**



# The MFAA Young Professionals

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Melissa Wright  
**Zest Mortgage Solutions**

Taylor Kelly  
**Mortgage Advice Bureau**

Chris Borg  
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Bernadette Christie-David  
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Michael Arbon  
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Tommy Lim  
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