



THINGS
YOU
SHOULD
KNOW!

OBJECTIVE

The objective of the Best Interests Duty legislation is to ensure that when brokers assist consumers to apply for a mortgage, the consumers get good information and end up in the right product.

To put it simply, the BID says, your job as a mortgage broker is to put your customers into the product that best suits them.

WHAT DO YOU NEED TO DO?

A summary of the main obligations are listed below. It is not enough merely to do these things. You also need to make sure you create good records to demonstrate that you are complying with the best interests duty.

The main obligations are:

- Explore the consumers' requirements and objectives – not just what they tell you they are, but your assessment of what they should be based on what they are trying to achieve and what they value;
- Explain the key features of products to help educate the consumers to make informed decisions;
- Consider whether the consumers are eligible for any Government grants or schemes;

- Consider multiple products;
- Clearly show that product cost is considered as an important aspect of product selection;
- Demonstrate appropriate weighting of product features and other factors and not give disproportionate weight to certain features;
- Give priority to the consumer's needs and demonstrate that your assistance was not impacted by any conflicts of interest such as remuneration or relationships;
- Consider whether any additional products bundled with the mortgage are also in the consumer's best interests;
- Record your reasons why certain possible options were not recommended (particularly where they are lower cost products or where they appear to be a more logical recommendation);
- Demonstrate what product you ultimately recommended and why

You will see from this list that you probably do many of these things already. For some brokers, incorporating the BID requirements into their practice may only require improving their record keeping. For others it may require more significant changes to your practices and the way you approach giving credit assistance to consumers as well as improving your record keeping. One thing is for sure. Compliance with the new BID has a heavy emphasis on good record keeping.

'YOUR JOB AS A MORTGAGE BROKER IS TO PUT YOUR CUSTOMERS INTO THE PRODUCT THAT BEST SUITS THEM.'

DIGITAL EDUCATION AND KNOWLEDGE TESTING COURSE + RESOURCES

FBAA will host the only independent internationally renowned RTO and Regulatory Expert Lead Digital Education and Knowledge Testing Course through AAMC, for understanding the obligations and laws of the Best Interests Duty. Upon completion of the course, receive a Certificate of Completion and the only regulatory expert-written BID Compliance Pack.

Digital Education and Knowledge Testing Course Dates

- Keep an eye out for dates and times for your relevant State in late October with registration information to follow.

Knowledge Testing Course

- To be done through AAMC; testing will be on the Digital Education content and resources.

BID Compliance Pack

- This pack contains the only content of its kind in the industry, as developed by the leading regulatory and educational experts in Australia.
- This BID Compliance Pack includes:
 - BID Obligation Flow Chart
 - Obligation Record Keeping Tool
 - Compliance Self-Assessment Tool

CPD Hours

- There are 3 FBAA CPD hours to obtain from the Digital Education and Knowledge Testing Course upon completion.

Cost

This Digital Education and Knowledge Testing Course is open to the whole industry and not just FBAA members, as such there will be a small cost to deliver this to the industry as these have been developed by external industry experts.

- FBAA members - \$49.50 inc GST.
- Non-Members - \$99 inc GST.

Resources

- FBAA will continue to deliver content relevant to the Best Interest Duty through PD days and our publications.
- ASIC Regulatory Guide 273



THANK YOU TO OUR CONTENT PROVIDERS

