

IRESS mortgage research finds API's and digitisation expected to transform the mortgage market

IRESS Intermediary Mortgage Survey 2019 findings published today:

- 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
- Six in ten (60%) intermediaries and three quarters of lenders (72%) see robo-advice as an opportunity
- Nine out of ten (96%) of lenders believe that Open Banking technology will improve the mortgage application process for customers over the next two years
- Nine out of ten (96%) of lenders in the survey offer case tracking, and two thirds (65%) provide the tracking in real-time, yet intermediaries still want to see more real-time updates and calls to lenders for case updates remain high
- Over half the lenders assessed provide three fifths (58%) of the best in class functionality, but the remainder are falling short of intermediary expectations
- The overall market outlook for 2019 is positive, with most intermediaries (78%) and lenders (86%) expecting gross lending to either increase or remain level

Financial technology business IRESS has compiled its fifth annual Intermediary Mortgage Survey. The survey, which gathers data from across the industry, finds 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 API technology, digital transformation and robo-advice have again dominated in the survey feedback as areas which lenders and intermediaries believe will impact the mortgage market.

In last year's survey, nearly half of lenders (44%) said APIs (application programming interfaces, which allow different online systems to link together) would open up opportunities in the mortgage market. The results of this year's survey show lenders investing in this technology, with a third of those surveyed now accepting, or in the process of implementing, applications via API's into their intermediary online digital platforms.

Last year, six out of ten lenders surveyed saw Open Banking as beneficial to the mortgage process, compared to over nine in ten (96%) this year. Lenders believe that Open Banking technology will improve the mortgage application process for customers through the delivery of quicker, more accurate decisions, faster processing times and less requirement for documentation. Progress in this area is reflected in the fact that four new providers have signed up to the Open Banking initiative since the 2018 survey.

More than nine in ten (96%) lenders in the survey offer case tracking, up from eight in ten (80%) last year, and 65% now provide tracking in real-time. However, intermediaries continue to call for more real-time updates that also include progress with valuations and solicitors. Based on intermediary comments, there still appears to be a high proportion of lenders in the wider market that do not provide real-time case tracking and many updates provided online, by email and SMS are not fully real-time or are inaccurate or include

insufficient detail. As a result, phone calls to lenders by intermediaries looking for case updates remains high with 51% of intermediaries calling lenders four times or more per application and half of all calls (51%) are to obtain case updates.

The survey also suggests that the features and functions offered varies widely between lenders. Of the 24 lenders assessed, 14 provide three fifths (58%) of the functionality IRESS describes as 'best in class', leaving at least 11 lenders falling short of the intermediary market's expectations. And of the 14 lenders meeting elements of intermediary expectations they still fall short in two fifths (42%) of the areas assessed.

Steve Carruthers, Principal Consultant (Lending), IRESS, commented: "Many lenders continue to invest in their portal technology and are seeing benefits in terms of frequency of calls from intermediaries falling and faster approval times. However, the research suggests there is a wide gap between best and worst in class in terms of lender functionality, with intermediaries still asking for easier and simpler navigation and phone calls for case updates remain high.

"Looking forward, digital advice is seen as a growing opportunity with more intermediaries and lenders now expecting it to offer a quicker, more efficient customer experience and help widen and increase distribution. Both intermediaries and lenders also believe that continued integration between intermediaries' CRMs, sourcing systems/aggregators, lenders and third parties such as surveyors and solicitors will be central to the short-term shaping of the mortgage market. Generally, the market outlook is positive. Although Brexit continues to cause uncertainty, with two thirds of intermediaries thinking it could have a negative impact this year, less than a fifth have a negative view on mortgage growth in 2019; a third expect lending to increase and almost half expect it to remain the same."

Commenting on the 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."

Ends

Notes to editors

The IRESS Intermediary Mortgage Survey analysed the systems and processes of 24 lenders, representing a 45% share of gross mortgage lending, and canvassed the opinions of 480 intermediaries.

About IRESS

IRESS designs, develops and delivers technology for the financial services industry. IRESS has operations in the United Kingdom, Australia, New Zealand, South Africa, Canada, and Asia.

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