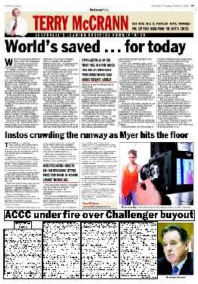
MEDIA MONITORS

Herald Sun
Thursday 8/10/2009
Page: 63
Section: Business News
Region: Melbourne Circulation: 518,000
Type: Capital City Daily
Size: 219.94 sq.cms.
Published: MTWTFS-

Brief: FIRSTFOLIO


TERRY McCRANN

World's saved ... for today

Instos crowding the runway as Myer hits the floor

ACCC under fire over Challenger buyout

ACCC under fire over Challenger buyout

George Lekakis
Banking

MORTGAGE brokers and politicians have attacked the Australian Competition and Consumer Commission after it waved through National Australia Bank's $385 million buyout of the Challenger mortgage operations.

The competition regulator yesterday approved the merger that will give NAB at least a 40 per cent share of Australia's mortgage broking market.

The Challenger platforms, which trade under the PLAN, Choice and FAST brands, provide administrative services and mortgage products to 5700 home loan brokers across the country.

Several mortgage brokers, who requested anonymity, told *BusinessDaily* last week that they were expecting the ACCC to force NAB to divest at least one of the platforms to reduce its market share.

The decision to fully approve the deal triggered an outcry from other broker managers and high profile politicians who recently raised concerns about the impact of merger activity on competition in the local banking industry.

Mark Forsyth, the managing director of Firstfolio — a rival to the Challenger businesses — said the decision would further stymie competition in the local mortgage market.

"It seems that competition has gone out the window — this and other mergers involving the big banks has set competition back 10 years," he said.

"I'm surprised by this decision because I question whether it delivers a good deal for consumers."

Independent South Australian senator Nick Xenophon said: "This flies in the face of the ACCC expressing concerns about bank mergers. It has been talking loudly and carrying a small stick."

ACCC chairman Graeme Samuel defended the decision on the basis that brokers on the NAB platforms were free to switch to other providers.

He said that there were promising signs that funding channels, through securitisation, were opening for non-bank lenders.

"The ACCC concluded the ability of brokers to switch to rival distribution platforms, and competition from other lenders, would prevent the proposed acquisition from substantially lessening competition in the national market for the supply of home loans," he said.

"I don't agree with the view that competition is shot for decades."

The collapse of the securitisation industry in the past two years has hamstrung non-banks that rely on selling loans to investors to fund their home lending.

Last night, a senior executive of the Australian Securitisation Forum, Alex Sell, cast doubt on Mr Samuel's argument that non-banks would be able to access securitisation markets in the next two years.

"It's fair to say that Mr Samuel's remarks are surprising because the number of securitisation programs completed this year without the support of the government guarantee is one," said Mr Sell.

"This does not strike the ASF as bearing witness to the re-opening of securitisation markets.

"The Challenger acquisition by NAB proves that non-banks are unable to fund themselves to provide a competitive challenge to the majors."

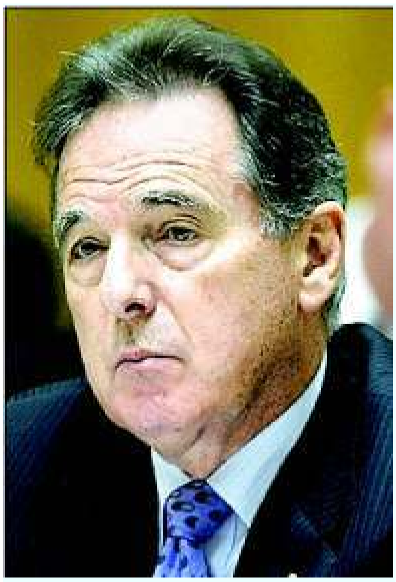
BusinessDaily believes some brokers on the NAB platforms are preparing to defect to rival platforms managed by AFG and Melbourne-based Connective.

"We are already getting inquiries from brokers uncomfortable with dealing with a major bank," said AFG chief operating officer Mark Hewitt.

In the past year the ACCC has not stood in the way of mergers that boosted the market share of Commonwealth Bank and Westpac.

Mr Samuel said the ACCC's decisions to allow these mergers to proceed were the outcomes of rigorous analysis by the regulator.

– with SARAH MARTIN


Graeme Samuel

Ref: 58084054