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JUNE 2022
ISSUE 16.06

THE MAGAZINE FOR AUSTRALIA'S MORTGAGE AND FINANCE BROKERS

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JUNE 2022
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How brokers can help SMEs access finance

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+ **NON-BANK PRODUCT OF CHOICE:** WHICH NON-BANKS DO BROKERS MOST RATE? P.38

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Property data by CoreLogic RP Data

Printed by IVE

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Annie Kane
Editor

The SME finance edition

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THE END of the financial year is always a busy time for small -business finance –- as SMEs make last- minute deals, purchase new stock and take advantage of the last few weeks of the tax write -offs for the year, it's a great time to be offering SMEs finance assistance (if you aren't already!)

With a rising interest rate environment, escalating inflation and cooling house prices –- there is yet another incentive for brokers to be writing SME finance.

This edition is dedicated to SME finance and how and why brokers can help write it. On page 20, we're unpacking the current climate of the SME market and on page 22, we're digging down in cash- flow finance and why this is increasingly important to SMEs.

A massive area that is booming at the moment (and will likely to for the rest of the year) is asset finance. After a surge in consumer spending, asset demand has been escalating rapidly — and brokers are primed to meet that demand. Turn to page 28 to find out why!

If that all sounds like a headache, then turn to page 32 to find out more about some of the technology platforms on offer to help brokers navigate the SME lending space.

Aside from SME finance, this month we are also looking into what brokers think of the non-bank lenders. On page 38, we unpack the results of the Product of Choice: Non-Bank survey — and reveal which products brokers think are the best of the best from the non-banks.

I hope you enjoy this edition of The Adviser, and do reach out if there's anything you'd like to see included in future editions: editor@theadviser.com.au

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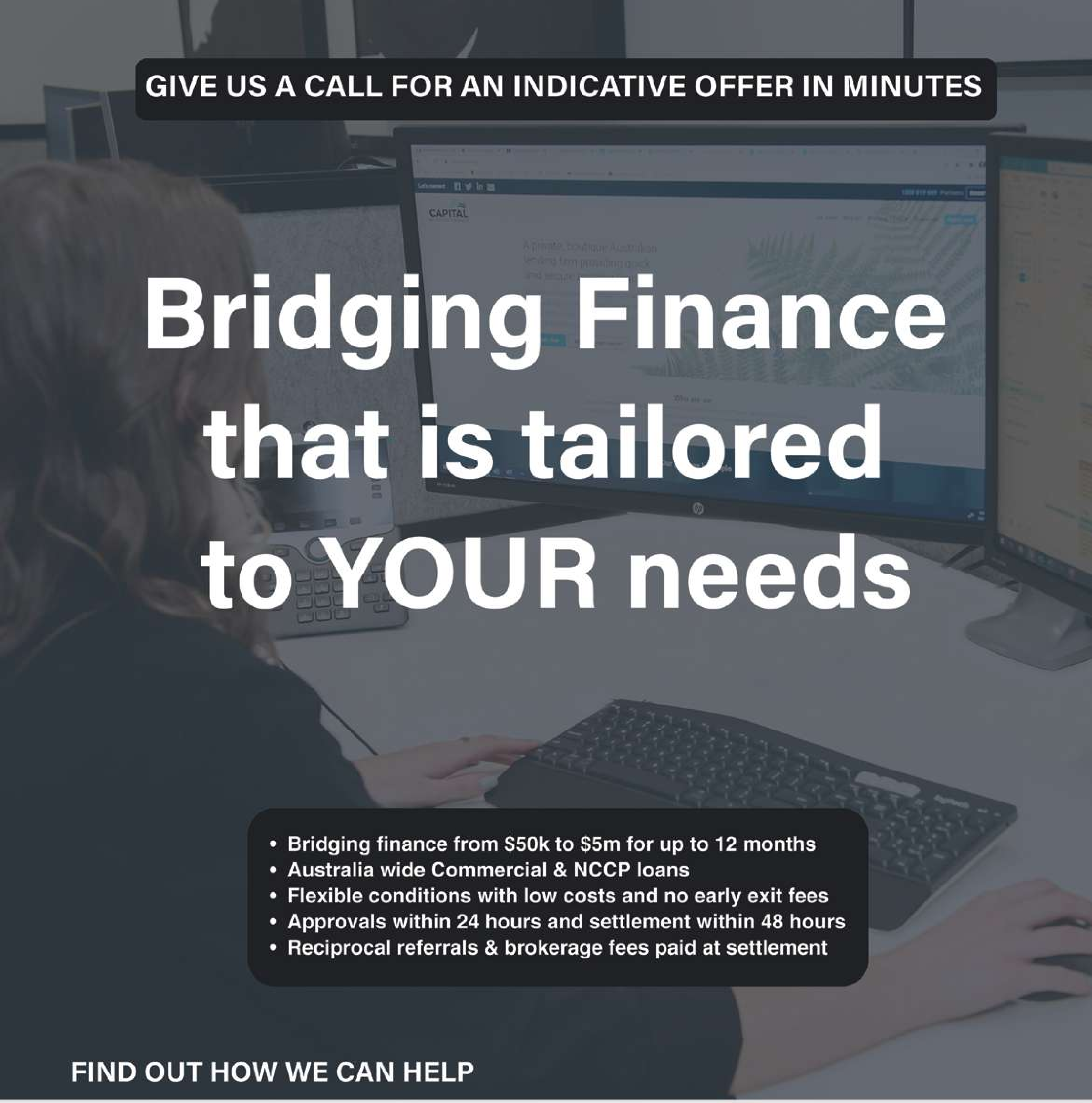
FEATURES

REGULARS



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The Word

After the federal election resulted in a Labor win, we wanted to know what the industry thought of the shift in power. This month we ask...

Q What do you want to see from the new Labor government?

Simon Bednar
CEO
Finsure

A Follow through of commitments

LABOR'S MESSAGES leading up to the election had some positive messages for our industry, with (the former) shadow financial services minister and shadow assistant treasurer, Stephen Jones MP, going on record that they won't enforce a remuneration review and that a Labor government would be open to discussing the current clawback structure – something that has been top of mind for me for a long time now.

Now that they've formed a new government, I'll be watching closely to see whether they're willing to follow through with that commitment. The mortgage broking industry is always willing to back a government who supports us, however it's important that the government follows through with their commitments, otherwise they may quickly lose trust.

Another area of particular interest is how the Labor Party plans to address housing affordability, especially since it was such a cornerstone message of their campaign.

Sam White
executive chairman
Loan Market Group

A Improving broker and customer outcomes

I CONGRATULATE the Albanese government on their election and look forward to working with the new government to continue to improve broker and customer outcomes.

One of the first lessons I took out of the election was the message that you can't take voters for granted – the same applies to customers.

Whether you're a voter or customer, you have the right to choice. To this end, we're going to redouble our efforts to be a better aggregator, ensuring our brokers can continue to deliver awesome service to customers and remain the first choice for their finance needs.

Brokers will play a role in the economy's post-pandemic recovery:

- Helping new buyers find the finance solution that best suits their needs
- Ensuring existing clients are on a competitive rate
- Helping companies return to normality through business lending and expanding their operations through asset and equipment finance.

David Bailey
CEO
AFG

A Honouring their pre-election promises

WE THANK the Coalition for their support of the broker industry during their time in power and congratulate Labor on their success. We look forward to working with them.

We will also be looking forward to the Albanese government honoring its pre- election commitment to the broker industry.

Brokers been heavily regulated over the last five years and we welcome some clear air in our continued pursuit of boosting competition and providing great customer outcomes.

Peter White
managing director
FBAA

A Strengthened relationships

THE FBAA has enjoyed a close relationship with the ALP over many years while in opposition and we look forward to strengthening this as they lead our nation in government.

In particular I thank them for their recent commitment to me personally that they will not be considering further broker remuneration reviews, and that they will enter into discussions to review fair remuneration structures on clawback reductions.

The FBAA has been extremely active in talking over many years to all sides of politics, and we have developed a close channel of communication with government and opposition. We will continue to inform both sides and look forward to representing our industry in an apolitical manner for the benefit of brokers. Given the new make-up of the Senate we will also reach out to the Greens and independents who sit on the crossbench.

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News

Source: AAP / Bianca De Marchi/AAPimage

Labor wins the 2022 federal election

AUSTRALIANS ACROSS the nation took to the polls to elect members of the 47th Parliament of Australia on 21 May, with the Australian Labor Party (ALP) – led by Anthony Albanese – being named as the victor.

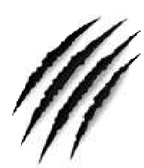
The Australian Labor Party has committed to bringing in a suite of policies designed to improve housing affordability and ownership, including:

- A new Help to Buy scheme, involving an equity contribution from the federal government of up to a maximum of 40 per cent of the purchase price of a new home (and up to a maximum of 30 per cent of the purchase price for an existing home) for 10,000 Australians each financial year
- A Regional First Home Buyer Support Scheme, which will provide a government guarantee of up to 15 per cent for eligible first home buyers, so that locals with a 5 per cent deposit can avoid paying mortgage insurance
- A $10 billion Housing Australia Future Fund, which will build 30,000 new social and affordable housing properties in its first five years
- Committing $100 million to start work on urgent housing and essential infrastructure on the Northern Territory homeland and negotiate a new remote housing agreement with the NT that includes homelands, when the current agreement expires in mid-2023
- Providing $200 million from the Housing Australia Future Fund for repair, maintenance and improvement of remote housing in Western Australia, South Australia, Queensland and the NT.
- Establishing a National Housing Supply and Affordability Council that will set targets for land supply (in consultation with state and territory governments) and advise on ways to improve land-use planning and supply for housing; as well as collect "nationally consistent data" on housing supply, demand and affordability and report on rental affordability, social housing, and homelessness and advise on ways to boost the construction of social and affordable housing.

Labor has also been actively engaged with the broking community recently, stating that it would be open to discussing the format of commission clawbacks as it wants to "ensure that brokers are able to make a fair profit"

$458
BILLION
The size of Westpac's Australian mortgage book

$35
BILLION
Home loan flows for ANZ over the first half of financial year 2022



30
PER CENT
How much clawbacks have increased by over the last three years

RBA raises cash rate amid surging inflation

THE RESERVE BANK has hiked the cash rate for the first time since November 2010, lifting it from its historic low level of 0.1 per cent, up by 25 bps to 0.35 per cent.

The May rate rise came two years earlier than the RBA expected in its forecasts last year, as inflation has accelerated, surging to 5.1 per cent for the year to March, while underlying inflation hit 3.7 per cent.

It was also the first movement for the cash rate since November 2020, when the RBA slashed it from 0.25 per cent and began broad quantitative easing. The last time the rate increased was more than a decade ago, in November 2010.

Previously, the central bank had indicated that it would not raise until annual inflation was "sustainably" within its target range of 2-3 per cent, which would have required annual wages growth to rise above 3 per cent.

Following the release of March quarter inflation figures and lower-than-expected wage growth figures, a number of economists have forecast that the central bank will raise the cash rate by 40 bps at the June meeting.

It is anticipated that this will be followed by a series of hikes through 2022, which may weigh on house price growth, which has already slowed in anticipation of higher borrowing costs.

Free thinking loans to bring in business

In a post-covid world of work, business customers require more tailored and flexible support. We understand businesses and support brokers to meet customers' changing needs

THE PANDEMIC marked a sizable shift in business borrower needs. Navigating lockdowns and financial pressures put many businesses in dire need of lending solutions to suit unique circumstances.

Brokers need access to products that cater to the unique needs of business owners, that can be tailored to provide options for complex scenarios. Seeing this need, we expanded our suite of business products in 2020 to help brokers find more solutions for customers with unique circumstances.

While supporting SMEs through these challenging circumstances can require a little extra effort on the broker's behalf, it also presents an opportunity to build strong, fruitful customer relationships.

According to our business partners, our Liberty Lift loan, which provides funds up to $1 million with no mortgage security, has been an ideal solution for many SMEs. And we've been proud to have been involved with the government's SME Loan Recovery Scheme which continues to help many businesses in need.

Recently, we helped a broker provide real support for a business, with a low-doc loan for $2 million. The purpose of the loan was to consolidate three business loans, plus cash out to pursue a new business venture.

Working with the broker, our credit assessors were able to help write a loan that allowed the customer to consolidate debts for cheaper repayments, improved business cash flow, and provided the funds for the investment opportunity.

Restrictions may have eased, but staff shortages continue and heading into winter and flu season can bring further challenges. SMEs will require continued support from brokers to navigate the changing landscape.

Some customers may require a loan top-up or a line of credit solution while the business picks up speed, while others may seek to consolidate any debt they have accumulated in recent years.

Fundamentally, we're still in a period of uncertainty and SMEs are still going to require flexible finance support. And, as a lender, it's our goal to help brokers support their business customers to move forward. ■

John Mohnacheff
group sales manager
Liberty

News

Family benefit assessments ‘unjust’: Brokers urge reforms

A GROUP of female brokers is preparing to meet with lenders to discuss amendments to family support policies to enable more families to enter home loans.

Queensland broker Carol King, from Loan Market Buderim, was concerned with multiple single clients getting knocked back from loan applications as their full family benefits were not taken into consideration by multiple lenders.

The group aims to tackle five policies to improve lending conditions for families. These include binding family agreements, maternity/paternity payments, family assistance, child support and carers payments.

Ms King said they are currently gathering data from lender policies.

‘We let down our broker partners’: ANZ CEO

ANZ CHIEF EXECUTIVE Shayne Elliott has acknowledged that the bank had “let down” brokers in terms of processing, but the bank’s broker flows are starting to pick back up.

ANZ’s results for the first half of its 2022 financial year, ended 31 March, revealed that while it has made improvements to its mortgage offering, its loan book growth is still flat.

Over the half, the bank saw $35 billion in Australian home loan flows, holding its Australian mortgage book firm at $278 billion (though it rose marginally from $278 billion in September 2021 to $278.4 billion by March 2022).

It was down slightly on March 2021, when the loan balance and lending flows totalled $281 billion.

MFAA chief to exit

MIKE FELTON, chief executive of the Mortgage & Finance Association of Australia (MFAA), has announced that he is set to retire from full-time work later this year.

Mr Felton, who has been at the helm of the broker association since 2016, made the announcement at the MFAA National Conference in May – telling MFAA members that the time was right for him to also “look up and look ahead” now that the future of broker remuneration is more certain.

Addressing MFAA delegates attending in person and online, Mr Felton said: “For me, personally, it is time to look up and look ahead to my future horizon.”

Loan Market Group to join forces with Nodifi

LOAN MARKET GROUP and digital marketplace have decided to merge their asset finance operations, with plans for growth in the coming months.

Personal loans, business funding and asset finance will fall under the new consolidated entity, encompassing Loan Market Group’s recently formed asset finance division and Nodifi.

Loan Market Group’s broker network will have access to 80 asset finance support specialists under the deal, as well as Nodifi’s application and compliance platform.

As Nodifi chief executive Tom Caesar explained to The Adviser, his company will have the opportunity to scale up with aggregation giant, while Loan Market Group will gain new capabilities in asset finance and technology.

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Better Business Hub

Each month, The Adviser's Better Business Hub speaks to experts from within and outside the broking industry so you can learn how to run the most efficient and profitable business possible

Top tips for a smart succession

Nick Young outlines how to identify if you have an expanding business, a mature business, or a business in decline

THE WIDELY accepted hybrid office/work-from-home model has both encouraged new entrants and put the spotlight on those considering their exit. Interestingly, we've noticed a steady rise in semi-retirement versus outright retirement – particularly among the "first crop" of successful brokers who pioneered the industry from the early 2000s.

The financial and client outcomes resulting from a well-planned exit can be substantial. Conversely, a poorly planned exit, or worse no planning at all, can see years of accumulated goodwill simply squandered.

We cannot recommend strongly enough the benefits of a carefully planned exit strategy developed well in advance, whilst the business is still strong and ideally done in collaboration with an accountant. This should also be integrated with an overall retirement plan that supports long-term lifestyle goals.

So, the key question becomes: "When should I start planning my exit?"

One of the quickest ways to determine this is to identify whether you have an expanding business, a mature business, or a business in decline.

In broad terms, an expanding business will have higher upfront income relative to trail income. A mature business will have approximately equal upfront and trail income, and a business in decline will have a higher trail-to-upfront income ratio.

Here are some other common traits of an expanding business, mature business and business in decline to help determine where your brokerage is at in its life cycle:

Expanding business: Upfront income is greater than trail income

An expanding business is in a high-growth phase, driven by a hungry business owner motivated by the return of hard work. It's consistently cracking record volumes, expanding its team, bringing on more referral relationships, ramping up marketing and raising its presence in the community. Busy keeps getting busier.

It's focused on streamlining processes to maximise efficiencies to handle the ever-increasing demand. Everything's green. Everything's expanding, everything's going up, and everything's growing – including income, trail and goodwill (reputation). Whilst it may sound contradictory, this is the time to start to map out your longer-term goals (including your exit) to ensure you achieve the most lucrative exit.

Mature business: Upfront income approximately equals trail income

The foot is coming off the pedal in a mature business. The business owner is happy, lifestyle-oriented, and content. Not necessarily thinking of retirement but not as hungry as they once were. They usually lose a bit of energy. They can be a bit slow to return phone calls. They won't be as proactive as they once were. This may also coincide with loosely contemplating whether to sell or stay (e.g. "I need to do this for another five years then I can retire").

WARNING: At this stage, a business can slip into decline subtly, yet progressively.

Accordingly, to optimise the brokerage's value, we strongly encourage brokers to plan their exit strategy while the business is strong and goodwill is still high.

Business in decline: Upfront income is less than trail income

A business in decline is when everything is less: less time is spent on growth, less money is spent on marketing, and less effort is being made overall. This usually corresponds with an over-reliance on referrals to maintain business.

On this note, a common statement made by a business owner in decline is: "I don't need to market anymore. I just rely on referrals from existing clients." Under the guise of a lifestyle trade-off, we often also hear: "I'm winding back to spend more time with the family and travel."

It's important to look at the business critically and objectively, recognising that a business in decline will suffer and is not sustainable.

On the upside, goodwill is still high and valuable. As such, we encourage brokers not to put their heads in the sand. Conversely, be proactive about the exit strategy to maximise the remaining assets.

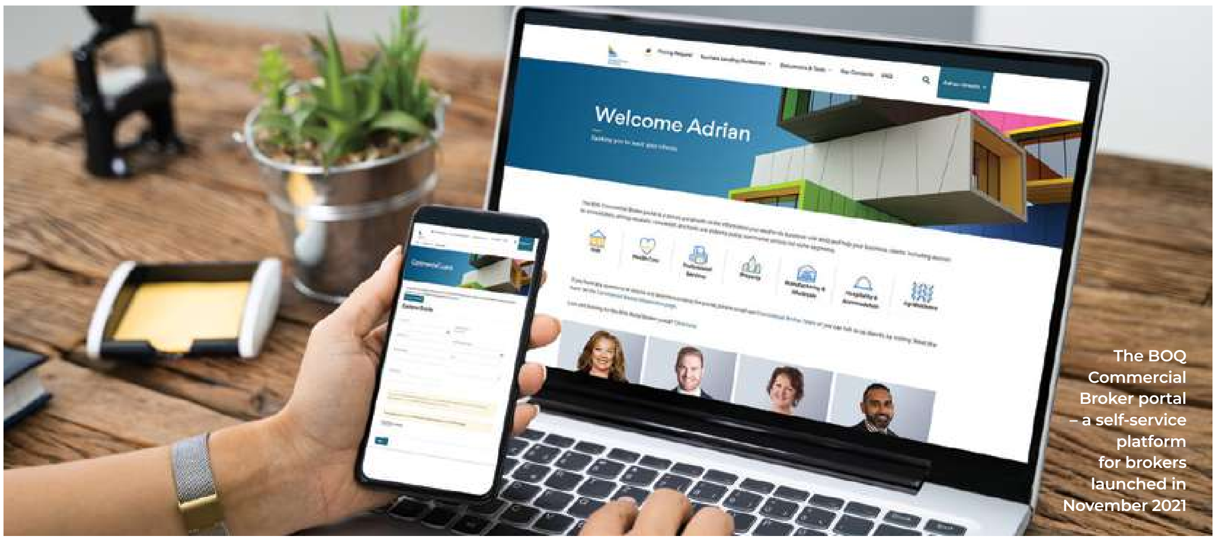
**This opinion piece is a condensed version of the original piece. The full version of this article can be found on The Adviser website, here:*

www.theadviser.com.au/growth/42861

Nick Young
director
Trail Homes

Making it easier for SMEs to invest

SMEs are bouncing back and there's plenty of opportunity for brokers who understand the needs of customers looking for investment



The BOQ Commercial Broker portal – a self-service platform for brokers launched in November 2021

DESPITE THE challenges of recovering from the COVID-19 pandemic, natural disasters and the flow-on effects of Russia's invasion of Ukraine on the world economy; the good news is that many small-business owners in Australia are looking to invest in their future. However, for the broker community it's important to take the time to really understand why and how the needs of SME customers are shifting.

Signs of recovery

At BOQ we're seeing positive signs of recovery with almost 75 per cent of our SME customers having higher cash deposit balances than pre-pandemic levels.

Although most SMEs are in good financial shape, there are discrepancies between sectors and across state borders, largely due to the impact of COVID-19 lockdowns. The sectors hardest hit by government regulations and cautionary spending by consumers – notably hospitality, recreation, some transport sectors and smaller retailers, particularly in CBD locations – are still doing it tough and have tight budgets as a consequence.

Unfortunately, just as these sectors were starting to bounce back, the recent large-scale flooding in parts of NSW and Queensland has added to an already challenging trading environment for many SMEs.

With the property sector performing strongly on account of low interest rates and primary producers doing well due to favourable market conditions, we're seeing that these sectors are likely to have higher leverage than the SME average.

Adapting to change

Small-business owners are generally struggling with three main issues – state government regulation, staff retention and access to materials. And of course, for businesses in those sectors doing it tough, there is the added mental stress of recouping loses after months of lockdown closures and an uncertain outlook in terms of customer demand.

With these challenges, many businesses have been forced to look for ways to adapt – and technology has become an enabler of innovation and opportunity for many SMEs that are recognising the benefits of digitisation. For example, the fast-tracked digitisation of previously manual processes has made internal processes more efficient and the necessity to create platforms that enable access to interactive documents for employees working from home has seen an uplift in productivity. As a service provider it is imperative brokers keep in step with these businesses and not be left behind. BOQ Commercial Broker itself launched an online portal in November 2021, complete with guidelines on niche industries, pricing tool and checklists, so our accredited brokers could self-service, and better understand and deliver solutions to SME clients sooner.

While businesses continue to adapt, access to finance has never been more crucial and BOQ has responded with SME policy changes that create more breadth and flexibility in lending. To help improve cash flow with less cash needed upfront, for commercial loans of up to $3 million we can offer eligible clients[2]:

- Up to 30-year loan terms and 90 per cent LVR for residential security
- Up to 30-year loan terms and 85 per cent LVR for commercial security
- Up to 10-year interest-only terms

For more information about how BOQ can back you as a broker to back your SME clients, visit www.boq.com.au/commercialbroker

Karen Carter
head of third party at BOQ

[1]Source: BOQ internal data. Only businesses with business deposit accounts since pre-pandemic included.
[2]For small and medium enterprise (SME) with a total business related exposure (TBRE) of less than $3 million and total aggregate exposure (TAE) of less than $10 million. SME, security type and loan purpose eligibility criteria applies ("SME eligibility criteria"). A maximum loan-to-value ratio (LVR) of 85 per cent and the 10-year interest-only option applies to owner-occupied commercial security, otherwise the maximum LVR is 80 per cent and the maximum interest-only period is five years. Where the SME eligibility criteria is not met the maximum loan-to-value ratio is 70 per cent (non-residential and mixed security) or 80 per cent (residential security), and the maximum loan term is 15 years (non-residential and mixed security) or 25 years (residential security). Applies to the Business Term Loan product only. Not available on Self-Managed Super Fund (SMSF) loans.

earlypay

ALTERNATIVE PRODUCT ROAD MAP

INVOICE FINANCE

The right finance solution can make a world of difference to your client, whether they're looking to grow, preserve working capital, or have a cash flow problem

Q. What does this product help borrowers do?

When businesses provide goods or services on credit terms, a cash flow gap emerges; they've completed the work, but they won't be paid until their customer fixes up the invoice.

Invoice Finance allows businesses to access cash from their outstanding client invoices, without having to wait for their customers to make payment.

With cash flow available as a line of credit based on the value of their outstanding invoices, businesses have access to cash when they need it – regardless of the purpose.

With an Invoice Finance facility, businesses are able to access cash for activities such as funding growth, paying off tax debt, purchasing stock for their next job, covering business expenses during slow seasons, managing slow-paying debtors, overcoming any cash flow challenges, and freeing up personal assets held as security for business loans.

Q. How easy/difficult is it to introduce this product into the client conversation? Any top tips?

For the right business, Invoice Finance can be an absolute game changer – which makes it really simple to introduce.

For maximum impact when introducing this product, follow our top tips:

Chat to SMEs with cash flow concerns

Invoice Finance is a valuable tool for helping businesses overcome the cash flow gap between getting paid and meeting their payment obligations, and brokers are ideally

placed to support businesses during difficult trading conditions.

Offer as a business growth solution

As the sales figure grows, so too does the available Invoice Finance line of credit. This means it can be used as a tool to directly fund business growth; more sales means more capital is needed to support business expansion. Invoice Finance is there to fund this capital requirement.

Q. What is the product lead time to settlement?

With approval as fast as 24 hours, the lead time to settlement varies across clients. It largely depends on how promptly the business or broker can provide us with the necessary details.

Q. Which clients is it suitable for?

When identifying an Invoice Finance opportunity, there are three conditions that need to be satisfied:

1. They are an Australian business providing goods and services to other Australian businesses.
2. They offer credit terms, allowing their customers to make payment within a specified number of days.
3. They issue their invoices only once their goods or services are complete and have been delivered in full.

If these conditions have been met, Invoice Finance could be the right choice for businesses of all shapes, sizes and ages! Because the finance is extended based on the accounts receivable ledger, there is no minimum trading history required, so the product can even suit start-ups.

Q. Are there industries this product is best suited to?

Invoice Finance is suitable for businesses that sell their goods and services on trade credit terms. This rules out certain industries like retail and hospitality.

Some of the industries that Invoice Finance suits best are:

- Transport and logistics
- Manufacturing
- Labour hire
- Wholesaling
- Food and beverage supply
- Printing, media and telecommunications
- Import and export
- Agribusiness

Industries that typically offer long credit terms are generally great candidates who can benefit significantly.

No real estate security is required for this type of finance, which is a huge benefit for those who don't want to risk their personal assets on their business venture.

Q. How much can brokers make?

If brokers are seeking an attractive commission, our rates are very competitive. We offer an upfront brokerage that is encapsulated in our establishment fees. In addition to this, we offer a trail on the facility revenue for the life of the funding facility.

Our software integrates with MYOB AccountRight and Xero, so for clients with an online accounting platform, uploading the necessary information is quick and easy.

Q. Do they need to upskill/educate, or is this a pure referral model?

Invoice Finance can be offered on a purely referral basis, or the broker can be involved in the entire process end-to-end. It all depends on their preference. We do the heavy lifting while offering the freedom for the broker to be involved as much as they'd like.

Taking the time to understand the product is beneficial because it helps with identifying opportunities, but in terms of upskilling, there certainly doesn't need to be a huge learning curve. ■

Lee Trego
head of growth
Earlypay

INCLUSIVE BEHAVIOUR

A new report has reiterated the damage that exclusivity in the workplace can have on our wellbeing, raising concerns over how inclusive our occupations actually are and the impact they may have on our welfare. Sam Nichols explores how we can foster more inclusive workplaces

BY SAM NICHOLS

On 18 March 2005, in the Chilean capital of Santiago, the World Health Organization launched its Commission on Social Determinants of Health – a body devoted to identifying a range of exterior factors that impact, and potentially limit, human wellbeing.

"People's health suffers because of the social conditions in which they live and work. The end goal of the commission and its follow-up is to change this reality," said commission chair Sir Michael Marmot at the time.

"The task of the commission is to identify and support the application of interventions that will do the most to improve the social conditions that determine health."

Three years later, on 27 August 2008, the commission published its final report, highlighting its ultimate recommendations to bring equity to the global population's overall health.

It found that people who are already disenfranchised are further disadvantaged with respect to their health.

"Having the freedom to participate in economic, social, political, and cultural relationships has intrinsic value," the report stated.

"Inclusion, agency, and control are each important for social development, health, and wellbeing."

The report outlined a range of measures that can help close this gap, such as access to healthcare, fair employment and addressing gender inequality.

The conclusion that inclusivity has a strong link to our overall wellbeing has been echoed in several studies since then. In 2018, a study on 371 people living with HIV in Portugal found that 18 per cent of the subjects qualified for a diagnosis of severe depression – the paper noting that the social exclusion felt by those with the virus was considered as one of the mitigating factors in this diagnosis.

Similarly, in 2020, the *BMC Psychology* journal published a study that explored the experiences of 19 adolescents aged between 14 and 16 who had experienced stressful childhoods and upbringings, with the researchers concluding that the experience of social exclusion could manifest itself in physiological pain as well as reduced wellbeing. This in turn could impact not only the quality of our health, but our lives. One 2012 study on the impact of social exclusion among older Japanese subjects reported that socially excluded elderly women were 1.7 times more likely to die prematurely than those who were not excluded.

The studies all show that while social exclusion can come in a range of capacities, these are all determinants to our health. For business owners, it's key to know that workplaces appear to be prevalent forms of social exclusion.

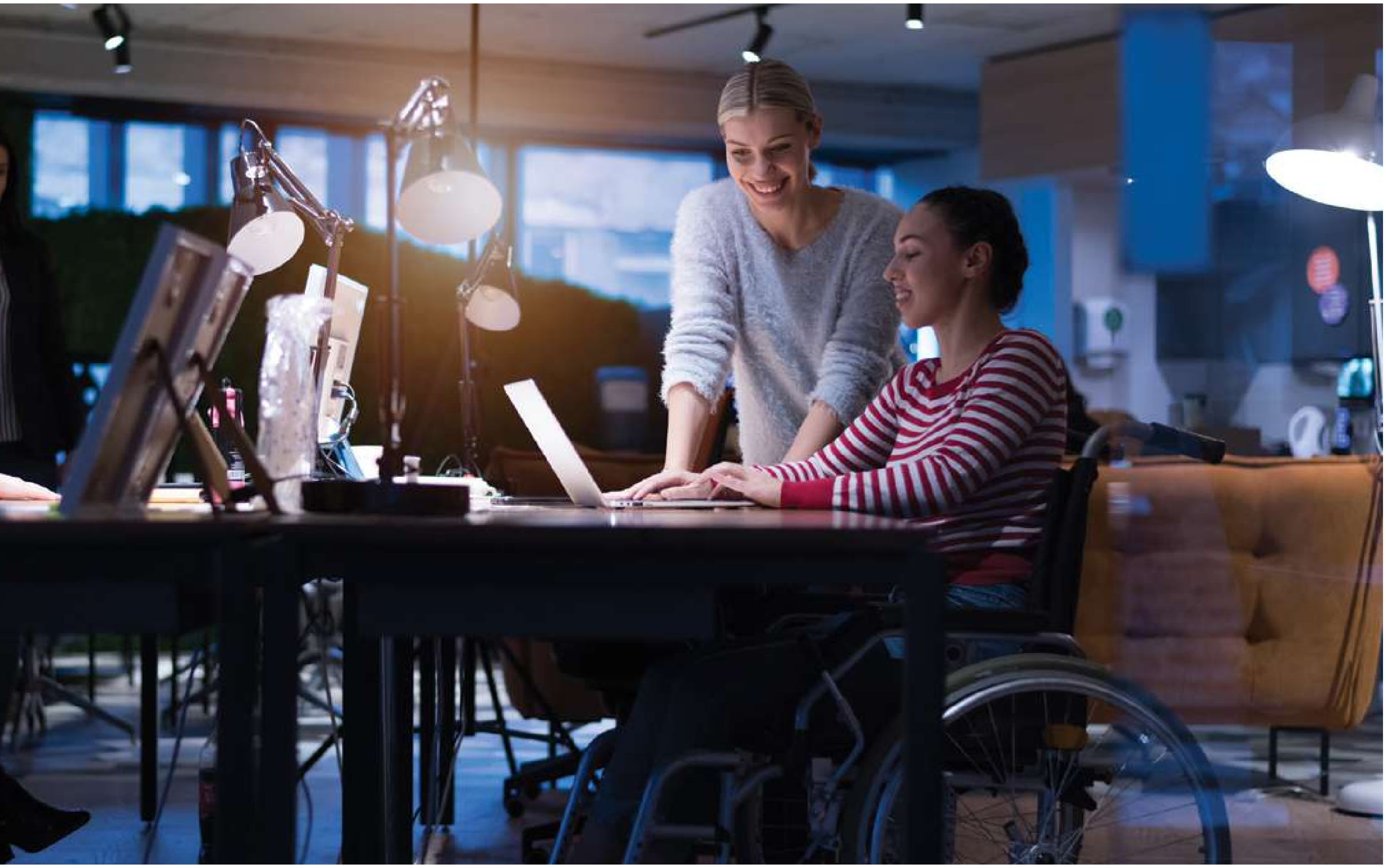
A recent study, *Three Inclusive Team Norms That Drive Success*, surveyed the experiences of 4,300 employees across 14 countries, including Australia, and found that only 31 per cent of employees reported that they either felt they were often, or always, experiencing inclusive team norms within their workplaces.

Of those who experienced exclusion, cisgender men (55 per cent of respondents) and cisgender women (45 per cent of respondents) were evenly excluded, with only 25 per cent of both cohorts reporting a sense of inclusion.

For transgender and non-binary employees, which accounted for 2 per cent of respondents, 93 per cent said they experienced exclusion in some capacity in their workplace.

Further, only 20 per cent of non-white racial groups reported inclusivity, compared to the 30 per cent in those who identified as white.

While raising the feeling of inclusivity in an office space could have positive impacts on an



"PEOPLE'S HEALTH SUFFERS BECAUSE OF THE SOCIAL CONDITIONS IN WHICH THEY LIVE AND WORK. THE END GOAL OF THE COMMISSION AND ITS FOLLOW-UP IS TO CHANGE THIS REALITY"

employee's wellbeing, there is also a business incentive; inclusivity is associated with higher productivity.

According to the results of *Three Inclusive Team Norms That Drive Success*, a report that analysed the results of a survey conducted by workplace non-profit Catalyst, 88 per cent of respondents who reported high levels of job engagement also expressed high levels of team engagement.

In contrast, only 36 per cent of employees who experienced low levels of inclusive team norms had high engagement.

Three-quarters of those who expressed high levels of inclusivity reported high levels of innovation, compared to 16 per cent of those who had low inclusive team norms, while 90 per cent of those with high inclusivity experienced significant levels of problem-solving. For those with low inclusivity, only 24 per cent echoed the same experience.

As the workplace continues to change as a result of the pandemic, it's crucial for team leaders and members to act inclusively to advance gender equity and increase employee engagement and innovation.

"Right now we have an unprecedented opportunity to reimagine workplaces to be more inclusive for people of all genders and racial, ethnic, and cultural backgrounds," Dr Sheila Brassel, one of the co-authors of the study, commented.

The paper concludes that there are three specific pathways to reduce exclusivity in a workplace:

The promotion of expressions of difference

According to the researchers, this can be achieved by "encouraging perspectives that may counter the status quo", including the team leader and current forms, as well as "seeking everyone's perspectives when problem-solving".

Fostering a team-coaching climate

A sense of team accountability and peer-to-peer coaching can help drive inclusivity. This could be done by making team coaching a goal tied to performance reviews; acknowledging that mistakes are inevitable and a critical component of growth and learning; and encouraging and respecting the qualities that make each team member unique, the Catalyst paper suggests.

Codifying fair team decision-making practices

This could be done by developing a set of "clear, written guidelines for team decision-making; keeping an eye on equity by prioritising fairness and consistency; and communicating with transparency".

"Companies and teams who value inclusive team norms are best prepared to address workplace inequities in the future of work," said Catalyst president and chief executive Lorraine Hariton.

"These data [sources] represent an opportunity for companies to improve innovation, productivity, and employee engagement." ■

JANINE LEAFE

COUNTING ON THE ACCOUNTANTS

Accountants have long been the right hand of SMEs and their finances, but in recent years, brokers have become more entrenched as key credit advice partners. Having a strong partnership with accountants is a blessing for brokers looking to help SME clients. We catch up with Janine Leafe, a senior mortgage broker at the chartered accounting firm PKF Perth, to find out how she does it

BY SAM NICHOLS

Q. You work alongside an accountant partner at PKF – Kirsty Jones. How do you work together to help SME clients?

We have to work together collaboratively… [and] we quickly work to a solution. When Kirsty comes to me, generally for the SMEs, it'll be for equipment finance or commercial loans. It's then for me to be able to quickly read through the financials.

When you've got a good relationship with your accountant, it makes a difference. Where Kirsty fills my education gaps, it really works to [provide] a quicker outcome for clients, too. So it's important for a broker to have strong relationships. That's where it all begins, I think.

Q. How do you work with an accountant when you have a new small-business client?

The process is definitely client specific, because some might already have a relationship with other PKF divisions. But if Kirsty, for example, has a really well-established relationship, I can extract a lot of data without having to go to the client first. That's super important in terms of alleviating the client's stress. It's just making sure that the clients come first. We don't touch base with the clients until we've done as much as we can as a team.

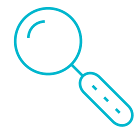
I try to do data collection solutions and then I'll ask the accountant for their advice and say, "Well, this is what I think, does this actually suit their needs moving forward?" It's important that it doesn't only suit their needs short term. We're not going to jeopardise something [as brokers] that may happen in the next financial year. Sometimes the products might be suitable short term, but not long term.

Q. What advice would you give brokers looking to form strong accountant partnerships or referral agreements?

It's a two-way street, ultimately. You wouldn't want somebody that's referring and just gives you a name and a number and just leaves that on your desk. I think if it's a broker referring to the accountants, you'd also want that sort of relationship too. That's the way I see it anyway.

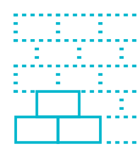
I think what a broker needs to do is just establish a rapport with the person that they're going to deal with, or have case scenarios or go to them and say, "Look, I've actually gotten my degree or I've got a diploma or whatever it may be". Unfortunately it is a timing thing. You can't force trust, you can't force credibility and reputation.

What accountants look for in broker partners



Understand your product
"I can tell [Janine] exactly how much [a client is] making, how they're doing it, what the business prospects are for the future. But in terms of the product that they should actually be selecting, that's where I really rely on Janine's expertise."

Be reliable
"Whoever you refer to they're an extension of that. So you really need to be able to trust in them, their ability and their knowledge."



Find someone you can build with
"You have to be able to build that rapport, and you have to know that they're going to be able to build that same rapport with the client as well, because otherwise the relationship is just not going to work."

Kirsty Jones
partner
PKF Perth


Janine Leafe

Q. Is there anything a broker should avoid doing when forming accountant referral partnerships?

Do not pretend that you know what you're doing [if you don't], because accountants will sniff you out very quickly. If you do have knowledge gaps, you're going to have to make that known straight away. If you're going out there and pretending that you know, and then the outcomes off the back of that are all negative, you're going to quickly burn your relationships with accountants.

Be open to the fact that you need to upskill to meet them in the middle somewhere.

Q. What has helped you gain confidence in SME loan writing?

What I've been doing over the last 18 months is upskilling and making sure that I'm doing a lot of learning/studies, whether through the MFAA or the FBAA. I'm actually a member of both, which most brokers aren't. I've found that it's been an interesting point of difference because I can access education through both sides. ■

You can find out more about how Janine Leafe and Kirsty Jones work together in The Adviser's Elite Broker podcast.

Tune in to the episode with Janine and Kirsty, How brokers and accountants can best service SMEs, at:

https://www.theadviser.com.au/broker/42538

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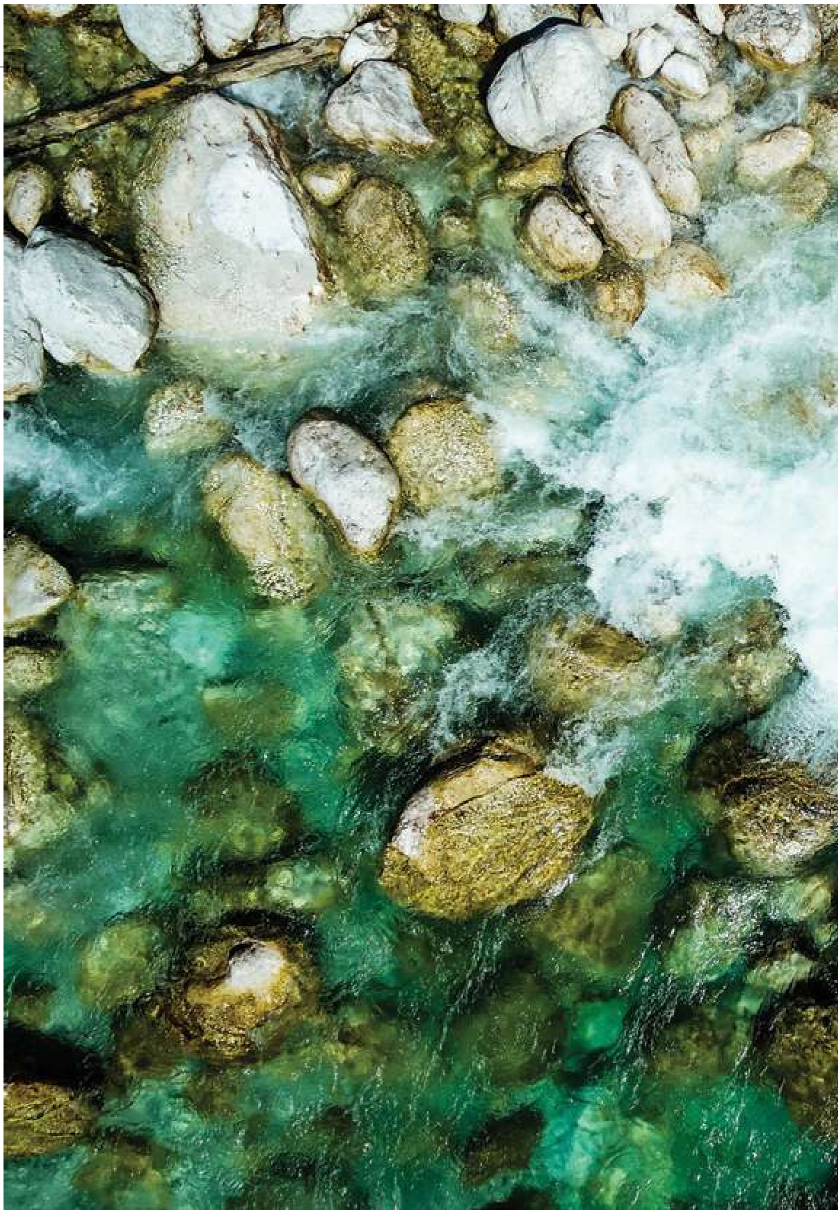
Thinktank..

SUPPORTING THE BROKER CHANNEL

Peter Vala, general manager partnerships and distribution, discusses when and why he started working with the broker channel and Thinktank's top priority and tools for it



Q. When did you start working with the broker channel and why?

Thinktank was established in 2006 to offer brokers and their clients a range of commercial loan products that were transparent, flexible, simple to understand and offered extended repayment terms up to 30 years. We felt it was time to think differently about commercial property finance, so we created a broker-centric approach to lending to make the application and approval process easier and more efficient, and offered full commission options that weren't previously available in the industry for commercial loans.

Our set-and-forget facilities with no arduous covenant requirements or regular revaluations were a refreshing change in the market.

Through basing our commercial products on the concepts of residential lending, our products provided more flexible solutions for borrowers. Our longer loan terms are a prime example, helping create free cash flow for SMEs and self-employed clients of brokers.

As demand increased we further developed our offerings to include line of credit facilities, SMSF lending for both residential and commercial properties, and residential loans for all borrowers whether PAYG, self-employed or an SME. It has seen Thinktank also become a leading provider of white label commercial lending solutions.

Q. Why is a strong broker channel important to you?

Brokers have always been central to supporting and guiding Australian borrowers, and never has that been more true than now. A strong broker channel is essential to helping Australian borrowers navigate a difficult and ever-changing lending landscape. After intermittent lockdowns, changing economic environments and general volatility over the last two years, many SMEs and self-employed clients have faced significant life and business changing events. Some have faced rationalisation; others have looked to expand. Brokers are often the first point of call in such circumstances as a trusted adviser and confidant, providing guidance on the range of options available in the market.

Thinktank operates exclusively in the third-party distribution channel. We do not actively seek or encourage direct customers. We turn to our broker partners to fully understand

"WE HAVE ALWAYS BEEN FOCUSED ON HOW WE CAN HELP A BROKER GROW THEIR BUSINESS AND MEET THEIR CLIENT'S FINANCIAL NEEDS. IT'S WHY WE CONTINUALLY SEEK WAYS OF CREATING UNIQUE AND EXPANDED OFFERINGS"

the unique circumstances and needs of the client, enabling us to provide straightforward solutions that are fit for purpose and offer peace of mind for the broker and borrower.

Q. What is your top priority for the broker channel at the moment?

We have always been focused on how we can help a broker grow their business and meet their client's financial needs. It's why we continually seek ways of creating unique and expanded offerings based on broker partner feedback. One such initiative is our now standard LVR position on commercial loans with a base of 80 per cent LVR that can be extended to even higher LVRs depending on a borrower's needs and circumstances. This LVR applies to both Full Doc and Alternate Income Verification loans. Our Mid Doc loans have also increased to a maximum loan size of $4 million per security.

Q. What kind of tools and support do you offer brokers? And how do brokers access them?

Relationship managers

With Thinktank, every broker has their own dedicated relationship manager (RM). This offers direct access to support and provides the appropriate advocacy on every commercial loan to credit and key decision-makers. Our RMs are with brokers and their clients every step of the way. This includes workshopping scenarios, assessment of credit applications, restructuring existing facilities and helping structure financial solutions to best meet each borrower's individual circumstances.

Accreditation sessions

We regularly run accreditation sessions of differing levels of education and insights that are available to any broker wishing to expand their skills in commercial property and SMSF lending. Importantly, there are no minimum education or volume hurdle requirements to work with Thinktank. To book in an accreditation or education session please contact our events team on **accreditation@thinktank.net.au** or your aggregator partnership manager.

Education

We offer a range of both formal and informal education sessions for brokers throughout Australia, from webinars and "lunch & learn" sessions to boardroom workshops.

Q. Why should a broker look to partner with you?

Thinktank has been dedicated to supporting the Australian broker community since 2006. We're committed to always helping brokers achieve the best outcome for their clients without channel conflict.

Our hassle-free set-and-forget solutions come with no red tape or covenant requirements. We often prove to be a superior option for PAYG clients, the self-employed, SMEs, or investors looking for a commercial or residential loan.

Thinktank is also recognised as an SMSF leader in providing limited recourse borrowing arrangements for either residential or commercial investment properties. We fund loans under a range of SMSF solutions including standard SMSF, unit trust, tenants in common, in specie, refinance, and secondary LRBA loans with GST funding to 90 per cent LVR – all using historical and/or projected contributions to demonstrate serviceability. Our team of highly experienced RMs is on call to assist and support the workshopping and deal preparation of any type of commercial, SMSF or residential property transaction. They are a trusted ally and advocate for the broker, from helping expand relationships and networks in commercial lending through to assisting in structuring a deal to best suit the client's needs.

We pride ourselves on listening to feedback and pivoting when required, as shown through introducing several recent changes to our product range, and will continue catering to an ever-evolving market to help meet the requirements of brokers and borrowers. ■

Peter Vala
general manager partnerships & distribution
Thinktank

A RISING TIDE

BY KATE AUBREY

As the end of another bumper financial year fast approaches, many SMEs will be thinking about their finances and position for the year ahead. In this feature, we take a look at how the SME market has been sailing smooth waters

Amid rising costs of living, two years of uncertainty and lockdowns fueled by the pandemic, as well as banks tightening their lending criteria, it may come as no surprise to hear small to medium businesses have copped some challenges over the past few years.

Considering SMEs account for more than 97 per cent of all businesses in Australia, governments and banks worked in partnership to help businesses through to the other side of this global challenge, by deferring loans and providing a wide range of stimulus packages.

Due to a combination of the instant asset write-off scheme (enabling the purchase of vital equipment); Homebuilder (which spurred investment and kept the largest small business sector—construction—busy); the Australian Business Growth Fund (investing in SMEs); and the SME Loan Recovery Scheme (providing cheap credit to those who needed it), many small businesses emerged from lockdowns stronger than ever.

As such, rising numbers are now looking to take on credit through the broker channel to grow and bed down on this position of strength.

Indeed, in its 13th edition of its *Industry Intelligence Service Report (IIS)*, the Mortgage and Finance Association of Australia (MFAA) revealed that a record number of brokers are now writing commercial loans, with a new record value of settled commercial loans also being reached.

The report, which draws on data supplied by 11 leading aggregator brands for the six-month period of 1 April 2021 to 30 September 2021, found that the value of settled commercial loans written by brokers has hit its highest level yet, reaching $13.4 billion, according to the MFAA.

This was up approximately $4 billion (or 42.92 per cent) compared year-on-year.

Period-on-period, the value of commercial loans settled by mortgage brokers grew by just over $3.13 billion, or 30.46 per cent, from $10.27 to $13.4 billion.

Moreover, the number of mortgage brokers also writing commercial loans through their aggregator panel is ever increasing, reaching a new high of 5,268 in the April-September period. This was up by more than 700 brokers than in the same period last year (when it was 4,539 brokers).

Approximately 28.8 per cent of mortgage brokers now also write commercial deals through their aggregator's panel.

What loans are brokers writing?

Government packages and the low cost of debt were a recipe for success for commercial property investment, according to James Kelder, at Green Finance Group.

Queensland's recently crowned Best Finance Broker (Better Business Awards 2022) told The Adviser that many of his small-business clients "took advantage" of government assistance potentially placing them in a better position than previous years.

"Having the cash and then having cheap debt, stimulated a lot of commercial property acquiring over that period," Mr Kelder said.

He said many businesses were purchasing commercial property that they operated out of, or investing in commercial property.

"A lot of that cash is still sitting there. And debt, at least in the commercial market, is still very cheap. I think that trend will continue to play out for some time," Mr Kelder said.

And while supply constraints continue to hinder Australia's SME businesses, many have been getting their orders in for equipment and machinery in preparation for the future, according to the Commonwealth Bank of Australia.

CBA's data revealed equipment and machinery financing went up "significantly" in the first six months of the financial year 2022 compared with the same period in FY21 (up 87 per cent) and was up 86 per cent when compared with pre-pandemic FY20.

These were also largely driven by government incentives, such as the instant asset write-off, which was extended last year to continue until 2023.

Banks providing more funding

Despite the period of recovery post-pandemic, 2022 is posing its own challenges. With inflation now at 5.1 per cent and the cash rate on its upward bend, preliminary data from analytics and credit reporting company Equifax has nonetheless found that business loan applications went up in March 2022 quarter (11.2 per cent).

While there are expectations that the market might be "leveling out", the lenders are stepping up to help SMEs (and their broker partners) to access finance quickly.

For example, Mr Kelder said banks are providing more funding towards commercial property purchases than in the past. According to the finance broker, the LVR ratio, between 65-80 per cent, is a relatively "fluid concept" and borrowers can secure 100 per cent of funds when there is a "personal guarantee" or "business support".

"Some banks have used the adoption of government backed lending to help bridge that shortfall," Mr Kelder said.

Another trend that has helped brokers service business loans faster is due to the fact that many lenders are simplifying assessments, such as accepting self-declared finances and BAS statements.

Mr Kelder said a number of banks – including ANZ, CBA, NAB, Macquarie Bank , BOQ and Suncorp – have started offering simplified assessments isolated to the business itself, with quick turnaround times.

"Both NAB & CBA also have unsecured small business loans based on account turnover or BAS assessments," Mr Kelder said.

He said the benefit to borrowers is the "expedited assessment" and less red tape.

"BAS assessments provides for adoption of near term position whereas financials are static – so if the business is on a growth trend it can make attaining lending easier," Mr Kelder said.

This fast-tracked process has provided brokers with wider access to debt solutions for small business and enabled brokers to write more commercial business, too.

Why brokers are important in SME lending

In an increasingly competitive market, and with small-business owners finding their time ever more constrained, brokers are becoming more and more popular with SMEs to help them with their debt solutions.

Mr Kelder said brokers' "speed" and "expertise" in the market are particularly beneficial for SME owners, particularly as the differing terms at the lenders can be "quite considerable" for commercial lending.

"With brokers you have a direct conduit into a bank so it's much easier for a broker to make some calls and get multiple terms and banker contacts much easier," Mr Kelder said.

"You've got someone that has access to a full market solution, so not only do you get quicker turnaround times at an existing bank to find the right expertise, but then it's much easier to find competing offers and find out what the best terms are."

In a changing economic environment, brokers will be ever more important to help SMEs access finance, grow and navigate any potential bumps in the road to come. ■

TAKING CONTROL OF CASH FLOW

As the 2022 financial year comes to a close, what can small businesses do to effectively manage their cash flow moving forward?

BY SARAH SIMPKINS

Small businesses have not had it easy over the last two years. The pandemic changed everything overnight, with lockdown restrictions affecting how businesses could trade and how consumers behaved. Many chose to stay home, opt for digital services, and clamp down on their spending amid all of the uncertainty.

While the economy has rebounded, inflation has sent the costs of essential goods such as petrol soaring, compressing businesses' bottom lines. At the same time, many SMEs have reported they are struggling with labour shortages and supply chain disruptions have been exacerbated as COVID, conflicts and sanctions come to head.

Indeed, a recent study from Banjo Home Loans found 51 per cent of Australian SMEs are concerned about supply chains, while 55 per cent said inflation is the top barrier to growth.

Fold into the mix the disruption caused by a federal election, it's clear that the stress and uncertainty for small and medium enterprises (SMEs) have been ongoing.

But as Prospa chief revenue officer Beau Bertoli says, regardless of the volatile environment, small businesses have seen strong growth and they are carefully managing cash flow and passing rising costs to customers.

"As a result, business lending has accelerated and it isn't expected to slow down anytime soon," he says.

"SMEs are accessing capital to increase stock orders to manage supply chain issues, cover rising costs before passing it on to their customers, or making investments for future growth. As business owners continue to navigate through the current environment and expand their customer base, we expect capital will be required."

Another SME lender, OnDeck Australia, has already recorded a significant uptick in demand for cash-flow finance, with a 43 per cent jump in loan originations in 2022, compared to the same period last year. But chief executive Cameron Poolman says small businesses are embracing opportunities for growth, rather than managing unexpected expenses.

He also expects SMEs will invest more into IT and staff training – to take advantage of tax measures in the latest federal budget.

"The opportunity for brokers is to help deliver fast, efficient finance to those small businesses looking to go digital or upskill their teams with the help of OnDeck," Mr Poolman says.

However, many SMEs are also bracing to deal with unexpected expenses in the current environment.

Moula head of sales Sam Sfeir comments "SMEs need broker support now more than ever".

"Rising labour costs as well as many other input costs are putting pressure on cashflow in the short term," he says.

"Demand for cashflow funding has increased as a result."

Mr Sfeir also warns that SMEs will need to watch for the Australian Tax Office (ATO), as after two years of relaxing standards through the pandemic, it seems to be becoming "less lenient."

"In cases of outstanding tax debt, the ATO are reducing the frequency of providing extensions on payment arrangements and businesses require funding to pay out balances," he warns.

"FINANCE BROKERS HAVE A HUGE PART TO PLAY IN THIS ENVIRONMENT, PARTICULARLY FOR BUSINESSES"

- Nick McGrath, CEO, Moneytech

SMEs to lean on non-banks as rates rise

Recent research from Banjo Home Loans showed almost two-thirds (62 per cent) of SMEs were facing challenges in securing funding, despite 63 per cent intending to leverage finance to drive growth over the coming year.

The largest barrier was found to be the time required to obtain funding, with 23 per cent of respondents agreeing, compared to finding a suitable interest rate, for 20 per cent. Previous credit history was also noted as a significant factor, impacting 16 per cent of respondents, while the perception that loan requirements were too strict affected 18 per cent.

However, two-fifths (40 per cent) of respondents said they were opting to use bank loans as sources for finance, compared to 19 per cent choosing friends or family and 4 per cent using non-bank lenders.

Meanwhile research from OnDeck has shown that around one in four SMEs are rejected for finance by mainstream banks, while of those who do gain loan approval, 25 per cent experience delays in the lending process that negatively impact their business.

And, as Mr Bertoli reflects, studies have also estimated that around $23.9 billion in small-business loans have been declined from traditional lenders.

"Business owners have turned to traditional lenders, only to be faced with a strict lending criterion and an extensive application process," Mr Bertoli says.

"These scenarios are not ideal for a business that requires capital fast to take a hold of opportunities."

Moneytech CEO Nick McGrath explains that the rising rate environment will also make it tougher for SMEs to access credit and they will be forced to seek out alternatives in non-bank space.

"A lot of small businesses are going to have a more difficult time borrowing money from large banks," Mr McGrath says.

"I think what that's going to do, is push a lot of borrowers who would predominantly go to their main bank for financing into strong alternatives in the non-bank space, to businesses like Moneytech and others, because we have a completely different set of underwriting requirements."

The banks have flagged their intentions to sink their teeth into business lending, as fierce competition in the low-rate environment has squeezed margins in mortgages. Although their businesses have previously been dominated by home loans, there is a considerably higher margin on each loan written in commercial finance.

Mr McGrath has observed the banks becoming substantially more competitive, "really pushing down into the space that non-banks have serviced previously".

"It's definitely a more competitive landscape, with the banks in the business banking space, but I do see them having a lot tighter underwriting standards, and rising interest rates are going to make it more difficult for them to approve loans," Mr McGrath says.

"So I do think that, despite it being very competitive at the moment, I think it's going to be a great time for non-bank lenders to support SMEs moving forward.

"Banks will continue to do it. But I don't see them being as aggressive in this environment as what they have been over the last four months."

However, as the cash rate has begun to ascend, more SMEs are expected to want to access funds sooner. A recent study by YouGov found 71 per cent of business owners who require funds were planning to apply for capital sooner, to avoid higher pricing.

Businesses will be more resilient than consumers as the cash rate rises, Mr McGrath adds, but they will shop around.

"They're going to turn to their finance broker to go and look at either restructuring their existing facilities or finding alternatives. So finance brokers have a huge part to play in this environment, particularly for businesses," he says.

Similarly, Mr Bertoli says this environment "creates the perfect opportunity for brokers to expand into commercial lending, as demand continues with SMEs who have the possibility of passing on increasing operational costs."

New movements in the market

For cash-flow finance, a recent trend helping accelerate access to finance is the ability for lenders to tap into clients' accounting software. Companies are gaining access to customer data via platforms such as Xero or MYOB, instead of requiring an SME to dig through paperwork with their accountant, saving time and effort.

There has also been shift towards asset-based lending, or ABL finance – where lenders effectively aim to be a one-stop shop, offering each finance product a client needs, from equipment loans, to trade finance, property and insurance premium funding.

"What it means is that a broker only needs to deal with one lender to fulfil all of the client's product needs, as opposed going to four or five, which is really where the Australian landscape has been outside of the banks forever," Mr McGrath says.

"I do see a shift and I see some of our competitors doing the same, where they might have only done trade finance, all of a sudden they want to start doing equipment, and maybe something else. So, I do see a big shift in lenders diversifying their product offering."

Mr McGrath also predicts there will be an accompanying shift in technology, with platforms expected to pivot to requiring one application form across multiple products and to scan and analyse the data collected, to generate suggestions for other products.

For brokers, new tech has already started coming online too, with OnDeck able to provide faster turnarounds through its new credit algorithm, KOALA score, that can facilitate broker turnarounds in as little as 30 minutes with its Lightning Loan product. It is marketed as allowing businesses to access up to $150,000 in as little as two hours. ■

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^Source: RFI Australian SME banking research December 2021
Offers are subject to terms and conditions and eligibility criteria. For further details, speak to a BDM on 1300 964 808.

Small-business finance at lightning speed

Cameron Poolman, chief executive of OnDeck Australia says brokers have a key role to play in helping small businesses secure the funds they need faster

TODAY'S COMMERCIAL environment is very different from the landscape we saw last year. As the economy rebounds, demand for small-business finance is buoyant – and rapidly gaining momentum.

Already, OnDeck has recorded a 43 per cent jump in loan originations in 2022 compared to 2021. We believe this is just the beginning as the economy – and consumer lifestyles, make a welcome return to normal.

This increasing demand is not just about small businesses investing to achieve growth but also to take advantage of temporary full expensing ahead of 30 June.

The latest federal budget delivered a range of tax-supported measures that are likely to drive small-business spending especially in the areas of new IT and staff training.

The upshot is that time-poor small-business operators need the expertise of their broker to streamline and fast-track the process of securing much-needed commercial finance.

Finance in a hurry – funds when they are needed

One of the key reasons so many small businesses and their brokers turn to OnDeck for finance is that we are specialists. We only work with small business.

So, we know what the small-business community needs.

Among the chief criteria small businesses look for in a lender is a seamless application process, and rapid loan approval. In short, time is of the essence.

Yet our research confirms that small businesses and brokers can pay a surprising penalty when they approach mainstream lenders.

An OnDeck survey found one in four small businesses are rejected for finance by traditional banks. Among those that do gain loan approval, as many as 25 per cent report delays in the lending process that have negatively impacted the business.

As a fintech lender, OnDeck takes a very different approach – one that benefits both brokers and their small-business clients.

Approvals in as fast as 30 minutes

Recognising the value of speed and efficiency, OnDeck developed its own proprietary risk assessment software – The KOALA Score™ (Key Online Australian Lending Algorithm).

It means we require just six months of bank statements. From there The KOALA Score™ uses sophisticated risk management algorithms to fast-track lending decisions, often without the need to involve an underwriter.

This clever use of technology means small businesses no longer must waste time completing onerous application forms. And it is great news for brokers, who can get the deal done sooner.

Lightning Loans for up to $150k

With the backing of The KOALA Score, OnDeck can offer unsecured Lightning Loans up to $150,000.

These loans really live up to their name. Small businesses can have their loan approved in as fast as 30 minutes and have the funds they need in as fast as two hours.

More complex loans up to $250,000 can be processed as fast as one business day.

This lets small-business owners seize opportunities sooner, which helps deepen the customer relationship and generate referrals for the broker.

A new market to expand a broker's business

Not only has OnDeck eliminated the "slow no" from the small-business lending market, we are helping brokers grow their business by making small-business finance easier and faster.

It's an exceptional motivation for brokers to expand into small-business lending.

OnDeck Australia makes it easy, with the reassurance that brokers always have the full support of our experienced team of BDMs.

Cameron Poolman
CEO
OnDeck Australia

Give us 1 hour and we'll change the way you do business.

Smart brokers choose OnDeck. In 1 hour, we'll show you why.

At OnDeck, we know small business and we work fast to get your clients the solution they need, when they need it. No fuss.

With **Lightning Loans®** up to $150k, our **decisions can be made in minutes** and the funds available **in as fast as 2 hours**. And, unlike most of our competitors, we don't need any upfront security.

Give us an hour of your time, and we'll come back to you with a solution specifically tailored to your client.

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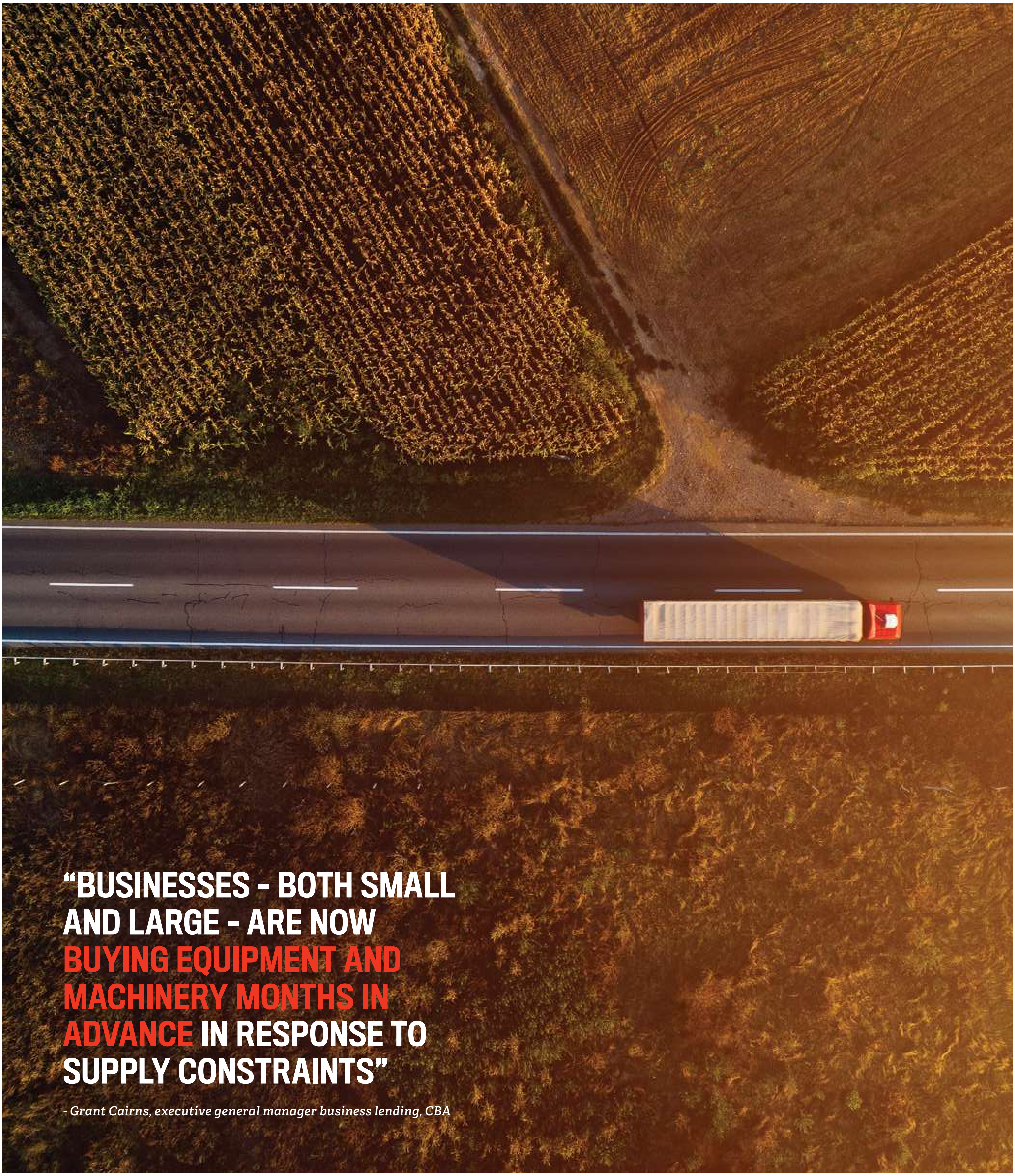
"BUSINESSES - BOTH SMALL AND LARGE - ARE NOW BUYING EQUIPMENT AND MACHINERY MONTHS IN ADVANCE IN RESPONSE TO SUPPLY CONSTRAINTS"
- Grant Cairns, executive general manager business lending, CBA

GOOD ASSETS

Recent data has suggested that asset finance is becoming increasingly sought after among small and medium-sized enterprises (SMEs), a pivot driven by the COVID-19 pandemic, low interest rates and supply chain disruptions. Sam Nichols takes a look at how this provides an opportunity for brokers

BY SAM NICHOLS

With restrictions lifted and retail spending at record highs, businesses have been fast looking to embrace the spending spree by bringing in new stock and new machinery. As the end of the financial year fast approaches, and SMEs look at taking advantage of tax write-offs and ramp up for the new financial year, asset finance is a booming market.

Speaking to Adviser in January, Grow Finance's co-chief executive David Verschoor predicted that, following the omicron variant, more companies would "start to look at investing in capital assets like trucks and cranes and cars" – assets that would particularly benefit the growing demand for delivery trucks and logistics, as well as construction.

In March of this year, the Commonwealth Bank published data that explored emerging trends in small and medium-sized enterprise (SME) lending. It noted that, following lockdowns and supply chain disruptions, the demand for asset finance grew by 87 per cent during the first half of the 2022 financial year compared to the same period during FY21, and by 86 per cent period-to-period over the FY20.

"Businesses – both small and large – are now buying equipment and machinery months in advance in response to supply constraints," Commonwealth Bank executive general manager business lending Grant Cairns said in a public statement at the time. Further data released by Commonwealth Bank in April noted that asset lending increased by 20 per cent during FY21.

This bounce upwards has been accelerated by the range of asset finance initiatives and tax write-offs launched by the federal government over COVID-19.

Key among them is the instant asset write-off scheme, which allows businesses with annual turnover or total income less than $5 billion to be able to instantly write off the cost of purchasing new capital items, helping businesses fund new purchases and investments in their growth. The scheme was extended and expanded by the government once the pandemic hit. It now allows up to $150,000 of asset expenditure for businesses earning less than $500 million in revenue – and is scheduled to continue to mid-next year.

As we enter a new rate environment, it is expected that many borrowers (whether SMEs or consumers) will swarm to take advantage of lower rates, while they still can.

Pepper Money's general manager, asset finance Ken Spellacy, tells The Adviser: "Now, in particular, I would suggest we're now facing a rising interest rate environment, and if [a borrower is] looking and thinking about purchasing an asset, whether it be a car or something for the business, now's the time to do it, because interest rates will rise.

"Locking that purchasing now also gives you surety for your cash flow… for a business with your cash flow purposes, you're looking at commitment in and knowing what that's going to cost you going forward."

Mr Spellacy adds that while this sugar rush will fade, and asset finance will "definitely come back to more of a norm", he doesn't believe that the demand for asset finance will fade in the near future.

"I think supply issues and the like are still going to be with us well into next year," he says.

"And so I do believe there is still some pent up demand for various assets across the market. I still believe that there'll be lots of businesses looking to continue to grow their business, they're going to need assets to help them with that endeavour that that need doesn't go away. Even with interest rates rising.

"It just changes the structure or the amount of finance that they're looking to acquire but the needs will still be there."

Mr Spellacy therefore suggests that brokers should consider focusing further on the asset finance space, if they aren't already.

"If we're looking at the mortgage broker space, I think it's important for [brokers] to be diversifying their own portfolio," Mr Spellacy says.

"Rather than selling one product and being reliant on one product, they can talk to their customers about more generally what their needs are."

Significant potential

Aside from delivering mortgage brokers a new revenue stream (particularly as the housing market appears to be cooling from its peak), the benefits of writing and offering asset finance also include stronger client retention.

Michael Moloney, the general manager of Resimac Asset Finance, explains: "Think of a self-employed customer looking to buy a new home. A broker with mortgage and asset finance accreditations, qualifications and experience isn't limited to only helping arrange the residential mortgage – they can also offer support when their customer wants to upgrade their family vehicle or finance business assets.

"Overall, being able to offer a suite of financial products allows brokers to retain clients by offering them financial solutions for a range of assets throughout the customer lifecycle."

According to Mr Moloney, by broadening their knowledge to cover asset finance can also help attract new customers, too.

Alex Brgudac, the chief revenue officer of SME lending platform Nodifi, agrees, stating: "The average broker can reasonably expect an annual revenue increase of up to 50 per cent if they adopt some simple marketing and process changes within their current business model to capture asset finance opportunities, amongst other product offerings such as small business loans.

"We know that 80 per cent of customers who complete a mortgage transaction are considering asset finance within nine months of settling their mortgage."

One of the challenges rearing its head in asset finance at the moment, however, is being able to move quickly enough to secure an asset before it is snapped up by someone else. For vehicles, in particular, there's been a surge of businesses looking to purchase electric vehicles, as petrol prices surge, but stock is moving quickly.

"This means that when a customer finds an asset, they need to move quickly so they can secure it," Mr Moloney says.

However, he notes that asset finance does not require extensive upskilling, so brokers can take advantage of this boom very quickly.

"Mortgage brokers are already halfway there when it comes to writing asset finance, as the fundamentals are the same as for residential property," he notes.

"Mortgage brokers are experts in understanding their customers' scenarios and needs, and in helping develop sustainable financial solutions, and these skills are transferable to asset finance."

Mr Brugdac likewise emphasised that a raft of support is available to brokers wishing to write asset finance for the first time.

"Most brokers would already be familiar with basic principles of taking an application and the requirements for accessing forms of credit," the Nodifi CRO explains.

"The challenge – or the perceived challenge – in writing asset finance typically revolves around product knowledge and determining suitable lenders. However, there's a raft of support on offer.

"Speaking to your aggregator is a great option as they can provide scenario support in addition to discussing suitable lenders."

He adds that another pathway is embracing digital tools and platforms, too.

"Leveraging technology such as loan origination platforms and quoting tools can also provide guidance in terms of available products and way to submit applications," he says.

Mr Brugdac notes that there is a necessity in brokers considering its potential, particularly in this current climate.

"The importance of having diversified income has been heightened in particular through the pandemic," Mr Brugac explains, "where it highlighted the necessity for business owners to consider immediate changes to business models, service, and offerings in order to remain buoyant."

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TAKING OFF WITH TECH

Writing SME finance for the first time can open up a huge array of opportunities to brokers – but along with opportunities come a large number of new lenders and credit policies. Getting across them all can be time-consuming, but many tech platforms have been built to help brokers navigate this growing arena. Kate Aubrey explores more

BY KATE AUBREY

As small to medium businesses are arguably the lifeblood of the economy, banks want to ensure finance and growth are stimulated and achieved, particularly post-COVID as many recover from two years of uncertainty.

Thus, despite the challenges posed by lockdowns, low interest rates and government stimulus drove the business lending landscape to sustain growth throughout the pandemic, with the Australian Bureau of Statistics (ABS) reporting investor loans had grown for 12 consecutive months prior to October 2021.

With the end of low interest rates now upon us, the uncertainty over future lending makes it more critical for brokers to diversify into SME lending to protect and grow Australian businesses.

Of the 2.4 million businesses in Australia, the majority (2.35 million or 98 per cent) are small businesses, according to the Australian Banking Association, bolstering a huge opportunity for brokers.

Diversifying into SME lending gives brokers the benefit of rapid turnaround times in commission; without the formal settlement period that applies to residential mortgages, SME loans tend to settle in a few days rather than weeks.

But with the variety of business loans available and ever-changing lender policies, moving into SME lending may take brokers outside their comfort zone. And it can be an equally frustrating scenario for lenders fielding calls for products that aren't aligned with their product criteria.

The good news is that, it is not necessary to have extensive experience in SME lending practices to successfully grow a revenue stream.

In recent history, a number of tech platforms have emerged offering centralised services for lenders that are geared towards residential brokers wanting to diversify their portfolio, or expert financial consultants seeking new lenders on the market.

Brands such as idutch, Nodifi, Lend, Earlypay, Shift, and more are a godsend to brokers who are new to writing SME loans, as they remove the barriers to business funding by enabling access to an extensive portfolio of commercial finance products.

The platforms help identify where the client will be serviced and provide BDM support to ensure the broker knows where the ideal fit is, saving brokers valuable time and resources.

The centralised tech platforms achieve their results by scouring thousands of products across multiple lenders to produce aligned solutions in seconds.

What kind of loans do they offer?

The benefit of SME finance platforms is that they can provide access to a vast range of lenders and products.

Some popular lending products that these platforms are currently seeing brokers use include:

- Unsecured business loans
- Secured business loans
- Asset finance
- Line of credit/overdraft
- Trade finance
- Invoice finance
- Non-bank lending (specialist lending)


"THIS SPEED TO MARKET, ALONG WITH BETTER PRICED FACILITIES, HAVE MADE FINTECHS A VERY VIABLE OPTION WHEN PROVIDING SMES WITH LOANS"
- *Abhishek Maharaj, broker, Winquote SME Finance*

On the back of COVID, broker Abhishek Maharaj at Winquote SME Finance said there had been a "large growth" in the unsecured cash-flow space, exacerbated by traditional lenders moving away from unsecured lending.

Many of the fintech lenders are unknown to borrowers, and therefore having a tech platform that can showcase many fintech or private lenders in one space can be beneficial.

"Usually these fintech lenders have provided an efficient solution where clients receive their funds within 48 hours of applying for a loan. This speed to market, along with better priced facilities, have made fintechs a very viable option when providing SMEs with loans," Mr Maharaj said.

"[They] have also improved their product suite to include finance for business acquisitions – making them even more relevant in the expansion phase of the business life cycle."

Given the emergence of boutique private lenders and fintech, Mr Maharaj said SMEs also want to know they are getting a "competitive product".

"With the tech platforms providing [brokers] with comparable solutions within a matter of days (sometimes hours), our research time is next to nothing," Mr Maharaj said.

"This is a win-win for the customer and broker as clients get their solution they are seeking quicker and brokers have their product search finalised cutting out their research time."

How do they work?

Private lending fintech idutch's general manager Haim Oziel said brokers input a high-level scenario – such as the loan amount, the term and the security, as well as a brief description about the purpose of the funds and the exit – into idutch's platform.

"From here, brokers run an idutch smart match to generate a list of lenders that have an appetite for the deal, and send it to them through the portal," Mr Oziel said.

"idutch manage the lender responses and present the most suitable options to the broker.

"This tech-enabled solution puts alternative lenders in a competitive furnace where they are encouraged to present their best offer, and allows the broker to efficiently and reliably source the best alternative finance solution for their client."

The private lender provides brokers access to alternative finance between $500,000 to $250 million for settlements, refinances and construction, often on riskier deals that may not otherwise be serviced.

As SME lending can often involve complex and relatively strict thresholds, Mr Oziel explained the platform can help put the brokers' deal ahead of a group of alternative commercial lenders.

"[It] can offer a more flexible, all rounded commercial solution for SME borrowers who struggle to meet the banks' lending criteria," Mr Oziel said.

Victoria-based finance broker Grant Rheuben from Rheuben & Associates said the fintech platform helped secure a $24 million loan for a developer.

"The issue we had, prior to using idutch, was that we didn't have someone who could fund $24 million. After idutch gave me access to the private lender, within 10 business days the loan was funded," Mr Rheuben said.

"As a broker in 20 years, I have never ever seen anything like it. My client was blown away, and I was seen as a trusted advisor."

Supporting brokers

Similarly, SME finance platform Lend.com.au (Lend) – a data-driven decision engine that matches scenarios to lenders – launched its broker platform in 2019 to save brokers time and effort by instantly providing the finance broker with suitable lenders for their client's business (based on the business profile).

Head of asset finance at SME platform Lend, Andrew Moulds, said its centralised platform also provides brokers peace of mind through an automated credit score check.

"We have things like a lend scorer, where we score the profile of the client for the broker to make it easy for them to understand how good that client is from a borrowing perspective," Mr Moulds said.

The system uses integrated bank statement analysis, Equifax and credit watch reports, to help brokers get through the process more easily, too.

He noted that some mortgage brokers who make the move from residential lending to SME lending can find the transition "quite daunting" and fintechs such as Lend are there to help "guide the broker through the journey".

"There's so many different products in commercial lending. [And] there's such a diversity in terms of numbers of lenders," Mr Moulds said.

"We focus our technology on doing the heavy lifting for the broker by helping them match their client to the appropriate lender. And we do that by working really closely with the lenders to ensure that we have a really good level of depth and detail about their policy and pricing."

But while these SME tech platforms can help the less-experienced broker, it's also tailored to suit finance brokers.

"From an established broker's point of view, lender policies and the number of lenders in the market changes almost on a weekly basis at the moment," Mr Moulds said.

"Platforms like Lend, enable those brokers to spend more time with their clients, and less time trying to find the right contact for a BDM.

"So for established commercial brokers or finance brokers… we're allowing them to increase productivity for our asset product, we show them the rates and commissions available so there's opportunity to identify potential income."

With access to multiple products, Mr Moulds said the technological solution also allows brokers to scale their business.

"[Brokers] can potentially put on additional staff and know that those staff can become more productive more quickly," he said. ■

Thinktank..

Trends and changes now and into the future

Peter Vala, Thinktank general manager partnerships & distribution, speaks about trends, changes/updates brokers should know and be prepared for now and in the year ahead

1. What key trends are you seeing at the moment that brokers should know about?
Following the past two years of varying economic and market conditions brought about by intermittent lockdowns and changing ways of doing business, borrowers are looking to minimise loan repayments and ensure maximum free cash flow is constantly available. This will be only accentuated with the rise in interest rates. Restructuring of debt may therefore be a priority for many to reduce finance costs, but potentially also to release equity for further property purchases or capital injection into an operating business. This presents an opportunity for brokers to work closely with a lender such as Thinktank to explore refinance and equity release solutions for their clients.

2. What do you think the next big trend will be in the broker space? How should brokers prepare/monopolise on it?
With interest rates now rising for an extended period, brokers need to prepare borrowers for these increases. This includes forecasting future capital needs and putting in place various measures to protect and strengthen client cash flow. Thinktank's relationship managers (RMs) have the knowledge, expertise and resources to help a broker workshop these solutions.

3. What innovations have you rolled out to the broker channel recently?
The impacts of the pandemic have highlighted how historical financial statements may not truly reflect a customer's current trading position. Not surprisingly, the demand for our Mid Doc alternate income verification product has significantly increased, given all that is required is a self-certified income declaration and one other form of support.

In light of these developments, and to meet ongoing broker requests, we have increased our commercial Mid Doc loans to $4 million per single security in addition to providing extended LVRs of 80 per cent and above for the right transaction. The $4 million limit per security item also applies to commercial SMSF and Full Doc commercial loans in addition to providing extended LVRs of 80 per cent and above for the right transaction.

In a similar vein, our maximum loan amounts for residential loans have increased with reduced risk fees also in effect on new borrowings.

4. How have you been supporting brokers?
Our relationship manager model was created to fully support a broker's business. Our RMs are there not only for the workshopping and advocacy of loan applications, but to also identify and explore new and emerging marketing opportunities to assist brokers to grow their business. As we are a pure broker distribution channel with no direct-to-market offering, a broker can have total confidence in Thinktank, especially when teaming with us in presenting to referral partners.

Our objective is to create bespoke and valuable content that will enrich a referral partner's knowledge base and increase the likelihood of referral business back to the originating broker. Our focus is on adding value wherever we can and removing stress and uncertainty from the finance process.

5. What other updates/changes can broker partners expect from you this year?
We expect our commercial offerings to broaden further over the coming months with an increase in maximum loan sizes and types of facilities on offer. We will also commence a Commercial SMSF 201 course for the next level of SMSF understanding, along with introducing some unique solutions to the market.

Peter Vala
general manager partnerships & distribution
Thinktank

Moula

COMPANY SPOTLIGHT

GEARING UP FOR GROWTH

Sam Sfeir, head of sales, explains how Moula supports brokers and growing Australian businesses

Q. When did you start working with the broker channel and why?

I have worked in financial services throughout my career, starting with Macquarie Bank in 2009. The channel of distribution in that role at the time was solely through brokers.

From the very beginning, I understood the important role brokers play in the Australian market to assist SMEs to access suitable funding.

Q. Why is a strong broker channel important to you?

SME clients need their broker's support now more than ever. The last two years have been very challenging, particularly for many SMEs that had to navigate through a very uncertain business landscape. There is a lot more optimism in the post-COVID environment and brokers will play a big part in helping them seize new opportunities.

Q. What is your top priority for the broker channel at the moment?

Customers want faster decisions, on-demand service, and more flexible ways to access capital to grow their business.

We continue to innovate and speed up loan turnarounds through our credit decisioning engine, HECTOR. Built in-house, HECTOR has been specifically trained and tailored to understanding Australian SMEs, which helps us make more accurate lending decisions, faster. Our model represents a step change in credit and underwriting, where we not only empower businesses to use their data as an asset, but through artificial intelligence and machine learning, we rapidly accelerate access to capital.

With HECTOR in place, we've gained the flexibility to implement

new rules into our underwriting at a much faster speed, and regularly communicate these updates to our broker network. This means increased efficiency, decision speed, and most importantly, an enhanced customer experience for brokers and their clients.

Q. What kind of tools and support do you offer brokers? And how do brokers access them?

We have an experienced and enthusiastic BDM team that is active in the marketplace, attending industry events, hosting broker events, and available and interested in supporting all of the brokers in their networks.

We have a comprehensive suite of educational material and tools. We send out weekly good business deals, highlighting opportunities and considerations behind recent funding decisions. These have become a key broker resource, complementing our partner portal that hosts underwriting and referral tools, shareable content and our business loan calculator, a pricing tool that brokers can use to download a sample repayment schedule.

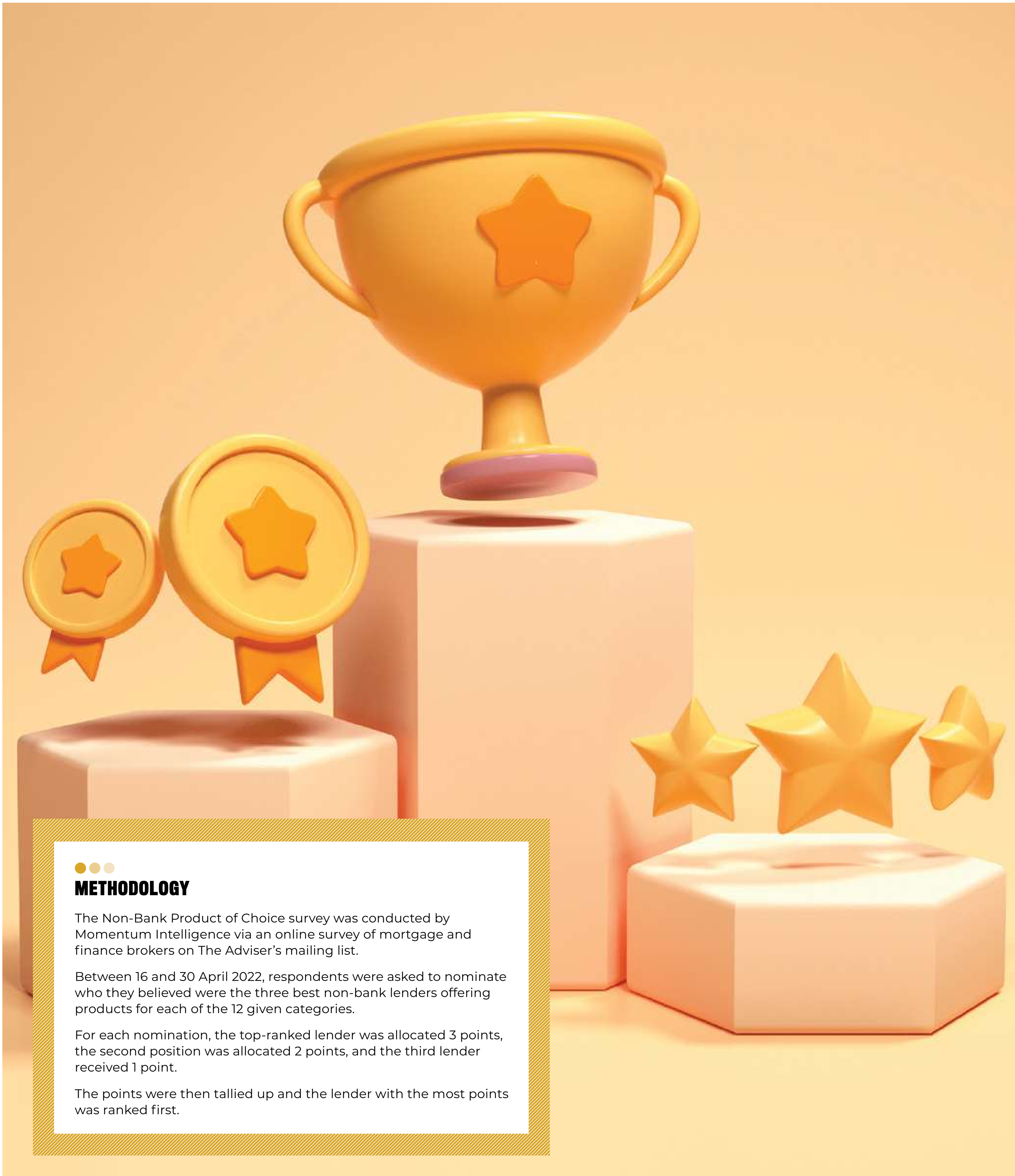
We launched these initiatives to instil confidence in brokers looking to diversify into commercial finance, and for experienced commercial brokers to promote their services to their client base.

Q. Why should a broker look to partner with you?

SMEs are the backbone of our economy, and we are focused on ensuring that Australian businesses are good to grow. Commercial lending is at the heart of our business. We launched our unsecured business loans back in 2013, and it remains our main focus.

We understand the value that our broker partners provide to SMEs and are focused on providing the tools and support that brokers need to best serve their clients. ■

Sam Sfeir
head of sales
Moula



METHODOLOGY

The Non-Bank Product of Choice survey was conducted by Momentum Intelligence via an online survey of mortgage and finance brokers on The Adviser's mailing list.

Between 16 and 30 April 2022, respondents were asked to nominate who they believed were the three best non-bank lenders offering products for each of the 12 given categories.

For each nomination, the top-ranked lender was allocated 3 points, the second position was allocated 2 points, and the third lender received 1 point.

The points were then tallied up and the lender with the most points was ranked first.

SPOILED FOR CHOICE

While many non-bank lenders started as specialists servicing specific niches, they have been busy building on their successes and widening their reach. Annie Kane takes a look at the findings of the Product of Choice: Non-Banks survey to understand which non-banks brokers are turning to for particular products

BY ANNIE KANE

Which non-banks have the best products for your clients? To find out, we asked Momentum Intelligence to survey brokers about the non-bank lenders they most favour for different client needs, across both residential and business loans.

The 2022 Product of Choice: Non-Banks Survey polled brokers from across the industry over April, asking them to evaluate and rank non-bank lender products.

This year's survey asked brokers to rank non-bank lenders across 12 different product categories:

- Prime owner-occupied loans
- Near-prime loans
- Investor loans
- Specialist loans
- Personal loans
- Short-term loans
- SME loans over $250k
- SME loans under $250k
- SMSF loans
- Commercial mortgages
- Debtor finance loans
- Equipment and asset finance loans

Once again, the results revealed that non-banks have evolved from being just specialists of one particular area and are increasingly expanding their wings into new areas and delighting customers across multiple segments.

Pepper was once again ranked particularly well by brokers, taking out the first position across three product segments this year: near-prime loans; investor loans; and equipment/asset finance.

Resimac held onto its top title as the non-bank lender with the best prime owner-occupied loans for the third year in a row, and also was named the lender with the leading specialist loan products.

Liberty Financial was named the non-bank with the best SME loans over $250,000, while La Trobe Financial topped the ranking for commercial mortgages (up from its second spot placement last year).

For self-managed super fund loans (SMSF loans), brokers voted mortgage management company Mortgage Ezy as the leading player.

Personal lender Latitude cinched the title as the non-bank with best personal loan products, holding onto its long-held title as the personal loan non-bank of choice for the third-party channel.

SME lenders were also highly rated this year; Prospa was celebrated for its short-term loans and SME loans under $250,000; and ScotPac was found to be the lender with the best debtor finance products.

In the following pages, we catch up with the top-ranked non-bank lenders from each category to find out what they believe makes their products so popular with brokers.

Q&A

Mario Rehayem
CEO

PEPPER MONEY

1st place: Near-Prime Loans, Investor Loans, and Equipment and Asset Finance Loans

Mario Rehayem, chief executive of Pepper Money, outlines how Pepper has been delighting brokers with its growing range of lending products

Q. What do you think makes your products so popular with brokers?

Catering to a shifting market requires flexibility, innovative products, and experience in understanding each applicant's individual circumstances. Which is why over the last 22 years that we've been in business, we have tried, tested, and evolved our products and processes to ensure that we're providing the best possible outcome for brokers and their customers; and we've done this through invaluable broker and customer feedback so we're incredibly pleased with the positive response on these solutions with these wins.

While Pepper Money's success is underpinned by our strong credit policy, it's thanks to our focus on technology, effective BDM support, product diversification, and brand recognition we've been able to equip brokers with the right tools and knowledge to help more customers succeed.

Additionally, our transparency with credit and market-leading SLAs across all products allows us to differentiate ourselves from other lenders. We know that consistency and speed to provide a credit decision are critical for brokers now more than ever, as it allows them to confidently recommend a particular lender, knowing their customer will get a swift and suitable outcome.

So, when you deal with Pepper Money – whether it is for a home loan, commercial loan or asset finance – you have a higher probability of conversion because of our credit policies. So, for our brokers, that means you get the best use of that customer's time and maximise your time spent by getting the deal through.

We've got very strong alliances with our brokers because they trust the brand and I'm pleased that we've earnt that trust for over two decades. There's transparency, and brokers trust Pepper Money to get the deal done.

Q. What are the main benefits of these products to borrowers?

Pepper Money's product range has expanded from a focus on non-conforming loans to now offering a diverse suite of prime, near prime, and specialist loans. Our diverse products across home loans, commercial, and asset finance are flexible to meet customers' real-life circumstances.

- First home buyers with gifted deposits, or those looking to buy their first investment property
- Self-employed borrowers who have newly established (six months' ABN) or growing businesses, who are seeking to release equity, improve cash flow or purchase commercial assets
- First-time and professional investors, with no limit on the number of properties an investor can purchase
- Customers looking to consolidate their debts to get back on track, improve cash flow or release equity
- Customers who have experienced a life event that caused disruptions to their income or credit history
- A wide set of loan options for assets including new and used cars, electric vehicles, motorcycles, caravans, boats, commercial vehicles, machinery, office equipment or renewable energy solutions

We're coming out with exciting products, we're coming out with exciting technology – it's all designed around giving the brokers the ability to serve customers faster, better, and freeing up more voids in the market.

Pepper Money Shout Out Awards.

Know someone deserving? Nominate today and check out Insights Live to see the winners.

Helping each other out is the No 1 difference we can make. We want to get behind that and say thanks. If someone has helped customers or the community in any way, big or small, then we'd love to hear about it.

Nominate someone for a Pepper Money shout out, and we'll do the rest.

Shoutout.pepper.com.au/broker

peppermoney

Real Life Difference

Terms and conditions and eligibility criteria apply. Pepper Money Shout Out Campaign nominations must be received by 30 June 2022. For more information go to shoutout.pepper.com.au/broker/termts-and-conditions.

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Q&A

Chris Paterson

general manager, distribution

RESIMAC

1st place: Prime Owner-Occupied Loans, Specialist Loans

Resimac's general manager of distribution, Chris Paterson, outlines what makes the lender's prime owner-occupier loans and specialist loans so attractive to brokers and their clients

Q. What do you think makes your products so popular with brokers?

To pick up two awards for both Prime and Specialist products is a reflection of the diverse product range we have in place at Resimac, which is backed by our strong funding program.

We know brokers value having access to our competitive products that compete with the banks and provide their customers with several options.

Recent research we conducted confirms that broker customers are more informed when it comes to understanding mortgage products and are more engaged in the application process (compared to direct-to-lender customers). While low rates are important, just as important is finding a product that suits their requirements and objectives.

This is one of the reasons our products are favoured by brokers: they're quality products that appeal to the more complex needs and preferences of their customers. All our products, from prime to specialist, and full doc through to alt doc, are sharply priced with rates based on security, not purpose. They also offer key features that you'd expect from some of the more expensive mortgage products, such as offset accounts, split loan options, redraw facilities and loan access cards.

Q. What are the main benefits of these products to borrowers?

Our Prime Owner-Occupied products are designed to suit brokers' customers who are looking for competitive rates. Across the LVR bands, we can offer a quick solution, with products that have all the key features a customer would expect from a quality prime product, plus funds may also be used for business purposes and as cashout, as well as purchase and refinance.

Within our Prime product suite, we also offer variants to cater for different customer needs. For those who focus on low rates, our Prime Flex product suites, or for customers who have as little as a 5 per cent deposit (and it doesn't have to be genuine savings, so monetary gifts from the Bank of Mum and Dad are accepted), there's our Prime Non-Gen 95 product.

As for our Specialist products, we know life happens – circumstances can and will change, with life events that are often out of the customer's control. Someone may have had health issues or have gone through a divorce, but that doesn't mean they're bad with their finances. In instances like this, and where they're on the road to financial recovering, we have Specialist products that cater for people in these situations. For starters, minor credit events such as current defaults under $2,000 or defaults paid over 12 months ago, don't impact an applicant's eligibility. Funds can also be used for a variety of purposes, and because we price based on the security used for the loan rather than the loan purpose, customers have an opportunity to take advantage of lower interest rates.

For the variety of customers that walk through your door... **think Resimac**

Whether your customer is an employee, self-employed or recovering from a financial setback. No matter if they're looking to buy or refinance, invest in their business, consolidate debt (even tax debt), get cash out, invest in something other than property, or for any other worthwhile purpose. Resimac has a range of mortgage-based solutions* that could suit their needs and circumstances. Plus our interest rates are always great, as they're based on security not purpose.

Our BDMs and Relationship Managers would love to discuss your customer's scenario with you.

To find out more about our products, visit **broker.resimac.com.au**

resimac

*Not all Resimac products suit all customers and their needs. We offer different products to suit different customer situations, objectives and needs. Terms, condition, limits, exclusions and criteria applies. View product specifications and information at broker.resimac.com.au. Resimac Group Ltd. ABN 55 095 034 003. Australian Credit Licence 247829.

Q&A

Roberto Sanz
national sales manager

PROSPA

1st place: Short-Term Loans and SME Loans Under $250k

With Prospa taking out two top spots this year, we catch up with Roberto Sanz, Prospa's national sales manager, to find out what's been driving the business lender's success

Q. What do you think makes your products so popular with brokers?
We are grateful brokers recognise our efforts to offer market-leading products for small businesses and that they seek to advocate our products to their clients.

At Prospa, we have established strong and supportive relationships between our team of lending specialists and partners to design the right funding solutions for their small-business clients.

We've focused on making our products flexible, fast and simple to access for brokers and their clients, whilst ensuring our partners have the option to be involved as much or as little as they choose. The service provided by our team ensures their clients are in safe hands as we walk them through our simple application process to access funds, often within 24 hours.

The team has also taken our partners along on our journey as a fast-growing company. We regularly sought feedback to further refine, improve and build new products to ensure what we offer meets the needs of all parties. This process has resulted in us expanding our products and tailoring our services for Prospa Plus Business Loans, which launched across Australia and New Zealand in October 2021, offering funds of up to $500,000 with direct access to our credit specialists and provisions of quotations prior to credit checks.

With our customer-centric ethos, we will continue to keep our finger on the pulse to ensure the funding solutions we offer stand out from the rest of the market for our partners and their clients.

Q. What are the main benefits of these products to borrowers?
Prospa combines technology with personalised service to provide small businesses with flexible short-term funding products.

Our business lending specialists take the time to understand each small-business client and provide tailored solutions to address their cash-flow needs. This ensures customers feel confident that they are working with a lender that truly understands the uniqueness of their business and can provide a solution that is right for their business. This is, in part due to the investments, we've made in our technology, particularly our credit decision engine that analyses applications fast and makes funding possible in as little as 24 hours.

Once funds have been approved and made available, customers enjoy flexible repayment options that work with their business cash flow.

We know we provide funding solutions that keep small businesses moving. It is the experience of borrowing from Prospa that sets us apart and that is why we've been able to achieve an NPS of +80.

prospa

Award-winning business loans for small businesses

Prospa offers award-winning business loans under $250K designed for SME clients who seek flexible features and fast decisions.

Simple Application

- Minimum 6 months trading history
- Fast application with an active ABN, business bank account statements & driver licence details
- No asset security required upfront to access Prospa funding up to $150K
- Quick decisions, so they know where they stand
- Flexible daily, weekly or fortnightly repayments of terms up to 36 months
- Early payout discount available

Help keep your SME clients moving with Prospa's award-winning small business loans. Speak to one of our BDMs today on 1300 964 808.

SME LOANS UNDER $250K
TheAdviser
RANKED
FIRST
2022
BROKER PRODUCT OF CHOICE REPORT

Learn more:

prospa.com/partners

Eligibility and approval is subject to standard credit assessment and not all amounts, term lengths or rates will be available to all applicants. Fees, terms and conditions apply. Australian credit licence 454782.

Natasha Riddell
general manager broker & partnerships

Cory Bannister
senior vice-president and chief lending officer

LATITUDE

1st place: Personal Loans

Once again, Latitude was ranked as the non-bank lender with the best personal loan products by brokers. Natasha Riddell, Latitude's general manager broker & partnerships, outlines why their products are so popular

Q. Why do you think Latitude's personal loans are so popular with the broker channel?

At Latitude, we are about relationships. We engage with our aggregation partners and brokers clearly and in a straightforward way, giving them confidence that they are partnered with a trusted lender that can help them grow. We listen, take on feedback and work together to improve the experience for our brokers and customers.

We have one of the largest and most knowledgeable relationship management teams in Australia, supported by a business that values brokers, so we can provide tailored support and really deliver results for our partners.

Q. What are the main benefits of this product for borrowers?

Our personal loans are flexible so we can meet all customers' specific needs, which can be everything from paying for home renovations, medical and dental costs, motor vehicle, debt consolidation or covering stamp duty and other fees associated with buying a home.

Our loans can be secured or unsecured, we can tailor fixed rates and our secured loans allow the customer to refinance multiple loans in one with a discounted rate.

Our mobile app also means our customers can stay up to date and view balances, loan terms, interest rates and more at their convenience.

"WE ARE ABOUT RELATIONSHIPS"

LA TROBE FINANCIAL

1st place: Commercial Mortgages

Rising up the ranks for its commercial loan products is La Trobe Financial, whose senior vice-president and chief lending officer, Cory Bannister, says is testament to the strong underwriting team

Q. What do you think makes your commercial products so popular with brokers?

La Trobe Financial has been helping brokers with specialised lending for seven decades and in the past couple of years has seen substantial increase in commercial lending – particularly for development finance. As such, it is no surprise that, when brokers need the extra support to navigate commercial loans, they come to La Trobe Financial.

We help brokers explore new opportunities with Australia's broadest range of loans. That means brokers can take advantage of an incredibly wide range of solutions for their clients. We can do this with confidence thanks to the deep level of expertise each of our people has to support their borrowers.

Our 140-strong underwriting team is helping brokers grow their businesses by supporting them in certain situations or with products they're less familiar with.

La Trobe Financial does this with a highly personalised relationship service model to support brokers that also finds opportunities and solutions that new-to-commercial brokers may not yet have capitalised on.

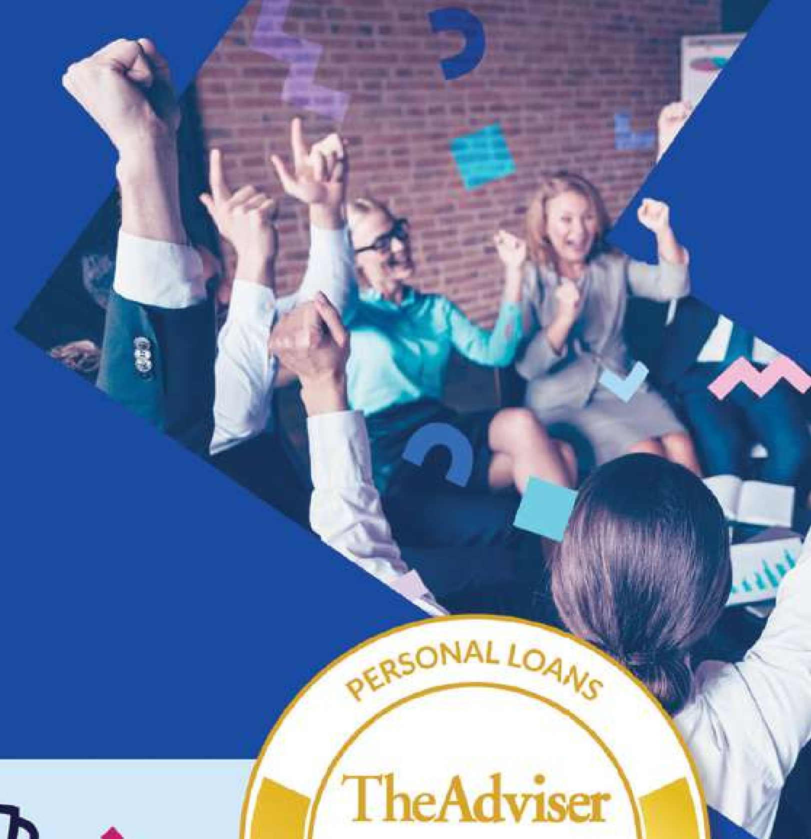
This distinction means brokers can lean on an experienced, informed and responsive team that knows exactly how to get them the outcomes they require. Thanks to the strong relationships developed with brokers, it is evident that brokers see La Trobe Financial as a partner, so commissions are therefore paid without the risk of clawback.

Q. What are the main benefits of this product to borrowers?

Through La Trobe Financial's commercial lending, borrowers can make confident decisions because of the responsive service they're getting from a team that provides the answers they need, in the time they need it.

This is most appreciated by underserved borrowers whom La Trobe Financial helps with personalised service, which automated underwriters simply can't help with. La Trobe Financial underwriters go the extra yard with credit assessment techniques to appropriately assess lending. Then, when borrowers experience La Trobe Financial's service, it's simple.

LATITUDE



PERSONAL LOANS
TheAdviser
RANKED
FIRST
2021
BROKER PRODUCT OF CHOICE REPORT

Voted #1

NON-BANK LENDER – PERSONAL LOANS

Voted #1

FOR THREE YEARS IN A ROW

Thanks for helping us get to #1

We've been supporting brokers for over 15 years, and are very proud to be your partner.

www.latitudefinancial.com.au/brokers

Credit provided by Latitude Personal Finance Pty Ltd ABN 54 008 443 810 Australian Credit Licence Number 392163 and Latitude Automotive Financial Services ABN 80 004 187 419 Australian Credit Licence Number 392178 trading as Latitude Financial Services

John Mohnacheff
group sales manager

LIBERTY

1st place: SME Loans Over $250k

Speaking to The Adviser, John Mohnacheff, Liberty's group sales manager, outlines how the non-bank has been helping find more solutions for those outside of traditional lending criteria

Q. What do you think makes your SME loans so popular with brokers?

We have a proud history of helping borrowers who don't fit rigid traditional lending criteria – and supporting small businesses is a critical part of that. We understand the unique needs of business owners, and tailor our solutions to even the most complex scenarios. With a broad range of flexible options, our free-thinking SME loans can help Australian businesses secure the finance they need.

With more than two decades of experience in specialist lending, Liberty understands that SME customers often require significantly faster access to funds than your typical mortgage customer. As such, we take care to deliver fast turnaround times on our SME loan applications to help ensure our business partners can provide a delightful customer experience.

Q. What are the main benefits of this product to borrowers?

Faced with continued uncertainty, small-business borrowers are seeking more flexible financial support. At Liberty, the personalisation of our solutions is what really benefits borrowers. As well as broader LVRs, we offer a range of business solutions to help borrowers in a variety of situations access funds to keep their business moving forward.

We assess each application on a case-by-case basis, taking time to understand the needs of each customer. Whether a borrower has historical credit issues, lacks the typical documentation, or simply prefers to do things differently, together with brokers we help customers find their best fit.

"WE TAKE CARE TO DELIVER FAST TURNAROUND TIMES"

Peter James
CEO

MORTGAGE EZY

1st place: SMSF Loans

Peter James, the CEO of Mortgage Ezy, details what he thinks the secrets to success are for the lender's SMSF products

Q. What do you think makes your products so popular with brokers?

Mortgage Ezy is renowned for filling the gaps in lending the banks leave behind and brokers have long been voting with their feet choosing to bring their clients to Mortgage Ezy because they know that we offer a personalised service, treating each applicant as an individual not just as a number as the banks are apt to do.

Now with CBA and ANZ competing even more with brokers for prime loans by launching their own digital mortgage divisions, specialty lending now, more than ever, provides unique opportunities for brokers to diversify and strengthen their overall business.

We are continually committed to providing a one-stop shop for wholesale lending as we specialise in saying yes to those sometimes tricky SMSF, expat, commercial or other loans that don't fit into the "cookie cutter" policy of most other lenders.

Q. What are the main benefits of the SMSF product to borrowers?

With banks pulling out of the SMSF space, Mortgage Ezy has become the "go-to lender" for SMSF loans, both for purchasers and refinances.

With many clients stuck paying [interest rates in the] 6s or 7s, previously unaware that they could refinance to a much better solution at rates as low as 3.59 per cent, it's no wonder Mortgage Ezy is so popular.

Incorporating great features such as 100 per cent offset, cashback and express refinance (also known as simple switch) is the icing on the cake. The good news is that the lower the LVR the cheaper the rate and as Mortgage Ezy regularly conducts fortnightly webinars and customised training it's easy to get upskilled in SMSF products. Too Ezy!

"WE OFFER A PERSONALISED SERVICE"

Liberty
FREE-THINKING **LOANS**

Make a date to consolidate

Looking for more ways to help customers manage multiple debts? A free-thinking Liberty debt consolidation loan could be the perfect companion.

From home loans to credit card debt, our solutions can give borrowers greater control over their finances to help prepare for the next chapter.

For help finding an ideal match for your next deal, set a date with your Liberty BDM today.

Call your Liberty BDM today
13 11 33
liberty.com.au/broker

Approved applicants only. Lending criteria apply. Fees and charges are payable. Liberty Financial Pty Ltd ACN 077 248 983 and Secure Funding Pty Ltd ABN 25 081 982 872 Australian Credit Licence 388133, together trading as Liberty Financial.

Craig Michie
group executive, asset finance

SCOTPAC

1st place: Debtor Finance Loans

Craig Michie, ScotPac's group executive, asset finance, says that the lender's experience and background help instil confidence in brokers

Q. What do you think makes your products so popular with brokers?
ScotPac's collaborative approach and 30-year track record of delivering great results instil confidence in our broker partners. Brokers have access to decision-makers who work with speed to tailor the right funding solution to match the unique needs of their clients, whatever their size or sector.

Brokers know well our invoice, trade and asset finance solutions, and with our new Home Loan, Cash on Call and Business Loan (both secured and unsecured) products, we can meet almost all client needs with speed and flexibility. Put simply, the breadth of our product range means we can help brokers assist their clients where others can't. We have also invested to help them be successful.

Our new Partner Portal gives brokers access to thousands of dollars in marketing materials and more tools than ever before to help them thrive in a competitive marketplace.

Q. What are the main benefits of your debtor finance products to borrowers?
We understand SME borrowers and the many issues owners face daily, from sales and marketing to finance and accounting. They like our ability to provide fast, flexible funding for every stage of their business. For example, growing businesses often struggle with cash flow as working capital demands increase in line with sales.

ScotPac delivers tailored solutions to help these borrowers. Our invoice finance provides fast access to working capital as businesses grow, and we can approve asset finance limits that consider forecast cash flow to help with future business needs.

Another borrower benefit is the ability to digitally link their accounts with our loan products, which streamlines the borrowing process, saves time and makes record-keeping a breeze. ScotPac has a solution for almost all businesses at any stage of their life cycle. ■

The best in the business can now help every business

Invoice Finance | Asset Finance | Trade Finance | Home Loans | Business Loans

Australia's largest non-bank SME lender now has the range of finance solutions to help every business

With over 30 years' experience supporting brokers and their clients business finance needs, ScotPac understands the importance of fast and flexible finance backed by a partner that genuinely cares.

Now that ScotPac has used that knowledge to develop a full breadth of finance solutions, you and every one of your business clients can benefit from their award winning approach.

ScotPac Business Finance

Visit ScotPac.com.au/

or call 1300 207 345

From zero to tens of millions in loans per month

For this new-to-industry broker, these 8 simple tips made all the difference when building his business

STEPHEN WATSON from Lending Loop may be new to the industry, but this up-and-coming broker working under National Lending Group (owned by Choice Aggregation) has already set himself apart from the competition. Since starting his practice in January, he's lodged a whopping $25 million in loans working with online home loan marketplace Joust.

While the average expected conversion rate on the Joust platform is approximately 10 per cent, Mr Watson is boasting a 25-30 per cent conversion rate from customers sourced through Joust. Mr Watson says his success is primarily attributable to his customer-focused business style and the high volume of premium quality leads that have come through Joust. These factors have seen him surpass the average first-year brokers' lodging amount by millions.

What works best for contacting leads

1. Timing is critical. When it comes to communication, timing can make or break your relationship with a customer. Consider these two critical elements: the time elapsed since the lead made contact and the time of day. The sooner you get back to a lead's request, the better. A prompt response demonstrates your commitment to your clients. As for the ideal time of day to make contact, Joust has found allowing the customer to choose what works best.

2. Persist, nurture and engage. On average, it takes eight touchpoints to make a sale. If a customer doesn't answer the phone or doesn't seem interested after a single call, don't call it quits. You could be leaving money on the table.

Case study

Stephen Watson has used the Joust platform to help grow his business and is persistent in getting in contact with leads. Every day when he receives his SMS-verified leads he calls and uses follow-up sequences to book in appointments. He says Joust has been a massive game changer for his business and provides him with the customers that he wants to attract into his business.

Joust has found the most successful brokers commit and follow up with their leads. If their call goes unanswered, they try again an hour later. If that call rings out, too, they'll phone later in the week. Brokers who don't put in the hard yards will fail.

You can't expect online leads to result in immediate sales. That is not realistic. Today's consumers are savvy and tend to shop around. Your job is to engage and nurture them off the market. An automated email marketing campaign is a fantastic place to start – just ensure it adds value instead of clogging up

your leads' inboxes. With a solid, automated email and follow up sequence, you can nurture the leads up until time they are ready.

What works best for fact-finding

3. Find common ground. People do business with people – not businesses. Building rapport is a critical success factor because if your clients find you inauthentic or untrustworthy, they'll take their business elsewhere. Show genuine interest in your clients. Make their goals your goals. Joust has found that solid rapport not only converts leads but also turns customers into brand advocates, leading to all-important referrals.

4. Ask questions and solve problems. Practice active listening and ask the right questions. Joust provides partner brokers with a tailored list of 12 critical questions. These draw out vital information and open the door to the next step in the lending journey. Make your intentions crystal clear by explicitly communicating how you can solve your client's problem. Identify their needs and pain points and "show-and-tell" how you can make their lives easier. Be upfront about the result, as this sets expectations and gives leads something tangible to aim for.

What works best for overcoming objections?

5. Treat every opportunity equally. Don't be put off by the type of lead you are working with. Nor should you make assumptions and let an opportunity slide following an objection because you assume it isn't worth your time. We have heard many stories of rate shoppers converting into seven-figure loans, so be steadfast in your fact-finding and meet your customer where they're at.

At Joust, we provide our partner brokers with 10 0 20 critical data points about each lead. When we ask our Brokers of the Month what their secret to success is, many reference this document, which allows them to personalise their approach.

6. Think beyond the rate. While our research suggests rate is one of consumers' key decision drivers, it is not the be-all and end-all. If your lead objects because they want a cheaper rate, dig into your toolbox and uncover other desirable outcomes you can offer. This includes cash-out for renovations, potential future property investments, improved business cash flow, and lines of credit for big-ticket items like a car or holiday.

What works best for customer service

7. Share helpful content. By sharing helpful, value-add information, you empower your clients to make informed decisions that will benefit them for years to come. So, become their go-to source of knowledge, whether through your blog or social media accounts or via webinars and white papers.

8. Personalise. Joust partners achieve better response rates from leads and customers if they steer clear of canned responses. Instead, they personalise their messaging and leverage every touchpoint to build genuine relationships. ■

Anny Le Wilson
chief revenue officer
Joust

Is this all we know?

Joust has also developed best practices and further helpful insights to help convert more leads to clients; and we provide that to everyone in our network of trusted partners. We invite you to get a FREE demo of Joust today.

MORTGAGE BROKERS:

Use Australia's most innovative home loan matching technology to acquire SMS verified leads and grow your business.

Partner with Joust this month and receive **10% off your first campaign.**

Introducing Joust

Joust offers lenders across Australia the ability to grow their business with little barrier to entry regardless of size or location within Australia. We connect you to Australian consumers who are actively searching for a home loan. - *Anny Le Wilson, CRO*

Designed to help you grow

- ✓ **SMS verified**, real consumers
- ✓ Target consumers nationally or by state
- ✓ Conversion rates from **10% - 25%**
- ✓ Scale up or down

What some of our valued partners say

"**My Joust leads are currently converting between 20-25%** with this conversation rate set to increase with a largely engaged nurture pipeline. I have trialed multiple other services in the past and Joust is certainly a level above the competition, not only from a lead perspective but also the engagement and care from the entire head office team in particular the BDM and marketing support which makes a huge difference to achieve the best results."

- Stephen Watson, Lending Loop

What you can expect

Consistent leads

We provide a steady stream of leads that allows you to scale up (or down)

Validated data

We provide 12+ data points including SMS verification

Dedicated Account Manager

Your account manager will work with you to maximise your results

Get your FREE demo

JOUST

Movers & Shakers

Let the industry know about your company's new appointments and latest promotions. We want to share them with our readers! Email editor@theadviser.com.au

Mike Felton

MFAA chief to retire

Mike Felton, the chief executive of the Mortgage & Finance Association of Australia (MFAA), has announced that he is set to retire from full-time work later this year.

Mr Felton, who has been at the helm of the broker association since 2016, made the announcement at the MFAA National Conference in May – telling members that the time was right for him to also "look up and look ahead" now that the future of broker remuneration is more certain.

Addressing MFAA delegates, Mr Felton said: "[With the] finalisation of an extremely successful regulatory reform agenda, the conclusion of a period of ongoing reviews and the resultant strength of the mortgage broking industry, I believe that now is the time for me to announce my retirement as CEO of the MFAA."

Pepper confirms new regional, state leadership roles

Pepper Money (Pepper) has announced that it has established three new leadership roles, including the listings of two new regional managers to cover its national BDM presence.

Included in this development is the appointment of Alessandro Di Toro, who has been named as Pepper's inaugural regional manager – south, covering Victoria, Tasmania, South Australia, Western Australia and the Northern Territory.

According to the lender, Mr Di Toro comes to the role from ANZ, where he served as the state manager for Western Australia and South Australia for over six years, leading a team of 10 BDMs.

He is based in Western Australia.

Joining Mr Di Toro as the first regional manager – north, which encompasses NSW, the ACT and Queensland, is Drew Clegg.

He is based in NSW.

Alessandro Di Toro

Spencer Mitchell

Lumi adds 4 BDMs to roster

The SME lender has expanded its broker support network, naming four new business development managers to cover Queensland, Victoria and NSW.

Spencer Mitchell – who has served in mortgage lending and customer service roles since 2014 – has been named as a new BDM covering the north-eastern state while Moneer Husari and Sahligh Jappie will both be covering Lumi's partner network across NSW.

Further, the SME lender has confirmed that Andrea Walton has joined its Victoria BDM team.

Like her fellow appointees, Ms Walton arrives at the position with a range of experience in the banking sector, previously serving as a BDM with Bank of Queensland, Nexus Partners and Tick Box Conveyancing.

Her most recent role prior to joining Lumi was as a relationship manager with the fintech Wefund.

Lumi head of sales Ahmed Khan commented that the lender was excited to reveal the new appointments.

BOQ state relationship manager joins PCF

PCF Group has confirmed that it has established a new role to oversee its aggregator's Queensland presence. The inaugural appointee to the Queensland state director position is Aaron Hase.

PCF Group said the new role aims to "drive increased accountability to brokers" and lead the partnership managers of PLAN Australia, Choice and FAST to "deliver exceptional standards and solutions across the respective offerings".

Prior to joining the aggregator group, Mr Hase was the state relationship manager for the Sunshine State at Bank of Queensland, which he began in late 2019.

Mr Hase also served as the regional manager of NSW and Queensland for iConnect Financial from 2016 to 2019, and was the Queensland broker support manager for Connective from 2011 to 2016.

PCF Group managing director Stephen Moore commented Mr Hase's profile and reputation among Queensland brokers and lenders positioned him to shape the newly created role.

Aaron Hase

Nodifi new recruits

Nodifi targets greater client support with new recruitments

The fintech has enlisted new staff to join its consumer credit and support teams.

Included in the announcement is the appointment of Lauren Blackwell, who will be joining Nodifi's consumer credit team as a virtual business manager.

Ms Blackwell previously served as the business manager of Edwardstown Mazda, a Mazda dealership located in Adelaide's south.

Further, Nodifi has confirmed that it has named Francis Ycoy as a settlements officer.

Prior to joining the fintech, Mr Ycoy served in a range of IT roles within the banking sector, with the most recent title being the IT security governance section head for the Philippine-based Rizal Commercial Banking Corporation, which he commenced in 2019.

Mr Ycoy, has been serving under Nodifi's head of support Elliot Bloem.

judobank

Helping SMEs get back on their feet

George Obeid, chief third-party officer, speaks about how Judo Bank is primed to help SMEs on their recovery path after the tumultuous years of pandemic

AUSTRALIAN SMES face numerous challenges following the pandemic, including labour shortages, supply chain disruptions, and rising inflation. However, despite these headwinds, SMEs have proven their strength and resilience, have a positive outlook, and are still looking for opportunities to invest and grow. In fact, so much so, that we predict business lending will jump by 8.75 per cent this year alone – the highest rate of growth in approximately 14 years.

One of the big lessons from the pandemic has been a renewed appreciation and demand for relationship banking – what we like to call "banking as it used to be, banking as it should be".

Unlike in retail or personal banking, the quality of personalised service is the key differentiator for commercial brokers and their SME customers. And it is no coincidence that we have originated 75 per cent of our book since the onset of COVID, and our credit quality has remained strong throughout the pandemic.

While technology is a critical enabler of how Judo supports brokers and serves its customers, we are proudly purpose-built to provide a traditional relationship-based business banking model to Australian SME businesses. With skilled and passionate relationship bankers, sitting across the table from the butcher, the baker, or the candlestick maker.

Far too often, access to credit can be a critical barrier for SMEs that when unable to secure funding are unable to hire effectively, upgrade equipment or expand operations, impacting their ability to grow.

We understand the services and counsel provided by brokers to SMEs have never been more important and the need for sound guidance and support has never been greater. More than ever, business owners are turning to brokers to help them negotiate with lenders or obtain finance for future growth.

This growth in commercial brokers can be partly attributed to the decline of in-person relationship banking support offered to brokers and SMEs. Customer-facing commercial brokers have become an important channel within the SME lending environment and are a vital part of our business model.

Judo is well resourced to assist brokers with this increased workload and broadened scope of service, with SME-specific, common-sense relationship banking.

Judo's broker value proposition provides commercial and asset finance brokers with access to the decision-maker who can apply commercial judgement and Judo's common-sense approach to opportunities.

We are unburdened by the legacy of an incumbent branch network, or high-cost origination footprint, giving brokers a service proposition that respects their success and position in the banking market. We adopt a three-way partnership philosophy with brokers and SME customers. The success of our partnership with brokers is demonstrated by high levels of broker trust in our brand and strong confidence that Judo delivers best-in-class lending customer service.

We also adhere to an "easy to do business with" philosophy that places our broker network alongside our empowered relationship bankers who provide a judgement-based assessment with transparency of decision-making.

This policy and commitment to relationship-led banking have provided the foundation for many successful relationships within our wide, and growing, broker network. A testament to this is the relationship we have developed with the director of The Finance Consultancy, Chris Slack. Judo has worked alongside Chris and his team connecting their SME clients with the credit they need to establish, sustain and expand their businesses. On Judo, Mr Slack said:

"It was important for me to be able to share with you just how amazing Judo has been for my SME clients. Judo cared more about my clients business than the equity in a property. [...] No competitor will ever get near the outcomes your team have achieved and I am incredibly grateful. I look forward to continuing to enjoy such great outcomes and your team continuing to make me look excellent with my clients!"

George Obeid
chief third-party officer
Judo Bank

Out & About

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MFAA national convention 2022

ON 10 MAY, the Mortgage & Finance Association of Australia (MFAA) held its national conference at the Melbourne convention centre, offering brokers the strategies and skills to Look Up and Look Ahead.

More than 2,000 brokers attended the event in person or online and heard from a range of speakers outlining how they can embrace new opportunities in marketing, technology, customer engagement and their own personal and professional development.

Keynote speakers included author and content creator Holly Ransom (from leadership consultancy Emergent), author and marketing guru Seth Godin, futurist Nikki Greenberg, author and biomedical engineer Dr Jordan Nguyen, and mindset coach Ben Crowe.

At the event, MFAA chief executive Mike Felton also announced his intentions to retire later this year (see page 54 for more), with delegates giving him a standing ovation.

Following the event, Oak Capital hosted the official after-party "Check Up, Get Down" at Bar Bambi – which was well attended by delegates and gave brokers the chance to socialise with partners and colleagues alike.

AFG serves up tennis fun and raises further funds for Foyer Foundation

AFG'S CHARITY TENNIS DAY served up plenty of fun for members and raised more than $2,000 for the Foyer Foundation, an organisation that tackles youth homelessness.

The event, held in early May at Tennis World, Sydney Olympic Park, attracted more than 50 of AFG's members and lender representatives.

Now in its fifth year, the event is an opportunity to get AFG members and lender partners together, while monies raised provide a welcome top-up to support the Foyer Foundation, of which AFG is principal partner. To register, members and lender representatives were asked to make a donation to the Foyer Foundation.

WINNERS OF THE DAY WERE:
Beginners: George Markos from ANZ and Ibrahim Hanania from St.George
Intermediate: Nathan Aird from Universal Mortgage Experts and Stuart Garvey from Midstate Financial Services
Advanced: Peter Borg and Andrew LeBas, both from HLOANS

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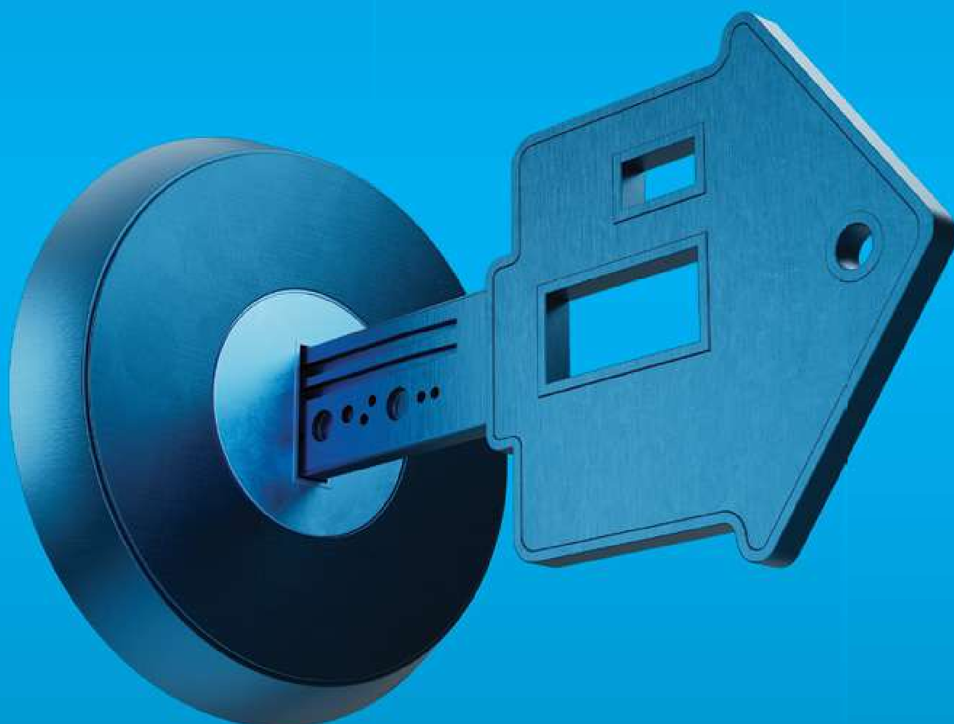

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