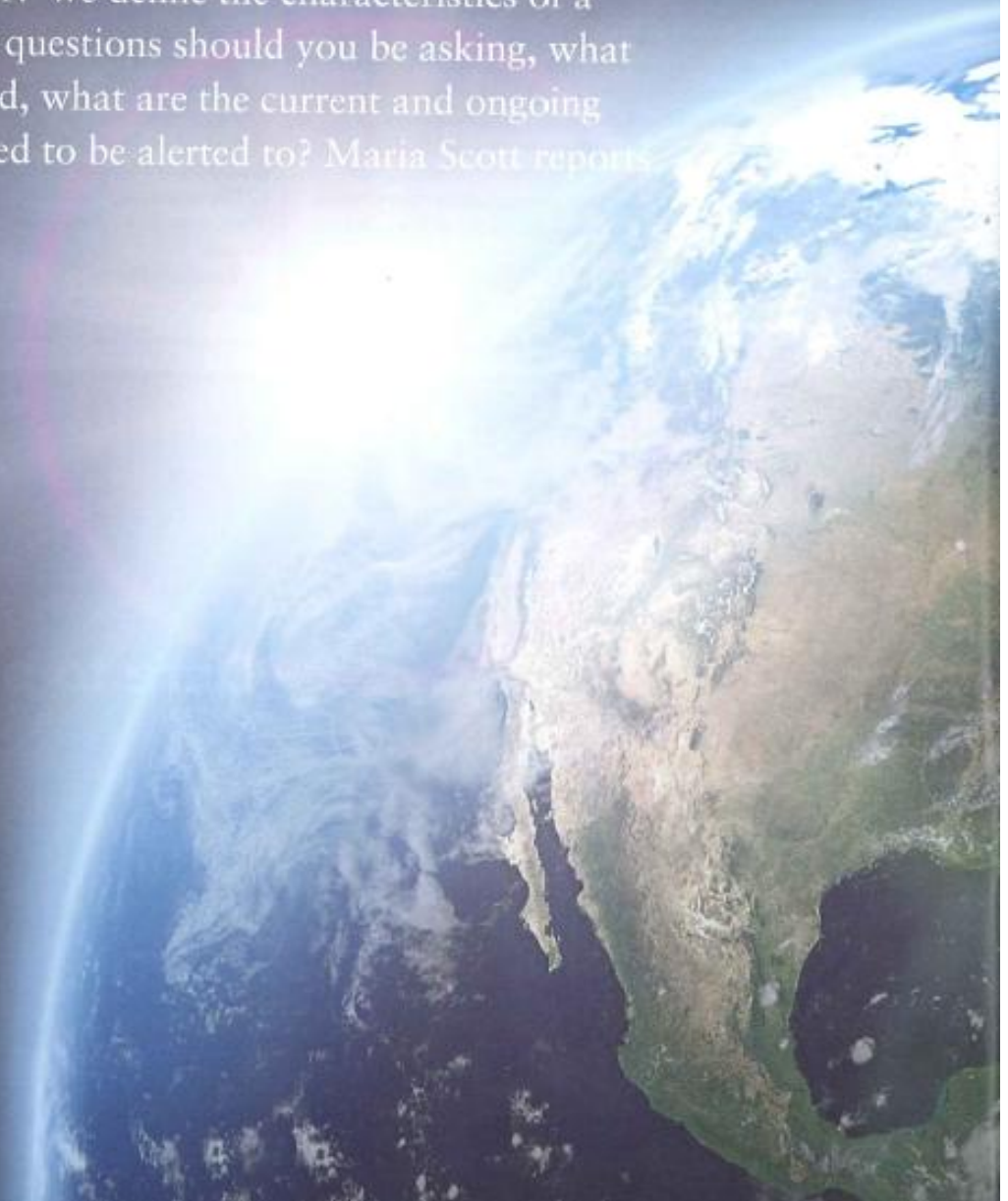


What makes a good mortgage adviser?

There's a consensus in the industry that the ability to offer advice is the key to success in mortgage broking and regulation has sharpened the focus on this. But what makes a good adviser? We define the characteristics of a good adviser – what questions should you be asking, what expertise do you need, what are the current and ongoing issues that clients need to be alerted to? Maria Scott reports.



Mortgage brokers are under threat of extinction. That is the only conclusion to be drawn from the trends engulfing the business now.

The consensus is that the days are gone when a comfortable living could be made from selling mortgages from a range of lenders.

Many brokers saw the writing on the wall years ago as banks cut commissions. The property downturn forced others to re-think their businesses. Now the imminent introduction of government regulation to the financial advice industry is forcing all to accept that if they want to offer anything more than the simplest type of service, they will need to become authorised.

Like it or not, mortgage brokers are being forced to become mortgage advisers. But what exactly is the difference and what makes a good mortgage adviser?

After speaking to brokers who have made significant efforts to make the leap and also to consultants and trainers who work with brokers, a number of points stood out.

Recognise the difference between selling and advising

Dictionary definitions of the noun "broker" typically state that this is the word for an agent or dealer negotiating contracts. An "adviser" is someone who gives information or recommendations to help someone reach a decision.

Sounds obvious, but sales and marketing consultant Paul Watkins believes that many mortgage brokers struggle to break out of the selling mentality. Many come from sales-oriented backgrounds where "it's a numbers game". In his work with individual brokers and groups, he sees many who appear uncomfortable when it is suggested that they need to adopt a different approach.



"I would call myself a financial adviser. Our role is so much broader than the mortgage."

- Judy Steiner

Many brokers already consider themselves to be advisers whose focus is clients and their needs rather than products and the demands of product providers.

Judy Steiner, a licensee for Mortgage Link in Hawke's Bay says: "I would call myself a financial adviser.

"Our role is so much broader than the mortgage."

The mortgage may be the entry point but the aim is for the firm to become a life partner to the client, starting with management of the mortgage and a focus on when the client wants to have the debt cleared. Steiner will also look at whether it is relevant for the client to set up family trusts or other structures that might intersect with the mortgage. She recently started a budget advice service helping clients to improve their money management.

Steiner's background was in radio advertising where she tailored packages of advertising to the needs of small business customers. She was very much a "solution provider," a skill that was easily transportable to mortgage broking and which guides her in dealings with clients.



It is important for clients to feel they are being contacted with genuinely useful information as there is a fine line between selling and giving information

- Neil Inns

Neil Inns of Professional Financial Group says his idea of advice means doing more than meeting a client's initial needs to identify needs that they might not be aware of. When Inns talks about "structures" in relation to a loan he means the setting-up of the loan in relation to tax, estate planning and family trusts as much as the interest rate structure.

Many clients come to his firm for a "holistic" approach to their wealth.

His guiding philosophy, he says, is to ask himself "what would I do if this were my money?"

He recalls being greeted with scepticism in the broking industry when he set up his business, making advice as his main priority and charging fees for his service. But it is not a move he has regretted.

His definition of a broker is "box ticker" choosing a product from the market and Inns says he has always thought that a price-based proposition was a "dead model".

"Anyone can cut and undercut on price."

Tracey Munns of Connect Mortgages says that she has broadened the scope of her business to the point where she no longer considers herself to be a mortgage broker.

"To me, mortgage broking is brokering a deal between the client and the bank.

"I haven't technically been a mortgage broker for quite some time."

She looks at a client's position and offers advice related to it. Her services include a fee-based assessment service.

A professional approach to generating business

Mortgage advisers may have a missionary-like zeal in their beliefs about what they can achieve for clients but they still need to pay the bills. The relationship with a client is a two-way process that, hopefully, provides a financial benefit to both.

Steiner says that one of her aims is to "touch" her clients as many times – or as near as possible – as their banks do. She makes contact through emails, newsletters, reviews and letters about 14 or 15 times a year against the 18 she understands is the standard for banks.

Inns says that for making contact with clients on a regular basis "the big one" is interest rates and clients are contacted routinely with commentary when the Reserve Bank reviews the Official Cash Rate.

Inns says it is important for clients to feel they are being contacted with genuinely useful information as there is a fine line between selling and giving information.

"Our focus is to add value at every opportunity."