Mortgage brokers key channel for profit-surging banks: KPMG

Mortgage advisers are predicted to continue to be an important source of business for Kiwi banks as they soar to new heights of profitability.

- Wednesday, September 19th 2018

KPMG has today released its latest Financial Institutions Performance Survey, for the June quarter.

It showed banks bounced back to profitability after a drop the previous quarter.

As a sector, they made $1.424 billion in the quarter, a 14.6% increase after an 11.35% drop the three months prior.

The increase in profit can be attributed to an increase in net interest income of $48m and non-interest income of $77m, paired with a decrease in impaired asset expense of $116m and operating expenses of $7m, with only an increase in tax expense offsetting the growth in profit.

Loan growth across the banks continued at a steady rate, with Heartland marginally ahead of TSB for the quarter and with year-to-date growth of 12.28% and 13.61% respectively. BNZ, ANZ and CBA-owned ASB also experienced an upwards trend in loan growth for the quarter with growth of more than 1.5%.

Kensington said banks saw mortgage brokers as a very important source of that lending business.

There would be more scrutiny of the conduct of the channel as a result of the Australian Royal Commission, he said, and banks would want to ensure they had clear visibility of each deal.

But he said it was such a huge source of business for them that they would maintain the channel.

“They are a great channel fort the banks. Lots of New Zealanders don’t really know what they are doing. They want a house and they know they have to have a loan but hey don’t know how to go about it.”

An earlier KPMG report showed a surge of interest in non-bank lenders, as banks tightened their lending requirements. He said brokers had driven that.