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Chairman's introduction



In this issue I would like to talk to you about the current focus of LIXI, where LIXI is heading, and where we are today with our key

goals. But before I do, I would like to take the time to talk about our current CEO Socrates Vasiliadis.

Socrates is moving on from LIXI next month and we are now in the process of finding a new CEO. Socrates was LIXI's first formal CEO, and albeit a part time role, he has been there during an important time in our evolution. His passion for the cause and his commitment to LIXI has been second to none. I think most readers of this newsletter would attest to that and have probably been involved with Socrates at some point or other over the past couple of years.

Socrates leaves the role on a proud and positive note and I know that I am talking on behalf of the Board when I say thank you to Socrates for his effort and commitment in the time he has been our CEO.

Just as when we first started with a part time CEO, LIXI is now at another point in its evolution - the Board recognises the LIXI business model of the future requires a full time focus to deliver on member's expectations, face the future challenges while moving to a more proactive business model. This is why LIXI is now recruiting for a full time CEO.

Out of last year's annual forum the

Board took away some key messages and crafted these into 4 key areas of focus for 2007/08. Below is a brief update on each of these:

1. White paper on the business case for standards. *Assist the membership to articulate the business value of implementing standards into the lending processes.* We are currently working with BrandManagement to deliver on this commitment and we expect to be able to share with you the outcome of that paper at our annual forum on the 10th September (a date for your diary).

2. The Valuation standard – *get traction for the standard was our 2008 focus here.* A review panel of key stakeholders to the valuation process was convened and tasked with identifying the issues/ challenges associated with implementation of this standard. Their work has largely been completed and the outcomes are being tabled at the next LIXI Board meeting for discussion and decisions.

3. Put some methodology and disciplines into our standards delivery framework. *The volunteer model has always been challenging for us and we recognised the need to create a more disciplined and transparent approach to delivering on standards.* Chairmont Consulting is working with us to ensure that future standards are developed with rigour and discipline including a full appreciation of the business case for developing the standard in the first place.

4. On the final focus, our website. *Re-vamp the site to more accurately meet member's needs.* We have the requirements for this documented and are in the process of finding the most appropriate organisation to help us

Contact us

General enquiries:

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Newsletter contributions

LIXI @ Work is keen to hear from members with implementation experience or other news. If you would like to share any insight with the LIXI group please send email to us at:
admin@lix.org.au.



deliver on this commitment.

5. Getting these basic building blocks into place we feel are important before we embark on developing further standards for the industry. That said, there has been plenty of work happening in 07/08 around standards: Products, Commissions, NECs

(National Electronic Conveyancing), NICTA (visible loans project) to mention a few.

Our evening series events are an excellent way for you to keep abreast of what's happening at LIXI. The latest one was held this month in Melbourne and there is more about that later in the

newsletter.

As always, we welcome member feedback and communication. If you have any questions or feedback please don't hesitate to get in contact with us.

John Hearne
LIXI Chairman

LIXI Evening Series wrap-up



One of the key issues to come out of the LIXI Industry Forum in 2007 was the lack of business discussion and understanding around the importance of standards in mortgage origination and ongoing management.

On 5 June 2008 in Melbourne, LIXI held its second Evening Series event of the year to discuss these key topics and facilitate networking among members and other industry stakeholders.

With the development of new product and commissions standards, the panel and attendees were invited to discuss the business application rationale and other issues facing the mortgage industry at this challenging time.

Barry Thomas initially provided an illuminating business overview of the objectives of the commissions

and products standards, as well as strategies for implementation at low cost to deliver real business benefits. A copy of his presentation slides are available on the website in the conference papers section.

Mike Thanos from LTX chaired open discussions on a panel consisting of Joe Sirianni of Smartline, Joanne Mather of Mortgage Choice, Barry Thomas from LTX, Blair Keenan of ANZ and Erik Fenna of NextGen.net; addressing how the new standards can be best implemented into both lending and broking business.

With commissions now a headline topic in the industry, Joe Sirianni reiterated the benefits of improved accuracy and timeliness of commission's data to lenders through an automated process. Barry Thomas outlined LIXI

Commissions provides a way for banks to make life much easier for their brokers with very little effort at all. He added that systems changes and improved reporting now required by changes in commissions structures makes for a timely opportunity to deliver LIXI commissions files. Joanne Mather warns, however, that LIXI needs to review the standard to ensure that it measures up to the new commission's criteria set out by some lenders recently.

From a lenders' point of view, Blair Keenan explained that the real barrier to implementation in a major financial institution was return on investment. In a competitive arena for project funding, these projects did not make a sufficiently compelling business case to get prioritised by the banks. This view was echoed by other bank representatives in the audience when they confirmed that it's never easy or inexpensive when working within a large financial institution to affect processing changes.

The concern expressed by a number of lenders, that displaying product information in a standard way would undermine their competitive advantage, was discussed by Joanne Mather with the audience. There was general agreement that this would not be an issue given the information is already in the public domain. Use of standards could improve clarity of information and speed to market without exposing lender intellectual property. Calls to decipher



inconsistent or unclear information in marketing materials provided to third parties were inefficient for both brokers and lenders.

Erik Fenna, representing NextGen.Net, promoted the concept that the products standard can be developed almost independently of existing standards and processes and then added onto existing systems. He added that LIXI would be in a good position to offer members both lenders and brokers advice and assistance on how they could implement the new products standard in conjunction with their existing platforms.

A discussion ensued comparing the similarities and differences between Products and Commissions, from a business perspective. Erik observed that unlike Products, the Commissions standard requires a much higher level of integration and therefore the



panel agreed that the best time to implement is as part of a larger overall project development on commission processes.

Joanne Mather made the point that both standards have a strong similarity in that they require the Lender to provide the broker with ongoing data and information.

Questions from the audience raised a variety of pertinent issues, particularly one on the role of regulation in

providing unambiguous and timely product information to the customer. Drawing from UK experiences, LIXI standards could prove to be far more important under a regulated environment.

The interesting debate was continued over drinks and a thoroughly enjoyable evening was had by all. LIXI would like to thank LTX for sponsoring the Evening Series and Standard & Poor's for hosting the event.

We look forward to seeing you at our annual LIXI Industry Forum at the Westin Sydney on 10 September 2008 where these and more strategic issues will be discussed and developed amongst the mortgage industries leading influencers.



LIXI's New Communication Strategy

The Board is pleased to announce a new communication approach for LIXI, linked to our new strategic direction for 2008/09. We have appointed Reputation (www.reputation.net.au) to work with the Communications Committee on our communication activities moving forward. The main objectives are:

- Raising visibility and awareness of LIXI within the industry and particularly with senior management of key organisations involved in the lending process;
- Communicating clear messages about what LIXI offers to members and the industry;

- Achieving quality media coverage for LIXI; and
- Driving membership growth.

Following a planning session in April, Reputation has developed a comprehensive communications strategy that builds on the work done previously and ensures the continued growth of LIXI's contribution to the lending industry in Australia. To really succeed, LIXI must become the champion of standards and the 'go to' people whenever standards are mentioned. To achieve this, the communication strategy focuses on stakeholder engagement and government relations supported by a media relations plan.

Reputation is keen to work with any members who:

- Have suggestions on how we can promote the benefits of LIXI within the

industry; or

- Know of marketing or communications activities within their organisation that LIXI can leverage to raise awareness of the LIXI standards.

If you would like to know more, or you can make a contribution to our communications initiatives, please contact Joanne Mather at admin@lixigroup.com

Diary Dates

September 10

LIXI Forum – The Westin Sydney. 9am-5pm

November 08

(exact date to be confirmed)

LIXI AGM



The LIXI 2008 industry Forum 10th September 2008 The Westin, Sydney

“The Value of standards in a changing mortgage landscape”

The industry is rapidly changing. *“Be a driver not a passenger”*

In October 2007 LIXI held its first industry forum bringing together over 220 delegates from all mortgage industry stakeholder groups to discuss how LIXI could improve its role and performance in producing and implementing standards for the mortgage industry.

In 2008, with the ongoing credit crunch squeezing the margins out of the mortgage industry supply chain, efficient use of standards is now more than ever increasingly relevant in driving down costs and improving efficiency of origination and ongoing management of mortgages

There is a new landscape for the Australian mortgage industry and it continues to change.

LIXI will present a new research paper and its findings on what is understood about the role of standards in the mortgage industry and how the up take of standards can significantly improve the cost and time efficiency involved in originating mortgages.

Discover at The LIXI industry Forum

how to make your business perform at a higher more efficient level using LIXI standards in a new mortgage landscape.

The Implementation of new standards is essential

With the development of new product and commissions standards, there is now a very lively debate on how and who is best placed to take advantage of two new standards that will significantly change the way information is distributed effectively amongst lenders and brokers.

This year’s industry forum will explore in depth the best way lenders and brokers can work together to get a better deal from mortgage origination using new LIXI standards.

How will the proposed new regulation of the mortgage broking industry affect your business?

The proposed new regulations have the potential to dramatically affect your lending or broking operations in ways most in the industry do not understand.

Hear from experts from the UK and international markets where regulation has been implemented causing structural change to the mortgage

broking industry.

Learn how the new LIXI standards will assist your mortgage operations manage the new regulations and their effects on your broker community.

Other topics that will be covered

- International perspectives on the global mortgage industry. What can we learn from international markets?
- The progress of The National electronic conveyancing system
- Working groups on how to get the most out of the new LIXI standards

The industry is rapidly changing. **“Be a driver not a passenger”**

With the mortgage industry going through so much change there is a perfect opportunity to influence the direction your industry is taking. We look forward to seeing you at our annual LIXI Industry Forum at the Westin Sydney on 10 September 2008 where these and other strategic issues will be discussed and developed amongst the mortgage industries leading thinkers and influencers.

The website for this conference is <http://www.inassociation.com.au/events/LIXI08/>