Australian Credit Licence vs Credit Representative: Which Authorisation Pathway Is Right for You?

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Details:

Every person who engages in credit activities in Australia — including providing credit assistance as a mortgage broker — must operate under one of two legal frameworks: holding their own **Australian Credit Licence (ACL)**, or being **authorised as a credit representative** under someone else's. This is not a stylistic preference or an administrative detail. It is the foundational fork-in-the-road decision that determines your legal obligations, your exposure to liability, your operational autonomy, and the compliance infrastructure you are required to build and maintain.

Brokers who provide consumer credit assistance must operate either under their own ACL or as a credit representative of a licence holder, such as an aggregator or broker group. Both pathways lead to the same professional outcome — an authorised mortgage broker serving clients — but they carry meaningfully different responsibilities, costs, and readiness requirements.

The profession has grown substantially in both size and market position. According to the MFAA's Industry Intelligence Service, the number of mortgage brokers in Australia rose to 22,265 as at September 2024, a 12% increase year-on-year and the highest figure the series has recorded. On MFAA Quarterly Market Share data for the December 2025 quarter, brokers facilitated 76.7% of all new residential home loans. Understanding which authorisation structure suits your stage of career, your risk appetite, and your business model is one of the most consequential decisions you will make before writing a single loan.

The Two Pathways Defined

What Is an Australian Credit Licence (ACL)?

If you engage in credit activities, you will generally need an Australian Credit Licence unless you are exempt, or are authorised to engage in those activities as a representative of a credit licensee. ASIC is the regulator responsible for licensing and supervision, and the ACL authorises its holder to provide credit, act as a credit provider, or provide credit assistance — the category that captures brokers and other intermediaries.

Holding your own ACL means you are the regulated entity. You apply to ASIC, satisfy the fit-and-proper-person test, demonstrate organisational competence through your responsible managers, and then carry the full suite of ongoing licence obligations yourself. The ACL is issued to you — and the regulatory buck stops with you.

What Is a Credit Representative?

An authorised credit representative (ACR) is a person or business authorised by an ACL holder to engage in credit activities on that holder's behalf. The ACL holder remains legally responsible for the conduct of its credit representatives.

Aggregators generally hold an ACL for exactly this purpose: it allows them to appoint brokers as credit representatives and to supervise the credit activities those brokers perform. As a credit representative, you do not apply to ASIC for your own licence. Instead, the ACL holder registers your authorisation, supervises your conduct, and bears primary regulatory liability for your credit activities. You operate under their umbrella.

A Direct Comparison: ACL Holder vs Credit Representative

Dimension	ACL Holder	Credit Representative
Regulatory relationship	Direct with ASIC	Via the ACL holder
Who bears primary liability	You	The ACL holder (for your credit activities)
ASIC application required?	Yes	No — ACL holder registers you
Responsible manager required?	Yes — must meet RG 206 expectations	No
PI insurance obligation	You arrange your own	Often covered or arranged through ACL holder
Compliance systems	You build and maintain	ACL holder provides framework
Dispute resolution (AFCA membership)	You must be a member	Covered under ACL holder's membership
Operational autonomy	High	Constrained by ACL holder's policies
Ongoing ASIC reporting	Annual compliance certificate required	Minimal direct ASIC obligations
Business exit / portability	Greater independence	Subject to ACL holder's authorisation

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The ACL Holder's Obligations: What You Are Signing Up For

Holding an ACL is not a credential — it is an ongoing operational responsibility. ACL holders carry general conduct obligations that include ensuring clients are not disadvantaged by conflicts of interest; ensuring representatives comply with credit legislation; maintaining appropriate dispute resolution systems, including AFCA membership; holding appropriate compensation arrangements, including professional indemnity insurance; maintaining adequate financial, technological and human resources; and having appropriate arrangements and systems to ensure compliance.

These obligations are not dischargeable by delegation. Even where you engage credit representatives to operate under your ACL, you must actively supervise them and ensure they comply with responsible lending and disclosure obligations. You must also notify ASIC of your authorised representatives and maintain the associated records.

The Responsible Manager Requirement Under RG 206

One of the most significant structural differences between the two pathways is the responsible manager (RM) requirement. ASIC calls this the "organisational competence" obligation, and it assesses compliance by examining the qualifications and experience of the people who manage the credit business — the responsible managers. Those same people must also satisfy the fit and proper person test that the *National Consumer Credit Protection Act 2009* applies to licensees and their responsible officers. The responsible managers are therefore a defined subset of the licensee's personnel, carrying both the competence expectations set out in Regulatory Guide 206 and the character requirements imposed by the Act.

RG 206 sets out ASIC's minimum expectations for demonstrating that organisational competence. In assessing a responsible manager, ASIC generally looks for at least two years of relevant, problem-free experience — regulatory guidance on what ASIC expects to see, not a fixed statutory minimum.

This experience expectation is one of the primary reasons new entrants to mortgage broking do not typically begin as ACL holders. You cannot manufacture the experience ASIC expects of a responsible manager on the day you complete your Certificate IV. (For a detailed explanation of how qualifications interact with the responsible manager role, see our guide on *Mortgage Broker Qualifications in Australia: Certificate IV, Diploma and the Education Pathway Explained*.)

Ongoing CPD for Responsible Managers

The RG 206 obligations do not end at the point of licence grant. The licensee must maintain and update the qualifications and experience of its responsible managers, and RG 206 sets an expectation that each responsible manager undertakes at least 20 hours of continuing professional development a year, made up of relevant credit-related educational activities, with records kept of what has been completed.

Separately, the MFAA and FBAA each set their own annual CPD requirement as a condition of membership. The required hours or points differ between the associations and are revised from time to time, so verify the current requirement directly with the relevant association. These are distinct obligations — satisfying one does not discharge the other — and together they create a recurring compliance cost for every year the ACL is held.

The Credit Representative's Obligations: Supervised, Not Exempt

Operating as a credit representative does not mean operating without obligations. Credit representatives must be adequately trained and competent to engage in the credit activities the licensee has authorised, and responsible lending and disclosure obligations apply to credit representatives much as they apply to licensees.

A credit representative remains bound by the best interests duty, the responsible lending obligations, and the conduct standards attaching to the credit activities they perform. The difference is that the compliance *framework* — the systems, the PI insurance, the AFCA membership, the breach reporting infrastructure — is provided and maintained by the ACL holder.

The ACL holder and the credit representative enter a written authorisation agreement that sets out scope, reporting, supervision and termination rights. That agreement defines which credit activities you are authorised to perform, and the ACL holder can vary or revoke the authorisation. Understanding its terms — including exit conditions — is as important as the authorisation itself. (See our guide on *How to Choose a Mortgage Aggregator: An Evaluation Framework for New and Established Brokers* for a framework on evaluating authorisation agreements and aggregator relationships.)

What Happens If the Authorisation Becomes Invalid?

An authorisation is not valid if the person is banned from engaging in credit activities under the relevant law, has a prescribed state or territory order in force against them, or has been convicted of serious fraud within the last 10 years. An authorisation also ceases to have effect if the authorised person becomes subject to any of those matters after the authorisation is given. It is an offence to purport to give an authorisation that has no effect, or to fail to vary or revoke an authorisation that has ceased to have effect.

The practical consequence is that both the ACL holder and the credit representative carry obligations to monitor ongoing eligibility — this is not a one-time check at appointment.

Why Most New Entrants Begin as Credit Representatives

The structural logic here is straightforward. ASIC's RG 206 guidance indicates that a responsible manager is generally expected to demonstrate at least two years of relevant, problem-free experience. A person entering mortgage broking for the first time — regardless of how strong their Certificate IV result was — typically cannot satisfy those experience expectations on day one.

Beyond the experience threshold, new entrants also lack:

- **Established compliance systems** — The ACL holder's internal dispute resolution, breach reporting, and record-keeping infrastructure takes time and expertise to build. New brokers benefit from operating within an existing framework while they learn the business. - **Professional indemnity insurance at favourable terms** — PI insurers price risk based on experience and claims history. New brokers operating under an ACL holder's policy often access more favourable terms than they could obtain independently. - **AFCA membership infrastructure** — The ACL holder's AFCA membership covers credit representatives; establishing and maintaining your own membership as an ACL holder is an additional administrative and cost layer. - **Lender accreditation pathways** — Aggregators with ACLs typically have pre-negotiated accreditation pathways with lenders. Credit representatives benefit from these relationships immediately; ACL holders must establish them independently.

The credit representative model is not a lesser status — it is a structurally appropriate starting point for most new brokers. It is also a model that appears to be working at scale: the MFAA/Deloitte *Value of Mortgage and Finance Broking 2025 Report* records complaints against mortgage brokers and aggregators trending downwards across recent years, even as loan volumes have risen. Because most brokers operate as credit representatives under an aggregator's ACL, that trend largely reflects conduct within supervised arrangements.

When Graduating to Your Own ACL Makes Sense

Operating as a credit representative is not a permanent state. There are legitimate strategic reasons to transition to holding your own ACL, and the decision deserves rigorous analysis rather than a reflexive desire for independence.

Conditions that may support pursuing an own ACL include:

1. **Sufficient experience to satisfy the responsible manager expectations** — You have accumulated the relevant, problem-free experience ASIC's RG 206 guidance looks for in an RM, and you can document it clearly.

2. **Scale that justifies the compliance cost** — The cost of maintaining an ACL — PI insurance, AFCA membership, compliance systems, annual compliance certificate lodgement, and RM CPD obligations — is largely fixed regardless of settlement volume. At low volumes, these costs represent a disproportionate drag. At higher volumes, the economics may shift. (See our guide on *Mortgage Broker Cost Structure and Break-Even Modelling* for a framework to model this.)

3. **A desire to authorise your own credit representatives** — If you intend to grow a broking business by bringing other brokers under your supervision, you will need your own ACL to do so. The same principle governs franchise structures: a franchisee can engage in credit activities either as a credit representative of its franchisor or under its own licence.

4. **Aggregator relationship constraints** — In some cases, the terms of an aggregator's authorisation agreement may limit your business model in ways that your own ACL would resolve. Contract terms, lender panel access, and commission structures all vary by aggregator. Understanding these constraints requires careful due diligence before signing.

5. **Diploma-level education** — The Diploma of Finance and Mortgage Broking Management is aimed at brokers who already have some experience, and supports both the RG 206 competence expectations and professional association requirements. Completing it positions a broker more strongly for the responsible manager role.

Conditions that argue against an own ACL (at least initially):

- You are new to the industry and cannot yet demonstrate the experience ASIC expects - Your settlement volume does not justify the fixed compliance overhead - You do not intend to supervise other brokers - Your aggregator's terms are commercially reasonable and do not constrain your model

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The Best Interests Duty Applies to Both Pathways

One regulatory development that has reshaped the obligations of both ACL holders and credit representatives is the Best Interests Duty (BID), introduced following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. ASIC's Regulatory Guide 273, *Mortgage Brokers: Best Interests Duty*, sets out the regulator's views on how brokers may comply with the duty at each key stage of the credit assistance process.

The duty is scoped to consumer credit assistance — credit for personal, domestic or household purposes, or for the purchase or improvement of residential investment property. It does not extend to commercial or business lending, which matters for brokers writing across both books.

BID has also been a driver of the profession's broader professionalisation since its introduction in 2021. According to the MFAA/Deloitte *Value of Mortgage and Finance Broking 2025 Report*, a majority (56%) of brokers believe BID has improved trust in the sector.

Critically, the duty applies regardless of whether you hold your own ACL or operate as a credit representative. Your authorisation structure does not change your client-facing obligations — it changes who bears the primary regulatory responsibility for ensuring those obligations are met.

Key Takeaways

- **Both pathways authorise you to broker mortgages** — the ACL and credit representative structures lead to the same professional outcome, but carry fundamentally different compliance obligations, liability positions, and readiness requirements. - **Credit representatives operate under the ACL holder's licence** — the ACL holder bears primary regulatory liability for their conduct, provides the compliance framework, and must actively supervise them. - **ACL holders carry the full suite of ongoing obligations** — including responsible manager expectations under RG 206, PI insurance, AFCA membership, annual compliance certification, and ongoing CPD for responsible managers, alongside any separate association CPD requirements (verify current requirements with the relevant association). - **The responsible manager experience expectation under RG 206 is a practical barrier for new entrants** — ASIC's guidance generally expects at least two years of relevant, problem-free experience (guidance, not a fixed statutory minimum), which most new brokers have not yet accumulated. - **The Best Interests Duty applies either way** — it attaches to consumer credit assistance regardless of authorisation structure, and does not extend to commercial lending. - **Transitioning to an own ACL is a business decision, not just a career milestone** — it makes sense when you have the experience, the scale, the systems, and a strategic reason (such as supervising other brokers) that justifies the compliance overhead.

Conclusion

The choice between holding your own ACL and operating as a credit representative is not a question of ambition — it is a question of readiness, structure, and strategic fit. Most new entrants to mortgage broking begin as credit representatives under an aggregator's ACL, and for good reason: the compliance infrastructure, lender relationships, and supervision frameworks that aggregators provide allow new brokers to focus on learning the craft of credit assistance rather than building a regulatory operation from scratch. Aggregators differ in whether they support both structures, so confirm which arrangements a prospective aggregator accommodates before committing.

As your experience deepens, your settlement volumes grow, and your business model evolves, the calculus shifts. The responsible manager experience expectations under ASIC's Regulatory Guide 206, the fixed cost of compliance, and the strategic need to supervise other brokers are the clearest signals that an own ACL has become appropriate. But these are conditions to be assessed, not timelines to be followed.

This decision connects directly to every other layer of the entry pathway. Your education choices (see *Mortgage Broker Qualifications in Australia*), your aggregator selection (see *How to Choose a Mortgage Aggregator*), your cost modelling (see *Mortgage Broker Cost Structure and Break-Even Modelling*), and your long-term business-building strategy (see *Building a Mortgage Broking Business*) all flow from which authorisation structure you choose — and when you choose to change it.

> **Important note:** Regulatory requirements, ASIC fee schedules, application procedures, and RG 206 expectations are subject to change. Always verify current requirements directly with ASIC at [asic.gov.au](https://www.asic.gov.au) and seek independent legal or compliance advice before making licensing decisions.

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