



4 January 2020

Manager
NHFIC Act Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Email: NHFICsecretariat@treasury.gov.au

Dear Mr Leptos,

P&N Bank - Submission to the Review of the National Housing Finance and Investment Corporation Act 2018

Thank you for the opportunity to provide feedback to the Review of the National Housing Finance and Investment Corporation Act 2018, specifically relating to the effectiveness of NHFIC and the FHLDS in facilitating earlier access to the market for first home buyers.

P&N Bank is a strong advocate of the role that NHFIC plays and the benefits of the FHLDS for Western Australian first home buyers.

Police & Nurses Limited (PNL) is a national multi-brand customer-owned banking organisation. Under PNL's ADI, P&N Bank operates in Western Australia with circa 100,000 customers and bcu operates in NSW and south eastern Queensland with 60,000 customers.

As a responsible lender focused on helping customers of all ages, first home buyers have always been an important key consumer segment for P&N Bank (P&N). P&N Bank were approved to take part in the FHLDS in early 2020 as the only WA based lender (an application is currently being undertaken for bcu to participate in the Scheme in 2021 which, if approved, will further support first home buyers in NSW and south eastern Queensland where bcu operates).

P&N Bank's participation in the Scheme through both its proprietary and broker channels has been highly successful, with more than 350 first home loans funded during the year under the FHLDS. This statistic represents 350 West Australian borrowers who, without the Scheme, would not have been able to enter the property market and purchase their own home.

As a small, customer-owned lender, participation in the FHLDS has unlocked the following significant benefits for P&N's customers and our organisation:

- The FHLDS has removed the barriers to home ownership for a significant number of existing and new P&N Bank customers through the Scheme benefits – **quite simply, the Scheme has changed lives for our customers.**



- As one of the few lenders in Australia to offer Reverse Mortgages to eligible seniors, our involvement in the FHLDS has allowed us to **specifically support borrowers at all stages of the home loan product life cycle with a tailor-made proposition.**
- From Feb-Nov 2020, P&N's monthly number of FHB contracts has **increased by 250%**. During this period, membership growth in the FHB age demographics of 18 to 35-year-olds increased by 8%.
- In further recognition of P&N's improved performance in attracting and maintaining relationships with the first home buyer segment (18-35 year old's), from Feb-Nov 2020 P&N saw an uplift in
 - % of members - 7% increase in 18-35 year old's vs 3% for whole membership
 - % of home loans - 19% increase in 18-35 year old's vs 4% for whole membership
- Furthermore, P&N increased its Net Promoter Score in this segment from 46% to 59% between Q3 and Q4 in FY20.
- Monthly data released by the Australian Bureau of Statistics shows that FHBs make up on average 30% of all residential home loans in Western Australia. Since participating in the FHLDS, the FHB share of P&N Bank's home loan lending has **exceeded this average consistently; a first for P&N Bank.**
- Our successful involvement in the **FHLDS supported P&N Bank's overall growth and stability** as a small lender during an economically difficult year for all business and consumers (relating to COVID).
- P&N Bank relies on our strong broker network as an important distribution channel. Accordingly, brokers have played a significant role in assisting first home buyers to enter the property market through P&N's involvement in the FHLDS whereby some **80% of P&N Bank FHLDS places were funded through our broker channel.** (see Testimonial section below)
- P&N Bank was awarded the **Best Mutual/Specialty Lender Award at the 2020 MFAA State Excellence Awards**, as voted by brokers. This result was in part due to the strong take-up of the Scheme and the dedicated FHLDS workshops that P&N Bank conducted for brokers.
- Our involvement in the **FHLDS has further introduced more Western Australians to P&N Bank and the benefits of customer-owned banking, demonstrating that there is a genuine alternative to the major banks.**

A. Specific Feedback

1. Positive Broker and Borrower feedback

Our broker partners and borrowers have expressed that the Scheme was simple and easy to navigate.

2. Tranche 1 – Information lag

Recommendation – more timely process and operational information for panel participants prior to public communication

There was a lag between the public announcement of the Scheme panel participants and the provision to participants of information about Scheme rules and eligibility requirements. We endured several weeks of strong enquiry levels with no clarity or information to provide our brokers and potential new borrowers. This process was improved for Tranche 2 albeit we were unaware of the eligibility change relating to existing dwellings and did not have the opportunity to educate our lenders and broker partners in advance of the Scheme placings becoming available.

3. Tranche 2 – new dwellings only

Consideration – for Tranche 3, reconsider eligibility for existing dwellings to allow more Western Australians to benefit from the FHLDS

We appreciate that the Tranche 1 take up was strong and that restricting eligibility to new dwellings only for Tranche 2 provided some leverage for NHFIC to control volumes. Respecting the intent to support the construction industry and new jobs while controlling application volumes, we respectfully request that NHFIC consider reinstating the eligibility for existing dwelling purchases in subsequent FHLDS tranches to provide the benefit to more Western Australian first home loan borrowers.

B. Testimonials

1. P&N Bank - First home buyers - Brody and Kym Dosek

Brody Dosek (28), a P&N Bank member of over 14 years, and his wife Kym (28) are amongst the hundreds of first home buyers who received funding through the FHLDS and were able to purchase their first home through P&N this year.

A full-time Store Manager for Aldi, Brody is a big supporter of P&N and after a few years of dating, convinced his partner Kym, a part-time registered nurse, to join as well.

“Kym was amazed that any time I went into the Joondalup Branch there was genuine customer service – I wasn’t just a number,” Brody said.

When the couple got engaged in 2018, the Joondalup team were right there to support them and played a part in their wedding preparations, with Kym even showing them her dress before Brody got to see it!

After their wedding in 2019, it was time to start looking for a house, and that’s when they met mobile lender Jess Nguyen who looked at the numbers to determine what they could afford.

“Our major concern was that we didn’t quite have the 20% deposit. We felt if we tried to reach that we might be really stretching ourselves.

“We knew about the FHLDS before we started looking for a house. With a lower deposit needed and the Lenders Mortgage Insurance taken care of, we knew we would be in a good spot financially if we could apply.

Once their pre-approval was sorted, Brody and Kym began their property search and eventually landed on an established property in Wanneroo which they purchased in February.

“The FHLDS process was extremely simple and we just had to make sure we met the criteria, which we did. It was all very straight forward.

“Any question we had, Jess was there. She was constantly at my mum’s house and even came to home opens with us.

“Once our application was approved, Jess was on our doorstep with a housewarming present. It was a really pleasant experience.

“Jess’ service was unreal. It was personable. Kym and I both work in service industries and the lengths Jess went to blew us away.”

2. Creating strong broker partnerships

P&N Bank are proud of the relationships we have with local WA brokers and are focused on supporting the current and future needs of our broker partners and their customers.

With many first home buyers choosing to use a mortgage broker to help them navigate the home loan process, P&N were committed to engaging broker partners with the First Home Loan Deposit Scheme when it launched in early 2020, making places available via both the broker and proprietary channels.

In 2020, some 80% of P&N Bank’s involvement in the FHLDS loans have been written by mortgage brokers. This figures clearly demonstrate that first home buyers have embraced the flexibility and support that broker partners provide to West Australians.





P&N Bank won best Mutual/Specialty Lender Award at the 2020 MFAA State Excellence Awards, as voted by brokers, which was a result of the strong take-up of the Scheme and the dedicated FHLDS workshops P&N ran with brokers.

Thank you again for the opportunity to provide this feedback. Please do not hesitate to seek further information or clarification.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kaine Adamson', written over a large, faint circular watermark or background.

Kaine Adamson
Senior Manager Retail Distribution
P&N Bank