

February 2006 Newsletter

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Getting Better Service From Your Bank!

I have set myself a big task – writing an article about the service banks provide without swearing or being too derogatory. I very rarely come across people who are very happy with the service their bank provides. Customer satisfaction level generally ranges from totally unhappy to 'barely satisfied'. It is a common and ongoing problem for both the banks and their customers. I think it is one of the main reasons that the mortgage broking industry has grown as fast as it has. So how can you get better service? I will discuss what customer relationship platforms lenders offer and how to work with them to get the best results.

What's the problem?

I think the biggest problem that all lenders struggle with is consistency of service. We can send a client to a lender and they might receive outstanding service. The following week we send another client to the same lender and they might experience appalling service.

In my opinion, the banks have never really had a strong customer service culture. It seems that each staff area of responsibility is so finely defined that as soon as a customer has an issue outside of that responsibility, then staff take the attitude that 'it's not their problem'. Put another way, staff don't always take ownership for the problem. Therefore, what you will find is that an issue might sit on someone's desk for too long, or your problem is just passed around the bank from department to department. This is probably why Westpac launched its "ask once" policy (which you may have seen advertised). Westpac's policy is that if you walk into a branch and ask someone a question, then they are charged with the responsibility of finding out the answer for you.

Another issue is training. Staff members just don't seem to have a strong understanding of their own products and procedures. Countless times we, as mortgage brokers, have had to correct lender staff

about their own products procedures or policies. Maybe the staff have been adequately trained, but they just don't care – I'm not sure.

Another major source of problems is that lenders are often too inwardly focused. That is, when they think about how to process or assess a loan, they think about what will be easiest for them. They fail to think about how their actions or procedures will affect their customer's experience. A good example is where a credit manager might request additional supporting documentation from a client. This documentation probably only provides the lender with a tiny bit of extra comfort. That is, it really doesn't affect the overall assessment. However, requesting the extra documentation might frustrate the new customer and give them an impression that the lender is pedantic and difficult to deal with. They might even regret choosing to deal with the lender in the first place. Overall, the lender has done itself more harm than good.

By far, the biggest issue is human resources. Just like any industry, you get good and bad people. Some people have a very strong customer service mentality which is not necessarily taught, it's innate. It's part of their personality.

The banks tend to have quite a high tolerance for poor or just ordinary service. I know through my own experience, that bank staff can go on delivering poor service and still receive a pay cheque each week. Maybe if banks were tougher on their staff, then the service culture would change.

The difference with senior management

The most amazing thing is that if you speak with senior management or CEO's within all banks, they have a very strong drive to improve the overall customer service they deliver. They have a desire to deliver the very best service. They are extremely customer service focused. I am always impressed by their attitude.

This leads me to assume that there is a significant disconnection between management's mantra and the customer service attitude of the staff. Something is missing. However, you can use this knowledge to your advantage. More about this later.

What's on offer?

Refer to the full article I wrote for API magazine for a profile of the service platforms that the top five lenders offer. I have focused on the top five, because these lenders have the more advanced platforms. In addition, the top five lenders in Australia hold 80 to 90 percent of mortgage market share.

How to manage the relationship

Things such as brand name, training, products, branch network, job title rarely have any influence over the service that you will receive. It all comes down to the person who you are dealing with. It does matter if it's a branch staff member, a premium banking department or the banks' top tier, Private Banking. You can receive poor service anywhere within the bank. The consistency of service also doesn't change with the level of service platform. An attentive branch member is far better than a very poor Private Banker.

Segmenting customers into different tiers is still very useful, because as a person's relationship with a bank grows (i.e. more lending, products, etc), so does the complexity of their situation. Therefore, they generally need to deal with more experienced staff. They also may have the need for a different array of products.

If you are dissatisfied with the service that you are receiving, then it is likely that you are dealing with the wrong person. The simple solution to this problem is to deal with a different staff member. The way I see it is that it takes two to tango. Therefore, I believe customers have just as much responsibility to voice their concerns, as staff members do to resolve issues. If you suffer in silence, nothing will change.

Unhappy with existing person

If you are unhappy with the person who you currently deal with, then ask to speak to their supervisor. Explain to them that you are unsatisfied with their service. If you don't feel comfortable doing that, then maybe say that your personalities just don't gel, or something like that. Most managers will be very keen to receive this feedback. They would much rather a client complain than the client just being unhappy or worse still, take their business elsewhere. At least they have an opportunity to fix the problem.

No relationship

If you don't have an existing relationship, but you

want one, then I suggest starting with your local branch. Ask to speak with the branch manager and explain that you want to establish a relationship. Perhaps go to a number of branches and then pick the manager who you think will offer you the best service. The branch doesn't have to be near your home or office. At the end of the day, you can do things by phone, fax or email. The most important thing is to get a professional banker.

If you are not happy dealing with branch level staff, then maybe investigate the next customer relationship platform (some of which are discussed above).

If you continue to receive poor service, then move your complaint up the line. Remember, in my experience, senior management are very keen to offer great service and they will normally make sure issues are resolved promptly.

Switching is not necessarily the answer

Sometimes people think, "I'm not happy with the service that I am receiving, so I should refinance to another bank". Refinancing is possibly a solution. However, who's to say that you are not going to come across another dud staff member at the new bank, and then you're back to square one. I think refinancing solely because of poor service is too dramatic. If you break your arm you don't amputate it – there are less painful solutions. My advice is to invest a bit of time in the relationship with your bank. Go to a different branch, lodge a complaint and be reassigned to a different banker. At least, try these solutions before you switch banks.

Don't get me wrong. I am not encouraging you to put up with poor service. On the contrary, unless we complain or take our business elsewhere the service will never change.

Mortgage brokers

Establishing a relationship with a mortgage broker might be the solution to your problems. Mortgage brokers will generally have fewer clients to look after compared to a personal banker at a large bank. In addition, they aren't slowed down by the bureaucracy of a big organisation so they might be able to react to your needs quicker.

The downside to mortgage brokers is that they are generally restricted to assisting you with lending only. Therefore, if you have an issue with a bank account fee or credit card, then they can't really help you. Therefore, their banking relationship is a

bit restricted. However, a combination of broker and branch staff might be a good mix.

Good luck

The essence of what I am trying to convey is that in the current environment, great service cannot be expected without some effort on your part. You need to realise that the person who you deal with will dictate, to a great extent, the experience or satisfaction you will have with the lender. You really need to be proactive. If you are not happy, then seek out a better person. Banks will not be able to improve their service without honest and open feedback from their customers.

Where are rates going in 2006?

"The first interest rates meeting of the Reserve Bank board in 2006 on Tuesday will almost certainly decide to keep interest rates on hold. There is nothing in the economic evidence to suggest a need for higher (or lower) rates in the next couple of months. Variable home loan rates appear safe from rises for the moment but can't be ruled out completely later in the year.

New residential building approvals fell by 3.5 per cent in December and are now 8.9 per cent lower than a year ago. After bouncing back in the first half of 2005, residential construction has turned down again, although the national figure masks great variations across the states. WA is booming, up 12 per cent last year, while Victoria is down the same amount. NSW, the hardest hit state last year has recovered somewhat to be only 7.6 per cent down on a year ago.

Retail turnover increased by 0.4 per cent in December and continues a softer pattern of retail spending following a decrease of 0.1 per cent in November and an increase of 0.5 per cent in October. The trend measure shows a distinct tail off in retail spending since mid 2005 as consumers repair their domestic balance sheets after the spend-and-borrow binge of 2002-04.

Last week's inflation figures showed an easing in price growth during the last quarter, further cementing the economic picture of a stable economy with no need to raise interest rates.

The official CPI measure shows annual inflation falling during the December quarter to 2.8 per cent, down from 3 per cent. Underlying inflation, which takes out one-off volatile price movements, is still around 2.5 per cent. This measure is what the Reserve Bank looks at when setting official interest rates, trying to keep inflation in a band between 2 and 3 per cent. It appears that price pressures have eased off in a number of sectors during the last three months, notably transport as petrol prices come off their highs.

While this means rates are likely to be held steady in the first half of 2006, and possibly longer, borrowers shouldn't get too complacent about interest rates beyond the middle of the year.

We all know from the petrol bowser that the oil price has fallen back from its record highs in the September quarter but more recently the oil price is back on the rise. It could well be testing record levels again in a few months as the high-demand, uncertain-supply conditions haven't really gone away. Wages growth also needs to be watched and, at over 4 per cent, is not far from a level that will put pressure in interest rates.

Given the economy has proven itself to be very resilient to external price pressures these days, neither wages or consumer price inflation can be expected to run out of control. But they could just rise enough to tip the balance on interest rates with a small rise needed. The most likely scenario for interest rates, however, is that they stay on hold in 2006, but a small rise can't be ruled out later in the year."

Source: *InfoChoice*

Investment Property Seminars

I will be presenting at a number of seminars organised by Wakelin Property Advisory in 2006. These seminars are aimed at property investors and highlight the fundamental factors to consider when finding an investment property. To purchase a ticket you can contact Wakelin Property Advisory on (03) 9859 9595 or via their website at www.wakelin.com.au. The seminar dates for the rest of the year are:

- ◆ 7 February 2006 (tonight)
- ◆ 11 April 2006
- ◆ 6 June 2006
- ◆ 8 August 2006
- ◆ 20 October 2006