

FINANCIAL SERVICES ADVISOR™

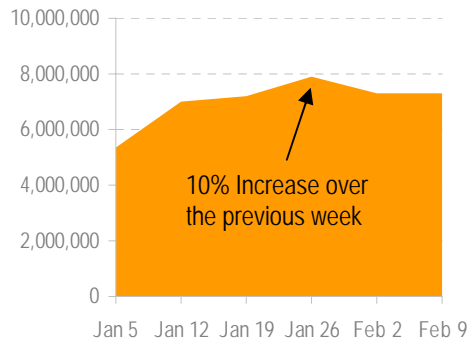
Monthly insights from Compete for financial services executives

FED RATE CUTS: SHORT-TERM EFFECT ON THE LONGSTANDING HOME LOANS SLUMP

With a recession under way or just around the bend (depending on whom you talk to) the Fed stepped up on January 22nd to try to mitigate the effects of the home loans crisis with a 3.5% drop in the current rate. Although there is debate as to the efficacy of the measure, Compete analysis showed a large overall spike in consumer traffic during the week of the first rate cut announcement in January.

During the week of January 20th when the first rate cut was announced, mortgage consumer volume rose 10% over the previous week, and an impressive overall increase of 47% since the week of December 30th. Looking specifically at refinance and purchase consumers, direct lenders Countrywide and Wells Fargo both made the most headway in attracting consumers following the announcements.

Total Mortgage Consumer Volume
(Weeks Ending Jan 5 - Feb 9 '08)



Read more about Compete's take on the success of recent fed rate cuts [here](#).

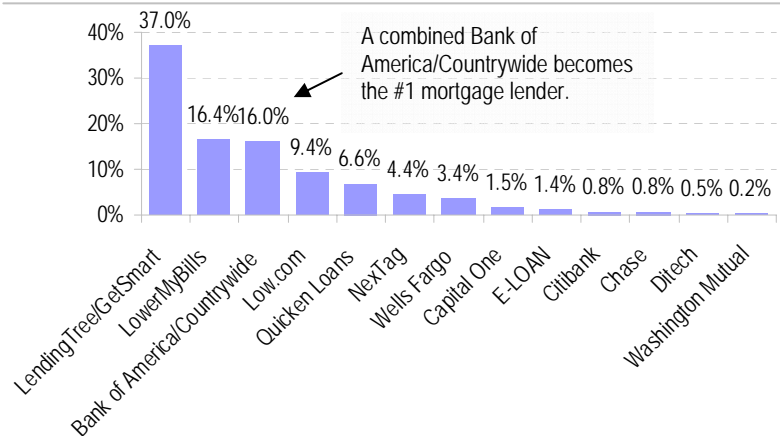
BANK OF AMERICA CATAPULTS TO #1 POSITION IN ONLINE MORTGAGE LENDING WITH THE ACQUISITION OF COUNTRYWIDE

Earlier in 2008, Bank of America announced that it was buying troubled Countrywide Financial for \$4B in stock. There are several theories why Bank of America's CEO, Ken Lewis, would even strike a deal with Countrywide, among which includes Countrywide fitting nicely into Bank of America's acquisition strategy focused on dominating markets outside deposits, as evidenced by its acquisition of MBNA back in 2005.

According to Inside Mortgage Finance, a combined Bank of America and Countrywide will account for 25.5% of the market share for top mortgage lenders based upon data from the first nine months of 2007. *But how much of a power play does the absorption of Countrywide represent for Bank of America in the online mortgage world?*

Market share for online mortgage lenders and aggregators with a combined Bank of America/Countrywide

(Completed online applications and leads, November 2007)



During November 2007, Bank of America only accounted for 3% market share of online applications and leads and was in 9th place. Surprisingly, despite its recent troubles, Countrywide still accounts for 13% market share during the same period.

Read more about Bank of America's ascension in the online mortgage world [here](#).

For more information about Compete's financial services practice please contact Karen Marchione at kmarchione@compete.com

Monthly Metrics

December 2007 – January 2008

Change in Number of Search Queries			
Top non-branded insurance terms			
auto insurance	▲		23%
car insurance	▲		44%
insurance	▲		49%
Top non-branded brokerage terms			
stock(s)	▼		-23%
mutual fund(s)	▼		-0.4%
cd rates	▲		80%
Top non-branded home loan terms			
home equity loan	▼		-5%
mortgage calculator	▲		53%
mortgage rates	▲		144%
Change in Prospect and Applicant volume			
Product category	Prospects		Applicants
auto insurance	▲	60%	▲ 62%
brokerage	▼	-1%	▲ 0.3%
home loans	▲	37%	▼ -7%

In branded search, auto insurance terms trended up dramatically. Meanwhile brokerage terms continued same direction as in previous months. Much the same could be said about home loan terms with the exception of searches for mortgage calculators, which sharply reversed their previous course. Finally, all prospects and applicant volumes fell with the exception of brokerage prospects, which increased.

Please join Compete at the April 2008 Net.Fin@nce conference in Scottsdale, AZ. Ron Sheklin, General Manager for Compete's Financial Services practice, will be chairing a track on Strategic Online Marketing on Tuesday, April 15th.

Click [here](#) to find out more information about Net.Fin@nce

