

FINANCIAL SERVICES ADVISOR™

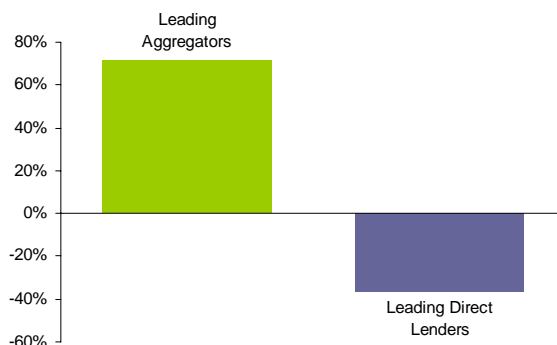
Monthly insights from Compete for financial services executives

HOME LOAN AGGREGATORS GROWING AT DIRECT LENDER EXPENSE

In its ongoing analysis of the home loan market, Compete found that the online market for home loans continued to grow aggressively during the third quarter. Online applicants for mortgage, refinance and home equity at leading demand aggregators and direct lenders were up 20% quarter-to-quarter and up 71% year-over-year in the month of September.

Compete's analysis also noted a continuing shift in online consumer shopping behavior, as more home loan prospects turned to demand aggregators such as LendingTree, LowerMyBills and NexTag. In September, leading demand aggregators increased their year-over-year applicant counts by 72% and captured over seven times as many online applications as leading direct lenders.

Monthly Home Loans Applicant Growth: 9/04 to 9/05

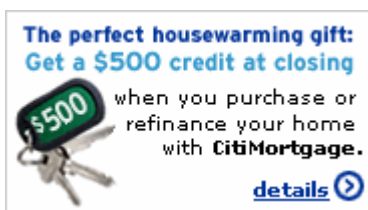


At the same time, online home loan application activity at leading retail banks including Bank One/Chase, Citibank, Countrywide, Bank of America, and Washington Mutual decreased by 36% on a year-over-year basis. Though the aggregators and home loan lenders each serve a different purpose and appeal to different segments (see the June issue of Financial Services Advisor on www.compete.com), consumer share of mind is increasingly being captured by the leading aggregators. Consumers have made the shift to thinking of these new providers as their leading source for home loans and other types of consumer lending. Lenders can use these insights on **changing market conditions and consumer preferences** to hone their marketing strategy and messages.

DIRECT LENDERS INCREASING ONLINE PROMOTIONS AND INCENTIVES

In recent online promotions, direct lenders are highlighting incentive programs in the form of rate discounts, fee reductions, closing cost rebates or other creative approaches to attract price-conscious consumers. Compete recently surveyed online home equity prospects for key selection criteria in their choice of lenders and those results help **evaluate the merits** of online pricing promotions.

Compete's survey found that competitive pricing (both rate and fees) appealed to online consumers, but other factors such as ease of application, having an existing or prior relationship, convenience, trust and customer service were also important in lender selection. Compete **measured response by channel** and found that, among online prospects for home equity, 49% went on to submit applications online, 29% via phone and 22% applied at a branch.



Examples of these promotions include a \$500 closing cost rebate at CitiMortgage, Bank of America's "No Fee" home equity line, and E-LOAN's "Employee Discount" Labor Day rate promotion. CitiMortgage's \$500 credit offer promotion has attracted almost 10,000 new online prospects since the campaign began in June. Monthly visits to Bank of America's "No Fee" Home Equity line landing page reached 52,000 per month during the third quarter.

Compete benchmarks online campaign performance against the competition for lenders and delivers insights into which advertising / marketing programs and partners are sending the highest quality referrals.

Compete's financial intelligence and targeting services measure application, enrollment and cross-sell opportunities across deposit, lending, investing and insurance business lines to help marketers hone strategies and deepen customer relationships.

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Comments?

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