

BETTER THAN EVER

Australia's third party distribution channel continues to perform strongly as the broker proposition resonates with buyers in an increasingly complex lending environment

THE LAST 12 months have definitely been interesting.

Over the course of the last financial year, Australia's mortgage brokers have had to come to terms with the new legislative environment and their enhanced educational requirements.

While many believe the Diploma requirement placed upon brokers is too much too soon after the *National Consumer Credit Protection Act* was introduced, there is no argument that the additional educational requirement will ultimately lift the standard of the industry.

The legislation, on the other hand, has not been met with the same level of respect.

According to a recent *The Adviser* straw poll, 71.3 per cent of brokers believe the NCCP has had a negative impact on their business.

Of the 307 respondents, just 11.7 per cent of brokers believe the NCCP has actually had a positive impact on their business.

Furthermore, when asked whether or not licensing had rid the industry of unprofessionalism, the overwhelming majority said no.

More than 76 per cent said unprofessional brokers still exist despite the legislation, while 23.3 per cent were slightly more optimistic and argued that the new licensing regime had helped rid the industry of wayward brokers.

But brokers have not just had increased compliance requirements under NCCP to contend with; the third party

distribution channel has also had to battle global economic uncertainty.

According to a survey conducted by the Housing Industry Association (HIA), global economic uncertainty in Europe is deterring some potential home buyers from entering the property market.

New home sales slumped 5.6 per cent in July 2012, reflecting a 5.5 per cent fall in detached housing purchases and a 6.4 per cent drop in the multi-unit market.

HIA chief economist Harley Dale says global uncertainty and the prospect of little capital gain is keeping a lid on demand from investors and people seeking to upgrade to a bigger home.

In addition, data from the Australian Bureau of Statistics (ABS) found the value of lending to owner occupiers fell \$1 billion in July 2012 in comparison to July 2011.

Despite this, Australia's top brokers have managed to knuckle down and write some impressive volumes.

In fact, in this year's Elite Business Writers ranking every broker managed to record volumes over \$60 million – a feat not previously achieved.

Furthermore, the top 50 loan writers also managed to write, on average, 202 loans per year – significantly higher than the 180 achieved this time last year.

So, what is helping the industry's best to write more business?

The answer is simple: diversification.

THE AVERAGE
AMOUNT OF
INSURANCE
WRITTEN BY
AUSTRALIA'S
ELITE BUSINESS
WRITERS OVER
THE LAST
FINANCIAL
YEAR:
\$25.1 MILLION

DIVERSIFIED SUCCESS

In the 2011/2012 financial year, more than 50 per cent of Australia's elite business writers added a revenue stream to their business – suggesting they are using diversification to drive their businesses forward.

According to the Elite Business Writers ranking, almost 20 per cent of brokers said 80 per cent of their business included an associated cross sell product.

In fact, just 5.6 per cent said none of their business included a cross sell product.

Of the top 10 business writers, on average, 78 per cent of their business included the cross sell of an associated product.

The ranking's overall winner, Justin Doobov, says he cross sells to 100 per cent of his clients.

"While clients come to us for a home loan, if you talk to them,

INSURANCE TOP 10 WRITERS				
RANK	NAME	COMPANY	VOLUME	OVERALL RANKING
1	Justin Doobov	Intelligent Finance	\$167,000,000	1
2	Jeremy Fisher	1st Street Home Loans	\$122,000,000	2
3	Tony Bice	Finance Made Easy	\$108,000,000	10
4	Mardee Thomas	1st Street Home Loans	\$85,000,000	12
5	Melissa Gielnik	Smart Lending	\$57,500,000	14
6	Warren Dworcan	Rate Detective Home Loans	\$54,100,000	3
7	Jamil Allouche	Loan Market	\$52,340,000	16
8	Gerard Tiffen	Tiffen & Co	\$51,000,000	9
9	Moshe Moses	Niche Lending	\$50,800,000	6
10	Alex Shumsky	Loan Market	\$45,000,000	19