How RPA is Leading the Change in the Mortgage Lending Industry

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Success Delivered

Background

According to a recent report from the Mortgage Bankers Association, the industry is expected to originate more than $2.5 trillion for each of the next three years. This is at least 40% higher than average annual originations between 2010 and 2019.

The mortgage industry has been gradually adopting technology to streamline the front-to-back process of getting a mortgage, with the aim of making the consumer experience smoother and faster. Investors can facilitate further improvements at the point of origination, processing, underwriting, and loan servicing, as well as expand consumer access to home-financing and home-buying services.

Many Mortgages Operating Models Struggle with Elevated Costs & Long Cycle Times:

$7K - $9K
Origination Cost Per Loan

30% to 40%
Difference Between Mortgage & Best in Class Industries Customer Satisfaction

>45 Days
Required to Obtain Initial or Refinance Mortgage

4 to 5
Underwriter to touches per file

Source: Origination Insight Report, ICE Mortgage Technology, JAN 2021

Challenges for the U.S Mortgage Industry

Most of the technology innovation and investment in mortgage lending so far has been directed towards the front end of the value chain. Many lenders can find various cost, labor, and time savings by closely monitoring parts of their mortgage technology stacks to accelerate automation efforts, including back-end elements such as straight-through processing and automated decisioning of applications.

Some leading players are combining multiple third-party technology components rather than relying solely on a core loan platform. With the onset of technology in every sphere, you can expect technology-driven innovation to be the basis of core platforms and back-end technology.

A few of the notable challenges for the mortgage industry as follows:

1. Reappearance of Non-qualified mortgage lenders:
Amid an economic recovery from the pandemic this year, liquidity has poured back into the non-QM market, prompting lenders to underwrite non-QM loans once again.

Non-QM liquidity plays an important role in expanding consumer access to mortgages by providing options for borrowers whose income stream or other financial attributes lock them out of traditional lending programs.

2. Struggle to Stay Profitable:
Most US mortgage originators have struggled to compete profitably in a rapidly transforming competitive landscape. Non-depository originators have been stealing share from banks, doubling their US market share from 25 to 50% over the last 10 years.

Digital mortgage players are on the rise, and direct-to-consumer (DTC) originations account for a growing share (more than 25 percent) of the market. Meanwhile, customer expectations for speed, transparency, convenience, and personalization are being raised by their digital experiences outside banking.

3. Transparency and Lagging Customer Service:
Customers care about four specific dimensions of their mortgage experience: reassurance, transparency, simplicity, and speed. Most originators are unable to provide these at a satisfactory level, accurately and unambiguously.

4. Competition:
Speed is crucial, both before and after choosing a lender. Customers move fast and expect institutions to be nimble enough to keep up with them. Customers typically select a lender within two to three weeks of starting their research into mortgage providers, and submit an application within another week.

5. Quick Speed in Origination:
Up to 35% of customers in certain segments (e.g., repeat home buyers) select a lender within just three days after starting their search. They want to complete the application quickly and, if they already have a relationship with the lender, they expect the lender to use the financial data it already has rather than ask them for more documents. Naturally, borrowers also want a quick conditional decision and fast time to close.

Finding the Right Automation and Technology Partner is Key to Origination Success

THE CLIENT

Company XYZ had been struggling to get a higher number of applicants and when it did, it was struggling to screen the applicants and get their information in place.

While the origination and approval process itself needs to be quick and seamless, it also affects the business capacity to attract new clients.

The company needed help with ensuring all the origination applicants' information was entered accurately and with all the relevant information within a specified period of time. This was a crucial data entry point which they needed experienced work on.

This expertise was required for reasons of speed for approval process, and error-less application and processing.

Mortgage Data Entry:

The client required data entry services on documents the lender needs to authorize mortgage processing.

Also, we process tax returns forms, employment documents, retirement of brokerage account documents, asset statements, and foreclosure deeds.

Foreclosure Data Entry:

They also required to see the current status of applicants and borrowers with back-end support tasks, looking at status checks and reviews and payments done and pending.

ARDEM SOLUTIONS

Volumes of data from the mortgage industry are organized, authenticated, and stored in formats that allow for easy retrieval. It entails cleaning and processing of data to make it easy for both lenders and borrowers to know the current status.

ARDEM understood their various requirements and provided the following services seamlessly -

Data Entry:
Includes all of the documents needed for the lender to authorize the mortgage. Income and employment documents, such as tax returns, W-2s, and 1099s. Asset statements on bank, retirement, and brokerage accounts.

Monthly debt payments and any real estate debt statements. Records of rent payments, divorce, bankruptcy, and foreclosure.

Data Capture:
Various forms and formats require the most advanced hardware, software, and professional practices available to outsource mortgage data entry.

We can seamlessly interface with whatever software you're currently using. Our hardware is always top of the line, and our tech crew often makes proprietary modifications.

Data Validation:

A bill needs to be generated for the mortgage payment, typically made up of four components: principal, interest, taxes, and insurance.

The principal portion is the amount that pays down your outstanding loan. The validation is required down to the last cent.

Data Processing:

Our automation services are able to quickly turnaround the most complex paperwork with reliability and efficiently. There is no hassle of finding new ways – as we have automation teams in place.

BUSINESS BENEFITS

Increase in business was the largest benefit as most mortgages are discovered online by home buyers. ARDEM has teams on top of the mortgage rate picture and can accurately predict where and what lender will have the most advantageous mortgage deal.

With rates varying as per demand and supply of types of borrowers, the mortgage lender was able to quickly give out suitable quotes on their website and create an appealing opportunity for new customers.

The client was able to increase its business by 15-20% over a period of six months with our web research services and efficient backend handling, which helped the sales to provide reasonable quotes with maximum cost savings.

THE FINAL WORD

ARDEM provides extensive volume data entry services for established companies. ARDEM provides flexible data entry for clients, which helps in extracting data from multiple formats and sources.

Data remains highly secure as ARDEM is an ISO27001-certified data entry company with experts striving to keep the data secure. ARDEM uses the best-in-class automation services designed with machine-based data capture, machine learning, artificial intelligence, and programmatic validation to build smooth, user-friendly platforms.

ARDEM's distinguished document processing services ensure accurate document processing, reducing cycle time and enhancing efficiency.

ARDEM provides Business Process Outsourcing and Business Process Automation Services to established companies to help them improve operational Efficiency and Reduce Costs. For more information please reach out to us at pricing@ardem.com or call us at 908-359-2600.

ARDEM Incorporated

ARDEM Incorporated delivers success for companies looking to efficiently streamline their processes and improve ROI. We implement the world's most sophisticated Technology platform combining human interaction with advance technologies to automate business processes and lower operational costs.

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