

Developing Digital Agility in Turbulent Times

Top five strategies to maintain a customer-first approach



Developing digital agility in turbulent times

As the pandemic continues to have global effects on the economy, financial institutions feel more pressure than ever to meet their customers' essential financial needs and goals. While demand has been especially high in areas like forbearance, there has also been a steady stream of home-buying and refinancing activity.

These realities require lenders to reinvent what customer-centric looks like beyond 2020. From automation to the intersection of machine learning and human intelligence to accessibility we've rounded up actionable advice from top mortgage professionals on how these trends will play out by 2022.

Read on for the top five ways to connect with customers, serve them well during this critical time, and build the foundation for lifelong financial relationships.

Strategy 1:

Push the speed limit

Customer expectations about the time needed to complete traditionally time-consuming processes, like opening bank accounts or applying for credit, have changed dramatically, and their need for speed is encroaching on home-buying. Combined with specific market pressures occurring during the pandemic, customers will give their business to lenders who can keep up with their pace.

The ability to move quickly dramatically decreases as the number of people needed to manufacture, approve, and disburse a loan increases. "It's like a game of telephone...the more hands it goes through, the longer it takes to get the message, and the more likely it is that the message has changed," said Bob Walters, CEO of Quicken Loans.

"Lenders that have embraced a streamlined, more data-direct approach to mortgage have grown 30-40% during the pandemic."

Vishal Garg

Founder & CEO of Better.com



Take action:

Re-evaluate the customer experience roadmap

Creating a streamlined process that significantly cuts down time to close requires clear direction and smooth transitions between the many disparate parties that must participate. The first step toward this faster reality requires critical examination of friction points in the customer experience map.

Possible friction points may include:

- Customer expectations around technology based on experiences with other vendors.
- Pressures/incentives placed on loan officers.
- Long wait times for income verification, credit reporting, etc.
- Multiple threads of communication to handle at once.

For your consideration:

1. Have you mapped your current customer experience journey?
2. Where is there friction for your customers in their home buying process?
3. How might training or technology reduce this friction?



Strategy 2:

Automate what you can, elevate the rest

On top of a need for increased speed, there has also been a huge influx of demand related to the pandemic. From forbearance inquiries to refinancing to first-time home purchases, the mortgage industry has been hit on all sides. To keep up with demand and move customers through the pipeline faster, organizations across the board have scrambled to automate lower-level admin processes.

Organizations that are successfully navigating the pandemic have used automation to reduce the amount of “stare-and-compare” activities underwriters are doing by 30%. Instead of drudging through piles of paperwork, team members are elevated to advisory, problem-solving roles focused on clearing exceptions and working complex deals that are beyond the capabilities of an algorithm.



“This pandemic has altered the mortgage workforce permanently by shifting lower-order tasks to automation to free up people for the higher-order creative problem-solving that requires a human touch.”

David Karandish

Founder & CEO of Capacity

Take action:

Identify essential human touchpoints

While knowing what to automate is essential, knowing what not to automate is just as important to a smooth customer experience and engaging employees.

Finance of America has incorporated this exercise into every aspect of the customer journey, examining process complexity against value added to identify the areas where automation makes sense—and where it does not.

For example, Finance of America does not automate product selection and pricing for their customers and has no plans to do this in the future. This is because product and pricing have so many factors and opportunities for discussion that it is not worth missing that chance to build human connection and problem-solve with the client.

For your consideration:

1. What steps can you take today to elevate your team from administrators to advisors?
2. What are the essential human touchpoints in your customer journey that technology cannot or should not replace?

“We use this opportunity to build lifetime trust. We don’t look at a customer as a simple transaction... We want to advise them on what might be the biggest financial decision of their lives.”

Chief Digital Officer at Finance of America

Strategy 3:

Make the American dream accessible

Homeownership is a dream for most Americans, but trepidation after market crashes, discriminatory policies and practices, and complicated processes make this dream feel out of reach for far too many people—especially people in minority populations. Not to mention, the majority of lending has been designed around the regulatory and compliance needs of lenders, not what is good for customers.

When customers are forced to complete an application or gather data on a lender's terms, it can lead to bad experiences or prevent them from accessing it altogether. The substance of an application might not change much, but the way the process is presented and communicated and who is proactively encouraged to participate in it can change.

“Black americans face a 15.7% mortgage denial rate, compared to a national average of 9.3% and 8.7% for white applicants.”

Census Bureau



Take action:

Make it make sense

To really understand the accessibility issues in your processes, take off your lender hat and put on your customer hat. What would it be like to actually go through your processes step-by-step? What would it be like for your busy spouse to have to deal with it on their own? Or your elderly mother?

At the end of the day, people get frustrated when their lenders do not leverage existing tools and technology to complete the simple, tedious, time-consuming tasks that are involved in getting a loan. One of the biggest points of irritation for people is being asked to provide the same information over and over to their financial institution. Customers do not see the silos that separate their checking account from their car loan and may struggle to understand why they need to provide similar information for each new product. How can you build bridges between teams and utilize data to provide a tailored experience for customers?

For your consideration:

1. Where can you simplify the written portions of your application to contain "plain language?"
2. Have you explored data-direct options for income verification, credit reporting, etc?



Strategy 4:

Treat thy customer as thyself (and vice versa)

Organizations often decide on which new tools and processes to implement based on cost savings, customer needs, and expectations or process improvements. But technology investments only add value if employees use them to the fullest extent. Since end-user employees are not always involved in the decision-making process, it can be challenging to get team members to adopt new tools and change their habits.

It is important to frame up the benefits for your team, too, and make sure that people have the training and guidance they need to implement technology with minimal frustration. Just like technology can help tailor the customer experience across channels and make homebuying more accessible, it can free up your team to work the way they want and have more context for customer conversations.

“Your team will adopt new technology only if they can see the value it adds to the customer as well as themselves.”

Tammy Richards

EVP & COO loandepot



Take action:

Find the overlaps

Finding the sweet spots where customer and employee needs overlap and focusing on those is key to widespread adoption and use of technology investments. For example, mobile optimization and digital-centric application materials help both customers and loan officers work where and how they want. Automated lead nurturing keeps customers consistently informed while giving loan officers freedom to pursue only the hottest leads.

For your consideration:

1. Where are the “sweet spots” at your organization?
2. On a scale of 1-10, how open is your team to adopting new technology and processes?
3. What kinds of training tools and resources might you need in order to support successful technology implementation?



Strategy 5:

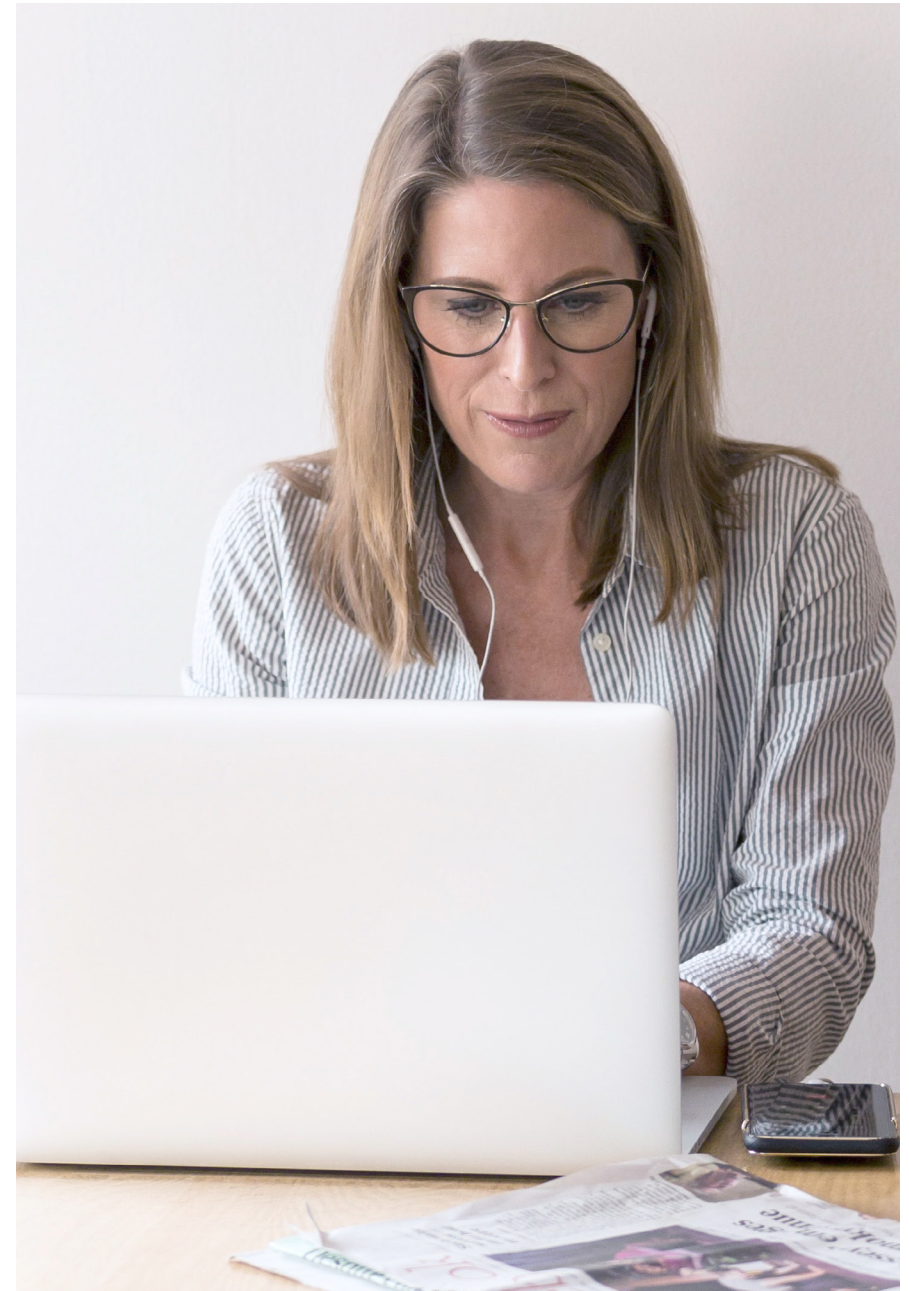
Embrace the one-stop shop

Right now, in the throes of the pandemic, customers are mainly focused on financial survival and getting things done as quickly as possible. However, once people have the breathing room to get choosy, customer experience will become even more important. Interoperability between teams and the ability to provide a “one-stop shop” will become essential to staying competitive.

The true one-stop shop will include a seamless digital transaction that happens fully via portals, e-signatures, and video. Public health concerns and the desire to take advantage of digital mobility are likely not going away, and video-based closings will become a “must” instead of a “nice-to-have.”

“I think by 2022, we’ll see the first ever, end-to-end, true one-stop shop where it’s a fully digital realty transaction that happens via video.”

Nina Ghamsari
Founder of Blend



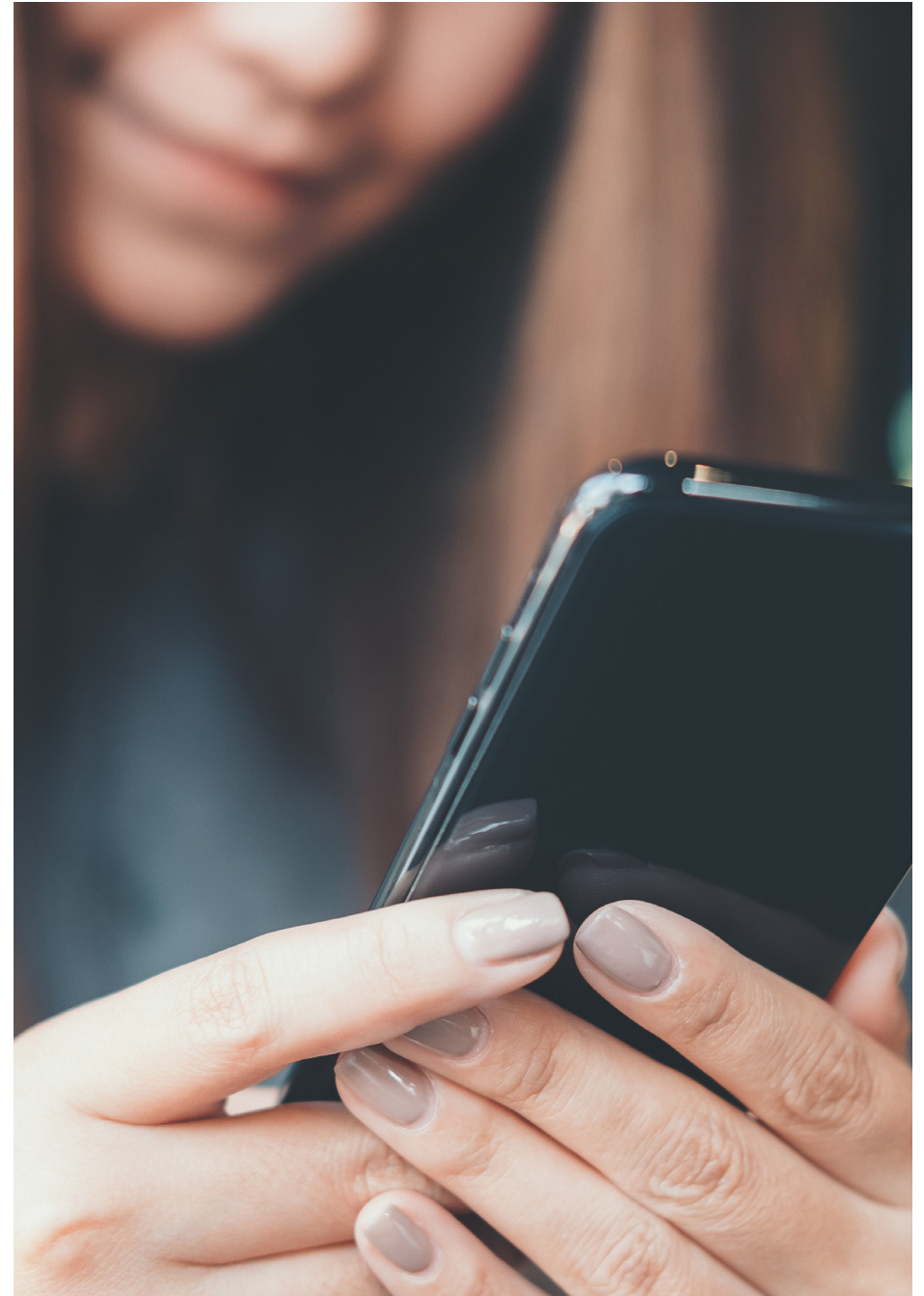
Take action:

Start laying the groundwork

It is important to think about what your version of the all-inclusive digital lending experience looks like and audit your progress toward it. For people like Tom Wind U.S. Bank, part of these preparations include ultra-early lead nurturing. “By 2022, I think we will be reaching out and building relationships with leads 12-18 months before they buy a home,” said Wind, a timeline that is unheard of amongst traditional lenders.

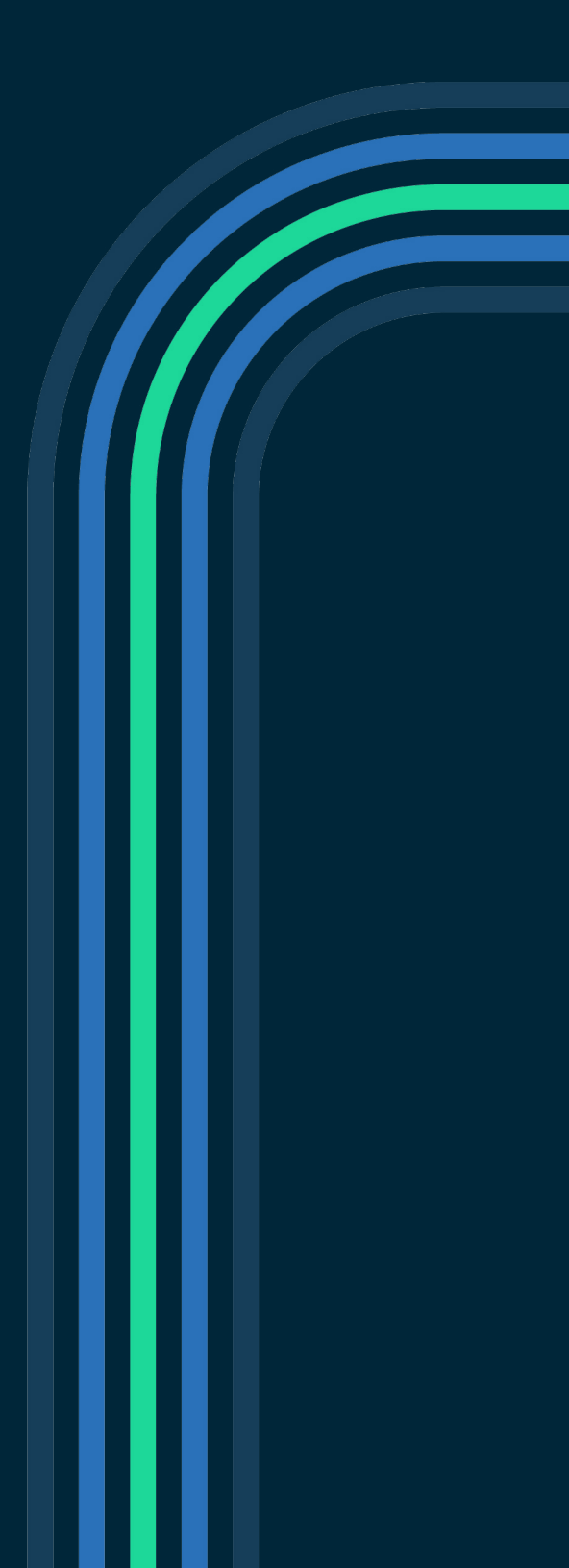
For your consideration:

1. How will roles and responsibilities need to change to support the one-stop shop?
2. How will that affect your training? Hiring? Evaluation metrics?
3. What partners do you need? Vendors? Can you support open API platforms?



Next steps: enhance your digital agility

Email drivegrowth@totalexpert.com for personalized guidance on how to incorporate these strategies into your strategy and build your digital agility.





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