

22 May 2023

Australian Competition & Consumer Commission (ACCC)  
Attention Sam O'Connor  
23 Marcus Clarke Street  
Canberra ACT 2601

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Dear Mr. O'Connor,

LMG welcomes the opportunity to provide a submission in response to the application made to the ACCC by the Commonwealth Bank of Australia, Westpac Banking Corporation, Australia and New Zealand Banking Group Limited, National Australia Bank Limited and Macquarie Bank Limited (the Applicants) in relation to the establishment of an Aggregator Assurance Program (the Program).

### **About LMG**

Loan Market Group Pty Ltd (LMG) is a business proudly family-owned and led that over 29 years, has grown to be what is now considered Australasia's biggest aggregator. LMG offers services and support to a community of over 4,500 independent broker businesses across Australia and partners with over 65 banks and lenders.

### **Our Feedback**

Overall, LMG supports the establishment of the Program as it will create efficiencies and cost savings to aggregators because the collation of the breadth of information requested by the participating lenders is streamlined into one request. In addition, another benefit of the Program will be the foundation it provides to creating more consistent, industry-wide assurance standards and clearer expectations which, in particular, can be regularly reviewed and updated in a timely manner as the industry, and or regulation, evolves.

In reviewing the application (the Application) for the Program and the unincorporated joint venture (UJV) deed and related schedules, we offer the following feedback:

#### **List of aggregators**

Schedule 2 of the Application and Schedule 1 of the UJV deed, should reflect, for completeness, the entities under which Loan Market Group Pty Ltd hold agreements with its lender partners:

- Plan Aggregation Lenders Pty Ltd (PLAN) ACN 646 269 810
- Choice Aggregation Lenders Pty Ltd (Choice) ACN 646 269 641
- Fast Aggregation Lenders Pty Ltd (FAST) ACN 646 269 669
- LMG Aggregation Lenders Pty Ltd (Loan Market) ACN 646 269 838



It is expected that an assurance review of Loan Market Group Pty Ltd would encompass all four (4) entities as one, further streamlining and creating efficiencies for the Group.

#### Matters to be addressed in each assurance report

We support the proposed list of matters about an aggregator's systems that will form the content of an assurance report. We further support that changes to this list of matters can only be made with unanimous consent of the Operating Committee (OC). We would request that when a resolution to change the list of matters (for either the deep dive or targeted review) that a representative of the aggregators be invited to join the committee meeting to provide additional perspective and views for the OC to consider before it votes on the resolution. We support item 3.1 of the UJV which provides for an opportunity for a non OC lender partner to attend and participate on an agenda.

We welcome any future consultations on the confirmation of the proposed list of matters for a deep dive review including what matters may be identified as optional for selection by opt-in lenders, and what matters would be considered for inclusion in targeted reviews.

- We offer one item for consideration should File Reviews be included in the scope of a deep dive review. This is the most challenging part for the aggregator to complete. Under the Program, we would expect consistency with how each aggregator is treated with respect to any file review requests.
  - For example, if the request is for 10 files for aggregator A, then it should also be 10 files for The Group as well, regardless of the fact that LMG retains multiple agreements with each lender as noted earlier.

Our compliance processes and our process for monitoring is the same regardless of who the lender is. Given the ASP is conducting the review, our early recommendation is for the ASP to request a maximum of 20 files, regardless of the number of lenders opting in to a review.

Participation in the Program by lenders beyond the Applicants is encouraged to ensure the success of the Program and that it delivers the desired efficiencies, we would expect that the cost for a lender to join is not prohibitive and the benefits of the Program outweigh the outlay.

The provision of a feedback mechanism for both aggregators and lenders will benefit the governance of the Program. For example, if we as an aggregator identify a pattern of requests for information by lenders that falls outside of the scope of the Program, this can be fed back to the OC so that it could be considered for any enhancements or modifications of the Program as required to ensure its effectiveness.

#### The Assurance Report

Paragraph 2.15 of the Application explains the strict conditions that each Opt-in lender must keep in relation to each assurance report generated from a review, and this is supported by clause 5.3 of the UJV deed. To further bolster the adherence to these conditions, we suggest greater clarity on the role of the OC in relation to the assurance reports. Would the OC representative of a lender that did not opt-in to a review have access to final reports given the governing role the OC provides the Program?

We welcome the Program's design as noted in 11.2 c) of the UJV deed for the opportunity it provides the aggregator to review and comment on any draft findings contained in any review reports. This allows the aggregator opportunity to be proactive and identify potential actions to address any feedback raised, potentially further streamlining the 'post-review' processes the aggregator and specific lender may thereafter undertake.

The Program is clear with regards to the ASP owning the final report it issues, however as the aggregator, we expect to own the action plan that ensues with a participating lender, and as such, expect we'd be able to share that action plan internally across our business as well as externally where appropriate or required for regulatory purposes.

#### **Appointment of ASP**

In our experience with external providers we have found that some have a greater understanding of the mortgage broker industry and aggregation than others. Where there has been less knowledge of the industry and aggregation, the review process has been more challenging and has taken longer time to complete. When it comes to the selection of an ASP, these experiences by us, or other aggregators, may be welcomed by the OC.

Lastly, the program identifies the ASP will be appointed for a 12 month contract, and that an annual tender process will be in place. While we recognize the intention is to ensure a fair and reasonable process for appointing an effective ASP, it could have a detrimental effect in that we would have to educate another provider on our business. Consideration for the appointment of a provider for two (2) years would provide some consistency, particularly as that provider can execute on both deep dive and targeted reviews before a decision is made on their effectiveness as the ASP for the Program.

#### **Final Comment**

We thank you for the opportunity to provide this submission. If you have any questions or require any further information, please do not hesitate to contact me.

Kind regards,

*Stefania Riotta*

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