A LOOK AHEAD FOR THE RESIDENTIAL MORTGAGE INDUSTRY

A CONVERSATION WITH MIKE DETWILER, SENIOR MANAGING DIRECTOR— ACCENTURE CREDIT SERVICES

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VIDEO TRANSCRIPT

What do you see as the main drivers of change right now for the Residential Mortgage industry?

MIKE DETWILER: I really see the main drivers of change in the mortgage industry as innovation, customer experience and regulatory compliance. We just came back from the industry's first Digital Mortgage Conference, and I was shocked at how many new entrants had actually entered the marketplace, bringing new solutions to solve issues with the mortgage process and user experience. As it relates to customer experience, there's a high level of expectation from tech-savvy borrowers, you know, across the fold. We also know the millennials are entering the marketplace, and that they have a very high level of requirement as it relates to how they interact with their bank and with their lender. The last one is really regulatory compliance, which has been, you know, a main driver for change for many, many years, and will continue to be, as lenders continue to deal with the regulatory requirements that are placed upon them to be a lender in this space.

Where is industry technology headed?

MW: I think that you're going to continue to see a breakneck speed of innovation in the mortgage lending arena. There's going to continue to be winners that distance themselves from the rest of the providers. You're gonna see technology losers that aren't gaining market share and innovating fast enough, that are gonna lose their position in the market and likely go out business, so I think the lenders need to choose their partners wisely. I think you're also going to see a shift to customer retention and acquisition. The facts are that in, you know, 2017, in 2018, there's going to be less mortgage volume than there has been in previous years, so the fight for the hearts and minds of the borrower is going to be front and center with the lenders. They're going to want to figure out ways to make sure that they are presented as the lender that the consumer will choose. I also think that you're gonna see a big push toward a single-borrower experience where they log onto one portal that allows them to originate a mortgage, while entering credentials for other systems into that same portal. Say for example, their online banking credentials, and that will pull all of that data right into their mortgage applications, so they won't have to re-key it.

What do you predict the future regulatory environment will look like?

MW: We've been through a lot of change over the past seven years—the industry actually doesn't look anything like it did seven years ago. There's been much more focus on the borrower experience and clarity for the borrower, which I think are all good things. That said, we're nearing the end of the major change. I think that the lenders can focus on more sustainable programs and operational efficiency programs then, and spend the time and energy that they've been spending on implementing regulatory changes and regulatory requirements on better borrower experiences, forming alliances with better partners to really drive home the idea that it's the borrower is king. And we need to have the best borrower experience we can, with the quickest turn times that we can, to get a mortgage from origination to close.

What advice would you offer lenders looking to gain efficiency and profitability?

MW: You have to understand your cost model if you're gonna be efficient and profitable. If you don't understand your cost model, you can't drive toward efficiency, which will increase your profitability. You also have to think about outsourcing strategies that will allow you to leverage vendors that bring more to the table than just people. Historically the mortgage industry has been served by outsourcers that bring people to the table and nothing else. The mortgage industry now needs to ask their vendors to bring to them people, and technology, and process solutions, that will allow them to be more efficient and effective, and more predictable as it relates to their cost model.