



Open banking provides opportunities

All of Australia's major banks are now sharing their customers' loan and repayment histories.

The move to open banking comes with many benefits for consumers:

- the creation of better products,
- a better understanding of what's on offer across lenders,
- banks needing to earn customer loyalty rather than assume it, and
- the ability for people to develop a positive credit report through good behaviour.

However, lenders having a comprehensive view of consumers' outstanding liabilities held at other institutions could make it additionally challenging for low income earners or first home buyers to be deemed serviceable. The same can be said for business' with fluctuating cash flows or income and expenses.

This will give banks a much better opportunity to 'cherry pick' their version of perfect clients who are 'vanilla flavoured' and have boring and predictable financial situations; allowing banks to focus on the premium clients and consequently rejecting or price gouging those left behind. Unfortunately, people associated with the construction industry often fall in the 'chocolate flavoured' lending basket with feast to famine times.

These chocolate-flavoured borrowers have the opportunity to leverage their finance brokers' knowledge of Open Banking to help them unlock the value which comes from their data. Brokers are able to collate, interpret and explain the complex financial information which is now available on and match borrowers to banks and lenders whose policies perfectly match their situation. It's like a 'hand in glove' scenario says Chocolate Money's Director Harry Pontikis. Brokers are also now able to access non-traditional lenders like fintechs or banks with unique lending policies to best suit their clients' needs and circumstances.

These large, wholesale changes which are occurring in the lending industry through data sharing and open banking provide a great opportunity for businesses to have their best interests represented in a more precise and beneficial manner via their trusted finance brokers.

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This article is general in nature and not be considered specific advice as your situation has not been assessed or taken into consideration.

For specific lending advice, contact Chocolate Money on 1300 137 539.