

Better Protecting Consumers Through Research

FSRA releases 2023 study on mortgage brokering

Following its [2022 Consumer Research Study](#), FSRA launched a second round of research to better understand consumers' experiences with mortgage brokers and where they are most likely to get their mortgage. We surveyed 1,001 Ontario residents with a current mortgage.

Findings from this research will inform FSRA's supervisory work, policy decision-making and regulatory efforts in the mortgage brokering sector. As an outcomes-focused and consumer-centered regulator, these insights assist FSRA in identifying key opportunities to respond to the needs of and risks to Ontario consumers when it comes to getting a mortgage.

FSRA licences all mortgage brokers, agents, brokerages and administrators, a mandatory requirement for dealing and trading in mortgages throughout Ontario. FSRA offers a centralized source for licensing and compliance requirements, regulatory updates and educational information. Through these actions FSRA is fulfilling its objects to regulate and generally supervise the regulated sectors and contribute to public confidence in the regulated sectors.

Key takeaways:

The most common mortgaged property is an individual's current home.

Nine in 10 respondents (93%) have a mortgage for their current home.

Overall, 6 in 7 (86%) respondents used financial institutions (e.g., banks, credit unions, trust companies) to get their mortgages.

However, Ontarians with slight (36%), moderate (46%), and high (64%) vulnerability are significantly more likely to consider using an alternative lender or private mortgage company.

Half of respondents used a broker to help them get a mortgage.

Ontarians with moderate (67%) and high financial vulnerability (74%) are significantly more likely to use a mortgage broker compared to those with low/no (43%) and slight financial vulnerability (49%).

Two in five respondents with a private mortgage have an exit strategy in place to help them get back to a more traditional mortgage.

Just over half of respondents said their mortgage broker provided them with adequate information on how to move back to a traditional mortgage.

The full report [2022 Consumer Research: Mortgage Brokering](#) outlines the results of the survey.

Putting our research to work:

The research has provided FSRA with useful insights into the profile of consumers in the mortgage brokering sector, including financially vulnerable consumers. In particular, the findings related to vulnerability will inform priority areas of focus in FSRA's *Mortgage Brokering Sector Supervision Plan* for 2023-24 to better protect consumers.

The majority of Ontarians rely on financial institutions to obtain mortgages; however, due to the tightening of mortgage underwriting rules by Federally Regulated Financial Institutions (FRFIs) and large non-financial institution lenders, coupled with the market dynamics of the past few years, those with higher financial vulnerability are much less likely to qualify at financial institutions compared to the less vulnerable population.

The research clearly indicates that consumers with higher financial vulnerability and those whose income/employment is less predictable, are significantly more likely to use a mortgage broker and consider alternative and private mortgages.

FSRA's mortgage brokerage conduct and compliance reviews will continue to evaluate brokerages' "know your client" (KYC) and needs assessment processes to ensure consumers of mortgage brokering services, including those who are financially vulnerable, receive suitable recommendations from their brokers. The reviews aim to ensure that brokers are providing adequate information to their clients based on their unique needs.

FSRA will continue to assess consumer trends in the sector to inform its regulatory efforts and ensure consumers have access to suitable products.