

Extracted from *Property Observer*

How mortgage comparison websites make money

Zoe Fielding | 7 December 2014

Comparator websites are under investigation by the corporate and consumer watchdogs.

The Australian Competition and Consumer Commission reported in early December that while more than 70% of people who research products online in the sectors it is investigating use a comparator website, most are sceptical of the results as they don't understand how the websites make money or the motivations of the operators.

The ACCC is looking into the benefits and risks to consumers of using websites that compare multiple service providers in the private health insurance, telecommunications and energy sectors. The Australian Securities and Investments Commission is reviewing websites that compare financial services such as mortgages.

Property Observer compared the remuneration models of several mortgage comparator websites. Here's what we found.

- **Comparethemarket.com.au**

This site only compares the products of participating brands, which include each of the major banks but only a few of the smaller banks and non-bank lenders.

They say: "If you decide to buy a product or service from one of our participating providers, [Compare the Market] may receive a commission from that provider. This commission is paid by the product or service providers and there is no extra cost to you for our service.

"It's important to note that our comparison tool is not influenced in any way by our commercial arrangements with our participating providers. We work hard to provide you with great options for your needs."

- **Finder.com.au**

Makes money by selling some ad space on its sites and through referral.

They say: "When you click through to or apply with a financial institution, broker or retailer from our website, that provider will pay us a small referral fee for sending you to there. We don't mark up the products just for listing them on our website, and we don't get ongoing or trailing commissions."

- **InfoChoice.com.au**

Charges fees to some institutions and advertisers which are negotiated on a case-by-case basis.

Some businesses pay InfoChoice subscription fees for using its data. Or, it may charge fixed cost development, licensing and hosting fees for the use of its financial calculators.

InfoChoice also receives fees from product providers for product advertisements on its website. The advertising fee may be based on a cost per impression or fixed monthly sponsorship fee. Referrals from the InfoChoice website may also earn the comparator a cost per click, a cost per application or a cost per lead for enquiries. It can also take a commission on referrals to third party advice providers such as mortgage brokers.

- **Mozo.com.au**

Like Finder.com.au, Mozo makes money from advertising and referrals.

They say: “Mozo makes money in two ways. We sometimes charge a fee to financial institutions when we transfer potential customers to them, for example if you click on ‘Go to Site’ once you've found a great deal using Mozo. In some instances we link through to financial institutions without charging a fee in order to provide a service to you. We also host a small amount of advertising on the site to keep you up to date with the latest offers.”

- **Ratecity.com.au**

Makes money from display advertising and by generating qualified leads for financial institutions. Leads are created when consumers visit the financial institution's website via a link from the RateCity website. RateCity gets paid either for the click, or for transacting with the financial institution by opening an account or applying for a product online for instance.

It may also receive referral fees from brokers or financial advisers when the consumer requests that their details are passed on