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# AustralianBroker

AUGUST 2016 ISSUE 13.15



## GREG PENNELLS

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# COVER STORY

## WRITE LOANS, GET SHARES

After selling Choice Aggregation Services in 2007, Greg Pennells felt he owed a debt to the aggregator's 1,300 mortgage brokers that had made it all possible. Now, he's making it up to them with his latest industry venture that offers a whole lot more than competitive commissions

**TWENTY-FIVE YEARS** ago, Perth-based Greg Pennells became one of the country's first to join the new movement that was mortgage broking. It was 1991, and following a career working as a bank manager at West Australian bank Town & Country, Pennells answered an advertisement in the paper for a finance broker. Six years later, he started Choice Home Loans with his colleague, Ross Begley, which they sold in 2007 for \$163m.

"We started Choice Home Loans because we felt we could make a difference," Pennells says. "Nobody

... was I actually wanted to reward the mortgage brokers themselves."

This is where Purple Circle comes in.

### A new era

While Purple Circle might be Pennells' brainchild and the reason for his palpable enthusiasm, brokers have reason to be just as excited by this new player in the market.

Write loans, get shares – this is the premise of Purple Circle Financial Services. For every loan a

**"By moving across from where they are to us, they're actually not going to be disadvantaged financially, but what they will do is they will actually gain that extra ownership of Purple Circle. So it's a very, very seamless move. They can continue doing what they do with their own business, but now ... every loan they write qualifies them for shares"**

was actually listening to brokers, and supporting them, and because we were brokers ourselves we sort of knew what we wanted, but we couldn't get it from anyone. So we thought we'd just supply it ourselves."

Although it might have looked as though Pennells had left the finance industry for good following the sale of Choice, going on to buy a farm in rural WA, this couldn't be further from the truth. On 1 August Pennells officially opened the doors to Purple Circle Financial Services, a sub-aggregator under Choice – a decidedly fitting choice.

"I couldn't help myself, I guess. It's just that entrepreneurial flare that I've always had ... And one of the things I wanted to do when we sold

Purple Circle broker writes, they can earn shares in the company itself – an idea that will appeal to all brokers, but particularly those tuned in to business.

Purple Circle has already opened up to a small number of brokers, specifically those working under Perth financial planning company Wealth Today, of which Pennells is the managing director. Wealth Today's mortgage brokers have welcomed and accepted Purple Circle with arms wide open, says Pennells.

"Yesterday we launched it to our financial planners who are mortgage brokers, and we've had nearly 100% take-up rate. We were in Adelaide last week and we had 120% [take-up] because one chap actually referred us to two others. So the actual

take-up has been unbelievable," says Pennells.

"Just about everyone we speak to wants to join because it makes so much sense."

Now that the sub-aggregator has launched, Pennells is on a mission to attract new brokers, and to this end Purple Circle is offering competitive commission splits to brokers who are willing to jump ship from their current aggregator. Brokers having the option of deciding on their split of commission versus shares is one of Purple Circle's biggest selling points. The lower the commission, the more shares brokers can earn, and vice versa.

"Wherever possible, what we're trying to do is try to match the commissions they're on at their existing aggregators," Pennells tells *Australian Broker*. "By moving across from where they are to us, they're actually not going to be disadvantaged financially, but what they will do is they will actually gain that extra ownership of Purple Circle. So it's a very, very seamless move. They can continue doing what they do with their own business, but now ... every loan they write qualifies them for shares."

In what might surprise some, and looks like an encouraging sign for Purple Circle, Pennells says most brokers so far are actually opting to earn more shares and less commission. Pennells thinks these brokers have their business hat on and, clearly, have high hopes for the business.

### For the soldiers

Pennells tells *Australian Broker* that one of the biggest impetuses for starting Purple Circle Financial Services was giving back to the mortgage brokers – the "soldiers", as he calls them – that he felt were not rewarded in the sale of Choice Aggregation Services in 2007.

"We didn't get a chance to actually include them in the sale, and they're actually the soldiers that made it possible. They're actually the ones who were the engine room behind the value ... behind any aggregation company," Pennells says.

"I've got the ability to get scale and to build the company into mass, but this time I want to do it for the mortgage brokers. I really felt when we finished that I owed them a debt."

To clear this so-called debt, Pennells has structured the company so that a steering committee that includes foundation brokers is at the helm of all decision-making.

"One of the exciting things for mortgage brokers this time is ... we're actually going to let the brokers decide what direction they want to take the company... The steering committee is actually going to be responsible for the innovation in the company because I want that to come from the mortgage brokers themselves. I don't want to be a dictator who sort of says, 'This is what we're doing.' This is actually for them."

In what is another vote of confidence for Purple Circle, Pennells tells *Australian Broker* that a number of brokers have also already asked him if they can forgo their own brand to trade under the Purple Circle brand.

"... some of them have turned around and said they don't want us just to be an aggregator, they love the logo and the brand, they actually want to trade under the brand... wherever we can facilitate it, [the answer] will be yes. So we're actually going to be driven by our brokers themselves."



### The perfect model

As a sub-aggregator, Purple Circle has the best of both worlds, according to Pennells. The choice to go with Choice was an easy one, and not just because Pennells is still emotionally 'embedded' in the aggregator, with many of the brokers he signed up in his tenure now enjoying senior roles there. In the years that have passed since Pennells sold the aggregator, the company has maintained its positive culture and reputation in the industry, and because Purple Circle is all about giving back to brokers, it was a no-brainer, says Pennells.

"They've kept that culture of looking after brokers. ... It's actually just such a wonderful culture of support ... the support they're giving us is amazing, in helping us to bring people on board, and to make sure all their accreditations

are moved across. In every state they've been supporting us," he says.

Purple Circle brokers will have access to everything on Choice's panel and the usual access to BDMS, support in every state, their software platform, PD days, training and development.

"Purple Circle focuses on the brokers, and all the tools of the trade and everything else is supplied by Choice.

"We don't have to spend time in that domain; we can just work with our brokers, and that's what we want to do – be very hands-on."

### The purple circle

It's not hard to see that Pennells' vision for Purple Circle, and the fact that it's one in which brokers play a starring role, is refreshing to say the least.

And Pennells' five-year plan for his business is equally positive.

"To grow as quickly as we can, as big as we can, and to have happy brokers," Pennells says. "We had no plan when we set up Choice. Ten years later we sold it and had 1,300 members, so I'm going into this with no plan again, an open book.

"Wherever we can do it, let's do it, let's work together and make it happen."

And for those that are puzzled by the business's name, it all falls into place when you discover its meaning – "an invitation-only meeting of like-minded people", says Pennells.

"[It] pretty much explains what we're trying to achieve here."

And if his last mortgage venture is anything to go by, then brokers are in good hands. **MB**