DigitalRisk
Making Mortgages Safe

Is your 2017 budget looking a little tight?

TECHNOLOGY CAN HELP YOU SAVE COSTS!

Technology is as powerful as the people who use it and is as flexible as the regulations and systems that enable it. In today's highly competitive and regulated mortgage industry, lenders need an end-to-end solution that can reduce production costs, enhance customer satisfaction, and ensure compliance. If your company is still in business, chances are you leverage a Loan Operating System (LOS) that could keep up with daunting challenges, such as TRID. But is it updated to meet new requirements effective in the next year, such as HMDA? Sure, you can patch it here and there, but will it sustain? And have you accounted for consumers growing demands for a seamless, quick digital loan application process? Does your LOS currently meet these demands? Or are you falling a little behind the competition? Lastly, what about the fiscal year budget that you already decided on? Looking a little tight? Perhaps a different type of technology can help you cut costs in some areas to allow for investment in others.

WHAT'S WRAPPING YOU UP?

To get an idea of where lenders can free up budget, we should first analyze which areas eat up the most costs or create opportunity cost. We've all heard about the cost of lengthy cycle times, but can you pinpoint which factors slow down the process? And while we're at it, can you identify which factors are causing opportunity cost?

Here are a few of the prominent ones:

Loan Routing

Automated loan routing is a tricky endeavor. Many LOS technologies can route loans to teams of employees that are licensed in the state where the loan was originated but not by loan product. As a result, a VA loan from Washington could be routed to an employee licensed in the state but with little experience in this particular loan product. Could this loan have had a faster cycle time if it were routed to a Washington-licensed employee with VA loan expertise?

Workload Balance

Now, let's say this loan was routed to an employee who is licensed in Washington and just happens to be a VA loan expert. Perfect, right? Well, unfortunately this employee also has nine loans waiting in his queue. We run into the same problem – opportunity cost. Most LOS technologies are not able to account for licensing, product expertise and workload balance when routing loans. These inefficiencies could be just as costly as reaching post-TRID turnaround times of 50 days.

Quality Control

A Quality Control program, also known as the second line of defense, is integral to a company's effectiveness, as it holds together the business operations (first line of defense) and the internal audit function (third line of defense). Absence of a strong QC program can compromise the quality of business operations thereby taxing internal audits and preventing effective processing of new loans.

However, for most companies, QC is performed after the fact, rather than concurrently. This increases costs and lengthens cycle times. Further, most LOS technologies do not assign QC by level of priority or allow QC to share real-time feedback with teams, employees and/or Learning & Development departments.

Oversight

While many mortgage firms have access to a Business Intelligence Dashboard that sheds insight on the number of loans in process, their statuses, and how projects are trending toward SLAs, this information is usually limited in depth and only available for company leadership. Studies have shown that employees perform better when their goals are well-established and they can view how they are tracking toward those goals. If goals, volume metrics, and quality measurements are made available to both leadership and employees, performance will improve and management will be better able to determine areas where education and training are needed.

TIME TO SAY 'IT'S A WRAP' TO COSTS

Luckily, there are service providers that can solve for these costly and inefficient factors that all mortgage companies struggle with on a daily basis. These service providers who offer fulfillment services that include consultation on BPO best practices, expertise on fulfillment compliance requirements, the manpower needed to ramp up and down depending on volume needs, as well as technology wrappers that "wrap" all operational tasks being performed in an LOS in order to reduce cycle times, improve customer delight, enhance process quality, monitor near real-time performance, and create additional levels of compliance and accountability. For example, Digital Risk developed Amplify, a technology wrapper that offers a one-stop shop solution to augment its fulfillment services. Amplify, and the few wrappers similar to it, can drastically cut costs for lenders, thereby freeing up vital budget to be invested into innovation and compliance.

It is important to understand that outsourcing much of the origination process to a company that has a wrapper is important. Technology wrappers like Amplify can cut cycle time through automatic routing and workload balance by distributing loans to employees' queues based on account tenure, licensing, expertise, performance and availability to ensure optimal cycle time reduction. They also decrease turnaround times through Inline Quality Control in which the QC team reviews loans in a timely manner and by level of priority, as well as post QC scores at both project and individual level.

Some of these wrappers, including Amplify, even enable the QC team to provide feedback to the Learning & Development team in order to create training that addresses any areas of weakness throughout the organization. Several of these wrappers also feature a highly complex Business Intelligence Dashboard that features a high level view of project performance, including the number of loans in process and their statuses and sub-statuses, lists of current and upcoming tasks and their due dates, as well as how employees are progressing toward SLAs and incentive goals. This feature enables management to ensure that all parts of the company are operating at optimal levels, as well as to understand where and why certain teams are excelling . Amplify can't only be used at Digital Risk but on any LOS – versatility is not tied to a single LOS.

Outsourcing origination helps companies maintain a steady budget as resource allocations and ebbs and flows don't hit their books so hard
– it smooths out costs.

AND INSTEAD FOCUS ON WHAT'S IMPORTANT

With fintech start-ups and online non-banks taking more and more market share away from traditional lenders, now is the time to innovate and win back more consumers' business. Today's borrowers demand a tailored, convenient and swift process. These solutions will help you meet and exceed those expectations. But what about tomorrow's customer? Lenders should be allocating funds for tomorrow, not just today. Technology wrappers like Amplify can help companies achieve this delicate balance, reducing production costs so that lenders can focus on the future of the company.