



Connective

State of the Industry Update

Presented by Mark Haron, Executive Director, Connective
& Glenn Lees, CEO, Connective

02 December 2020



What we'll cover

- Changed customer relationship dynamics
- How we've perpetually prepared for a changing landscape
- The accelerated digital transformation of our industry
- Reform: best interests duty (BID) and clawbacks
- The nexus of technology and human relationships
- The role of diversification in driving growth
- How fintech 'disrupters' have become enablers
- A framework for future growth and success
- Q&A





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2020 Reflections

Insights and lessons learnt for future success



Thank you!

You prioritised customers' needs and helped navigate challenging scenarios.

You helped mediate key information to customers, many facing financial difficulty.

You rapidly embraced new digital ways of communicating with lenders and your customers.

You fully embraced the need for deep education and support from industry partners.



Reflection #1

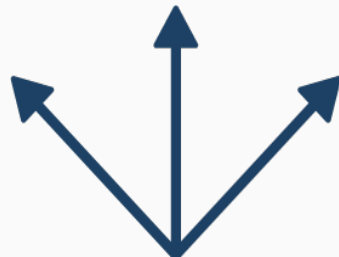
Relationships and resilience cornerstones to broker success

- The best brokers instantly put customers first, cementing position as trusted advisor
- Developing deeper customer relationships critical
- Tenacity and empathy needed in equal measures

Educators



Triage points



Champions of choice



Reflection #2

Perpetual preparation for a changing landscape

Best interests duty education hub

Download the best interests duty (BID) guide and complete our BID certification.*

→ Download the BID guide

→ Complete BID certification*



1

1. Best interests duty 101

Learn what BID is, why it's being introduced, when it applies, who it applies to and the key principles involved.

[Available now](#) →

2

2. How to prepare your business for BID

Learn how to prepare your business with our checklist, educate your clients and ensure you have a suitable lender panel.

[Coming soon](#) →

3

3. A step by step guide to acting in your customers' best interests

Learn how to accurately gather and present BID-compliant information and recommendations to your customers.

[Coming soon](#) →

4

4. Understanding the conflict priority rule

Learn what the conflict priority rule is, how it applies to you, and what steps you need to take to comply.

[Coming soon](#) →

5

5. Understanding conflicted remuneration

Learn how conflicted remuneration is being applied to prohibit reward structures that may influence advice to customers and clawback provisions.

[Coming soon](#) →

6

6. Best interests duty in practice

See real-world examples of how best interests duty can influence how you work with customers from January 2021.

[Coming soon](#) →

Visit: www.connective.com.au/best-interests-duty-education-hub



Reflection #2

Perpetual preparation for a changing landscape – beyond BID

Adapted to increased complexities in managing lender turnaround times.

Worked hard to clarify clawback provisions with lenders.

Prepared customers to get the information they needed.

Worked with lenders to understand different approaches to winding back repayment holidays.

Responded to proposed changes to responsible lending obligations by ensuring our voice was included.

Advocate for brokers as an increasingly important channel for consumers.



Reflection #3

Accelerated digital transformation

- New processes – virtual identity authorisations and virtual meetings – exposed as viable, efficient, and safe ways to work with customers and lenders
- Attendance for our digital L&D program skyrocketed – 4 x 2019
- Launch the Connective Community (access via Mercury Nexus)

140+

digital educational events
delivered nationally

17,900+

attendees in online
education events

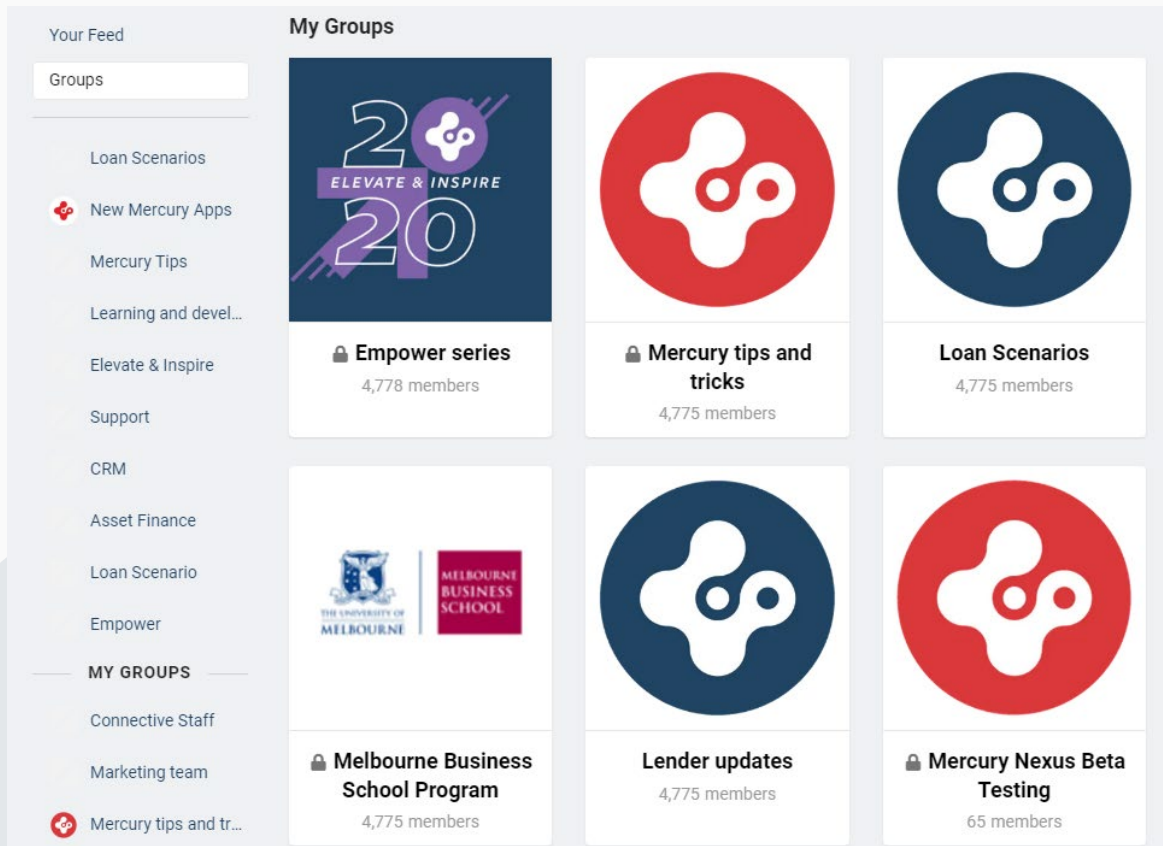
15,393+

Virtual meetings between
brokers and Connective BSMs

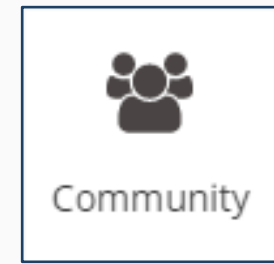


Reflection #3

Accelerated digital transformation – The Connective Community



- Access the Community via Mercury Nexus
- Click on the Community icon
- Engage with broker peers
- Pose loan scenarios
- Interact with lender BDMs





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2021 Predictions

How to prepare for future success in
uncertain times



Prediction #1

BID in play but reforms not over

- Ensuring level playing field core focus – anyone who provides consumer credit assistance will need to comply with BID as of 1 March 2021.
- Potential for further changes resulting from Royal Commission not likely come into effect until October 2021.
- We're committed to delivering updates and insights in real time to make sure brokers have the latest, most relevant information.



Prediction #1

Reform is not over: Clawbacks

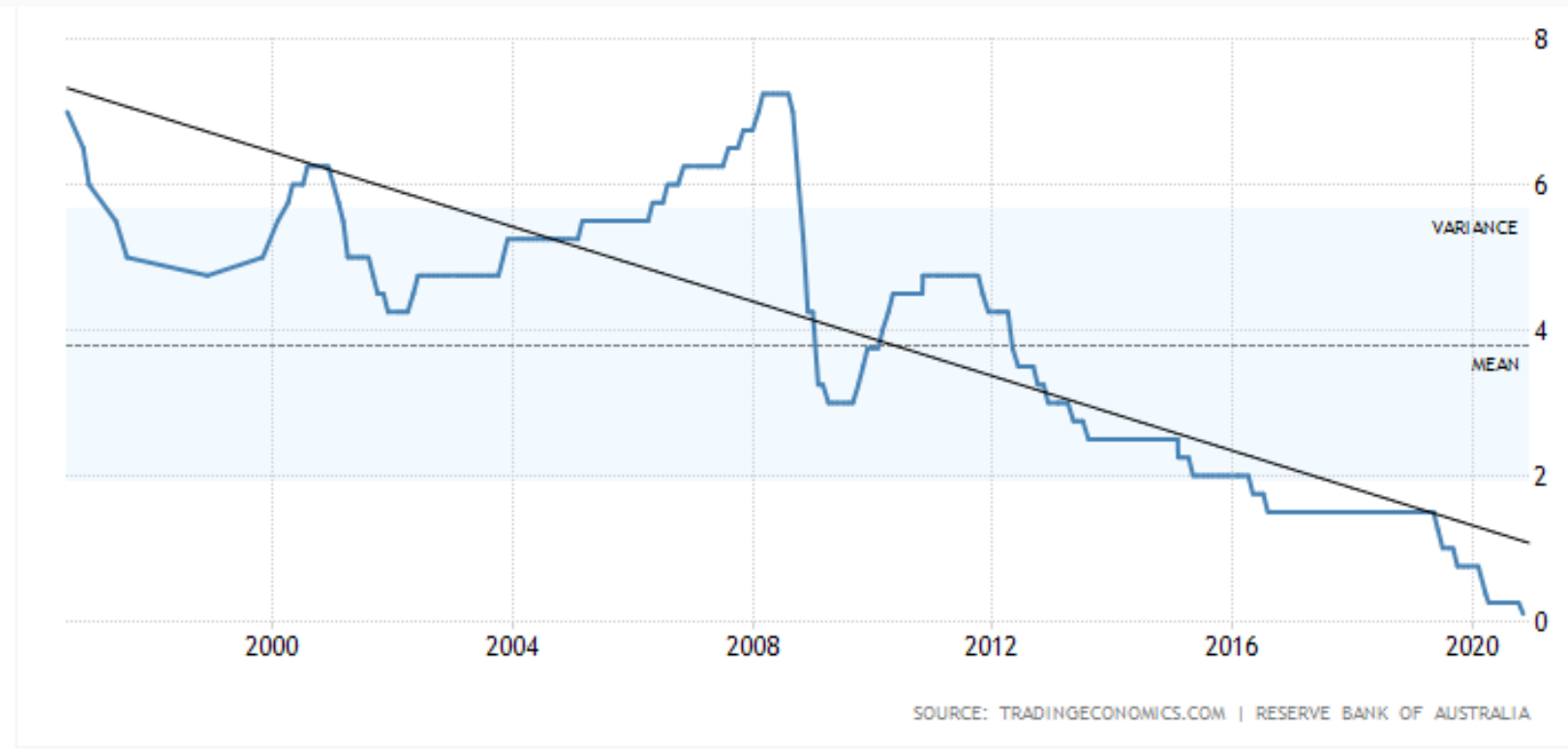
- We're addressing a disparity issue on clawbacks.
- The reduction in upfront commissions now paid to brokers, net of offset, has come with contrasting remuneration policies adopted by lenders.
- If a customer has had to change their loan due to actions taken by the lender the clawback should not apply to the broker.
- We will continue to work with industry bodies and policy makers to seek clarity on how clawbacks will apply.



Prediction #1

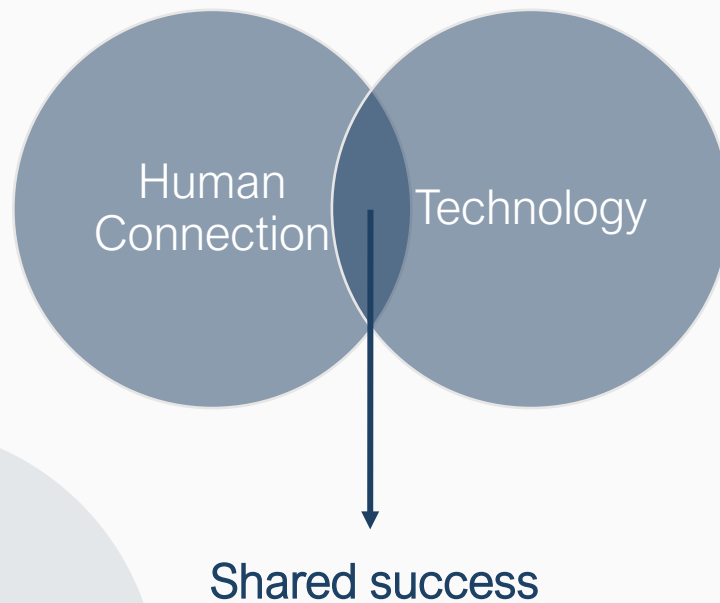
Reform is not over: Interest rates – lower for longer

Mortgage brokers are going to play a pivotal role in helping their customers navigate this environment.



Prediction #2

Balance humanity and technology in customer relationships



Prediction #2

Balance humanity and technology in customer relationships

- Capture every conversation and milestone with a customer on a platform to strengthen relationships.
- Mercury Nexus is a powerful tool to automate the day-to-day backend work, so you can spend more time servicing clients, building relationships, and growing your business.
- Use data to be targeted with your communications.
- Build a profile customers and link it to a marketing tool to target them with relevant and timely communications.



Visit: www.connective.com.au/grow-your-business/marketing-support/digital-marketing-hub

Reach out to your BSM for a demo



Prediction #3

Diversification will help drive growth

- Analyse your customer base: what opportunities exist beyond the current relationship
- You don't have to be an expert: utilise our processing platform QuickAF
- Keep across initiatives for small businesses and what it means for asset financing

- e.g. Over this year and next, AUD\$16bn of business tax deductions and offsets are planned while households will be encouraged to open their wallets, with \$23.8bn personal income tax cuts.



Reach out to your BSM for a demo of QuickAF



Prediction #4

Growing Impact of Technology – disrupters become enablers

- There is a resurfacing of Fintech as a potentially disruptive force for our industry, but these technologies create opportunities for brokers
- 86400, Zip Business, CashDeck - these are really enablers of additional and more effective services to customers for brokers, not disruptors

 **86400**

 **zip** | business

CASHDECK

- The Australian Government has also introduced a consumer data right (CDR) on 1 November this year



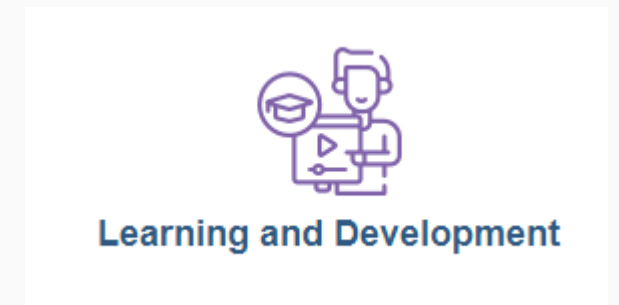
Prediction #5

Look outside the square for growth



View all webinars on demand:

- Log into Mercury
- Select the Wiki icon
- Select the Learning and Development icon.



Congratulations



EA
Connective
Excellence
Awards 2020

National Winners

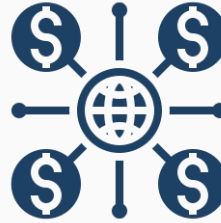
National Connective Loans Broker of the Year Hadia Zahr Greenfield Financial	National Broker of the Year Mark Davis The Australian Lending & Investment Centre	National Connective Asset Finance of Broker the Year Alex Moody Moody Kiddell & Partners Asset Finance
National Brokerage of the year >5 Lendi	National Brokerage of the year <5 Mortgage Pros Home Loan Specialists	National Commercial Broker of the Year George Karam BF Money



Key takeaways



Strengthen your human connection with clients – don't slip into transactional relationships.



Use technology to maximise your ability to commercialise human connections and relationships.



Remain prepared for change – listen and learn from multiple sources



Don't underestimate the value you deliver to customers – in fact, highlight it.



Document how you act in your customers best interests.





Questions





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