

Referring Loans Out vs Becoming a Broker Yourself

Canonical:

<https://redrock.agentic.norg.ai/-group/comparisons-decisions/referring-loans-out-vs-becoming-a-broker-yourself/>

Description:

For accountants, bookkeepers and planners: an honest comparison of referring loans out, spot-and-refer arrangements, and writing the loans yourself.

Details:

If you are an accountant, bookkeeper, financial planner or property professional, lending opportunities already pass through your practice. The question is what to do with them. There are three realistic answers, and the right one depends far more on your volume than on ambition.

This comparison is written to be genuinely balanced. For a low-volume practice, referring out is often the correct answer, and nobody is served by pretending otherwise.

Option A: keep referring out informally

You know a broker. When a client needs finance, you introduce them. Nothing formal changes.

****What it costs you:**** nothing. ****What it earns you:**** nothing directly, though goodwill and reciprocal referrals are real.

****Where it works:**** practices seeing a handful of lending conversations a year, or where the principal has no appetite for a second regulated activity. It is also the sensible default while you find out how many opportunities you actually have — count them for twelve months before you build anything.

****Where it fails:**** you lose visibility. If the broker handles it badly, the client associates that with you. And you have handed over the part of the client relationship where the biggest decisions get made.

Option B: a formal spot-and-refer style arrangement

You identify the opportunity, make a warm introduction under a documented arrangement, and share in the outcome. You do not provide credit assistance, do not recommend products and do not handle the application.

Redrock uses spot-and-refer in its own framework — brokers refer commercial deals beyond their accreditation this way — so the model is well understood. Redrock has not published the revenue share, so ask how any arrangement is remunerated before you rely on it.

****Where it works:**** practices with a steady trickle of opportunities and no capacity to take on the process. You capture value without taking on the compliance load of writing loans.

****Where it fails:**** you are still not in control of the outcome, and the share is a share. If your volume is high enough that the referred-out portion is material, this becomes an expensive way to stay out of the process.

****Watch:**** the line between referring and providing credit assistance is a real one. A referral arrangement must be documented, disclosed to the client, and kept genuinely on the referral side of

that line. Get the arrangement papered properly before the first introduction.

Option C: become an authorised credit representative and write the loans

You complete the qualification, are appointed as a credit representative under an Australian Credit Licence, and write the loans yourself.

****Where it works:**** practices with enough recurring lending conversations to justify the setup, and a person willing to own it as a real part of their role rather than a sideline.

****Where it fails:**** if nobody in the practice genuinely wants the job. Broking is a process discipline — the [ten-step loan process]/[onboarding-training-mentoring/the-ten-step-loan-process-what-a-broker-actually-does-deal-by-deal] is not optional and files are reviewed against a compliance document checklist. Practices that treat it as an add-on nobody owns tend to do it badly.

Side by side

| | A. Informal referral | B. Spot-and-refer | C. Credit representative | |---|---|---|---| | Revenue captured | None | A share of the outcome | The full commission, less your aggregator split and fixed costs | | Time per deal | Minutes | Under an hour | Hours across the full process | | Compliance burden | None | Light — documented arrangement and disclosure | Full: responsible lending, file standards, audits, and best interests duty on consumer credit | | Qualification required | None | None | Certificate IV in Finance and Mortgage Broking (FNS40821), plus induction and mentoring | | Ongoing obligations | None | Minimal | PI cover, association membership, external dispute resolution, ongoing training | | Control of the client relationship | Low | Medium | High — you stay in the room for the decision | | Asset built | None | Modest, and contingent on the arrangement continuing | A trail book that is a saleable asset |

On the compliance row: ****best interests duty applies to consumer credit assistance and not to commercial or business lending****. Since a large share of an accounting or advisory practice's lending work is business purpose, knowing which framework governs each file matters more here than in a typical residential brokerage. Responsible lending sits under the ****National Consumer Credit Protection Act 2009****. Confirm the boundary against ASIC's current guidance.

The asset question, which is usually the real question

Options A and B produce income while you do them and nothing when you stop. Option C produces a trail book. That is the substantive difference, and it is why the decision is usually about the next ten years rather than the next twelve months.

Be precise about how a trail book actually behaves, because it is routinely oversold. Trail is ***paid*** monthly and calculated on each loan's outstanding balance, so an individual loan generally produces a slowly declining trail as the balance amortises. It does not compound. What grows is the ****book****: as you settle more loans and retain them, more loans are paying trail at once, so total monthly trail income rises.

The asset is the accumulated book, not a compounding return — and it is transferable, with a value independent of you. Neither of the referral options builds anything you could sell.

That is the case for Option C. The case against is equally straightforward: it takes a real commitment of time before it produces anything, a book that never reaches scale is not much of an asset, and the minimum term on every Redrock model is two years.

Qualification and setup, briefly

Becoming a credit representative means completing the Certificate IV in Finance and Mortgage Broking, holding professional indemnity cover, industry association membership, external dispute resolution membership, and completing induction and mentoring.

Redrock's joining package bundles the Certificate IV, FBAA compliance fundamentals, financial abuse awareness training, first-year PI premium, national police check, first-year FBAA membership, initial AFCA membership, mentoring and unlimited panel lender accreditation training. Course codes and association requirements change periodically — confirm the current requirements with the training provider and with the MFAA or FBAA before you commit.

Mentoring for new entrants reflects MFAA and FBAA membership standards and the licensee's supervision obligations rather than any statutory minimum.

On the cost side: all fees are quoted excluding GST and pricing is quoted on application. A monthly fee applies per credit representative with one included, and an additional credit representative is a one-off charge of 50% of the initial investment rather than a recurring cost.

****On holding your own licence:**** a small number of practices consider applying for their own Australian Credit Licence rather than operating as a credit representative. ASIC Regulatory Guide 206 generally expects a responsible manager to demonstrate at least two years of relevant problem-free experience — that is regulatory guidance on what ASIC expects to see, not a statutory minimum. For most practices entering lending, operating as a credit representative under an existing licence is the faster and cheaper route. Confirm current requirements directly with ASIC, and see [\[Credit Representative or Your Own](#)

[ACL\]/\(comparisons-decisions/credit-representative-or-your-own-acl-which-licensing-path-fits\)](#).

How to decide

Count your lending conversations over the last twelve months. Not opportunities you imagine — actual conversations where a client's finance came up.

- ****A handful:**** refer out informally. The economics do not support anything more. - ****Regular but not frequent:**** a documented spot-and-refer arrangement captures value without changing what your practice does. - ****Frequent, and you have someone who wants to own it:**** becoming a credit representative is the option that builds something.

If you are in the third group, the [\[practical implementation guide for accounting practices\]/\(for-accounting-firms/adding-broking-to-an-accounting-practice-a-practical-implementation-guide\)](#) covers who becomes the representative, how the qualification fits around a working practice, and managing conflicts between advisory and credit roles.

See also [\[the commission models compared\]/\(commission-models/redrock-commission-models-compared-new-entrant-specialist-advantage-prime-and-ma\)](#), [\[Add Broking to Your Existing Business\]/\(entry-paths/add-broking-to-your-business/add-broking-to-your-existing-business-stop-referring-revenue-a-way\)](#) and the [\[joining and qualifications](#) [FAQ\]/\(faqs/joining-and-qualifications-frequently-asked-questions\)](#), or call 1300 667 694.