

# Expectations, Education and Opportunity



ALI recently did a customer research survey of over 1,200 prospective and existing home and property buyers through CoreData. In the results, we found out the expectations customers have of their brokers in bringing all the information to the table.

## MORTGAGE BROKERS ARE THE TRUSTED ADVISOR

With only 4% of 20-35 year old and 1.3% of 35-44 year old Australians seeking financial advice<sup>1</sup>, more customers are looking to their mortgage brokers for **expert advice** in the process.

### REASONS FOR CHOOSING A BROKER<sup>1</sup> (IN ORDER OF IMPORTANCE)

1. Expert advice

2. Better deal

3. Recommendation

4. Choice

5. Convenience

6. No time to myself

7. Ongoing relationship

IN ALI'S SURVEY, **EXPERT ADVICE WAS THE NUMBER ONE REASON** CUSTOMERS CHOSE TO USE A MORTGAGE BROKER.

## ARE CUSTOMER EXPECTATIONS BEING MET?

Of the prospective home buyers we surveyed:

99% 

EXPECT THEIR BROKER/LENDER TO **DISCUSS THE RISKS OF THEIR FUTURE FINANCIAL SITUATION** AND ABILITY TO SERVICE THE LOAN

YET FOR THOSE WHO HAD BEEN THROUGH THE LOAN PROCESS;

**ONLY 35%**

COULD RECALL THEIR BROKER/LENDER **DISCUSSING LOAN PROTECTION** WITH THEM



<sup>1</sup> Source: [www.afr.com/business/banking-and-finance/financial-services/mass-financial-adviser-exodus-puts-900-billion-in-play-20180523-h10fpf](http://www.afr.com/business/banking-and-finance/financial-services/mass-financial-adviser-exodus-puts-900-billion-in-play-20180523-h10fpf) [Accessed September 2018]  
<sup>2</sup> ALI Group CoreData Survey May 2018

# The need for education

There's a lot to take in during the loan process, especially for first home buyers. ALI's survey has highlighted a need for more borrower education. At the very least, home buyers should understand that LMI protects the lender, not themselves.

## EDUCATION OR LACK THERE OF

In the ALI survey<sup>2</sup>, the top two reasons existing home buyers chose **not to take out loan protection insurance** were...



**50%**

DID NOT UNDERSTAND IT WELL ENOUGH



**30%**

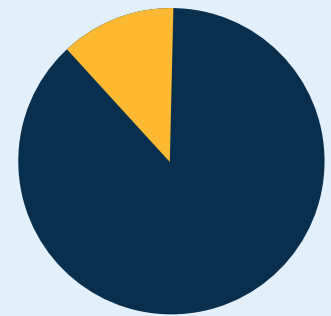
DID NOT WANT TO UNDERTAKE MEDICAL TESTS - WHICH ALI'S LOAN PROTECTION DOESN'T REQUIRE.

## THE LMI MISCONCEPTION

First home buyers don't even really understand lenders mortgage insurance.

**88%**

OF HOME BUYERS DON'T UNDERSTAND THAT LENDERS' MORTGAGE INSURANCE COVERS LENDERS, NOT BORROWERS<sup>3</sup>



**Customers rely on brokers to educate them and highlight the risks and the solutions...**

**OVER 96%**

OF PROSPECTIVE HOME OWNERS SAID THEY

**WOULD LIKE TO BE TOLD ABOUT LOAN PROTECTION**

WHEN THEY APPLY FOR A HOME LOAN.

Of that same 96%, once they were informed of the risks, **over 80% indicated they would likely take it out.**

## WHY?

Less than half surveyed<sup>2</sup> said they were comfortably making their loan repayments,

**80%**

of those said they or their family would be negatively impacted by...



a serious medical condition



loss of employment



a disabling injury



...or death

For prospective homeowners, this increases to

**90%**

TO FIND OUT MORE



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<sup>3</sup> ME's Property Literacy Survey 2018

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