

What Does a Mortgage Broker Actually Do? Roles, Responsibilities and the Australian Credit Landscape

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Details:

More than three in every four new home loans written in Australia today passes through a mortgage broker — not a bank branch. According to MFAA Quarterly Market Share data for the December 2025 quarter, brokers facilitated 76.7% of all new residential home loans, the highest share the MFAA has recorded in any December quarter since the series began in 2013. That figure is not a marketing claim: the market share series is compiled from Cotality data and commissioned by the Mortgage & Finance Association of Australia (MFAA).

The longer trend is equally clear. On the same MFAA quarterly series, broker share of new residential lending in the June quarter rose from 67.2% in June 2023 to 73.7% in June 2024 and 77.6% in June 2025 — the highest quarterly share recorded to that point. The MFAA also reported that the value of new home loans facilitated by brokers in the June 2025 quarter reached \$121.58 billion, up 21.46% on the \$100.11 billion settled in the June 2024 quarter. Quarterly results move with seasonal lending patterns, so each figure should be read against its own quarter rather than compared directly across different periods of the year.

For anyone considering entering the profession, these numbers frame a fundamental question: what is a mortgage broker actually doing to earn that level of consumer trust, and what legal and professional obligations come with the role? Before exploring qualifications, licensing pathways, or aggregator selection, it is worth establishing the precise nature of the job — how it is defined in law, where it sits in the credit supply chain, and how it differs from the roles it is sometimes confused with.

The Statutory Definition: What the Law Says a Mortgage Broker Is

The term "mortgage broker" is not merely an industry label in Australia — it carries a specific legal meaning embedded in federal legislation.

The *National Consumer Credit Protection Act 2009* (NCCP Act) is Commonwealth legislation that commenced on 1 April 2010. It establishes the national regulatory framework for consumer credit, including the responsible lending obligations that apply to lenders and to those who provide credit assistance.

Within that framework, the Act defines a mortgage broker by reference to three cumulative conditions. A licensee is a mortgage broker where they carry on a business of providing credit assistance in relation to credit contracts secured by mortgages over residential property; where they do not perform the obligations, or exercise the rights, of a credit provider in relation to the majority of those contracts; and where, in carrying on that business, they provide credit assistance in relation to credit contracts offered by more than one credit provider.

Three elements of this definition deserve emphasis:

1. **Credit assistance, not credit provision.** A broker helps consumers access credit — they do not fund it. The lender holds the money and the risk. 2. **Residential property security.** The statutory mortgage broker definition is specifically anchored to home loans secured by residential real property. 3. **Multi-lender access.** A broker must provide credit assistance across more than one credit provider. An employee who recommends only their employer's products is not a mortgage broker under the Act — they are a lender's representative.

This statutory clarity matters because it determines which regulatory obligations apply and which authorisation pathway a practitioner must follow.

Where the Broker Sits in the Credit Supply Chain

Understanding the broker's role requires mapping the full credit supply chain — from the source of funds to the borrower who uses them.

| Participant | Role | Relationship to Borrower | |---|---|---| | **Lender / Credit Provider** | Funds the loan; holds the credit risk; sets product terms and credit policy | Contractual counterparty | | **Aggregator** | Provides the broker with access to a panel of lenders, compliance infrastructure, technology systems, and a licensing umbrella | Operational and compliance intermediary | | **Credit Licensee** | Holds the Australian Credit Licence (ACL); bears ultimate regulatory responsibility for credit activities conducted under that licence | Regulatory principal | | **Mortgage Broker** | Assesses borrower needs; identifies suitable loan products from the lender panel; prepares and lodges the application; manages the process to settlement | Consumer-facing intermediary | | **Borrower** | Receives credit assistance; enters into the credit contract with the lender | End consumer |

The broker occupies the consumer-facing layer of this chain. They do not approve loans — the lender does. They do not set interest rates — the lender does. What the broker does is translate a borrower's financial circumstances, objectives, and preferences into a structured application that a lender can assess, drawing on access to multiple lenders to identify the most suitable option.

This structural position — independent of any single lender, obligated to the consumer — is the defining characteristic of the profession.

Core Responsibilities: What a Mortgage Broker Actually Does Day-to-Day

1. Needs Analysis and Financial Assessment

Before recommending any product, a broker must understand the client's financial position in detail. This is not simply good practice; it is a licensing condition. Under the responsible lending obligations in the NCCP Act, a credit assistance provider must make reasonable inquiries into the consumer's requirements, objectives and financial situation, and take reasonable steps to verify that financial situation. That assessment must be completed *before* the broker suggests a particular credit contract, assists the consumer to apply for one, or recommends an increase to an existing credit limit.

In practice, this means gathering documentation — payslips, tax returns, bank statements, asset and liability schedules — and conducting a structured interview to understand the borrower's goals: owner-occupier purchase, investment property, refinance to reduce repayments, debt consolidation, or equity release.

2. Lender Panel Research and Product Selection

With a clear picture of the borrower's circumstances, the broker searches their lender panel — the set of lenders with whom their aggregator holds accreditation — to identify products that are suitable. This is not simply a rate comparison. A broker assesses credit policy fit (can this borrower actually be

approved by this lender?), product features (offset accounts, redraw, fixed vs. variable), fee structures, and the lender's known processing times and service quality.

This is where breadth of lender panel becomes directly valuable to the consumer. A broker with access to a wide panel can assess options a borrower walking into a single bank branch never encounters. Because both panel access and commission flow through the aggregator, the aggregator relationship shapes what a broker can offer (see our guide on **How to Choose a Mortgage Aggregator: An Evaluation Framework for New and Established Brokers**).

3. Application Preparation and Lodgement

Once a suitable product is identified and the client agrees to proceed, the broker prepares the formal loan application. This involves compiling supporting documentation, completing the lender's application forms, structuring the application to present the borrower's position accurately and compellingly within the lender's credit policy, and lodging the application through the aggregator's technology platform.

Poor application packaging is one of the most common causes of unnecessary declines or delays. An experienced broker's ability to present a complex borrower scenario — self-employed income, multiple income streams, non-standard employment — is a material service, not an administrative one.

4. Conditional Approval Management and Settlement Coordination

After lodgement, the broker manages the lender's requests for additional information, liaises between the borrower, lender, conveyancer or solicitor, and real estate agent, and tracks the application through to unconditional approval and settlement. This coordination function is often invisible to the borrower but is where significant broker value is delivered.

5. Ongoing Client Relationship and Loan Servicing

A broker's responsibilities do not end at settlement. The structure of trail commission is deliberately aligned with continuing service: because trail is paid only for as long as the client remains with the lender, it rewards ongoing support and long-term loan servicing rather than repeat transactions, and it removes the incentive to churn clients through unnecessary refinances — conduct that attracts close regulatory attention from ASIC. Responsible brokers conduct periodic loan reviews to ensure the client's product remains competitive and appropriate as their circumstances change.

How Mortgage Brokers Are Paid: The Commission Structure

In Australia, mortgage brokers are typically paid by the lender rather than the borrower, through a combination of an upfront commission and an ongoing trail commission once a home loan settles. For most standard residential loans, borrowers do not pay a direct fee for using a broker.

****Upfront commission**** is a one-off payment made by the lender for originating the loan. It is calculated as a percentage of the loan amount (plus GST) — the specific rate varies by lender and changes over time, so confirm current commission schedules with each lender or your aggregator. Payment is usually made in the weeks following settlement, not on the settlement date itself.

****Trail commission**** is an ongoing payment calculated on the outstanding loan balance and paid for the life of the loan. Rates again vary by lender and should be confirmed with the provider. If the borrower refinances or moves the loan to another lender or broker, trail payments cease.

****Clawback provisions**** apply when a borrower exits the loan early. Where a loan discharges within the clawback window, the lender recovers some or all of the upfront commission from the broker. Clawback periods commonly run up to around two years from settlement, with the proportion recovered typically reducing over that period — but the exact window and the amount recovered are set by each lender's commission agreement, so confirm current terms with the lender or your aggregator. The economics of

clawback are significant for new brokers and are explored in detail in our guide on **Mortgage Broker Cost Structure and Break-Even Modelling: Understanding the Economics Before You Start**.

Critically, broker remuneration is regulated and must be disclosed. Commission disclosure is not a courtesy — it is a legislative requirement under the NCCP Act, delivered through the credit proposal disclosure document and the other disclosure documents a broker must provide to the consumer.

The Regulatory Environment: NCCP Act, ASIC, and the Best Interests Duty

The NCCP Act Framework

The NCCP Act exists to protect consumers of credit and to hold the finance industry to consistent professional standards. Its central mechanism is licensing: a business that engages in credit activities must either hold an Australian Credit Licence or be authorised as a credit representative of a licensee, and must then comply with the conduct obligations the Act imposes. ASIC administers and enforces the regime, which incorporates the National Credit Code.

The licensing requirement reaches well beyond brokers alone. It captures anyone providing credit assistance or acting as an intermediary in a consumer credit transaction — lenders, brokers, mortgage managers, loan referrers and others involved in arranging consumer credit — with the precise scope of each category set out in the Act.

The definition of credit assistance is broader than most new entrants expect. It covers recommending a particular credit contract, assisting a consumer to apply for one, and — importantly — recommending that a consumer **remain** in an existing credit product. That last limb is frequently overlooked: advising a client to stay put is itself a regulated credit assistance activity, and it attracts the same obligations as recommending a switch.

The Best Interests Duty

The most significant regulatory development for mortgage brokers in recent years arose from the 2019 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Parliament legislated the best interests obligations in response to Recommendation 1.2 of that Royal Commission. Since 1 January 2021, mortgage brokers have been required to act in the best interests of consumers, and to prioritise the consumer's interests where a conflict arises.

ASIC published Regulatory Guide 273 to guide compliance. As ASIC explains in RG 273, the best interests obligations apply **in addition to** the responsible lending obligations in the Credit Act, and they are principles-based: rather than prescribing a checklist, they require each broker to determine how they will meet the standard in the circumstances of each engagement.

The scope of the duty is defined and limited. It applies to credit assistance provided to consumers — 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. Where a conflict of interest arises within that scope, the broker must prioritise the consumer's interests over their own or those of a related party.

Together with responsible lending, this creates a layered compliance environment: two distinct obligations, applying simultaneously, that distinguish Australian mortgage broking from many comparable markets internationally.

Mortgage Broker vs. Bank Lender vs. Finance Broker: Key Distinctions

These three roles are frequently conflated in public discourse. Understanding the distinctions is essential for anyone entering the profession.

Mortgage Broker vs. Bank Lender Representative

A bank lender representative (sometimes called a home loan specialist or mobile lender) is an employee or agent of a single credit provider. They can only recommend their employer's products, and the best interests duty that applies to mortgage brokers does not apply to them in the same way — their obligation runs to their employer's credit policy, not to the consumer's broader market options.

A mortgage broker, by statutory definition, must provide credit assistance across more than one credit provider and must act in the consumer's best interests across that panel. This structural independence is the foundational distinction.

Mortgage Broker vs. Finance Broker

The term "finance broker" is broader and less precisely defined in common usage. In the Australian regulatory context, finance brokers may arrange a wider variety of credit products — equipment finance, commercial loans, debtor finance, personal loans — that fall outside the specific residential mortgage definition in the NCCP Act.

That boundary is becoming more fluid in practice. According to the MFAA's Industry Intelligence Service, the number of brokers writing commercial loans rose 24.21% year-on-year to 7,023, with 31.54% of brokers active in commercial lending. As brokers diversify across residential and commercial books, the labels blur — but the regulatory obligations attached to each product type remain distinct. Most importantly, the best interests duty applies to consumer credit assistance and not to commercial lending, so a broker operating across both must be clear about which obligations attach to which engagement.

The key point for new entrants: the Certificate IV in Finance and Mortgage Broking and the Australian Credit Licence framework are specifically calibrated to the residential mortgage context. Commercial and asset finance activities may require additional authorisations and competencies (see our guide on **Mortgage Broker Qualifications in Australia: Certificate IV, Diploma and the Education Pathway Explained** for how the education pathway maps to these distinctions).

Key Entities in the Australian Broking Ecosystem: A Vocabulary Reference

The following terms appear throughout this content cluster and carry specific meanings in the Australian credit regulatory context:

- ****Australian Credit Licence (ACL):**** The licence issued by ASIC that authorises a person or entity to engage in credit activities, including providing credit assistance as a mortgage broker. The ACL holder bears primary regulatory responsibility.
- ****Credit Representative:**** A person or entity authorised by an ACL holder to engage in credit activities on behalf of that licensee. Most new brokers enter the profession as credit representatives rather than ACL holders (see our guide on **Australian Credit Licence vs Credit Representative: Which Authorisation Pathway Is Right for You?**).
- ****Aggregator:**** A business that provides mortgage brokers with access to a lender panel, compliance infrastructure, technology systems, and — in most cases — the licensing umbrella under which the broker operates as a credit representative. The aggregator is the operational backbone of most broking businesses (see our guide on **How to Choose a Mortgage Aggregator**).
- ****Lender Panel:**** The set of lenders with whom an aggregator holds accreditation and through whom brokers can lodge loan applications. Panel breadth varies significantly between aggregators and has a direct bearing on the broker's ability to serve diverse client needs.

- **Credit Licensee:** The entity that holds the ACL. This may be the aggregator (in which case the broker operates as a credit representative under the aggregator's licence) or the broker themselves (if they hold their own ACL).

- **Responsible Manager:** The individual(s) identified on an ACL application as responsible for the management and oversight of the credit activities conducted under the licence. ASIC Regulatory Guide 206 sets out the competency expectations for responsible managers (addressed in detail in our guide on *How to Get Your Mortgage Broker Licence in Australia: The ASIC Application Process Step by Step*).

The Scale and Trajectory of the Profession

The broker population has grown alongside broker market share. 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.

Industry revenue has followed the same direction. IBISWorld projects that the Australian mortgage brokers industry will grow at an annualised 8.7% over the five years through 2025–26, to total \$7.4 billion.

This sustained trajectory reflects structural factors — growing product complexity, consumer preference for independent advice, and the competitive pressure that broker-originated volumes place on direct bank channels — rather than a cyclical spike. On the MFAA quarterly series, broker share of new residential lending in the June quarter climbed from 67.2% in 2023 to 73.7% in 2024 and 77.6% in 2025, and the December 2025 quarter recorded 76.7%. The direction of travel is unambiguous.

For someone considering the profession, these numbers are not merely encouraging — they are structurally significant. A profession that intermediates more than three-quarters of all new residential home lending is not a niche channel. It is the primary distribution mechanism for residential credit in Australia.

Key Takeaways

- **A mortgage broker is legally defined** under the NCCP Act as a credit assistance provider who works across more than one lender and does not take on the role of credit provider — this statutory definition determines which regulatory obligations apply. - **The broker's core function** is to translate a borrower's financial circumstances into a structured application across a panel of lenders, managing the process from needs analysis through to settlement and beyond. - **Two layers of regulatory obligation** govern broker conduct: responsible lending requirements under the NCCP Act and the best interests duty (operative since 1 January 2021) introduced in response to the Hayne Royal Commission. The best interests duty applies to consumer credit assistance, not to commercial lending. - **Commission transparency is mandatory**, not discretionary — upfront and trail commissions (rates vary by lender and should be confirmed with the provider) must be disclosed to clients under Australian credit law. - **The profession is at record scale.** On MFAA Quarterly Market Share data, brokers wrote 76.7% of new residential home loans in the December 2025 quarter; the MFAA's Industry Intelligence Service put broker numbers at 22,265 as at September 2024; and IBISWorld projects industry revenue of \$7.4 billion for 2025–26.

Conclusion

The mortgage broker role in Australia is not simply a sales function dressed in financial services language. It is a legally defined, heavily regulated profession that sits at the intersection of consumer

advocacy and credit distribution — one that carries statutory obligations to act in the consumer's best interests, disclose all remuneration, assess suitability before recommending any product, and maintain ongoing competence through continuing professional development.

Understanding what a broker actually does — and the regulatory architecture that governs that work — is the essential foundation before addressing how to enter the profession. The subsequent guides in this series build directly on the vocabulary and structural concepts established here: the ACL versus credit representative decision, the education pathway through Certificate IV and Diploma qualifications, the ASIC licensing process, the role of industry associations like the MFAA and FBAA, aggregator selection, cost modelling, and ultimately the disciplines required to build a sustainable broking business.

Each of those decisions is more legible when the foundational role is clearly understood. That is where every broker's journey should begin.

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