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HEADLINE: Westpac culls underperformers, boosts margins

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After tightening the accreditation process to get rid of underperformers, Westpac Banking Corporation has cut it broker network, following a rationalisation that started three months ago. During the rationalisation, Westpac forced brokers to reapply for accreditation and culled mortgage brokers that failed to meet the new criteria or who wrote insufficient loans. Westpac spokeswoman Jane Counsel says the bank reduced its broker relationships as part of a tightening of its accreditation process and will continue to look at its broker network structure. Chief executive of Firstfolio Mark Forsyth says borrowers were eligible for discounts of up to 1 percentage point on a standard variable home loan of around $500,000. Mr Forsyth says that in most cases, the discount has halved. He says that tighter credit rules at the Big Four banks has seen them lift lending to property investors to reclaim market share. At Australian Finance Group, one of the largest brokers in Australia, it says the share of mortgages provided by major banks fell to 83 percent in February. General manager of sales and operations at AFG, Mark Hewitt says smaller lenders were aggressively coming back into the market, with AMP, ING and Suncorp most active in lifting lending and taking back market share. Non-banks are re-entering the market due to better funding support and sentiment has turned, after funders such as Resimac and ING reduced the number of mortgage managers they supported last year. Executive director of mortgages at ING, Lisa Claes, says due to strong savings growth last year, the bank placed ambitious targets for its mortgage book this year. Founder of FirstMac Kim Cannon says lifting its prospects was support from the Australian Office of Financial Management.

MENTIONS: Suncorp, Westpac, ING, AMP