

# Mortgage Intermediary Census Broker Confidence Report

January 2009



FINANCIAL  
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# OVERVIEW OF FINDINGS FROM JANUARY 2009

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## **Brokers' Views of Current Mortgage Market Conditions & Their Own Business**

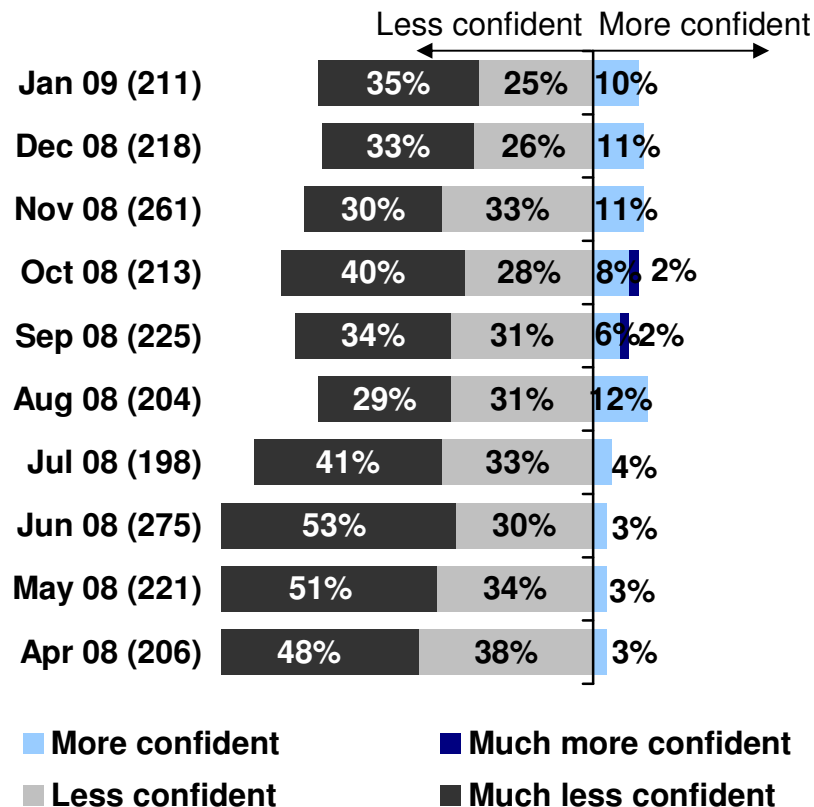
- The average proportion of brokers' business coming from mortgages decreased from 65% in April 08 to 49% in January 09 (in October brokers predicted 48% for January)
- The outlook regarding expected annual income in 3 months time is becoming slightly more positive since November (expecting increase: Jan 09 - 17% vs. Nov08 - 8%; expecting decrease: Jan 09 - 52% vs. Nov08 - 60%)
- Maximum LTV and product availability keep worsening compared to previous month, while more brokers believe that product rates improving than worsening (this trend has been apparent over the past three months)

## **Brokers' Views of Mortgage Lenders**

- Perception of has Abbey dropped, while perception of Halifax improved noticeably in January
- Over the past three months, the proportion of clients that brokers expect to obtain a better rate for has increased (31% in January), at the same time proportion of re-mortgage / purchase clients that brokers are unable to assist is also higher (33% re-mortgage clients and 27% purchase clients)
- Maximum LTV remains the main reason that brokers are unable to assist
- 43% of brokers agree that lenders keep them informed on changes within the market, while only 11% agree that lenders treat brokers fairly

# BROKERS' CONFIDENCE IN THE MORTGAGE MARKET

- Since October, confidence in the mortgage market has stayed at similar, slightly less negative, levels for the past 3 months
- *Example quote from Broker: "Until lenders products are more competitive, buyers will not commit to purchase properties and the housing market will continue to fall, giving clients more problems in re-financing their properties and creating more arrears and repossessions. All of which will worsen the market and property values."*



## Brokers' reasons for feeling LESS confident:

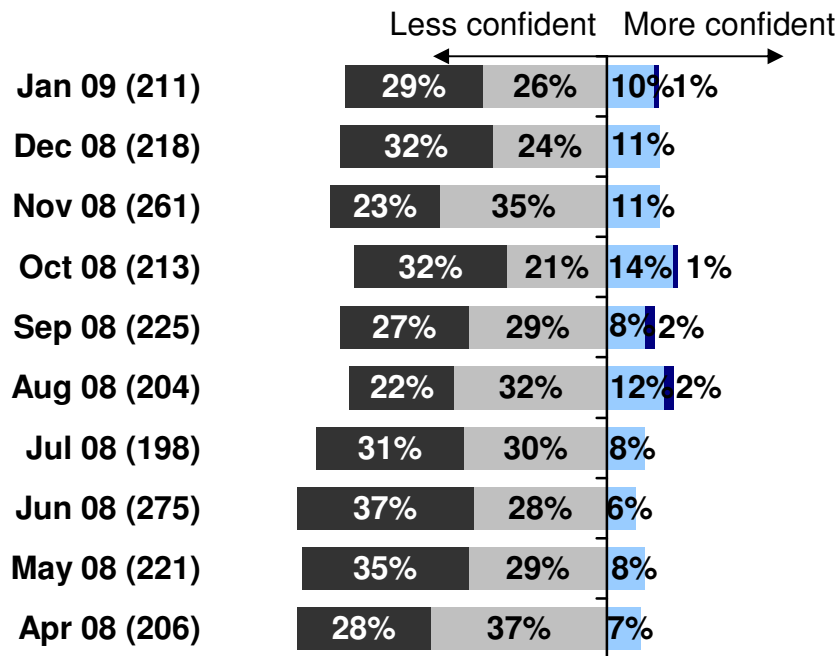
- "Lack of activity in property market, low number of high loan to value products."
- "There is less choice of products, lower LTV's and stricter credit scoring by some lenders."
- "There are far too few Mortgage Lenders and consequently the lenders in the market have to manage business levels but at the same time are not offering products which are competitive."
- "More restrictive LTV's and caution by valuers who tend to be nervous and considerably undervalue."

## Brokers' reasons for feeling MORE confident:

- "As it looks like houses prices have nearly bottomed out, we have noticed new purchase clients are enquiring again."
- "Rates are improving and with declining value - case of grab it now while you can still qualify."
- "Lower interest rates should eventually filter through and have a positive effect."
- "Prospect of increased involvement in equity release."

# BROKERS' CONFIDENCE IN THEIR OWN BUSINESS

- Although brokers' confidence in their own business remains low, there are some slight hints of recovery with 11% being more / much more confident in their own business compared to 6 months ago
- *Example quote from Broker: "I used to love my work, I lived to work, rather than worked to live, but this has now changed. I have 23 years experience in Financial Services and I thought I would have my business well into semi- retirement, but I don't know now if I want to put myself through many more years of this. I have just spent another 3 hours dealing with a lender who is asking for an 8 page document to prove WF tax credits, which is evidenced on 4 months bank statements (when they do not even need to use this income) and by the way this is a 51% straight re-mortgage with A credit rating. Am I on a different planet? ET call home!!"*



■ More confident      ■ Much more confident  
■ Less confident      ■ Much less confident

## Brokers' reasons for feeling LESS confident:

- "My business levels have decreased to nil & there is little sign of improvement."
- "Re-mortgage was the thing carrying me through but now clients want to remain on the SVR."
- Fewer prospects, fewer enquiries, fewer leads, hard to cover leads due to affordability on clients behalf, more industry regulation."
- "I have not submitted a mortgage case that is successfully proceeding in 2 months."

## Brokers' reasons for feeling MORE confident:

- "More staff recruited, more business going on the books."
- "There is starting to be a little bit more activity."
- "The diversification we started a year ago is starting to pay dividends."
- "We have gone back to basics and started offering holistic financial planning again."