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Where will the next wave of product innovation emerge? Marketwatch

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As the summer heat wave takes over the UK we competition in the specialist mortgage market is warming up too with lenders offering product sales and bringing new options to the table.



[Accord](#) launched its ten-day sale on buy-to-let while new lender [Family Building Society](#) joined the market with products intended to allow families to financially support each other.

AToM is exclusively distributing a retirement product from the Buckinghamshire while mainstream lenders battle it out on the five-year fixed rate front.

This week we ask our panel of experts what their predictions are for product trends in the coming months.

[Ian Gray, senior partner at Large Mortgage Loans](#), thinks lenders will look to launch products in the wealthy expat sector.

[Brian Murphy, head of lending at Mortgage Advice Bureau \(MAB\)](#), says the Mortgage Market Review (MMR) has made lenders nervous about sticking their heads above the mortgage parapet.

[Doug Hall, director of 3mc](#), thinks the new lenders launching into the specialist buy-to-let sector will bring down the pricing of existing products in that market.

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Ian Gray is senior partner at Large Mortgage Loans

Where lenders are finding themselves more restricted by the MMR and the Bank of England on regulated loans we're already seeing innovation on several fronts.

There has been some press about 'challenger' banks recently and indeed they're taking more and more market share simply because they operate in a more flexible and old fashioned way in their approach to underwriting.

Banks like Metro and Handelsbanken have been around for years, but we're introducing a lot more clients to them now than we did a few years ago. They can be very flexible for the right clients and when the deal makes sense to them. There is room for more challenger banks and the regulators have recently brought down some of the barriers to entry for new banks so we predict there will be more product innovation to come.

After a contraction since the crunch the expat mortgage market is finally opening up again. We've been introducing expats to banks based in the Far East for a while now but that's limited only to central London property. Now we have several UK lenders piloting expat propositions for mortgages throughout the UK. Expats tend to be wealthier and have strong incomes so they're a good market for banks who want to expand their client base with an interesting demographic and we predict more lenders will see this and tap into that market.

The overreaction of mainstream lenders to vague regulatory guidelines has become normal, and we've already seen lenders like the Clydesdale loosen up on interest-only. We predict the same thing will happen with the MMR and affordability. Those lenders taking a harsh approach to this will invariably end up revising their views when they realise that they're missing targets. This issue should become easier in about six months' time.

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