

Lenders cautiously optimistic about year ahead as growth slowed in 2011, new Genworth survey reveals

- Lender growth in 2012 to be driven by channel strategy and distribution, and growth in refinancers
- Brokers more optimistic about the year ahead despite a slowdown in first homebuyers (FHB)
- Genworth responds to market demand with new Graduate Package aimed at bolstering FHB market

(SYDNEY) 24 November 2011 – Genworth has today launched the findings of its annual *Home Grown: Mortgage Industry Perspectives* report revealing the findings of one of the most comprehensive industry surveys undertaken in the Australian mortgage market.

Based on an online survey conducted in August and September 2011 of 200 lender representatives and 300 brokers as well as face to face interviews with several leading industry figures, Home Grown captures the industry's view of lending volumes, changes within the market, borrower hardship and the outlook for lending.

Lenders say channel strategy and distribution to drive growth

Genworth chief executive officer Ellie Comerford said the findings show most lenders are expecting a challenging year ahead. "Although over half (52%) of lenders surveyed reported some business growth over the past year, many are expecting a challenging 2012 as underemployment and tight financing conditions lessen borrower demand," she said.

From a state perspective, Western Australia reported the largest growth in lending followed by Queensland, Victoria and New South Wales, while South Australia and Tasmania experienced a drop in home lending.

Lenders expecting business growth in 2012 said channel strategy and distribution would drive future growth and demand from refinancers would likely make up for the slow demand from FHBs and investors.

In contrast to the generally cautious lender segment, brokers are more optimistic about 2012 after reporting a slow 2011 with refinancers expected to drive future growth.

Broker views of lenders improve

Comerford said brokers' perception of lenders had improved since the global financial crisis. "Almost half (48%) of brokers agreed the quality of service they received from lenders was good – a 10 percentage point uplift on last year's findings – while 39% agreed lenders were committed to the broking channel, representing a seven percentage point improvement," she said.

Loan processing remains the key area for improvement in the eyes of 86% of brokers, while training, lead generation and technological innovation also need attention.

Brokers are not the only ones calling for faster adoption of technology to streamline processes, with 16% of potential FHBs saying they would prefer to apply for loans online despite only 3% of borrowers having done so in the past.

“Borrowers are looking for better online options to be coupled with a face to face meeting and 65% of lenders say they’re expecting to grow this channel,” Comerford said.

Genworth launches Graduate Package

Responding to industry concerns about possible further slowing in the FHB segment and the need for product innovation to bolster demand, Genworth has also announced today the launch of its Graduate Package aimed at helping graduates access the property market sooner. The package makes it easier for graduates to access lenders mortgage insurance on high density dwellings while the minimum time in employment has also been reduced.

“We recognise all lending segments are facing a tough time as FHBs continue to be held back by affordability issues and consumers remain cautious. Our Graduate Package acknowledges many FHBs are tertiary qualified with high income growth potential but due to the short time in their career haven’t been able to save for a deposit. Designed to help FHBs get a foot on the property ladder sooner, this new package should in turn support lending growth in the year ahead,” Comerford said.

A copy of the *Home Grown: Mortgage Industry Perspectives* is available at

<http://genworth.com.au/homegrown/>

About Genworth

As the leading provider of lenders mortgage insurance in Australia, Genworth works in partnership with over 120 lenders to make the dream of home ownership more accessible to borrowers. Genworth has been insuring mortgages in Australia since 1965. Through our partnerships we continue to provide a unique insight into mortgage trends throughout the country.

For more information visit genworth.com.au.

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