

HIGH RISERS



Often imitated but never bettered, *MPA's Brokers on Banks survey* is the Australian mortgage industry's leading lender survey and is now in its ninth year. **BARNEY MCCARTHY** sifts through the results and reveals just what brokers make of the country's top banks



One of the things MPA is most famous for is its special reports and perhaps the most keenly awaited survey of the year is our Brokers on Banks rankings. First published in 2003, the authoritative and comprehensive study canvasses broker opinion on a number of elements of banks' operations and has risen in stature to the point where several lenders use its results as a key performance indicator.

With banks now accounting for 91.5% of all home lending according to the most recent research by the Australian Bureau of Statistics, they have the market all but sewn up. Add into the equation the fact that around 40% of mortgages are handled by a broker, and you begin to realise the huge swathe of transactions covered by this survey.

METHODOLOGY

This year's survey drew 663 respondents, slightly down on last year's record number, but still a sizeable cross-section of brokers. Participants were asked to rate the performance of 12 of Australia's largest banks: Adelaide Bank, AMP, ANZ, Bankwest, CBA, Citibank, ING,

Macquarie, NAB, St.George, Suncorp and Westpac. The lenders were rated between one (poor) and five (excellent) over nine different categories: BDM support, broker support, interest rates, internet platform, overall service, product range, satisfaction with credit policy, transparency of commission structure and turnaround times and brokers were also asked to rank the importance of the categories.

All the broker scores for each lender were averaged to give the bank its score in each category. An average was then calculated for each bank going by its performance in the nine categories. As with last year, we have separated the results from our top 100 brokers to give banks an idea of how they catered for the nation's elite advisors, a feature that proved popular last year.

As well as scoring the banks across the aforementioned sections, brokers were also asked a number of general questions about how banks had performed with regards to accreditations, licensing, technology, channel conflict, commissions and service.

Thanks to all the brokers who took time out of their busy schedules to cast their vote in this year's survey.

Turn over to see how the banks fared and find out who topped the pile... >>>

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Turnaround times

1st CBA	3.60
2nd ANZ	3.12
3rd Adelaide Bank	3.11
4th Suncorp	2.98
5th ING Direct	2.91
Category average	2.88

As was the case last year, turnaround times were adjudged to be the most vital category, with the need for speed being classified very important by more than four-fifths of respondents. Despite this, only five banks managed to score above the category average. There was also something of a 'turnaround' in this year's top three in this category, with the top two not even making the podium last time round. CBA triumphed with an average score of 3.60, ahead of ANZ (3.12) and Adelaide Bank (3.11).

Many respondents felt that banks were not handling home loans efficiently enough. One Brisbane-based broker suggests banks adopt a more flexible approach. "We need faster turnaround times," she says. "Banks need to train staff that handle broker applications as some credit assessors have no common sense and cannot deal with applications that are slightly outside their prescribed checklists. They need to understand how to mitigate risk." Others called for more reliability, with one advisor from Hornsby, NSW, calling for banks to take more responsibility when things go awry. "Banks need to meet turnaround times and be consistent," she reasons. "They must be accountable for errors and the time cost for the broker to keep following up the same problem until it is resolved."

It wasn't all bad news though and brokers gave credit where it was due. One intermediary from Clovelly Park, SA, heralded CBA's performance. "It has good turnaround times, is quick to issue documentation and has the most flexible credit policies," he says. "It now also has competitive pricing to match, too."

Overall service to brokers

1st CBA	3.38
2nd ANZ	3.20
3rd ING Direct	3.11
4th Bankwest	3.02
5th Adelaide Bank	3.00
Category average	2.93

One Sandringham-advised broker succinctly summed up the importance of this category thus: "Good positive service is essential to the client and to me because when it stalls I have to spend more time on administration and not on writing business." Overall service was adjudged to be the second most important category to brokers and it was one of the areas where the banks performed well, with seven lenders scoring above the average mark. This year's top three also made the medals last year, albeit in a different order. CBA took the honours for service in this year's rundown, ahead of ANZ in second and ING Direct in third.

Despite rating banks fairly highly in this category, brokers still feel that non-banks provide better service, with 54.7% of respondents preferring the assistance they offer. Many brokers felt that the big banks were "sloppy" or "complacent" in their approach, with more than one participant branding them "arrogant" in their attitude towards the third party channel. Others feel that banks were making transactions needlessly difficult. One respondent from WA says: "All banks have over-complicated what should be a simple process and you get bogged down with unnecessary technicalities, conditions, paperwork and varying interpretation of acts." Some brokers see service as something of a lottery and say lenders' levels are dependent on a number of factors including the volumes they are handling at any given point.

There was some praise for bank performance though and one broker from Donvale, Victoria, felt CBA stands out from the pack. "CBA's service is fabulous," she gushes. "They have wonderful credit officers who actually really want to help, and they care about the brokers they deal with. From my experience, CBA is the only major that stacks up against the non-bank lenders in regards to their level of service and commitment to the broker channel." ANZ's service was described variously as "consistent" and "what you see is what you get", while ING was labelled "prompt" and "easy to deal with."

BDM support

1st CBA	3.52
2nd Bankwest	3.43
3rd Suncorp	3.28
4th Citibank	3.27
5th ANZ	3.26
Category average	3.10

CBA racked up its third straight category win in the BDM support category, finishing ahead of Bankwest and Suncorp. Just five banks finished above the 3.10 category average score, meaning the other seven have work to do when it comes to improving their relationships with brokers.

Although products and rates are undeniably important when advisors are selecting a suitable product, survey respondents had no qualms in admitting that the rapport they have with particular BDMs could affect the likelihood of placing business with them. One broker from Enfield, NSW, says: "The BDMs that understand our business and ask us how they can help us are the ones that do well with us. One bank actually gave our office special credit policies that are not available to other brokers." A Surry Hills-based respondent went further still. "Strong BDM support is critical to the success of my business," he explains. "I have been let down and appeared less than professional to my clients in the past due to the lender's inability or unwillingness to step in when appropriate."

Our medallists in this category also drew special mentions from brokers. In NSW, a Wollongong-based broker praised Suncorp for its "great BDM, simple loan security documents and faster processing times than most other lenders" and a Bankwest BDM was praised by a respondent from Toowoomba, Queensland, for "stepping in when required".

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Broker support

1st CBA	3.57
2nd NAB	2.93
3rd Bankwest	2.81
4th ING Direct	2.72
5th AMP	2.69
Category average	2.74

Broker support was the category the banks performed worst in, with only the three place getters exceeding the average score in this section. CBA retained its rosette, while Bankwest must be singled out for improving from ninth position last year to take the bronze this time round.

Many respondents felt that banks claim to support the third party distribution channel, but that their actions suggested otherwise. Most participants believe channel conflict is still an issue, with banks not being transparent about their priorities. A broker from Melton, Victoria, says: "Some banks are trying to do the right thing, but others are worse than ever. If you get the wrong branch they will still pinch the deal - I've had it happen." Another intermediary based in Southport, Queensland, paints a bleak picture. "It is getting worse, by virtue of the fact that several lenders are now giving substantially greater discretion to company branches as opposed to broker-originated files," he warns. "If I can't do a loan with a particular bank, why can my client walk into the branch and get it done?"

A phlegmatic advisor from Hinchinbrook, NSW, sees both sides of the picture. "I think channel conflict will always be there unless the banks have the loans under the branches' books so they get some value for it," she says. "Brokers and branches should be able to work together as a team." Some brokers acknowledged that banks shouldn't all be tarred with the same brush and that there were institutions where third party business was appreciated. As one SA-based broker put it: "The issue of channel conflict has been resolved in the main. Many branch staff have recognised that brokers are the good guys who send new customers through their door. A 'free-kick' to the branch as one manager put it. We have seen some good examples of great service."

As banks continue to fight for market share, brokers need to remain mindful that their customers are not being poached by bank branches.

Satisfaction with credit policy

1st CBA	3.51
2nd Bankwest	3.02
3rd ANZ	3.0
4th AMP	2.95
5th Adelaide Bank	2.94
Category average	2.92

The next most important category was satisfaction with policy. Seven lenders finished above the average mark, suggesting that brokers are largely happy with the processes in place. CBA continued its dominance by topping this category, ahead of Bankwest in second place and ANZ in third.

Despite the strong scores, brokers were quick to suggest ways the banks can improve their credit policies, largely centred on treating cases individually rather than relying too heavily on scoring systems. A Melbourne-based broker says: "Banks need to overhaul credit policies - they need certain changes to make them suitable for present times. Banks are overly cautious just like the RBA's interest rate decisions and sometimes lose the common sense needed to approve deals by sticking to a credit score." One of MPA's top 100 brokers from last year's poll agreed. "Banks shouldn't rely on credit scoring to approve or decline loans," he suggests. "All credit assessment must be able to be over-ridden manually. I have spoken with several assessors and they don't know why deals are declined when it looks like a deal."

Some banks were willing to think outside the box however, and a flexible approach may just be what helped CBA land this category. Several respondents lauded its common-sense approach and one broker from Darwin was particularly pleased with its attitude. "CBA put on an information session with one of its credit team which I thought was a great learning session, providing insight into how credit assessors think and why its policy is the way it is," she recalls. ANZ drew praise for "good credit policy with its own LMI" and Bankwest was credited with a consistent approach. "Bankwest has stable products and consistency in delivering answers," a Melbourne-based broker reports. "It doesn't change the goal posts too often, so it is easier for a broker to know where they stand when dealing with them."

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Interest rates

1st NAB	3.99
2nd ANZ	3.53
3rd ING	3.46
4th Bankwest	3.39
5th CBA	3.27
Category average	3.13

NAB retained its title as the bank with the best interest rates and did so in convincing fashion, scoring the highest mark of any lender in any category. ANZ and ING also kept their places on the podium, albeit trading positions from last year's survey. Half the banks featured outshone the 3.13 category average.

NAB's "break-up" marketing campaign has been the talk of the town this year and it seems to have put its money where its mouth is – backing up its concerted advertising push with a string of market-leading rates. Brokers were unanimous that NAB has the keenest rates, meaning that it is often a first port of call when clients want a low tariff. "It has the rate advantage at the moment and make no mistake – that is what the market looks to," a Central Coast-based broker says. "Its products are good and its policy is comparable with the competition." One respondent from Dee Why, NSW, says NAB's appeal isn't just limited to rates. "NAB has all the service points working well with a strong product suite and a committed BDM," he says. "That's impressive enough on its own, even before the price advantage."

As an aside, it is interesting to note that brokers only rate interest rates as the sixth most important category when appraising a bank's attributes. It can be seen as a positive development – particularly in light of licensing – that advisors are taking due care when deciding upon the most suitable product for a client and not just plumping for low rates.

Product range

1st ANZ	3.73
2nd NAB	3.49
3rd CBA	3.48
4th Westpac	3.36
5th Bankwest	3.33
Category average	3.18

ANZ kept its crown as the bank with the strongest suite of products by again triumphing in this category. NAB complemented its award for best rates with a second-place finish in terms of products and CBA rounded out the top trio. Seven banks scored higher than the average mark, making it one of the areas where lenders performed most strongly.

Despite this strong showing, brokers didn't have much to say about the products on offer from our 12 featured lenders, perhaps a symptom of a lack of innovation, or any home loans standing out from the crowd. Some brokers admitted that peripheral factors can be as important a factor as the products themselves. One such respondent says he enjoys doing business with CBA due to its straightforward approach: "While it doesn't always have the best interest rate or products, it has a 'keep it simple' process with online applications, supporting documentation requirements and a follow up/escalation process."

It is sometimes said that the banks with the best products or keenest rates have the poorest service as a result of high demand, but ANZ and CBA debunked that myth with strong showings in the service category.

Success comes from the right balance of growth and support



As the winner of the Australian Mortgage Award for customer service in 2010, Peita Davies epitomises professionalism in broking while remaining focused on the evolution of her business.

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Internet platform

1st CBA	3.51
2nd Westpac	3.29
3rd ANZ	3.16
4th St.George	2.98
5th NAB/Homeside	2.94
Category average	2.85

As was the case in 2010, the major banks dominated this category. CBA repeated its triumph of last year and Westpac and ANZ traded places for second and third place, with three further banks scoring higher than the category average. It is perhaps no surprise that the Big Four should feature so prominently (NAB came fifth) given the resources at their disposal to invest in first-class online portals.

Broker opinion was divided on whether the shift towards online and improved websites had actually made life easier or more difficult. One broker from Sydney summed up this conflict well. "Websites have and haven't improved things," he says. "The lenders whose websites are good, are kept up-to-date and provide open and relevant commentary on product, policy and procedure, as well as the loan's progress are great. However, there are many lenders whose websites are difficult to navigate, are not up-to-date and whose loan processing commentary is simply appalling." A number of respondents felt that websites were useful as a complementary facility but weren't yet ready to stand alone. "I feel that they are used as an excuse in many ways," one participant says. "There is less personal contact and when something does not fit, it makes life very hard."

Tech-savvy brokers were more enthusiastic about banks' online propositions. A broker in Sydney's inner west says "online valuation systems can significantly reduce processing times in instances where modelled estimates are adopted" and a counterpart in Chatswood, NSW, says good websites with full functionality have become integral to the way he operates. "Everything you need is at your fingertips and online lodgment with the banks has now become a very key factor in being able to service your client with the correct information, from lodgment through to tracking the loan and on to settlement," he says.

Transparency of commission structure

1st AMP	3.52
1st ANZ	3.52
3rd ING	3.42
4th Bankwest	3.39
5th NAB/Homeside	3.27
Category average	3.20

The category adjudged to be least imperative to brokers centred on the transparency of banks' commission structures. Interestingly, this was also the category with the highest average mark (3.20), suggesting that lenders are delivering on promises when it comes to remuneration. The spoils were shared by AMP and ANZ, with ING repeating its bronze medal performance from last year.

Despite being happy with the way they are paid and the integrity of the systems in place, only 18.5% of respondents declared themselves happy with the amount they are paid. Many bemoaned the fact that commissions haven't recovered since the GFC, while bank margins have. The disappearance of trail from day one and "unfair" clawbacks were also common complaints. One respondent concedes that "more work for less pay is never going to be a winning strategy" while others felt they weren't compensated for having to chase up bank mistakes.

Several suggestions were made as to how banks could improve their pay structures, with a number of respondents intimating that loyalty bonuses or schemes that rewarded experience as the way forward.

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Overall standings

1st CBA	3.43
2nd ANZ	3.23
3rd Bankwest	3.10
4th NAB/Homeside	3.07
5th ING Direct	3.05

F For those of you that haven't skipped straight to this part of the report, it will come as no surprise that CBA took the overall honours this year after hoovering up six of the nine category awards on offer. A solid showing across the board earned ANZ silver and

Bankwest narrowly edged out NAB and ING to land bronze. It is Bankwest and NAB who have progressed the most since our last survey too, improving from eighth and 12th respectively.

The final word on CBA's impressive performance goes to this respondent from Port Hacking, NSW. "CBA is always looking to support the broker with new initiatives," she says. "From the credit team to support staff, they are all accessible. They are also implementing features and pricing to support and improve their product and services. They are innovators and definitely leading the way in the mortgage market for brokers."

A word that continually cropped up to describe ANZ was "consistent", an admirable attribute in such a fast-paced market. It was also praised by many brokers for its "what you see is what you get" approach and its strength across the board. Bankwest was lauded for the quality of its BDMs and good products.



Categories rated by importance

CRITERIA	% RANKING CATEGORY VERY IMPORTANT
Turnaround times	80.3
Overall service to brokers	72.6
BDM support	63.6
Broker support	62.2
Satisfaction with credit policy	58.0
Interest rates	44.0
Product range	40.4
Internet platform	26.4
Transparency of commission structure	17.5

Top 100 rankings

1st CBA	3.6
2nd ANZ	3.45
=3rd Bankwest	3.28
=3rd Westpac	3.28
5th ING Direct	3.00

C BA made it a double this year by being ranked the best bank by the nation's elite brokers as well as being the broader market winner. ANZ and Bankwest also repeated their feats from the main survey, with Westpac sharing third spot. In terms of the categories the top 100 brokers rated as the most important, the order was broadly similar to the main poll, with the exception of overall service trumping turnaround times for top spot.

In terms of individual categories, CBA again dominated, winning five sections outright. Its first triumph came in the overall service classification, scoring (3.5) to edge out Westpac in second (3.42) and ANZ in third (3.38). It was also the quickest bank in terms of turnaround times, notching an impressive average of 3.55 to pip ANZ (3.52) and Westpac (3.15) to the post.

BDM support was considered to be the third most important category to our top 100 brokers, and Bankwest was adjudged the winner in this grouping with a stellar mark of 3.80. Second place went to CBA with 3.63 and ANZ took third with 3.38. Next up was broker support and CBA again won out with a mean score of 3.63, placing it in front of Westpac with 3.45 and St.George with 3.1. When it came to satisfaction with credit policy, CBA topped the pile with 3.75, ahead of second-placed Bankwest (3.32) and ANZ in third with 3.07.

ANZ broke CBA's monopoly by being named the bank with the best product range by the nation's eminent brokers, with an average ranking of 3.93, the highest mark in this section of the poll. CBA came second with 3.76 and St.George landed third with 3.64. NAB completed an interest rate double with a 3.78 score to take out the award from the top 100 brokers, with ANZ and Bankwest tying for second place with 3.68. In terms of internet platforms, CBA won out with a 3.60 average, consigning Westpac (3.51) and St.George (3.41) to second and third place respectively. Completing the top 100 picture, ANZ was voted as the bank with the most transparent commission structure (3.76), ahead of Bankwest (3.60) and CBA (3.50). **MPA**