

How do high street and fintech lenders compare?

Brokers examine the benefits of high street versus fintech lenders



By Jake Carter

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Technology has become an increasingly prevalent subject within the mortgage market, spurred on by the restrictions of the pandemic, which made many of us more reliant on innovative communication tools.

With the gradual expansion of fintech lenders into the mortgage market, some brokers have heralded this alternative option, while others are dismissive.

Justin Moy (pictured), managing director at EHF Mortgages, has said he believes fintech lenders are at their best when dealing with specific niches in the market, but for the majority of mortgage lending, high street lenders would continue to dominate the market for some time yet.

Feedback

Moy said only a small amount of EHF Mortgages' lending over the years had been taken by fintech providers. Sometimes the feedback from clients had not been positive as the brands were not well-established.

"Meanwhile, estate agents often see them as a sub-prime lender and shy away from accepting an offer, often turning their noses up, too," Moy said.

However, he believed that the stigma would disappear with education and targeted marketing within the industry, as well as to the general public.

By focusing on niche markets such as portfolio landlord, guarantor and self-employed mortgages, Moy said fintech lenders could make a difference for both clients and brokers, and grow their brands accordingly.

Lewis Shaw, owner and mortgage broker at Riverside Mortgages, meanwhile said: "I recently had a case where a fintech lender took two weeks to make a decision; if I had put the same case with a high street lender, the application would have been signed off within 30 minutes of submission, and the case agreed, subject to survey."

Ying Tan, investor and tech entrepreneur, said detractors were 'living in Disneyland' if they thought that technology within financial services wasn't here to [stay and advance further](#).

"Even traditional high street banks have a fintech agenda, with the ultimate outcome of automating processes and reducing duplication to ensure a quicker and better customer outcome," Tan pointed out.

However, he added that forward-thinking fintech lenders appreciated the need to combine innovative technology with human intelligence.

Ultimately, Tan believed mass adoption of fintech lenders would be driven by access to funding and the ability to price in alignment with high street lenders.

Reliable

Gary Bush, financial adviser at MortgageShop, said fintech lenders brought a lot to the table and, as a result of their emergence, high street lenders were all now looking at their ageing legacy IT systems and pushing the envelope further.

Bush added that his clients did not ask specifically for a fintech lender, they sought a reliable lender that could process their cases faster.

"As far as the overall offering from the new fintech kids on the block, they need to understand that they not only have to be slick in their processes, but also need to offer competitive rates and competitive follow-on rates, namely Standard Variable Rates," he said.

To be high tech but not seriously compete with the old school lenders on rate, Bush said, was often fintech lenders' Achilles heel.

Riz Malik, director at R3 Mortgages, said he recently attended a presentation by a lender who astonished him with their cutting-edge technologies.

"However, when I mentioned them to a client, they were discarded as quickly as a

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"However, when I mentioned them to a client, they were discarded as quickly as a Bitcoin crash, all because the client had never heard of them, despite fitting every requirement," Malik explained.

Malik said the UK could lead the world in fintech, but in order to fully soar, he believed the knowledge gap in data security and financial safety must be closed.

"Our fintech objectives will remain stranded like Tom Hanks in Cast Away unless clients catch up with these innovations," he added.

Do you believe fintech lenders are a benefit to the mortgage market? Let us know in the comment section below.

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