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**SABC 3**

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**Business Q & A**

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*Presenter:* South African home owners are switching home loan providers in a bid to find better service and rates. According to Simon Stockley who is the CEO of Integer, South Africans are becoming more switch savvy. Switching your home loan may put some much needed cash in your pocket and allow you to save thousands over the long term.

*Reporter:* Consumers have come to realize that switching can be easy. It involves cancelling your existing bond and registering a new bond at another home loan provider. The cost is around 1% of the value of the loan and can be covered by the equity available in the new home loan within 18 months of making the switch.

*Simon Stockley (CEO – Integer):* It obviously depends on the size of your loan but to try and put it in context; on a loan say of a million rand, if you could get a discount of 1 and a half percent to the price that you're currently paying, you could over the life of the loan save in the order of 275 000 rand so, the numbers are substantial. There are however costs involved in switching and you would carefully have to weigh up the costs of switching before taking into account a propensity to switch.

*Reporter:* Stockley says most people switch to obtain a better interest rate on their home loan but it is not only savings consumers are after. Many borrowers are dissatisfied with the poor service and punitive costing of their current mortgage lender. However, competition is stiff and other home loan providers are actively promoting their services.

*Michel Bouvier (SA Home Loans):* We pride ourselves on good service; we actually keep a record of all of the compliments. We actually have a - it's effectively a culture within SA Home Loans and we call it 'amazing service' and one of the things that we do is we keep track of all of the compliments that we get and of course also any criticisms because any criticism means we've got to change our processes. What I can say invariably is that our customer base is very, very happy with the service that we deliver and the products that we offer them and they tell us that.

*Reporter:* Competition in the home loans sector should encourage more aggressive pricing to the benefit of the consumer. In the current economic environment, increased choice is vital. Stockley says around 40% of applicants have shown interest in capital deferment, possibly indicating that the effect of the increases in the repo rate are now biting into consumer's disposable income. Understandably so, given that rates are now at the highest level since 1999. According to Stockley, home owners must shop around and negotiate with their mortgage lender.