

Extracted from *The Adviser* – emphasis added

## Brokers making limited use of lending panels

09 October 2014 | Nick Bendel

Most brokers regularly use a maximum of six lenders, while a surprisingly high number favour just one or two, according to new research.

A poll on *The Adviser* found that 67 per cent of respondents regularly recommend three to six lenders, with 17 per cent regularly using only one or two.

The poll also found that nine per cent of respondents regularly use seven to 10 lenders and that seven per cent regularly use 11 or more.

Custom Equity Group managing director Sean O'Brien said it is difficult for brokers to master all the products and credit policies of every lender on their panel.

He told *The Adviser* that lenders are good at updating aggregators with product news, but that it is almost impossible for brokers to keep track of all the updates.

“If a broker is getting bombarded with stacks of emails all the time and they’re busy doing work, they don’t necessarily have the time to read everything or digest everything,” he said.

Wide Bay Australia’s general manager of third-party and strategic alliances, Charlton Nevis, said aggregator software has a key role to play in helping brokers.

“I think once software becomes easier to use and continues to put information in front of a broker in an easy-to-understand format, then we will stretch the number of lenders that each broker would regularly use,” he said.

Mr Nevis said brokers should regularly use about 10 lenders to provide their clients with enough choice, but that lenders also need to differentiate their products to encourage that choice.

Aussie Home Loans franchisee Ross Le Quesne said it misses the point to focus on making regular use of a particular number of lenders because some lenders only suit certain niches.

“It may not be regularly, it might only be a couple of times per year, but it’s still providing that choice,” he said.

Mr Le Quesne also told *The Adviser* that brokers will always favour the lender that can offer their clients the best products and customer service.

He said that while he leans towards certain lenders to service his client base of investors, other brokers in his office with different client bases favour different lenders.