

Media Release

# Brokers making a comeback in Equipment Finance

(9 June 2014 – Australia) Australian businesses are increasing their use of brokers for asset and equipment finance, despite also indicating that – if the offering was right – they would prefer to use their relationship bank.

East & Partners annual Asset and Equipment Finance report is derived from direct interviews with 1300 Australian businesses spanning Micro businesses turning over \$1-5 million annually, and the largest Institutional businesses with turnover of \$725 million plus.

In the most recent report, compiled from interviews completed in May, all business segments have reported increasing their use of brokers to source their asset and equipment finance.

The research shows that while the use of brokers to source equipment finance fell consistently from 2010, brokers are now making a comeback across all businesses of all sizes.

SME businesses turning over \$5-20 million are the heaviest users of brokers, with 53.2 percent using this channel, an increase from 49.3 percent last year.

Next is the Micro business segment, with 52.2 percent saying they used brokers, up from 45.3 percent from the 2013 research.

Use by corporate businesses with turnover of \$20-725 million is up only marginally to 23.3 percent, but institutional businesses – although the smallest users of brokers – report that their usage has gone from 5.9 percent last year to 8.2 percent. This is the highest result for the institutional segment since 2008.

The total market figure is now at 38.7 percent, up from 35.0 percent in 2013.

The main benefit customers see in broker engagement is to access better pricing, cited by an increased 52.2 percent of businesses. 40.6 percent say that using a broker “saves time shopping around” while another 26.0 percent say it gives them access to a broader range of financing solutions.

The resurgence for brokers comes as, from other sections of the research, smaller businesses indicating an increasing preference to use their relationship bank as their preferred source for equipment financing. 85.4 percent of Micro businesses and 64.2 percent of SMEs say they would prefer their relationship bank.

“The result shows that the banks are missing an opportunity to cross sell equipment finance to their smaller business customers,” said Lachlan Colquhoun, Head of Markets Analysis at East & Partners.

“For a combination of poor relationship management and product reasons, smaller businesses are continuing to turn to brokers for their equipment finance sourcing, even though they would be happy to use their bank if a good product was in front of them.”

“This is an opportunity lost for the banks.”

## Use of Brokers in Sourcing Equipment Finance Solutions

% of Total Market

	Micro	SME	Corporate	Institutional	TOTAL
Using Broker	52.2	53.2	23.3	8.2	38.7

Source: East & Partners Asset & Equipment Finance Markets Program – June 2014

## About the East & Partners Asset & Equipment Finance Markets Program

The Asset & Equipment Finance Markets program is a unique, all-encompassing sampling of national asset and equipment finance customers. Findings are released yearly covering Micro up to Institutional business segments and include asset finance provider relationship comparisons, relationship management issues leading to customer churn, competitive positioning and credit processes.

Customer Segments:

Micro – \$A1 – 5 million

SME – A\$5 - 20 million

Corporate – A\$20 - 725 million

Institutional – A\$725 million plus

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