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[Mortgage Brain 'Future of Technology' Article – February 2016]

Where is technology going in the mortgage market?

2016 marks 30 years since Mortgage Brain first introduced mortgage software to an unsuspecting mortgage community and since then it's revolutionised the industry.

Much has changed in past 30 years. M-Day in 2004, electronic trading and the Mortgage Market Review in 2014 have all helped to technologically enhance an industry that wasn't always the most welcoming when it came to embracing new ways of doing things.

2015 saw technology give the mortgage industry another quick jab as the rise of apps, iPads and tablets put the consumer firmly in the driving seat, enabling them to access large quantities of information on the go. Brokers responded with ability to access and use device independent technology to support their business.

This year's Mortgage Credit Directive is making brokers change their habits again, and the ever increasing power of the consumer is also putting pressure on the industry to stay one step ahead.

But what are the next big things in mortgage technology? And more importantly, will the industry take them to its heart or go off and sulk in the corner? **Mark Loffhouse**, CEO of industry leading mortgage technology company, **Mortgage Brain**, steps in to the future and finds it ruled by consumers and regulators.

In the beginning ...

Although this article concerns the future, history can tell us a lot about where we might end up, so a quick trip back to the dark ages of mortgage technology (or as it's also known the 1980s) might prove instructive.

When Mortgage Brain introduced the first piece of mortgage software in 1986, it's fair to say it had a soft launch. The technology required to take the system forward was still evolving so

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growth was restricted by the limitations of technology.

The arrival of M-Day in 2004 gave the mortgage industry the kick it needed and the need for advisors to use more than just mortgage sourcing. In the run up to M-Day, which would revolutionise the way brokers worked, particularly in regards to compliance, there were a lot of sceptical voices about if – or how – mortgage technology systems would cope with the new demands.

It did far more than cope, however, and brokers, while still perhaps not feeling the whole benefit from the white heat of technology, were at least warming to the idea.

Bringing it up to date ...

Over the next few years the pace of technological change accelerated. The ever increasing demands of the FSA, PCA and FCA played a part, as did the arrival of the Mortgage Market Review in 2014.

New advances in technology enabled Mortgage Brain and other solution suppliers to innovate and create faster and easier to access programs and systems.

Where once those wanting a mortgage had to wait three weeks for an answer, now it comes through in a few minutes. Where once the only way to see what products were available was to sit in front of a broker whilst he or she went through the options, now consumers use Apps, social media and sourcing tools on broker's websites.

And consumers can do it on the go, through their iPad or tablet. They can download reams of data at the touch of a button, and share their thoughts through texts, Twitter and Facebook.

Which leads us into the future.

As mentioned in the introduction, banks and lenders have historically not been on the front foot when it comes to adopting new technology and change in the mortgage sector.

The brief history of mortgage technology outlined earlier is important because it shows that

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most of the big leaps forward in mortgage technology have come about not because the industry has demanded them, but because *they have been demanded of the industry*. M-Day was the catalyst for the biggest single shake up in the history of mortgage technology. The Mortgage Market Review was not far behind. This year's Mortgage Credit Directive is forcing further change.

And it's not just the regulators who are pushing this on. Consumers are used to having everything now, if not sooner, and any industry which sells to the public has to adapt to survive. Ever higher levels of speed, interaction and adaptability are the key to success.

For example, device independent technology, which can be accessed absolutely anywhere via a web browser, is fast becoming a broker's most useful tool.

All of which leads us back to the original question, 'where is technology going in the mortgage market'? The answer, on the basis of all the evidence, is wherever the rest of the world and the regulators decide it should.

Look ahead five years and it's possible to be reasonably confident that the following will be happening:

- 1) More systems integration – this is already occurring and the pace of it can only increase as joined up working becomes the norm.
- 2) The successor to tablets at the point of sale – it won't take more than a few years for the next iteration of the tablet to become commonplace.
- 3) Remote screen sharing and video – why leave the comfort of your own home if you can talk to your broker via video call or Skype? This is particularly true as the internet becomes faster and wires are consigned to history.
- 4) The rise of the Apps – Apps currently seem unstoppable. The range of things they can do – or claim they can do – is exploding faster than a Mogwai exposed to water and shows no signs of slowing down.
- 5) High speed wireless internet access – we are currently going through the implementation of 4G, which will be everywhere and even faster speeds will be

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available as time progresses.

Looking ahead 25 years and the landscape may have changed completely. It's possible to foresee a time when everyone in the UK will have their own biometric financial passport, which will record all their financial dealings and make forms a thing of the past. Increasingly lifelike robots and holograms will take on a lot of the customer service and sales aspects of mortgages.

And then there is the intriguing possibility of the silver bullet, the game changer, the one thing that comes out and alters the landscape for good. It's been done in other industries. Companies like Uber and Airbnb are prime examples of this, and at the moment, no one has 'Ubered' the mortgage space.

All of which makes for interesting times for the industry. Whether they are good times or challenging times remains to be seen, but one thing is certain. The changes are coming, whether the industry likes it or not. Everyone involved in mortgages needs to make the most of what they have, embrace the changes, future proof their business and find a way to work in this new, technology dominated world.

Very exciting, isn't it?

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