

# Switching home loans catches on

SA consumers are switching home loan providers in a bid to find better service and rates, says Simon Stockley, chief executive of Integer, South Africa's newest home loan provider.

"All the signs indicate that South Africans are becoming increasingly switch savvy," he says. "Switching your home loan to a new provider may put some much needed cash in your pocket and allow you to save thousands over the long term. More than 60% of the applications we received in our first month of operation were switches."

He says consumers now realise switching bond providers can be easy. It involves cancelling your bond and registering a new bond at another home-loan provider. The costs are around 1% of the value of the loan and can be covered by

the equity available in the new home loan within 18 months.

"Since the launch in October, 70% of the applications received have been via the Integer call centre and website. Clients are comfortable dealing with a virtual home-loan business. Many applicants represent a market segment that are both switch and technologically savvy and do not necessarily have strongly entrenched relationships with their bank. They are comfortable dealing with a web-enabled offering."

Stockley says most people switch to obtain a better interest rate. However, it's not only savings that consumers are after. Many borrowers are dissatisfied with the poor service and punitive costing of their current mortgage lender, whose inflexibility limits consumers' choice.

Examples of this are innovative debt consolidation products and the ability to access the additional equity in a property. This option is not usually offered to clients.

"Consumers deserve better. Competition in the home-loan sector should encourage more aggressive pricing to the ultimate benefit of SA consumers. In the current economic environment, increased choice is vital. We hope the introduction of Integer will force the traditional home-loan providers to focus more on price and service."

Stockley says Integer's technology-based application suits the fast-paced lifestyle, service expectations and demand for instant satisfaction of younger clients.

The Integer home-loan package includes 24-hour access to the website, a branded

Visa Electron card (issued by BidVest Bank) and instant account inter-transfers.

Stockley says around 40% of applicants had shown interest in Integer's capital deferment, possibly indicating that the increases in the repo rate are now biting.

"This is understandable given that rates are now at their highest level since 1999. With the last and seventh consecutive interest rate hike in October, consumers are feeling the pinch and are looking at ways to save.

"Unless you ask, you are likely to receive the worst rate available. Only if you complain or threaten to leave, will a bank generally offer you a concessionary rate. With us it is different - all our clients get our very best offer, first time round," says Stockley.