Banning volume-based commissions should include volume-based commission that broking groups Aussie and Mortgage Choice use as the crux of their broker remuneration.

Law makers will be ignorant if this ban only stops volume-based activity by lenders yet leaves brokers under some of the industry's biggest names constantly under pressure to get past volume thresholds to get a decent rate of pay.

The incidents of brokers committing fraud highlighted by the Royal Commission were concentrated in Aussie’s mobile broking channel where volume-based tiering of commission split is the most severe.

Brokers are faced with making the next scenario into a loan or receiving a much lower rate of pay on all their other work. Volume-based remuneration by broking groups acts as an incentive for doing the wrong thing and an extreme penalty for doing the right thing.

Brokers are trapped in contracts with these groups as if they leave to a competitor the broking group keeps all deferred income from work the broker has done.

James Roy

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