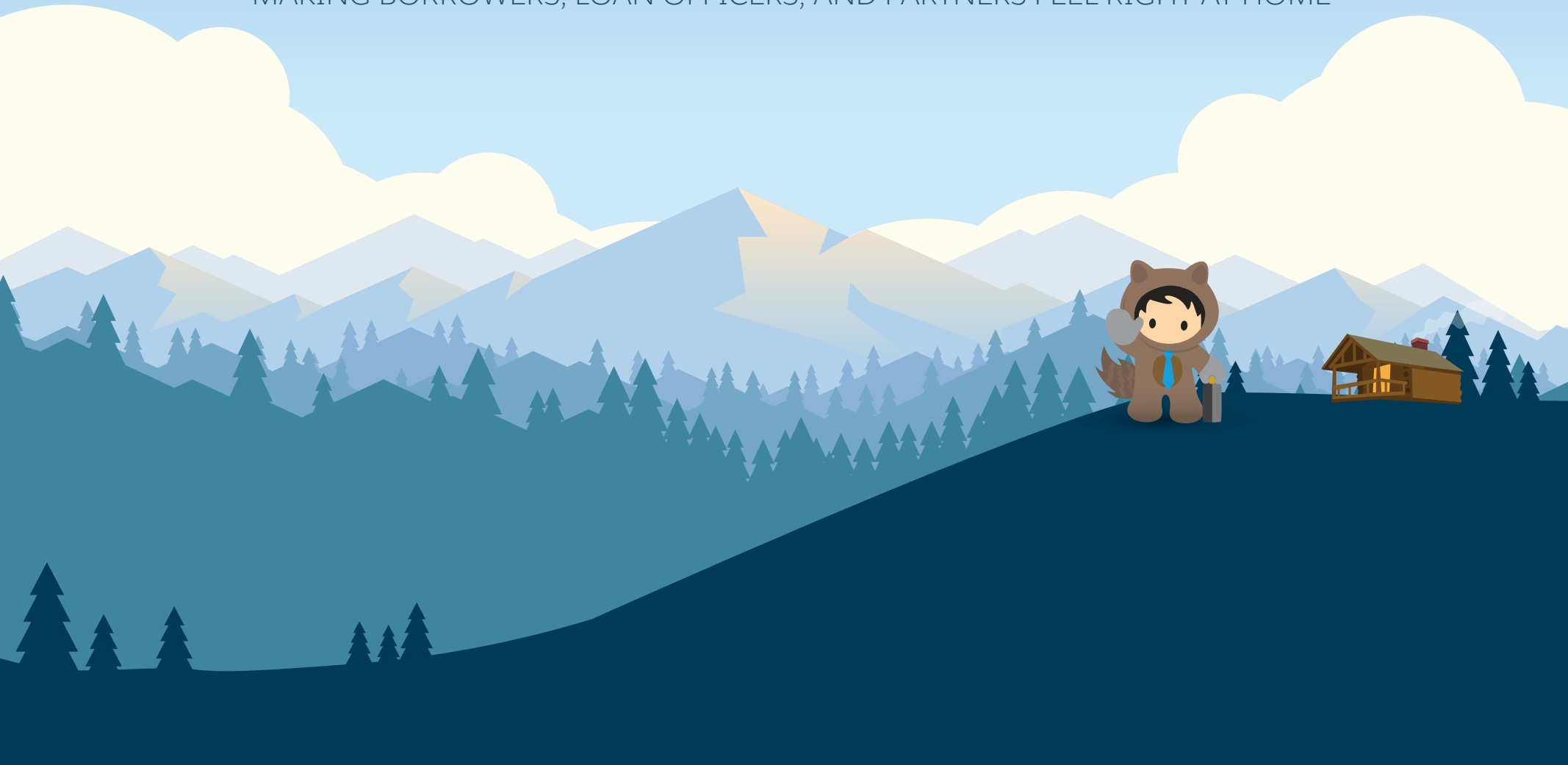


# The Digital-First Mortgage

MAKING BORROWERS, LOAN OFFICERS, AND PARTNERS FEEL RIGHT AT HOME





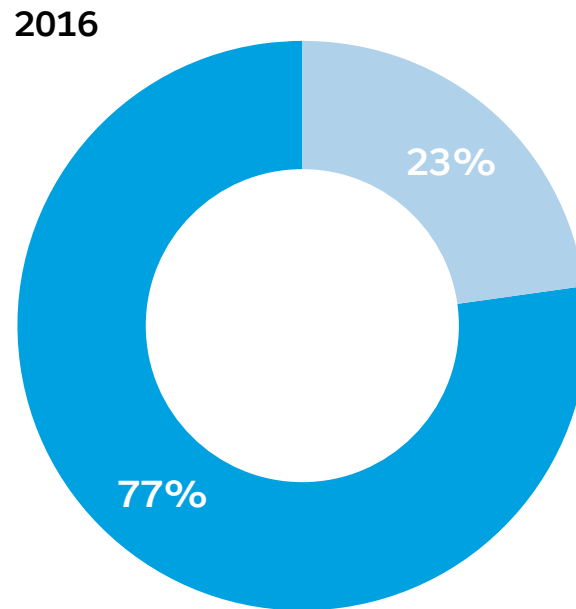
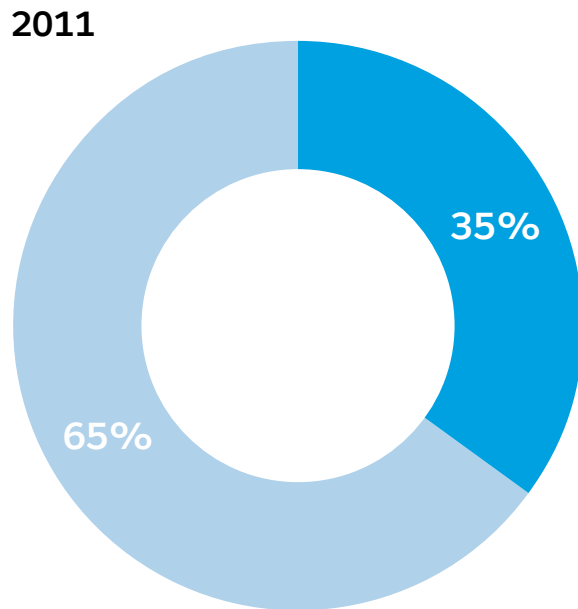
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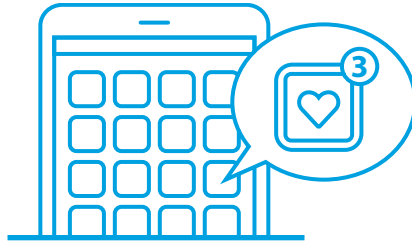
Today's consumers are accustomed to getting the products and services they need, when and where they need them.

Americans Owning a Smartphone

● Yes ● No



**77% of Americans owned a smartphone in 2016, up from 35% in 2011.<sup>1</sup>**



**Americans spend an average of 74 hours per month using mobile applications.<sup>2</sup>**

As a result, consumers have learned to expect status updates on their smartphones and other connected devices. And Millennials, in particular, spend an increasing amount of their time interacting with products from companies such as Apple, Google, Amazon, and Facebook, which have redefined the standards for customer experience.



# Mortgage Providers Are Missing Expectations

The landscape where the mortgage industry finds itself is one in which most lenders are lagging far behind. Instead of a seamless, intelligent mortgage experience, consumers are carrying the weight. They have to navigate an intricate web of paperwork and a disconnected galaxy of stakeholders – loan officers, brokers, mortgage underwriters, title companies, and sellers. Instead of a transparent environment, consumers encounter an opaque and tension-filled process.

Indeed, what is unique about taking out a mortgage today as opposed to a couple of decades ago is how little has changed. The mortgage process remains complex and weighted down with a huge number of documents needed to satisfy regulatory and compliance requirements, adding frustration and stress for everyone involved in the process. It's not unusual for a mortgage request to have more than 500 pages in a file, with everything from W-2s and tax returns to

pay stubs and credit reports, and more than 500 possible document types into which each of the documents and pages must then be sorted.<sup>3</sup>

Moreover, mortgages involve numerous stakeholders who need to work together to keep the process on track. And whereas consumers can easily track the progress of everyday transactions online and via mobile apps, it is still exceedingly difficult to monitor the status of a loan for the largest purchase most people will make in their lives.



**The result:**  
**There is a growing engagement gap between mortgage lenders and their customers.**



# Discover the Digital-First Mortgage

Mortgage lenders have taken some halting steps toward meeting the needs of new mortgage customers, such as setting up online mortgage applications. But consumers recognize that a mortgage loan is a complex product. Indeed, an Accenture survey of nearly 33,000 consumers in 18 countries found that 66% still want human interaction in financial services, especially when getting advice about complex products like mortgages, where 61% said they want personalized advice.<sup>4</sup> That is why the greatest opportunity for mortgage providers is to use new technology to facilitate seamless and intelligent human engagement that is personalized to meet the needs of individual borrowers.



**Customers don't want a mortgage. They want the keys to their new home.**

Trust and service are central to a positive mortgage experience. Therefore, the key for both banks and nonbank mortgage lenders is to implement a digital-first mortgage solution that connects borrowers, real estate agents, brokers, and loan officers in a single seamless environment that builds trust,

transparency, and efficiency. The solution should enable banks and mortgage lenders to predict future behavior and needs, rather than simply analyzing past behaviors.

## With a digital-first process, mortgage lenders can:



Engage borrowers and partners with one-to-one journeys that span the entire mortgage life cycle and leverage preferred channels



Expand their footprint while ensuring compliance by tracking loan officer and borrower activity in a single place



Optimize the mortgage process with key insights about borrower and partner profiles



Grow the business with enterprise-grade referral management



Enhance collaboration and visibility among loan officers, borrowers, brokers, and real estate agents with omni-channel portals



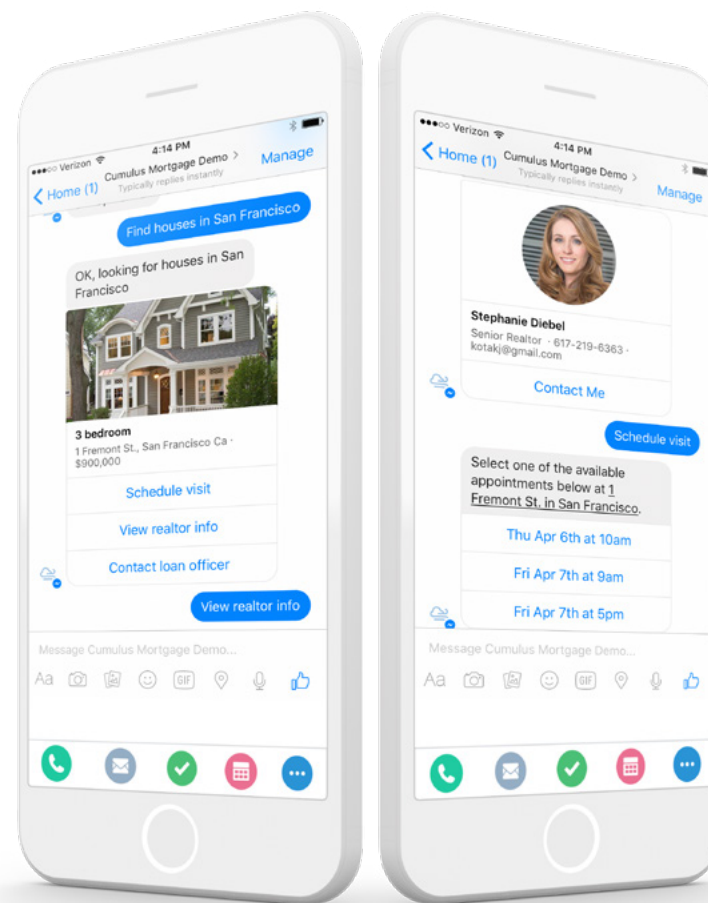
Instill innovation among loan officers and partners, which in turn increases speed-to-value

# Borrower and Partner Satisfaction Are All about the Journey

To stand out from the competition, mortgage lenders must connect customers, real estate agents, brokers, and loan officers and coordinate their actions to deliver a single effortless mortgage journey.

This journey begins by identifying a prospect's needs and engaging him or her with the right message. The digital-first mortgage should support the nurturing of prospects with this message across multiple channels – both online channels, such as social media and email, as well as offline channels, including direct mail and print advertising – driving prospects to real estate agents and then continuing to cultivate and connect them with loan officers.

For example, a prospective borrower might see a lender's advertisement on Facebook and proceed to engage via Facebook Messenger. This lead could be immediately routed to the appropriate real estate agent, who would receive a notification on any device – smartphone, tablet, desktop, or laptop – that a new lead is ready for follow-up. The agent could then automatically follow up with a co-branded email sharing information about an open house, which is both a logical next step in the mortgage journey and a reinforcement of the partnership between the lender and the agent. The prospect could simultaneously be added to a list that will receive the next co-branded direct-mail campaign.





## Lenders and real estate agents must have the tools to deliver timely and personalized communications across any device and channel.

A digital-first approach can ensure that prospects have a consistent experience regardless of where they interact with lenders or lenders' partners. In addition, the right digital strategy can ensure compliance with regulations and corporate standards by enforcing the use of standardized marketing templates for email and direct mail.

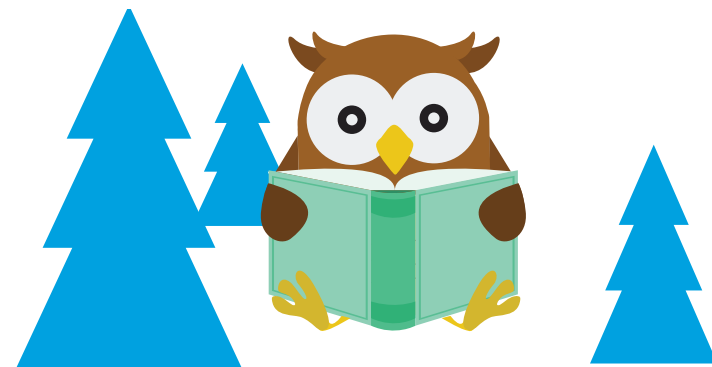
The key to success is a robust marketing automation system that can help lenders and real estate agents identify the right audiences and engage them with the right message via the right channels at the right time. Marketing automation enables mortgage providers to keep their prospects and borrowers engaged with relevant information and key status updates across email, mobile, phone, direct mail, and other channels, even after the mortgage origination process is complete.

For example, best-of-breed marketing automation could serve ads automatically to consumers whose online behavior suggests they're in the market for a new home loan or refinancing. These prospects would be identified using machine learning that recognizes the patterns of site visits that tend to predict a home buyer or refiner, and the right ad could then be delivered at the right time on the right device.

Consider another scenario where interest rates decline, and a lender wants to communicate with a set of borrowers about the opportunity

for refinancing. A best-of-breed marketing automation system could proactively identify those borrowers and recommend a communication informing them about their refinancing options.

Furthermore, an intelligence-driven marketing automation system can predict which borrowers are most likely to perform certain actions in response to a communication, such as opening or unsubscribing from an email. This can empower marketers to leverage the best channels for engaging with borrowers. For example, borrowers who are likely to unsubscribe from an email could instead receive a call or a direct-mail drop with information about refinancing.



# Scale Your Business and Improve Compliance

A digital-first mortgage also provides clarity, enabling the loan officer, borrower, and all the other partners in the process to view the exact status of the loan, including what has been done and what remains to be done.

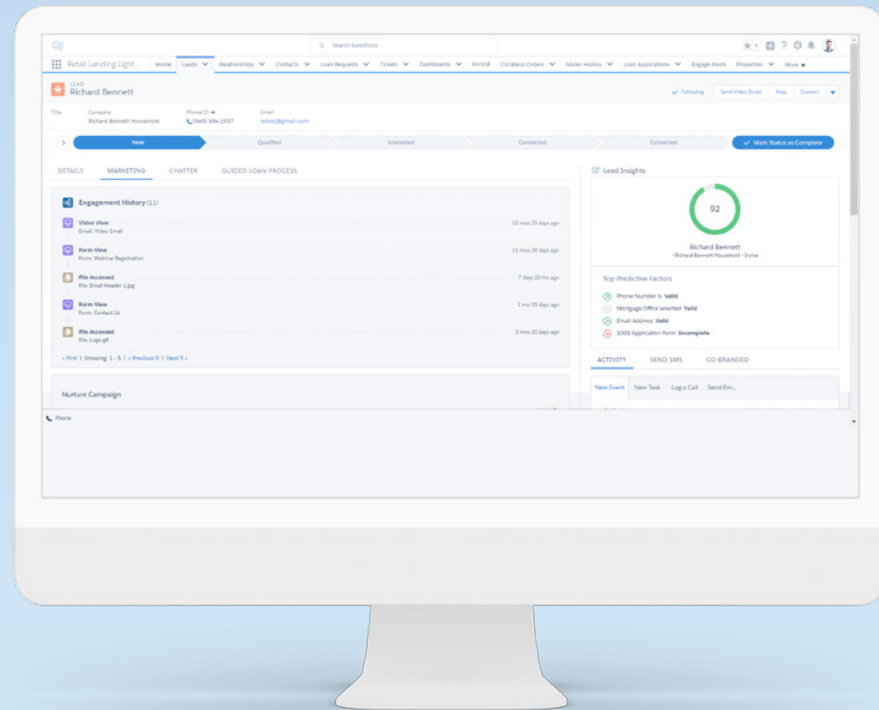


**In fact, a digital-first mortgage should offer the same transparency one gets when you order food through a mobile app.**



All activity should be recorded in one central hub. By consolidating and tracking activity, a digital-first mortgage process ensures that all parties are on the same page and have a single, unambiguous record that can ensure compliance with regulations and guidelines.

The key for making this vision a reality is a strong customer relationship management (CRM) system that captures data automatically and surfaces the information in a centralized console that is accessible across any device – smartphone, desktop, laptop, or tablet. This system should log calls, SMS messages, social posts, and emails from loan officers, and it should track how prospects engage with communications and documents that are shared throughout the process. This will provide management with visibility into internal activities, and it enables front-line staff to respond to customer actions more quickly and intelligently.



Moreover, a digital-first mortgage should enable loan officers and real estate agents to enforce brand and legal standards effortlessly with dynamic content and delivery rules. A marketing automation system that can access the data in a lender's CRM system should be able to send content in the appropriate marketing templates to borrowers based on their geography or whether they have opted in to certain communications.

# Understand Your Borrowers and Partners Like Never Before

A digital-first mortgage also offers lenders enhanced visibility into relationships with partners and borrowers, allowing lenders to approach the process in a more strategic way.



**The vast amount of financial information required by the loan process provides banks and mortgage lenders with unique insights into household finances and portfolios, which can lead to opportunities for identifying other customer needs.**

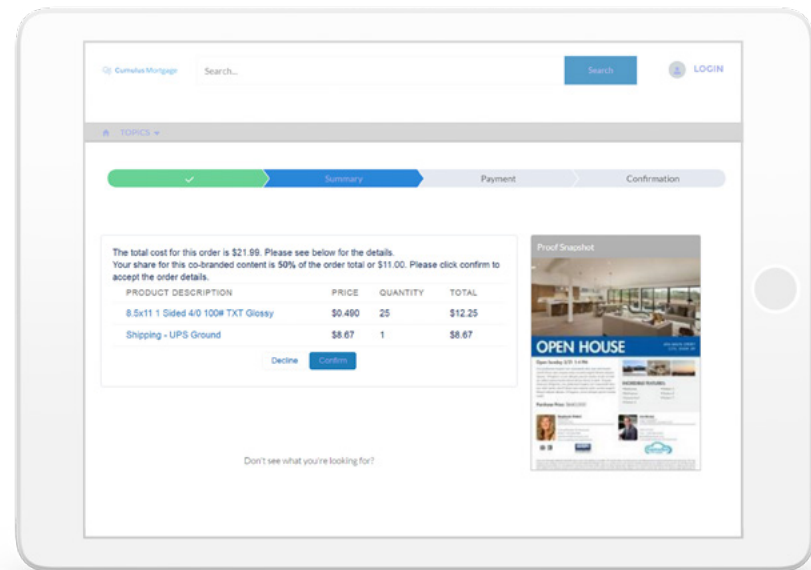
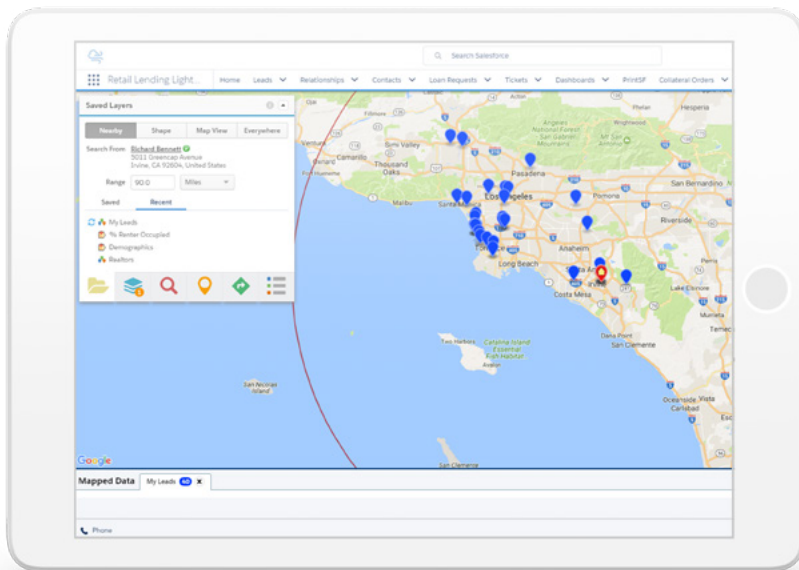




If your CRM system has a robust data model that supports the mapping of sprawling financial portfolios with complex household relationships, you can begin to visualize opportunities to deepen relationships with your borrowers. For example, loan officers could easily see if another member of a borrower's household recently moved to a new location

and could be in the market for a home. Improved visibility also allows mortgage lenders to view leads more holistically. Loan officers can situate leads by their geography, overlay the zip code with both leads and recent loans, and then create a cordon around the area that includes all the real estate agents within a specific radius of the

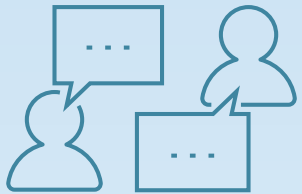
leads. This enables a mortgage lender to let agents participate in a co-branded email or direct-mail campaign. With an agent-facing community that syncs to the CRM system, it is also simple to administer co-billing for these promotions and ensure RESPA Section 8 compliance.



In addition, a digital-first mortgage process enables banks and lenders to track and consolidate information about real estate agents, providing insight into how many loans an agent has sourced and allowing the bank to build metrics around productivity. Finally, the platform allows banks to implement compliance measures and manage risk effectively, alerting management to geographies where they may be overweight in loans.

# Grow with Enterprise Scale Referral Management

For both banks and nonbank lenders, a digital-first mortgage can also offer much-needed support for managing new business that comes via referrals. The right foundational system should provide banks with simple and intelligent cross-line-of-business referral management. This should empower banks to connect and collaborate across their mortgage, retail, credit, and even private wealth arms to identify opportunities to address emerging or unmet needs for customers.



**Digital-first referral management addresses a critical gap in many banks' operations, given that recent research showed that 49% of customers say that banks don't reach out to understand their needs.<sup>5</sup>**



Banks should be able to identify potential referrals among their borrowers and route them to the relationship managers best suited to follow up based on their history of handling clients with similar needs. Because referrals are tracked in one place, the relationship managers receiving these leads should also have context about client needs and the ability to collaborate quickly and transparently with the referrer if more information is needed.

Moreover, relationship managers should have visibility into which referrals are the most likely to want certain products or services so referrals can be prioritized accordingly.

Nonbank lenders can benefit from stronger referral management as well. A digital-first approach can help lenders track referrals from real estate agent or insurance partners in a single hub available across any device, ensuring a clean handoff and fewer missed opportunities. In addition, lenders can build reports that show which of their partners are providing the highest-quality referrals and align resources around supporting the highest-value referrers.



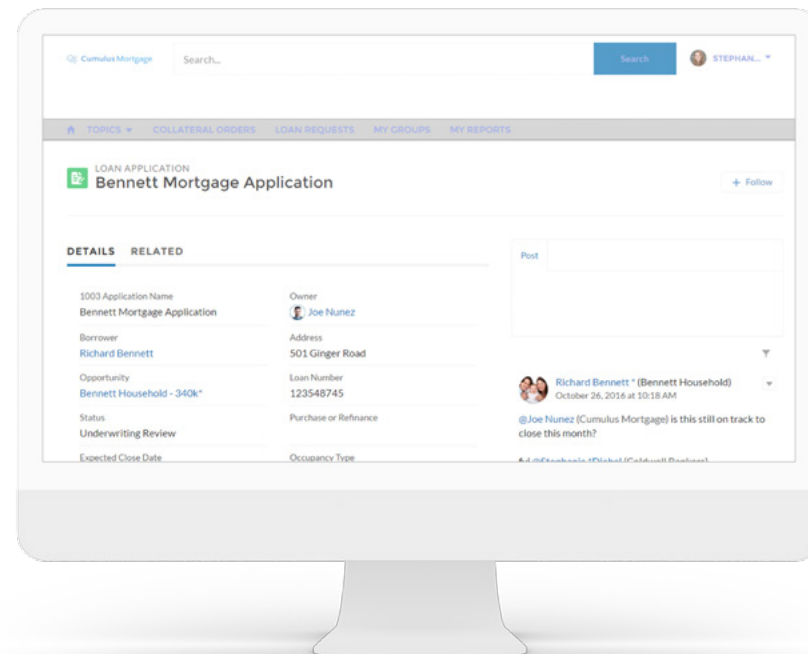
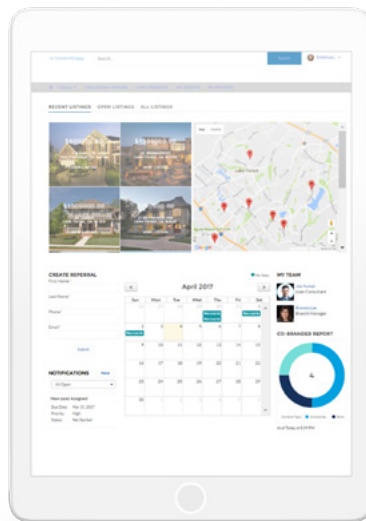
# Build a Stronger Partner Community

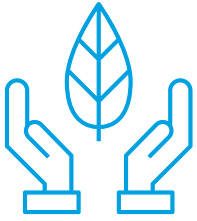
A recurring pain point for borrowers has been the fact that they are forced to act as an integration point for the complex mortgage process. But a digital-first solution enhances coordination among all the mortgage stakeholders, removing the burden from the customer. By giving stakeholders access to the same data and tools across any device, a digital-first mortgage builds community and allows for

greater collaboration among all the participants in the mortgage process.

Borrowers should be able to apply online, monitor the progress on their loans, and access key resources such as low-income borrower information or rate calculators. Real estate agents can log into an online community to see their closing calendar, monitor their open-

house schedule, ensure they are in compliance with RESPA Section 8 guidelines, assess the budget impact of co-branded content, manage communication with clients and loan officers, and view clients' loan applications. Loan officers can access the same portals and can communicate directly with agents and borrowers by commenting directly on data that is mutually available.



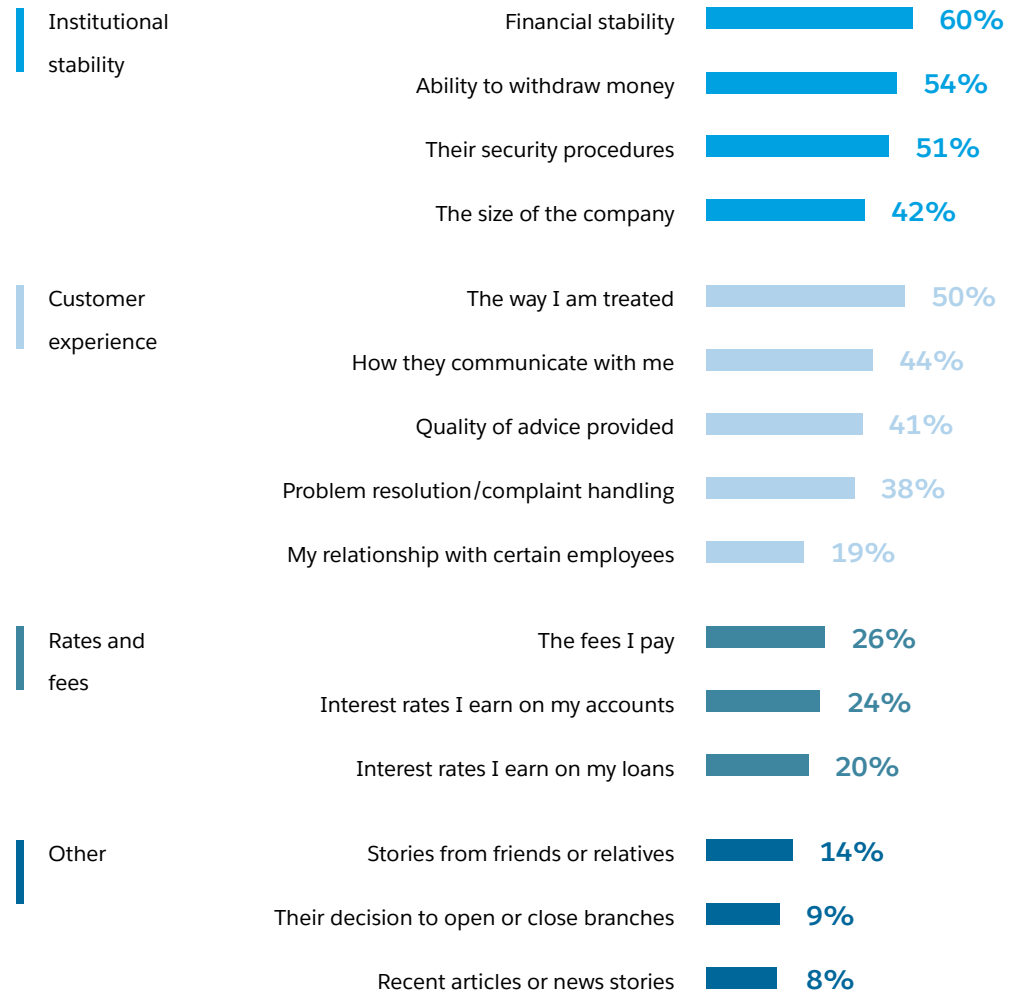


**This collaborative environment creates a virtuous cycle among real estate agents, who will be more likely to share additional referrals that can be managed in the same user-friendly system, and borrowers, who will be more likely to stay with a lender if refinancing opportunities arise.**

This teamwork is also critical to building trust, which in turn instills confidence in a mortgage provider. Indeed, the key drivers of trust, according to a recent report from EY/EFMA, are the way customers are treated and how providers communicate with customers.<sup>6</sup>

## Drivers of Trust

Reasons cited for having complete trust in primary financial services provider<sup>6</sup>



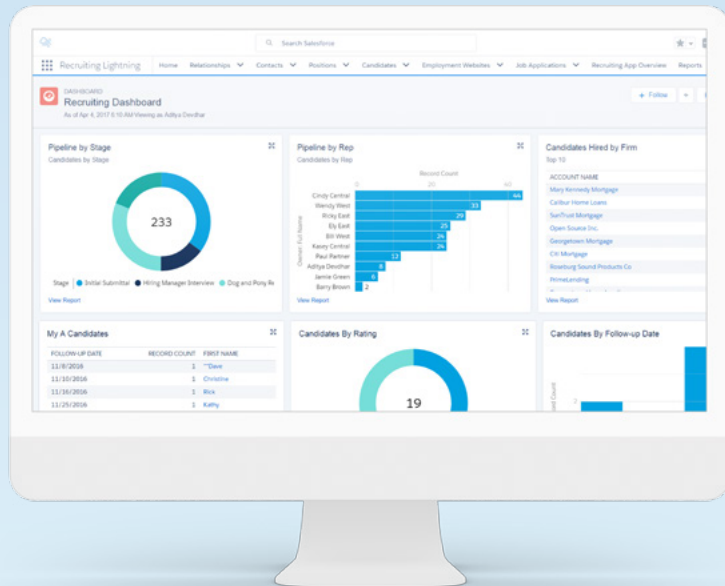
# Instill Innovation and Agility

Agility and innovation are critical requirements for competing in a changing mortgage landscape. A digital-first mortgage platform allows lenders to become more agile and profitable, increasing the speed to value and decreasing the cost per loan across marketing, sales, underwriting, and service.

A digital-first mortgage platform should enable lenders to rapidly build applications that provide effortless service and offer high scalability, integration with a variety of data sources, and transparency into the

mortgage and documentation. This allows lenders to create enterprise-secure and engaging apps that streamline processes and raise the bar for customer experience across multiple channels.

For example, a mortgage provider can extend its digital-first mortgage process with recruiting and expense management applications built atop the data it has gathered from partners and customers. This will enable lenders to track partners and manage follow-ups more effectively, while continuing to enforce budget and regulatory standards.



The solution should lead to faster design, configuration, and deployment of innovations that reduce IT costs, enhance collaboration among stakeholders, and offer lenders the speed and agility they need to meet a shifting regulatory landscape.

# Put It All under One Roof

To unlock the full potential of the digital-first mortgage, lenders must identify a platform where tools are integrated and built atop a common foundation, rather than a system where separate solutions must be integrated and made to work in sync. The platform approach allows for a closed-loop of data and insights to be delivered to customers, partners, and employees, providing greater transparency into the mortgage process. Furthermore, a platform approach enables mortgage lenders to continue innovating and building out their digital-first approach over time. Even if certain applications cannot be implemented right away, lenders can innovate more quickly when they are empowered to add tools such as marketing automation,

partner and borrower communities, and custom apps for recruiting or expense management atop an existing foundation of data and engagement capabilities.

Buying a home is one of the most important and emotional purchases a customer will make in his or her life, which means that it is paramount to avoid adding stress through an opaque and uncoordinated lending process. If lenders instead embrace a digital-first approach, they can transform the mortgage process from a minefield of potential complications into an opportunity to connect with their borrowers in new ways, establishing relationships that last a lifetime.

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## Sources:

- <sup>1</sup> ["Mobile Fact Sheet," Pew Research Center, January 12, 2017.](#)
- <sup>2</sup> ["The 2016 U.S. Mobile App Report," comScore, 2016.](#)
- <sup>3</sup> ["Advanced OCR in the Mortgage Industry," Paradatac, 2014.](#)
- <sup>4</sup> ["Beyond Digital: How Can Banks Meet Customer Demands?" Accenture, 2017.](#)
- <sup>5</sup> ["2017 Connected Banking Customer Report," Salesforce, 2017.](#)
- <sup>6</sup> ["Looking at the bank from the customer's point of view," EY/EFMA, October 2014.](#)

