

MORTGAGE BROKER VS BANK

Consumers are spoilt for choice

The Australian finance market is complex and constantly changing. The dominance of the 'Big 4' banks has contributed to a perception that all lenders are the same. The reality is that consumers are spoilt for choice.

In Australia there are currently around 70 banks and over 80 building societies and credit unions plus a number of non bank lenders¹.

With multiple lenders and hundreds of ever changing mortgage products available, finding the home loan to suit individual needs requires shopping around. This has resulted in more home buyers turning to mortgage brokers for expert assistance. Mortgage brokers now account for more than 50% of the market for new home loan lending.

Is there a point of difference? What can a mortgage broker provide that you won't necessarily experience from a bank?

The mortgage broking industry developed in the early 1990s to fill a void in the market. Mortgage brokers are generally seen as providers of comprehensive, convenient and unbiased advice to clients. As they represent a panel of lenders they can offer clients a range of products and tailor loans to specific needs. They have also established a reputation for assisting clients from the initial enquiry right through to settlement and beyond.

They work closely with borrowers by preparing the documents for the lender, submitting the application, liaising with both parties through the process and answering questions through the loan approval stage.

It's all about the relationship

For most people a mortgage is the biggest loan they will ever undertake and it will most likely be part of their financial situation for many years. Your mortgage broker will be there with you on your journey. When you have established a relationship with your mortgage broker it will be the ONE constant throughout the life of your mortgage(s) – even if you change lenders along the way.

“For most people a mortgage is the biggest loan they will ever undertake.”

Through regular contact your mortgage broker will get to know you, your family and the ever changing events in your life that may prompt a review of your financial situation. As circumstances change it is always advisable to ensure any loans you have are still suitable for your personal situation.



Training and qualifications

In a bank you will be dealing with a bank loans officer - there is no requirement for a bank loans officer to acquire the same qualifications as a mortgage broker.

Mortgage brokers must meet membership requirements such as minimum levels of experience and education. They must also undergo probity checks and meet fair and ethical trading standards before gaining accreditation to practise as a mortgage broker.

A broker must also belong to an alternative resolutions service. This is a protective measure for borrowers should any disputes arise.

As your finance specialist it is a mortgage broker's job to stay well informed on the changing landscape of lending in order to continue to offer you up to date information.

New generation of home owners

Your mortgage broker is well placed to look after both you AND your family when they are ready to explore their own options for entering the housing market.

“The relationship with your mortgage broker can continue into the next generation.”

Did you know that Generation Y is now actively exploring and entering the property market? YES! Even the youngest of this generation is THAT old! Recent research - based on a sample of young professionals from KPMG - showed that 4 out of 5 Gen Y borrowers want to speak to a real person face to face for their home loan².

Isn't it interesting that the social media generation wants to speak to a REAL person when it comes to information and guidance on major financial decisions? Wouldn't that conversation be so much more rewarding with your mortgage broker who feels like an old friend?

1. APRA
2. KPMG



Time for a finance review?

Call the office for our 'Finance update form'. It takes just a few minutes to complete and send back to us.

We can then determine if it's worthwhile for us to catch up for a chat.