

## GENWORTH: BROKERS KEY TO CONSUMER CHOICE

**(SYDNEY) 7 May, 2015** – New analysis from Genworth Australia highlights the important role mortgage brokers play in exposing customers to a diverse range of lenders and products.

The broker analysis was undertaken to commemorate the 10<sup>th</sup> edition of *Streets Ahead* which monitors the changing attitudes and behaviors of Australians concerning economic and property market conditions, as well as consumer attitudes towards residential property ownership, mortgage debt and property investment.

While only 11 per cent of prospective first homebuyers (those intending to buy their first property in the next 12 months) intend to apply for their home loan via a broker, 65 per cent of recent first homebuyers applied for their home loan through a broker.

Genworth's Chief Commercial Officer, Bridget Sakr, said that at some point in the financing process, the broker channel becomes appealing for many prospective buyers.

"The data suggests that the decision to use a broker is not made early in the process for most people," said Bridget Sakr.

"As prospective first homebuyers learn more about the different channels available to them to acquire finance, mortgage brokers often become part of the decision process."

The analysis also revealed that one in three homeowners (33 per cent) who took out their home loan with a lender other than their main financial institution did so due to advice from their broker. Broker applicants were also significantly more likely to hold their home loan with a lender other than the major banks (54 per cent compared to 30 per cent of lender applicants).

"Brokers have an important role to play in educating borrowers on the diverse range of lenders and products available to them," said Bridget Sakr.

One in two (52 per cent) non-property owners intending to apply for their loan via a broker did not have a particular broker in mind. This suggests that targeting this group of potential clients may be an effective source of leads for brokers looking to grow their business.

The findings revealed that broker applicants tend to save for a deposit for a shorter period of time and save smaller deposits (as a proportion of a property price) compared to lender applicants.

Money gifted or borrowed from parents (18 per cent), inheritance (17 per cent) and personal loans (17 per cent) were the most popular non-savings deposit sources for broker applicants to supplement their smaller deposits.

A larger proportion of broker applicants (39 per cent) used lenders mortgage insurance (LMI) to obtain their loan (compared to 17 per cent of lender applicants).

"Brokers are likely educating borrowers with smaller deposits about LMI and how it can help them to get into a home with a deposit as low as five per cent," said Bridget Sakr.

While the Homebuyer Confidence Index for broker applicants was in line with overall results, these borrowers spend more of their income servicing debt and are more inclined to believe that now is a good time to buy a home (60 per cent compared with 45 per cent of lender applicants).

A full copy of the report can be viewed at <http://genworth.com.au/streetsahead>

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