

IMPROVING MORTGAGE LOAN PROCESSING THROUGH AUTOMATION

An educational Q&A with Michele Rothkin, Financial Services Industry Marketing Specialist, Canon U.S.A., Inc.

In an age of customer expectations for fast, convenient digital solutions, the mortgage loan process remains highly paper-based. The processing cycle can be rife with bottlenecks and the risk of costly errors. Across the industry, executives say they must improve the customer experience and internal efficiency to be competitive, and are seeking to shave days off cycle times.

To shed light on these challenges and possible solutions, Canon's Michele Rothkin discusses how business process automation can help mortgage originators become more efficient.



What is the state of automation in the industry today?

Companies are trying to cut out manual work with the help of online application portals they can use to upload documents. The problem is that when documents come in, someone still has to look at them

— information needs to be verified. As such, the process may never be 100% automated. The key is to insert documents into an orderly workflow that can help track the mortgage package throughout the cycle and prompt mortgage professionals to complete necessary tasks in a timely manner.

What are the biggest risks and pain points for originators in the mortgage loan processing cycle?

Not surprisingly, regulatory compliance is an ongoing concern. For example, when loan terms change, new disclosures must be issued within strict time limits. Documents, such as paystubs, must also be current at the time of closing. A well-constructed automated system can help alert staff to possible problems so they can be addressed before they become an issue.

Reputational risk also can't be ignored. Inefficient processes with heavy manual components can expose originators to oversights like missing information, requiring them to contact customers multiple times for the same document. Originators that achieve a high level of service by streamlining communications with borrowers can distinguish themselves from competitors.

Many loan processing executives continue to invest in technology and process improvements and seek to shorten processing cycles. What is driving the activity?

Primary drivers of ongoing improvements in the loan processing area are compliance, cost savings and customer satisfaction. With mortgage providers having expended a great deal of time and energy on compliance in the past few years, they are expanding their focus to creating and maintaining more efficient processes throughout the loan cycle.

Overall, an efficient process leads to a shorter cycle time. A shorter cycle time helps originators close within the initial rate lock period and avoid fees to extend rate locks. An efficient process can also lead to a better customer experience. Satisfied customers can lead to more referrals and fewer bad reviews.

What does the mortgage loan document process of the future look like?

Document collection and data review involves a human element. The game-changing challenge here is, with a process that has to be somewhat manual, how do you organize work for a loan processor who has a lot of critical responsibilities?

The biggest struggle for processors is remembering everything they have to do, and that's where a well-designed automated solution comes in. When you need to collect paystubs, the system can remind you to call the borrower. It can flag documents that are close to expiring and give ample time to collect new ones. If something changes in a document, the technology can call attention to it. The proper technology solution keeps processors moving within a workflow to help reduce errors and improve efficiency.

How is Canon involved in helping mortgage bankers reduce cycle time and improve the customer experience?

Canon's service is customizable and allows an administrator to set up a digital workflow behind the scenes. As a leader in imaging technology, Canon has the technology, personnel and know-how to help automate manual, paper-intensive processes.

The service helps manage tasks at each stage in the process, from appraisals to customer follow up on income and assets. Having these tasks structured in a workflow queue helps keep mortgage professionals on point.

The service comes with robust data analytics that allows for tracking throughout the process, including cycle time. It also provides document storage, incorporating Canon's optical character reader (OCR) – scanning and indexing – technology.

To learn more, please visit: csa.canon.com