



# POWER TO THE PEOPLE

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**W**e live in a very special time in lending technology. The way that lenders locate, communicate with, service and retain customers is changing at a rapid pace. With the convergence of daily Internet usage, mobile platforms and social networking sites today's technology has given the consumer a voice as never before. More importantly, consumers are using that voice to demand change and lenders who aren't listening may get left behind.

Just look at recent history. When Bank of America decided to charge consumers a \$5 fee for using their debit cards, consumers revolted and took to the Internet to voice their concerns. Twitter accounts lit up with their displeasure, Facebook posts ranted against higher fees, there was even a grass roots Bank Transfer Day movement asking consumers to act on their outrage and change banks. Within about a month of announcing their new fee, Bank of America did an about face and cancelled their plans. In their announcement,

**By Randy Schmidt**



they said: “In response to customer concerns and the changing competitive marketplace, Bank of America no longer intends to implement a debit usage fee. We have listened to our customers very closely over the last few weeks and recognize their concern with our proposed debit usage fee. Our customers’ voices are most important to us. As a result, we are not currently charging the fee and will not be moving forward with any additional plans to do so.”

Bank of America heard them loud and clear. Today’s consumers are tech savvy, socially active and are a force to be reckoned with.

#### **NEW DEMOGRAPHICS**

So, just who are these powerful technology-enabled consumers? A recent study by Nielson and NM Incite found some interesting statistics. Women make up 54% of visitors to social networks and blogs and outnumber men 53% to 47% among online video viewers. Men account for 53% of tablet owners while

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smartphone ownership is split about 50-50. Members of the Internet Generation, those aged 18-34, make up 23% of the U.S. population but account for 39% of smartphone owners and 33% of tablet owners. They also account for 27% of visitors to social networks, blogs and online videos. When you include Generation X, those aged 35-49, that percentage climbs to 55%. Considering the current ubiquity of the Internet and the projection that the number of people on the Internet with smartphones is set to double over the next four to five years, lenders need to start planning now on reaching these powerful consumers.

But consumers aren’t the only ones who can leverage today’s technology tools. Fortunately, lenders can easily use many of these same technologies to create an environment that appeals

to this ever increasing pool of potential customers. With the advent of cloud-based computing and Software as a Service (SaaS), lenders can cost effectively create a complete borrower experience with minimal effort. By using cloud services, lenders can get started with a minimal investment. They don’t need to invest in multiple servers or expensive software. Scalability is also taken care of as computing power can be scaled up or down as needed. Infrastructure costs such as redundancy, disaster recovery, virus scanning, intrusion detection and others are all handled by the provider. By spreading the cost of the infrastructure among its many clients, SaaS providers allow companies to make use of a much more robust security shield than if they were to provide it themselves.

Whether lenders decide to use a service or host something themselves, the first step in reaching out to these customers is to create a fully interactive consumer portal. Think of your Web

presence as your touch point with the consumer. Every interaction should be easy to use, informative and fast. You want borrowers to have the same experience and comfort level online as they would have walking into one of your branches. I believe that this experience can be readily achieved by meeting three important aspects of the lending process: Education, Communication and Service.

#### **EDUCATIONS MATTERS**

Let’s start with education. Your consumer portal should allow the borrower to gather all of the information necessary to make an informed decision. Give them the tools they need to research all aspects of the lending process. Tell them all about your products and services. Provide them with current rates and

closing costs. Explain the differences between your loan products. Give them calculators and prequalification tools to explore what their options are. Better yet, gather some basic information and do all of the calculations for them. The more information that you can provide to them, the more comfortable they will be during the entire process. Remember, the goal is to allow the consumer to gather the same information as they would receive in a face to face meeting in your office.

The next, and probably most important step, is communication. Keeping the borrower informed during the entire lending process is vital to maintaining that positive borrowing experience. While most online lending sites do a good job of capturing application data, many fall short when it comes to communication. As a lender, you need to be there to answer their questions before, during and after the application process. Consider adding a live chat feature which allows the consumer to reach an originator or help desk representative at the push of a button. Research has shown that lenders offering their customers online assistance during the application process are 25% more likely to close the transaction.

#### **WEB MISTAKES**

Unfortunately, the problem with most online lending sites today is that communication stops once the application has been submitted. But this is precisely the point where thorough communication is needed the most. There are three online communication vehicles for keeping the borrower informed that if used correctly will separate you from your competition. They are: loan status; secure messaging; and two-way document exchange.

Once the application has been received, it is imperative that you keep the borrower informed as to the status of their loan. Information regarding the status of verifications, appraisals,

inspections, closing dates and a variety of other information should be gathered from your LOS and made available to the borrower online. By keeping them in the loop during this process, you will cut down on the amount of phone calls and give the borrower the peace of mind that things are taking place as planned.

Another important communication tool is secure messaging. Much of the data gathered during the origination and processing period contains sensitive and personal information. Sending this information via e-mail may be a security risk and should be avoided at all costs.

By adding a secure messaging component to your customer portal, you can keep the borrowers in the loop and satisfy your security team all at the same time. Secure messaging allows the loan officer and/or processor to easily communicate with the borrower and notify them of important events at times that are the most convenient to the borrower.

## 2-WAY TALK

The third communication vehicle that I believe is important for any consumer portal to be successful is two-way document exchanges. Letting the borrower receive their disclosures and other documents electronically helps speed up the lending process. Again, for reasons of security and due to regulations imposed by the ESIGN act, electronic disclosures should not be delivered via e-mail. Because of these restrictions, many online systems allow you to only deliver disclosures for applications that were originated online. A true communication portal should allow you to deliver your disclosures, or any other document, whether they were created by the point of sale system or your loan origination system. But sending documents is only half of the benefit. Many times there may be some additional information and/or documents that a lender will need to get back from the borrower. By allowing the borrower to securely and easily upload

## ABOUT THE AUTHOR

Randy Schmidt is President of Data-Vision, Inc. and is responsible for overall operation and strategic planning for the company. Randy became involved in the IT side of mortgage banking almost 30 years ago and has been involved in numerous projects on both the origination and servicing side of the business. In 1993, Randy co-founded Data-Vision, Inc., in Mishawaka, Indiana as a Web design company. He then combined his previous mortgage experience with Internet knowledge to bring the speed, power and availability of the internet to the Mortgage industry.



documents back to the lender, borrowers can help keep the process on track.

Finally, the last component of providing a fulfilling online experience is service. Make sure that you reply to any inquiries quickly. There is nothing more frustrating to a borrower than to take the time to apply online with a lender and then have to wait for hours or days for a response. Consider utilizing automated underwriting at the point of sale where the borrower can get a conditional approval of their application while they are still online. At a minimum, send them an e-mail confirming their application and letting them know what to expect next. The more that the customer is informed; the

less likely they will be to continue their search with other lenders.

## BE DYNAMIC

In conclusion, a dynamic and professional online presence should serve as an extension of your organization. It should allow you to present your brand to the outside world at every touch point with prospects, customers, associates and business partners. Most importantly, it should allow an online customer the same experience as they would receive walking into one of your branches. By providing this type borrower experience, you too can have an online voice. Let consumers know that you hear them and that you stand ready to serve. ❖

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