



# Five Key Trends Defining the Mortgage Industry's Digital Transformation

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**D**igital technology has radically reshaped virtually every type of industry, from personal transportation to publishing, and it's a safe bet that if a business model hasn't already been disrupted by tech, it will be soon.

What does this push towards digital transformation mean for the mortgage industry?

Anyone who has applied for a mortgage recently or works in a mortgage-related profession has seen that things are changing quickly. But there's still a long way to go: Until recently, the mortgage process had remained roughly the same for 20 or 30 years, so there's a lot that needs to be reimaged.

Here are five key trends that are defining this exciting moment of reinvention for the mortgage industry.

## **1. We are on the path to total digitization.**

From a macro perspective, one thing is clear: The mortgage industry is an excellent candidate for a top-to-bottom digital transformation. We are at a stage where digital capabilities like predictive analytics and machine learning can effectively be put to work on the complex repetitive tasks and oceans of data generated by the mortgage process.

Even more importantly, changing consumer expectations are propelling the industry forward. Consumers know how tech can help streamline services they rely on, and they've come to expect easy-to-use, frictionless experiences. For too long, the norm in the mortgage industry was just the opposite—slow, inefficient, complicated and analog. That doesn't cut it anymore.

Over the past few years, the mortgage industry has seen a lot of promising new entrants, both products and business models. But mortgage and real estate transactions, by and large, are still very cumbersome, slow, manually intensive and expensive. And the vast majority of digital products remain specific to one part of the real estate transaction.

Thankfully, though, we're starting to reach the point where technology can help make operations at every point in the mortgage life cycle faster, more accurate, less bureaucratic and less costly for everyone involved.

## 2. Back-end automation is powering the next stage of transformation.

You can, of course, already apply for a mortgage online—a necessary first step in terms of convenience. In most cases, however, that online application still gets fed into a back-office process that is nearly as analog as it would be if you walked into a physical office. Your application information may have been entered online and captured digitally, but the rest of the process is analog and largely sequential.

The industry's next big leap forward will come from leveraging a vast amount of data available digitally, including as property information, borrower assets, income and credit information, to automatically



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## 3. Speed is where we'll see the most progress soon.

Digital advancements like the ones mentioned above can drive efficiencies of all kinds, but increased speed is the area where consumers will most immediately benefit. Why should it take so long to process a mortgage?

Usually, a prospective homebuyer has to plan on weeks, if not months, for the processing of a mortgage—an anxious time for buyers. Digital processing should be able to reduce the turnaround time from origination to completion dramatically—from months to days, and eventually hours.



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This will drastically reduce the amount of information an applicant needs to submit, as well as the need to enter the same information during the different stages of a mortgage application. From the lender side, data analytics can also distill insights necessary to make good underwriting decisions.

## 4. Emerging technologies like blockchain and artificial intelligence will further remake the mortgage life cycle.

Beyond mortgage origination, the mortgage industry is quickly developing technologies that connect the entire mortgage ecosystem and value chain. Innovations like eClosing, automated valuation, AI-based appraisal and "straight through settlement" are quickly on their way to becoming the norm.

A little further down the road, technologies like blockchain also have the potential to transform and replace decen-

tralized and expensive processes such as title search, title transfer, underwriting, managing legal documents when there are multiple parties involved in a transaction, and more. It is not unthinkable that one day in the near future the entire mortgage process will be seamlessly enabled by technology without a single human touch point.

## 5. Great customer service and professional expertise will remain essential.

Despite—or perhaps because of—the technological advancements that are currently happening in the mortgage space, great service and the smart, nuanced advice of experienced professionals are more important than ever.

Anyone who has ever tried to talk to a customer service representative when they've had a problem with Google, Facebook or their financial institution knows that humanity is in short supply on the digital frontier.

Yes, customers want speed, price and convenience, but they also want a person to talk to when things go wrong, or if they want personal advice. ▲



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Mark Wai, Executive Vice President and Chief Technology Officer at Radian, has been building applications and stirring things up in technology for two decades. Regarded in the industry as a technology turnaround expert,



Wai has a track record of delivering very large technology programs. Before joining Radian, he spent several years as an entrepreneur running two start-ups. As Radian's CTO, Wai dedicates his energy to re-imagining how the mortgage and real estate industry ecosystem should—and will—look.

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