

## Why Does Everything Have To Be So Damn Difficult?

For those of you who may still think the photo I use in some articles is current, it is not. The look of shock on some faces when we first meet suggests that it might be time to update said image and nothing confirms my retreat into older age more than recent events. Yes, it's true. The managing director and I have purchased a caravan. But Mike, you're too young I hear you cry. Nonsense, the MD may be too young, child bride that she was, but I am certainly age qualified. In fact, I know of several other industry specialists who call something on 4 wheels home for at least part of their leisure time. Of course, if you live permanently in something on wheels that may suggest a separate issue but let's not go there.

Miraculously we have just completed our maiden voyage without killing each other or needing to brief counsellors or lawyers. We had a ball, not least because my parents, who are in their 80s, accompanied us in their van and seemed to take great delight in seeing us adjust to life on the road. They are an amazing couple coming up for 60 years married and they still cycle and play tennis. Even fitted in at the Byron pub! Of course, all good things must come to an end, and we are back home and coping with the day to day issues of life.

Having spent a couple of weeks living in a very small yet simple space with no real need to interact with the modern world I find myself wondering.....when did things get so complicated and just plain hard?

It seems to me that in my game there are two key drivers within the banks (and most other large corporates) that are working in concert to make things more difficult and slower than they need to be. The first is something we see in a lot of larger companies and it's got a very misleading name. Efficiency. We are introducing a new process to aid efficiency. We are closing your local branch in an efficiency drive. Calls will be taken by our wonderful staff in Mumbai in our relentless quest for efficiency. Loan security documents will be prepared offshore etc etc etc. It's all garbage of course. Efficiency is corporate speak for cost cutting and the consumer be damned. The challenge for all companies is that they are judged on their share price and return to shareholders with little value placed on service. Better to use up the consumers time sitting on call waiting than have sufficient staff to actually pick up the phone. Better to have a talented banker desk bound and stressed out of his or her mind than provide sufficient support for them to do a good job. I could go on but you get the picture.

A while back the banks, in an effort to introduce further efficiency, adopted an automated valuation quote and instruction process. We reckon its added, on average, two weeks to the time needed to get our hands on a management rights valuation report. So, look at a 4 week valuation period as a minimum and you won't be disappointed. Used to be two weeks. Gotta love efficiency! And, because banks are cutting staff and no one on the front line can make a decision any more, allow another two weeks for an approval and Letter of Offer. That's 6 weeks if everything goes perfectly. Not long ago finance dates were set at 28 days, now we are advising clients to work on 48 days minimum, that's a 70% increase in the time it takes from contract to formal documented finance approval. It's not unusual for us to encounter people who have been waiting months for an answer from their bank on a credit application. Gotta love efficiency.


 HELLO

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 fresh ideas...

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So, that's driver number one in the game. The second, and I suspect soon to be number 1 contributor to this sorry state of affairs is Compliance. We live in an age and culture of zero personal responsibility, so we need lots of rules and laws to protect us against both ourselves and our fellow citizens. I've travelled a bit and I think we might be the most nanny state centric place on the planet. In most countries, including Australia, it takes maybe 10 blokes (it's always blokes) to do a bit of roadwork, fill in a few potholes, that sort of thing. Anywhere else that's a couple of workers on the stop / go signs and 8 people swinging shovels. Not here though. Here we have 8 people on the signs and 2 people on the tools. Gotta love compliance.

It's the same idea in finance and, post banking enquiry, it's going to get worse. Just as our law makers assume we can't drive through some road works without a cast of thousands supervising us, they also believe we can't make decisions for ourselves regarding our finances. The laughable level of disclosure and documentation banks must provide has led to very simple financial products and services being delivered with mountains of paperwork, Product Disclosure Statements and the like. Who reads all that stuff? We do, when it's for a client, but let me tell you, when it's my own personal matter I check the summary page and throw the rest in the bin. Bet you do to. The sad fact is that in an effort to protect the poor misinformed consumer we are simply delivering an impenetrable blizzard of rules, paperwork and.....compliance. Great result if you are in my profession, the more complicated the process, the more value a finance broker adds.

Here's a thought. Why not spend the money saved through efficiencies on consumer education? Surely if we all understand how finance works we can make educated decisions and think for ourselves.

Whoops, what a silly idea. Next thing they'll be cutting the numbers of stop / go people on the assumption that we all have a driver's licence. It will never work.

On a parting note, the van is on the footpath and available via Air BnB. Should prove a nice little earner.



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