



PARADIGM MARKET UPDATE & OUTLOOK FOR 2021

Powering the UK's leading financial advisers

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1. Executive Summary

In 2020, we celebrated our thirteenth birthday – and it was quite a year. There is nobody within our industry who has not been in some way affected by the COVID-19 pandemic. It was an incredibly challenging and difficult year for all of us, in differing ways and to varying degrees. At Paradigm, our focus, sharpened very much by the pandemic continues to be predominantly on offering the highest possible quality of relevant and timely support to our intermediaries and their customers, as well as continuing the success and growth across our various propositions.

Paradigm Mortgage Services is now firmly established as one of the UK's leading Mortgage Distributor businesses. In addition, we have built a strong, comprehensive protection and general insurance (GI) proposition via Paradigm Protect which celebrated its sixth anniversary this year. We have a dedicated, experienced and highly motivated team who are close to our members, and our aim remains as it's always been; to deliver a first class, profitable and valuable service to all.

2020 wasn't all doom and gloom – and in recognition of that we are proud to have won 'Best Mortgage Club' category at the Financial Reporter Awards 2020, 'Mortgage Club of the Year' at the MoneyAge Mortgage Awards 2020, 'Distributor of the Year' at the Scottish Mortgage Awards 2020 and we were also recognised as Highly Commended in the 'Best Mortgage Club' category at the Mortgage Strategy Awards 2020, having won this the previous two years, and finalist at 2020 British Mortgage Awards as 'Business Leader: Mortgage Club'.

For those of you less familiar with our history, in July 2017, we announced that Tatton Asset Management plc (TAM) had successfully floated on the Alternative Investment Market ('AIM') of the London Stock

Exchange. TAM is the parent company for Tatton Investment Management and 'Paradigm' which comprises of Paradigm Consulting, Paradigm Mortgage Services and Paradigm Protect. TAM was founded by entrepreneur and current Chief Executive Officer, Paul Hogarth, Lothar Mentel, Co-founder of Tatton Investment Management and Bob Hunt, CEO of Paradigm Mortgage Services and Paradigm Protect and MD of Paradigm Consulting.

Our flotation was an extremely exciting step in our growth journey to becoming the UK's leading provider of discretionary fund management, regulatory and compliance support and mortgage services to the directly authorised (DA) marketplace. The vision when starting TAM was to create a group entity with a range of services to "power the UK's leading financial advisers", facilitating expansion and enabling our members to better service their clients. We will achieve growth through organic means, however, we are now appropriately capitalised to actively pursue acquisition where we see genuine added value.

Despite our growing size, we pride ourselves in offering a personalised approach and delivering exceptional service, propagating a real sense of community amongst members. Our support particularly throughout COVID-19 has been unwavering.

We hope that the market update and outlook for 2021 provided in this document will prove useful.

Here's to a prosperous 2021,



Robert Hunt
CEO
Paradigm Mortgage Services LLP



2020: The year in numbers

Lending



£5.0bn

Gross lending through
Paradigm (April – Sept
2020)

+4.7%
from Sept 2019

Members



1,591

member firms
(2019: 1,466)

+8.5%

773+

firms using Paradigm Protect

Award-winning Paradigm CPD & Sales Academy



1,400+

advisers registered

7,000+

hours of CPD logged

13,000

visits in 2020

Proc Fee Statement portal



24hr

proc fee
payment promise

easier, quicker

access to
proc fee statements

Social Media



Over **3,200** followers
on @Paradigm_Mtgs

Over **1,170** followers
on @ParadigmProtect



14 face to face events between January and March, **285** attendees



Feedback rating **9.65 / 10**



Ran **60** webinars



Almost **2,700** attendees



Average feedback score of **4.7 / 5**

eBooks and Guides

Free support for intermediaries



Helpdesks



1

new team member on
Mortgage helpdesk



1,050+

average calls per month
to the Mortgage Helpdesk



50+

enquiries to the Protection
helpdesk per month



New Lenders and Providers To Panel



Live more,



78 Lenders on panel including Lenders, Equity Release Providers and Specialist Partners



28 Providers on the Paradigm Protect panel in total

Awards



- ★ **Winner: Distributor of the Year at the Scottish Mortgage Awards 2020**
- ★ **Winner: Best Mortgage Club category at the Financial Reporter Awards 2020**
- ★ **Winner: 'Mortgage Club of the Year' at the MoneyAge Mortgage Awards 2020**
- ★ **Highly Commended: Best Mortgage Club at the Mortgage Strategy Awards 2020**
- ★ **Winner: Christine Newell as 'Woman in the Mortgage Industry' at the 2020 Women's Recognition Awards**
- ★ **Finalist in the Best Mortgage Club category at the Mortgage Introducer Awards 2020**
- ★ **Finalist: Best Mortgage Distributor and Best Brand at the Lending Awards 2020**
- ★ **Finalist: Mike Allison as Best Protection & Health Leader at the COVER Customer Care Awards 2020**
- ★ **Finalist: Best Promotion of Protection and Mike Allison as Insurance Person of the Year at the COVER Excellence Awards 2020**
- ★ **Finalist: Riona Mulherin as 'Woman in Protection' at the 2020 Women's Recognition Awards**
- ★ **Finalist: Natalie Johnston as Rising Star and Riona Mulherin Most Inspiring Returner at the 2020 Women in Financial Advice Awards**

2. Background & Economics

The Mortgage Market

2020 proved to be yet another challenging time for the housing market and for the intermediary mortgage market, although not in a way that any of us could have predicted. The market started very brightly in January and February following on from a strong finish to 2019, and it was only as we entered March that the realisation took hold that there were events far outside of our control which would impact our market last year. We all know the events that have happened since then, suffice to say it was a year of contrasts from the purchase market being closed in quarter two to record levels of housing transactions only months later, with the subsequent impact on the mortgage market, which has affected us all.

Throughout the first national lockdown (Q1 being April/May/June for Paradigm) we saw a significant rise in product transfers (PTs) as, with the purchase market effectively shut down, advisers looked to service their clients and maintain income through the most uncertain of times. Running alongside this there was also an increase in remortgages as consumers looked to rebalance their finances and were faced with very unclear economic challenges.

Fortunately, in mid-May the housing market re-opened in England, followed within weeks by Scotland and Wales, and the nation was ready to get moving – literally! Following many weeks of being indoors and working from home, many homeowners assessed their current living arrangements as being unsuitable and

decided to either move or upgrade. In addition, and significantly, in July the Chancellor announced a stamp duty holiday, temporarily increasing the stamp duty threshold to £500,000 until 31st March 2021.

This combination of ingredients fueled the housing market to surge forward from mid-June onwards and continued through to the year end, with the resultant benefit to the mortgage market. Currently the housing market is moving along like an express train, with the number of sales agreed up by 8.3% vs 2019 according to RightMove¹. Property values are growing annually, with average asking prices finishing 6.6% up on 2019, with the North West leading the way at 10.6%, followed by the North East at 9.1% and Yorks and Humber (8.8%)².

With all the pent-up demand, and as Lenders began to adjust to new working from home practices, as the housing market re-opened, it was first time buyers who were most active in driving market activity, but more recently it is home-movers who are now behind the wheel. First time buyers found it increasingly difficult to obtain a mortgage as lenders restricted their loan to values and their lending criteria driven not simply by attitude to risk, but also capacity constraints with multiple operational challenges. Of real relevance to first time buyers, the average asking price, according to RightMove, is now £319,945³ which means at 85% the borrower(s) would have to stump up almost £48,000, a stretch even when supported by the Bank of Mum and Dad, and more recently Grandma & Grandad!



¹ RightMove, House Price Index, December 2020 <https://www.rightmove.co.uk/news/articles/property-news/house-price-index-december-2020>

² As above.

³ As above.

The number of mortgage products available is still significantly down on pre-COVID levels at around 8,500, which is 11% higher than the pandemic low in April, but more than 43% lower than pre-COVID⁴. There is still a shortage of products at higher LTV levels, as well as amongst specialist lenders who are largely operating with reduced product ranges, with no signs that this will change in the near future. Perhaps aided by the impact of seasonal volumes and more manageable capacity, it is encouraging to see some lenders moving to 90% LTV, but until the demand relaxes and processing and underwriting is no longer being done from home, we can expect this pattern to continue at least Q1 2021. Lenders are trying different approaches to manage capacity such as raising rates, withdrawing products, tightening up on criteria or a combination of all three, but none of these is proving very successful as applications continue to flow in.

Looking ahead to 2021, trying to predict what the market will be is virtually impossible. However, there are indicators from 2020 that we can carry forward. Firstly, we see the current level of PT business being written by intermediaries set to continue, and possibly grow. According to the CACI, in 2021 there are an estimated £250bn in product maturities with the peak months being January, March, April, June and October which presents clear opportunities for advisers. When compared to 2020 which had an estimated £180bn, this is quite a significant step change.

We also expect buy to let (BTL) business to continue to grow and thrive due to the demands placed upon housing in the UK, and the vital role that the private rental sector plays. With the financial pressures increasing on many families due to the pandemic, we see the necessity for rental accommodation growing for the foreseeable future which is good news for brokers in helping landlords secure funding. However, a potential cloud hangs over the landlord sector with strong rumours of adjustments to Capital Gains Taxation in this year's Budget.

Additionally, our view is that the new build sector will continue to expand as construction catches up with the pause to building in 2020 and people take advantage of relaxed planning controls which will free up more land to developers.

As for the market overall, excluding PTs, our opinion is that gross lending will be around £235bn for 2021, and is likely to mirror 2020 for lending, though the distribution will be far from even with the stamp duty deadline distorting the figures for Q1. Predictions from different lenders and trade bodies are ranging from £225bn to an optimistic £283bn.

⁴ Mortgage Brain press release, 'ESIS numbers hit new high in September', 6 October 2020 <https://www.mortgage-brain.co.uk/pdf/press-release/news-esis-numbers-hit-new-high-in-september.pdf>

The Protection Market

The Swiss Re report, published in June 2020, gave a high-level overview of the protection market for the previous year, and although there were some increases on policy numbers bought compared to the 2019 report, the growth figures were slightly down. The key highlights were as follows:

- 2,182,610 new term assurance, whole life, critical illness and income protection policies were sold, an increase of 5% on the previous year
- The number of term life cover with critical illness increased by 1.9%
- Income Protection sales increased a further 20.9% on top of a 22.6% rise the previous year⁵
- Critical illness saw a small overall increase of 0.4%
- Again, and consistent with the previous year, the greatest area for distribution was in the DA space

So, the market saw minor growth levels which is encouraging and even more importantly from an intermediary perspective is the fact that more and more sales are being generated via the DA sector.

In February and March 2020, consumers were hungry for information on protection products and services that may help them during the pandemic. For once life insurance was being bought and didn't need to be sold, and many of the intermediary groups mentioned above benefitted from that awareness increase. Sadly, this spike was short-lived with reports of levels returning to normal post-March, albeit there were varying reports on volumes being written. Nevertheless, there is plenty

of evidence to suggest that during 2020, consumer understanding of protection products and their value has never been so high, meaning it has been placed higher on their priority lists.

Whilst there was a temporary halt to distribution of high sums assured in mid-2020, clearly affecting the higher end of the mortgage market, this has now largely resumed although some underwriting is still curtailed at more extreme levels or where clients have a higher risk of COVID-19. The Business Protection market was hit with a 'double-whammy' to a certain extent, with those higher sums assured not being available, plus most businesses were focussing on their short-term survival rather than longer-term planning.

At Paradigm Protect, we have been very vocal for a number of years about the importance of value-added benefits which are included within many protection policies now, and how these pose an opportunity for intermediaries to maintain their communication strategies, by reiterating their value as part of a protection sales and ongoing relationship management process. We know that last year more than ever before, individuals have benefitted from the value of these benefits during the pandemic, for example using GP 24/7 services.

Advisers must continue to reinforce their professional competence and knowledge, especially related to the work they do analysing the market for mortgage and protection products. Ongoing, informative contact can make a huge difference to customers' perceptions of what a broker can and does do for them, especially where life changes occur during that gap.



⁵ Swiss ReTerm and Health Watch 2020

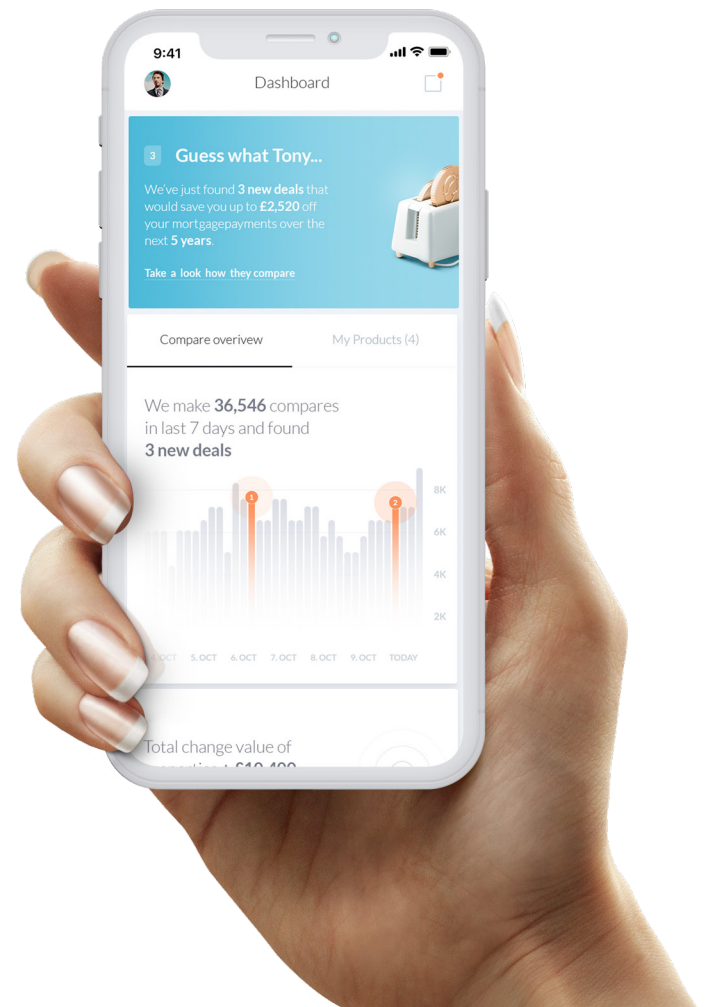
FinTech

Paradigm have continued to be strong advocates of technology in the intermediary market that will create business efficiencies for advisers. Developments in the fintech space clearly indicate that robo-processing will feature increasingly in our respective roles, be that as intermediaries, Distributors or Lenders. Whilst some developments in this space have been put on hold due to the pandemic, this will remain a key focus for Paradigm into 2021.

The deployment of timely and appropriate technology to assist brokers in their role is not a new, however new technologies are emerging at pace that are using open banking, big data and Artificial intelligence (AI), all of which have the power to change the way people secure mortgages. Paradigm are alert to these technologies and will do everything we can to help intermediaries to assist their customers, and where appropriate, to introduce new tools to help secure the efficiencies offered by these new technologies, creating more time for more advice and strengthening the client relationship.

Last year we announced our strategic partnership with fintech specialist Castlight (now acquired by and branded under Experian), where we have agreed exceptionally attractive terms for our member firms to access 'Experian's AML ID&V checks', 'Experian's Credit Bureau Data' and 'Onfido's Digital Document Verification (DDV)' products at extremely competitive rates and with no license fee required. These tools have been extremely valuable to firms during lockdown also help to combat instances of mortgage fraud.

In addition, Bob is a non-executive director at Dashly, whose technology is fronted by a consumer application that can be downloaded onto a client's smart device such as a phone or a tablet, which intermediaries can use with clients to monitor the mortgage product they have arranged for them, or even their existing mortgage, 24/7. The always-on tool constantly monitors the client's property value and it checks daily via its own whole of market sourcing capabilities, and as/when appropriate alerts both the intermediary and the client the moment it pays to take out another mortgage after all switching costs (e.g. product and early repayment charges). Dashly will go WOM via the intermediary market during 2021, and although activity has been very limited during development, its beta testing already successfully monitors over 20,000 mortgages, across c.£8bn of lending. Its lender-lab proposition is already proving of value in terms of proposition insights and consumers' behaviours concerning maturities and the triggers that can enhance retention.



3. Market Regulation

2020 was a difficult year for many areas of business due to the COVID-19 pandemic which has caused some huge operational challenges for firms, but also - and lest we forget - from Brexit, with the UK having come to the end of its transitional period with the EU on 31st December 2020.

The Financial Conduct Authority (FCA) has had an extremely important role to play throughout the pandemic and has done a great job of championing consumer protection and financial well-being. The FCA has also allowed the firms that it regulates to postpone implementation deadlines until 31st March 2021 for tasks including the Conduct Rules training and Directory updates. Allowing this extra time has meant that firms were able to focus on the needs of their business operations, shifting to home working and remaining robust in their risk and controls. The result of this being greater protection for their clients. The FCA will still have a central role to play in guidance for firms and the forming of any new regulatory rules for the UK finance markets following the Brexit transitional period.

Throughout 2020, Paradigm continued to provide member firms with an extensive range of support on market, regulatory and compliance matters. We did so through a wide range of resources including eBooks, our CPD Academy, compliance checklist, email bulletins, regulatory sessions at CPD events and more, all free of charge. In addition, we have further developed our CPD Academy including a new Test Zone to allow firms to complete their annual testing on important topics, details of which are covered in Chapter 4.

Senior Manager & Certification Regime

The Senior Manager & Certification Regime (SM&CR) will remain a key focus for Paradigm in 2021. The main emphasis from the FCA is on healthy business cultures and behaviour of people in Financial Services. To measure a firm's culture, the FCA do not intend to assess mindsets and behaviours directly, instead they recognise that there are a number of key drivers of behaviour many of which the FCA and firms themselves can identify and therefore measure. Their focus will be on four key drivers: a firm's purpose, leadership, approach to rewarding and managing people, and governance arrangements.

During 2020 the FCA provided a number of webinars discussing their thoughts around this topic and how firms can embed these cultures. Paradigm will strive to keep the underlying objective of culture at the heart of the support we provide to our firms.

Conduct rule training is the main objective for our firms for the remainder of this year and into 2021. Firms have until 31st March to train all of their staff about the five conduct rules and how they apply to them personally in their day-to-day activities. Senior Managers have a responsibility to lead by example and as well as the five conduct rules, also have a further four rules that specifically apply to them. Paradigm are providing guidance and support on how Senior Managers' training can have the greatest impact on the successful implementation of these rules.



**An update from Paradigm's Mortgages
Technical Director, Christine Newell**

The FCA: Dear CEO Letters

The most recent letter in the portfolio of 'Dear CEO' letters sent by the FCA, was one sent to Mortgage Intermediaries. The letter sets out the key risks that mortgage intermediaries pose to consumers and the market. It outlines the FCA's expectations on how firms should be mitigating those risks and describes the supervisory strategy and programme of work to ensure firms are both meeting these expectations and mitigating the risk of harm to consumers. All of the Dear CEO letters can be found on the FCA website. Paradigm are using these letters to identify the key areas of focus for supporting our firms in 2021.

The Directory

The Directory is a new register of advisers and is a result of feedback during an investigation into pension mis-selling, which showed that the FCA register (where current pension and IFA adviser details are recorded) was not fit for purpose. The Directory will now include details of all staff that fall into the Certification Regime, as well as Senior Managers who also advise clients as part of their role. For the first time, mortgage brokers will appear on a centralised register. The Directory should be ready for members of the public to use in April 2021.

Firms have now started to update the new Directory with all of their staff who need a qualification to do their role. All certified staff should be signed off as fit and proper to perform their role before being added to the Directory, as these staff could cause significant harm to a business should they do anything wrong. The fit and proper sign off should take place formally on an annual basis and should also form part of the reviews done with staff throughout the year. Each staff member should receive a certificate from the appropriate Supervisor or Senior Manager responsible for signing them off as fit and proper. Paradigm will continue to support these processes with CPD events and knowledge zones in the CPD Academy. From a compliance perspective, Paradigm can also support firms with regulatory help for becoming fit and proper.



The FCA: New technology

The FCA are moving away from the old Gabriel reporting for firms to a new data collection platform for gathering regulatory data called RegData, which should make it easier for firms to submit their data. Most firms should now have registered for the new system and updated their details where applicable. Paradigm will be updating their guidance on the new system and we have also developed a strategic partnership with MyGabriel, a company who can provide regulatory return support using their software at a discounted price for Paradigm members.

Vulnerable Clients

The important topic of vulnerable clients continues to be in the spotlight, and even more so as a result of the COVID-19 pandemic. It is thought that more clients will emerge from the lockdown and tiering restrictions with poor mental health and will consequently be at a greater risk of financial abuse. Paradigm's policy team actively check for updates from the FCA with regards to occasional papers and consultations that involve more work on vulnerable clients. The FCA have now published two guidance consultations looking at the fair treatment of vulnerable consumers, and they expect to publish final guidance on vulnerability in Q1 2021. Paradigm have provided a number of updates on this matter already and will continue to add support and training for firms around vulnerable clients into 2021.

Professional Indemnity Insurance

Professional Indemnity Insurance (PII) became increasingly complex and difficult to obtain for many firms in 2020. We have seen large PII providers pull back from this market, leaving firms struggling to find alternatives. Without PII, firms cannot operate in their chosen markets and this is a risk for Paradigm. We have been liaising with the Association of Mortgage Intermediaries (AMI) in this matter and AMI have provided a useful document on "How to become PI ready". This document is available to Paradigm members and can be requested directly from us. We are also actively seeking a partnership with Howdens which will meet the requirements of our mortgage membership, and will complement the existing strategic partnership held by Paradigm Consulting with Howdens for their IFA and Wealth firms.

Mortgage Fraud

Mortgage fraud continues to be high on the agenda for our industry. The type of mortgage fraud being seen has not changed much since 2019 and is still focussed on employment and income fraud. However, one newly identified growth area is 'ghost brokers'. Lenders have identified brokers who may have been removed from their panel for quality issues, those who have not been able to get FCA authorisation, or those who have lost their permissions to do regulated business. These brokers submit client mortgage applications to the lender via their direct to client portals and distribution channels, sometimes with the client's knowledge but other times where the client has been duped into thinking that the broker is authorised. The 'ghost broker' charges a fee to the client and quite often submits the case with manipulated data in order for the client to get the maximum affordability. Legitimate brokers might be contacted by clients who have suffered this problem and can get inadvertently caught up with fraudulent cases.

Senior Paradigm personnel attended bespoke lender fraud sessions from Nationwide, Santander and Lloyds Banking Group in 2020, allowing the team to expand their knowledge and understanding in this area. This has allowed further development of our File Review team's fraud file review service which was launched in 2019. This service helps firms who may have been a victim of fraud and removed from lender panels to focus on the areas of their sales process that might have been open to risk. In addition, Paradigm continue to deliver webinars which include sessions focussed on protecting firms from being used for financial crime. In October, we reissued an updated edition of our [Mortgage Fraud eBook](#).



The FCA: Fees and Levies

The FCA are intending to increase their fees and levies in 2021. The fee increases will be for firms seeking to become directly authorised and for firms changing the Control and Senior Manager functions within their business. The consultation paper on fees (CP 20/22) is open until 22nd January 2021 and firms can submit their comments via the [online response form here](#). The Financial Services Compensation Scheme have also announced an interim levy need of £92m, of which £8m will be footed by advice firms - £2m of that £8m by Mortgage Advice firms. The Financial Ombudsman (FOS) have seen an increase in complaints for 2020 in the first two quarters' data and we await the final outcome by the end of March 2021 when the FOS announce their annual data. The FOS have not increased their levies.

Working with Trade Bodies

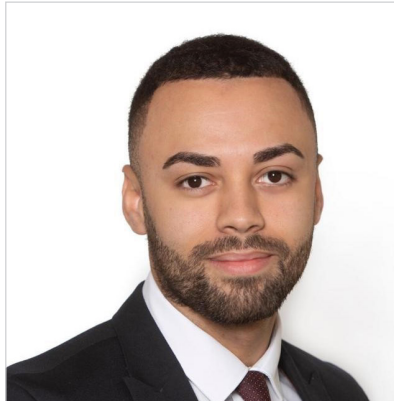
Paradigm will continue to work closely with trade bodies such as AMI and the Society of Mortgage Professionals (SMP), as well as industry groups such as Protection Guru, in 2021. Bob Hunt, our CEO, is now on the board of the Society of Mortgage Professionals and Paradigm are an Affiliate member. In addition, AMI have now started a new protection group meeting which mirrors existing groups that Bob Hunt and Christine Newell already attend from a mortgage perspective. Our Head of Protection, Mike Allison, will attend these new protection sessions to represent Paradigm Protect and our membership.

Future Regulatory issues

There are a number of regulatory issues facing the financial services industry in 2021. The FCA are looking to regulate the Funeral Plans markets; a consultation paper is due in the Spring 2021 followed by an 18-month transitional period for firms to become authorised under the new rules. There has been some work in the General Insurance market by the FCA looking at auto-renewal risks, pricing, and product governance. Most of these papers relate to Insurance product manufacturers, however there is some cross-over for intermediaries, particularly around PROD rules and governance. Paradigm will be continuing to issue email bulletins to ensure that our firms are fully up to speed with these changes.

Compliance Support

We firmly believe that in today's regulatory environment it is imperative for DA firms to have top-quality compliance support, as well as access to a range of information and help, to ensure firms maintain their performance in this area. We identified that many firms were facing financial difficulties and experiencing changes to their businesses (e.g. working from home and giving advice remotely) due to COVID-19. Therefore, in April 2020, we launched a completely unique and significant cost-saving initiative of 6-months genuinely free compliance support to help mortgage firms struggling with finances. This allowed DA firms access to valuable regulatory protection and financial support, and understand remote advice requirements, whilst maintaining high-quality business standards which Paradigm has always focused on. We are continuing to offer this incentive to demonstrate our commitment to supporting firms in the DA space. If you are interested in learning more, or finding out how Paradigm can support you with any of the topics mentioned in this section, please do not hesitate to give one of the team a call and they will be more than happy to assist.



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4. Paradigm's Business

4.1 The Intermediary Mortgage Market

Despite the hurdles created by what can often appear to be a consistently challenging regulatory and economic environment, intermediaries have benefitted significantly in recent years. Intermediary channel share is now estimated at c.72%. 2021 forecasts vary; however, the current estimates range from £225 - £283bn, compared to expected gross lending of £235bn in 2020, down markedly from the £267bn completed in 2019.

Paradigm Mortgage Services' growth continues to outstrip the market and the first six months of our financial year (April-September) has turned in results which back at the start of our Q1 (April) seemed far out of reach. As a public company we are now restricted in only being able to comment on performance metrics that is in the public domain, however in the 6 months to 30 September 2020, we completed on £5.0bn worth of mortgages which is 4.7% ahead of the same period last year. We are confident that we will continue to gain further ground on competitor distributors, as witnessed by our growing membership.

At the end of September, the total number of DA firms sits at 1,591, an 8.5% increase vs 30 September 2019.



404 IFA firms using Paradigm Consulting's bespoke regulatory compliance consultancy services



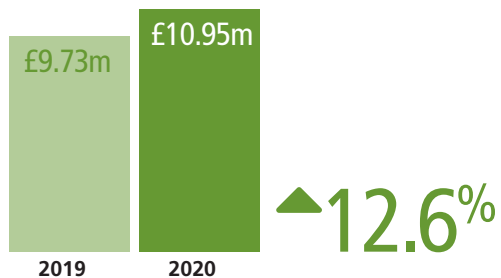
773 Paradigm Protect firms, membership up 16% from March 2020



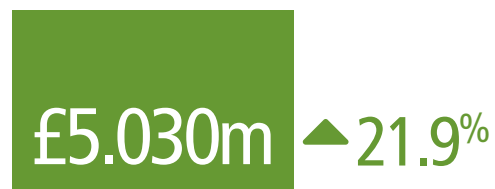
1,591 member firms, up 3% since March 2020



Gross lending through Paradigm (April – Sept 2020), 4.7% increase on Sept 2019



Increase in Group Revenue



Adjusted operating profit up 21.9% to £5.030m
(Sep 2019: £4.126m)

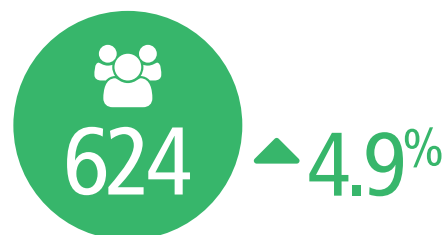
Adjusted for exceptional items, share-based payment costs and amortisation



Assets under management up 17.4%
since March 2020, an increase of £1.160 billion
for the six-month period



Interim dividend,
up 9.4% from 2019 interim



624 firms using Tatton Investment Management,
a 4.9% increase from March 2020

Our lending panel is growing as we bring more choice to our members and in 2020, we added five new lenders which has enhanced our overall proposition and allowed members to use Paradigm as a payment route where they previously could not; this has in turn contributed to our increased lending figures. We now have 78 lenders on panel including mainstream and specialist lenders, equity release providers and specialist partners.

Another area where we will add further support to intermediaries is in complex and specialist lending, categories which more borrowers will likely fall into as a result of COVID-19, including those who are self-employed, have complex or multiple incomes or are looking to borrow beyond 75. Increasingly, these borrowers are likely to need advice from an intermediary in order to secure funds. We anticipate that this trend will continue into 2021, and we will continue to support both intermediaries and Lenders in this sector via CPD events, educational emails and updates from our Mortgage Helpdesk.

Likewise, more and more people are looking to the equity contained in their property as part of the solution to their retirement needs: be it helping the younger generation get on the housing ladder, replacing pension income, or long-term care costs, this market is set to continue to grow. Place later life lending alongside this and it is easy to see the opportunities that this segment presents for advisers. It is clearly a market which is suited to intermediary advice due to the complex nature of dealing with later life borrowers and income in retirement. We will therefore run more Later Life Lending CPD events and webinars as well as supporting marketing materials such as newsletters and emails to help intermediaries get more involved in this market.



4.2 Paradigm Protect

Paradigm Protect is now firmly established as an important business support unit to Paradigm firms in the Protection and GI space and continues to assert itself as a major distributor in the wider Protection market. The drive to attract the highest quality of businesses remains as important now as it was at launch almost 7 years ago.

In early 2020 we expanded our income protection proposition for firms by adding British Friendly to our panel, further cementing our position as offering the most comprehensive range of Providers and product areas to our firms - and ultimately their clients. We continue to monitor market trends and will add more Providers to panel in 2021 to further enhance our proposition. We have continued to keep our promise to provide firms with market-leading commercial terms whilst maintaining our definitive “no loaded premium” stance.

772 firms have now aligned themselves to Paradigm Protect (as at 30 September 2020), and Paradigm firms now write in excess of £20m AP and the number of business writers is increasing at a steady rate.

A major reason for this growth is the impact of our enhanced protection support to advisers; via our unique Protection helpdesk, commission comparison calculator, free SolutionBuilder licenses, and improved CPD events, all designed to help firms increase Protection and GI sales, and subsequently, income.

Our Protection Helpdesk service remains entirely unique in the intermediary space and allows firms to call the Helpdesk when they are struggling to arrange life cover for a client. Our helpdesk enquiries have risen as a result of COVID-19, and our specialist enquiries are now in excess of 50 calls per month. This service again reinforces our position as offering the most comprehensive range of support to DA firms.

Paradigm Protect's profile continues to be raised externally to the wider DA market via PR campaigns in appropriate trade publications, for example, monthly articles from Mike Allison appearing in Mortgage Introducer during 2020. Our social media activity has continued to increase in 2020, and we now have over 1,160 followers on the Paradigm Protect Twitter account as well over 3,300 on our mortgage account, who also receive protection tweets where relevant. We also launched a dedicated protection LinkedIn account in November 2019 and now have 270 followers engaged with Paradigm Protect on this platform. We are proud to remain as the only major Distributor who has given protection a focus in this way.

In summary, despite the hugely testing market conditions in 2020 Paradigm Protect:

- Increased the number of firms using our Protection and GI proposition
- Increased number of policies written by 30% (in the six months ended 30th September 2020)
- Provided a record number of CPD opportunities via events, webinars and more

In 2021, the business is focussed on continuing growth and working with intermediaries to maximise opportunities.

The long-term objectives of Paradigm Protect remain to:

- Deliver the most comprehensive WOM range of Protection and GI products and choices for our firms and their clients – including a definitive “no loaded premium” stance
- Improve the profile of Protection amongst Paradigm firms
- Give intermediaries access to market-leading terms and a higher quality of support and associated product material than is available elsewhere in the DA market, primarily via the Paradigm Protect website paradigmprotect.co.uk
- Drive all protection and related sales via our member firms through Paradigm Protect
- Continue to assist firms in the growth and development of their protection and GI sales, including by providing ongoing training and development via CPD events
- Build Paradigm Protect into a profitable, professional and sustainable business

4.3 Our COVID-19 Response

Paradigm were amongst the first of any Mortgage Clubs to create an extensive range of COVID-19 support, updating this daily, and have certainly been the most comprehensive in doing so. Our activities to support intermediaries included:

- **Dedicated COVID-19 Support Hub on our website** - showcasing Lender, Provider and Government information as well as other useful resources. This was immensely popular and in April, we subsequently saw our highest ever website pageviews and total visits. [The page can be viewed here.](#)
- **Mortgages** – We ourselves were receiving hundreds of emails with updates from various Lenders and third parties, and we quickly established that our members were receiving the same. To address this, we set up a system of collating all the useful information in one place. This was done in the form of various matrices, as below:
 - **Lender Matrices:** both Mainstream and Building Societies/Specialist Lender information on how Lenders will be dealing with both Intermediaries and also with your Customers in relation to COVID-19, including how Lender BDMS will be working and the stance each Lender is taking with regards to Payment Holidays.
 - **AVM Information and LTV Restrictions sheet**
 - **Furloughed workers criteria sheet**
 - **Lenders SVRs sheet**
- **Protection** - We collated all the key information regarding COVID-19 from our Provider partners into a Protection Matrix, so members could see all the important details in one place, including each of their current stances for Applications, Product/Policy/ Process Changes, Claims and the Support their offering at this time. Our Head of Protection, Mike Allison, also collated 5 'Top Tips' detailing things to consider when discussing Protection with clients currently, and reasons to contact them and discuss their Protection needs, [this can be viewed here.](#)
- **Compliance** – As mentioned in Chapter 3, many firms were facing financial difficulties and experiencing changes (e.g. working from home and giving advice remotely) due to COVID-19. Understanding the importance of compliance, Paradigm launched a significant cost saving initiative of 6 months genuinely free compliance support to help Mortgage firms struggling with finances. This offers DA firms access to valuable regulatory protection and financial support and helps firms understand remote advice requirements.
- **CPD events** – We were quick to move our events online and have since offered 60 webinars on Mortgages and Protection, covering a wide range of important topics, including changes to criteria and underwriting. Through these sessions we have reached over 3,000 attendees.
- **CPD Academy** – Our CPD Academy has been more important than ever before. We continued to offer access to this to intermediaries for free, as it has been since launch, allowing them to maintain their CPD activities and meet their required hours remotely.
- **Video Messages of support from our team** – Bob Hunt, our CEO, issued high-level video updates when appropriate, offering views on the market and aiming to reassure members of all the services we are continuing to provide, and how we are here to support them throughout the uncertainty. We also created two short video messages from all of our team at home, explaining all we are doing to help members, and assist them in continuing to support their customers.
- **'Paradigm Insights'** – In a new initiative, John Coffield our Head of Mortgages produced a series of short interviews, putting questions to key individuals at our Lender partners. The series has had almost 600 separate views, and received great feedback thus far, with over with one user commenting: "The concept of Paradigm Insights is great. I like it as I can watch the videos whenever I have time and also, they are short and sweet, I also value the advice given." These videos can also count towards CPD hours for members. [The videos can be viewed here.](#)

- **Our Practical Support Hub** – this stands out from others as it is not directly business-related, this was designed to support intermediaries whilst they are at home. We collated various types of practical information to assist them both personally and professionally, as well as some tips on how they can further support their clients at this time. This includes the topics below:
 - Useful Links
 - Staying in touch with others
 - Going the extra mile for your clients
 - Support for others in your spare time
 - Mental health support resources

[The page can be viewed here.](#)

4.4 Paradigm CPD & Sales Academy



In 2018, we launched a new CPD & Sales Academy, designed to help advisers develop their sales techniques as well as reach and maintain their CPD hours under the IDD rules. In 2020, the Academy was more important than ever, allowing advisers to maintain their CPD hours whilst working from home. The Academy is accessible by clicking Academy at the top of both the Paradigm Mortgage Services and Paradigm Protect websites. Once signed in, advisers can access a range of structured and unstructured CPD content from Paradigm and our Strategic Partners with content split by subject, format and learning objectives, making it extremely easy for advisers to identify content that suits their training needs.

The Academy has previously focussed on mortgage, protection and general insurance activities, in addition to regulatory and market pieces. However, this year we expanded the content for IFAs and wealth management firms to include pensions, investments, taxation and trusts, and financial planning.

In addition, the CPD & Sales Academy allows advisers can also log in, record and track all of their CPD activities, plus receive a live update of how many hours they have completed in the year-to-date, helping them to monitor their progress towards the required CPD hours. We now have over 1,400 advisers registered and over 7,000 hours of CPD have been logged.

4.5 CPD Academy Test Zone

In September, we also launched a new Test Zone in response to the requirements for advisers to be certificated as 'fit and proper' in order to perform their role. These tests allow advisers to regularly test their knowledge and understanding of key areas of risk. Firms can now complete their annual training on the following topics via the CPD Academy: money laundering, vulnerable clients, complaints handling and fraud. New tests are due to be launched in 2021, covering topics including the General Data Protection Regulation (GDPR) and Anti-Bribery and Whistleblowing. The test zone provides video learning followed by multi-choice questions and case studies which assists with putting the learning into practice. A Supervisor or Senior Manager responsible for certificated employees can oversee these tests and the adviser's results, helping them to decide on further training if required.