



Feel good factor



Leadbay's MD, **Grant Stevens**, believes the World Cup could create a feel-good buzz in 2010



2010 I think will be a positive one for people in Financial Services. We are already starting to see the first signs of recovery, ahead of many other industries, and I think this will continue throughout 2010. It won't be a 'v' shaped trampline recovery as predicted by the Government earlier in the year, but a slow steady one.

The mortgage industry is already buoyed by a little more positive activity to finish off 2009 with more competitive products and five consecutive months' increase in house prices.

I think we will see an increasing number of mortgage products come back to the market, and LTVs gradually creep upwards. The real trigger to this will be more competition. Kensington's welcome return to providing mortgages again, may be the start of several other lenders returning to the market. Also, the FSA has reputedly had ten firms apply for banking licenses this year, and they can take six to twelve months to grant, so expect a few more tentative returns by lenders in the first half of the year.

I don't expect criteria to ease up immediately though, so mortgages still won't be easy to place, but as most people left in the market have proved this year, advisers can earn more money on ancillary sales than they will on mortgages alone. The mortgage is still a good way in to talk to the customer, but cross sales such as life assurance, general insurance, income protection and even wills add up to make overall cases sizes more profitable.

The supply of new customers will also increase. In January and February there is usually a surge of new customers as people resolve over Christmas to get their finances sorted, move house or remortgage. Over the last few years we have seen an inexorable rise in the

number of people using the internet to compare financial products and look for advice, and this will continue throughout 2010, so lead generators will continue to have a ready supply of consumers needing advice.

The full result of the FSA's Mortgage Market Review is hard to predict although I do think non-advised sales will be restricted which would be good for advisers in two ways. Obviously it encourages consumers to seek proper advice but I think it will also bring the regulatory spotlight onto the internet and especially sites that have the potential to support a non-advised sale whilst inadvertently giving advice. This could mean many more people are referred for professional financial advice rather than making a decision based on a comparison site.

Some former mortgage brokers have moved into pension and annuity advice. Once people tire of the recession and credit crunch, the pensions crisis will become headline news. As unemployment rises and more people are forced into premature retirement with inadequate provision and little understanding of "Open Market Options" and "Impaired Health Annuities", more people will be looking for advice online so expect lead generators to help you tap into this market.

Also expect to see the types of lead change: advisers increasingly want lead generators to provide them with added value rather than just a set of data, and many advisers are prepared to pay more for a more bespoke lead where they know the client requires exactly what they can offer. In a continual striving to provide exactly what advisers need, lead generators such as Leadbay will adapt in line with your needs.

We expect to see a big upswing in the number of people looking for debt advice. While we don't expect interest rates to rise much over the

forthcoming year, some sectors of the economy may continue to experience redundancies and closing businesses and this, along with the inevitable overspending that always happens at Christmas, will find a larger number of people with debts that they need help with.

A major event of the upcoming year, will, of course, be the general election. Whatever the outcome, public spending will need to be cut significantly to pay for the money pumped into the banks and the economy as a whole this year.

We think this will have two effects: it will propel some people to look at their mortgage and other finances more closely so we will have an increase in the number of people looking for advice either side of the general election. Beforehand this is likely to happen after the budget, and then in the month following the election as people consider what implications it will have for them.

As public spending cuts start to bite later in the year, it could again increase the number of redundancies, people struggling with money and the number of people in debt may rise again. By the latter half of the year, with the new lenders in place however, we expect slightly more creative mortgages to return, with more flexible underwriting.

The other significant event of the year will be the world cup. Not something that will directly affect Financial Services although one can expect some distractions from business during June and July. A good run by England will create a feel good buzz but also expect to see clients increasing their debt as the appetite for watching Beckham and co. on a big HD screen proves too much to resist.

So, challenges ahead for us all. But nevertheless a year in which we stop looking at what has been and start to focus on the future.