



Innovation in Financial Services

Hamish Carlisle – Managing Director

Hamish Carlisle – A Brief Biography

- ❑ Assessed acquisitions for NAB in 1990s
- ❑ Bank stock analyst with Merrill Lynch in 2000s
- ❑ Founder QuickDirect Online Mortgages

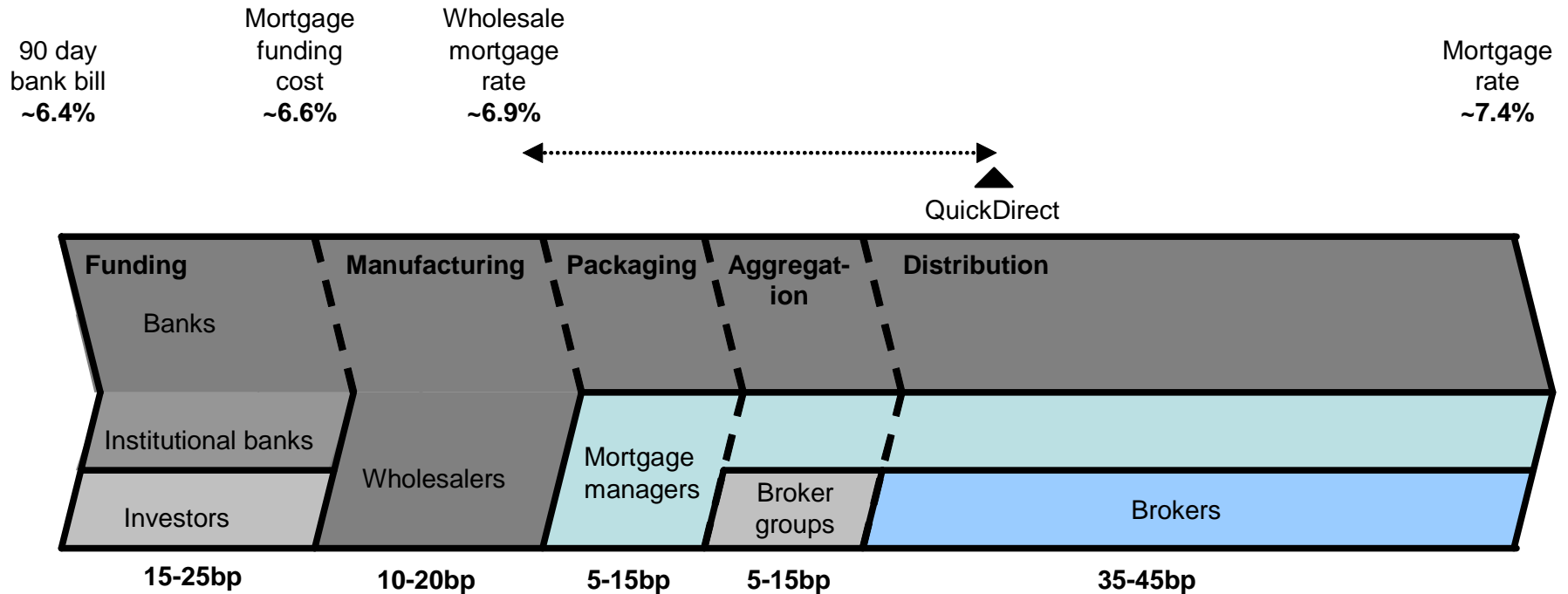
Contents

- ❑ Moving Away from Vertical Integration
- ❑ Developments in Mortgage Distribution
- ❑ The Internet as a Marketing Channel
- ❑ The QuickDirect Business Strategy

Moving Away from Vertical Integration

- Funding/Asset-Liability Mgmt
- Manufacturing/Processing
- Sales & Customer Care
- Marketing & Distribution

The Mortgage Value Chain



- ❑ Specialists playing at each point in value chain
- ❑ Situation is not unique to mortgages
 - ❑ e.g. Credit cards (Virgin), Managed funds (MLC)

Key Issues

- ❑ Internal structures for vertically integrated firms
 - ❑ Creation of specialist divisions to drive efficiencies & focus
 - ❑ Lack of flexibility & breaks in customer experience

- ❑ Where will margins be highest?
 - ❑ All elements of the value chain can be profitable
 - ❑ Distribution margins currently higher than manufacturing

- ❑ How will traditional players evolve?
 - ❑ Other industries have seen manufacturing outsourced
 - ❑ Funding is a function of institutional risk/return appetite

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Evolution of Mortgage Distribution



Branch 

Mobile Lender 

Broker 

Direct 

- Distribution margins have held firm
- High margins have fostered inefficiencies
 - Average mortgage broker sells 1-2 loans /week, earns \$100k+
 - Estimated 15,000 people in Australia selling home loans

Challenges for Incumbents

- ❑ Internal sales incentives don't match brokers
 - ❑ Better people seek alternative career paths

- ❑ Overheads remain high
 - ❑ Physical representation & front line staff expanding

- ❑ Channel conflict is an issue
 - ❑ Aligning price, convenience, service & processes

- ❑ Broker commissions are an embedded cost
 - ❑ We estimate 56bp per annum

Strategic Response from Major Banks

	Branch	Commission	Broker	Direct
ANZ	ANZ	“Mortgage Solutions”	ANZ	OneDirect
CBA	Commonwealth Bank	“Mortgage Innovation”	Colonial	Homepath
NAB	nab	Mobile Managers	Homeside	nab
SGB	St George	“Mortgage Connect”	St George	St George
WBC	Westpac	Mobile Managers	Westpac	Westpac

- ❑ One brand, One price, Different proposition
- ❑ Multi-brand strategies are emerging

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Who would apply for a homeloan online?

- Web-savvy
 - Comfortable using the internet

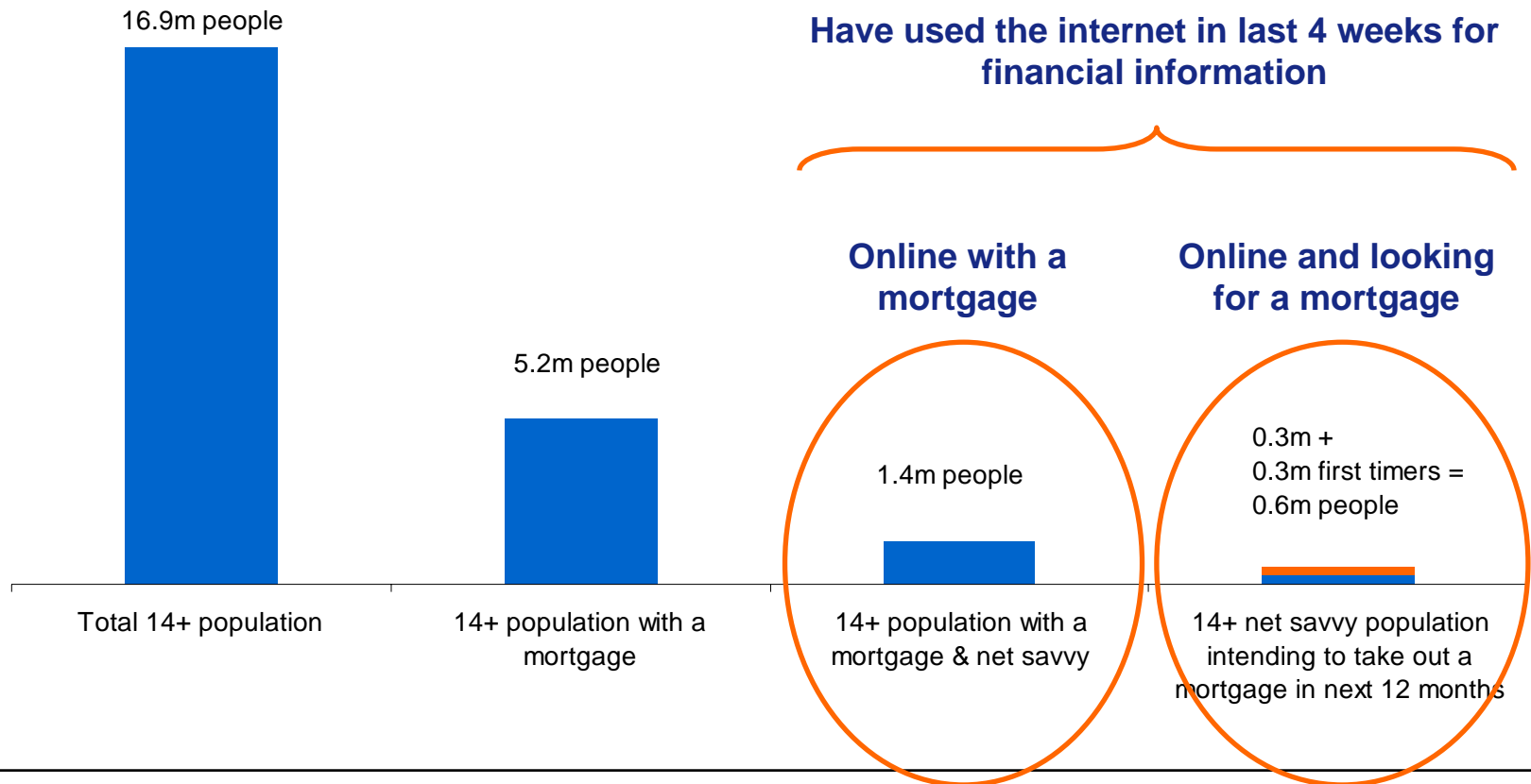
- Knowledgeable
 - Know about home loans or capable of learning

- Time poor
 - Don't want a drawn out "sales process"

- Confident

Web-savvy

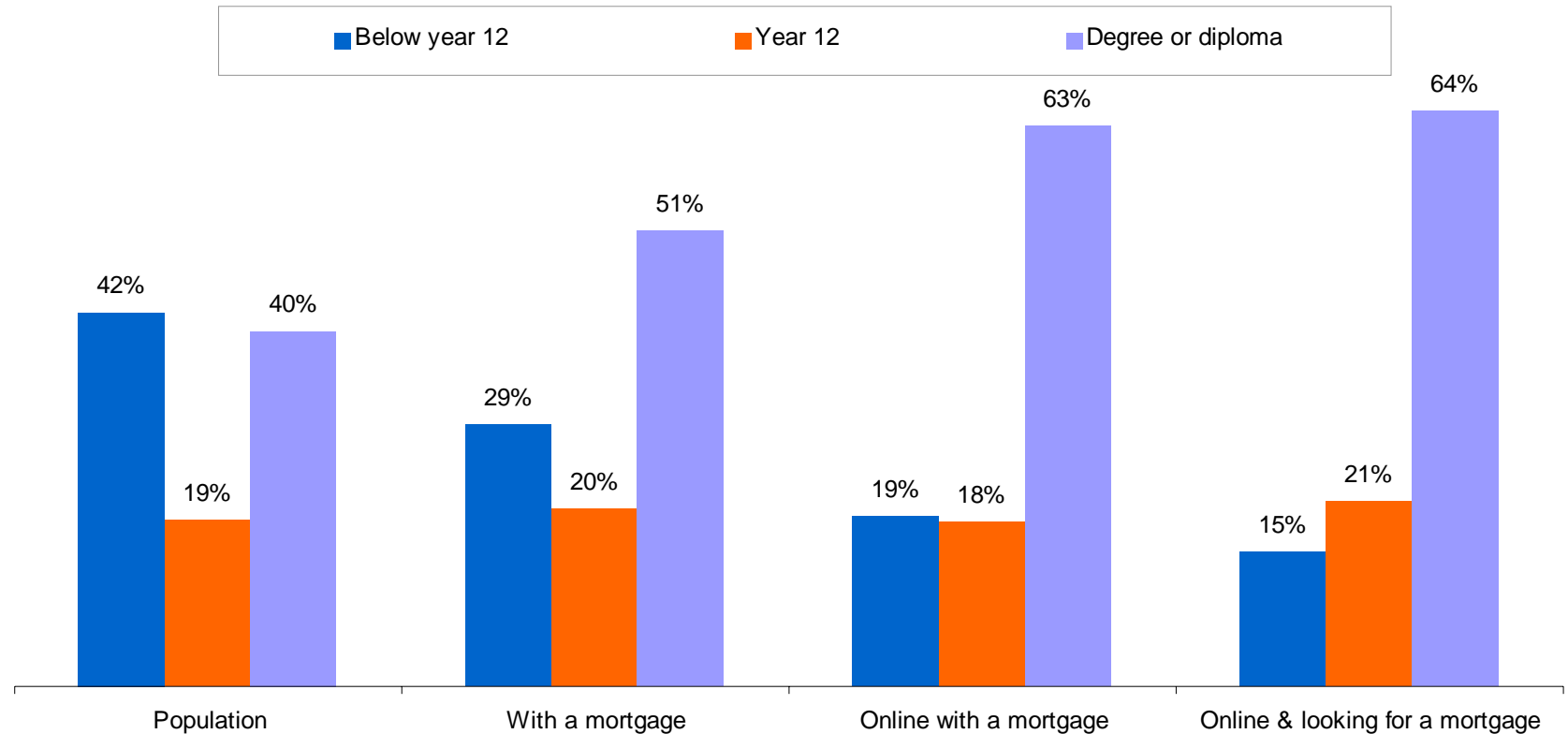
Australian 14+ Population



Source: Roy Morgan Research, QuickDirect Analysis, Data based on 12 months to March 2007

Knowledgeable

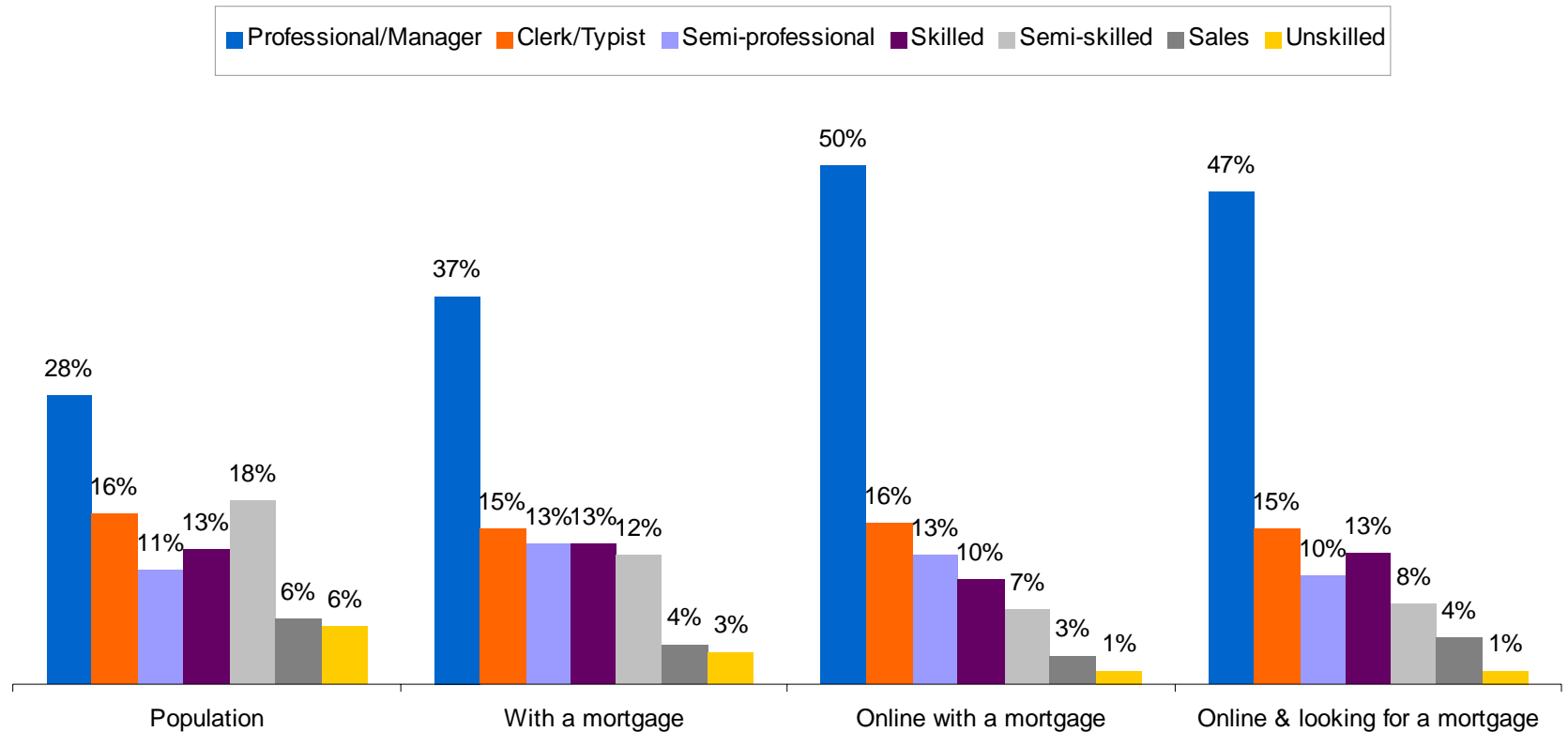
Population Mix



Source: Roy Morgan Research, QuickDirect Analysis, Data based on 12 months to March 2007

Time poor

Working Population Mix



Source: Roy Morgan Research, QuickDirect Analysis, Data based on 12 months to March 2007

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QuickDirect Business Strategy

- ❑ Simple, flexible & low cost products
 - ❑ No fees, no haggling, no honeymoon rates
- ❑ Simple & straightforward application process
 - ❑ Combining internet with one-on-one service delivery
- ❑ Low cost base
 - ❑ No embedded cost of broker commissions, branches
- ❑ Exclusively focused on sales & distribution
 - ❑ All other functions outsourced to strategic partners
- ❑ Online marketing capability
 - ❑ Sophisticated analytics & tracking to deliver ROI

Constant testing, measuring & optimising

The QuickDirect Marketing Funnel

Business levers

Impressions

Marketing mix

Site Visits

Ad copy

Commenced Online Applications

Landing page

Completed Online Applications

Application form

Pre-Approved Applications

Credit algorithms

Full Applications

Sales processes

Document Submissions

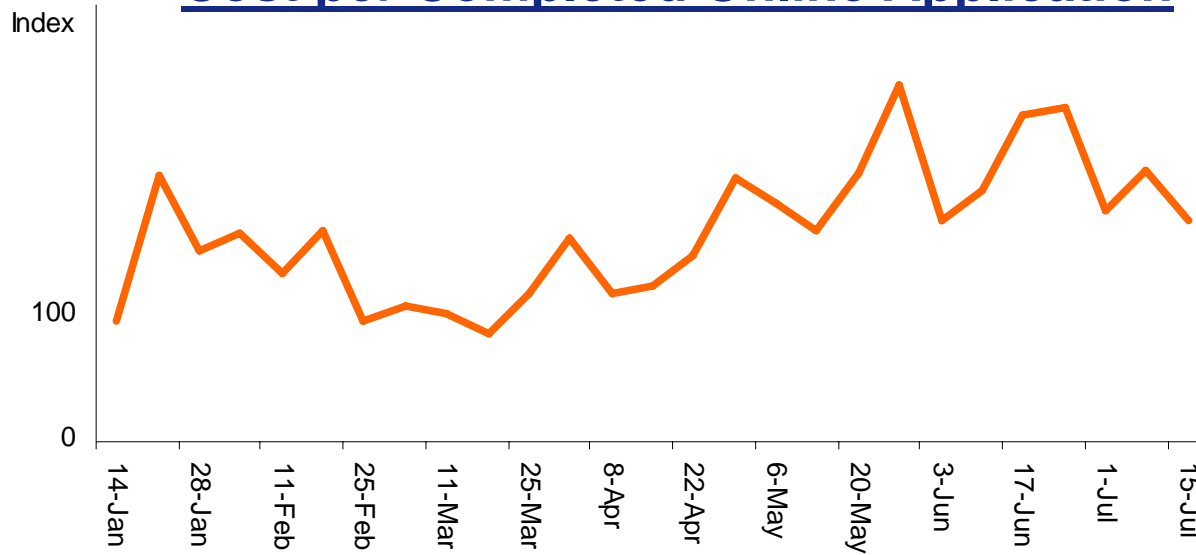
Formal Approvals

Loan Settlements

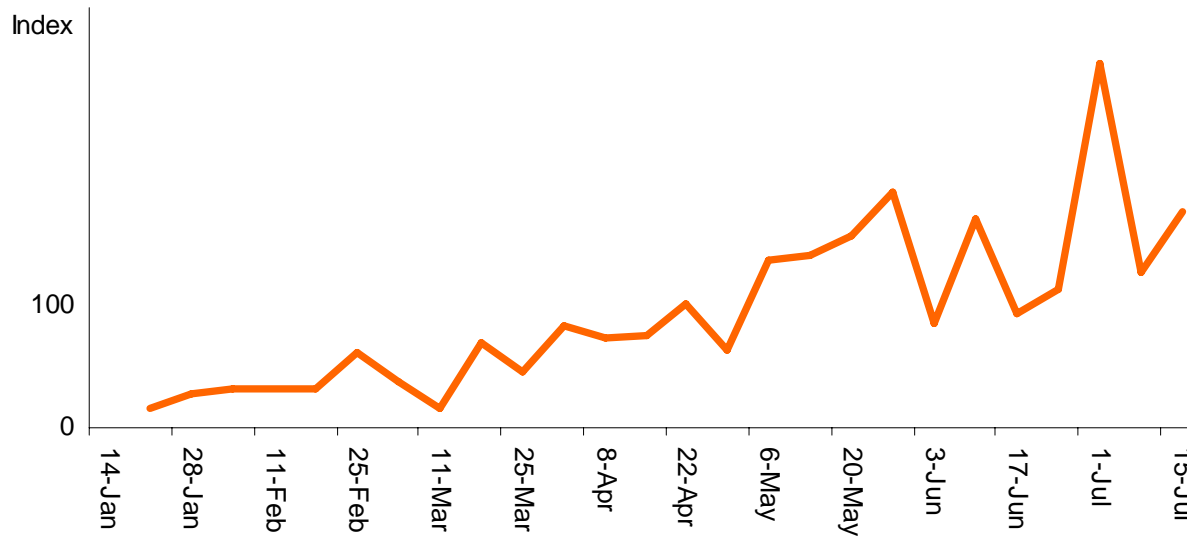


Early Results

Cost per Completed Online Application



Full Application Conversion



Questions?

Home

Why QuickDirect

Our Products

APPLY NOW

Easy Five Step Process

Calculators

FAQ's

About Us

My Application

My Account

Contact Us



LEARN MORE

APPLY NOW ▶

7.39%

QUICKDIRECT VARIABLE ANNUAL AND COMPARISON RATE

COMPARED WITH

7.59% VIRGIN

8.32% ANZ

APPLY ONLINE ▶

5 EASY STEPS TO A BETTER MORTGAGE DEAL

Welcome to QuickDirect. We offer fast online service meaning you could be pre-approved for a home loan in just a couple of minutes. We have no branch overheads and we don't pay broker commissions. This means a better, hassle free deal for you. Our products are simple with great rates and no hidden fees or charges. So if you're ready for a better mortgage deal, why not try QuickDirect.

[Learn More](#)

- 1 APPROVAL**
Fill in our short online application form or call us on 1300 79 69 80
- 2 OFFER**
We'll call you to gather some more information in order to prepare your official letter of offer.
- 3 VERIFY**
Fax, mail or email the necessary documents to us.
- 4 ACCEPT**
Once we've verified your documents we'll send out your formal loan agreements.
- 5 YOU'RE DONE**
Once you've returned your signed loan agreements back to us, settlement can take place.

NEED A HAND?

GET YOUR QUESTIONS ANSWERED BELOW

- How much stamp duty will I pay?
- How much can QD save me?
- How much will my repayment be?
- How much can I borrow?