

THE WORD

With competition between the big banks heating up, lenders are pulling out all the stops to secure their customers. This month, we ask...

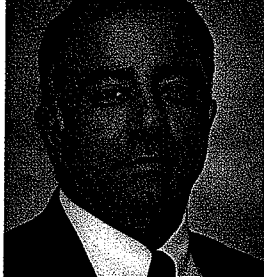
Are recent lender discounts and incentives good for consumers in the long term?



NO - IT'S A BAND-AID STRATEGY

ANGELO BENEDETTI
Oracle Lending Solutions

No, these discounts are only really a short term approach to luring the client in with the particular bank. A proper tailored home loan package that takes into consideration the client's goals and objectives in the short, medium and long term is the way to go.



PERHAPS - PRODUCT AND POLICY COUNT

MOSHE MOSES
Niche Lending

Not necessarily. Price differentiation by the lenders is normally not sustainable, which only goes to diminish the service proposition that either the lender or the broker offers. In saying this, the lender that offers both product and policy differentiation is one who will be able to sustain growth. Couple this with an exceptional service platform and consumers will benefit more from this proposition in the long run and give traction to the lender or the broker by way of cross sales and additional referrals.



YES - BUT DISCOUNTS MUST BE SUSTAINABLE

JUSTIN BIRD
Westminster National

Any discounts to the consumer are good; the question that needs to be answered is whether it is sustainable? If the lenders can continue to provide these discounts on an ongoing basis it is going to be good for the consumer. However, if they tend to hike up rates once they achieve their required target, as they have done in the past, then the only real winner is the lender.



PERHAPS - BUT NEED TO AVOID CHURNING

NICOLE CANNON
Pink Finance

I think competition with rates is a great thing for the consumer. If they updated the software companies as quickly as they changed their rates that would help too. Regarding incentives such as paying for refinance costs, I have mixed opinions as they are encouraging churning - something the lenders have discouraged over the years and rightly so.



YES - IT CAN CEMENT THE RELATIONSHIP

SAM AYLIFFE
FYI Group

The current competitive market is seeing lenders offer larger discounts than we have traditionally seen. This is ensuring clients get a great rate ongoing for the life of their loan, not just a honeymoon special. It is good for consumers to have a solid discount for life, which hopefully will translate to a longer bank and broker relationship for the client, allowing their home loan to remain competitive.



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