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Pepper Money's Aaron Milburn on the emerging market for specialist lending



Aaron Milburn shares his tips and insights for new-to-industry brokers.

Known for his work-ethic in reeling in results and as a finance professional with 18 years' experience in major banks, Aaron Milburn has seen more than his fair share of hopeful people have their home loan applications rejected by traditional lenders. Some of these people, he says, have been personally close.

When Aaron joined Pepper Money as Director of Sales and Distribution this year, he was mindful of the opportunity to work with many customers who did not have clear cut-financial circumstances, and may have experienced setbacks from other lenders.

He says he was excited to join Pepper Money because the non-conforming lender is open to creating viable loan solutions for customers that traditional lenders won't deal with.

He advocates for the idea that all Australians should be aware of what their finance options are.

“I wanted to get more involved in a company that set out to help Australians when no-one else would help them,” says Aaron.

In 2017, Pepper Money’s support of non-conforming borrowers is expected to grow significantly. Aaron joins the company in a year when it is aiming to increase its broker numbers from just above 2,600 to 3,100.

Aaron, who is confident the company will achieve this figure, says Pepper Money’s recently introduced Customer Conversion Toolkit is a powerful mechanism brokers can use to engage in specialist lending.

The toolkit is integral in attracting new brokers to Pepper, according to Aaron.

“What we were finding was that we were getting brokers that would love to deal with Pepper but just didn't understand how the cascading credit model worked,” says Aaron. “They didn't know its policies and intricacies and how we credit assess.

“So we built the tools.”

The merits of accreditation with specialist lenders

Aaron identifies specialist lending as a major foothold for the 15,000-plus brokers registered in the mortgage industry. He cites the IT industry as one example of how some sections of the employment market are transitioning from regular full-time employment to contract arrangements, and are in need of specialist financial solutions.

As this happens, self-employed clients with changing income structures and short-term ABNs might find themselves struggling to secure home loan approval from traditional lenders.

Some brokers, therefore, are seeking additional avenues to assist customers emerging out of an evolving employment market.

“For brokers looking for new opportunities of revenue growth and who want to remain relevant to their client base, non-conforming lending and the way that Pepper supports people is only going to continue to grow,” he says.

Succeeding with a specialist lender

Aaron stresses that the transaction around non-conforming loans is significantly different from the ones you might be accustomed to with major banks.

As most brokers know, applicants are often affected by circumstantial life events and bad credit ratings and solutions can be complicated to negotiate for each client.

You need empathy, understanding and patience to thrive in this lending environment, according to Aaron. He recommends new-to-industry brokers immerse themselves in as much expertise as available.

He suggests new brokers attend industry conferences, state-based education seminars and PD days and to ask as many questions as you can.

“I would be educating myself in any way possible to build my knowledge quickly so that I am making really informed decisions based on the experience of others, versus being a bit like a deer in the headlights without anyone around helping.”

Toolkit for customer conversions

Pepper Money is endeavouring to leave no stone unturned in supporting its brokers to develop their businesses through its Customer Conversion Toolkit.

Within the toolkit, the Pepper Product Selector tool assists brokers to choose Pepper products best suited to your client's credit bureau score and based on brokers' clients' answers to a template of incisive questions.

The rollout of Pepper Resolve enables you to re-submit clients' previously declined loan applications to Pepper Money without the need for amendments, and it almost instantaneously provides you with an indicative product offer you can supply to applicants.

Pepper's 5 Step Process is an educational specialist-lending module that outlines for you the key steps involved in deriving successful outcomes from non-conforming lending scenarios – and brokers earn three CPD points by completing the process.

“We were finding that brokers weren't transacting with these types of customers because they view them as a little bit too hard,” says Aaron.

“What we're enabling brokers to do now is to ensure that the customer book that they have doesn't start to run off because they don't know how to transact with that customer when circumstances change.”

Accreditation with Pepper

Accessing the Customer Conversion Toolkit requires accreditation with Pepper Money but that's the elementary challenge, Aaron says.

The bigger challenge is in understanding how to transact with Pepper Money (the 5 Step Process details part of this).

Pepper Money's business development managers are on hand to assist you with this.

“An accreditation with Pepper is not just about signing a broker to the book,” says Aaron. “Anyone can do that. Accrediting a broker with Pepper is an education program in how we can assist that broker in transacting in a non-conforming environment.”

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