



Intermediary Mortgage Survey Report 2019

Mortgage Application Form

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Foreword

Bill Gates, co-founder of Microsoft once said that “The advance of technology is based on making it fit in so that you don’t really even notice it, so it’s part of everyday life.” Almost on a daily basis technology touches multiple aspects of our lives from communication to entertainment, to retail and leisure and across numerous elements of financial services markets. Lenders and intermediaries continue to advance their digital propositions to meet consumer demand and enhance the home buying journey. Without doubt, advancements in technology have helped everyday life in the mortgage market evolve, albeit slowly, to meet the ever-changing needs of lenders, intermediaries and their customers.

The 2019 IRESS Intermediary Mortgage Survey, now in its fifth year, looks at traditional aspects of the engagement between mortgage intermediaries and lenders. It analyses the functionality and usability of lender portals, reviews current market dynamics and provides insight on today’s mortgage technology and tomorrow’s aspirations and user demands.

Responses from this year’s survey indicate that technology continues to be central to lenders’ and intermediaries’ thinking as they both strive to improve the mortgage journey for customers. Consistent themes including digital transformation, API technology, robo-advice and online aggregators have again dominated in the survey feedback as areas which lenders and intermediaries believe will impact the mortgage market. Cautious optimism remains regarding the potential of digital technology within the market with commentary indicating no ‘Uber’ moment in the short to medium term.

At the time the survey was completed by participating lenders and intermediaries Brexit negotiations were ongoing. Potential impacts were evident throughout feedback from all survey respondents.

Our research, developed with and supported by, The Association of Mortgage Intermediaries (AMI) and the Intermediary Mortgage Lenders Association (IMLA), shows clearly where lenders have provided high levels of functionality and best practice service and where improvements could be made. Using this insight lenders can shape their future thinking and investment to the best effect for their business, their intermediary partners and consumers.

Commenting on this year’s report and findings, Robert Sinclair, Chief Executive at the Association of Mortgage Intermediaries (AMI) said “The IRESS Intermediary Mortgage Survey continues to lift the lid on the evolving use of technology in the market. This fifth report allows us to see the developing market in more context as lenders open up more gateways and information to help technology providers improve the broker and customer journey. It is clear from this year’s data that these developments will continue to accelerate over the next two years as consumer demand for quicker, smoother, more informed decisions and transactions are delivered into the property and mortgage markets. What will be critical is how well broker firms and lenders engage in investing in the emerging tech solutions in order to preserve their role at the heart of the transaction. Only by embracing these changes will the consumer trust the broker for help and advice.”

We would like to thank the 24 lenders, who between them represent c.45% of the UK gross mortgage lending¹ and the 480 mortgage intermediaries who participated in the survey.

1. Source: UK Finance gross mortgage lending 2017



Steve Carruthers
Principal Consultant (Lending) - IRESS



Executive summary

Key findings

Responses to this year's survey have again indicated that lender investment in and continual improvement to their intermediary portals remains central to supporting the online digital journey for intermediaries and their customers. The vast majority of lenders who participated in the survey have now fully integrated their intermediary application solution with their back-office origination systems to provide straight through processing. Last year's survey indicated greater use of API technology and results this year show that a third of lenders surveyed are in the process of implementing or are now accepting applications via API's into their intermediary online digital platforms.

Whilst lenders continue to improve and enhance the functionality and features their portals offer, intermediaries' views indicate further work is needed. Intermediaries would like to see easier and simpler navigation with less restricted screen flow, more uniformity across lenders with common terminology used and the ability to speak with someone direct (e.g. an underwriter) if required. The requirement to contact lenders direct could be minimised through greater use of proactive, real-time updates. Whilst almost all lenders surveyed offer online case tracking, intermediaries want to see more real-time updates that also include progress with valuations and solicitors. Intermediaries suggest that portal access for their office administrators would improve the service they offer as well as a direct messaging service to raise or respond to case queries. Email continues to be the preferred solution for lender service updates and information requests with very few lenders offering SMS as a contact tool. 78% of lenders use email updates taking advantage of advancements in on-device email technology which offers improved richness and delivery efficiencies.

Digital, or robo-advice continues to generate mixed views across the industry with many intermediaries sceptical and concerned over how this technology could deliver the right outcomes for their clients. Intermediaries however do believe that continued improvements in digital journeys will enhance mortgage application processes. Lenders remain of the view that digital advice will benefit customers with a quicker, simpler and transparent experience. A large proportion of lenders (96%) believe that Open Banking technology will improve the mortgage application process for customers over the next 2 years through delivery of quicker, more accurate decisions, faster processing times and less requirement for documentation. A very small number of lenders (14%) are of the view that Blockchain technology could offer benefits to the market in the short term. Continued integration between intermediaries CRMs, sourcing systems, aggregators, lenders and 3rd parties (e.g. surveyors and solicitors) is, according to lenders and intermediaries, central to the short term shaping of the mortgage market.

Intermediaries and lenders expect lending to increase or at least remain level in 2019 with continued growth opportunities through technology improvements and product transfers. At the time of the survey, a significant number of lender and intermediary respondents believe that Brexit will be the biggest single thing to impact on the UK mortgage market in 2019, 62% of intermediaries and over half (56%) of lenders believing it will have a negative effect.

96%

of lenders believe Open Banking technology will improve the mortgage application process for customers



The mortgage market

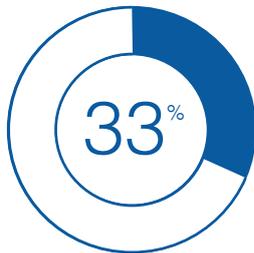
Key insights

Lenders and intermediaries have a cautiously optimistic view of the mortgage market in 2019, despite ongoing uncertainty arising from Brexit negotiations, impacts on the wider economy and consumer confidence.

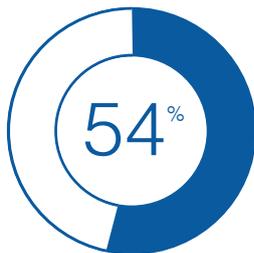
According to the survey:

- A third of intermediaries expect lending to increase and almost half expect it to remain the same, with 22% having a negative view on mortgage growth in 2019
- Most lenders (59%) expect lending to remain level and 27% expect to see an increase
- 54% of intermediaries think their market share will increase compared to 23% of lenders
- 62% of intermediaries think Brexit could have a negative impact this year, lenders 59%
- The vast majority (96%) of lenders believe Open Banking could improve the intermediary mortgage market in the next 1-2 years
- Lenders do not see blockchain impacting on the market in the short to medium term

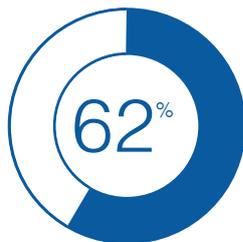
A third of intermediaries expect lending to increase and almost half expect it to remain the same



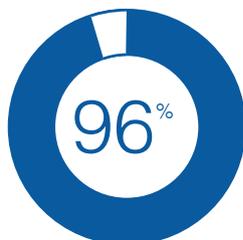
54% of intermediaries think their market share will increase



62% of intermediaries think Brexit could have a negative impact this year



96% of lenders believe Open Banking could provide improvements in the intermediary mortgage market in the next 1-2 years



Mortgage lending

At the time the survey was undertaken options for a Brexit deal were still under negotiation.

Intermediaries remain relatively positive about gross mortgage lending with 45% expecting levels to remain the same in 2019 and a third predicting an increase. Most lenders (59%) expect gross mortgage lending to remain level and 27% expect to see an increase. 55% of lenders expect their own lending to increase in 2019.

Intermediary market share

Over half (54%) of intermediaries expect their market share to grow this year.

Lenders have a different view with most (77%) expecting the intermediary share to remain level and 23% predicting an increase. Both views continue to indicate the major share of the market will remain with intermediaries.

Cautious optimism with over half of lenders and intermediaries predicting growth in their market share.

Most lenders expect gross mortgage lending to remain flat in 2019.

The mortgage market

Brexit negotiations

As was highlighted in last year's survey, ongoing Brexit negotiations have continued to create uncertainty in the housing and mortgage markets. Most intermediaries (62%) and lenders (59%) think that Brexit negotiations, and the uncertainty it causes, could have a negative impact on the market this year. This has risen from last year up 25% and 32% respectively.

Whilst negative sentiment has risen year on year, a good proportion of lenders (41%) and intermediaries (33%) believe Brexit will have a neutral impact on the housing market in 2019.

62%

of intermediaries think Brexit negotiations could have a negative impact on the market this year

33%

of intermediaries think the impact will have a neutral effect on the market

5%

of intermediaries think it will have a positive impact this year

What will have the biggest impact on the intermediary mortgage market in 2019?

There were three themes deemed to have the biggest impacts on the market this year. It was very clear from the commentary provided that both lenders and intermediaries believe that the single biggest thing predicted to impact on the mortgage market this year is Brexit.

The next two most common themes are potential consequences linked to the ongoing uncertainty created by Brexit negotiations. Impacts on base rates and lender product rates, as well as wider impacts on local housing markets and house prices, were a concern mainly for intermediaries. Lenders and intermediaries both felt consumer confidence could also be negatively impacted.

Improvements in technologies and continued growth in remortgage opportunities were mentioned generally by intermediary respondents and an emerging theme raised by lenders was that of regulatory impacts and outcomes from the FCA's impending Mortgage Market Study (MMS).

Mortgage technology today & tomorrow

Key insights

Technology developments continue to support core plans for both lenders and intermediaries as they strive to enhance the end to end digital mortgage journey, delivering efficiencies and better customer outcomes.

- The most important function of a lender portal for intermediaries is the ability to scan and upload documents
- Intermediaries want real time application progress updates
- One in five intermediaries said they would or possibly would implement a robo-advice offering
- The majority of lenders (96%) believe Open Banking could improve the intermediary mortgage market in the next 1-2 years
- Lenders continue to agree that blockchain could bring benefits to the mortgage market however that this technology is still in its infancy and impacts won't be seen in the short to medium term
- 40% of lenders plan to improve their digital proposition for intermediaries, including enhancements to retention and product transfer offerings

One single change to a lender's intermediary portal

The survey offered intermediaries the opportunity to single out one desired addition or change to lender portals. Over 75% of the 480 brokers in the survey provided a comment

The most common requested change by intermediaries was for lenders to offer functionality allowing a direct message, online chat, direct access to underwriters or message scratchpad facility. Many other industries such as online retailers and energy providers offer this type of functionality which has now become a standard communication tool between consumers and businesses. The need for intermediaries to contact lenders direct could be minimised through greater use of proactive real-time updates by lenders. Similar themes to the last two years' surveys again emerged such as "easier to navigate", "simplify", "more intuitive" and "standardisation of input".

Only 40% of lenders surveyed offer the ability to send and receive messages with the intermediary via their lender portal.

Of 24 lenders assessed, 14 provide more than 58% of the functionality that can be described as best in class in terms of features and functions, leaving 11 of the lenders falling short of the intermediary market's expectations. Of the 14 meeting elements of intermediary expectations they still fall short in just over 40% of the areas assessed.

In second place, intermediaries requested better, more frequent real-time case tracking and progress updates, including updates on progress with valuations and conveyancing.

96% of lenders in the survey offer case tracking, with 65% providing the tracking in real-time. 78% of lenders provide milestone updates via email alerts. Based on intermediary comments, there still appears to be a high proportion of lenders who didn't participate in the survey that do not provide real-time case tracking.

The third most common suggested change to lenders' portals was for better, easier and simplified navigation and screen flow. Consistently, intermediaries requested the ability to save and return to the application when requested information is attained from customers. Similarly, intermediaries would like the ability to navigate more freely through screens and for lenders to adopt a more uniform and generic flow that better matches the customer journey.

Whilst more lenders now appear to offer a scan and upload facility, intermediaries continue to suggest that this function is not available for all lenders and that allowable file sizes need to be increased.

Intermediaries continue to suggest that connection between their CRM system, product sourcing tools and lender application portals would make positive improvements to the overall customer experience.

Intermediaries want the ability to 'direct message' lenders via their portals.

Mortgage technology today & tomorrow

Robo-advice

When this question was asked in last year's survey 6% of intermediaries said they would implement a robo-advice offering and 14% would possibly implement an offering. Results this year show that support has dropped slightly with 3% saying they would and 13% saying they would possibly implement a robo-advice offering.

More intermediaries (60%) this year see robo-advice technology as an opportunity, particularly in relation to efficiencies created through quicker processing times, access to new client markets (e.g. online UK wide, younger 'millennials') and more accurate completion of application data.

16% of intermediaries remain cautious about opportunities from robo-advice with many commenting that they believe there will continue to be a place for face-to-face advice, especially for more "complex cases" and where customers "want a personalised service".

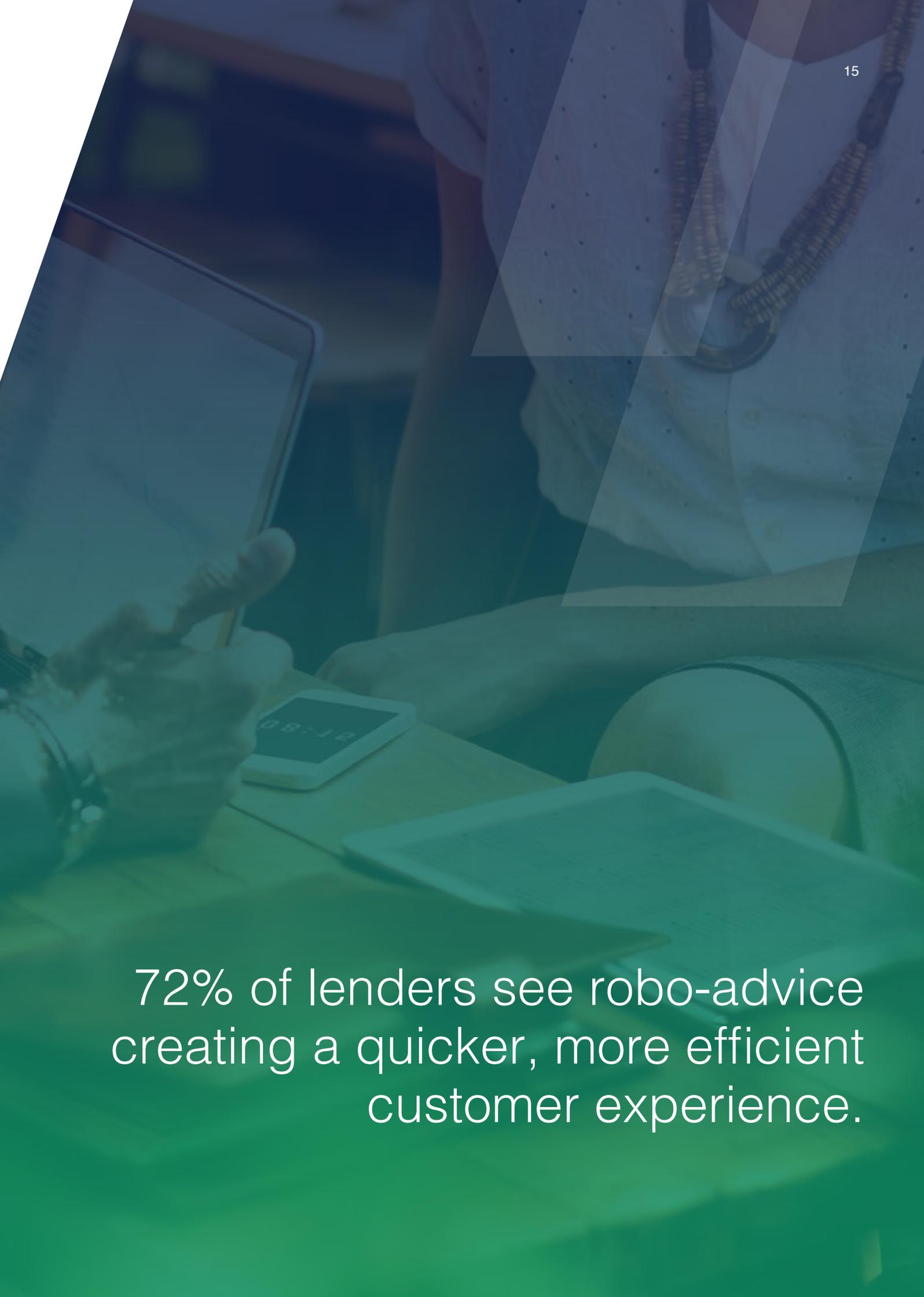
Only a third of lenders surveyed saw robo-advice as a threat commenting that there could be a risk to the UK intermediated model, especially where customers with complex needs are not understood by pure robo-advice models which could potentially lead to the wrong advice provided.

Most lenders (72%) believe that robo-advice offers the market positive opportunities including a quicker, more efficient customer experience as well as widening and growing distribution.

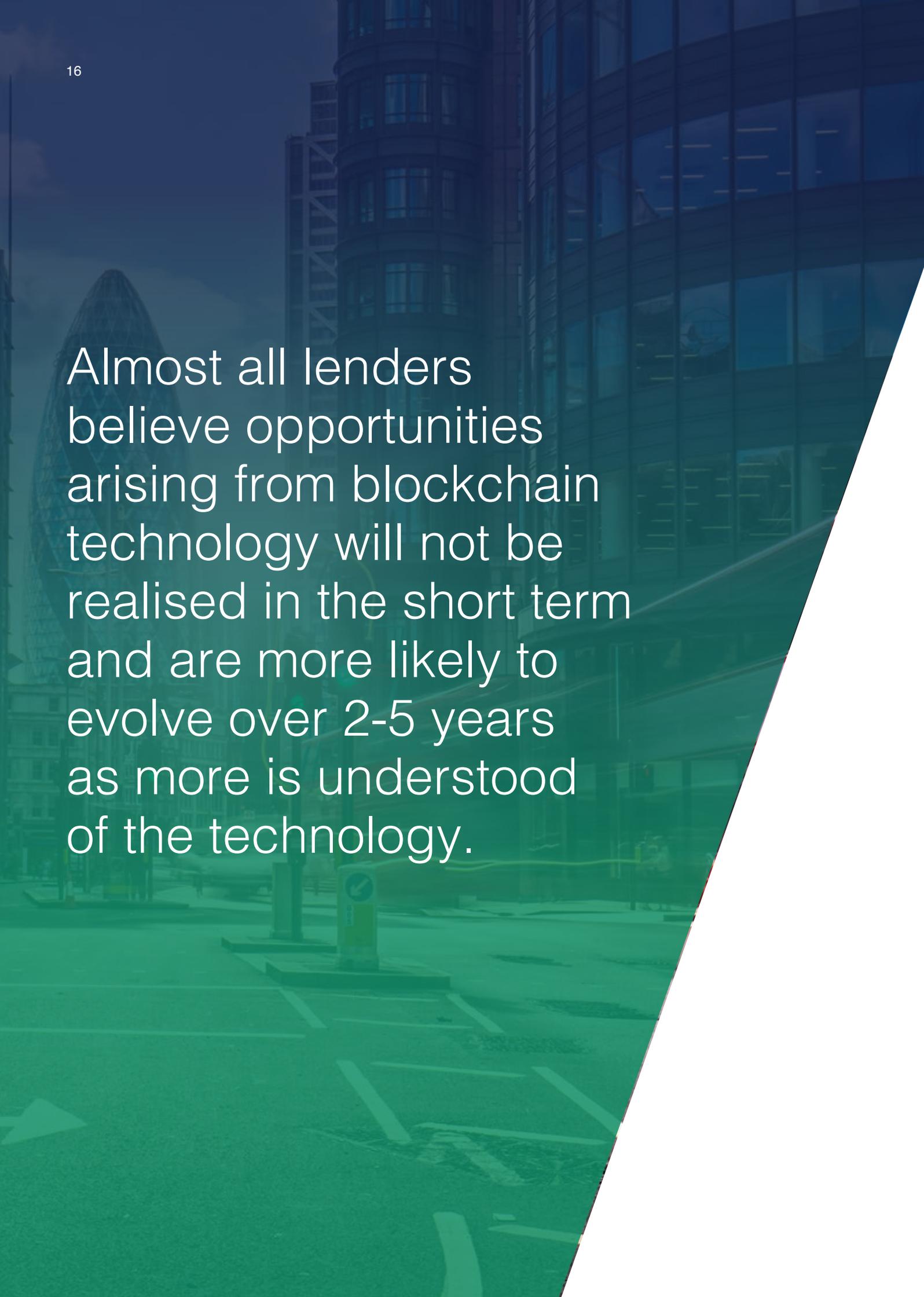
The most common threat that 20% of intermediaries believe robo-advice poses is that of customers receiving poor, inaccurate and wrong advice to meet their mortgage needs. Many intermediaries commented on the increased compliance requirements in a more regulated post-MMR environment which they believe a fully automated robo-advice model will not be able to fulfil, particularly for customers with anything other than very straight forward needs.

There were two other consistent themes of concern from intermediaries in this year's report. 12% of intermediaries believe there is an increased risk of clients going direct to lenders, impacting on intermediated business volumes, and 10% felt that robo-advice could open up the market to greater cyber security, fraud and money laundering risks.

Comments from one lender described robo-advice as an evolving technology which would have minimal impact in the short term however over time it will guide customers through the process basics allowing intermediaries more time to provide quality advice.



72% of lenders see robo-advice creating a quicker, more efficient customer experience.



Almost all lenders believe opportunities arising from blockchain technology will not be realised in the short term and are more likely to evolve over 2-5 years as more is understood of the technology.

Mortgage technology today & tomorrow

Blockchain in mortgages

What is blockchain technology? According to the German multinational software corporation, SAP¹, blockchain is “a reliable, difficult to hack record of transactions – and of who owns what. Blockchain is based on distributed ledger technology, which securely records information across a peer-to-peer network. Although it was originally created for trading Bitcoin, blockchain’s potential reaches far beyond cryptocurrency. Blockchain ledgers can include land titles, loans, identities, logistics manifests - almost anything of value. The technology is still new, but the potential impact it can have on business is exciting, and immense.”

Similar to the outputs from last year’s survey, Lenders remain of the view that opportunities and benefits created from blockchain technology are unlikely to emerge in the next 1-2 years and that they are more likely to be realised over a medium to longer term period.

Lenders commented on blockchain still being in its infancy and that improvements in other mortgage related technologies (e.g. APIs, 3rd party connectivity) were likely to progress quicker in the short term.

Whilst adoption of blockchain technology in the UK mortgage market remains slow, some progress has been made to help people prove their identity online and in person. Yoti is an app that is one of a number of partners working with the Land Registry on its ‘Digital Street’ project to revolutionise the house buying process.

1. SAP - Go beyond the hype of new technologies (www.sap.com)

Mortgage technology today & tomorrow

Open banking

Since 2018, when the UK's nine biggest banks had to open up and release their data in a secure standardised form allowing easier online data sharing between authorised organisations, adoption and growth of open banking has been limited in the UK mortgage market.

According to Scott Carey's article 'Open Banking one year on: where are we?' published in January 2019, YouGov research from August 2018 showed that 72% of UK adults have never heard of Open Banking. Tom Renwick, strategy analyst at Atom Bank, said "Open Banking began not with a bang, but the proverbial whimper" and that "the promise of Open Banking will only be realised when there are FinTechs and banks alike producing innovative products and services leveraging APIs that seek to address real customer needs."

Two of the UK's largest banks, HSBC and Barclays, are already using Open Banking technology for their online mobile banking platforms allowing customers to see multiple accounts from their mobile apps, regardless of if that account is held with a rival bank.

Adopters of Open Banking technology in the mortgage market have been slow to emerge however quarter one this year saw a flurry of announcements including specialist lender, Bluestone, launching a pilot phase of its Open Banking solution, with the firm claiming to be the first specialist mortgage lender in the UK to incorporate it into its underwriting process. M&S Bank launched a new service allowing borrowers to share proof of their income and outgoings using Open Banking instead of asking them to supply current account statements. FinTech lending platform Freedom Finance also launched Open Banking access to a panel of lenders for secured loans and intermediary firm, Mojo Mortgages, announced they are developing technology using Open Banking that will give customers same-day recommendations for mortgage deals.

96% of the lenders surveyed this year believe Open Banking could improve the intermediary mortgage market in the next 1-2 years.

Lenders expect Open Banking to provide:

- Less documentation requirements for the customer and intermediary with accurate, real-time validation of source data
- A quicker mortgage application process, enabled by approved third party access to customer data
- Reduced risk of fraud
- A holistic view of customers' income and expenditure allowing for more tailored advice and solutions

Key areas of lender developments

Similar to last year's survey, lender technology development is focussed in two specific areas, existing customer retention and continued enhancement to digital platforms to deliver a quicker and more efficient mortgage application journey.

5 out of 10 lenders commented that enhancing their overall intermediary mortgage service proposition through better use of technology and smarter integration with key parties is one of their highest priorities over the next 12 months.

Continuing to develop and enhance their existing customer retention proposition for intermediaries is a priority for only 20% of lenders who responded.

Emerging technologies

The most common theme, according to 54% of lenders who were surveyed, that will continue to emerge is the API connectivity and integration between intermediary CRMs, sourcing systems, lender application portals and 3rd party systems (e.g. AVM providers). Lenders believe that ongoing technology developments involving all key stakeholders should provide the opportunity to **enhance the end to end customer journey, creating efficiencies for intermediaries and lenders.**

23% of lenders who responded also commented on how improvements will be realised through the digitisation of the Land Registry, speeding up the mortgage conveyancing process. Recent industry commentary has indicated that HMLR aims 'to become the world's leading Land Registry for speed, simplicity and an open approach to data'. By 2022, HMLR aims to digitise 95% of daily transactions in order to simplify, speed up and improve the efficiency of registration.

54% of lenders believe full integration involving key stakeholders should enhance the end to end customer journey, creating efficiencies for intermediaries and lenders.

Lender portals assessed

Key insights

Insights from this year's survey have again affirmed lenders' progress and ongoing commitment to development of their digital mortgage propositions. Technology improvements are now regular features of lenders' broker portals as they continue to strive to enhance the mortgage application journey for brokers and their customers.

Lenders who participated in the survey described portal enhancements which include: online retention/product transfer capability, improving the BTL application journey (inc. portfolio lending) and better use of new technologies to quicken the end to end journey.

- Push notifications of cases requiring attention continue to be the second highest intermediary requirement after scan and upload
- Over half (51%) of intermediaries commented on the need to call lenders frequently for case updates due to lack of real-time or accurate case tracking updates on lender portals
- 54% of lenders' portals are optimised for use on mobile or tablet devices with all lenders' portals functional on both Apple IOS and/or Android devices
- Only 26% of lenders' portals support further advance transactions
- Email continues to be the primary tool for direct communication between lenders and intermediaries with 78% of lenders' portals offering automated case updates
- Only 40% of lenders offer a direct messaging service on their portal

Landing page

When making a product recommendation for their customers, intermediaries will frequently consider a lender's current service levels, including the time taken to assess documentation and the average timescale for production of a mortgage offer from date of application submission. The landing page on a lender portal is where intermediaries will seek service performance levels. According to survey respondents:

- 63% of lenders provide service information for average days to offer
- 88% of lenders provide service information for processing documents
- 58% of lenders provide service information for telephone response or waiting times
- 63% of lenders provide service information for lending decision referrals

Live chat facilities have become increasingly common across markets such as online retail shopping, travel and accommodation booking websites and other areas of financial services. Only 42% of lenders surveyed offer an online chat facility for intermediaries.

Quote, apply and submit

15 aspects of the core mortgage application functionality of a lender portal were assessed in the survey. Similar to last year, just 10 lenders provide 75% or more of the facilities assessed.

Scan and attach at point of sale remains the most prevalent feature of lender portals however over half (52%) of lenders surveyed do not provide facilities for document upload via tablet or smartphone devices. 65% of lenders who responded now offer the ability for intermediaries to undertake rate switch/product transfer transactions on their portals with more lenders planning/implementing their portals to support this feature.

Again, like last year's survey, a similar number of lenders (56%) scored above the survey average of 53% availability of the portal features and functions assessed for the quote, apply and submit stage of the end to end journey. Obviously, this means that nearly 50% of lenders are falling short of intermediary expectations!

Post submission

Once an application has been submitted, understanding and awareness of the lender originations process remains highly valued by intermediaries and their customers.

The main communication tool between lenders and intermediaries continues to be email. 78% of lenders' portals provide automated email updates for process milestones reached whilst 70% offer automated emails for further supporting documentation or information requests.

96% of lenders surveyed provide case tracking via their portals however only 65% offer updates automatically in real-time. Only 57% of lenders provide a single view of all live intermediary applications.

Intermediary commentary in this year's survey regarding post submission originations continues to highlight the need for more automated, frequent, accurate and real-time case updates from lenders. Phone calls to lenders by intermediaries looking for case updates remains high with over 50% of intermediaries calling lenders on a regular basis.

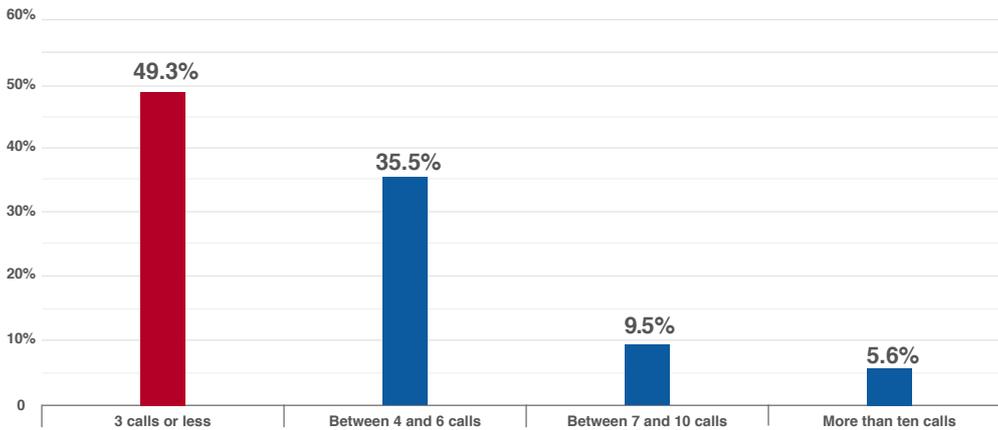
With regards to post submission facilities, 6 out of 10 of the lenders in the survey scored above the survey average of 55% of the features and functions assessed.

Lender portals assessed

Calls to lenders

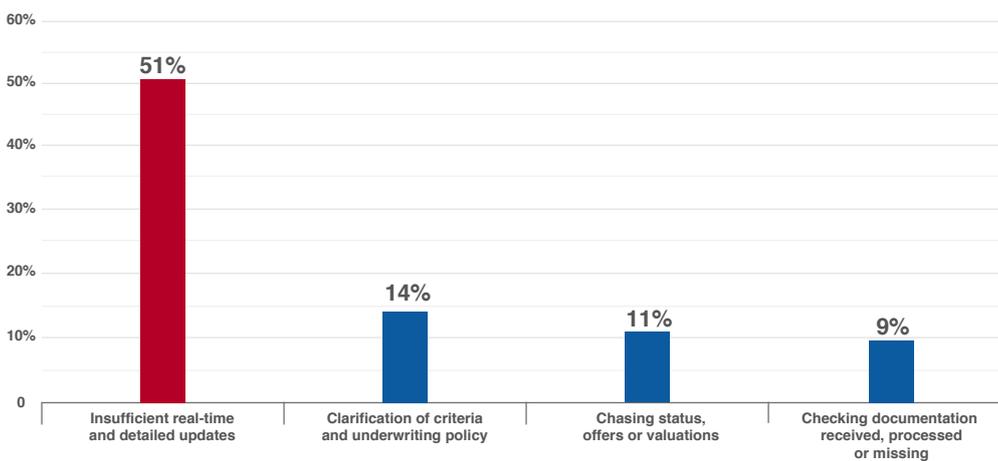
Full understanding and awareness of the lender originations process remains highly valued by intermediaries and their customers once an application has been submitted. Just under half (49.3%) of intermediaries made 3 calls or less to lenders to progress an application with another 45% calling between 4 and 10 times.

Calls to lenders



Most calls (51%) made to lenders are to obtain case updates as those provided on-line, by email and SMS are not fully real-time and, based on intermediaries' comments, are inaccurate or with insufficient detail. The next most common reason (14%) for calls to lenders is to clarify policies or criteria.

Four main reasons for calling lenders



Current portal technology assessed

The survey asked intermediaries to rank five lender portal technologies in importance for submitting and progressing mortgage applications.

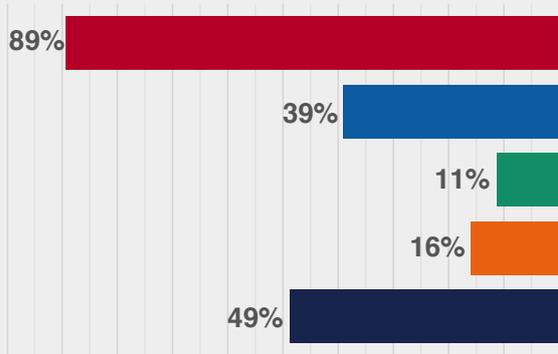
The five options as ranked by intermediaries are:

- Ability to scan and attach application proof documents
- Push notifications of cases requiring your attention
- Online single status view of all cases
- Provision of online webchat or secure social media messaging
- Ability to access the lender's portal on tablets or mobiles

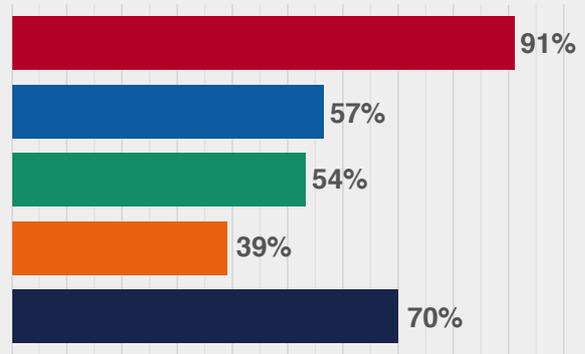
This year's results show that lenders are, in most cases where the functionality is provided, meeting and surpassing intermediaries' requirements of the functions a lender portal is expected to support.

Commentary from intermediaries does however highlight that they want lender portals to be more interactive with the ability to securely message case owners or underwriters direct. 40% of lenders (up from a third last year) now offer an online webchat facility however expectations from intermediaries are that this needs to continue to increase.

Ranked most important by intermediaries



Level of current lender offering



Lender portals assessed

Portal usability

To assess portal ease of use, intermediaries were asked to score five areas of usability, listed below, on a scale of one to five.

The best scoring 1, being easiest or quickest to use, and the worst scoring 5, being awkward and slow to use.

- How easy is it to log in and view your cases?
- How easy is it to find current status and product information?
- How quickly can you obtain a Decision in Principle?
- How quickly can you submit an application?
- How easy is it to submit or scan supporting documentation?

The top three lenders scored an average 83% of votes for a 1 or 2 ranking in the 5 areas of usability.

The bottom four lenders scored an average of 28% of votes for a 1 or 2 ranking in the 5 areas of usability.

The average usability score was 53% - over half of the lenders assessed (53%) were deemed as being below average usability.

Recommendations

Portal functionality

The survey highlighted several areas where intermediaries would like to see improvements to lender portals.

Whilst some lenders have continued to improve their portal functionality, and some are providing best practice in many areas, gaps still exist in their service. Some of the improvements suggested by intermediaries were highlighted in last year's survey however new themes have emerged this year.

- Lender portals to be more interactive allowing secure direct messaging between intermediaries and case owners or underwriters – thus reducing the level of phone calls to lenders
- Navigation through lender portals to be more intuitive with simpler screen flow which also allows an option to save and return to points within an application at a later stage
- Case tracking to be more detailed, accurate, real-time and to provide proactive push notifications of status updates, outstanding information and progress with valuations and conveyancing
- Improved connectivity between an intermediary CRM, product sourcing system, lender application portal and 3rd party systems (i.e. valuers and conveyancers)
- Logon available allowing intermediary administrative staff to access and progress live cases on lender portals
- Electronic verification of ID and supporting documentation

Future opportunities

Digitisation of the mortgage journey has continued to bring improvements and enhancements to the benefit of lenders, intermediaries and customers. However, more can be done to meet the industry's ever-changing needs. Digitising core elements of the mortgage journey has improved the experience and created efficiencies, but considerable opportunities for market disruption, and improved customer outcomes through greater technology innovation remain.

Some of the technological advances highlighted in previous surveys have started to come to market, open banking and API connectivity being two current examples. It remains to be seen whether, in the medium to longer term, blockchain can and will add value to the mortgage journey.

Robo-advice continues to divide opinion across the mortgage market. Elements of the lender fraternity see clear opportunities, but although many intermediaries now see advantages in digitally-enabled services, some remain sceptical and, in some instances, dismissive.

We are seeing tangible examples of how lenders have used our previous survey findings to evolve their digital propositions, with more providing what we would term best-in-class functionality. However, our research continues to highlight intermediaries' desire for further work to be done in the digital space. Consistent themes in this latest wave of research include intermediary desire for more proactive real-time case tracking, and greater use of API technology to connect the core elements of the mortgage process. Intermediaries and their clients want one seamless efficient journey, with one single input of data from factfind to sourcing and a Decision in Principle, through to application.

Technology already exists to fully connect the mortgage journey, but it is clear the industry can do more to deliver a completely integrated experience. Using available technology to link intermediary CRMs with aggregator systems, lender application portals and third-party providers will enhance the end-to-end customer journey and create efficiencies for all. We expect technology combined with, and enhanced by, suitable advice and products will remain at the forefront of improving the end-to-end customer experience of the mortgage application process, with innovation continuing to drive change as customer demands challenge traditional processes.

Despite the background of market uncertainty ongoing at the time the survey was completed, it's encouraging to note that overall, the market remains competitive and outlook is positive. Many lenders are investing in new and improved technology to enhance their propositions, create operational efficiencies and take advantage of higher margin niche lending areas.

As a leading financial software provider, the rich insight we have gathered from the Intermediary Mortgage Survey over the last 5 years has informed the development and enhancement of our suite of products right across the mortgage value chain. Our products support nearly 40 million sourcing transactions and connect over 15,000 intermediaries each year. And by early 2020 we will support over a third of all UK mortgage application transactions.

To find out more about how our innovative technology can help your organisation, please contact Steve Carruthers at steven.carruthers@iress.com

Appendix

Methodology and analysis

The IRESS Intermediary Mortgage Survey is formed of two elements: a lender survey and an intermediary survey:

- The lender survey benchmarks lenders' intermediary facing systems in terms of functionality across three elements of the mortgage sales process. 1) product, criteria and general information provided on the intermediary portal landing pages; 2) the quote, apply and submit process; 3) post submission, transparency of the mortgage originations process. 24 lenders participated in the lender survey, with a c.45% share of gross mortgage lending
- The intermediary survey has two elements. 1) general functionality and the sales process; 2) intermediary ranking of usability of lenders' intermediary portals. In 2019 intermediaries have ranked and commented on 45 lenders: 27 banks and non-banks and 18 mutual lenders

The two surveys combine to present a view of the intermediary mortgage market in both functional and operational terms, as well as providing an indication of best practice. Our analysis of best practice looked at the provision of key services provided by lenders and as valued by intermediaries.

The survey was developed with and supported by the Association of Mortgage Intermediaries (AMI) and the Intermediary Mortgage Lenders Association (ILMA).

Appendix

Full survey questions and summary findings

| No. | Question | Findings |
|-----|--|--|
| 1 | Do you provide service information – lending decision referrals? | Provided by 62.5% of lenders. |
| 2 | Do you provide service information – telephone service levels or waiting times? | Provided by 58.3% of lenders. |
| 3 | Do you provide service information – processing documents by date received? | Provided by 87.5% of lenders. |
| 4 | Do you provide service information for average days to offer? | Provided by 62.5% of lenders. |
| 5 | Do you provide help through online chat? | Provided by 41.7% of lenders. |
| 6 | Do you provide marketing or service updates via social media e.g. Twitter? | Provided by 58.3% of lenders. |
| 7 | In the last 12 months, on average how long does it take to key an application into a lender portal? | See report commentary. |
| 8 | Is the online intermediary application solution integrated with your origination solution to provide straight through processing? | Provided by 87.5% of lenders. |
| 9 | Do you accept paper applications from intermediaries? | Provided by 50% of lenders. |
| 9a | If Yes, what application circumstances do you accept paper applications from intermediaries? | See report commentary. |
| 10 | Are you able to accept applications electronically through API's from external systems into your online intermediary application solution i.e. from sourcing systems and external CRM's? | See report commentary. |
| 11 | On average how long does it take to register a new intermediary? | Up to 15 min: 71.4% - up to 30 min: 14.3% Up to 45 min: 4.8% - more than 45 min: 9.5% |
| 12 | Can intermediaries self register online? | Yes for 70.8% lenders. |
| 13 | Is your portal optimised for use on portable devices such as tablets and mobiles? | Yes for 54.2% of lenders. |
| 13a | If optimised is your portal available on the following platforms - iOS and /or Android? | See report commentary. |

Quote, apply and submit

| No. | Question | Findings |
|-----|---|--------------------------------|
| 1 | Do you support multiple product ESIS/KFI+ illustrations? | Supported by 47.8% of lenders. |
| 2 | Do you support further advance transactions for intermediaries? | Supported by 26.1% of lenders. |
| 3 | Do you support account porting transactions for intermediaries? | Supported by 52.2% of lenders. |
| 4 | Do you support product/rate switch transactions for intermediaries? | Supported by 65.2% of lenders. |
| 5 | Do you support transfer of equity transactions for intermediaries? | Supported by 30.4% of lenders. |
| 6 | Does the system provide a full online decision in principle? | Yes 91.3% of lenders. |
| 7 | Does the system prompt for case proofs required e.g. P60, 3 months' payslips? | Yes 87% of lenders. |
| 8 | Can proof documents be scanned and attached at point of sale? | Yes 91.3% of lenders. |
| 9 | Can proof documents be uploaded as an image via a smartphone or tablet? | Yes 47.8% of lenders. |
| 10 | If a case is referred, do you provide the reason online? | Provided by 52.2% of lenders. |
| 11 | If a case is declined, do you provide the reason online? | Provided by 52.2% of lenders. |
| 12 | Can application or product fees be paid online by debit or credit card? | Yes 87% of lenders. |
| 13 | Does the system provide Automated Valuation Models (AVM)? | Yes 43.5% of lenders. |
| 14 | Are AVMs used for house purchase applications? | Only 26.1% of lenders. |
| 15 | Does the system provide online offer production? | Provided by 69.6% of lenders. |

Appendix

Post submission

| No. | Question | Findings |
|-----|---|-------------------------------|
| 1 | Does the system provide automated SMS updates for milestones reached? | Provided by 30.4% of lenders. |
| 2 | Does the system provide automated SMS requests for information or documentation? | Provided by 13% of lenders. |
| 3 | Does the system provide automated email updates for milestones reached? | Provided by 78.3% of lenders. |
| 4 | Does the system provide automated email requests for information or documentation? | Provided by 69.6% of lenders. |
| 5 | Does the system provide case tracking? | Provided by 95.7% of lenders. |
| 6 | Is case tracking available throughout the originations process – to offer and onto completion? | Provided by 91.3% of lenders. |
| 7 | Is case tracking provided automatically in real-time? | Provided by 65.2% of lenders. |
| 8 | Can the intermediary see tracking events for all open cases in a single view? | Provided by 56.5% of lenders. |
| 9 | Does the system provide the intermediary with an online dashboard summary of outstanding application stages and requirements? | Provided by 56.5% of lenders. |
| 10 | Does the online dashboard show prompts when document proofs are still outstanding? | Provided by 52.2% of lenders. |
| 11 | Does the portal allow you to send and receive messages with the intermediary? | Yes 39.1% of lenders. |
| 12 | Can case documents be viewed online? | Yes for 73.9% of lenders. |

Market expectations

| No. | Question | Findings |
|-----|--|-------------------------------------|
| 1 | Do you expect your mortgage lending to increase, decrease or remain level in 2019? | 54.5% increase, 31.8% remain level |
| 2 | Do you expect overall mortgage lending to increase, decrease or remain level in 2019? | 27.3% increase, 59.1% remain level. |
| 3 | Will the application process take longer, less time or be the same in 2019? | 72.7% less time, 27.3% the same. |
| 4 | Will market share for brokers increase, decrease or remain level in 2019? | 22.7% increase, 77.3% remain level. |
| 5 | Will ongoing Brexit negotiations have a positive, negative or neutral impact in 2019? | 59.1% negative, 40.9% neutral. |
| 6 | What opportunities does digital advice present? | See report commentary. |
| 7 | What threats does digital advice present? | See report commentary. |
| 8 | Could Open Banking improve the intermediary mortgage market in the next 1-2 years? | 95.5% yes, 4.5% undecided. |
| 9 | Please explain the reasoning behind your answer to Q56 on Open Banking. | See report commentary. |
| 10 | Could blockchain technology improve the intermediary mortgage market in the next 1-2 years? | 13.6% yes, 69.2% undecided. |
| 11 | Please explain the reasoning behind your answer to Q58 on blockchain technology. | See report commentary. |
| 12 | Aside from digital advice, open banking and blockchain are there any other emerging technologies that will shape the intermediary mortgage market in the next 1-2 years? | See report commentary. |
| 13 | What single thing will have the biggest impact on the intermediary mortgage market in 2019? | See report commentary. |
| 14 | What key areas are you focused on redeveloping your intermediary proposition in the next 12 months? | See report commentary. |

Appendix

Intermediary questions - General functionality and process

| No. | Question | Findings |
|-----|--|---|
| 1 | Do you expect mortgage lending to increase, decrease or remain level in 2019? | 33.2% increase, 22% decrease and 44.8% level. |
| 2 | Will the application process take longer, less time or be the same in 2019? | 21.5% longer, 21% less time and 57.6% the same. |
| 3 | Will market share for brokers increase, decrease or remain level in 2019? | 53.8% increase, 8.5% decrease and 37.7% remain level. |
| 4 | Will ongoing Brexit negotiations have a positive, negative or neutral impact in 2019? | 5% positive, 62.1% negative and 32.9% neutral. |
| 5 | What opportunities does digital advice present? | See report commentary. |
| 6 | What threats does digital advice present? | See report commentary. |
| 7 | In the next 12 months, are you considering a robo-advice digital offering in your business? | 2.9% yes, 13% possibly and 84.1% no. |
| 8 | In the last 12 months, on average how long does it take to key an application into a lenders portal? | 31.0% up to 30 minutes per case, 53.1% between 31 and 60 minutes per case and 14.1% between 61 and 90 minutes per case. |
| 9 | Please rank in importance the features or functions a lenders intermediary portal should provide. | See report commentary. |
| 10 | If you could ask lenders for one single addition or change to their broker portal, what would it be? | See report commentary. |
| 11 | If your CRM mortgage system was directly connected to lenders mortgage portals, what information would you find most useful to be automatically returned from the lender? Please rank in importance. | See report commentary. |
| 12 | In the last 12 months, on average per application, how many times did you have to call the lender? | 3 or less 49.3%, 4-6 35.5%, 7-10 9.5% and more than 10 calls 5.6%. |
| 13 | What is the main reason for having to call lenders? | See report commentary. |
| 14 | In the last 12 months, which lender did you call the most? | Confidential. |
| 15 | In the last 12 months, which lender did you call the fewest times? | Confidential. |
| 16 | What single thing will have the biggest impact on the intermediary mortgage market in 2019? | See report commentary. |

Appendix

Intermediary lender survey participants

| Lender participants | |
|-----------------------------------|------------------------------|
| Accord Mortgages | Nottingham Building Society |
| Atom Bank | OneSavings Bank |
| Bank of Ireland Mortgages UK | Precise Mortgages |
| Cambridge Building Society | Saffron Building Society |
| Clydesdale Bank | Santander |
| Coventry Building Society | Skipton Building Society |
| Dudley Building Society | The Co-operative Bank |
| Fleet Mortgages Limited | The Mortgage Lender |
| Hinckley & Rugby Building Society | The Mortgage Works |
| Kensington Mortgages | Vida Homeloans |
| Leeds Building Society | Virgin Money |
| Nationwide for Intermediaries | West Brom for Intermediaries |
| Newcastle Building Society | |

| Lender assessed | |
|-----------------------------------|-----------------------------------|
| Accord Mortgages | Metro Bank |
| Aldermore | Nationwide Building Society – NFI |
| Atom Bank | Nationwide Building Society – TMW |
| Bank of Ireland | NatWest Intermediary Solutions |
| Barclays | Newbury Building Society |
| BM Solutions | Newcastle Building Society |
| Cambridge Building Society | Nottingham Building Society |
| Clydesdale Bank | OneSavings Bank |
| Co-operative Bank - Platform | Paragon Group |
| Coventry Building Society | Precise Mortgages |
| Darlington Building Society | Principality Building Society |
| Dudley Building Society | RBS for Intermediaries |
| Family Building Society | Saffron for Intermediaries |
| Fleet Mortgages | Santander UK |
| Foundation Home Loans | Scottish Widows Bank |
| Furness Building Society | Shawbrook Bank |
| Halifax Intermediaries | Skipton Building Society |
| Hinckley & Rugby Building Society | Tesco Bank |
| HSBC | TSB for Intermediaries |
| Ipswich Building Society | Vida Homeloans |
| Kensington | Virgin Money |
| Leeds Building Society | West Bromwich Building Society |
| Magellan Homeloans | |



Mortgage Application Form