

IFG's One Network - The Year Ahead for 2010

by Barry Darmody, Head of One Network



The challenges of 2009 have been well highlighted in a recent survey undertaken within our broker network in early December. 34% indicated that their income had dropped somewhere between 60-100% from the previous year.

To rise to this challenge, the goal of the One Network throughout 2009 was to develop a highly efficient financial services network to ensure our brokers could provide quality independent advice to their clients. The two key factors that have contributed to our growth in a significantly challenging year were product diversification and the continued enhancement of our innovative technology platform, which has enabled us to offer a much broader product range across our existing distribution channel.

Product Diversification is Key



To ensure our members can provide a more holistic service, One Network has extended their product range moving away from the narrow focus of mortgage products, allowing brokers to diversify their income streams. Brokers have had to be more resourceful than ever and have had to re-energise their efforts on their life and pension business.

In our recent survey of our own broker network, only 21% of revenue is

expected to be yielded from mortgage related products in 2010, indicating that those that have not taken action to decrease their overall dependence on mortgage income will have to brace themselves for a bleak year ahead. The vast majority of income is expected to be yielded from life and pensions business, which will make this a highly competitive space.

The One Network business model facilitates the concept of a 'one-stop-shop' for brokers' product requirements, eliminating the need for them to build relationships and negotiate agreements with individual product providers, which is hugely time consuming for any small business. Through a network, Brokers can offer a full range of financial products to their clients with confidence that the client is getting independent advice.

Network Membership



The choice of financial network has never been more crucial for brokers than in 2010.

It's a hostile environment for 'go-it-alone' brokers who are not members of a network with a clear, forward thinking business strategy. Continued downward pressure on commissions and margins and fewer independent financial services products are each characteristics of a market where streamlining, cost reduction and straight through processing are all top of the agenda. For product providers active in the broker market it's a numbers game, plain and simple. Only networks of significant size can offer more attractive commission rates as product providers' appetite for negotiation has been reserved for those with significant volume levels.

In our recent survey, greater access to products, greater commission levels and reduced overheads were the top three reasons for our members choosing to be part of our network.

While commission remains an important

selection criteria, brokers need to consider joining a network that will ensure they can run a business effectively with minimal resources.

One Network does this via:

- Tracking income real-time
- Effective client management
- Adherence to compliance requirements
- Providing access to current market information
- Cross-selling opportunities through fact finds
- Straight-through processing

Facilitating Cost Reduction

In the survey of our own broker members, an overwhelming 97% had made a concerted effort in the area of cost reduction. 66% had an overall reduction in staff, 44% reviewed suppliers and 27% moved to more effective premises. With such significant reduction in staffing levels, it is paramount that the technology eliminates paper trails and reduces time spent on each transaction, which is the core functionality of the One Network technology platform and service offering.

Looking Ahead to 2010



2010 is also set to be a challenging year. In the One Network broker survey, 75% of brokers feel that their income will either stay the same or increase in 2010. This is attributable to our members' ability to diversify and offer a broader range of services to their clients. This is a significant vote of confidence given what the industry has been through.

We have all had to adapt fast and without hesitation. One Network is committed to keeping the broker proposition alive and relevant to the marketplace, and ultimately guard our members' business as well as our own.

For further information on One Network, please visit www.onenetwork.ie.