Accelerate Mortgage Decisioning and Revenue Growth While Containing Cost

As the global housing market continues its hot streak, mortgage lending is big business everywhere. Lenders are competing for borrowers, using ultra-low interest rates to attract them in record numbers. That means that operations at many financial institutions are booming, and so is the costly spend on staff to keep production humming. Even top banks continue to use manual, labor-intensive review processes for the complex, voluminous documentation involved in approving and processing mortgages.

There’s a better way to go about it. Automation holds the key to revenue growth, cost control, and reduction in time-to-offer duration, as the real-life story of one lender, a new Instabase client, illustrates.
Complexity and Volume Lead to More Lag Time and Manual Processes Slow Progress

One large bank currently processes 18,000 mortgage applications per month, all of which require assessment of income and expenditure. The job of income and expenditure verification is shared by mortgage advisers and underwriters, all of whom have been manually processing the documentation required.

Approximately 75% of mortgage applications come to the bank through brokers, who submit applications and documentation to the bank’s loan origination system. Then, the applications and associated documentation are classified into categories, depending on the complexity and level of risk of the application. Finally, the package goes to the underwriting team for review and approval.

Mortgage applications also come via digital, branch, and telephony channels. In those cases, a mortgage adviser reviews the documentation prior to sending it to underwriting.

The process was slow and unwieldy, with a typical application taking an average of 15–20 working days from Application Submission to Offer (and even more time if any documentation is missing from the original packet).

Add to that the fact that the bank was also seeing an increase in the number of applications to be processed, making it difficult to maintain the level of customer experience and broker experience it was providing, and it is easy to see that something needed to be done.

The bank set the goals of:

- Streamlining the mortgage customer journey and enabling faster decisioning
- Increasing its share of the mortgage market, while reducing cost along the way

To explore the feasibility of meeting those goals, the bank requested a Proof of Value with Instabase against its defined success criteria. Here’s what happened:
Submission to Offer Times Shrink Dramatically

Rather than manually processing all the structured and unstructured documentation needed such as payslips, tax returns, bank statements, benefits statements, rental agreements and more, Instabase’s Horizontal Application Platform uses the most innovative technologies available to handle the sometimes hundreds of pages of documentation attached to each application.

Toby Burton, Business Value Consultant at Instabase, explains:

“Our solutions are able to ingest that documentation automatically. We fetch the documents from wherever they live, whether structured or unstructured, and then pass them through our building blocks to digitize, split, and classify, and extract data from them.”

Results

It no longer takes 15 to 20+ days for a mortgage customer to receive a decision. Leveraging Instabase’s Horizontal Application Platform to automate the review process, mortgage advisors save 20 minutes per application, and underwriters save 9 to 36 minutes per application (depending on the loan risk category).

The average time savings annually over the next five years is estimated to be the equivalent of that spent by 42 full-time employees (FTE) per year. It is projected that the submission to offer cycle will shrink by 15 to 30%.
Operational Costs Decrease Dramatically

Underwriters are among the most highly trained bank employees, and their specialized skill set is reflected in their salaries. The bank has a two-fold strategy for reducing the cost per customer. First, the bank leverages Instabase to automate the review process, reducing and, in some cases, eliminating altogether the time the underwriter spends on manual review. Second, for cases that are flagged by Instabase for manual review, the bank leverages a remote DocOps team, at a substantially reduced cost.

**Results**

Instabase has proven that, by using this new model, the bank will see a 50% to 90% reduction in its in-house team’s effort, annually saving more than $1.5 million.

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<th>FY3</th>
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Revenue Potential Increases

When mortgage demand is high, lenders face a potential conundrum. Burton explains:

“As the volumes scale upward, lenders have to scale up the size of their teams to accommodate the added volumes. Otherwise, the time it takes to process mortgages is pushed out further, and lenders will probably lose those potential customers.”

The bank found itself in just this position. With the volume of applications growing, the bank made an inspired choice to leverage intelligent automation with Instabase.

“Because Instabase integrates with loan-origination systems, it pre-populates the bank’s system as much as possible so the underwriters can spend their effort just doing underwriting instead of data extraction, data manipulation, and trawling through documents,” Burton said.

Results

With intelligent document understanding, underwriter capacity increases by an estimated 38% to 63%, and mortgage advisor capacity increases by 38% to 58%.

That additional capacity means that the bank can process a greater volume of mortgages with the same staff it currently employs. More mortgages, in turn, increase the revenue potential of the bank substantially.
Instabase for the Win

Could your financial institution benefit from a reduced time to offer, lower costs, and greater revenues? With its Horizontal Application Platform, Instabase gives clients access to the latest innovations in document understanding and business process automation. Our building block approach enables clients to customize their workflows and use their existing systems to streamline their business processes.

Request a demo to access the best building blocks for your business data today.

Build it better on Instabase.
Simplify all your data workflows, using all your data.

See how it works