

**5 November 2007**

**Press release from Integer**

## **Smart consumers start mortgage hopping**

South African consumers are switching home loan providers in a bid to find better service and rates.

"All the signs indicate that South Africans are becoming increasingly switch savvy", says Simon Stockley, CEO of Integer, South Africa's newest home loan provider. "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. Over 60% of the applications we received in our first month of operation were switches."

Consumers now realise that switching can be easy. Switching involves cancelling your bond and registering a new bond at another home loan provider. The costs are around one percent 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.

Since the launch on 01 October 2007, 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 on their home loan. "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 South African consumer. In the current economic environment, increased choice is vital. The introduction of Integer to the sector will hopefully force the traditional home loan provider to focus more on price and service."

"With our promise of excellent service, Integer now offers customers more developed home loan products, more in line with a private bank offering. "We have developed a home loan product offering which offers customers flexibility and added value."

A key offering is the possibility of saving through the Integer transact facility. This offering links their home loan account to an account with an electronic payment facility. Integer's technology based application suits the fast-paced lifestyle, service expectations and demand for instant satisfaction of the younger client. The Integer home loan package includes 24-hour access to the Integer website, the Integer Branded VISA Electron card (Issued by BidVest Bank) and instant account inter-transfer.

Stockley says around 40 % of applicants have shown interest in Integer's capital deferment, possibly indicating that the effect of the increases in the repo rate are now biting into consumers disposable income. Understandably so 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.

"We encourage customers to shop around and negotiate with their mortgage lender. 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 of our clients get our very best offer, first time round, without having to ask for it".

**Editors Note:**

We are able to supply a scenario analysis of loans with a value between R1 mil, R 1.5, R2 mil, as well as the switching costs for each loan. In addition, we are able to provide a simple example of alternative finance options on a R1m bond and a R300 vehicle.

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