

MEDIA RELEASE



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AFG and Connective mortgage aggregator deal not opposed

The ACCC will not oppose Australian Finance Group Ltd's (ASX:AFG) proposed acquisition of Connective Group Pty Ltd (Connective).

AFG and Connective are both mortgage aggregators, which act as intermediaries between mortgage brokers and lenders, such as banks.

The ACCC considered the acquisition's potential impact on lenders, mortgage brokers and consumers. Brokers play an important role for many consumers seeking a mortgage, and their services also allow individual lenders to access a wider group of potential consumers.

"The proposed acquisition will create the largest mortgage aggregator in Australia. Our initial inquiries identified a number of preliminary concerns, as set out in our statement of issues in February," ACCC Chair Rod Sims said.

"We have now completed a second round of inquiries. After our extensive public review of the acquisition and our consultation with a wide range of interested parties, we believe the combined AFG-Connective is likely to continue to face robust competition," Mr Sims said.

While the ACCC found that AFG and Connective compete closely with one another, other established aggregators, including Finsure and the aggregators owned by the National Australia Bank, are likely to continue to provide strong competition.

"Mortgage brokers will still have a range of other aggregators, should they become dissatisfied with the combined AFG-Connective's pricing or service. Lenders will likewise have a range of aggregators through which they can access potential consumers," Mr Sims said.

The combined AFG-Connective is likely to have the incentive to retain lenders on their panel who are popular with consumers. More generally, aggregators have an incentive to maintain a broad and diverse panel of lenders to attract brokers.

"Ultimately we found that a substantial lessening of competition was not likely," Mr Sims said.

Further information is available at [Australian Finance Group Ltd - Connective Group Pty Ltd](#).

Background

As mortgage aggregators, AFG and Connective provide brokers with access to a panel of lenders, and provide panel lenders access to affiliated brokers to distribute mortgages. Generally, a broker will be affiliated with one mortgage aggregator at a time, while lenders tend to sit on a number of mortgage aggregator panels.

AFG and Connective also offer brokers various support services to assist them to run their businesses. This includes customer relationship management software that provides brokers with the ability to compare products from the lender panel and assist in the lodgement of loan applications.

AFG and Connective also offer white-label or own-branded mortgage products under their respective brands. These products are mostly funded by third party lenders, however, AFG also offers loan products that are self-funded.