



Going private

Investec Private Bank business development manager Peter Izard looks at the five reasons brokers should consider using a private bank

A fear of the unknown can often be what prevents us from venturing out and trying new things and this can at times be true of mortgage brokers when it comes to using a private bank.

For most mortgage brokers, retail banks offer a familiar setting and processes brokers have become accustomed to, which means making a selection between one retail lender and the next is often without issue. When it comes to brokers entering into the world of private banking however, it can seem like a big leap.

This shouldn't be the case and if you are a broker, stepping out of your comfort zone and embracing private banks could be the right thing for your High Net Worth (HNW) clients. Here's why:

1. Private banking - it's personal

The name 'private' might suggest a mysterious or exclusive bank but 'personal' would be a more fitting way to describe the service private banks offer. For private banks like ourselves, a client is not merely another number on a spreadsheet but an individual. We will not just take the current earnings of a client into consideration but also what they earned in the past and what they will potentially earn in the future, and such an in-depth approach can lead to a better understanding of the client than perhaps a retail lender might gain.

2. You don't need to bank with us

Another misconception about private banks is that the client needs to

bank with us in order to apply for a mortgage.

While it may be true of some private banks, clients do not need to hold assets with Investec Private Bank in order to be considered for a mortgage.

Our only pre-requisite is that the client has a minimum annual income of £300,000 and net worth of £3m or more.

While there is no such typical client of a private bank, we are very much geared towards what we refer to as 'wealth creators' and our clients include bankers, business entrepreneurs, actors and even professional sportspeople on occasion.

3. Your client might get a better deal

Retail banks are well-known for topping the best buy tables when it comes to mortgage products, but that doesn't necessarily mean they can offer your HNW client a better deal than a private bank.

Some retail banks have historically taken a more rigid approach to underwriting than a private bank, such as operating a tick-box approach when it comes to a client's income. A private bank tries to encompass as much of the high net worth individual's (HNWI's) earnings and assets into the mortgage application as possible.

This might include bonuses, earnings in a foreign income, stocks, shares, property and other investments. By taking more of the HNWI's wealth into account it can

lead to the client being offered more flexible, innovative terms than a retail bank might be able to offer.

4. Complexity is not a problem

For HNWI's, it is very rarely a case of one size fits all and even though they may have considerable wealth, they also have extensive mortgage needs.

Many HNWI's require high LTV mortgages, some on an interest-only basis, or split over differing fixed rates within one mortgage deal. In some circumstances a HNWI's existing properties can also be used to help secure a better deal, through the use of cross-collateralisation.

All of the above is possible for private banks and we are able to create a unique product for the client, catered to their individual needs.

5. We like working with brokers

For some mortgage brokers, private banks still seem to carry with them an air of selectiveness and an implication they are off limits to the everyday broker.

While we cannot speak for all private banks, this is certainly not the case for Investec Private Bank. Our doors are very much open to mortgage brokers and will continue to be so.

In association with

 **Investec**
Private Banking