

ADVISERS ON BANKS 2016

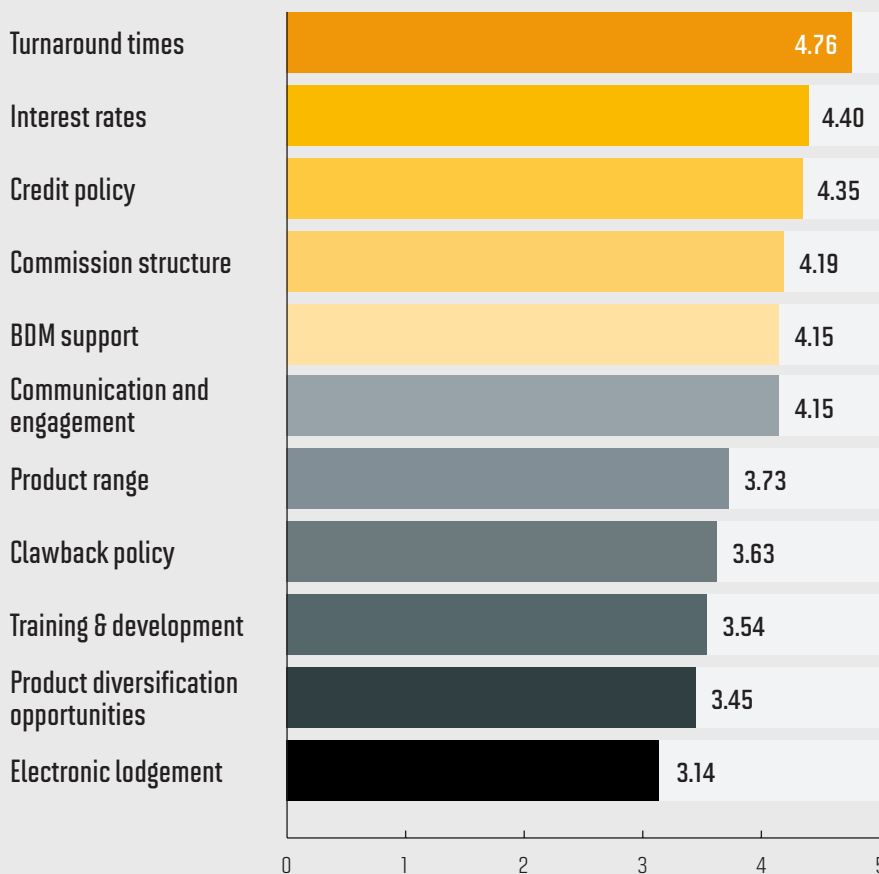
The results of NZ Adviser's inaugural Advisers on Banks survey are in. We reveal which banks topped the rankings and what advisers think about commission, turnaround times, BDM support and more.



ADVISERS ON BANKS

WHAT ADVISERS WANT

WHAT'S IMPORTANT TO ADVISERS?



Note: Categories were individually scored between 1 and 5 for importance, where 5 equates to 'very important'

IT'S OUT. *NZ Adviser* has released its first Advisers on Banks report and three banks have risen above the rest, sweeping up our gold, silver and bronze medals. With the Financial Advisers Act Review, new loan-to-value ratio limits being implemented and the official cash rate and interest rates at record lows, it is certainly a time of change for the industry and now would appear an appropriate time to add to the mix the opinion of advisers on bank performance.

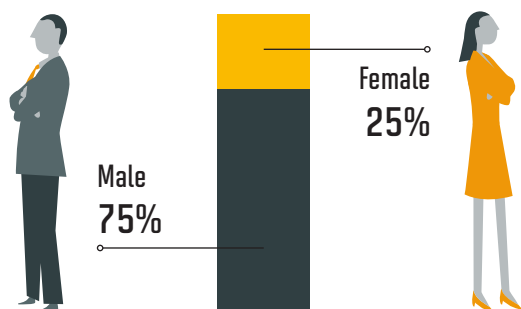
Using an online survey conducted in June-July this year, we collected advisers' views on major banks to gain a picture of bank activity in the broker channel. Advisers were asked to rate the performance of the banks they had dealt with in the last 12 months against 11 criteria.

What we found was that the smaller banks have excelled in clawback policy and turnaround times, the latter which also happens to be the issue most important to our survey respondents. What also stood out was the bank that ranked top didn't just excel in one category but gained consistently high scores across the majority.

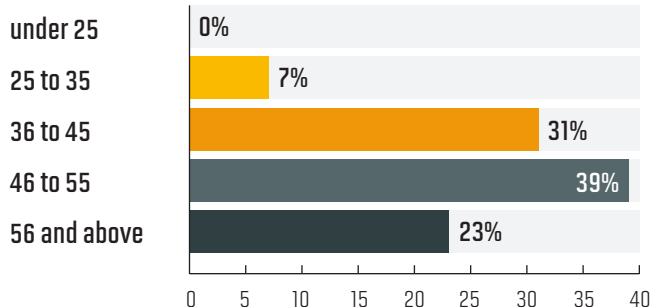
One thing is certain, advisers haven't held back in telling us where banks could have done better but at the same time they have recognised outstanding efforts that have made a real difference to their clients. We'd like to thank all those who participated in the survey and also like to extend enormous congratulations to our medallists.

THE SURVEY PARTICIPANTS

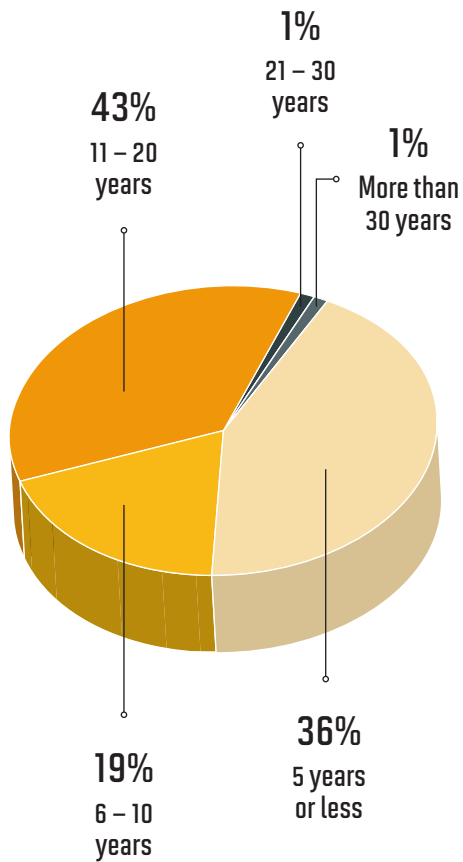
GENDER BREAKDOWN



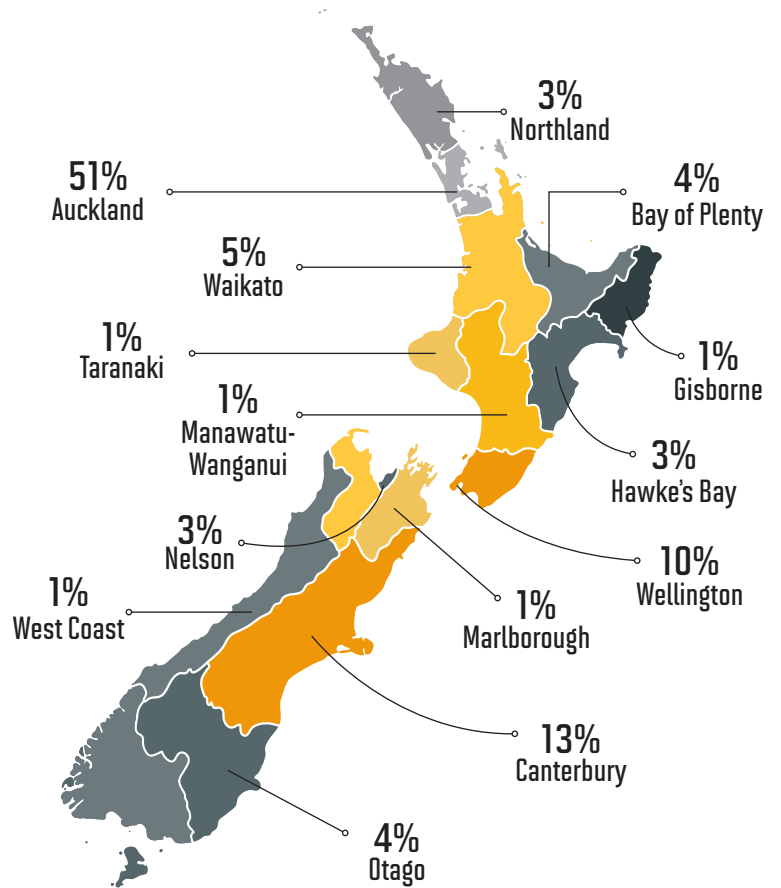
AGE



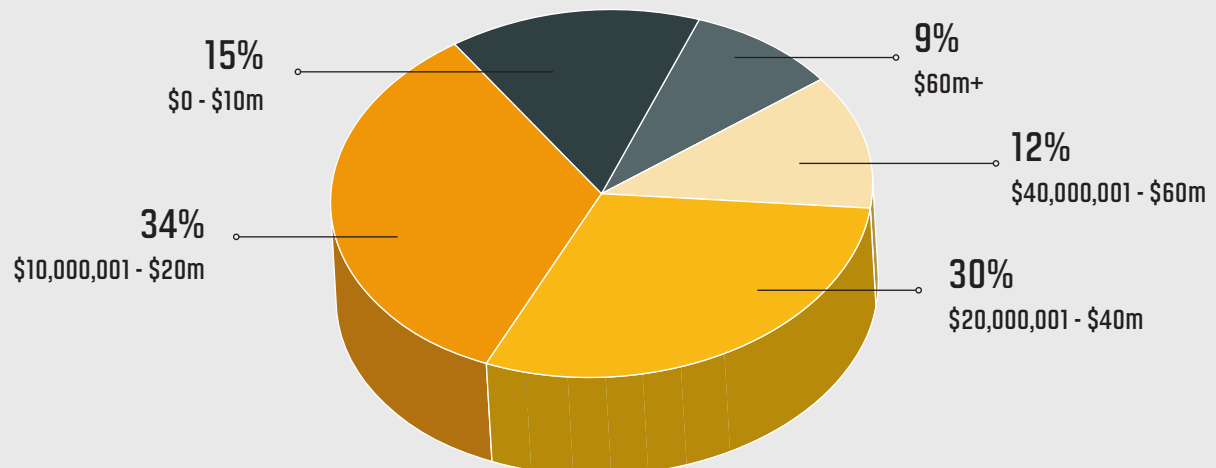
INDUSTRY TENURE



LOCATION



APPROXIMATE VOLUME OF MORTGAGES PER YEAR



ADVISERS ON BANKS

PRODUCTS AND PRICING

Product ranges and pricing have improved over the last year, according to the majority of advisers (65%) but a significant proportion (35%) still thought the opposite. Westpac was ranked highest for its product range, followed by BNZ and ASB in third. However, BNZ came top for product diversification opportunities and interest rates and ASB led the pack in credit policy.

advisers commented on a range of factors including interest rates and turnaround times. “It meets the needs of the majority of my clients,” said one respondent, while another said the product had a good rate and cash back with a good turnaround time.

“It allows marginally credit-impaired clients to get back on their feet after an adverse life event,” commented another.

“The lender with the most flexible and accommodating product suite will receive the most business” – Hamilton adviser

Interestingly product range sat more than half way down the list of what advisers said counted most to them, being trumped by the likes of turnaround times, interest rates and BDM support.

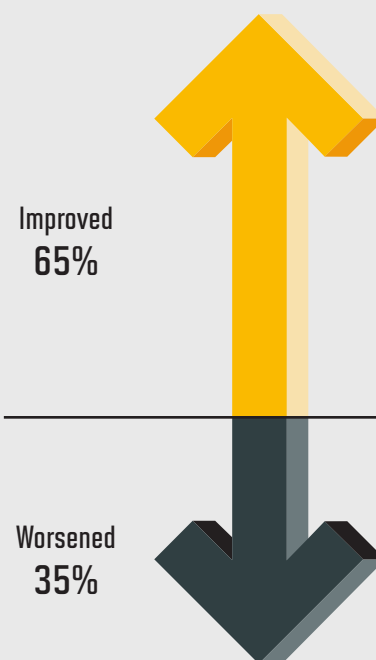
Some advisers hold product choice higher than others with one respondent saying the product suite was a vital factor in whether a bank would win their business. “Taking price and internal differences (BDMs for example) out of the equation, the lender with the most flexible and accommodating product suite will receive the most business.”

When stating the reasons for what made a product top the charts in their opinion,

One adviser said flexibility was key. “It gives customers options on what they want, whether a lower rate or points towards travel on their loan.”

Westpac’s Choices Offset and ASB’s Orbit Facility were popular products among advisers. One respondent commented the Choices Offset product was an “easy way for clients to maintain and benefit from savings while also having a loan”. On the Orbit Facility product, an adviser said it, “allows clients to access redraw facility while ensuring the loan is repaid within the original term,” while another commented, “in line with internet banking is the best”.

HAVE PRODUCT RANGES AND PRICING IMPROVED OR WORSENERD OVER THE LAST YEAR?



HIGHLIGHTS - PRODUCTS AND PRICING

	INTEREST RATES	PRODUCT RANGE	CREDIT POLICY	PRODUCT DIVERSIFICATION OPPORTUNITIES
1st	BNZ	Westpac	ASB	BNZ
2nd	ANZ	BNZ	Westpac	WESTPAC
3rd	Westpac	ASB	BNZ	ASB

ADVISERS ON PRODUCTS

NZ Adviser asked advisers to share their reasons for what makes a top mortgage product provided by a bank. Here's a sample of their responses

- ☞ Very easy to use
- ☞ Greatest flexibility, non-reducing
- ☞ Better communication, faster turnaround time, lower mortgage interest rates
- ☞ In line with internet banking is the best
- ☞ Great customer value
- ☞ Good products and great BDM support
- ☞ Provides options to clients
- ☞ Most competitive
- ☞ Best in market
- ☞ It meets the needs of the majority of my clients

INCENTIVISING ADVISERS

Commission has improved, according to 53% of our respondents, but 43% of advisers said it had worsened.

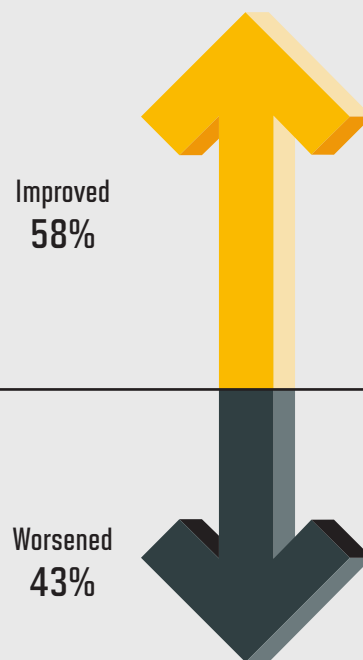
Commission was ranked the fourth most important priority for advisers, with ANZ performing the strongest in this area, followed by ASB and Westpac. However, ANZ dropped to third place when it came to communication & engagement and training & development, being beaten by ASB and Westpac, and Westpac and BNZ respectively.

About one in four advisers said that clawbacks were a recurring or major problem for their business. "My issue is clawback on bridging advances," said one respondent. "Bank/branch staff do not get penalised if a loan they write is paid off with 27 months."

Another commented that clawbacks posed a problem from a cash flow perspective, "as you don't know when they will occur. It's particularly difficult for when clients' circumstances change and decide to sell before expected."

The majority said it was not a major problem, reflecting its position in the lower half of the list of what is important to advisers, but some were on the fence saying they were nevertheless a risk and one saying there should be no clawback after 12 months unless the same adviser moves the business.

HAVE COMMISSION STRUCTURES IMPROVED OR WORSENERD OVER THE LAST YEAR?



HIGHLIGHTS - INCENTIVISING ADVISERS

	COMMISSION STRUCTURE	COMMUNICATION AND ENGAGEMENT	TRAINING AND DEVELOPMENT
1st	ANZ	ASB	Westpac
2nd	ASB	Westpac	BNZ
3rd	Westpac	ANZ	ANZ

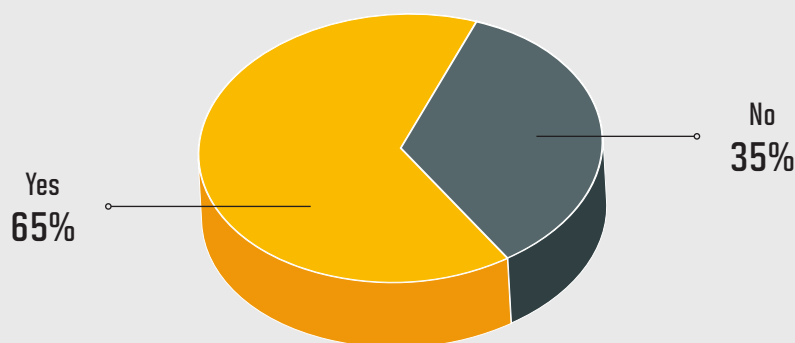
ADVISERS ON BANKS

TECHNOLOGY, TURNAROUND AND SERVICE

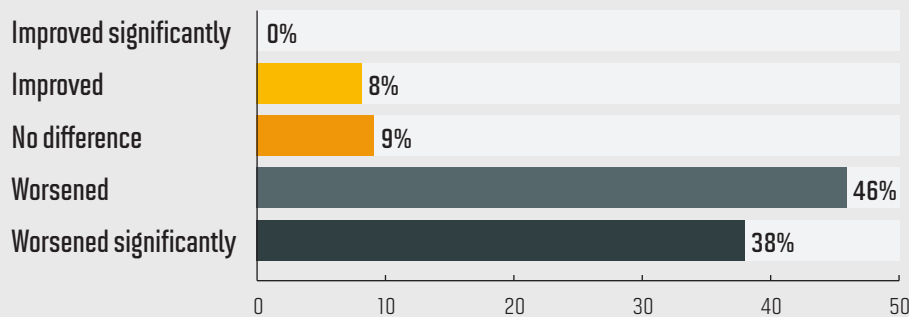
If you're a bank, turnaround times simply cannot be ignored if you want to deal with advisers. When it comes to this category, there couldn't be a clearer line in the sand that advisers believe banks have not paid enough attention to this service (46% said it worsened), with a further 38% of respondents saying turnaround times have worsened significantly. Nine per cent were indifferent and only 8% said there had been an actual improvement. Interestingly, the non-major banks were among the ones excelling in this category with the Cooperative Bank achieving the highest score from advisers and SBS Bank and TSB also performing strongly. ASB came top among the major banks. Although, the same story couldn't be told for BDM support, where the majors were stronger, in particular Westpac and ANZ.

We asked advisers whether new technology had improved turnaround times and many said that it hadn't. "Westpac is the only bank that offers a central repository to upload supporting documents efficiently," commented one respondent, supporting the bank's top ranking in the electronic lodgment category. But another was more optimistic, saying they expect technology upgrades will start to impact turnaround times in the next 12 months, "as CRM platforms and banks start to work together".

OFFERING SERVICES BEYOND RESIDENTIAL MORTGAGE BROKING



HAVE TURNAROUND TIMES IMPROVED OR WORSENERD OVER THE LAST YEAR?



HIGHLIGHTS - TECHNOLOGY, TURNAROUND AND SERVICE

	TURNAROUND TIMES	BDM SUPPORT	ELECTRONIC LODGEMENT
1st	The Cooperative Bank	Westpac	Westpac
2nd	ASB	ANZ	BNZ
3rd	TSB	BNZ	ASB

WHAT YOU'RE SAYING

Numbers go a long way, but if you really want to understand brokers, you need to read their comments. We asked advisers to highlight where banks did exceptionally well and where they could improve and also to describe the one thing a bank could do to win their business.

This section is dedicated to comments from advisers and provides important insights which numbers alone can't provide. It does not attempt to provide a complete analysis of every comment in the survey, but instead highlights a few comments we thought were particularly reflective of the survey and/or insightful. We'd like to thank all those that took the time to provide meaningful comments in this year's Advisers on Banks survey.

BANKS GOING ABOVE AND BEYOND

- ▲ "The local ANZ branch has sent me clients who the branch could not approve for a mortgage, such as credit impaired clients whom I can place with a non-bank lender."
- ▲ "Obtained an approval for open bridging in less than 24 hour turnaround, allowing client to bid at auction and secure the property."
- ▲ "Working in partnership with advisers with a remuneration structure that supports a long-term, sustainable adviser business model."
- ▲ "Helped a 95% borrower buy a home with about \$30k short term debt. The clients had personal circumstances that had caused them to lose significant wealth."
- ▲ "Provided easy direct personal communications with broker unit to solve multiple issues and quickly as they arose."
- ▲ "Gave a very fast response on an urgent deal where the other banks were sometimes taking over a week and still are!"

BANKS FALLING WELL SHORT OF TARGET

- 🎯 "Remaining an upfront commission payer. Not looking at the changing face of the industry in NZ. Adviser businesses look after our clients and they see the clients as bank owned."
- 🎯 "Changed their mind on their own criteria, declining clients for properties that they would approve and then digging their heels in and refusing to change when shown they were wrong."
- 🎯 "Taking 6 weeks to reach a lending decision."
- 🎯 "Terrible attitude by BDM when approached about terrible customer service and turnaround times."
- 🎯 "Refused to allow an existing customer to transfer their mortgage to a new security property due to servicing ability. Another lender picked it up no problem."
- 🎯 "Terminating my accreditation before conducting a thorough investigation and then reinstating me when they realised the facts."

HOW TO WIN AN ADVISER'S BUSINESS

- 🔧 "Pay trail options, communicate on a personal level, add value to my business with ideas, encourage clients to deal with me, not direct."
- 🔧 "Turnaround time is the major issue! If a loan application can be approved by the bank within one or two days, it will be a huge help/support for us to get a deal from clients."
- 🔧 "A bank with a positive attitude, determined to find ways to approve rather than decline."
- 🔧 "Communication! Whether it be discussing a deal or credit criteria - the ability to be able to speak with someone who can provide sound feedback is priceless."
- 🔧 "The BDM, having a good relationship with your BDM is key. They are there to support you which in turn makes you favour that bank. They can help you get deals across the line and push things when you need them to."
- 🔧 "Allowing me to access my clients' loan details and balances would help me provide quicker service to the client. I would also be able to reduce the number of emails and requests made to the bank, saving them time too."
- 🔧 "Being consistent. If a deal is declined through the broker channel, it should also be declined through the direct channel."
- 🔧 "Take a long-term view by working in partnership with advisers with a sustainable remuneration structure that encourages good practices."

ADVISERS ON BANKS

FINAL RESULTS

We reveal 2016's Bank of the Year and go through a bank-by-bank analysis of the top seven performers



BANK OF THE YEAR: WESTPAC

Westpac has claimed Bank of the Year for our inaugural survey and their results are without doubt impressive. The key seems to be consistency: Westpac topped the performance indicators in BDM support, electronic lodgement, product range and training & development. It was in the top three for commission structure, communication & engagement, credit policy and product diversification opportunities. The only area it fell short of a podium placing was turnaround times, where it ranked fifth.

Overall Score **3.12**



ANZ

ANZ are the runner-up being the strongest performer in commission structure, as well as excelling in BDM support, communication & engagement, interest rates and training & development.

What's keeping them off the top spot is their low results in two categories: turnaround times and clawback policy, where they failed to make the top five.

Overall Score **2.97**



BNZ

BNZ topped two categories: interest rates and product diversification opportunities.

It also ranked in the top three for BDM support, clawback policy, credit policy, product range and electronic lodgement but scored the lowest ranking for turnaround times, which advisers prize above all other factors.

Overall Score **2.95**



ASB

ASB also ranked highest in two categories: communication & engagement and credit policy. Although it ranked the highest amongst its major bank peers for turnaround times it fell behind in BDM support and clawback policy.

Overall Score **2.93**



THE COOPERATIVE BANK

The Cooperative Bank held off its rivals in turnaround times, scoring highest among all the banks in this category. It also performed strongly in clawback policy but lost points in electronic lodgement and interest rates.

Overall Score **2.75**



SBS BANK

Although it didn't top any of the categories and was lacking behind the rest in training & development, SBS Bank was ranked highly for its turnaround times, clawback policies and credit policies.

Overall Score **2.64**



TSB BANK

TSB Bank topped the clawback policy category and scored higher than most of the majors on turnaround times but had lower rankings for BDM support and product range.

Overall Score **2.62**

Note: Scores go from 1 (very poor) to 5 (very good)