



Transforming the mortgage broker experience

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Using a broker is the most popular route to secure a mortgage in the UK today. Two thirds¹ of mortgages were arranged through brokers according to the latest data and so it's natural that mortgage lenders are placing far more attention on the experiences of these vital intermediaries. Leading lenders have been reviewing how they work with brokers – providing a better broker experience and building reputations for service – and have seen the rewards in happier brokers, more efficient processes and increased lending.

Brokers have huge power in shaping a customer's first impression of a lender. So a good broker experience can help put the relationship on a solid footing from the start. A proactive focus on the broker experience offers significant benefits - for brokers, lenders and ultimately, mortgage customers.

What do brokers want from lenders? Two major factors stand out:

- The ease of dealing with a lender.
- Certainty of decision.

Brokers want to understand what information they need to gather to support the application process. And they only want to provide this information once, not a back and forth process with the applicant. They want clarity on applicable lending criteria and the overall application process. Brokers place emphasis on flexibility and speed to get the deal done and an effective means to understand the status of each case.

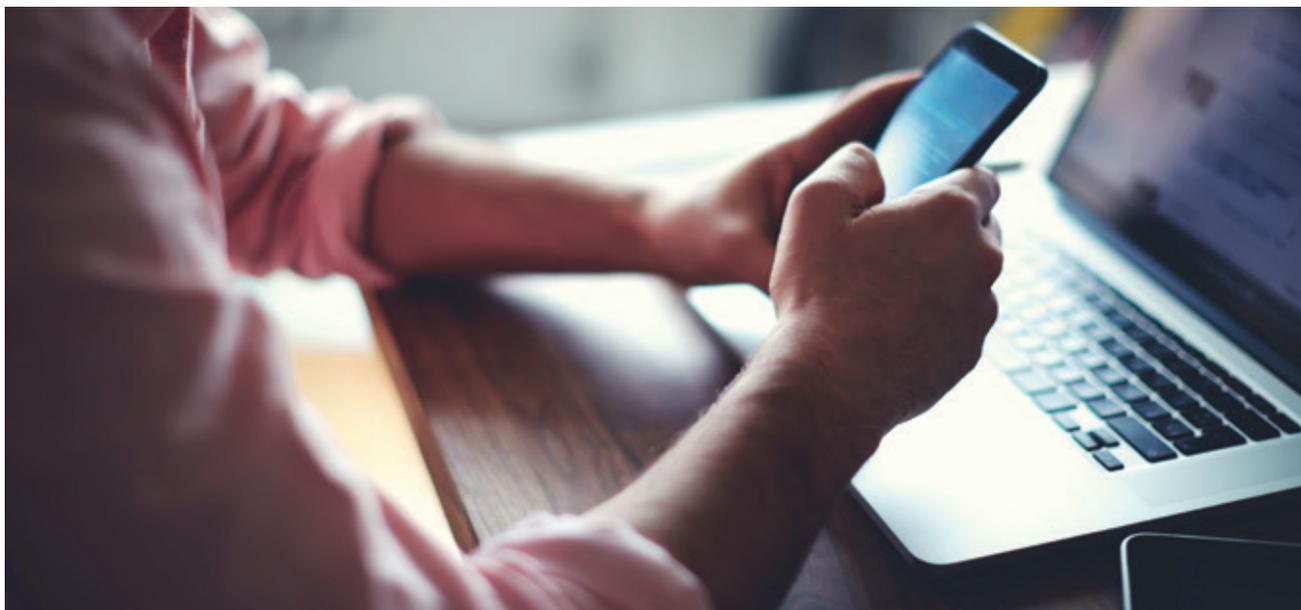
We highlight three focus areas to help lenders re-think the broker experience.

1 Adopt a 'journey mindset'

There are many touchpoints or 'moments' through the course of the mortgage application process between mortgage lenders and brokers and beyond when considering all parties involved in today's house purchase process. Organisations need to understand the 'moments' that make the difference between success and failure. This helps them ensure investment is directed wisely.

Engagement of brokers, colleagues and customers is fundamental to understanding today's current experience and subsequently, prioritising changes and reconfiguring journeys. Such an approach helps confirm what brokers value and conversely, what causes brokers frustration during their engagement with lenders. An 'outside in' view is used for mapping the entire journey so that real opportunities for improvement can be recognised and highlighted. Improvement opportunities will represent a combination of changes spanning People, Process, Technology and Data. Also, such an approach helps manage both risk and operational peaks and troughs. Where journey mapping is embraced by mortgage lenders, it can be used as a tool to drive continuous improvement. This improves the overall experience for brokers, colleagues and their customers.

It is no coincidence that the best organisations are succeeding by focusing on the journey, with a view to reduce costs and increase revenue. Done well, journey mapping offers the potential to design and deliver a stand out broker experience.



2 Seize technological advancements as an opportunity

New technology, fresh insights and innovations are changing customers' behaviour but also their expectations. Customers now regard their best experiences with a service or product as the expected norm that all others should hit². As customers' and brokers' expectations are set based on interactions across different brands, it makes it hard for firms to stay ahead. As a result, customers are left feeling underwhelmed with experiences that were once acceptable. A survey by KPMG found that 38%³ of CEOs stated that they were not effectively leveraging digital to connect with customers.

Within the mortgage sector, technology is helping to transform application-to-offer timescales to a matter of just minutes (or even seconds) in the case of some of the new bank entrants. This contrasts sharply with wider industry practice. In 2017, 31% of offers were made within 10 days or less and 79% in 30 days or less⁴. Lenders are striving to speed up mortgage offer and completion timescales whilst adhering to the rules introduced in the Mortgage Market Review. Whilst it is recognised that some of the latest processing times published cannot apply across all forms of mortgage lending, developments like these are changing what is considered the 'market norm'.

Lenders are using mobile technology to make it easier for brokers to work with them. For example by:

- Offering enhanced levels of connectivity via social media.
- Increasing responsiveness and transparency around the mortgage application process.
- Introducing biometrics, voice and facial recognition.

These are just some of the opportunities available to improve the application process for both customers and brokers, delivering a service that is fast, convenient and

clear. Other advances include the use of video interviews, screen sharing technology and video statementing amongst others.

HM Land Registry has started rolling out the 'Digital Mortgage Service', as part of its plans to transform the conveyancing market through improved use of technology. This service digitises the signing of a mortgage deed for remortgages, or when adding a mortgage to an existing title register where there is no change of ownership⁵.

The use of artificial intelligence and robo advice is predicted to move into the mainstream. As the pace of digital change continues to increase, disruption will require lenders to evaluate their broker offering. As a result, there are many interesting examples of fintech firms (e.g. Trussle, Habito, Burrow) offering the option to differentiate core features of the mortgage value chain. Mortgage Brain has launched a tool which can be installed into Amazon's virtual assistant Alexa to help prospective borrowers find a broker and to search for mortgage products based on answers provided to a series of questions⁶.

PSD2 and Open Banking has the potential to improve the mortgage journey. Through newly regulated Account Information Services, it may be possible for lenders to verify customers' financial information in real time, such as balances, income and expenditure, directly from their Bank's and Building Societies. This will reduce the overall mortgage processing time and the volume of documentation needed from the customer such as bank statements and payslips.

Increasingly, financial services organisations are exploring partnerships with fintechs, to use digital technologies and be more agile in responding to customer needs. They are increasingly collaborating to achieve this goal, yet fostering a culture of innovation is no quick win. It takes a clear vision from leadership, agile processes, team collaboration, an understanding of customers, awareness of demographic shifts, and a willingness to adopt new technologies, and an eye on the future to make it work.

3 Creating a customer-centric connected organisation

Developing the skills to understand how expectations are created, managed and exceeded is invaluable for lenders. The motivation to innovate and get ahead of rising expectations comes from the adoption of an 'outside-in' approach. For that reason, the broker experience must be regarded as an integral part of the lender's offering, with brokers representing the primary channel to secure new and repeat mortgage customers.

KPMG's analysis of Global CEOs found 55% had aligned their middle and back office processes to be more customer centric⁷. Leading organisations stand apart from the rest by the extent to which their customer experience efforts are integrated and connected. In adopting this approach, silos are broken across channels and internal functions.

Four critical capabilities must be cultivated to deliver a connected experience⁸:

- An obsession with excellence at all levels of the organisation – everybody must understand what good looks like and their role in achieving it.
- A focus on engagement; empowering and enabling people by developing the culture and giving them the tools to deliver a great job.
- Strict management of the execution; by structuring the organisation around the customer (integrating marketing, sales and service) with a methodical assessment of where it works well and not so well.
- An understanding of the economics that underpin customer experience – ensuring investment is assessed against its economic impact. Firms that manage this rapidly establish what really matters and therefore, are able to enhance and launch new products and services quicker than competitors.



At the heart of a truly customer-centred business is a connected organisation – powered by digital – where front, middle and back-office processes are aligned. It also cultivates a consistent experience across all touchpoints. This requires lenders to rethink their current method of dealing with brokers both as 'customers' and business partners to reach their goal of improved customer experience.

Sources:

- 1 Council of Mortgage Lenders
- 2 'My Life, My Wallet', KPMG Global Customer Insights, 2017
- 3 'Disrupt and grow, 2017 Global CEO outlook', KPMG International
- 4 'Mortgage efficiency survey 2017', Iress
- 5 www.gov.uk
- 6 www.ftadviser.uk
- 7 'Disrupt and grow, 2017 Global CEO outlook', KPMG International
- 8 'The connected experience imperative – 2017 UK customer experience excellence analysis', KPMG Nunwood

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