

10 things you (probably) didn't know about electronic trading

When electronic trading was first launched, it was greeted by some brokers with the levels of enthusiasm normally reserved for a wet Sunday in mid-January! Today, however, it has become one of the cornerstones of the mortgage broker industry.

But how much do you actually know about electronic trading? And are you using it to its full potential? **Mark Loffhouse, CEO** of multi-award winning mortgage technology solutions provider, **Mortgage Brain**, guides you through ten things you might not know about what should be a crucial weapon in any broker's armoury.

1. Whole-of-market, and available to all, electronic trading first came into existence in 2003, with the launch of the Mortgage Trading Exchange (MTE).

The initial idea was simple: provide a way of delivering mortgage agreements in principle (AIPs) and processing applications electronically between brokers and lenders. If a process could be created where all an introducer had to do was to get the client's details and fill in a questionnaire on the screen, send it to the lender and receive a response in less than a minute, then productivity would increase. Since then it's got better and better.

2. Electronic trading has become a huge success.

By the end of its first year around 150 transactions each week were being processed via MTE. Within a couple of years weekly transactions were up to around 2,500, and today, the platform is processing between 4,000 and 5,000 mortgage transactions each week. Electronic trading via MTE has now accounted for more than two million transactions.

3. Electronic trading is designed to support the mortgage sales process.

It allows intermediaries to complete the advice and sales process in, or away from their office, and only needing to go online to submit applications to supporting lenders. It does this by giving brokers offline access to lenders AIPs and Full Application forms, complete with high levels of pre-population of data from other applications such as fact-finds and sourcing. It is by some distance the best delivery channel for mortgage application and submission.

4. Electronic trading allows brokers an 'easy access' direct to lenders.

Platforms like MTE offer one log in to all lenders, making it easy and efficient to use. Brokers can use lenders' own application forms alongside the platform's own generic ones. Over the years, these systems have been enhanced making them ever more simple to operate. AIPs and Applications sent via MTE go direct to lenders without passing through any other portal so it's just like using their service but with much more flexibility.

5. Electronic Trading Systems are compliant.

One of brokers' big worries when electronic trading was first introduced was whether they would cope with the increasingly tough requirements of the FSA/FCA. In fact, these systems have handled everything that has been thrown at them. Over the years electronic trading has been faced with hurdles such as MDay and the Mortgage Market Review and leaped over them with aplomb. Next year's Mortgage Credit Directive is already being tackled.

Every day electronic trading helps keep brokers on 'the right side of the law' by helping with record keeping and ensuring they don't miss out any crucial information due to human error.

6. Electronic Trading gives brokers flexibility.

By allowing brokers to work away from the Internet, if the client doesn't have all the information to hand when intermediaries are applying for their mortgage the application can simply be stored and re-accessed at a later date. Not only that, but most systems will work with more than one sourcing system, or as a stand-alone application.

7. It's easy to convert an AIP into a full application form.

Thus ensuring brokers retain the existing pre-population without having to re-key client information. This obviously increases productivity and also enables brokers to complete the application without breaking the compliance audit trail. The best systems enable this to happen with just one or two clicks.

8. Electronic trading makes brokers faster.

Intermediaries are under huge pressure these days. Whether it's from other brokers, the Internet or customers with apps, competition is fierce. So it's a good job that electronic trading can get responses in less than a minute. Faster responses mean more certainty, happier clients, more sales and greater efficiency.

9. Electronic trading makes re-sending and tracking submissions easier.

Before electronic trading, having a client declined meant having to start the application form again from scratch if the broker wanted to submit an application to another lender. This was hugely time consuming for all involved. Electronic trading platforms, however, allow data from a declined lender's AIP or Application to be re-used and re-sent to another lender.

10. Electronic Trading has big names behind it.

From the start, electronic trading has been backed by many of the big names in banking. This gives brokers security that the system is safe and secure. The Mortgage Trading Exchange, for example, is jointly owned by Lloyds Banking Group, Nationwide Building Society, RBS, Virgin Money, Barclays and Santander and allows brokers to trade electronically with committed lenders who account for over 65% of mortgages provided by intermediaries. Importantly, all lenders are welcome on MTE.

Mark Loffhouse is Chief Executive Officer of Mortgage Brain and can be contacted on 01527 557203 or email, mark.loffhouse@mortgage-brain.co.uk.