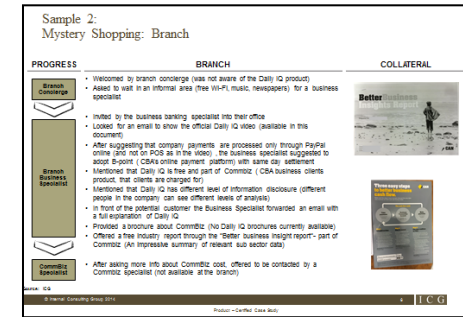
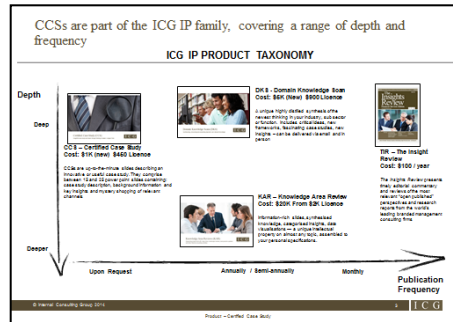
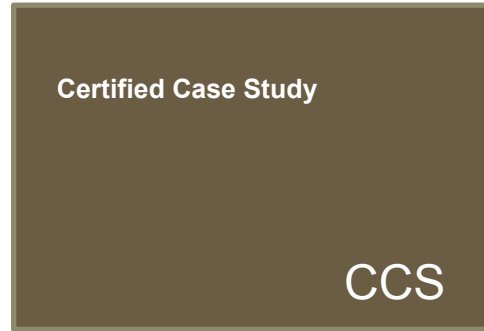


Certified Case Study (CCS) 005 – St George Flame



Certified Case Study

The CCS 005 (Certified Case Study) on St. George Flame is a document containing information rich slides which comprehensively describe the St. George Flame case study and is certified by ICG to be based on publically and externally sourced information only – CCS's are a unique intellectual property for clients wanting to be across the latest developments in their industry. It comprises 26 pages of power point slides that contain:

- St George Flame overview: one of Australia’s leading mortgage broker programs
- Case study description, including background information and key insights
- Several frameworks describing the intermediated distribution model and the coverage models for lenders
- Relevant media extracts, including some quotes from the press
- Certification by ICG that all information is verified as accurate at time of publication and no information was obtained as part of any engagement ICG may or may not have with St. George
- CCS 005 is a companion resource to our monthly global periodical The Insights Review (TIR), deeper full dives on a specific topic – our Knowledge Area Reviews (KAR) and DKS - unique highly distilled synthesis of the newest thinking in an industry, sub sector or function.

Agenda

| Section | Component | Description |
|---------|---|--|
| 1 | Overview | <ul style="list-style-type: none">• St. George Flame - What is it?• Why St. George Flame is an ICG Certified Case Study |
| 2 | Context | <ul style="list-style-type: none">• St. George Flame business model• Global market (peers and substitutes) |
| 3 | Detailed Description | <ul style="list-style-type: none">• St. George Flame value proposition |
| 3 | Relevant Media | <ul style="list-style-type: none">• Media coverage and relevant quotes• Case studies and detailed interviews |
| 4 | Marketing Collateral and Brochure ware | <ul style="list-style-type: none">• Marketing Campaign• Collaterals• Videos• Social Media |
| 5 | Appendix | <ul style="list-style-type: none">• Other ICG sources of insight |

Sample 1: St George's mortgage broker program is focussing on higher value niches



HOW DOES IT WORK

| Product Strength | Rank |
|---------------------------------------|----------------|
| Residential and commercial loan range | 3 |
| Policy flexibility | 3 ¹ |
| SMSF loans | 3 ² |
| Co-brand / White-labelling | TBD |

1. For example only 1 year tax returns for self-employed

2. Has loan offset capability within SMSF loans

| Broker Support | Rank |
|--|----------------|
| Tiered support services | 4 |
| Recognises loan value (i.e. margin) in tiering | 1 ⁴ |
| Subsidised training (e.g. Kaizen) | 3 |
| Online switching | 2 ⁵ |
| Line to credit assessor | 2 ⁶ |

4. Only via policy settings (e.g. attractive SMSF loans)

5. Variations submitted by email – not online

6. Only for Flame brokers for now

| Distribution | Rank |
|-----------------------------------|----------------|
| National BDM coverage | 3 |
| Comprehensive aggregator coverage | 4 ³ |

3. Smaller BDM team than many of the majors but they are aggregator linked rather than territory linked so most aggregators are covered

| Economics | Rank |
|-----------------------------|----------------|
| Attractive commission rates | 2 ⁷ |
| Payments for referrals | 0 |

7. 0.715% upfront / 0.165% ongoing (in year and for life of loan)

| LEGEND | | |
|--------|---------------------------------------|---|
| | Strong attribute of value proposition | 4 |
| | Weak attribute of value proposition | 0 |

KEY INSIGHTS

- Leading SMSF loan with offset attached
- Focussing on higher value (and higher risk) self-employed via policy settings (e.g. only 1 year of tax returns required for credit approval)
- Sub-scale network reduces ability to offer key features (e.g. direct line to credit assessors for all broker tiering levels)

Source: primary ICG research interviews

Sample 2: At the highest level the business model comprises the following components

| Distribution Coverage | 3 rd Party Support – Front End (Pre Settlement) | 3 rd Party Product Offering |
|---|---|---|
| <ul style="list-style-type: none"> • Types of umbrella groups (e.g. aggregators, franchises) <ul style="list-style-type: none"> • Types of brokers <ul style="list-style-type: none"> • Pure Brokers • IFAs • Others (e.g. Lawyers, Accountants, Real Estate Agents) • Online broking • Value chain coverage-wholesale & retail distributors | <ul style="list-style-type: none"> • Segmentation approach (High Volume/High Value to mass market) • 3rd Party Support System <ul style="list-style-type: none"> • Differentiated Relationship Management Model based on economic segmentation of groups and brokers • Group Strategic relationship plans & broker Relationship analysis • Business development and training support e.g., PD days, dedicated training support • IT Platform <ul style="list-style-type: none"> • Online submission • Online communications • CRM – Salesforce or similar • Social media • Credit <ul style="list-style-type: none"> • Decisioning & accessibility • Policy flexibility | <ul style="list-style-type: none"> • Product differentiation <ul style="list-style-type: none"> • Brand (Co-brand, white labelling) • Price • Feature • Risk appetite • Service level • Cross Sell program <ul style="list-style-type: none"> • Retail • Commercial • Wealth • Insurance |
| 3 rd Party Support – Back End (Post Settlement) | Governance – Channel congruence | |
| <ul style="list-style-type: none"> • Compliance – Strong broker governance Model, rigorous accreditation & re-accreditation standards • IT platform <ul style="list-style-type: none"> • Online B2C • Online B2B • Telephone support • Strong engagement model with internal stakeholders (Direct, gated) | <ul style="list-style-type: none"> • Remuneration <ul style="list-style-type: none"> • Upfront – quality metrics and volume • Trail- flat impacted by arrears • Portfolio scale Bonus – Portfolio growth • Quality metrics (Rework, relodgement, time pressure) • Non-cash based value added partnering (e.g. conference sponsorship, business development workshops etc.) • Campaign specials • Sticks - commission claw-back, trail withheld on portfolio arrears • Channel optimisation <ul style="list-style-type: none"> • Economics - volume v profit, portfolio investment • Cross-channel protocols (esp. customer referral) • Equity/ alliance M&A options • Special partnerships | |

Source: secondary research, ICG, brokers interviews

Sample 3: Quotes from the Press



QUOTES

“We were one of the first lenders to introduce segmentation - over the last few years, other lenders have caught up to us and are offering similar benefits to their top performing brokers. We want to ensure we stay one step ahead of the competition and, as such, we have plans to ramp up our Flame offering and enhance the benefits our brokers are currently receiving”

Clive Kirkpatrick, St. George

“Last week, we had a two-day retreat with our ‘Flame’ brokers, our top performing brokers. We hold this annually and we get all the heads of our business areas to join so that the brokers can provide feedback and we can work together to create better solutions”

Clive Kirkpatrick, St. George

“We have allowed brokers to directly call credit managers and discuss their credit scenarios with the decision makers”

Clive Kirkpatrick, St. George

“St George and the brokers that deal with St George have done an extremely good job in terms of cross selling other products to customers they have introduced to St George and I want this to be reflected in next year’s results.”

Mr Heavey, St. George

Source: secondary research



Internal Consulting Group

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