

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FOURTH REPORT)

Commonwealth Bank of Australia

CBA11QW: Do you believe there needs to be external mechanisms applied to the industry on these issues to ensure there is not a competitive or frequently known as “first mover” disadvantage to companies such as CBA on these issues?

Answer: The “first mover” issue is a genuine commercial impediment to changing the structure of mortgage broker remuneration in the market. The likely impact of unilateral action would be for mortgage brokers to favour current commission structures and redirect customers to lenders who maintain current commissions. This may result in customers being redirected to less suitable loans that retain the current commission structures.

CBA considers that legislation would be required to change the current market commission structures beyond those that have been agreed through the Combined Industry Forum and that any such change should occur after industry consultation.