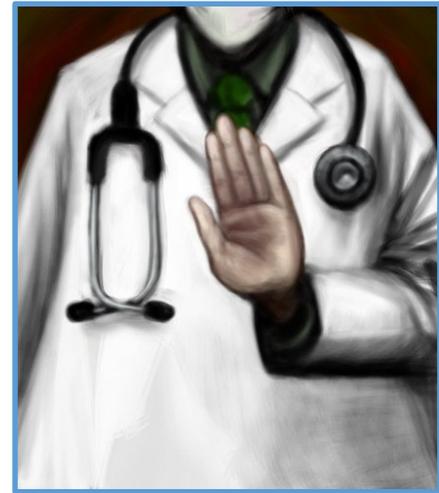


Does your finance need healing?

Written by Strategic Medico

Traditionally medical practitioners have been privy to exclusive offerings from specialist financiers in acknowledgement of their low risk profile, stability and capacity to service their borrowings.

As of late, however, the market has undergone a process of change, as previously independent specialist medico finance providers have been acquired by major banks, and the packages that were once offered exclusively to medical professionals are now being diluted into conventional offerings or into a larger category which encompasses lawyers, accountants, engineers and other professionals.



Bank of Queensland has at the beginning of the year acquired the professional finance, asset finance and leasing business of Investec for \$440 million (of which the majority of clients are doctors). Back in 2000, Medfin, (an industry leader in medico financing) was strategically acquired by National Australia Bank. Recent times have seen portions of the portfolio restructured to be integrated into the bank's core mainstream policy. The original functions of both Investec and Medfin were essentially as brokers, responsible for engaging the market and sourcing the best outcome on a practitioner's behalf. However, their role as an intermediary is questionable as both are now effectively distribution channels of their parent lenders. As a result, the accessibility to independent health care professional financiers and medical packages has diminished.

Paul Miron, the director of Strategic Medico, an experienced finance consultancy and brokerage, investigates the causative link between the shifts in medical lending policy away from tailored products and towards 'one-size fits all' solutions.

Mr Miron explains that "...in the month of June alone, Strategic Medico has received and completed approximately \$35million of transactions solely from medical practitioners seeking to refinance, raise equity or complete purchases. Doctor's work patterns do not accommodate for time to shop around for financing with various parties. They need to have one conversation, with a trusted, well informed professional who can concisely provide an overview of the entire market to determine the most appropriate offering, provide the correct structuring advice and implement a strategy based on their needs."

He continues to explain that clients have expressed a changed perception of services offered to them by their previous lenders which were caused by increased variable rate structures and the cancellation of certain features previously available to them such as extended interest only periods and credit lines. Dr Zacharia, former president of the Australasian College of Cosmetic Surgery, was interviewed with regard to the impact of his most recent refinance and responded by stating that:

"The refinance has significantly improved my cash flow. My interest only period was extended by 10 years effectively reducing my monthly repayment liability by \$25,000 a month and the discounted rate has saved me over \$38,000 in interest per year."

Despite Dr Zacharia's strategic restructuring, many other practitioners remain unaware that existing financiers are no longer independent and quality policies exist outside the scope of specially branded medical lenders. Although not widely publicised, many lenders provide exclusive offerings which cater specifically and solely to health professionals. However, due to the bespoke nature of these offerings and the monopolisation of the sector by 'specialist financiers' an experienced intermediary may be the only way to tap into these hidden reserves of the medico market place.