

**Committee Secretariat****Senate Select Committee on Productivity in Australia**

The Senate  
Parliament House  
Canberra ACT 2600

7 May 2026

**Submission via email to: [productivity.sen@aph.gov.au](mailto:productivity.sen@aph.gov.au)**

**INQUIRY INTO PRODUCTIVITY IN AUSTRALIA**

Dear Committee Secretariat,

The Mortgage & Finance Association of Australia (MFAA) appreciates the opportunity to respond to the questions on notice following our appearance before the Committee on 22 April 2026. In our answers, we refer the Committee to our prior submission to this Inquiry for additional context.

We have received questions on notice separately from Senators Bragg, McKenzie and Kovacic (during the hearing).

Our consolidated responses are set out in Annexure A. If you wish to discuss this submission or require further information, please contact either me [REDACTED] or Naveen Ahluwalia at [REDACTED]

Yours sincerely,

[REDACTED]

Anja Pannek

Chief Executive Officer  
Mortgage and Finance Association of Australia

## Annexure A – MFAA Response to Questions on Notice

### QUESTION FROM SENATOR KOVACIC

#### **QUESTION 1: Are you able to provide any other instances where the small business operators are required to duplicate in that manner outside of the complaints process?**

Yes, this is a consistent feature of how brokers, as small business operators, interact with the lending system.

From a broker perspective, duplication occurs at multiple points across the lending lifecycle:

- **Data retention**

The laws on data collection, storage, retention and destruction are complex, spanning the National Consumer Credit Protection Act (NCCP Act), the Privacy Act and the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act) to name a few. Duplication and complexity increase as brokers may also have contractual arrangements in place with aggregators and lenders as well as other third parties with data collection, storage, retention and destruction obligations.

- **Accreditation and onboarding with lenders**

Brokers deal with multiple lender accreditation frameworks, each with their own documentation, training and ongoing compliance requirements, despite covering similar subject matter.

- **Accreditations are not portable**

When a broker switches aggregator, they must then transfer their lender accreditations as well, but the transfer process often requires the broker to 're-apply' to the lenders, despite having already been accredited previously.

On average, 2,080 to 2,320 requests to transfer accreditation occur per month, taking up to 180 hours of work for the broker and their new aggregator to process.<sup>1</sup>

### QUESTIONS FROM SENATOR BRAGG

#### **QUESTION 2: What are the key impediments to unlocking housing finance – both for individuals, but also for business?**

The key impediments are not only whether credit is available, but how easily borrowers can move through the system.

For individuals, the main barriers are:

- complexity in lender policies and serviceability settings
- delays and duplication in verification and assessment
- friction in refinancing and discharge processes
- limited access to accurate, trusted data

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<sup>1</sup> Data collated by an MFAA Accreditations Working Group in 2024.

- difficulty navigating government-backed schemes
- the interaction between housing costs, deposit constraints and borrowing capacity

The opportunity is to make the system faster, clearer and more data-enabled, without weakening responsible lending or consumer protection.

**QUESTION 3: If the government could remove one source of friction in the home lending system to improve productivity, what should it be?**

The single biggest opportunity is to reduce duplication and delays in the lending and refinancing process.

Borrowers are still required to repeatedly provide information that already exists elsewhere in the system, and lenders often need to verify the same information through manual or semi-manual processes.

A practical reform agenda would focus on:

- faster and more consistent discharge processes
- better use of verified digital data, including CDR and trusted government-held data
- more streamlined refinancing pathways
- clearer standards for information transfer between lenders

This would improve productivity because it would reduce wasted time for borrowers, brokers and lenders, increase competitive pressure on lenders, and allow borrowers to move more easily to products that better suit their circumstances.

It is not about making credit easier in an imprudent sense. It is about making the system work more efficiently for creditworthy borrowers.

**QUESTION 4: Your state brokers facilitate over 77% of home loans and support competition. Beyond facilitating choice, how do brokers demonstrably improve productivity outcomes across the economy (e.g. SME lending, labour mobility, capital allocation)?**

Brokers improve productivity because they reduce search costs, reduce information asymmetry and help borrowers navigate a complex credit market more efficiently. That has several economy-wide benefits.

For households, brokers help borrowers compare options, understand eligibility, prepare documentation and move through the lending process more efficiently. This supports competition and can reduce the time and effort required to obtain or refinance credit.

For small businesses, brokers play an important role in connecting businesses with appropriate finance options, including asset finance, equipment finance, working capital and commercial lending. This can support investment, expansion and employment with brokers facilitating four out of ten small business loans in Australia.<sup>2</sup>

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<sup>2</sup> Productivity Commission research paper, *Small business access to finance: The evolving lending market*, 30 September 2021, page 44.

Brokers also support better capital allocation. They help match borrowers with lenders whose products and policies are suited to their needs, rather than borrowers defaulting to their existing bank or abandoning the process because it is too complex. In doing so, brokers actively drive competition among lenders by giving consumers visibility of a broader range of options. This has enabled smaller and non-major lenders to win business through the broker channel, contributing to a decline in the major banks' share of broker-originated lending over time.<sup>3</sup> By reducing search and switching costs, brokers also support geographic labour mobility, helping borrowers access or restructure credit when relocating for employment opportunities.

In a market where broker share is over 77% of new home loans,<sup>4</sup> brokers are not a marginal distribution channel. They are part of the infrastructure that enables credit to flow through the economy.

**QUESTION 5: Your submission argues that inefficiencies in lending, particularly refinancing and discharge, reduce productivity. Can you quantify the economic impact of these inefficiencies (e.g. cost to borrowers, delays, or reduced competition)?**

There is no single economy-wide dollar figure, but both MFAA research and regulator findings point to a clear and material impact across borrower cost, delays, and competition.

From an MFAA perspective, research for our Discharge Whitepaper identified that discharge processes remain inconsistent, manual and often unnecessarily slow.<sup>5</sup> Brokers report that timeframes can extend well beyond what would be expected in a modern, digital lending system, with repeated information requests, lack of standardisation, and limited transparency on status.

This aligns closely with findings from the Australian Competition and Consumer Commission (ACCC) through its Home Loan Price Inquiry, which identified that:<sup>6</sup>

- many borrowers do not switch lenders even when there are clear financial benefits,
- loans three to five years old paid on average 58 basis points more than new loan rates, and that this could translate to savings of over \$17,000 over the life of a \$250,000 loan (or \$34,000 on a \$500,000 loan)<sup>7</sup>
- barriers to switching, including process complexity and delays, contribute to this behaviour
- reduced switching weakens competitive pressure on lenders

In terms of quantifiable impact:

- **Cost to borrowers:** delays in refinancing mean borrowers remain on higher interest rates for longer. Even modest rate differences translate into real financial cost when applied across large loan balances and over time.

Our Discharge Whitepaper reports an average delay of 20 days costs on average \$163.07 –

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<sup>3</sup> MFAA, *Industry Intelligence Service, 19<sup>th</sup> Edition for the period 1 April 2024 to 30 September 2024*, [https://www.mfaa.com.au/wp-content/uploads/2025/06/J001366\\_MFAA\\_IIS19\\_Document\\_FA2.pdf](https://www.mfaa.com.au/wp-content/uploads/2025/06/J001366_MFAA_IIS19_Document_FA2.pdf), page 37.

<sup>4</sup> MFAA media release, *Mortgage brokers continue to support over three quarters of home loan borrowers in Australia*, 3 March 2026, [www.mfaa.com.au/news/mortgage-brokers-continue-to-support-over-three-quarters-of-home-loan-borrowers-in-australia](http://www.mfaa.com.au/news/mortgage-brokers-continue-to-support-over-three-quarters-of-home-loan-borrowers-in-australia).

<sup>5</sup> MFAA whitepaper, *Towards a faster, smoother home loan discharge: benefits for borrowers*, March 2024, <https://www.mfaa.com.au/wp-content/uploads/2025/03/MFAA-whitepaper-March-2024-Towards-a-faster-smoother-home-loan-discharge.pdf>.

<sup>6</sup> Australian Competition and Consumer Commission, *Home Loan Price Inquiry Final Report*, November 2020, [https://www.accc.gov.au/system/files/Home loan price inquiry - final report.pdf](https://www.accc.gov.au/system/files/Home%20loan%20price%20inquiry%20-%20final%20report.pdf).

<sup>7</sup> *Ibid*, page 9.

however when this is factored across the entire system (ABS Lending Stats for the December 2025 quarter reported 66,943 owner-occupied external refinances),<sup>8</sup> this equates to \$10.9 million cost to consumers, or over \$43 million per year.

- **Time and system inefficiency:** extended discharge and settlement timeframes create duplicated effort across brokers, lenders and borrowers, diverting resources away from more productive activity and damaging trust and confidence in the process.
- **Reduced competition:** where switching is slow or uncertain, fewer borrowers act. That dampens price competition and reduces the incentive for lenders to offer sharper pricing or improved service.

The key point is that these are not isolated issues. At scale, across a market where brokers facilitate more than 77% of new home loans, small inefficiencies compound into a meaningful drag on productivity.

The combined insight from MFAA's work and the ACCC inquiry is that improving switching and discharge processes is one of the most practical, system-wide levers available to strengthen competition, reduce borrower cost, and improve the overall efficiency of the lending market.

#### **QUESTION 6: Is the home lending market actually competitive?**

It depends on the definition of competition. In our view, the market is competitive at the point of loan origination.

Competition also relies heavily on what happens after that. If borrowers cannot easily switch lenders over the life of a loan, the competitive pressure that exists at origination weakens over time.

So the issue is not whether lenders compete, but whether the system allows that competition to continue over time. Right now, barriers to switching are one of the main constraints.

There are many lenders, products and price points in the market, and the broker channel plays a critical role in making that competition visible and accessible to consumers. Without brokers, many borrowers would be less likely to compare across lenders beyond their existing bank.

However, competition can be weakened by friction. If refinancing is slow, discharge processes are difficult, or borrowers face unnecessary complexity, then the existence of multiple lenders does not necessarily translate into effective competition. This can be further undermined by lender retention practices that delay or discourage switching, such as repricing offers that are again provided once a discharge request has been lodged.

So the answer is: yes, there is competition, but it depends on borrowers being able to access it over the entire course of having a home loan, not only at origination. Brokers help activate that competition, and further reforms to reduce switching friction would make the market more competitive in practice.

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<sup>8</sup> Australian Bureau of Statistics (ABS), *Lending indicators*, December 2025 quarter, <https://www.abs.gov.au/statistics/economy/finance/lending-indicators/latest-release>.

## QUESTIONS FROM SENATOR MCKENZIE

### 'Downsizers' (Family Policy Questions)

**QUESTION 7: Your submission talks about the 'lock-in' effect of stamp duty. Do you have any research on the extent to which stamp duty disincentivises 'downsizing', and thus limits opportunities to bring family-sized homes onto the market?**

Stamp duty is widely recognised as a significant friction point in housing mobility. While the precise behavioural impact varies across cohorts, there is strong economic consensus that upfront transaction taxes discourage people from moving, particularly where there is no clear financial gain from doing so.

In practice, brokers regularly see clients, especially older borrowers, factor stamp duty into their decision not to move, even where their current home no longer suits their needs. This creates a "lock-in" effect, where households remain in larger dwellings for longer than they otherwise would.

From a system perspective, this has flow-on impacts:

- it reduces turnover in established housing stock
- it limits the availability of family-sized homes for younger households
- it contributes to inefficient use of existing housing

Reforms that reduce or smooth transaction costs (for example, shifting away from large upfront duties) would support greater mobility and more efficient allocation of housing stock.<sup>9</sup>

**QUESTION 8: In your assessment, is the pension assets test a disincentive to downsize?**

Our members report that clients factor pension implications into their decision about whether to sell or downsize but this is not an area the MFAA has undertaken detailed analysis on."

**QUESTION 9: If the Government wanted to make it easier for pensioners and retirees to downsize and transition to a smaller home, are there changes to the pension assets test that could assist? \***

The MFAA has not formed a specific policy position on changes to the pension assets test.

**QUESTION 10: It has been suggested providing an amnesty (up to 5 years) on the pension assets test for funds received from sale of the family home might incentivise downsizing. Do you agree?**

The MFAA has not taken a position on specific design features such as a time-limited amnesty.

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<sup>9</sup> MFAA submission to Parliament of Victoria, *Inquiry into land transfer duties*, 14 April 2023, <https://www.mfaa.com.au/wp-content/uploads/2025/02/ff075f1e11295af6903375eeced00dffe90210fa4.pdf>.