

An industry at the cross-roads?

As the Association of Finance Brokers cuts its first teeth, it finds the birth of Loan Distributor to gnaw on. The AFB in celebrating its first birthday, is part of the continuing growth in style, stature and prominence of the secured loans industry. The adding of Loan Distributor to the growing stable of publications is recognition of the increasing importance of secured loans in the range of solutions available to advisers on mortgages and loans.

This is not to say that all in the secured loan broker's play-pen is warm, cuddly and comfortable. Whilst we have enjoyed the benefits brought by the ten year bull-run in house value growth and a benign economy encouraging ever burgeoning personal debt, there have been problems stacking up. Like a young toddler, the industry appears to absorb change like a sponge, but ignores risk and danger as it is still blissfully unaware of the connection between falling and pain.

It was the recognition of the cold winds sweeping across the changing mat that caused a number of brokers to seek out a new home for the CFB and design a new structure and agenda to cater for:-

- A new, more invigorated Office of Fair Trading
- A revised Consumer Credit Act, including unfair relationships
- The impact of insurance regulation via the FSA and its move to enforce Treating Customer Fairly
- The compulsory jurisdiction of the Financial Ombudsman Service
- The referral of PPI to the Competition Commission
- The European Credit Directive
- The European Mortgage White Paper
- The advent of lead generation companies
- New advertising standards
- Courts and regulators looking to now use the Unfair Contract Terms legislation.

Just a flavour of the potential issues that will impact the industry over the next two years. These will change the way firms do business, the economic models and the view consumers have of our industry. There has never been a more exciting time to be in this industry and never a greater need to have people representing it who can help guide it safely through these potential mine-fields.

This is without worrying about the Retail Distribution Review, the judgement in the Wilson v Hurstanger case; and the arrival of secured loan sourcing systems.

The AFB is passionate about representing the interests of secured loan brokers. That is our reason for being, why we get up in the morning. We do not have any competing priorities to get in the way. Like the child in search of milk, we are not easily distracted. That is not to say we do not listen to Lenders and to Insurers. We do and will continue to do so. And we will positively engage them, but in the context of improving the position for brokers.

Likewise with the OFT, FSA, FISA and FOS. We will not act as "regulator bashers". Our role is to positively engage and to ensure that the issues are properly understood and

discussed. We want to ensure that the best in the industry are protected and that bad practice is eradicated. That will give long term sustainable and profitable business for all. However where we believe that the regulator has got it wrong we will bring all the resources at our disposal to bear. And these are considerable. The family of trade associations that the AFB is part of, the Association of Independent Financial Advisers and the Association of Mortgage Intermediaries are respected and strong. They command influence and assist in gaining a credible voice at the table.

Many do ask me “What is the difference between the AFB and FISA?” In my view there is a job and very specific roles for both entities. And membership of one does not exclude membership of the other. FISA is a standards body seeking to ensure lenders and brokers provide consumers with the correct standards of advice. It operates a Borrowers Information Guide and a Code of Discipline with a function to ensure compliance with the Code. It works for lenders and brokers. It operates to implement what has been agreed

The AFB is here to ensure that the interests of brokers are represented and protected. It works to ensure that what comes to the industry is appropriate and proportionate and to advise on how to implement. This is where it links to FISA. Whilst it does this exclusively, it must also ensure that it reflects the interests of the consumer and the wider industry, but primarily it must work to promote, collate and inform on issues facing brokers in the industry.

The agenda and issues requiring attention are vast. It is a “problem child”. But like any parenting role, the value comes when after the hard work the child grows. But it is a collective responsibility. The family must work together to achieve the right results – the common good.

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