The swine flu virus and pig ignorance

JOHN MURRAY
EDITOR
LENDING STRATEGY

About four years ago the government and associated experts were talking up the latest pandemic, which back then was avian flu.

Unusually, someone at the Financial Services Authority provided me with an apposite and memorable quote.

He said: "The outcome depends on whether or not bird flu is as virulent as the millennium bug."

I took his point but was he right? It's hard not to conclude that avian flu was a lame duck. A bout of ordinary flu may lead to about 12,000 deaths. With avian flu experts were forecasting 50,000 fatalities in the first three months but the outcome was zilch.

Another positive outcome of that panic was that the tripartite authority had the opportunity to model the impact of an epidemic on the financial services industry and it didn't come out too badly. It seems the contingency plans of banks, building societies and insurance firms were pretty good.

But with health experts ever happy to remind us that a pandemic is overdue the FSA revisited the issue in 2007 and urged firms to re-evaluate contingency strategies. This showed that staff absences of up to 60% could lead to branch closures and empty cash machines.

We're assured that the FSA has contacted high impact firms to establish whether swine flu is affecting their business.

What it can do if these firms are troubled we don't know, and while we remain pig ignorant we can only hope for the best.

We need balanced debate, not bias

TERRY PRITCHARD
DIRECTOR
CASE CONSULTING

I went to an equity release conference in London last week that unfortunately demonstrated the ignorance of some regarding this market and the lack of education about it.

Speakers included MP John Gummer, chairman of the Association of Independent Financial Advisers, and Andrea Rozario, director-general of Safe Home Income Plans.

But the fly in the ointment was Teresa Fritz, principal researcher at Which?, who started by saying she was there to make it a balanced debate and then proceeded to tell us why the industry was full of people waiting to take money off the elderly and sell them equity release plans they didn't understand.

This was about as one-sided a debate as I've ever heard.

She referred to the fact that her organisation was undertaking a mystery shopping campaign and said early results were poor as interviews were not professional and advisers too quick to dismiss certain products.

Finally, she cited the example of an old lady who had been wronged by the industry in 1989. Although the lady was forgiving, she felt that her product had not been fully explained.

This was about as unbiased as a Celtic fan talking about Rangers. I realise Fritz was there to offer the other side of the debate but her mind was made up before starting.

My comment to Which? is – next time you take part in a discussion come with an open mind. As an industry we are happy to listen but not to take a beating.

Shop around for protection value

ROGER EDWARDS
PROPOSITION DIRECTOR
BRIGHT GREY

Rip-off Britain. In the years since that phrase was coined there have been countless examples of consumers receiving a raw deal, paying higher prices for goods and services than almost anywhere else in the world.

Now, in difficult trading conditions, it is interesting that many retailers and supermarkets have had to come up with innovative pricing strategies to lure consumers in. These moves have been welcomed by shoppers having to tighten their belts but choices still need to be made.

Some believe the answer is for consumers to choose cheaper brands, for example, opting for supermarkets' own brands. But in many cases what is saved in price is lost in quality and taste.

So it's all about priorities – would consumers rather save 30p by buying the cheapest teabags and then be reminded every time they have a cup of wishy-washy tea?

The same principle applies when recommending protection. Not all teabags are equal and the same is true for life and critical illness cover. Consumers want value for money.

When it comes to protection, cheapest is not always best and customers can be disappointed. A few extra pence per month could buy a bereavement counselling service on a life assurance plan or a back to work service on an income protection product over and above basic financial cover.

It is important that cover is compared to see what provides the best value so that, like with cheap teabags, customers aren't left with a nasty taste in their mouth.

First-time buyer leads can pay off

GRANT STEVENS
MANAGING DIRECTOR
LEADBAY

If you bought 100 first-time buyer leads for a monkey – Cockney slang for £500 – how many would you need to convert to get your money back?

Many advisers see first-time buyer leads as unplaceable but this impression could be misguided – in all likelihood you will make many times the amount you paid for them.

If you can place them you will be setting yourself up with clients for life as these are individuals at the beginning of the financial life cycle.

If you keep such clients your £5 investment in each could earn you thousands of pounds in the next few years.

When you purchase a first-time buyer lead, it's not only the mortgage you can earn money from – and it's often not only a single client you will have access to.

Most first-time buyers are also in need of life assurance and general insurance and many advisers benefit from referrals to conveyancers and even estate agents if buyers still need to find properties.

Also, if they don't have sufficient deposits it is likely you will get access to parents taking out further loans.

These days, many grandparents are also using equity release to provide deposits for their grandchildren so your £5 lead could gain you business from a whole family.

So it's likely that you will only need to convert one first-time buyer lead out of 100 to get your money back. Surely this is achievable, even in the present challenging economic climate.