

SPECIAL REPORT

# BANKROLLING THE BUSINESS BOOM

As business conditions gain strength across Australia, **Steve Lawrence**, VP head of major commercial clients at La Trobe Financial, is supporting brokers in capitalising on the rising demand for commercial finance

**FIGURES** released this year by the ABS confirm there were more than 2.24 million trading businesses in Australia at the end of 2017, an increase of 3.1% on June 2016, making it the fourth consecutive year of business formation growth.

In April, the NAB business confidence index increased to match the highest reading since the index began in 1997. Profitability gained six points to reach +22 and sales jumped seven points to a high of +28, with activity in mining, finance, business, property and construction driving the outcomes. As a result, economic growth is on track to top 3% this year and next.

In providing the finance that allows Australia's businesses to boom, La Trobe Financial has seen a marked increase in demand, specifically across its commercial lease doc and Lite Doc products as well as construction and development finance.

"While some financiers appear to be pulling back and controlling their books more tightly, La Trobe Financial continues business as usual in this space, delivering on our promise to assist those underserved by traditional lenders," says VP head of major commercial clients Steve Lawrence.

"We provide solutions that some financiers cannot achieve in the current environment, with flexible outcomes that meet market demands."

In doing so, the non-bank has picked up eight industry awards over the last 12 months, including MPA's Best Non-Bank award and three recognitions in the International Alternative Investment Awards. Testament to the quality of its solutions, La Trobe Financial is also

ranked as a top 10 lender in the commercial space by the leading aggregation groups.

Most recently, SQM Research released its annual review of the Australian mortgage trust sector, in which La Trobe Financial took the top spot for two funds, based on the lender's strong distribution network and geographic – as well as client – diversification. The 12-month term investment received 4.25 stars, and the peer-to-peer select investment account came second with 4.0 stars, both achieving a 'superior' rating.

Creating a domino effect, a subsequent recalibration of market share is now taking place between the traditional banks and other non-bank credit providers, adding further strength across the commercial lending sector.

La Trobe Financial plans to capitalise on its position in a number of ways. The lender currently has

one of Australia's broadest ranges of products and solutions of all the non-banks in operation, including a \$2.2bn retail investor credit fund.

"We are seeing growth in all these areas. It goes back to us providing a solution to brokers in terms of speed to market and being able to connect them to our experienced commercial credit team," Lawrence says.

Striking while the iron is hot, the lender's maximum commercial loan will soon expand to \$50m and average commercial loan terms will be extended from three to five years currently to 30 years, with further innovations planned in the digital space.

### Commercially minded

The advancements at La Trobe Financial coincide with a number of reviews of the financial services industry, including those of the Hayne royal commission, the Harris

Productivity Commission and the ACCC Residential Mortgage Products Price Inquiry, to name a few, and their influence is noted by Lawrence. Faced with a series of regulatory changes, brokers have been left searching for client solutions while leadership from the industry wanes.

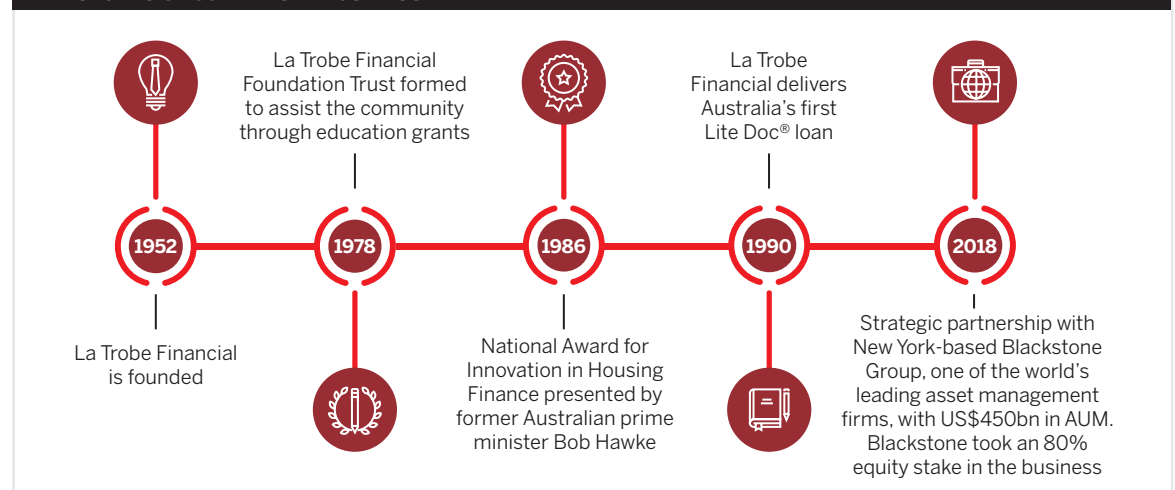
"At La Trobe Financial, we assume the uncertainty emerging as a result of these inquiries and other market factors will stay with us for at least the next three years – it's a watershed moment for the industry," says Lawrence.

However, as other lenders continue to shy away from providing much-needed advice and guidance, Lawrence is happy to step up. While increased market share is the end goal for La Trobe Financial, the method for achieving that result is based on supporting brokers in transforming challenge into opportunity.

"We are well placed to assist brokers in this space as we make our commercial loan products accessible for all finance brokers in an easy-to-use, familiar format, regardless of experience," he says.

"Our products are engineered to ensure first-time users can write them confidently and competently, and we connect our key decision-

### MILESTONES OF 66 YEARS IN BUSINESS





Steve Lawrence, VP head of major commercial clients

makers directly with brokers from the first point of contact. Our turnaround times are far superior to most, and we provide a personalised relationship service model to treat each application on its merits and not apply a tick-box approach.”

Lawrence reports a steep rise in repeat business from the broker channel, with a number of brokers who previously only used La Trobe Financial “once or twice every six months” now frequently turning to the lender.

In addition, those who have never brokered a loan with La Trobe Financial are now turning to the non-bank for such USPs as its personal senior credit analyst service. These trends are expected to drive the volume of commercial loans written by brokers from less than 20% currently to “much closer to those in the residential mortgage space”, which accounts for 55.7% of the market.

“This is because borrowers are

looking for a solution to their commercial needs, and brokers who have access to a number of financiers’ products are best placed to be able to meet the borrower’s needs and requirements,” Lawrence says.

**“We provide solutions that some financiers cannot achieve in the current environment, with flexible outcomes that meet market demands”** Steve Lawrence, VP head of major commercial clients

As La Trobe Financial’s market footprint grows, a number of new senior managers responsible for client partnerships have been appointed to meet demand and service expectations from brokers.

“Speed, flexibility and certainty are of paramount importance to a

broker’s business. Most importantly, at La Trobe Financial, brokers can talk to decision-makers directly to work deals through; and, subject to meeting all credit criteria, that means they can meet the needs and requirements of

the borrower,” Lawrence says.

Industry bodies such as the MFAA, the FBAA and the Commercial & Asset Finance Brokers Association of Australia, along with leading aggregators, are working hard to promote the benefits that diversification into commercial

lending can provide for brokers. La Trobe Financial is supporting this wider industry drive by providing education, training and accessibility to a wider suite of products.

These developments are essential at a time when Lawrence says many finance brokers feel underserved by lenders, often due to volume and accreditation barriers. Helping to expand the business capabilities of brokers as well as their commercial clients – not to mention its own bottom line – La Trobe Financial has aligned its broker engagement strategy with its wider operational objectives.

“Giving brokers access to commercial loan products forms a key part of our strategy and is extremely important to us,” Lawrence says. “It goes to the very heart of our mission to assist underserved markets, and it would be very surprising if the broker market share of commercial didn’t continue to rise in the short, medium and long term.” 