

# GOLD RU



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## It's time for the biggest poll of the year: which of Australia's banks have brokers judged to be the best in the country? **KEVIN EDDY** analyses the results

**P**erhaps the most keenly awaited industry survey of the year is MPA's Brokers on Banks rankings. Now in its ninth year, this is the only industry survey that rates Big Four and second tier banks together on a number of elements of bank operations – all based on the views of the mortgage brokers who deal with the banks every day. The survey is also used as a key performance indicator by several lenders.

### **METHODOLOGY**

This year's survey drew 506 respondents – 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/Homeside, St.George, Suncorp and Westpac.

The lenders were rated between one (poor) and five (excellent) over 10 different categories: BDM support, information provision, interest rates, internet platform, overall service, product range, satisfaction with credit policy, transparency of commission structure, turnaround times and diversification opportunities. Brokers were also asked to rank the importance of the categories.

All the scores for each lender were averaged to give the bank a final score in each category. An overall average was then calculated for each bank going by its performance in the 10 categories. As with last year, we separated the results from our Top 100 brokers to give banks an idea of how they catered for the nation's elite advisors. We also asked two new questions of Australia's brokers – first, what the best product over the last year has been, and also to select their top three banks in terms of overall perception.

As well as scoring the banks across the aforementioned sections, brokers were also asked a number of questions about how banks had performed with regard to turnaround times, 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.

## TURNAROUND TIMES

	BANK	SCORE
1	CBA	3.59
2	ANZ	3.52
3	NAB/Homeside	3.46
4	Adelaide Bank	3.35
5	ING DIRECT	3.1

**INDUSTRY AVERAGE: 2.93**

For three straight years, turnaround times have been acknowledged as the most important element of bank service. Last year's winner, CBA, retained its place at the top of the table, with brokers judging its turnaround times as the best of all the banks.

ANZ retains a solid second place, and improves on its rating from last year too. A new entry into the top three is NAB – perhaps testament to its efforts to speed up service over the last 18 months. Non-majors Adelaide Bank and ING DIRECT round out the top five, too, showing that there are areas in which smaller players can challenge the Big Four.

### 2011 RESULTS

	BANK	SCORE
1	CBA	3.60
2	ANZ	3.12
3	Adelaide Bank	3.11

## INTEREST RATES

	BANK	SCORE
1	NAB/Homeside	3.76
2	BankWest	3.69
3	AMP	3.65
4	ING Direct	3.37
5	Macquarie	3.26

**INDUSTRY AVERAGE: 3.17**

NAB scores its first victory in this year's Brokers on Banks survey, thanks to its much-trumpeted sharp pricing policy. Indeed, NAB has a stranglehold of its own on this category, having taken out the number one position three years in a row.

In fact, there's been some significant changes in the top five, with only NAB holding onto its position from 2011. Bankwest jumps to number two in the rankings, due to its popular Premium Select product – while ING DIRECT drops one position. New entries AMP and Macquarie suggests that non-majors are also getting in on the price war.

### 2011 RESULTS

	BANK	SCORE
1	NAB/Homeside	3.99
2	ANZ	3.53
3	ING Direct	3.46

## Brokers speak: turnaround times

### HAVE TURNAROUND TIMES IMPROVED OR WORSENERD OVER THE LAST YEAR?

#### 59% IMPROVED

"It depends on the lender. They are generally understaffed so when volumes rise due to specials, none of them can cope and we brokers suffer and have to ride it out."

"Lenders seem to be more aware of peaks and troughs, and when they have specific promotions making sure they have the staff to cover increased applications."

"The ability to email supporting docs and updates has made a huge difference. Credit calling the broker with a query or to explain the assessment decision is very good too."

#### 41% WORSENERD

"Second-tier banks which, post-GFC, closed or restricted business and subsequently retrenched people no longer have the infrastructure to support the short-term volume they get, and service/turnaround times blow out. The consumer sees the rate and wants this rate and managing these expectations is hard."

"It is a constant battle to provide service within required purchase time-frames. Inconsistency does not help – brokers are constantly having to move as service levels vary."

"It depends on which lenders you are talking about. Some have improved out of sight and some have gone through the roof. This usually comes down to pricing wars and is short-lived."

## Broker picks: Best product

Another innovation in this year's survey was asking brokers to highlight the best product of the last 12 months. Even at first glance, this came down to a three-way fight between Homeside's HomePlus loan, BankWest's Premium Select and ANZ's Breakfree loan. It was Homeside that won out, however, narrowly beating BankWest into second place. Elsewhere, professional packages and basic loans featured heavily, with CBA the only bank to see two products - its MAV package and its no-fee home loan - in the top 10. Also notable as the only fixed-rate product in the top 10 is Citibank's three-year fixed, which garnered much praise for its sharp pricing of 5.75% before Christmas.

1	Homeside HomePlus
2	BankWest Premium Select
3	ANZ Breakfree
4	CBA MAV Package
5	ING DIRECT Mortgage Simplifier
6	Citibank three-year fixed 5.75%
7	St.George Advantage Package
8	Suncorp Money Manager
9	CBA No fee Home Loan
10	Westpac Premier Advantage (Rocket Repay Offset)

## BDM SUPPORT

	BANK	SCORE
1	CBA	3.73
2	NAB/Homeside	3.7
3	BankWest	3.62
4	Citibank	3.49
5	ANZ	3.48

### INDUSTRY AVERAGE: 3.31

Your relationship with a BDM - whether face-to-face or desk-based - is one of the key relationships with a bank, and better BDM support is high on many brokers' wish lists for bank service. The lenders aren't blind to this, either: several banks have invested heavily in bolstering their relationship management footprint over the last year.

Even so, it's CBA who holds onto the top spot, improving to 3.73 from last year's score of 3.52. NAB is a new entry into the top five in this category as well, pushing last year's runner-up Bankwest into third place. Citibank and ANZ hold onto their fourth and fifth-ranked spots.

### 2011 RESULTS

	BANK	SCORE
1	CBA	3.52
2	BankWest	3.43
3	Suncorp	3.28

## BROKER WISHLIST: SEGMENTATION

### WE ASKED:

What services would you want from a top tier segment?

### BROKERS SAID:

- Same day turnaround times
- Direct access to credit staff
- Better access to BDMs
- Better pricing
- Higher commissions

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## DIVERSIFICATION

	BANK	SCORE
1	CBA	3.61
2	NAB/Homeside	3.01
3	Westpac	2.72
4	ANZ	2.69
5	St.George	2.67

**INDUSTRY AVERAGE: 2.94**

A new category introduced for this year's survey, diversification opportunities (such as credit cards, insurance and SMSFs) ranked surprisingly highly in terms of importance for brokers.

It's another victory for CBA, however, with the Big Four occupying the four top slots – and Westpac-owned St.George coming in at number five. Note that the scores for this category were lower than for any other, and only two banks came in above the industry benchmark – suggesting that, while brokers are seeing this as important, banks haven't necessarily got it right just yet.

## TRAINING AND DEVELOPMENT

	BANK	SCORE
1	NAB/Homeside	3.63
2	CBA	3.6
3	Macquarie	2.74
4	Suncorp	2.72
5	ING Direct	2.65

**INDUSTRY AVERAGE: 2.74**

Roadshows, training, seminars... they're an integral part of keeping brokers up-to-date on products, initiatives and policy changes, but which lender does the best job?

NAB took out the honours here, with its information provision ranked highest in this new category. CBA was narrowly behind, with second-tier banks filling out the rest of the top five. However, information provision in the lower end of the rankings was certainly seen as lacking by the survey respondents with the lowest scores of any category – and the lowest industry benchmark.

### Brokers speak: segmentation

#### ARE YOU IN FAVOUR OF SEGMENTATION STRATEGIES?

##### 60% NO

"A lender will get my support if they have good rates, good products and good service – not because they give me special treatment if I send a lot of business their way."

"All deals deserve the utmost attention as there are people behind each deal. Segmentation is an excuse to offer poor service to a particular segment. It will diminish the independence of brokers to select the right product for the customer."

"Segmenting discourages responsible lending. Any one broker that puts, say, \$15m a year with CBA isn't doing their job properly because not every client will either want or be suitable for a CBA product."

"The client is the person who suffers in the end."

##### 40% YES

"Any broker who is giving lenders volume business, providing they are quality applications and quality business, should be rewarded with a far higher service from the lender and a higher commission upfront."

"I am certainly in favour of segmentation, but not to the point that one segment be left with only a mortgage call centre to liaise with – it is critical brokers have a BDM to liaise and discuss deals with."

"I see both sides of the argument, but if you are submitting a large amount of business to a lender why shouldn't you get some service level perks? That's the way the rest of the business world operates."

"As a broker with superior service from four banks as a top tier broker, I believe it is beneficial if continuing to support those lenders. It can be tough if you start spreading the business around more as the service we deliver to our clients is directly connected to the turnaround times of lenders."

## PRODUCT RANGE

	BANK	SCORE
1	ANZ	3.78
2	CBA	3.65
3	NAB/Homeside	3.57
4	BankWest	3.41
5	St.George	3.4

INDUSTRY AVERAGE: 3.32

The last 12 months have certainly been a period of consolidation rather than innovation when it comes to products. There have been some standout efforts from lenders – and the best are highlighted in our award.

When it comes to overall suite of products, ANZ can't be beaten, it seems. Holding onto the top spot for the third year in a row with the highest individual score in any category, brokers clearly rate its loans. CBA took the second slot from NAB – this is the only category where NAB performed worse than in 2011 – and CBA-owned Bankwest also improved on its fifth place from 2011. St.George rounded out the top five.

### 2011 RESULTS

	BANK	SCORE
1	ANZ	3.73
2	NAB/Homeside	3.49
3	CBA	3.48

## BROKER WISHLIST: SERVICE IMPROVEMENTS

### WE ASKED:

What would be on your 'wish list' for quality service from a bank?

### BROKERS SAID:

- Faster turnaround times
- Direct access to credit assessors, and for assessors to call when there's a query
- Upfront valuations
- Ability to print documentation/e-mail documents
- Consistency in credit policy and 'common sense' decision making

### Importance scale

1	2	3	4	5	6	7	8	9	10
Turnaround times	Diversification opportunities	BDM support	Overall service to brokers	Interest rates	Commission structure	Mortgage product range	Information provision	Credit policy	Online platform
4.76	4.75	4.67	4.51	4.33	4.21	4.19	4.15	3.90	3.89





## COMMISSION STRUCTURE

	BANK	SCORE
1	AMP	3.26
2	NAB/Homeside	3.24
3	ANZ	3.19
4	ING Direct	3.13
5	Citibank	3.07

### INDUSTRY AVERAGE: 2.95

An always controversial subject, commission wrangles certainly haven't gone away in 2012. The issue of clawbacks is one that has raised its head in recent months, and NAB's commission changes at the beginning of the year has had brokers looking askance at other lenders. Brokers clearly still aren't happy with banks' treatment of commissions, with the industry benchmark average score being only one of three under 3/5.

Still, the picture at the top of the table looks the same, as AMP takes the crown for the second year in a row – although 2011's joint winner, ANZ, dropped down the table to number three. NAB shot in at number two – almost certainly the impact of its commission changes. ING DIRECT was down to fourth, and a surprise new entry at number five was Citibank.

### 2011 RESULTS

	BANK	SCORE
1	AMP	3.52
2	ANZ	3.52
3	ING	3.42

### Brokers speak: commissions

#### HAVE COMMISSION STRUCTURES IMPROVED OR WORSENER OVER THE LAST YEAR?

##### 40% IMPROVED

"A tough one. Some are getting more generous, but others are much worse, and encourage mediocrity, with no grounds for argument on their conversion metric. Brokers who support them are now being penalised if they are not converting 80% on their seriously flawed model."

"Minimal change, which is a shame. The extra work on the broker part is not reflected in the improved efficiencies the lenders have received with the better systems and procedures resulting in better conversions. Second-tier lenders need to get their businesses cleaned up to compete and give us a viable option."

##### 60% WORSENER

"Clawbacks are now a greater threat due to abolition of exit fees. Also, it is disappointing that lenders expect brokers to take a cut in their upfronts in order to obtain additional pricing concessions."

"Commissions are always an issue but as an employee this has a bigger impact on the owner of a business as we try and always do what is best by our clients."

"Lenders having no trail in year one is a disgrace, and the overall for work done upfront is too low."

## Broker picks: best bank, overall preference

This year, MPA wanted to get a sense of overall market sentiment in addition to gathering the usual as well as the detailed ranking information. So, we included a question at the end of the survey asking brokers to list their top three banks in terms of market perception as of April-May 2012.

So, which bank came out as brokers' favoured lender?

1	CBA
2	NAB/Homeside
3	ANZ
4	BankWest
5	ING DIRECT

It's probably no surprise that CBA seems to be the bank of the moment when it comes to market sentiment, seeing as it's ranked first in more than half of the Brokers on Banks categories. It's also telling that NAB comes in a close second – indeed, we're sure the folks at NAB Broker and Homeside will be very pleased.

## SERVICE LEVELS

	BANK	SCORE
1	CBA	3.59
2	ANZ	3.48
3	NAB/Homeside	3.46
4	ING Direct	3.26
5	Suncorp	3.12

**INDUSTRY AVERAGE: 3.06**

As mentioned in the previous category, service is something that lenders have been bending over backwards to improve over the last few years. The cynical might argue that's because lenders are trying to distract attention from commissions: even so, there's no doubt that brokers see service levels as vitally important. On the whole, scores have improved in this category, suggesting that lenders' efforts are paying off.

CBA continues its bull run here, with ANZ retaining its second place position. NAB also continues to shine, coming in at number three from nowhere last year. ING DIRECT and Suncorp round out the top five, again showing that the second tier compare well with the Big Four.

### 2011 RESULTS

	BANK	SCORE
1	CBA	3.38
2	ANZ	3.20
3	ING Direct	3.11

## Brokers speak: service levels

### HAVE SERVICE LEVELS/ CREDIT POLICIES IMPROVED OR WORSENERD OVER THE LAST YEAR?

#### 55% IMPROVED

"Credit policies have certainly improved over the last year as lenders are wanting to do more business."

"Many credit policies are more commercial these days. NCCP initially created a scare but lenders are really starting to see they were in fact already responsible lenders and change wasn't really needed except perhaps in the low doc/asset lend space."

"It has mostly improved. However, we still experience poor decisions because we were unlucky enough to have a deal looked at by a credit manager having a bad day. We often need to refer to state manager level or higher to get some common sense."

#### 45% WORSENERD

"Bank service remains ad-hoc overall. If all is straightforward and no intervention is required service level is good. As soon as a problem occurs, the wheels fall off."

"Brokers will rarely be happy with service levels. Credit policies may appear to be a little broader than what they were tightened to 18 months ago but in reality they are still narrow - and they need to be to keep the industry safe from the unscrupulous practices of the past."

"I strongly recommend streamlining the process in order to eliminate the need for conditional faxes based on minor items such as 'mother's maiden name' or other simple questions. Please ask the assessor to hang on to the file, pick up the phone or email the broker for an immediate response and progression on the file."



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### Brokers speak: channel conflict

#### DO YOU BELIEVE CHANNEL CONFLICT EXISTS?

##### 81% YES

"My own wife was contacted by our bank's premium personal banking team asking if she required any assistance with her banking. I thought it was a great opportunity to experience firsthand what it's like to be a customer without the bank knowing what I do for a living. I rang the personal banker and asked him why he was contacting my wife seeing as though all of our loans have been originated through a mortgage broker. I asked if he could facilitate the lodgement of new home/investment loans or would I be referred back to my mortgage broker. To my amazement, the personal banker said he could do that from his end and not to go back to my broker 'because we provide much better service than brokers'. How on earth are we supposed to continue supporting banks/lenders by introducing new business to them if the clients are just going to get poached from us once they're in the system?"

"I think that is why we are treated as competition but Tony McRae (Westpac) seems to have the right idea now, placing designated persons in larger branches to assist brokers."

##### 19% NO

"Ninety-nine per cent of the time most banks respect this and if not I don't have an issue ringing my BDM regarding this."

"I think channel conflict has dropped. The banks I deal with now encourage brokers to interact with the local branches as we can send clients in to the branch for the add-ons to the home loan accounts."

"Not as much as in the past. Most banks are seeking to work with brokers these days, which is great. That way we help each other."



To see full rankings for all the categories, further analysis and more broker views, head to *MPA Online* now.

### ONLINE PLATFORM

	BANK	SCORE
1	CBA	3.73
2	ANZ	3.37
3	NAB/Homeside	3.36
4	Westpac	3.25
5	St.George	2.98

#### INDUSTRY AVERAGE: 2.98

Next, Brokers on Banks examined online platforms. Expanded from simple internet platforms as in the last couple of years, the online environment now encompasses bespoke broker portals for smartphones and tablets as well as desktop solutions – not to mention social media. Which lender has its finger on the digital pulse?

It's no surprise to find out that CBA ran away with this category – and it's not even done upgrading its systems yet. As per last year, the Big Four banks dominated the top five – with rising star NAB the biggest mover from fifth to third. St.George also continued to upload its reputation for technological innovation: it was the first lender to launch a broker-specific iPad app earlier this year

#### 2011 RESULTS

	BANK	SCORE
1	CBA	3.51
2	Westpac	3.29
3	ANZ	3.16

### Brokers speak: technology

#### HAVE TECHNOLOGICAL DEVELOPMENTS SUCH AS IMPROVED WEBSITES, MOBILE/TABLET APPS AND SOCIAL MEDIA IMPROVED DEALING WITH BANKS?

"For clients, yes; for brokers, no major improvements with how we deal with the banks as a result of technological developments."

"I don't think so. I think the banks who get the best results are the ones where the BDMs are accessible and willing to help. The human element is always the most effective."

"Improved websites have been an improvement. I'm not interested in social media – I'll leave that to the kids!"

"Loan tracking on websites has improved dealing with banks, but only where the tracking system works and is kept up to date. This is the key."

"Not yet, but this will change as the next generation will accept it as part of the way they do business."



## CREDIT POLICY

	BANK	SCORE
1	CBA	3.76
2	NAB/Homeside	3.41
3	ANZ	3.41
4	Suncorp	3.13
5	Adelaide Bank	3

### INDUSTRY AVERAGE: 3.09

Another area of much debate, credit policy was another harshly-scored category. While brokers are clearly willing to give credit where it's due if they think policy is on the ball, they're also willing to criticise when they're not happy. Two-thirds of lenders – including number-five-ranked Adelaide Bank – scored below the industry average, suggesting that respondents think that something needs to change where credit policy is concerned.

CBA's domination of the Broker on Banks survey resumed with this category, with its approach to credit policy beating NAB and ANZ into second place by a significant margin. Suncorp and Adelaide Bank also scored high enough to break into the top five.

### 2011 RESULTS

	BANK	SCORE
1	CBA	3.51
2	BankWest	3.02
3	ANZ	3.00

## BANK OF THE YEAR

	BANK	SCORE
1	CBA	3.5
2	NAB/Homeside	3.46
3	ANZ	3.27
4	ING Direct	3.02
5	BankWest	3.01

### INDUSTRY AVERAGE: 3.01

CBA is celebrating its centenary year in 2012, and going by the results of Brokers on Banks, it's going to be a year of double celebration. After taking top honours in six of the 10 categories we've ranked the banks on, it was a foregone conclusion that CBA would come out as the number one bank overall for the second year running.

However, it's a close call. Last year, CBA beat ANZ into second place: this year, NAB continued its rapid journey up the rankings, coming within 0.04 points of unseating CBA. Could 2013 see NAB unseat the reigning champion?

ANZ, ING DIRECT and BankWest – all also present in last year's top five – filled out the rest of the top honours.

### 2011 RESULTS

	BANK	SCORE
1	CBA	3.43
2	ANZ	3.23
3	BankWest	3.10

## The view from the Top 100

1	CBA	3.52
2	NAB/Homeside	3.43
3	ANZ	3.35
4	Westpac	3.27
5	Macquarie	3.04

The view from the wider broker population is that CBA is the top bank – but is that mirrored by the view of Australia's top performing brokers? We selected the responses from the MPA Top 100 brokers to find out their views. It seems that they're pretty much in line with the rest of the broker population – at least where the number one bank is concerned.

CBA very nearly makes it a clean sweep of the top awards this year, being ranked as the number one overall, number one by the Top 100 brokers and number one in terms of general perception.

However, beyond the top spot it looks quite different. The Top 100 clearly rate the Big Four higher than the general broker population, with the four majors occupying the top four positions. Macquarie Bank was also well-regarded at number five.

Other key points from the Top 100 sample include:

- CBA also took home most of the honours in individual categories, being ranked first in five categories (BDM support, information provision, overall service to

brokers, credit policy and diversification opportunities)

- Westpac was ranked highest by the Top 100 in terms of turnaround times; its online platform was also ranked best by the Top 100
- AMP was ranked best for commission structure, ANZ best for product range and NAB best for interest rates – all in line with the wider survey results
- While the four majors took out the top spots in most categories, second-tier lenders weren't completely unrepresented. St.George sneaked fourth places in the commission structure, product range and diversification categories, while AMP and ING DIRECT ranked third and fourth respectively in the interest rates category.