



## Comparison Rates



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Credit is currently so hard to come by, but more importantly, the credit facilities provided by financial institutions are almost impossible to compare. What we have seen emerge from this mud puddle is a number of rate comparison websites. That is, websites that allow consumers to go onto the site; insert some details, and they will be provided with information that prepares a multitude of home loans. We have had a number of enquiries over the past month regarding the validity of these websites. I need to disclose from the outset that, we represent one of those sites, Rates Direct. I have produced this newsletter with their permission.

Obviously, I can't talk about the 20 different comparison websites which are on the market place. What I can do is discuss in simple terms the website which has been created by Rates Direct.

Rates Direct has set up a website whereby consumers go to the site and check which bank might best suit their needs. Once identifying that bank, the consumer can enter information and that information will be sent to their local mobile banker who will visit the consumer. For any loan that is granted to a consumer, Rates Direct or any one of its competitors will receive a fee from the bank for the referral.

What has this got to do with Real Estate you ask? Well, Rates Direct has established a 'White Labeling' concept. Rates Direct will assist real estate agents or other professionals to establish their own comparison website. In fact, it is the Rates Direct website sitting at the back of the real estate agent's website.

A real estate agent will be paid a referral fee for every consumer that goes onto their website and clicks through to their local mobile banker. Obviously, a fee will go to Rates Direct and a portion of those fees will be distributed to real estate agent.

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Is it legal? The National Consumer Credit Protection Act 2010 (NCCPA) requires all credit providers to be licensed. Rates Direct holds an Australian creditors licence and therefore is permitted to provide this service.

It is fair to say however that, every real estate agent doesn't want to get an Australian credit licence. Well you don't have to! Under the NCCPA, holders of an Australian credit licence can make individuals or corporations credit representatives. This does not require any education or qualification. It merely requires assessment by Rates Direct or any other licence holder that the person is a fit and proper person, that the person is not a disqualified person and that the person will comply with legislation.

We have developed with Rates Direct a strategy whereby all persons who have white label websites will be appointed as credit representatives. Considering real estate agents already have licenses, there is no issue in relation to fitness and propriety. Moreover, because it is a website and does not need the intervention of an individual, there is no compliance requirement for a real estate agent. Hence, it is completely legal and easy to comply with.

The only impediment is that Rates Direct will be required to have information on file regarding the corporate entity. For any of these websites who approach you, this information should be a requirement. If they do ask for information, please don't punish the messenger for asking for this information because it is a requirement of ASIC.

Is it a good idea? Well, I'm a little bit biased. It's passive income, and that is hard to come by in this day and age. It is also a service which you provide to your clients, and something that makes your website a little bit more active than just looking at houses. Most importantly, it acts as an effective qualification tool for any of your salespersons.

Hence, Rates Direct and its competitors are perfectly legal and will deliver some business benefits to you. If it is good for your organisation, you can have no fear about legitimacy.

**Cheers,  
Bailey Compton  
and the team at ACP/Leverage**

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