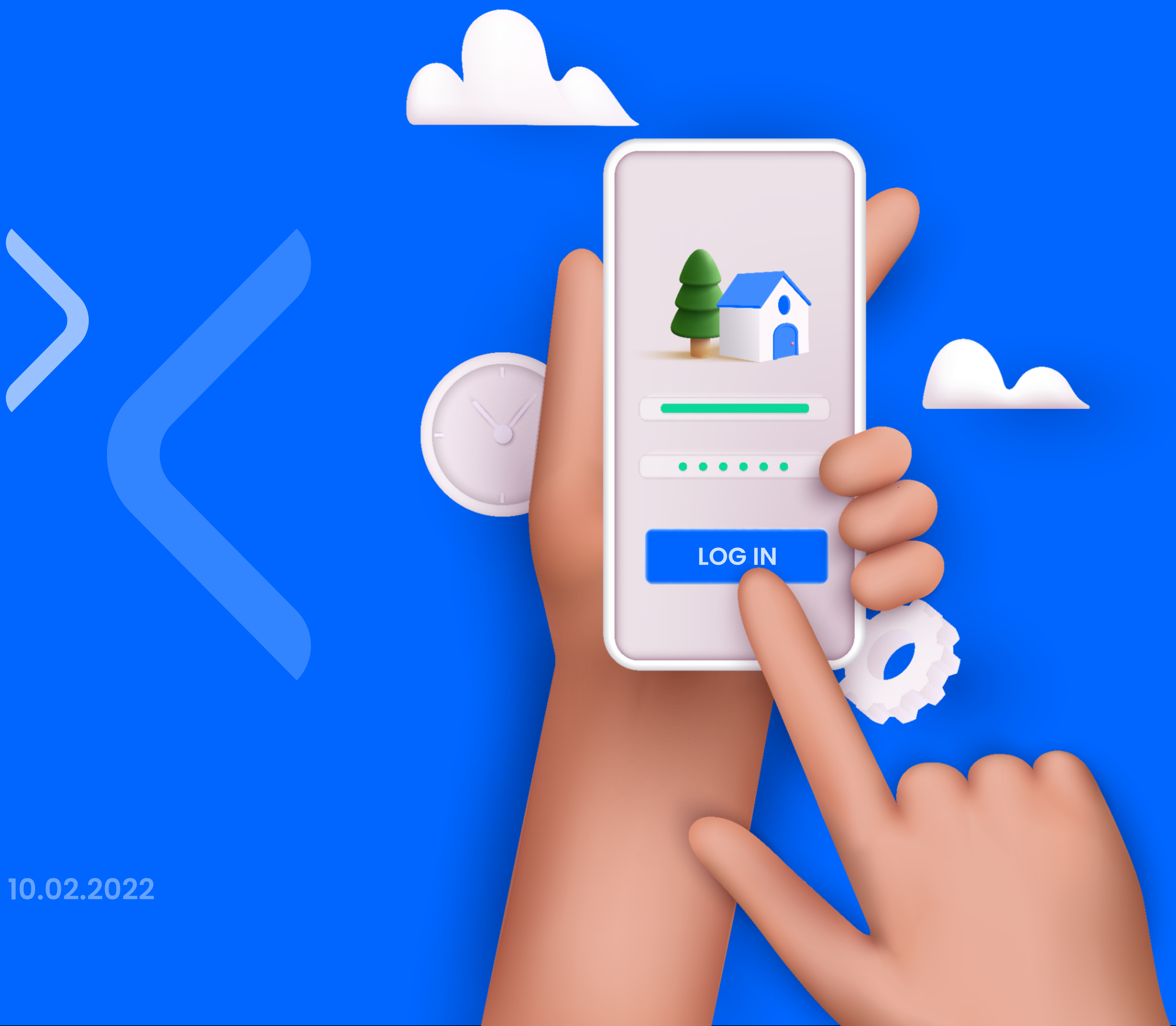



The ideal mortgage application

How can banks make the customer's mortgage journey better?



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Current customer issues in the digital mortgage journey:

The pandemic presented the mortgage industry with the extraordinary challenge of digitalizing customer-facing processes almost overnight. As lockdowns continued and more and more people began spending the bulk of their time in their homes, house prices and property-buying began to rise in response.

Mortgage lenders have had to innovate rapidly both in servicing these record levels of origination activities and in adapting to changing customer expectations. With social distancing restrictions still in place across various parts of the world, there is a growing impetus to not only transpose but also evolve the entire mortgage journey into a complete online experience that offers a better customer experience while also being efficient and scalable.

- **Availability of accurate recommendations and advice.** Customers will go to comparison sites to try to find the best mortgage but often don't get information that is appropriate and tailored to their own personal situations.
- **Digital offerings not covering all the bases.** While over 50% of home buyers said they would be willing to obtain a mortgage digitally, only a quarter actually did so, citing lack of availability or unsatisfactory offerings.
- **Online, human checks become a barrier.** Conventional mortgage brokers and advisors work Monday to Friday, 9-5, which means break-points in an application process that people start on their mobile or home PC at any time of day or night. Mortgage applicants hoping for a remote-only process may be unpleasantly surprised by having to take time off work and book an appointment if the process requires an in-person consultation.
- **Delays.** The amount of human involvement in the current mortgage process means two things: much longer approval times and a heightened exposure to error and risk leading to delays.

Mortgage providers' pain points:

Processing bottlenecks

Particularly true for first time buyer origination, bottlenecks can be due to third party contractors (lawyers, assessors, surveyors, etc) or bulky, non-automated internal systems.



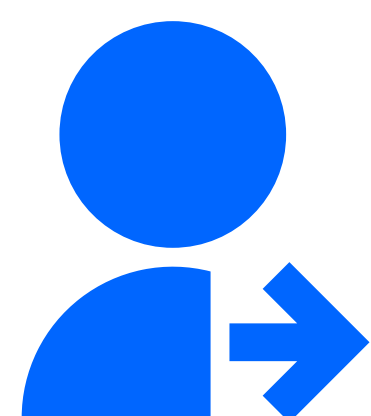
Cost

Onboarding mortgage customers can be an expensive process due to the complexity embedded within the lending assessment. In addition, assessment sometimes requires collaboration from multiple parties, such as aggregators, brokers, etc.



Retention

A lack of engagement with customers can cause existing borrowers to switch to other providers when their initial lending periods expire.



Progression to a seamless digital experience

As banks, credit unions, building societies and other financial institutions come to realize the growing potential of mortgages as a key market in their digitalization programs, the importance of robust and thoughtful implementation cannot be overstated.

Below are some key principles that should be part of any digital transformation strategy:

01 Intelligent self-service

Smart self-service design can go a long way to ensuring customers feel empowered to make crucial decisions.

Even pre-pandemic, in most industries, the switch to self-service has already gained traction. A majority of customers surveyed by Nuance Enterprises (almost 67%) said they preferred to use self-service options rather than speak to a company representative. Additionally, 85% said they would choose the self-service route above any other option. The mortgage industry is not far behind, with a recent McKinsey survey finding that roughly 50% of all European consumers are willing to purchase mortgages digitally.

Self service

Customer self-service will make up for

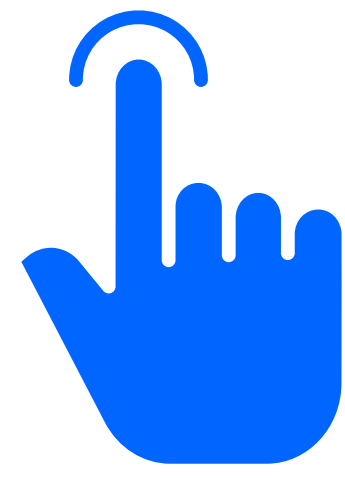
64%

of all customer engagement.

By 2022,

85%

of all customer service interactions will start with self-service.



For self-service to deliver on its promise of an autonomous but satisfactory customer experience, different personas must be taken into account, taking care to match services to expectations. Any good user journey must center around the customer's wants and needs. A good interface isn't necessarily one that wins awards, but one that users actually find easy and intuitive to use. Lenders must focus on the journeys and sub-journeys that matter, and make sure they are tailored to their intended audience.

For instance, a lot of younger customers are very comfortable with taking matters in their own hands and can take all the necessary steps to obtain a decision in principle without ever speaking with a live agent. Older and more vulnerable customers, on the other hand, particularly those who may have non-standard needs, may start the process digitally, but

may want the extra assurance talking to a person can provide, whether this is in-person or by video call. As the service provider, it's the lenders' job to provide an accessible solution for all necessary touchpoints. While a fully digital journey is ideal, lenders must also make sure they provide a viable path for users whose abilities or situations aren't aligned to the solutions already embedded in the lending platform.

02 Automate processes, such as workflows and decision making, as well as residual processes, like resource planning

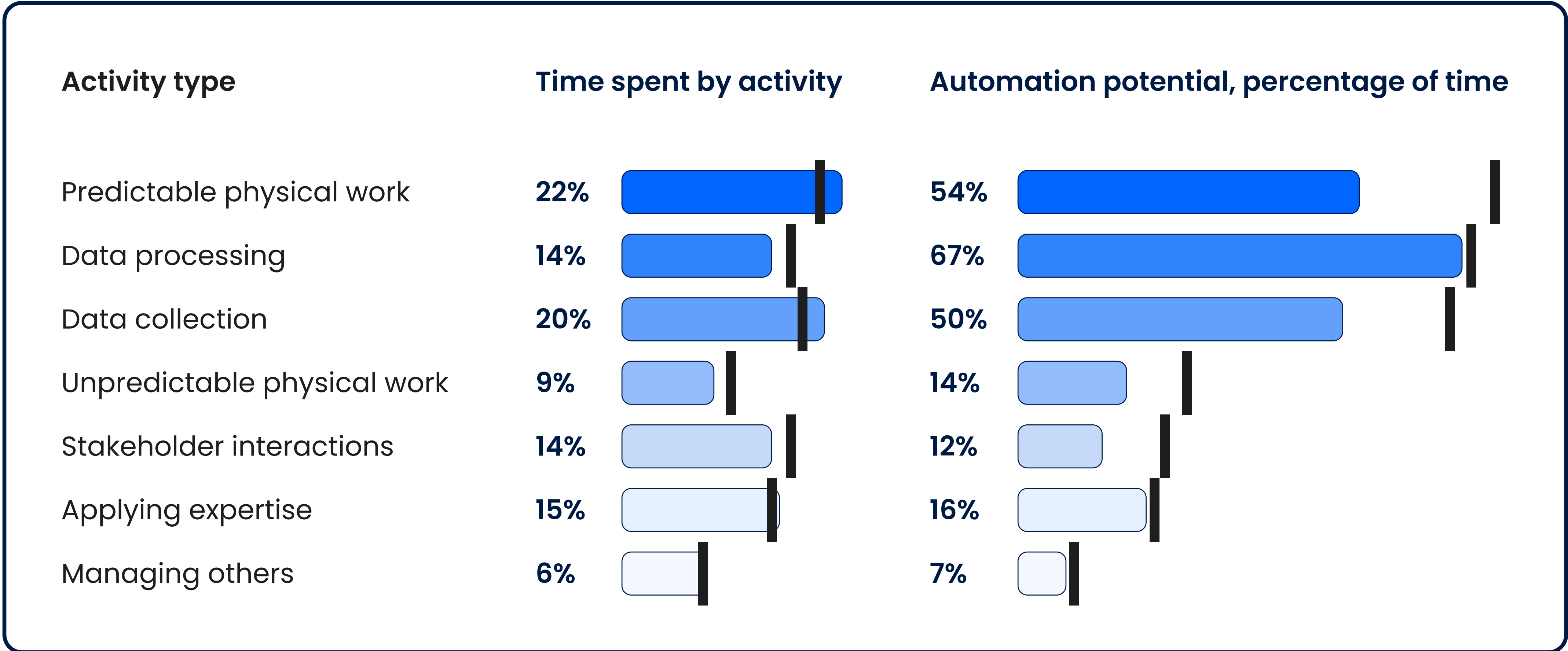
Automating processes can decrease risk by reducing human error, as well as by utilizing already available data when assessing an applicant's credit quality.

This can be done through machine learning algorithms, which can integrate multiple data sources in a lender's risk analysis. This results in more robust and more accurate risk-scoring, while also shortening the time to make a decision on loan viability. Lenders can have almost instant approval, which means banks are able to lock in a customer much more quickly.

Additionally, automation allows businesses to reduce cost and allow workers to be more productive, liberating them from rote reviews and letting them focus on more complex activities that may be outside the scope of automation.

Work activity summary: Finance and insurance

Dark lines represent averange per activity across all sectors.



03

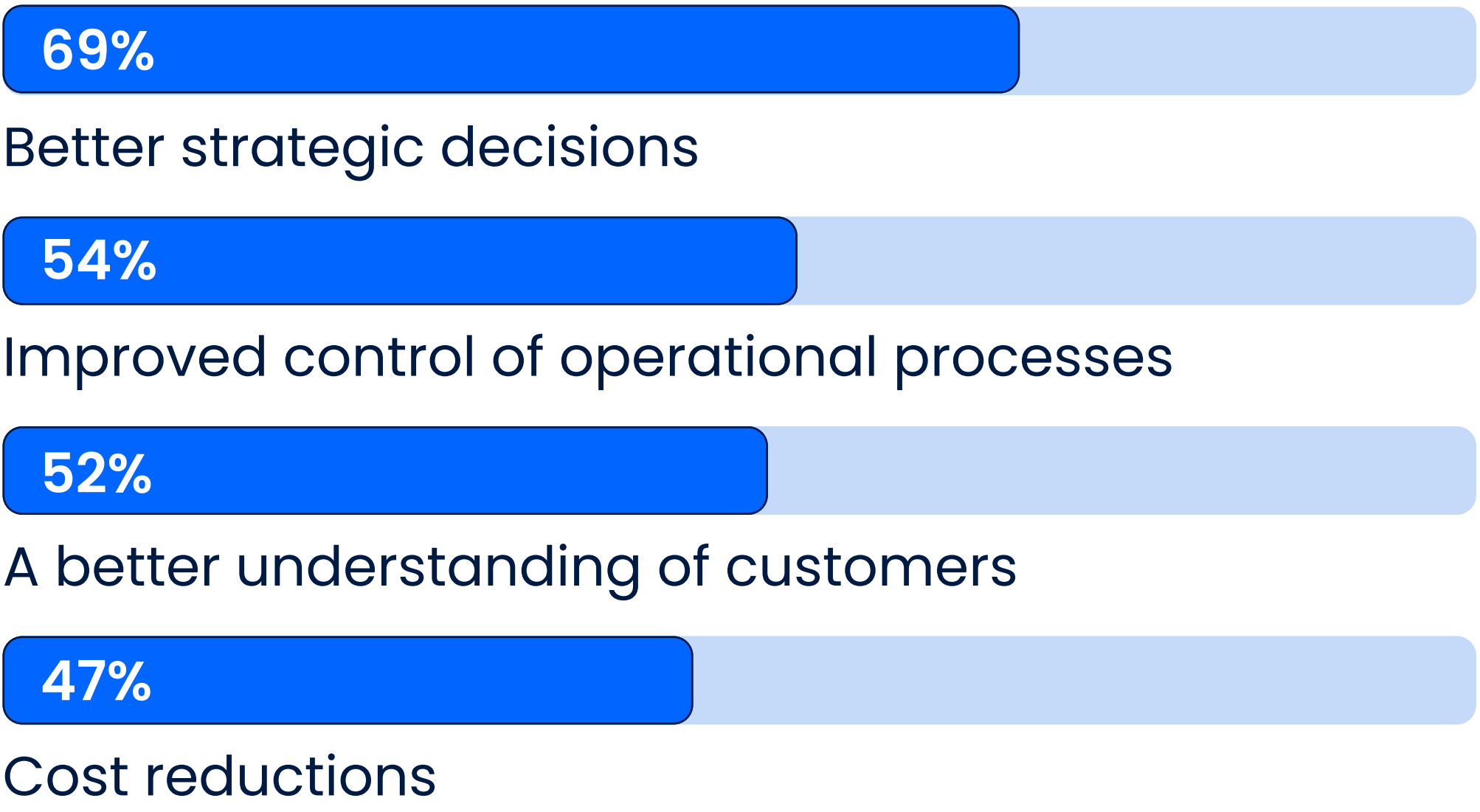
Gain insights from data; when possible, translate data into personalized products and real-time offers

An Experian report found that

75%

of mortgage origination costs are not ultimately necessary, and can be reduced or eliminated through better use of already available data.

Big data benefits



In this day and age, everything is about data, and the actionable insights businesses can glean from them. With open banking becoming the norm, that data can be used to personalize for customers in much the same way Netflix or Amazon might personalize movie or book recommendations.

If banks can use the data securely and intelligently, they can help customers access products and services that are much more aligned and suited to their needs, giving them tailored loans with costs and conditions made to fit their profiles. For instance, a user who has already taken out a green mortgage is likely to be more interested in a vetted ethical savings account. And a customer who has a mortgage may also be interested in a home renovation personal loan down the line. This makes for better customer engagement and increases the potential for future retention.

04 Build a true digital experience, don't just transport old processes into an app.

Many providers make the mistake of merely transposing their old processes into an online platform and calling it a day. A simple example, for instance, is the practice of asking for the same piece of information multiple times in the journey. There is no real need to do this in a digital process, as most systems can already export all the relevant data.

Another example is when a user is asked to wait for a call to confirm identity. While this may be necessary in a small number of cases, most of the time, a good OCR tool taken together with technology such as face recognition and liveness detection are all that's necessary to detect fraudulent use of deep fakes, photos or masks in the KYC process.

And remember, a truly digital experience can also mean faster loans for an existing customer base, as the lender already has their data.

05 Leverage third-party partnerships to speed up growth

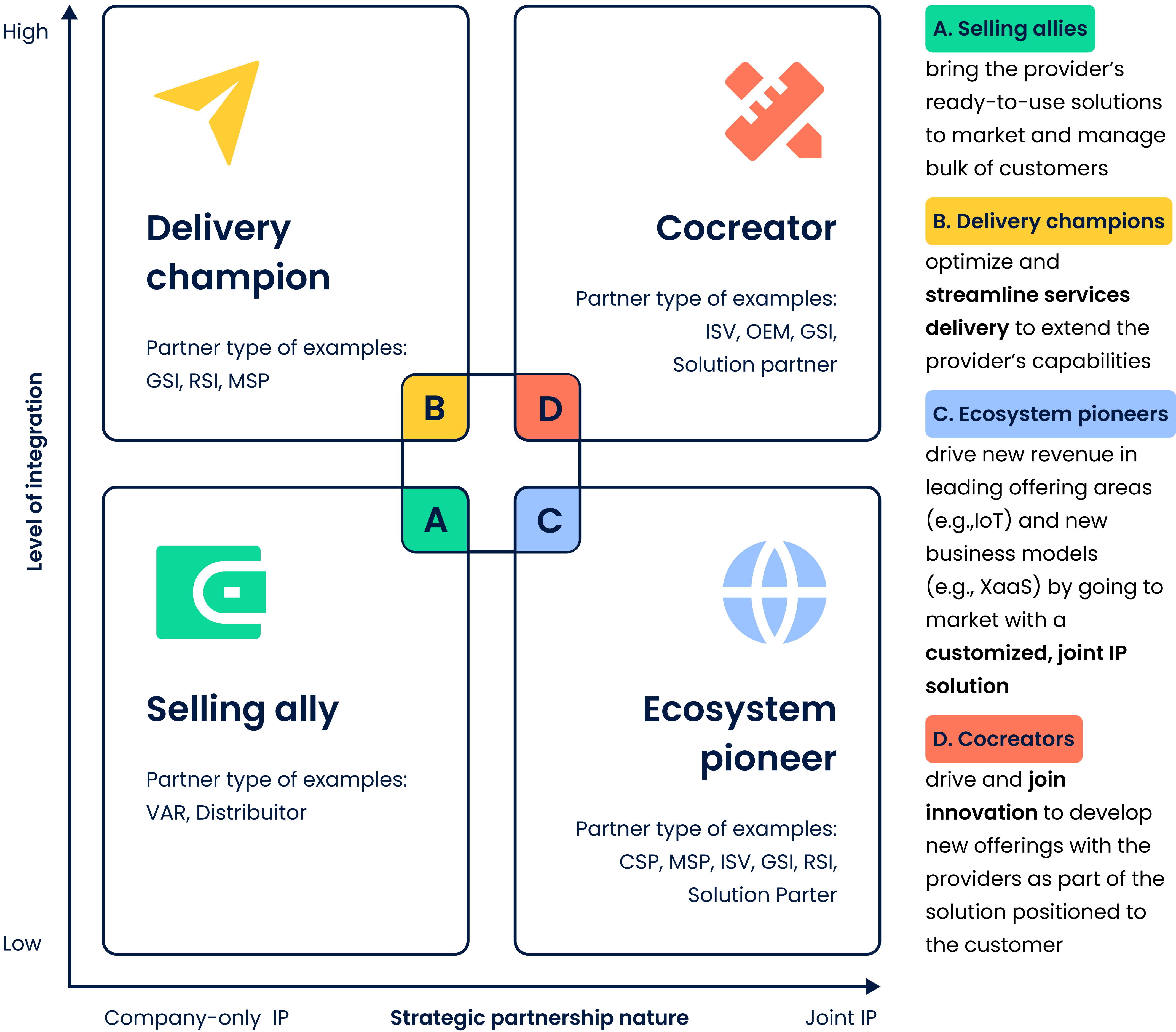
Third-party partnerships can help financial institutions scale offerings in a much shorter time period, as they already have the requisite expertise, negating the need to start from scratch. Partnering with established and reputable companies with a solid portfolio of strong clients to supplement capabilities also opens up a resource pool of solutions for roadblocks that may have already been encountered in the past.

With the right partners, lenders can integrate electronic signatures, digital document processors, face recognition, live detection, and personalized customer journeys into an accessible, convenient, and well-designed digital platform.

06 Address customer expectations and deliver

For a lot of younger mortgage seekers, a key expectation is that at least part of the loan application and onboarding process will be digital. Another is that the terms of lending will be a balance of borrowers' rights as well as their obligations. For older mortgage customers, the notion that they can access a human agent, even if they never actually do, is still a powerful one. This can be alleviated with well-designed chatbots and intelligent FAQ search, but seamlessness in the transition from digital to analog should also be considered to prevent drop-offs. It's the lender's job to ensure that specified customer personas have tailored solutions to match their needs.

Partner archetypes



Notes: CSP: certified service partner; GSI: global systms integrator; ISV: independent software vendor; MSP: managed service provider; OEM: original equipment manufacturer; RSI: regional systems integrator; VAR: value-added reseller. Solutuon Parner examples: cloud platform, data management and analytics, IoT.

Source: Deloitte analysis.

How we can help:

Introducing FintechOS

FintechOS is a high-productivity financial services technology provider with the goal of helping banks, insurers and other similar institutions enact their digital transformation in an efficient and intelligent way. Too often, financial institutions embarking on a digitalization strategy find themselves tasked with replicating competitors' technological capabilities just to catch up. FintechOS envisions a platform that will empower banks to set digital trends and not merely adapt to them.

With FintechOS, you can take the complexity out of mortgage applications for your customers, and quickly deploy personalized customer journeys that are driven by data, while putting the needs of the consumer at the center. The easier the process becomes, the more efficiently your business will grow:

- Loan applications can be delivered through a remote, self-serve model or you can choose to assist your customers through our video-calling or co-browsing capabilities.
- With our risk engine and automated decisions capabilities, loan origination journeys lead to near instant decisions for most applicants, and journeys can be customized to fit your own specific customer profiles.

- Our Evolutive Data Core integrates internal and external data sources to create a fuller picture of each customer. New products or configurations can be added on the fly, with no system downtimes, by non-technical people. Connect to your customers' data ecosystem (e.g: accounting solutions) to further automate loan applications.
- We can take care of security and compliance as well. Our platform supports Face Recognition and Liveness, eSign, and other verification features. With FintechOS you can map and use commercial group structures of any level in your KYC process and loan application workflows. FintechOS also comes with Data Governance capabilities to support 100% GDPR compliance.
- Lighthouse, FintechOS' product platform for banks, has also been improved to include new **ready-made UX journeys for first-time-buyer mortgages**, personal loan applications, split payments, and self-service onboarding for digital bank accounts.

Our many integrations with third-party services result in shorter time-to-money for customers and an improved customer experience.

Conclusion

The ideal customer journey starts with the customer



Homebuying continues to remain a fairly stressful process. It is important for organizations to reimagine customer and employee experience to grow and maintain market share in an increasingly competitive and evolving market. Mortgage institutions should consider digitizing end to end to drive efficiency and profitability.

Deloitte

The simple truth of the matter is that for customers, the mortgage is not the goal. What they actually want is a home, and getting a mortgage is just a means to that end. With that in mind, a radical rethinking of the process is in order, and it is the lenders and financial providers who can exploit this insight who will garner the largest share of the market.



Our technology supports more than 50 clients across the globe

We enable financial institutions of all sizes to offer innovative digital financial products with hyper-personalized customer experiences

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Introducing FintechOS, the high-productivity financial infrastructure. Our nimble, modular platform empowers existing systems, builds differentiated financial services, and radically transforms the customer experience. Currently, more than 50 financial institutions of all sizes, across the globe are powered by FintechOS technology.

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