In today’s digital era, almost every industry is looking to utilize technology to innovate their products, outperform their competitors and expand consumer outreach. Despite the necessity for technological progress, however, the mortgage industry still has its struggles.

Applying for a mortgage has been regarded as a time-consuming and trying financial exercise. Markets constantly seek opportunities to offer more efficient services. The traditional mortgage process requires several visits with a loan officer and an extensive amount of documentation preparation with almost everything being submitted by paper. It is time for the mortgage industry to connect with the information age.

The transaction timeline in the mortgage industry isn’t efficient compared to other industries. The average time for an underwritten loan approval is 18 days, and it takes around 40 to 45 days to complete the full

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Curt Tegeler is president and CEO of WebMax, a digital-solution company he founded that avidly works to develop state-of-the-art mortgage technology to revolutionize the mortgage market. Tegeler provides direction on business initiatives while communicating and implementing the company’s vision and mission. His career within the mortgage and real estate industries has spanned more than 30 years. Prior to WebMax, Tegeler founded a software company that focused on real estate. Reach him at (856) 702-6400.
process. Mortgage companies currently spend about $8,000 to complete these tasks, and these inefficiencies are then passed onto borrowers through increased fees.

The mortgage origination process is a large task, but it can be made more manageable by making allowances for today’s technologically adept consumer.

**Transforming the process**

Consumers want products on demand. Online and mobile services like Amazon and Uber provide information instantly, giving consumers ample time to research products and processes so they can make decisions based on those evaluations.

This is the kind of platform the mortgage industry needs to operate. The vast amount of regulations in the mortgage industry have placed limitations on lending transactions. This does not mean, however, that lenders and mortgage companies cannot work to further develop their technology.

Key industry players are embracing borrowers’ needs and improving services by capitalizing on the digital revolution. As successful mortgage companies recognize the need for digital lending, the rest of the market will follow.

Digital lending eases the origination process for borrowers while also educating them. This has allowed the process to become self-guided and enabled borrowers to seek information on their own terms, giving them a sense of control over their loans. Borrowers also can submit applications and move through the approval process seamlessly via multiple devices, making the mortgage process more accessible.

The role of the loan originator is not diminished in this new digital process as some have feared. Instead, they become more accessible and readily available to fulfill borrower demands and answer questions. Originators can receive transactions and inquiries in real time while also confirming the accuracy of the borrower’s data. Online loan calculators, preliminary rate quotes and asset verification are now common features for any lending service, so applications can be entirely digital.

**Digital technology benefits**

The needs of borrowers are changing, and the mortgage industry must stay on top of these changes. A company’s ability to keep up with innovative technologies is directly related to its ability to outperform the competition.

Digital lending gives mortgage originators and borrowers a variety of benefits. According to the Consumer Financial Protection Bureau, for example, technology has helped borrowers understand loans better, which makes them feel more confident about the digital-loan process.

This insight is important because it shows that digital lending isn’t a service suitable only for millennials, but rather it provides benefits for any borrower. Increased efficiencies also lead to lower costs, and these savings are passed on to borrowers, further improving their experience.

At the other end of the transaction, mortgage companies can see a monetized value in this technology. Not only can it lower costs, but digital technology can provide opportunities to expand business and find ways to more effectively communicate with clients.

Take the smartphone, which has established itself as a household product within the past decade. When communication is always available, originators must use this advantage to effectively connect with clients or risk falling behind competitors. A study conducted by PricewaterhouseCoopers, for example, showed that 60 percent of consumers want a mobile app to help streamline the mortgage process.

Beyond mobile apps, technology can be used to enhance the relationship between borrowers and loan originators. Constant communication is key in creating a successful application process. Immediate access to loan status when questions arise, and the ability to upload necessary documentation and sign documents electronically, are key features that can give borrowers the experience they want. Video technology and instant messaging also can provide an effective and informative experience.

Finally, digital technology gives lenders and mortgage companies a digital system of records. This auditability helps streamline the process and ensures information remains secure while providing improved levels of accountability and a deterrent for fraud and manipulation.

**Smaller may be better**

Many traditional banking organizations have not invested in digital-lending technology. It looks as if digital platforms have made it feasible for smaller players to scale up faster, giving them an edge. Operational adequacy and recognized brand names are no longer enough to ensure long-term subsistence in the mortgage industry.

Household brands also cannot maintain borrower attention anymore without offering some sort of personalization. Borrowers want to complete the mortgage process on their terms at any given time. Without the appropriate digital technology, banks and large lenders cannot meet borrowers’ needs, giving other forward-thinking companies the chance to gain market share.

In fact, companies outside the mortgage industry now have easy access to financial services because of their technological intelligence. Uber is one example of this: They are in the process of creating technology products that interface with a driver’s insurance. Because of this type of innovation outside of the financial industry, the need for onboarding digital technology has become vital to small lenders and mortgage companies.

**Focusing on the future**

For the mortgage industry to catch up with other markets on the digital landscape and get into a position to innovate for the future, it needs to focus on consumer enhancement. A survey of 2,000 U.S. adults performed by Harris Poll concluded that 93 percent of individuals found quality customer service was a vital factor when choosing a lender.
Today’s consumers expect more interaction through all types of digital channels at a time when mortgage companies also are expected to put efforts into marketing and branding. Finding a clever combination of digital marketing and big data will be the recipe for success in building customer interaction.

Companies need to find ways to develop an infrastructure that provides more borrower insights so they can then utilize customer relationship management (CRM) systems that engage with and stimulate customers to enhance their experience.

Borrowers also are beginning to demand that the mortgage industry must operate in ways they are comfortable with. In short, they want mortgage companies to be consistent with businesses in every other industry. Social media sites, for example, have changed the way people interact with business.

A digital platform that recognizes this evolution is key for growth in the mortgage sector. A platform that allows for continuous change and alters the way consumers think about credit will be the next form of progress in digital lending. This includes software that provides a unified integration among borrowers, sales and Realtors — all under one platform.

Data virtualization will give originators the ability to create personalized and detailed profiles of clients, allowing them to offer products that are targeted to a specific consumer’s characteristics, much like Facebook manipulates data to deliver different advertisements to different users.

Lastly, improved updates and delivery cycles that enhance consumer involvement need to be released rapidly. Consumers are already living in the digital age. Mortgage companies must actively seek out the modern resources available to them in this digital era or risk falling further behind.