

BANKS ON BROKERS

2014

They were rated in MPA's Brokers on Banks survey as the top five lenders in the market, but what are they thinking? MPA asked the best of the banks to define their value proposition, and reveal the changes they are planning in the year ahead

MPA's **Brokers on Banks 2014 survey** provided the market with an annual update on how the banks are performing in the eyes of a key distribution channel – mortgage brokers.

Asking over 600 brokers to rank banks across 10 different criteria, *MPA* delivered a formidable data set that will – as always – make the banks sit up and take notice.

So what did we learn? First of all, nothing is guaranteed. Though lenders may have impressed brokers with their consistent value proposition over a number of years, competition is fierce, and brokers are always open to new offerings that satisfy both themselves and their clients.

As a result, *MPA* published a new top five this year, with NAB/Homeside overtaking perennially dominant CBA (by a small margin) to be rated

Bank of the Year. Other lenders also saw their fortunes shift, depending on the independent voices of our broker readers.

In this year's Banks on Brokers report, we ask the top five lenders – as rated by you – how they've managed to stay ahead of the rest of the pack. We ask them to explain their core value proposition, and define how that has been changing in recent times. We also ask them to reveal their future plans for the ever-more-important mortgage broking channel.

As brokers will see, none of these banks are truly satisfied with standing still. Instead, they are focused on converting your feedback into demonstrable progress in broker service.

And that – brokers and banks will agree – can only be a good thing.

BROKERS ON BANKS 2014: THE TOP FIVE

| | Bank | Score |
|---|--------------|-------|
| 1 | NAB/Homeside | 3.30 |
| 2 | CBA | 3.28 |
| 3 | Westpac | 3.27 |
| 4 | Macquarie | 3.26 |
| 5 | ANZ | 3.24 |

Note: Banks were scored by brokers out of 5 across 10 different criteria. Their scores were then averaged to achieve a final (overall) score out of 5, to obtain the Bank of the Year.

| Rank | 2013 rankings | 2012 rankings | 2011 rankings |
|------|---------------|---------------|---------------|
| 1 | CBA | CBA | CBA |
| 2 | NAB/Homeside | NAB/Homeside | ANZ |
| 3 | ANZ | ANZ | Bankwest |
| 4 | Macquarie | ING DIRECT | NAB/Homeside |
| 5 | Suncorp | Bankwest | ING DIRECT |



On being the best

NAB Broker general manager **Steve Kane** is thrilled brokers ranked NAB best of the best, and says the bank is still listening to brokers who pick up the phone

Congratulations! NAB has been named Bank of the Year. What's your take on the win?

Steve Kane: We're absolutely thrilled. It's been a big year for us and we've been continuously working hard to drive improvements across the board. One year ago I said NAB Broker would lead the market by continuing to invest in the broker channel, and I think the result speaks to our dedication to constantly improve as a lender.

What do you think has tipped the balance for brokers to rank you first this year?

SK: Over the years we've worked hard to improve across all areas of our broker proposition, and I think over time this has tipped the balance, with brokers now seeing the long-term results and recognising the advances we've made. Some have been major initiatives – like price for risk, which really led the market at the time – and others have been small improvements in process such as streamlining lodgements to reduce documentation for brokers. We have also aligned our back office with our BDM teams and opened communication lines with credit teams, ensuring a consistent and reliable service proposition.

Brokers seem particularly impressed with your turnaround speeds and BDM support?

SK: It's fantastic brokers have rated us on top when it comes to turnaround speeds and BDM support, particularly as brokers identified them as the two most important factors for them.

Working on our turnaround speeds has been a gradual process as it's really about looking at how the loan process works for brokers on a practical, daily level. When we look at our broker proposition we are looking not only at the product and rates, but also where we can make sure we can tighten our processes, deliver a competitive product, as well as better, faster service to make sure our brokers and their clients are happy. There's no magic bullet, so it's great to know all the changes we've made in our service and process are making a difference to brokers and they are seeing improvements in our turnaround times.

Over the past two years, we've also made it a key priority to support brokers better through new BDM teams with dedicated roles. It was a priority for the majority of the past 18 months to offer support to our brokers around the clock throughout the whole loan process, from lodgement right through to post-settlement. We also invested heavily in training our BDMs and in making sure we are able to assist brokers and their clients at all touchpoints.

Are there any other areas the bank has focused on in the last 12 months?

SK: In addition to constantly reviewing and refining our overall broker proposition, NAB is strongly committed to the broker channel. We are committed to supporting brokers towards a common goal of

NAB/HOMESIDE'S TOP FIVE RANKINGS, BROKERS ON BANKS 2014

| | |
|--|----|
| Bank of the year | 1 |
| Turnaround speed | 1 |
| BDM support | 1 |
| Commission structure | 2 |
| Communications, training and development | 2 |
| Interest rates | =3 |
| Product range | 3 |
| Service levels | =5 |
| Credit policy | 5 |
| Online platform and services | =3 |
| Product diversification opportunities | 4 |

continuing to grow the broker share of the market, and have consciously made efforts to support the industry through training and development, recognising the achievements through dedicated events as well as playing the role as a broker's advocate.

How will you keep NAB at the top? Any plans for the next 12 months or so?

SK: We'll continue to listen to what brokers want and deliver on that. This was the original line of thought when we first launched Homeplus – a product designed for brokers based on what brokers want and need, available exclusively through brokers, with a compelling and competitive product, price, commission and trail. We'll also continue to invite feedback so we know what brokers like about our product, and where we can evolve and improve.

What is your key message to those brokers who haven't been as engaged with NAB as they could have been? What would you tell them?

SK: Pick up the phone and tell us what you think! We're proud to be voted Bank of the Year, but we recognise there's always room for improvement as a lender and as a business – after all, we're only as good as our last loan. Brokers have voted us top for a reason and we hope the results speak for themselves, as we've worked alongside brokers to get their input so that we know what we are doing well and where we need to improve. What we do guarantee is to continue to work hard at improving all aspects of our business, making improvements whenever we can, no matter how large or small.

“We'll continue to listen to what brokers want and deliver on that”

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Making productivity pay

CBA's general manager of broker sales, **Sam Boer**, says it is a 'sharp' proposition focused on productivity that continues to pay dividends for the bank

CBA has been rated highly in this survey for some years. How have you managed such consistency?

Sam Boer: We have, I believe, an overall service proposition – from lodgement to settlement – which is sharper than our competitors' and which we deliver on consistently. We have a great post-settlement process for brokers, enabling them to continue to work with their customer. I also believe our credit team is more responsive to broker enquiries and are keen to make a deal work, while we make better use of technology than our competitors: for example, our new pricing tool and Customer Ordered Valuations.

What are some of the most exciting developments for brokers in the last 12 months?

SB: One of the biggest developments was the launch of our Everyday Offset feature. This is unique in the market because there are no limits to the number of transaction accounts a customer can link to their home loan. This has been a great product for brokers to attract new customers. The recent roll-out of our new Home Loan Pricing Tool is also a great win for brokers. This tool allows them to submit requests and receive an immediate response, 24 hours a day. In some instances they receive an approved offer immediately, no waiting time.

The bank scored particularly well in the online platform and service category, and has done so for some time. How important is this to CBA and why?

SB: Online technologies bring efficiencies for both us and the broker, efficiencies which improve the customer experience. We have invested heavily in COLA, our online application platform, and in online tracking so brokers can lodge anytime and track their loans in real time. Our other online tools such as enhancements to our upfront valuations system, our Automatic Valuation Method, and the new pricing tool are adding to the way we are using technology to make things simpler and better for the broker.

Is there anything that the bank feels it could still improve on?

SB: We are always listening to our brokers and use

“One of the biggest developments for us has been the launch of the Everyday Offset feature”



that feedback to improve our service proposition, whether it's credit policy or documentation requirements. The survey results are interesting for us because they include input from a wide range of brokers; some of them may not use us very often but we are keen to know their opinions and to work with them so they get to know our systems and processes.

What are CBA's plans for the broker channel in the year ahead?

SB: We will continue work to enhance the professional reputation of mortgage brokers. We do this by providing consistency in service, allowing brokers access to credit managers in their local market, utilising technology to make things simpler, and keeping brokers top of mind with their customers by printing their names on home loan statements and on NetBank's home loan page. We will continue to be consistent in our credit decisions and mortgage processing so brokers can be confident that our turnaround times from lodgement to settlement will be the best in the market.

CBA'S TOP FIVE RANKINGS, BROKERS ON BANKS 2014

| | |
|--|----|
| Bank of the year | 2 |
| BDM support | 3 |
| Commission structure | =3 |
| Communications, training and development | 5 |
| Product range | 2 |
| Service levels | 2 |
| Credit policy | 2 |
| Online platform and services | 1 |
| Product diversification opportunities | 3 |

What would you say to brokers about the future of the CBA-broker relationship?

SB: Brokers can be confident that CBA will continue its commitment to the mortgage broking industry. We were one of the first lenders in the mortgage broking market and we supported brokers during the GFC.

In addition, we are working to improve our processes and we have recently reduced the documentation requirements for income verification, changed the way we release equity for construction home loans, which reduces the turnaround time, and we now accept the contract of sale for purchases up to \$1,500,000 without a valuation.

Moving forward, I would like to see brokers increase their productivity, and we are willing to assist with our Kaizen productivity workshops. Remember, if you get a loan approved faster, your customer gets approval faster and they enjoy a better customer experience. In addition, if documents are processed more efficiently in the office it results in less rework for brokers and/or their staff and frees up time to do more selling.



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One bank, one team

Westpac general manager of broker distribution **Tony MacRae** says the bank's 'one team' approach is bringing it closer to brokers rating it No. 1

Westpac has made significant gains in the Brokers on Banks survey this year. Were you pleased with the results?

Tony MacRae: At one level, we're extremely pleased with the movement from ninth to third across the last 12 months. It represents a substantial improvement not evidenced in any previously.

However, we have been open and transparent in our approach to being No. 1 for overall broker service and value, so from that perspective we are not satisfied with this result. More brokers are experiencing the direct benefits of Westpac's proposition, and we have a team that is open and willing to do things differently to provide brokers with the contemporary and tailored services that will take us into the future. We believe we have good momentum towards reaching our goal of being No. 1 for value and service and helping brokers grow their businesses.

Why do you think Westpac has achieved such an improvement this year?

TM: Whilst it's tempting to believe that there is a magic bullet for success, there isn't. Over the past 12 months Westpac has garnered feedback about its mortgage broker operations, and armed with this information we were able to put in place changes which will deliver long-term benefits to brokers.



The feedback revolved around providing better access to the right people to help brokers grow their businesses. This resulted in recruiting more BDMs, providing access to credit managers, and delivering better platforms and technology, amongst many other initiatives both undertaken and underway. The teams across Westpac's mortgage broker value chain remain committed to getting things right across the board – if it's worth backing, we'll back it.

The work that we are doing forms part of our broader approach around supercharging our 'service revolution' in the third party mortgage industry. As a result, you will see fundamental changes to our operations brought about through better use of mobile technology that will help address key issues plaguing brokers and lenders.

Are there any areas the bank has been particularly proud of over the last 12 months?

TM: Our progression towards digital innovation, in particular online and mobile, continues to form a key part of Westpac's strategy and is changing how our customers interact with us. Our innovation in this area has enabled us to do business wherever and whenever our customers want through mobile, tablet, online and the rollout of our Bank Now branches.

We also continue to maintain a lead on areas that carry the most influence for brokers when dealing with their clients. Our Platinum service model continues to go from strength to strength, and our credit assessors have been given increased authority limits to approve more loans at the first touchpoint.

You ranked highest in terms of diversification opportunities: why is this so critical to your broker partners?

TM: More brokers now understand the importance of diversification and consolidating a client's financial products with a single provider. The reality is that if a broker doesn't meet the broader financial service needs of a client, then someone else is going to do it for them.

Over the past 18 months we have continued to roll out opportunities for brokers to earn additional income through the introduction of new product offers and services. With consumer usage of the broker channel currently sitting at 50%, this presents a lucrative opportunity to further grow the business of a broker by discussing the broader financial needs with their clients.

WESTPAC'S TOP FIVE RANKINGS, BROKERS ON BANKS 2014

| | |
|--|----|
| Bank of the year | 3 |
| Turnaround speed | =2 |
| BDM support | 5 |
| Communications, training and development | 4 |
| Product range | 5 |
| Service levels | =3 |
| Credit policy | 3 |
| Online platform and services | =3 |
| Product diversification opportunities | 1 |

We have a 'One Team' approach at Westpac and have been proactive in bringing together the expertise of Westpac segment teams to offer more to brokers. Through key areas such as Westpac Premium's Industry Specialisation and Self-Managed Super Fund Investment Property Loans, we have the ability to provide a whole of wallet service through our One Team specialists. And of course the work we continue to do with our branch network through broker squads allows brokers and their customers an excellent onboarding experience.

If you had to tell brokers what's different about Westpac's proposition in 2014, what would you say?

TM: Westpac continues to strengthen its value to brokers through harnessing our One Team approach. It's an exciting time to be a broker, and we continue to invest in our local strategy to introduce brokers to all our local teams to create new business opportunities that will benefit both brokers and their customers.

Brokers are seeing some new offers on the table and are being introduced to Westpac teams they have not had exposure to previously. Over recent months, for example, we have introduced brokers to our Industry Specialisation teams, in particular Westpac Sports & Entertainment, our dedicated sports and entertainment segment, the first dedicated offering of its kind across any financial institution in Australia.

Our One Team approach also includes our personal bankers in our Westpac Retail Broker Squad Hubs, industry specialist teams from Westpac Premium, local business bankers in Westpac Small Business, insurance BDMs from BT Financial Group, and Westpac private bankers.

“We believe we have good momentum towards reaching our goal of being No. 1”

A professional headshot of Doug Lee, a man with short brown hair and blue eyes, smiling. He is wearing a dark pinstriped suit jacket, a light purple and white checkered shirt, and a purple and white striped tie. The background is a dark, textured grey.

Building on the basics

Macquarie Bank's head of mortgage sales, **Doug Lee**, says the small things make all the difference, and the bank will continue to focus on getting the basics right

Macquarie has once again made it into the top five. Were you pleased with the result?

Doug Lee: We are pleased to be ranked among the top five again this year, which we see as a direct result of our dedication to working collaboratively with brokers. Intermediaries are a critical part of the industry and we concentrate our efforts on providing solutions and support that make a real difference to them and their clients.



Macquarie has been consistently rising in brokers' estimations over a number of years in the Brokers on Banks survey. Why do you think this is the case?

DL: We have an ongoing focus on collecting regular feedback and being responsive to that feedback. And, having just received very strong results in our own half-yearly broker satisfaction survey, we believe this approach is working.

We invest in engaging with our national broker advisory board, as well as holding state-based feedback sessions where we gather a group of brokers together to get their views. Those discussions tend to focus on five key areas – people, product, process, policy and price – with the conversation feeding into an action plan that helps shape our business into the future. We see it as a cycle of continuous improvement.

In addition, we have invested in the growth of our BDM team around the country to grow our market footprint and further deepen and strengthen our relationships with brokers.

Are there any areas that have been a particular focus over the past 12 months?

DL: A core focus for us has been on training and development for brokers and their back office teams. We have established a new product engagement team which is responsible for helping them to become more familiar with our products and processes, and more importantly to capture feedback to initiate the small changes that make a real difference to our brokers' day-to-day lives. This training has been provided in a number of ways, from face-to-face and webinars, to online videos and our Mortgages Little Black Book app.

The bank ranked highest in 'commission structure', 'communication, training and development', 'product range' and 'credit policy'. What makes you most proud?

DL: It has been great to see our investment in communication, training and development paying off through these results. When it comes to our product range, we are focused on taking a complete solution-based approach, while keeping it simple. Late last year we launched the Macquarie Flyer Home Loan Product Suite, which has resonated well with brokers and their clients. Borrowers can earn Qantas Points at the time of settlement and each month for the entire duration of the loan period, which is proving popular.

MACQUARIE'S TOP FIVE RANKINGS, BROKERS ON BANKS 2014

| | |
|--|----|
| Bank of the year | 4 |
| Commission structure | 1 |
| Communications, training and development | 1 |
| Product range | 1 |
| Service levels | =3 |
| Credit policy | 1 |

Core to our business and service proposition is that brokers have access to our credit team directly. This is a two-way interaction, with our credit team proactively contacting brokers to discuss aspects of an application in need. We see this as a key driver of our success in this area, as brokers appreciate this direct interaction. In terms of commissions, we actually haven't changed anything here, and feedback from brokers – as reflected in our ranking – indicates an ongoing appreciation of the structure's consistency and transparency.

Are there any particular areas to improve on over the next 12 months?

DL: Looking to the future, our program of continuous feedback will shape where our focus is directed. We want to keep providing a streamlined and market-leading experience for brokers and their clients.

What are the bank's plans more broadly in the broker channel in the next year?

DL: Over the next 12 months we will roll out our product engagement team to more brokers, which will also be supported by interaction with our broader BDM team. We see this as making a real positive difference in the next six months.

If you had to tell brokers what you thought was different about Macquarie's proposition in 2014, what would you say?

DL: Communication and engagement. A lot of our work has been centred on not making significant changes but looking at where we can make small amendments that make a big difference. If we focus on getting the basics right, we can continue to ensure brokers and their clients have a positive experience with our products and processes. Our success is a result of the dedication of our whole team and the relationships they continue to build with brokers.

A man with short grey hair, wearing a dark pinstriped suit, a white shirt, and a blue patterned tie, is smiling and standing in a modern office environment. The background is blurred, showing office lights and a railing.

Banking on brokers

ANZ's head of third party, **Keiran Evans**, says the bank's 'Banking on Australia' push includes making banking easier for the customers of brokers



ANZ has again been rated in the top five. What's your take on this year's results?

Keiran Evans: We are always listening to our brokers to receive feedback on what's working well, and what we need to improve to ensure we are meeting the needs for brokers and our customers.

It's encouraging to hear that our service levels have been ranked No. 1 by brokers, which validates our investments this year to strengthen our team and make banking easier.

We are also pleased that our focus on helping brokers diversify their businesses to spot and support commercial opportunities has been well received. We back brokers from the beginning and all throughout their careers, and so communications, training and development are vital ingredients to our overall service offering.

Why do you think ANZ regularly features near the top of this survey?

KE: We've been backing brokers from the start and we have a very consistent approach to supporting brokers and the industry. At the same time, ANZ products sell themselves on quality and consistency, which is reflected in ANZ being Australia's most awarded home lender.

Are there any areas that have been a focus over the past 12 months?

KE: We are investing in the channel and have increased the size of our BDM team by over a third this year, a further testament to our commitment to brokers. In growing our team, we've recruited a number of resi BDMs with broad experience, including past exposure to commercial and/or asset finance.

We are also committed to making banking easier for our brokers and their customers. We recently introduced a new process for loan renewals for existing customers, which means they don't need to reapply to vary their loans with us. This is delivering much faster service for the customer and saving countless hours of paperwork for the broker and ANZ.

In addition, we've recently introduced electronic lodgement of documents, which means customers can receive emailed documents, avoiding postage delays.

Are there any areas in which the bank aims to improve over the next 12 months?

KE: Continuing to deliver the best possible support

ANZ'S TOP FIVE RANKINGS, BROKERS ON BANKS 2014

| | |
|--|---|
| Bank of the year | 5 |
| Communications, training and development | 3 |
| Service levels | 1 |
| Product diversification opportunities | 2 |

"Continuing to deliver the best possible support to brokers and customers is our main focus"



to brokers and customers is our main focus. We are now midway through our five-year, \$1.5bn 'Banking on Australia' program and we will continue to introduce new initiatives that make banking easier.

What are the bank's plans for broker channel development this year?

KE: Brokers tell us they expect more from their BDMs and so we are investing in our team, increasing resource levels and developing the capabilities of our people to provide the best possible service and support.

We are applying greater focus on training and development for our team, and ensuring our BDMs leverage all of ANZ's resources for brokers and their customers, from branch, to commercial, to GoMoney.

As part of this, we are encouraging our BDMs to complete a Diploma of Finance and Mortgage Broking Management recognised by the MFAA, and we provide ongoing support through relationship coaching and product knowledge training.

What will be different about ANZ's proposition in 2014, in your view?

KE: Brokers tell us they expect more from their BDMs, and so we are investing in our team, increasing resource levels and developing the capabilities of our people to provide the best possible service and support. We've also been working hard to make banking easier by streamlining our processes, which empowers brokers to better service customers.

What are they planning?

The banks have big plans for the broker market in 2014 and beyond. So what are the key changes they have revealed that will impact on broking businesses?



“We’ll continue to listen to what brokers want and deliver on that. This was the original line of thought when we first launched Homeplus – a product designed for brokers based on what brokers want and need,

available exclusively through brokers, with a compelling and competitive product, price, commission and trail. We’ll also continue to invite feedback so we know what brokers like about our product, and where we can evolve and improve.”

Steve Kane, NAB Broker



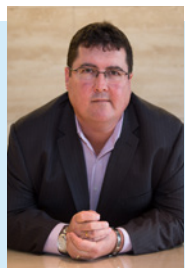
“We will continue work to enhance the professional reputation of mortgage brokers.

We do this by providing consistency in service, allowing brokers access to credit managers in their local market, utilising technology to make things simpler and keeping brokers top of mind with their customers by printing their names on home loan statements and on NetBank’s home loan page. We will continue to be consistent in our credit decisions and mortgage processing so brokers can be confident that our turnaround times from lodgement to settlement will be the best in the market.”

Sam Boer, CBA

“Looking to the future, our program of continuous feedback will shape where our focus is directed. We want to keep providing a streamlined and market-leading experience for brokers and their clients. Over the next 12 months we will roll out our product engagement team to more brokers, which will also be supported by interaction with our broader BDM team. We see this as making a real positive difference in the next six months.”

Doug Lee, Macquarie Bank



“Underpinning our approach is what we call our ‘service revolution’. We remain tightly focused on driving our mission to be No. 1 for overall broker service and value, and will continue to work towards transforming the broker experience at every touchpoint. Progression of

digitisation will see our Westpac Broker business transformed through the roll-out of mobile tablets, new smartphones and social media tools. This will create amazing opportunities for our BDMs, providing them with smarter ways of working that will enable them to be more efficient, resulting in more face-to-face conversations with their broker partners. We’ve also revised the different ways our products and campaigns can be produced, marketed and distributed to brokers, through the use of digitization.”

Tony MacRae, Westpac

“Brokers tell us they expect more from their BDMs, and so we are investing in our team, increasing resource levels and developing the capabilities of our people to provide the best possible service and support. We are applying greater focus on training and development for our team, and ensuring our BDMs leverage all of ANZ’s resources for brokers and their customers – from branch, to commercial, to GoMoney. As part of this, we are encouraging our BDMs to complete a Diploma of Finance and Mortgage Broking Management recognised by the MFAA, and we provide ongoing support through relationship coaching and product knowledge training.”

Keiran Evans, ANZ

