



# Digitization in Account Origination and Servicing

Charting the roadmap for the mortgage  
outsourcing industry



## The Mortgage Industry: Account Origination versus Servicing

The mortgage industry has seen a consistent decline in mortgage loan origination growth in the past decade due to the decreasing margin as the industry players are facing stiff competition. The risk of non-bank players who can capture market space despite the premium pricing coupled with the decrease in origination activity is also the cause of this decline. While the market has been historically affected by decreasing mortgage rates, the recent dip in the rates could not revive the origination volumes in the United States. The shift of the lender preference from traditional banks to non-banks can be attributed to perhaps their comprehensive portfolio of mortgage products at varying rates while ensuring that the customer receives the highest quality of experience. The spread of revenue between originations and servicing has typically been equal; however, the recent trend in decreasing originations might see a shift to servicing in the future mainly due to the decrease in origination activity from prominent players and the market slowly moving towards capturing small and mid-size buyers. The large buyers would be responsible for massive growth in the coming years when it concerns the servicing side of mortgage outsourcing, where they are likely to shift to technology inclusions once the latent process efficiencies have been achieved.

Accenture, TCS, Wipro, and Infosys are the mortgage outsourcing industry leaders, whereas Cognizant, HCL, and WNS are the challengers. Capgemini, DXC Technology, and Teleperformance have carved their niche in the space. COVID-19 has created the much-needed push for the mortgage players and the outsourcing industry to look beyond process efficiencies and adopt digital technologies. Keeping in mind the disruptions in an industry that is still struggling to reach its potential when it concerns process efficiency, these digital technologies will have to be adapted gradually while keeping in mind traditional systems and how these technologies will permeate through the organization.

The mortgage industry value chain is mainly split into origination and servicing. Both processes are contrasting in nature due to the preferred parameters to judge these processes' success. Origination would solely focus on process efficiencies and time between each process; therefore, it would focus on leveraging RPA, AI, and Blockchain. On the other hand, servicing would amplify the customer experience through data, analytics, AI, and chatbots.

## Document digitization and origination

Document digitization is significant for the origination sub-process because most of the tasks involve some documentation from sourcing to loan funding. Higher costs due to the delays between entities can be minimized if features such as e-signature, secure storage, and automated data entry are introduced. Doing so will not only reduce increasing costs but simultaneously lead to almost 100% accuracy. OCR coupled with AI will be crucial as it will help gather data from unstructured documents, thereby helping mortgage players streamline data collection across varied sources.

## The rise of the self-serve in servicing

The two aspects to improving servicing for prominent players in the mortgage space would be a highly skilled talent pool coupled with CX technologies, such as AI/ML/NLP, chatbots, and analytics.

The other aspect would be the increase of CX technologies being utilized in the servicing sub-processes. Data analytics will be coupled with appropriate channel management to equip the agent with the correct information regarding the next best action for the customer. While agent interactions would be vital to the overall customer experience, we will see a gradual shift to self-serve channels. The rise of non-banks can partially be attributed to the enhanced customer experience and wait times that they could deliver despite the mortgage rates being on the higher side.

## Incorporating value while navigating an uncertain business environment

Regulations have continually evolved and significantly become stringent over the past few years to safeguard the borrower's interest and promote fair lending practices, and data privacy has been the key concern for the mortgage industry. While stricter regulations make data privacy difficult and the organization averse to change, mortgage players will have to find ways to embed change management in their DNA, especially after a pandemic has led to creating a virtual workforce and paved the way for digital transformation.

## Profitability in an uncertain and stiff business environment

The core challenge in digitizing the mortgage industry would be finding a way to balance cost and value in a business environment where margins are continuously growing thinner due to increased competition. Organizations looking out for short term gains can reap the rewards of added value and decreased cost through band-aid fixes for processes, but to truly revitalize the process, a mix of technologies and process enhancements would have to be thought of in the long run, and the benefits from these would only come in much later which is a deterrent in the present business landscape.

## Implementing the transformation

A more significant challenge might stem from the organization's inability to decide the technology to utilize within the overall transformation and selecting the solutions for the stage and the processes. The lack of talent and unavailability of data to train systems, and coming up with the correct process enhancements, are probably even more challenging than balancing the value and cost in a process transformation.

As a part of our Mortgage Originations offering, we helped one of the largest banks based out of San Francisco, USA transform their SME Loan Onboarding process through streamlining the process across five applications and automating the entire backend process to reduce the average handling time from 30 minutes to 10 minutes. The post-transformation process had 100% accuracy and a 66% reduction in the FTE's involved in the process.

Choosing where to develop your capability will shape the nature of the outsourcing industry's key players. However, we expect originations from mid-small organizations and servicing to shift toward the large organizations. Developing CX capabilities will benefit the servicing side of the mortgage outsourcing, while developing intelligent automation will benefit the origination side of outsourcing. Organizations will have to focus on organizational priorities and decide if they would like to consolidate on the existing large clients to mine them for revenues further or expand their presence within the market.



Although we pride ourselves and can support your business in automating any number of internal processes, we also understand that some organizations may have an internal team to support such automation. Depending on your needs, our team can support your business from an implementation point of view or by upskilling your technical team to give you the autonomy to automate any current and future processes.

Forrester recognizes Wipro as a leader among Digital Process Automation Service providers; The Everest Group recognizes us as a leader in Intelligent Automation in Business Processes; and we are among the top 10 in HFS' Triple-A Trifecta Services (Automation, AI & Analytics).





## About the authors

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Vartul Mittal is a Technology & Innovation Specialist focused on helping clients accelerate their digital transformation journey. He has 14+ years of Global Business Transformation experience in Management Consulting and Global In-house Centres in managing technology and business teams in Intelligent Automation, Advanced Analytics, and Cloud Adoption. He is passionate about extending customer relationships beyond the current project to become a trusted adviser and increase business value via Enterprise Operations Transformation.

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Kunjal Kaw is leading a charter of thought leadership and point-of-view development at iCORE, Wipro Limited. He has been a growth leader and demand generation expert for Intelligent Automation and advanced SaaS platforms and solutions for Wipro Limited's global clients.

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