Navigating COVID-19: Issues facing finance broking professionals

A whitepaper from the MFAA Young Professionals Panel

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The Mortgage and Finance Association of Australia's (MFAA) Young Professionals (YP) Panel recently met via Zoom, to discuss the issues facing finance broking professionals as they continue to navigate their way through COVID-19.

This whitepaper will cover the issues canvassed during the most recent YP Panel forum.

Preference for remote VOI & process digitisation

Broadly touted as a rare silver-lining of the COVID-19 cloud has been the digitisation of the mortgage process, including a shift to digital verification of identity (VOI) and digital signatures, instigated to comply with social distancing rules.

The YP Panel discussed the merits of the shift to a remote handling of documents and found the experience and the practical impacts overwhelmingly positive.

Bianca Patterson of Calculated Lending in Perth was particularly hopeful that the changes to digital verification would be maintained beyond the pandemic.

"Being based in Perth, it is common for our clients to be quite remote. For instance, some of our clients work in the mines up in the Pilbara. To reach them in person takes almost a full day's drive. And it is usually not possible to fly as seats can be extremely limited," said Bianca.

"To verify the ID of a client who works in these circumstances, previously we would try to time the meeting when they were back in Perth. When that wasn't possible, you'd either have to narrow your lenders to one that would consider a common sense approach or you would have to visit the client.

"We had instances where there's a lender that's best for the client, and there was a lender that would let us ID them remotely. In the end we had to refer them to a local broker because it wasn't in their best interests to go with the lender that would let us remotely ID them.

"So, I really believe that there has been a transformation of understanding among lenders that we can correctly identify people over the internet. I really hope they don't roll back this digital verification process once we are out of COVID."

Bernadette Christie-David of Atelier Wealth added that moving forward it was imperative for brokers to maintain access to digital loan documents.

"Allowing the client to digitally accept their loan documents means they can easily access their documents, sign them and move their loan quickly to the next stage of the process," she said.

The rise of specialised roles

The YP Panel discussed COVID-19 and its impact on the economy and housing market. They felt it had emphasised a definite trend in the highly competitive nature of broking along with increasing business demands and workloads.

The Panel members discussed their current stress points within their businesses and the solutions that they had pursued, one of which was expanding staff to take on more specialised roles.

Bernadette said utilising a team with specific skill sets and areas of focus was a must within the current landscape.

“What we have found is that, as a broker, meeting with clients is a full-time job in itself, and that’s totally appropriate, but there is so much more to do. Just to go back to the office and workshop the deal and find the top three lenders, that takes another two or three hours. That is time that could be spent meeting with another three clients.

“So, in our business we have someone who specialises in structuring the deal and contacting the lender. We also have customer service, and post settlement support people. Then there is compliance requirements and the additional documents that lenders are requiring. This takes a lot of time as well.

“So, we have specialists that deal with each of these issues, because lenders are becoming more competitive, offering refinance rebates, or offers through their branches that we cannot match. So, at the end of the day we have to step up our customer contact and work hard to protect our book.”

In addition, Bernadette added that post-settlement support of clients and access to client information had become more important, particularly given heightened competition, and the increased potential for clients to experience rapidly changing circumstances.

“Post-settlement support and retention is now a huge focus for many brokers, and some banks - save for a few exceptions such as ING - simply don't give brokers access to our clients' information post-settlement. Being able to access that information is becoming more important.”

The YP Panel also remarked that it has become more difficult to establish a sole broker business without any support. They recommended those seeking to do so should consider working within an established office to gain valuable experience before going it alone.

Heightened customer care amid COVID-19

The YP Panel members agreed that the past six months has necessitated closer client contact. Firstly, to ensure those at risk of or experiencing hardship could benefit from broker support, particularly in dealing with lenders, as well as assisting clients seeking to improve their debt situation.

According to Dylan Salotti of Divitis Finance, brokers now more than ever need to be cognisant of their clients’ financial and debt circumstances so they can provide timely assistance where necessary.

“In April of this year, 15-20% of our clients were already on lender loan deferral programs, so we reached out to all of them. We’ve also got a list of clients currently on JobKeeper.

“It is our plan to continue to monitor them through to potentially when the crunch period comes, which is a dark stormy cloud, where clients’ situations may or may not have gotten better. When that happens, we need to be thinking about how we can best provide assistance to them.”

Pandemic resulting in closer attention to data security

With all the challenges 2020 has presented, the YP Panel felt maintaining adaptability and a flexible approach to business operations were among the most important ingredients to success.

One of the areas where more attention was required according to the Panel was offshore staffing and the management and protection of client data.

Jordan Morieson of Inovayt Finance said his team relies on seven offshore staff to perform primarily data entry. However due to social distancing requirements, the staff were unable to attend their secure office.

“For our offshore staff to work from home, this meant that there would be a reduction in data security. We were not willing to take that risk, so we lost that team for nearly three months.

“The positive that came out of that was it revealed some of the weaknesses in our processes and procedures that the offshore team were following. So now every six months we will process the offshore tasks onshore and identify and fix any weaknesses.”

Jordan said this problem was an example of the importance of brokers maintaining flexibility in their business processes.

“Currently, change is a constant and brokers need to be able to adapt to survive,” he said.

COVID-19 providing an incentive to move

With the media in overdrive speculating on the fall of property prices as a result of the economic impact of COVID-19, the YP Panel shared stories of new and old clients finding it difficult to pull the trigger to make their purchase in a rapidly changing market.

This combination of having a catalyst to act but also a sense that the market could fall further as economic conditions worsen, is presenting a challenge to brokers with clients willing to wait for their perceived optimum conditions.

“We’ve been getting a massive number of enquiries from first home buyers, people upgrading, and others looking to invest. A lot of them waited during the Royal Commission and then missed out when the market started going back up,” said Joel Wyld of Peasy.

“These are the same people that waited for the last federal election to change the market. There seems to be a greater proportion of those people who once favoured the ‘wait and see approach’, but now do not want to miss out on any opportunities the current COVID market may offer. So they are moving more quickly and decisively.

“Personally, I think this is great because I don’t see the market dropping in the way the media has reported. But, like my belief in the Parramatta Eels winning the Premiership this year, I may be wrong and end up with egg on my face.”

About the MFAA Young Professionals Panel

The MFAA Young Professionals Panel is made up of a selection of the industry’s bright young stars from across the country who are willing to provide their opinions on issues that affect them as young business people and to offer insightful guidance on current and future industry trends.

In attendance:

Joel Wyld	Peasy (NSW)
Bianca Patterson	Calculated Lending (WA)
Bernadette Christie-David	Atelier Wealth (NSW)
Dylan Salotti	Divitis Finance (NSW)
Jordan Morieson	Inovayt Finance (VIC & QLD)
Tommy Lim	SF Capital (NSW)
Ray Esho	ING (Sponsor)

About ING

ING is part of one of the world's leading banks and wholly owned by ING Group. Being a digital bank, we are committed to maintaining a strong, honest and rewarding relationship with our broker partners.

Our journey into the home loan market began when we started offering home loans under Mercantile Mutual (parent company ING, Netherlands) in 1995. We changed the way Australians bank in 1999 by launching the country's first high interest, fee-free online savings account. In 2001, Mercantile Mutual was rebranded as ING and we commenced distributing home loans via mortgage brokers.

ING prides itself with always bringing value for money, simple and straightforward products to customers. This is evident in our home loan products that were launched beginning with Home Loan Saver in 2000. Then in response to feedback from brokers and customers, we developed and launched Mortgage Simplifier in 2003, followed by our flagship Orange Advantage Offset loan in 2009.

Over 85% of our home loans are sourced via mortgage brokers, highlighting the importance of third parties to the success of our business model. Today ING has over 2 million customers, $34 billion in retail deposits, $56 billion in mortgages and $1.6 billion funds under management. We are proud to be Australia's most recommended bank, with the highest Net Promotor Score of any bank in Australia.

MFAA

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