

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS**

BANK OF QUEENSLAND

BOQ45QW: Home loan approval timeframes

For all home loan applications you have received in the quarter ending 31 March 2021 (regardless of whether the application was settled):

- (a) What is the average and median time from receipt of application by the bank to final approval, for applications received directly through your branch network?
- (b) What is the average and median time from receipt of application by the bank to final approval, for applications received through a mortgage broker?
- (c) If there is a difference in average and median time from receipt by the bank to approval for applications received through the branch network compared to the those received through a mortgage broker:
 - (i) What is the reason for the difference?
 - (ii) How might this impact the competitiveness of mortgage brokers?
 - (iii) What is the bank doing to equalise the difference in times?
- (d) Is an application received through the branch network processed differently from an application received through a mortgage broker? If so:
 - (i) What is the reason for the difference?
 - (ii) Is this difference informed by bank policy? If so, why?

Answer: BOQ's responses to the above questions are as follows:

- (a) BOQ's median time to unconditional loan approval for the quarter was 10.5 days and the average time to unconditional loan approval was 19.1 days.
- (b) BOQ Broker's median time to unconditional loan approval for the quarter was 18.8 days and the average time to unconditional loan approval was 26.2 days.

For Virgin Money Australia, a BOQ subsidiary, the median time to unconditional loan approval for the quarter was 15.8 days and the average time to unconditional loan approval was 24.0 days.

- (c) As indicated above, there is a difference between the median and average times for unconditional loan approval between broker and non-broker channels.
 - (i) There are four main reasons for the difference:

Firstly, this financial year, all banks have seen unexpected levels of growth in the housing market where volumes are up by 28.8% six months on previous six months.

Secondly, BOQ's branch network staff create loans and input data straight into BOQ's systems. In the broker channel, loans are received through a loan gateway and need to be manually rekeyed into BOQ's home loan system by a Broker Application Analyst (BAA). The BAA acts as an intermediary for communication between BOQ and the broker. This additional step can cause delays in processing broker originated loans.

Thirdly, the type of loan varies by channel. For example, construction loans are more frequently received from BOQ's broker channel. These loans require additional documentation and closer consideration by BOQ, and may, therefore, take longer to approve.

Finally, BOQ's branch network staff only deal with home loans for the BOQ Group. This means they are generally more familiar with BOQ's policy and servicing calculations. Brokers often deal with home loans issued by a range of lenders, all of which may have different policies and procedures. This may contribute to additional delays to unconditional approval in the broker channel.

- (ii) The difference in median and average times to unconditional loan approval should not impact broker competitiveness as customers use brokers for a range of reasons, and time to approval is only one part of the overall decision and brokers have the ability to submit loans to multiple lenders including the ones with the best servicing times.
- (iii) BOQ has invested in several projects to drive better service levels in our broker channel, including:
 - A) Hiring additional staff;
 - B) Improving automation of the broker channel processes to limit manual handling;
 - C) Investing in the loan gateway used by brokers and lenders to reduce incoming errors;
 - D) Investing in a secure broker portal; and
 - E) Hiring a coach to assist brokers to improve their loan application quality.
- (iv) Applications received through the branch network are processed slightly differently to those originating in BOQ's broker channel for the reasons outlined above.