The business case for LIXI Products and LIXI Commissions

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The LIXI Products standard

What is the LIXI Products standard?

- The LIXI Products standard describes the format of messages describing the key features (particularly rates and fees) of a home loan product or products.

- The standard does **not** require any particular process, system or technology for sending, receiving or manipulating these messages.

Why do we need a Products standard?

- Dissemination of product information today is labour-intensive, slow and prone to error.

- These faults can largely be traced back to the fact that each lender expresses and communicates their product information in their own unique way.

- A standard, computer-readable way of describing loan products will enable automated, system-to-system database updates – thereby getting things done in real time, with less staff, less mistakes and less down-stream grief.

How will it work in practice?

- Lender changes product characteristics in their product database and exports the product description(s) in LIXI-compliant form.

- Lender publishes the product description to their brokers (or anyone else who cares about products).

- Broker (or other recipient) ingests product descriptions from multiple lenders – because the descriptive information is in a standard format it can be imported into their local databases without human intervention.

How can LIXI Products be implemented quickly and effectively?

- Point-to-point connections are, relatively, expensive and slow to implement. That's why LIXI initiated the Visible Loans project.

- Visible Loans uses "news feeds" in much the way that newspaper websites do.

- Instead of lenders having to send individual messages to each and every consumer of their product data they can just add a news feed to their existing broker website.

- Brokers can then get timely product updates simply by subscribing to lender news feeds using cheap and simple news reader software.

- LIXI, with help from NICTA, has provided a documented working example of Visible Loans available as a free download to all LIXI members.

The LIXI Commissions standard

What is the LIXI Commissions standard?

- The LIXI Commissions standard describes the format of messages that can be sent from lenders to brokers describing commissions earned in a particular period (may be monthly but doesn't have to be).

- The standard is permissive – it enables a very detailed description of commissions payable but can be used just as easily with a more limited data set.

- The standard does *not* require any particular process, system or technology for sending, receiving or manipulating these messages.

Why do we need a Commissions standard?

- Reconciliation of commissions reports today is labour-intensive, slow, and prone to error.

- Painful and expensive for brokers – but lenders also wear costs in dealing with broker queries and complaints. Poor commissions processing is one major reason for broker dissatisfaction with lenders.

- New commissions models make the problem even more difficult by adding new reasons why commission paid may not be quite as expected.

- Rich commissions data = rich loan "life events" data, which can help brokers truly earn their trail.

How will it work in practice?

- The LIXI Commissions standard is very, very simple in concept – it's just a report format.

- The standard can support highly sophisticated real-time direct links via web services between lender and broker systems, OR

- It can be usefully implemented using stone tablets and (strong) carrier pigeons, OR

- Virtually anything in between. It will probably make sense for many to start at the simple end of the spectrum and then evolve.

How can LIXI Commissions be implemented quickly and effectively?

- Standard practice today is to send reports as Excel spreadsheets or CSV files. In the short term this won't be easy to change (too many changes required to legacy systems).

- BUT, the "low hanging fruit" in this case is ingestion into broker accounting systems. All we really need to do is standardise the spreadsheets.

- Microsoft Excel + OpenXML + LIXI Commissions provides a very quick way, simple, minimally disruptive path to the low hanging fruit.

…and now, over to the panel…