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Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission

Mortgage Holding & Switching

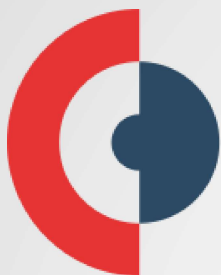
Market Research Findings

Section 1 - Face to Face Survey

Section 2 - Online Survey

Research Conducted by





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Section 1 – Face to Face Survey

Introduction & Methodology – Face to Face Survey

- The research was conducted as an element of a Behaviour & Attitudes face-to-face Barometer survey, among a nationally representative sample of 1,001 adults.
- Quota controls were placed on gender, age, social class and region to ensure that the sample is representative of the adult population in Ireland aged 16+.
- Interviewing was conducted between 30th November - 9th December 2015.



Summary Key Findings - I

- Just over 1 in 5 adults hold a mortgage (22%).
- Almost half of mortgages were taken out during the boom years of 2002-2007, while 1 in 5 have been taken out since the crash in 2008.
- Half of mortgage holders are aware of the rate of interest which they pay on their mortgage, while 86% are aware of their monthly repayment amount.
- Only about 1 in 7 mortgage holders have thought about switching or actively engaged with their mortgage provider in the past five years. Just 2% have actually switched their mortgage in the past 5 years.



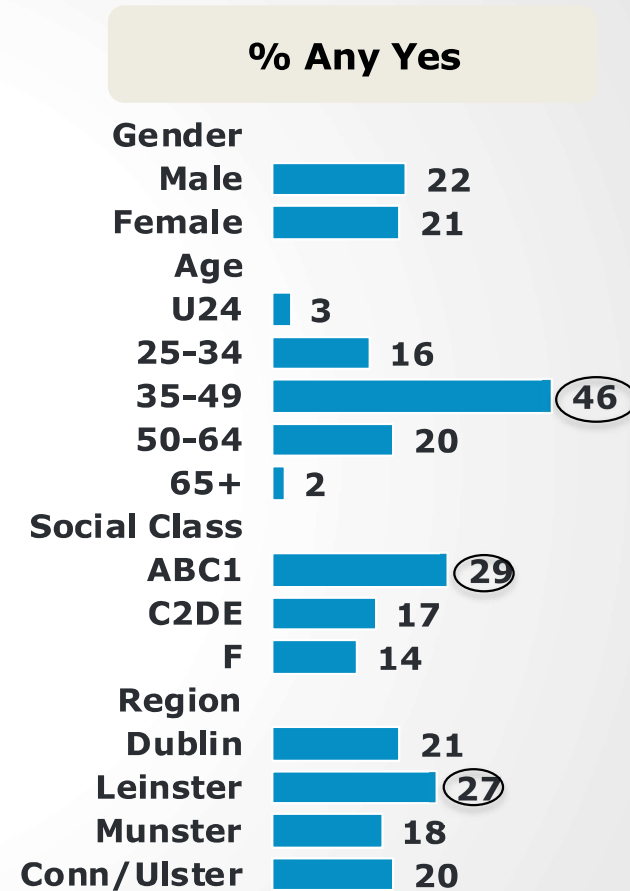
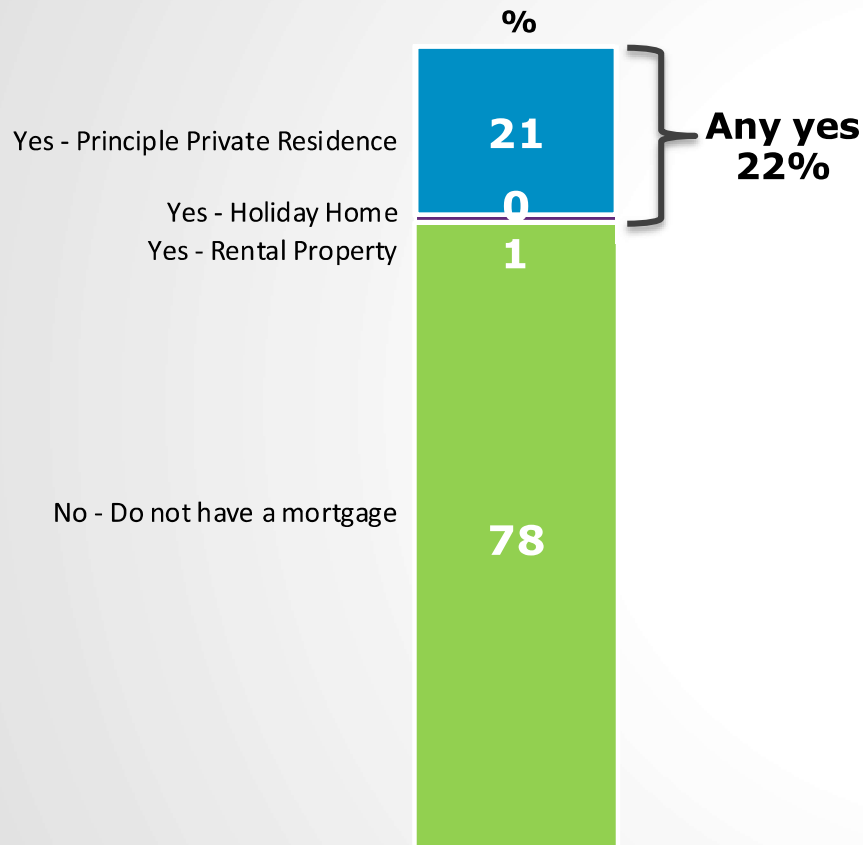
Summary Key Findings- II

- 1 in 6 have compared mortgage offers in the past 5 years, with online searches being the most popular method of making comparisons.
- The main reasons cited for not comparing or switching mortgages are
 - not thinking that switching would yield any benefit,
 - never really considered switching and
 - currently being tied into a tracker (or for some, a fixed) mortgage.
- A quicker, more efficient switching process and clear and transparent information on the upfront costs involved in switching were cited as the top two suggested methods which might encourage switching.



Incidence of holding a mortgage

Base: All adults 16+ 1,001



1 in 5 adults hold a mortgage. Holding is heavily skewed demographically with a significant concentration in the 35-49 age grouping and also more prevalent in the ABC1 socio economic grouping.

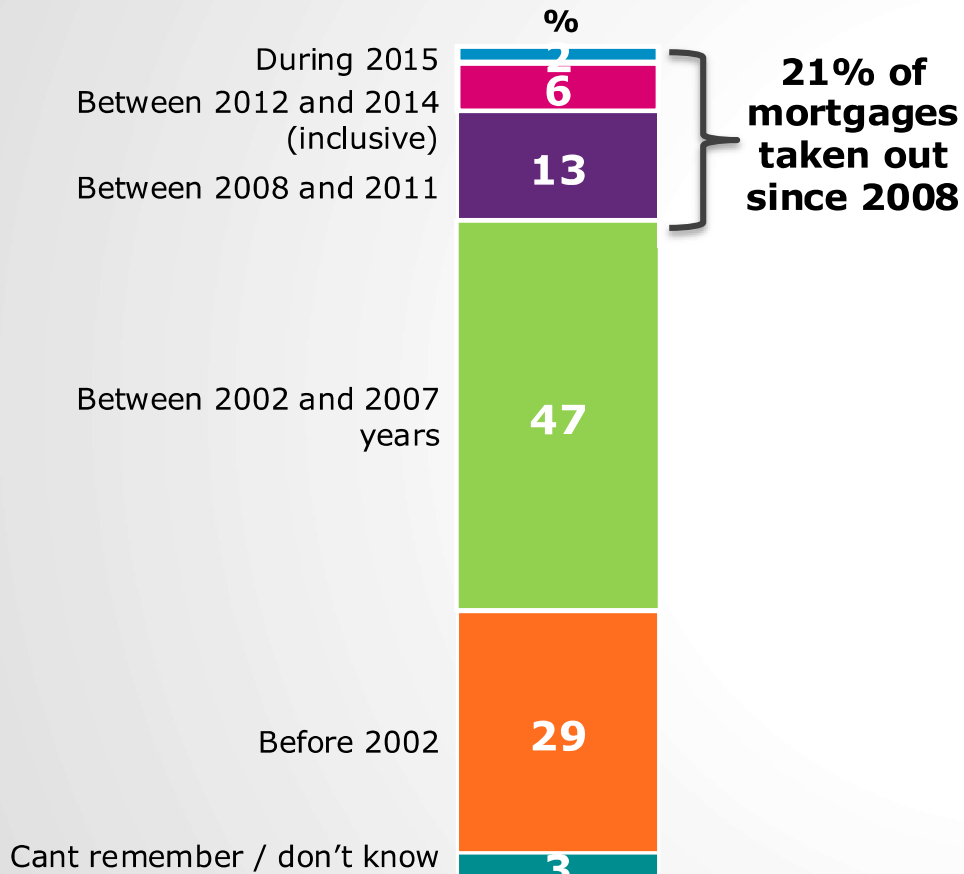
Q.1a

Do you have a mortgage on your property?

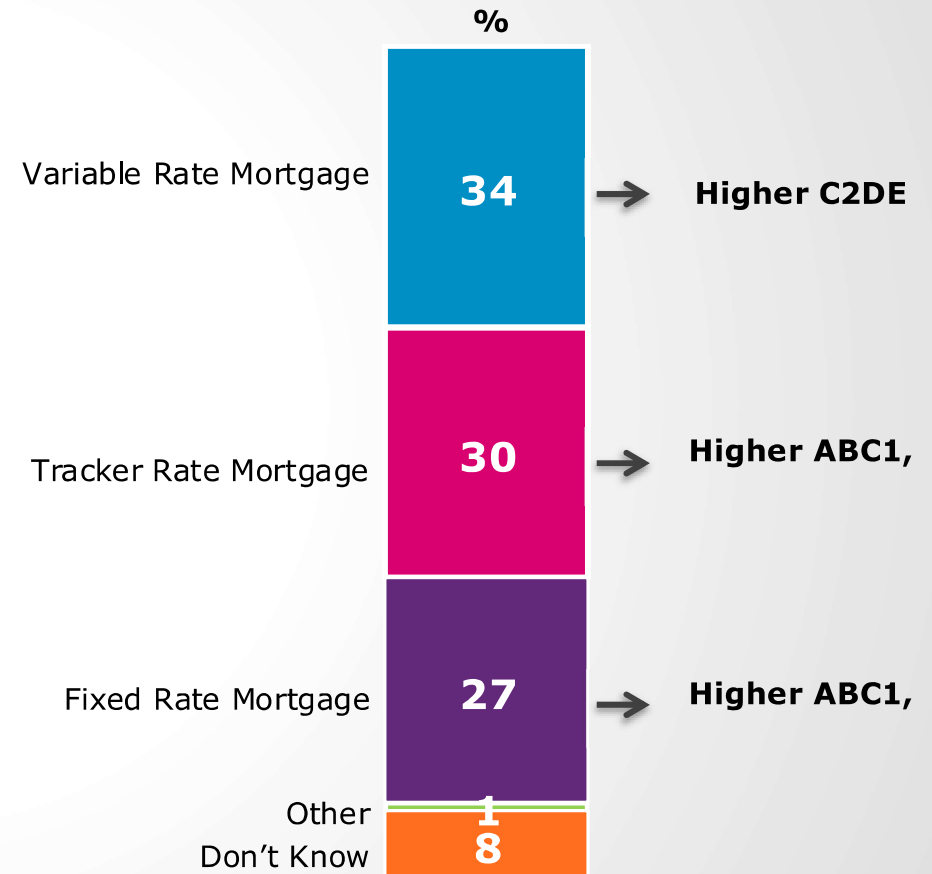
Timing & type of current mortgage

Base: All have a mortgage (233)

Age of mortgage



Type of mortgage



Almost half of mortgages were taken out during the boom years of 2002-2007, while 1 in 5 were taken out since the crash in 2008.

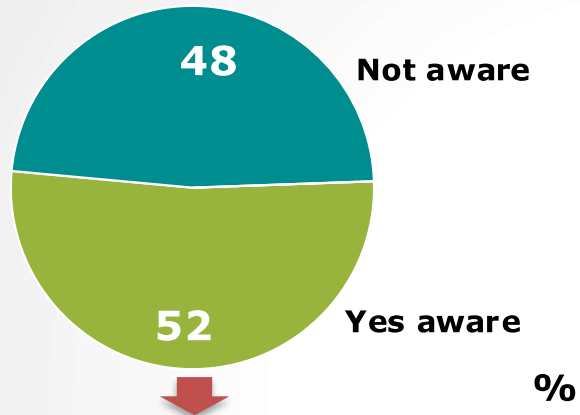
Q.1b
Q.2

When did you take out your current mortgage?
What type of mortgage is it?

How conscious of mortgage details

Base: All have a mortgage (233)

Awareness of rate of interest



Gender:



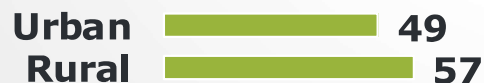
Age:



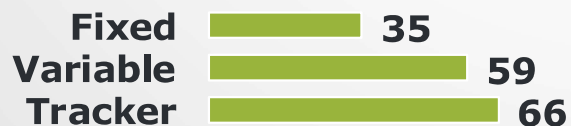
Social Class:



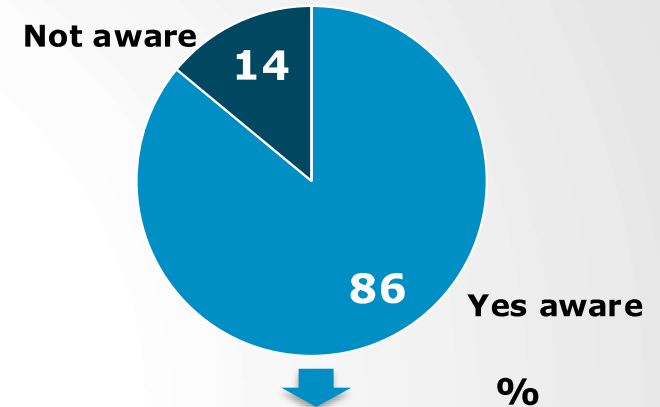
Area:



Mortgage Type:



Awareness of monthly repayments

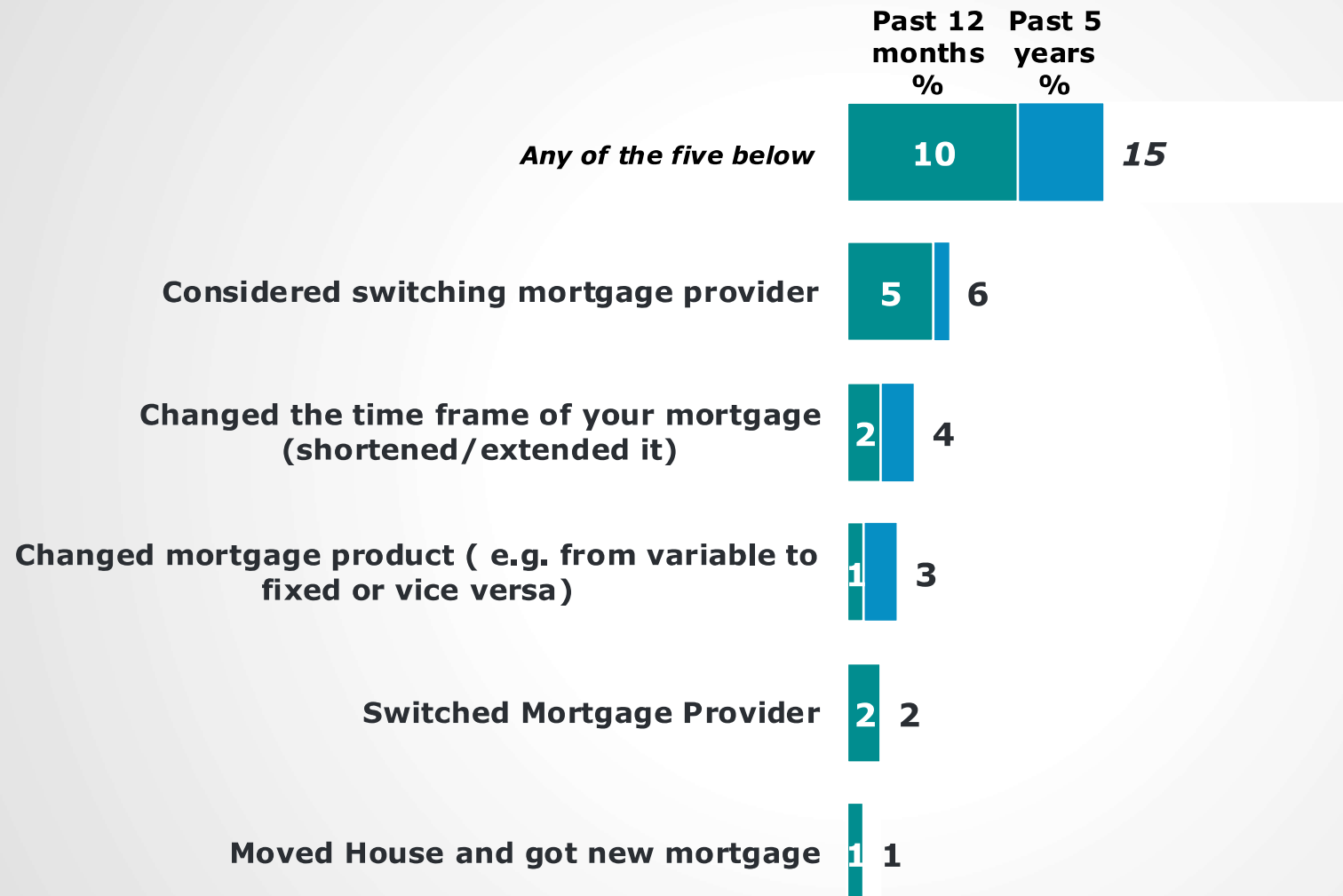


Q.2bi
Q.2bii

Do you know the rate of interest you are paying on your mortgage?
Do you know your monthly repayments?

Mortgage Engagement

Base: All have a mortgage (233)



Just 6% of mortgage holders have considered switching their mortgage provider over the past 5 years and only 2% have actually switched. In total, only 1 in 7 with a mortgage have done any of these five things in the past 5 years.

Q.3

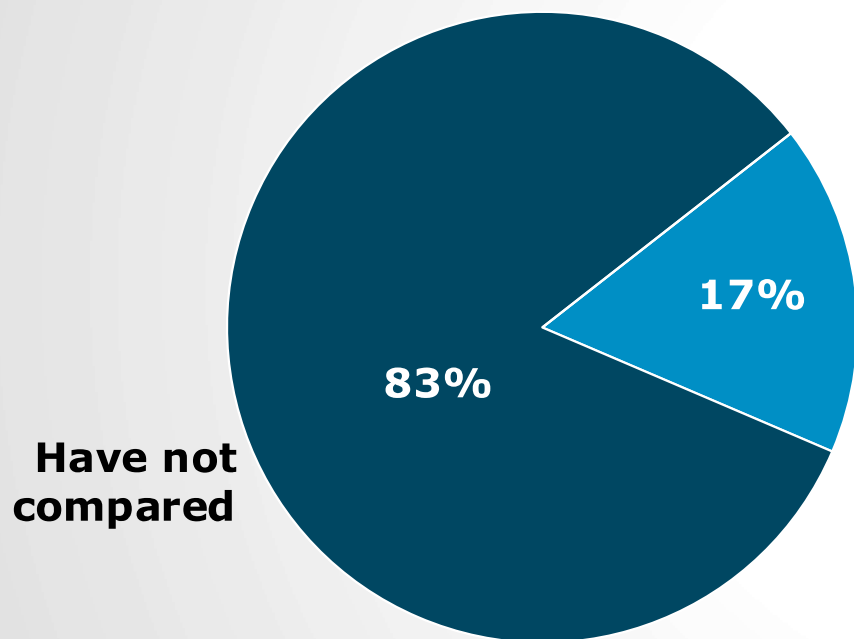
Have you done any of the following over (i) the past 12 months (ii) past five years



Comparing Mortgages

Base: All have a mortgage but not switched (228)

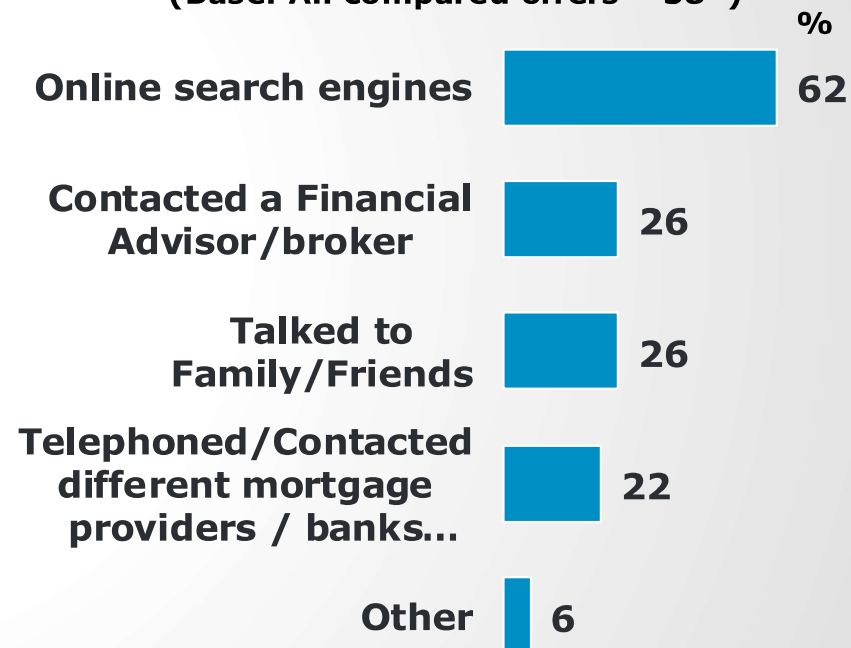
Incidence of comparing mortgage offers



Yes,
compared

How compared mortgage offers*

(Base: All compared offers – 38*)



Only 1 in 6 of mortgage holders (who have not switched) have actually compared mortgage offers in the past 5 years.

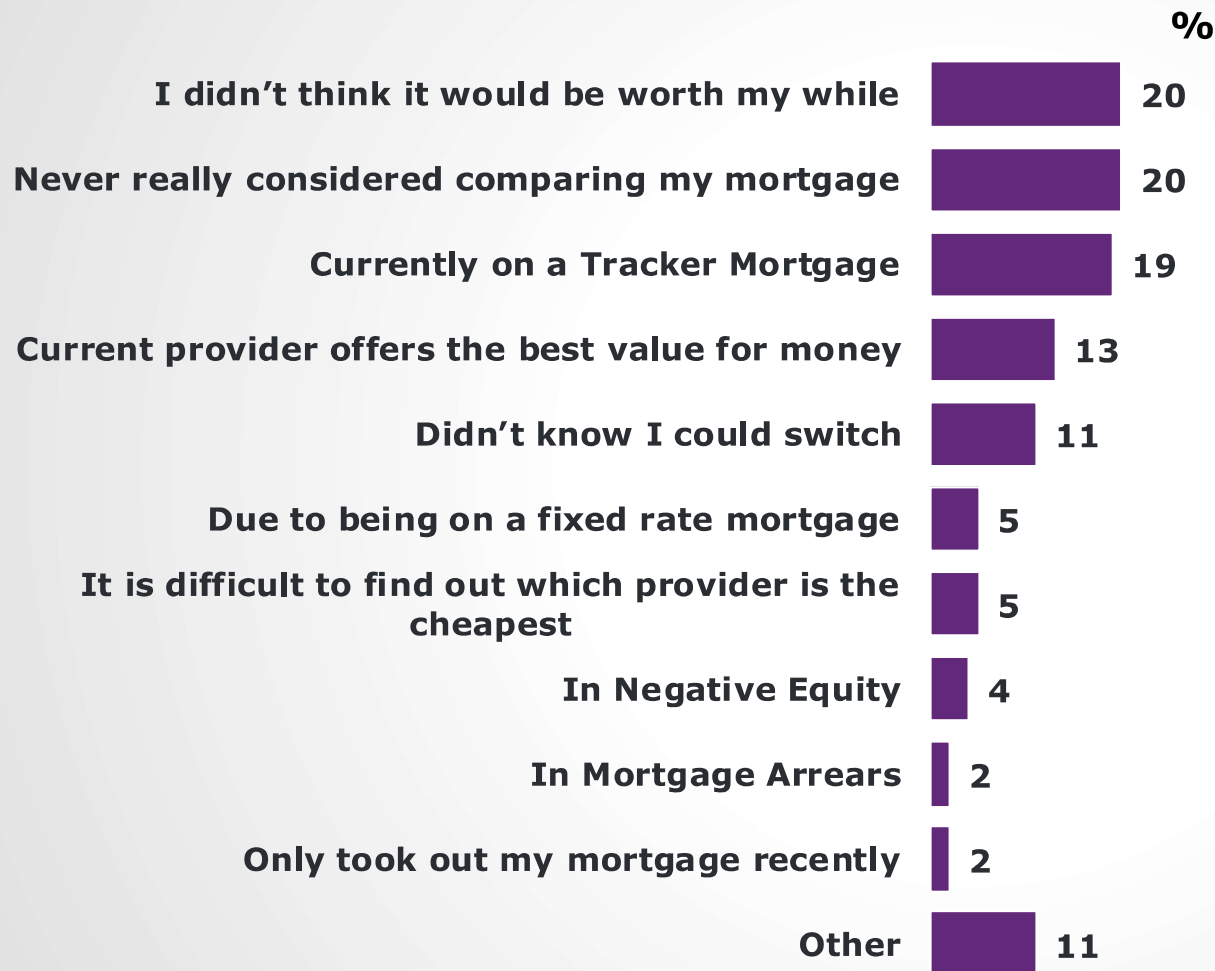
* *Caution small base*

Q.4a Have you compared your mortgage against others in the market, including other mortgage products available from your current provider, over the past five years?

Q.4b How did you compare your mortgage against others in the market?

Reason for Not Comparing Mortgages

Base: All have a mortgage but did not compare offers (190)

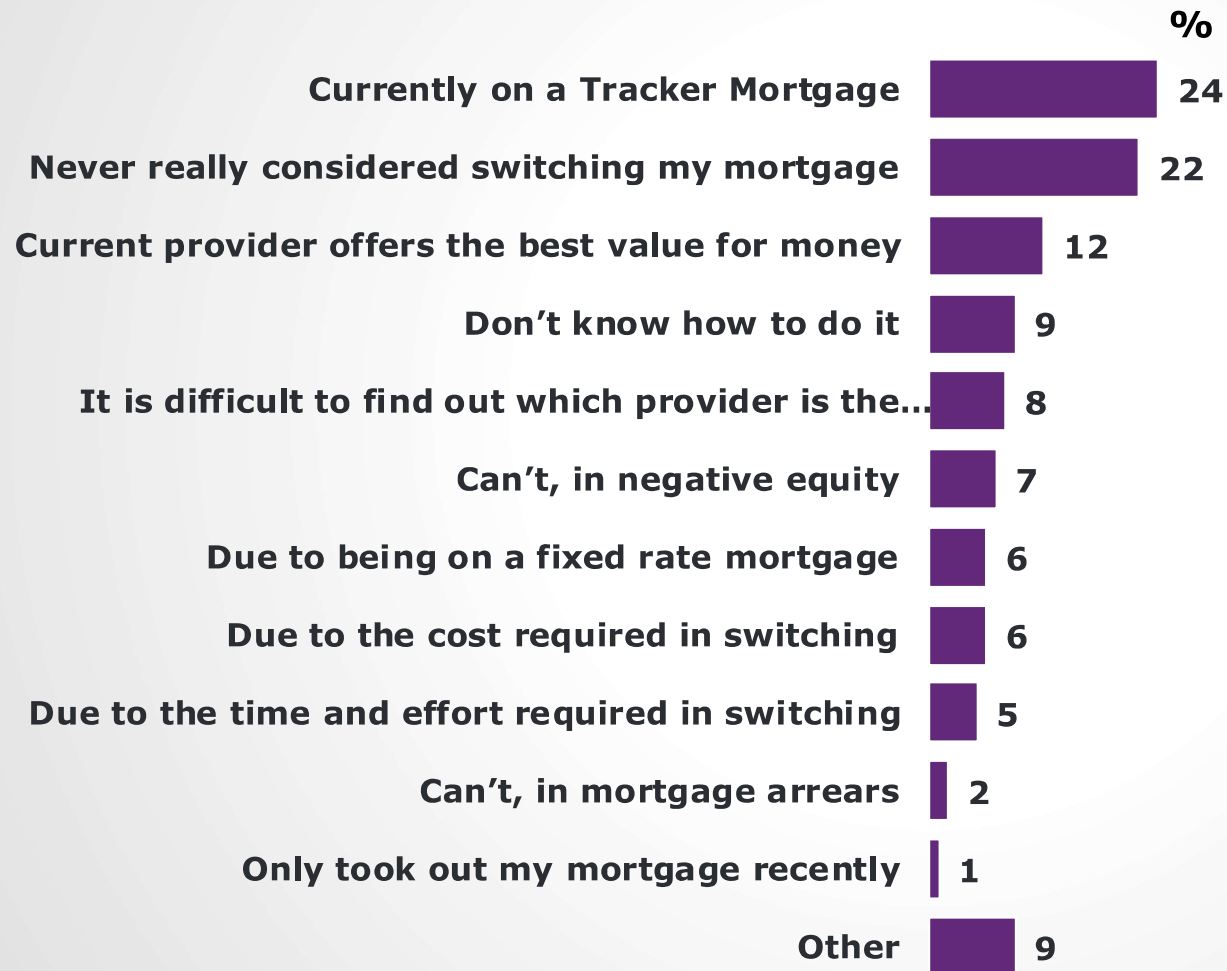


Not thinking switching would be worthwhile, never considered comparing, and currently being on a tracker mortgage are the main reasons cited for not comparing mortgage offers.

Q.4 Why did you not compare your mortgage against others in the market?

Reasons for Not Switching Mortgage

Base: All have a mortgage but did not switch mortgage (228)



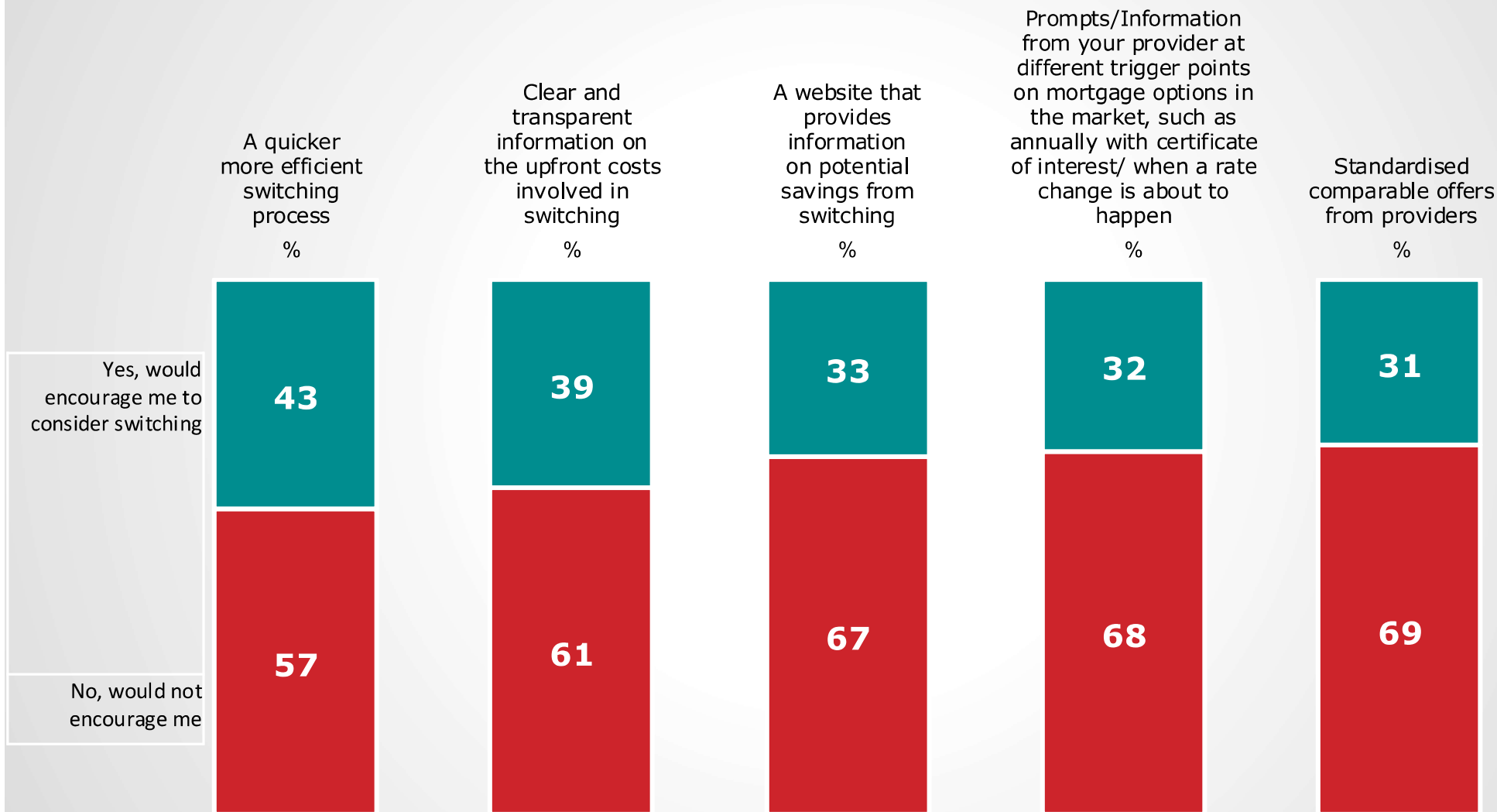
Q.5

What are your reasons for not switching?



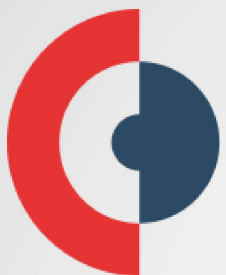
Possible Switching Catalysts

Base: All have a mortgage but did not switch mortgage (228)



A quicker more efficient switching process and clear and transparent information on the upfront costs involved in switching were cited as the top two suggested methods which could encourage switching.

Q.6a Which of the following would encourage you to consider switching your mortgage?



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Section 2 – Online Survey

Research Introduction & Methodology – Online Survey

- Following the face to face survey a subsequent online survey was conducted to ascertain a more in-depth perspective of attitudes to switching, drivers and the experience of switchers.
- The survey targeted mortgage holders and in particular mortgage switchers. Initially a sample of 515 mortgage holders was achieved, of these 29 were mortgage switchers.
- Additional mortgage holders were subsequently screened to achieve a greater number of switchers and combined with the face to face survey a total of 40 respondents who had switched their mortgage in the past 5 years were surveyed.
- This phase of the research was conducted in January 2016.



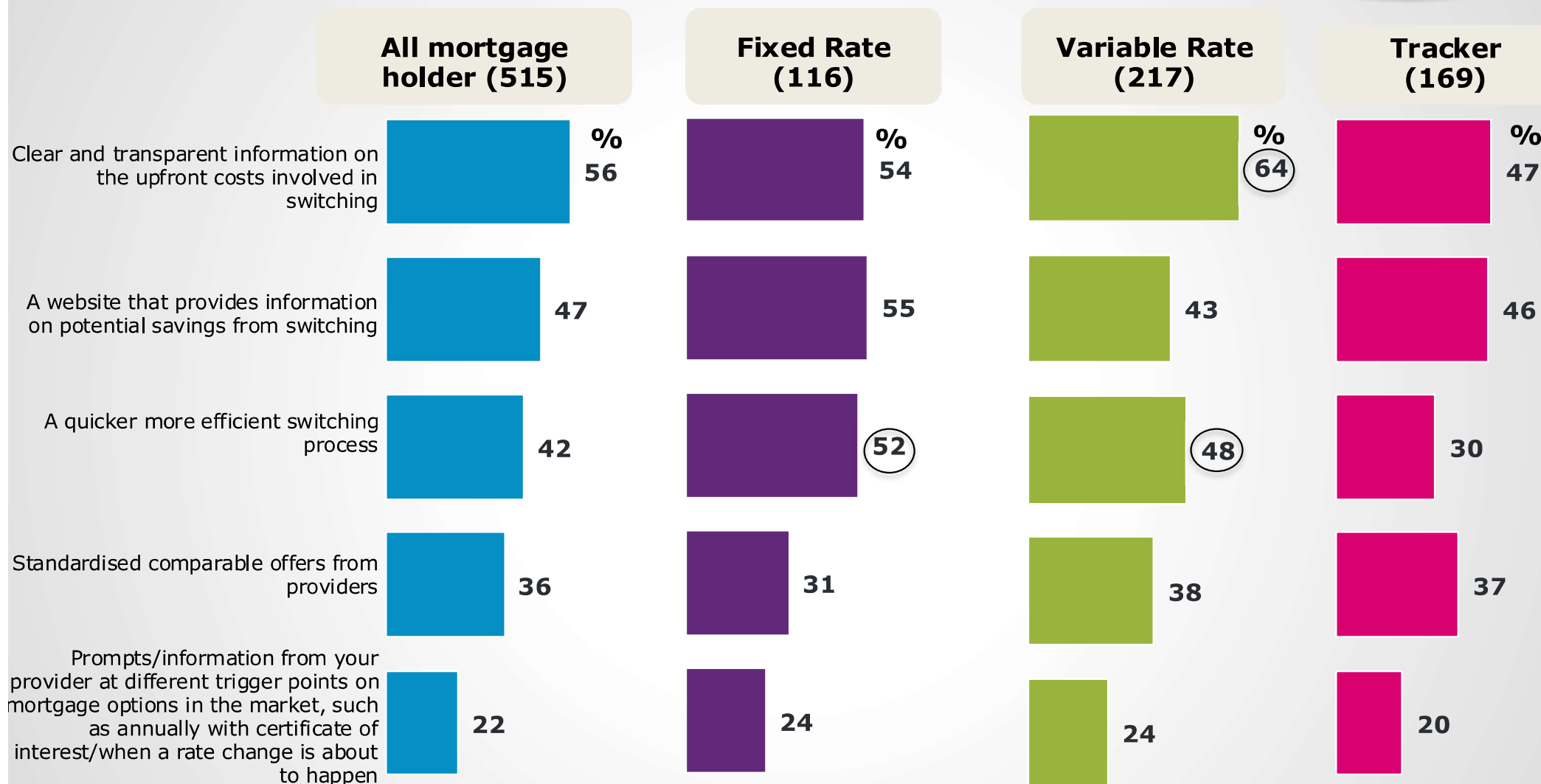
Summary Key Findings

- Variable rate mortgage holders cited the top two suggested methods which might encourage switching as follows:
 - clear and transparent information on the upfront costs involved in switching (64%) and
 - a quicker, more efficient switching process (48%)
- For those who had switched their mortgage:
 - The main negatives identified were: it involved too much paperwork, it was a complicated process and took a long time.
 - 35% estimated that the switching process took between one and two months and 24% estimated that the process took longer than two months.

What Would Encourage You to Switch Mortgage?

Base: Online sample (515)

Online Sample



Two in three variable mortgage holders indicate that a clear and transparent information on the upfront costs involved in switching would encourage them to consider switching. Almost half said a quicker, more efficient switching process.

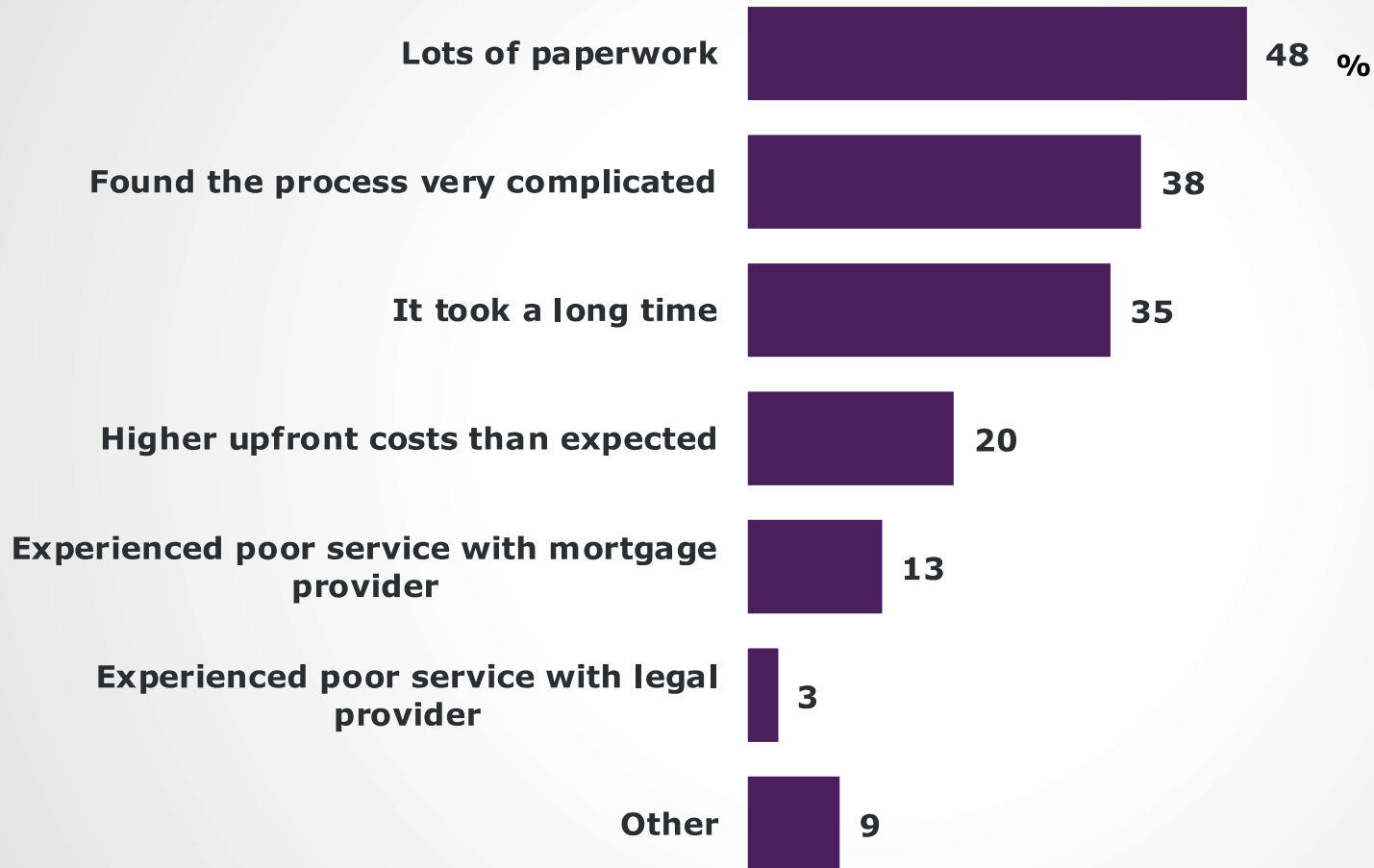
Q.6

Which of the following would encourage you to consider switching your mortgage?

Description of Switching Process

Base: Switchers (40)

Online Sample



The complexity, paper-heaviness and slow speed of the process were all negative factors, with a fifth also impacted by upfront costs.

Q.7c

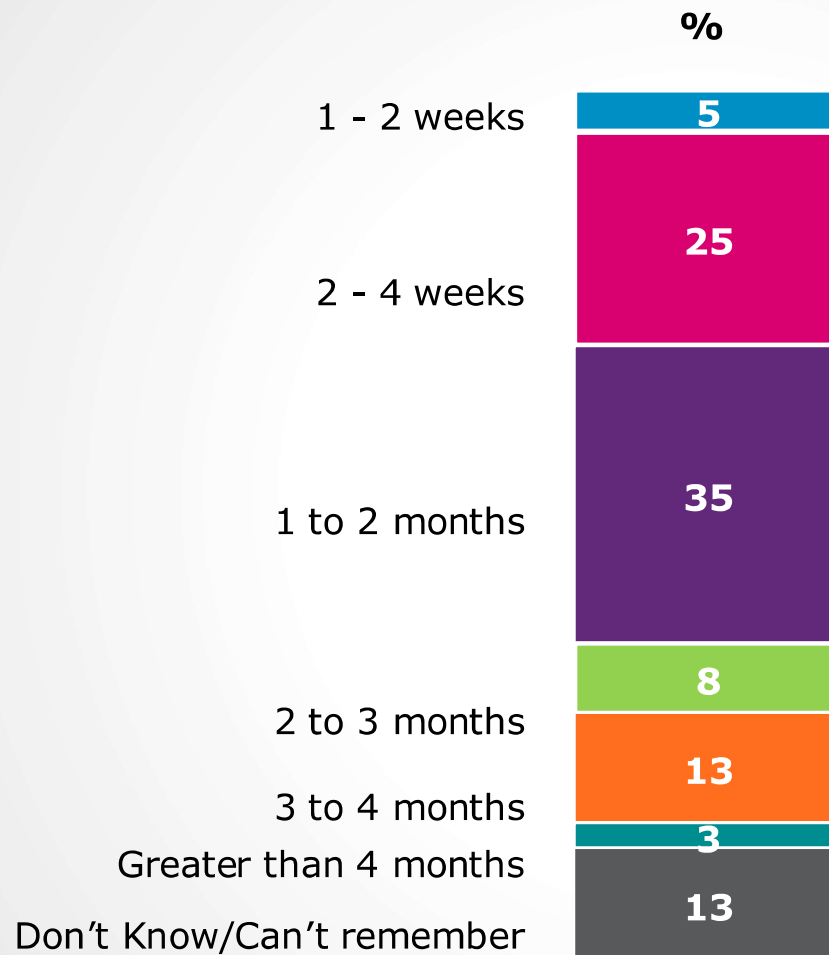
And looking at the following list, which of these issues applied to your switching process?



Length of Process

Base: Switchers (40)

Online Sample

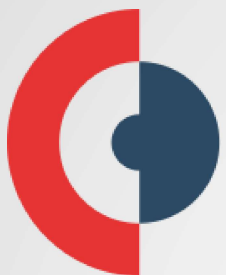


The switching process took between 1 and 2 months for 35% of switchers and almost a quarter took longer than 2 months.

Q.8

Once you give the instruction to your provider to go ahead with the switching process, how long did the switching process take?





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End

