

Resistance is Useless

I hate paperwork. There, I said it! Forms irritate the hell out of me, particularly the ones designed by some genius who never actually fills said form in. Designed by a committee with no thought as to the mental health of the end user. I particularly hate forms that ask me to repeat information or worse, ask me to tell the form provider things they already know. You would think in this day and age forms would be a thing of the past and we could all just have a thought reading consciousness chip and authorise those we do business with to access those parts of the brain necessary to retrieve information. Hmm, maybe not such a great idea. There are certainly parts of my brain I don't want anyone I do business with to access.

Nowhere is the insanity inducing form more prevalent than the Australian banking industry and here's the thing. My mates in the banking game hate the damn things just as much as you do. The reality is that 90% of the forms you need to complete when borrowing from a bank are not there because the bank wants them. They exist thanks to a mountain of government legislation, regulation and nanny state compliance rules. Yep, it's all just so much covering of bottoms and resistance is useless.

The state of banking legislation and compliance standards in Australia right now is such that the consumer is assumed to be an uneducated idiot with zero capacity to make any form of intelligent decision. It is true that examples of said consumer have appeared recently before the Banking Royal Commission and it is also true that so called news and current affairs shows seem to attract this type of bank client. The whinging from this minority sector has resulted in the bizarre system that now masquerades as Australian banking industry responsible lending standards. The banks need to prove that they assumed you were an idiot and they do this by having you fill in endless forms. They then send you a mountain of paperwork to explain what it is that the filled in form has bought you.

Consumers need to get used to this state of affairs because here's the news. It isn't getting any better! We expect the final recommendations of the Banking Royal Commission to impose further compliance standards on lenders and brokers and you know what that meansmore forms.

Interestingly, the form has a natural companion. The hoop. You fill in the form and you jump through the hoop. As brokers we like to think we know all the forms and all the hoops. Sadly, the pace of new hoop production is such that even we are sometimes blindsided mid leap. Occasionally we find, to our dismay, that the hoop has been set on fire and is tethered over a pit of snakes. We usually clear the obstacles, but you get the picture.

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Needless to say, all this form filling and hoop jumping wears a bit thin on some borrowers. My advice is simple. Resistance is useless. Rather than burning emotional energy and time raging against the machine simply fill in the form and provide the supporting documents we need to get the job done. I feel your pain but make no mistake, resistance is useless.

Of course, what all this form filling and hoop jumping often does is distract from the crux of the credit application, what the consumer is trying to achieve, and a sensible assessment of the credit risk involved. There is no doubt that lending compliance is now a huge cost to banks and with finite resources something's got to give. The evolution of some small business credit departments staffed by seasoned decision makers with wide ranging authority to cookie cutter processing centres is evident in some banks while others make valiant attempts to retain the high ground. On pricing the cookie cutter will most likely win but here's the thing. More of our clients are choosing lenders on ease of doing business rather than price. The paperwork and hoop jumping will, in my view, start to play out as a significant market differentiator over the next few years. Banks and brokers who are able to demonstrate a clear pathway through the maze will prosper (no pun intended) while those who allow the process to control the agenda will not.

I am not surprised that we are seeing an increase in borrower frustration but before fingers are pointed at the banks better to hold the politicians to account. They make the rules.

I will leave you with this quote which I have always liked. It's not specific to banking but you get the picture I am sure.

Misdirected focus on paperwork, on procedures, and on bureaucracy frustrates teachers and fails to give children the education they need.

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