

BROKER RESPONSE

THE WORD

With many industry pundits predicting further consolidation in 2013, **this month we ask...**

DO YOU THINK THERE IS ENOUGH COMPETITION IN MORTGAGE LENDING?



WE NEED MORE INNOVATION

LEITH WICKSTEIN
Choice Home Loans

"I think there is enough competition in mortgage lending in terms of the lenders being open and hungry for business. What is lacking is some ingenuity and innovation in policies and products – and the ability to think outside the box, which would give lenders an edge and a unique offering. Most of the competition of recent times has only been around price, and that's not enough. I believe the mortgage insurers to a large extent stifle competition and innovation in mortgage lending and this area really needs a shake-up."



NO, MAJORS ARE TOO DOMINANT

OTTO DARGAN
Home Loan Experts

"I think competition with brokers is at a good level. The industry is much more professional than before the GFC, which has increased competition. When it comes to the banks though, I think the dominance of the major banks is a major concern. Many of the smaller lenders can't compete on pricing for larger loans and are restricted by their lending policies. Many of the smaller lenders are thinking about how they can win back some market share. It will be interesting to see how successful they are over the next few years."



SMALLER BANKS NEED MORE MARKET SHARE

WILL FOSTER
Foster Finance

"Like everybody, I would prefer to see some of the smaller banks getting some more market share so that the big banks don't have so much market power. It would be good to have more major competitors in play. Having said that, the competition is pretty fierce between the majors at the moment. There are some particularly good banks out there, like Suncorp Bank, which has a good suite of products, but don't have the same market penetration as the big four. It would be good to see banks like them increase their market share."



NEED VARIATIONS IN CREDIT POLICIES

MARIOS ROKKA
Loan Market

"A few people have been concerned about CBA's acquisition of Aussie and what this will mean for competition ... but if majors like CBA are increasing their market share, and then investing money in brokerage companies, it just goes to show that the broking channel is building. I think there are plenty of lending options in the marketplace, but there are only a handful of different credit policies which we can lean on. There needs to be more brand awareness around some of the smaller lenders."



COMPETITION IS FIERCE

JO ATTARD
Jo Attard & Co

"Yes, there is enough competition in the mortgage lending space. It is difficult enough to keep up with the offers from our current panel of lenders. A good portion of our clients still like dealing with the big banks for their owner-occupied funding, while investors are happy to go with the smaller lenders for diversification and risk management. It's an exciting time in the market. We are seeing smaller lenders offering some great fixed rates and the major banks are also highly competitive with their rates."

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