

Igniting ideas for the mortgage industry.

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Hello from mortgage central. We have been busy getting lenders ready for another frantic purchase season. These are exciting times to be involved in the mortgage industry, especially in the mortgage technology business. Mortgage technology is coming into its own and the digital mortgage is leading the charge. This newsletter, we dive into the concept of a digital mortgage and try to define what a digital roadmap may look like. Heck, it's been the headline article on every daily newsfeed for the last few weeks.

Also, we are going to be the MBA Secondary conference next week in our own backyard. Please let us know if you are attending and would like to get together. We would love to hear how your 2017 is stacking up so far.

The matchbox & Ignite teams are comprised of mortgage bankers who take pride in understanding the industry changes and being proactive in how these changes can be supported within your workflow and technology.

matchbox....we speak mortgage

So unless you have been in hibernation and just waking up, the concept of a digital roadmap or digital mortgage is the hot topic that everyone wants part of. In speaking with many clients, there are varied answers which leads us to think that while many want a digital roadmap, not many truly know what their end game on

this topic. A digital roadmap would seem to be a plan to incorporate a "digital" strategy to your mortgage origination process. While this makes sense, in concept, what does it mean?

One thing is for sure, neither Alexa or Google Home have a clue; both of them are getting back to us later.

Let's start with the word - Digital. It implies converting something that was manual to electronic. So if we try to translate this mortgage lending would be converting an in-person or manual application to one that is fully digital. What exactly does that mean? That there is no person involved and the application comes in electronically? That is nothing new- there have been applications coming via the internet for years.

Let's move on to another view of "digital" which implies that the application can proceed and customer information can be extracted or supplied electronically i.e. digital workflow. There are many companies offering this service and many people seem to be excited and see it as the wave of the future. Let's just say we are cautiously optimistic when we still see mortgage companies wheeling around 2 lb. files of paper from dept. to dept. That's only the internal challenge to execute if you can get a client convinced to provide their banking account user names and passwords. A big part of your digital mortgage plan needs to take your client acceptance into consideration; even millennials will be skeptical.

So we are at the stage where you have an application and client information without interaction. Now we move onto generating disclosures, running credit, running AUS, and issuing a pre approval all after a few clicks of a mouse. Sounds good on the surface, but what happens when a client gets a negative result and something that requires an explanation pops up and that loan cannot proceed. Where does this loan go and are you going to be able to speak with the client after they go through this process and then needs to speak to someone to "rescue" the application? What I am trying to figure out is what is the real reason why mortgage companies want to employ a digital mortgage strategy?

Is it:

To make the mortgage process more efficient

To reduce the cost per loan by reducing the role of a loan officer

To improve the client experience

To shorten the application to closing timeline

To set themselves up for the mortgage process of the future

To present themselves as a state of the art mortgage company

Most likely, all of the above to some degree.

As a technology based firm, all of these options are exciting and we would love to see this digital revolution come to fruition and see the mortgage process evolve to the current century. The challenge is that we work with mortgage companies everyday and see them from the inside out. We still see clients struggling to go paperless, or be able to produce timely and accurate reports, or be able to understand how important it is to get a good file into underwriting on a consistent basis. We see how many people are still involved in the mortgage production process, and this is at well run companies. There are some really good people in this industry, and some really good originators and I do not see them being replaced anytime soon.

The digital landscape is evolving and changing rapidly. There are new companies/vendors with good offerings and new lenders fully embracing the digital space; at times it's easier to start anew than convert. Our advice is to really know what your digital goal is so you can gauge success if and when you reach it. If you do not know this, you will be attending more and more vendor demos than the hours in a day without being able to decide on the best fit. Who knows maybe we will all be speaking to Alexa or OK Google soon for the application process - "Alexa, Am I approved for my mortgage yet?" Now that is a digital mortgage.

**Schedule
a meeting today**
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