

For immediate release
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First home buyers go low-tech on home loans

First home buyers are shunning technology when it comes to applying for home loans, with the overwhelming majority preferring face-to-face interaction with a lender.

The finding was revealed in recent research from South Australian lender HomeStart Finance, with 74% of first home buyers surveyed indicating they would prefer to meet in person with a lender rather than using various forms of technology.

Online written applications came in as the second most preferred option (16%), followed by telephone (6%) and then hard copy written applications and online applications via Skype (both 2%).

HomeStart Finance CEO, John Oliver, said the results showed that for a major financial commitment such as a home loan, talking with an expert face-to-face outweighed the convenience of online services – even for today's first home buyers who use technology across every facet of their lives.

“Applying for a home loan can be a daunting and overwhelming experience for a first-time buyer,” he said.

“The opportunity to meet face-to-face with the lender makes the home buyer feel more comfortable, rather than emailing, phoning or filling in the blanks on a website, where they have no idea who is on the other side receiving their information.

“Meeting in person allows first-time buyers to develop a relationship with the lender and they may feel it's more likely that the expert will then hold their hand throughout the process.”

Mr Oliver said even though the majority of current first-time buyers are ‘Gen Y’ - those who have grown up with the Internet and have had constant access to technology - in the instance of applying for a home loan traditional methods were far more popular.

“Even though meeting the mortgage broker or bank lender may take a few hours, first-time buyers clearly value the face-to-face meeting over convenience when applying for a loan online.

“With an online application, first-time buyers may feel they don't have the same level of support, particularly when it comes to answering some of the questions they have.”

Mr Oliver said it was positive that technology was opening the door to new ways of applying for a mortgage, and first-time buyers to go with the option they feel most comfortable with.

“It really comes down to personal choice. Buying a home is the largest financial decision many people will make so there is comfort in having a personal relationship with someone, rather than plugging numbers into a machine,” he said.

HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 67,000 households into home ownership.

The findings came out of the third HomeStart Finance First Home Buyer Index, the most comprehensive measure of first home buyer sentiment ever produced in South Australia.

The HomeStart Finance First Home Buyer Index was created to fill a gap in knowledge in the market on the sentiment of first home buyers towards home ownership. The first survey was piloted in October 2015 to establish baselines for the Index, set at 100 points, with a second survey carried out six months later in April 2016 and the third in September 2016. More than 750 South Australian home buyers and first home buyers were surveyed in the Index across five key factors: property affordability, ease of saving for first home, time to enter SA housing market, repayment affordability and employment security. The Index will be completed every six months.

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