The Mobile "Must-Haves" Reshaping Mortgage Technology

Introduction

The mortgage industry has seen some significant changes in recent years with the advent of digital technology solutions. Organizations are increasingly turning to technology for avenues of competitive advantage, leading many companies into a state of flux as they adjust their business model and digital mortgage strategies to create and maintain profitability and long-term success.

The COVID-19 pandemic illustrated just how quickly unforeseen factors can drastically affect day-to-day business operations across major industries. The past year has also shown that mobile innovation can profoundly change behaviors in the real world, turning niche mobile habits into mainstream business models. Smartphones and native mobile app development have disrupted music, film, and news, but they're not done yet; they've also upended more 'traditional' industries, including the financial sector and, in particular, mortgage lending.

In this whitepaper, we'll look at the mobile technology must-haves helping lenders streamline consumer experiences, improve workflow efficiencies, enhance partner collaboration, and ultimately execute successful digital mortgage strategies.

1. Consumers expect modern convenience, and a downloadable mobile app is a must.

Mobile phones have altered how everyday people engage in traditional activities such as shopping, food and drink, finance, and business. A recent study conducted by App Annie, a leading global provider of mobile data and analytics, shows that 2020 was the most significant mobile shopping year to date. The time consumers spent on shopping apps in 2020 increased by 30% compared to 2019.[1] Americans now spend 8% more time on mobile than watching live TV

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each day. It's no secret that mobile is fast becoming the preferred channel for influencing financial decisions. The ubiquity of smartphones combined with a rise in commerce via native mobile apps creates what some may call "the perfect storm" for business owners who want their products or services available

at any time from any device. Lenders can capitalize on these evolving trends by leveraging mobile technology to create new opportunities for borrower engagement, enhanced borrower convenience, and increased speed and transparency.

The average borrower typically goes through several steps throughout the homeownership journey, including planning and saving, searching home listings, shopping for a lender, getting a loan, and maintaining the lender relationship. Most lenders tend to focus on only a portion of the homebuyer's journey, the 'getting a loan' stage where the borrower's application is taken, and potentially miss other vital steps of consumer engagement. A 2019 report from Pricewaterhouse Coopers (PwC) found that almost six in ten recent homebuyers (58%) and more than half of prospective homebuyers (53%) turned to a lender to help develop a budget.[2] Lenders can utilize a downloadable mobile app to easily share with prospective borrowers to capitalize on the engagement opportunities that arise before the application stage. Such options may include using the app to instant message a lender to learn about lending terms a borrower is unfamiliar with or using self-serve tools like a built-in mortgage calculator

to determine payment scenarios. Ultimately, this type of mobile engagement strategy allows lenders to establish themselves as trusted advisors much earlier in the home buying journey, leading to stronger relationships with borrowers.

A downloadable mobile app also capitalizes on evolving consumer expectations around modern convenience. A recent study by Raydiant found convenience was the second most important consideration for consumers when determining purchase decisions.[3] Several industries have responded by developing native mobile apps to deliver on these customer expectations. Through app development, lenders can put far richer features focused

log-in from their smartphone. In short, a mobile app brings the intuitive purchase experience consumers have come to expect from their favorite commerce apps to the homeownership journey.

Beyond convenience, borrowers want something else — transparency and speed. Customers want accurate and transparent information on pricing, tasks they are required to perform, and real-time status updates throughout the approval process. In one consumer study by Accenture, 36% of borrowers cited that it took over 24 hours to receive an acknowledgment that the lender had received their application.[4] Lenders can improve communication speed by leveraging mobile

on convenience in the hands of borrowers to better assist them throughout the mortgage process. Borrowers can seamlessly navigate each stage in the mortgage transaction within a single app, including browsing home listings, applying for the loan, securely uploading documents, signing disclosures, communicating with their lender, and closing on their loan using a single

app features such as automatic push notifications to put the borrower at ease and give insight into their loan progress.

When lenders focus on utilizing mobile features in their digital mortgage strategy to address consumer preferences, they can better deliver best-in-class customer experiences.

2. Mobile technology enabling loan officer productivity outside the office is a must.

The borrower's experience is not the only consideration when evaluating the merits of integrated mobile technology. Lenders should also assess the benefits mobile solutions can deliver to stakeholders on the operations side, such as the loan officer and back-office team. According to Fannie Mae's 2020 Mortgage Lender Sentiment Survey®, lenders who've invested "a great deal of effort" into digital transformation on the operations side report several key benefits, including reduced cycle time, enhanced data integrity, and lower workforce turnover rate due to higher employee satisfaction.[5]

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A mobile-first platform that unites all of the different pieces of technology needed by loan officers will allow these professionals more flexibility when it comes to taking action on a loan away from the office. Bi-directional integration with the lender's loan origination system (LOS) means loan officers

can use mobile toolsets to get pricing, send pre-qual letters, sign disclosures, and deliver automated push notifications. Take disclosure fulfillment as an example of the ability of mobile technology to drastically reduce the time required to complete a process. The typical disclosure process within the industry can take an average of 2 days to complete. Lenders using mobile disclosure tools can see cycle times of less than an hour, from sending the initial package to receiving signed disclosures back from the borrower. Lenders are also utilizing features such as auto-generated dynamic checklists tailored to the individual borrower. Such features are displayed in the borrower's mobile app, helping the loan officer reduce the manual attention required to move more deals forward.

An integrated mobile origination platform unites a loan officer's tech stack to improve their productivity regardless of whether they are in or out of the office. Loan officers enjoy the freedom of taking action on a loan from anywhere and can better serve the borrower at a moment's notice.

3. Leveraging mobile technology to enhance referral partnerships is a must.

It is crucial for lenders to develop a long-term business strategy that looks beyond the recent boom associated with rock bottom rates and refinance volume. The most successful originators understand that longevity in the industry comes with your ability to build and sustain a strong referral network. According to STRATMOR, 87% of borrowers make a lender decision based on a referral or existing relationship.[6] Yet, simply knowing the value of referral partnerships is not the same as successfully executing a plan with key individuals such as real estate professionals.

Mobile technology is enabling lenders to implement and scale referral outreach strategies in new ways. Co-branding a mobile app with partners effectively ties all stakeholders together during the loan transaction. Successful mobile referral strategies feature the ability for real estate professionals and satisfied borrowers to share a custom, co-branded app with their contacts. Lenders can also automatically deliver loan milestone notifications to partners for increased transparency throughout the loan process. Plus, built-in fulfillment for requests such as pre-qualification letters ensures time-sensitive demands are met.

A robust mobile platform that includes referral partner components will enable loan officers to forge long-lasting and productive relationships with their real estate partners.

4. A closing workflow with remote-ready mobile capabilities is a must.

Though digital mortgage technology has managed to permeate throughout the mortgage process the past several years, the closing stage remained essentially unchanged until conditions brought on by the COVID-19 pandemic created new opportunities and urgency. Now, many lenders are looking to technology innovation to deliver remote closing workflows.

There is apparent momentum behind the move to digital closings, as homeowners seem to adapt well to e-signings and remote closings. A national study by STRATMOR/ClosingCorp showed that going forward, 82% of recent homeowners said they preferred e-signing documents before closing.[7] Additionally, more than two-thirds of borrowers said that they would select remote closings over in-person in the future.

Newly introduced remote online notarization (RON) workflows and mobile e-sign functionality can ensure increased customer satisfaction, enhanced workflow tracking, and lower operational costs than traditional in-person paper closings. These closing capabilities mark the final bridge to delivering a truly end-to-end digital mortgage experience.

Conclusion

Mobile mortgage technology has both practical and profitable applications to a lender's digital mortgage strategy. From delivering on evolving consumer expectations to improving operational efficiency, mobile toolsets are giving lenders "must-have" strategic advantages and are in turn reshaping the mortgage technology landscape as a whole.

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