



## PRESS RELEASE



*Canadian Mortgage News - National Archive 2004*

### **Growing Usage of the Internet When Shopping for a Mortgage**

**TORONTO, Ontario, November 22, 2004** — In 2004, the proportion of consumers who say they would submit personal information when applying for a mortgage through the Internet has effectively doubled from 14% in 1999 to 29% today, according to results of the sixth annual survey of Canadian mortgage consumers.

The survey conducted by Canada Mortgage and Housing Corporation explores consumer shopping behaviours, attitudes and expectations when acquiring, renewing or refinancing a mortgage.

"Consumer attitudes and approaches to mortgage financing continue to evolve as Canada's mortgage finance industry offers more choices and greater flexibility to Canadians", said Sharon Matthews, CMHC's Vice President — Insurance and Securitization. "This survey tells us that consumers are making greater use of technology but still consider a personal relationship an essential part of mortgage negotiations."

Highlights from the 2004 survey include:

1. **Use of Internet is on the rise** — Today almost one-half of purchasers look to the Internet for mortgage related information, up from 26% in 1999. Coupled with the increased use of Internet for information about mortgages is greater consumer acceptance of the Internet as a mortgage shopping tool. As many as 49% feel it is now safe to conduct financial operations over the Internet with a respected financial institution, up from 28% in 1999. But actual usage of the Internet for mortgage related transactions remains low. In 2004, only about one-in-ten mortgage consumers use the Internet to pay their mortgage on-line.
2. **More Convenient ways to arrange for a mortgage** — In 2004, almost one-in-three mortgage consumers reported that they did most of their mortgage arrangements from their own home, either meeting face-to-face or over the phone with their lender or broker. Only 51% did most of their mortgage arrangements at their lender's office.
3. **Shopping on the Decline** — In 2004 only 40% of purchasers and 30% of renewers actively shopped around for mortgage proposals from different lenders. This is the lowest level reported since CMHC began the survey in 1999.
4. **Use of Mortgage Brokers Unchanged** — Overall, about one-in-four mortgages in Canada (26%) continue to be arranged through mortgage brokers. However, mortgage brokers have a stronger market presence among first-time buyers where they enjoy a 32% market share. Among mortgage renewers, usage of mortgage brokers has declined from 11% in 2002 to 6% in 2004.

The 2004 survey was based on a national probability sample of 1,500 active mortgage consumers comprised of first-time buyers, repeat purchasers, renewers and those refinancing a mortgage. Survey results are accurate to within plus or minus 2.5 percentage points 19 times out of 20.

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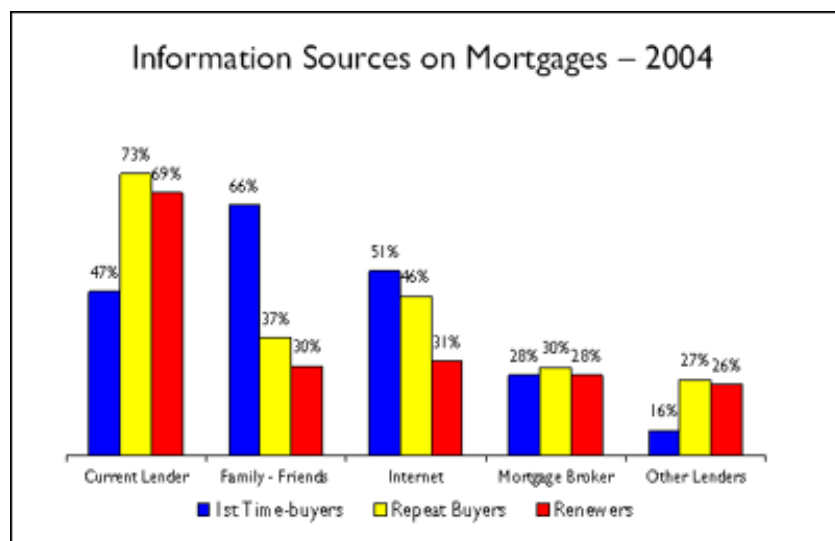
**Backgrounder**

**CMHC Mortgage Consumer Survey....Understanding Today's Mortgage Consumer**

Canada Mortgage and Housing Corporation (CMHC) is pleased to present key results from the 2004 survey of Canadian mortgage consumers. Since 1999, the annual consumer survey has provided a uniquely Canadian perspective into the changing attitudes and behaviours of mortgage consumers. The survey explores the dynamics of consumer choice, mortgage shopping behaviour, refinancing and lender loyalty. Consumer usage and attitudes towards both lenders and mortgage brokers and the emerging role of the Internet are also captured and analyzed. The survey is based on a national probability sample of active mortgage consumers comprised of first-time buyers, repeat buyers, renewers, and refinance consumers. The results are accurate to within + or - 2.5 percentage points 19 times out of 20. Some highlights from this year's survey include...

**Almost Double the Use of the Internet**

In 2004, person-to-person contact continues to be the predominant information source used by consumers. Repeat buyers and renewers are most likely to turn to their current lender while first-time buyers look to family and friends.



Among purchasers, 48% report using the Internet to obtain mortgage information, up substantially from 26% in 1999

**Shopping on the Decline**

The proportion of consumers proactively shopping around for a mortgage has been steadily decreasing over the past five years.

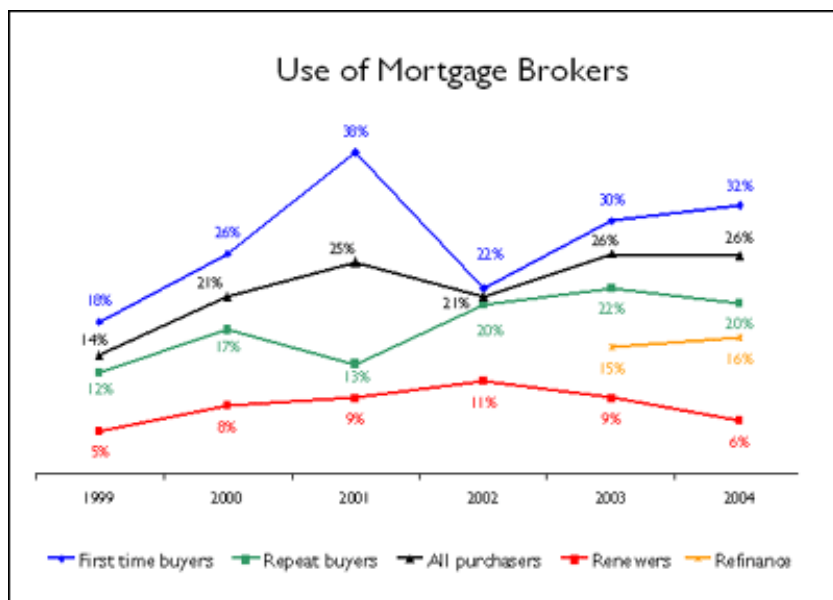
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In 2004, only 40% of purchasers and 30% of renewers actively shopped around for mortgage proposals from different lenders. This is the lowest level reported since the survey started.

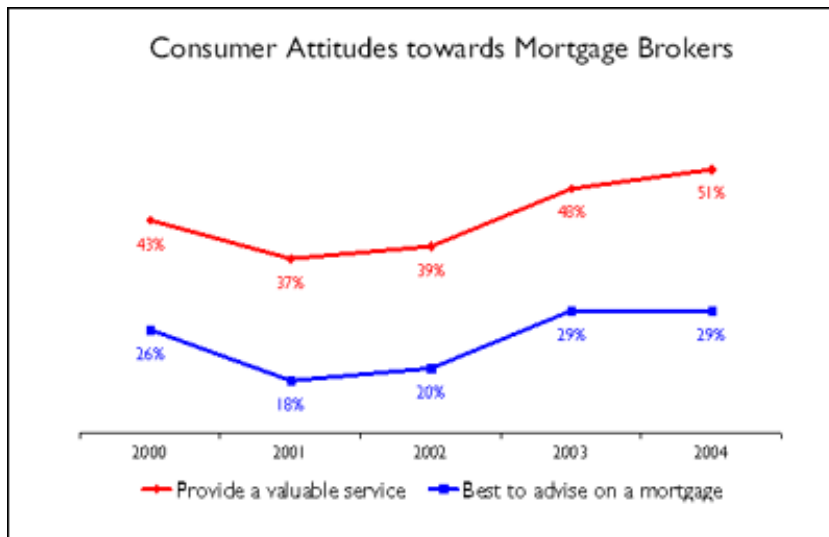
### Mortgage Brokers Gaining with First-Time Buyers but Losing Ground with Renewers

Mortgage broker's market share among purchasers has remained stable at 26%. However, since 2002 brokers have increased market penetration among first-time buyers from 22% to 32%. Broker usage among renewers stands at 6%, down from 11% in 2002.



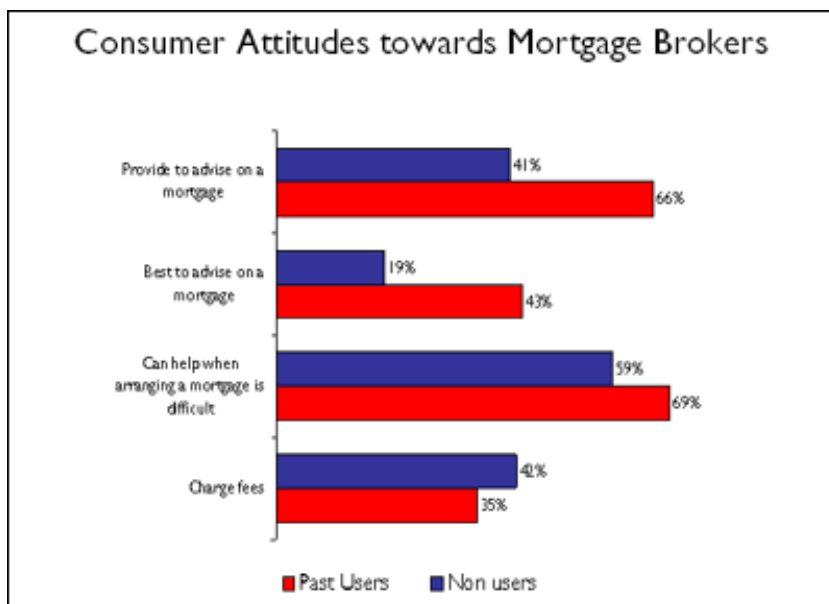
Consumer attitudes towards mortgage brokers have improved since 2001. Currently 51% of consumers are of the view that brokers provide a valuable service when arranging a mortgage, up from 37% in 2001. Twenty-nine percent of consumers report that brokers are among the best to advise on a mortgage up from 18% in 2001. In 2004, a significant proportion of consumers are still somewhat confused about the role of mortgage brokers with 31% believing that brokers work on behalf of mortgage lenders.

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Attitudes towards brokers tend to be significantly more positive among consumers who have used a broker in the past. In comparison, past users of brokers are more likely to think brokers provide a valuable service (66% for past users vs. 41% for non-users) and that brokers are among the best to advise on a mortgage (43% for past users and 19% for non-users). Conversely, non-users are more likely to think that brokers charge fees (42% for non-users vs. 35% for past users)

However, in 2004, the vast majority of mortgage consumers (72%) continue to use the services of a mortgage broker only once.



### Role of the Internet

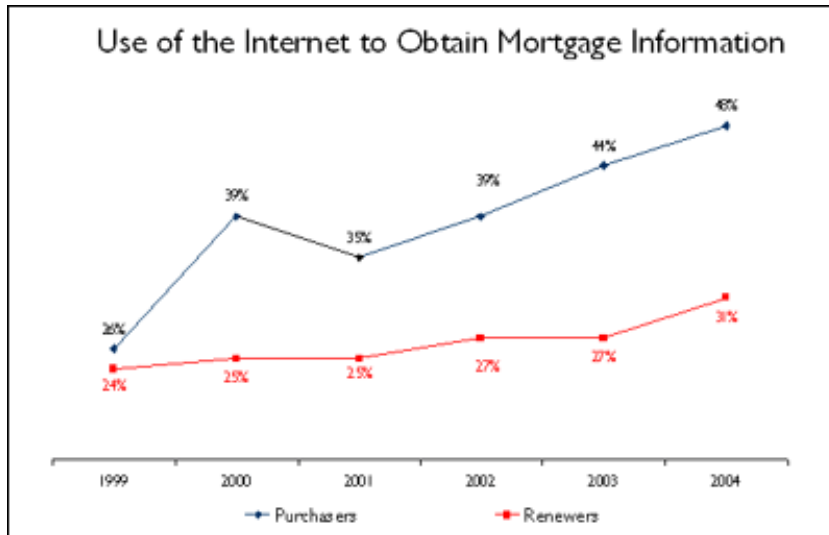
The use of the Internet to obtain mortgage information has reached 48% among purchasers, up from 26% in 1999. First-time buyers show the highest incidence of use with 51% reporting using the Internet. While increasing slowly among renewers, Internet use now stands at 31% up seven percentage points from 1999.

Use of the Internet is much more prevalent among younger mortgage consumers. Among those aged

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24-35 years, 55% used the Internet for mortgage information. In comparison, only 25% of those 55 years and older reported doing so.

With the exception of making on-line payments, use of the Internet for mortgage related transactions remains low. In 2004, about one-in-ten mortgage consumers use the Internet to pay their mortgage on-line.



Consumer attitudes towards using the Internet for mortgage business continues to be a substantial barrier. Two-thirds of consumers still consider a personal relationship as an essential part of mortgage negotiations and this mind set has not changed in the past four years. Almost three-in-ten consumers (29%) say that they would submit personal information through the Internet when applying for a mortgage and this level has improved in the past year.

Also on a positive note, the percentage of consumers who feel the Internet is safe for conducting financial operations with a respected lender has steadily increased to 49% from 28% in 1999. The proportion of consumers who say they are looking forward to a time they can use the Internet for all mortgage negotiations and operations remains stable at 18%.

