# Process Improvement
## A Look Back

2016 has been one for the record books. Here's how industry experts look back at what happened:

By **Tony Garritano**

**A**s we finish up the fourth quarter, let's reflect on some of the major industry highlights of 2016. We can't learn from our mistakes if we don't first recognize them. So, I like to end the year talking to industry experts about the last 12 months and what they think might be ahead of us.

Not surprising, TRID was still a very big issue for the industry. "In addressing TRID, lenders had to re-evaluate their entire loan process," pointed out Greg Marek, Chief Marketing Officer at Capsilon, a provider of cloud-based document management solutions for mortgage lenders and investors. "Lenders are grappling with how to produce compliant loans while keeping loan costs in check. Do you throw labor at it? And if you do that how do you stay profitable? Now that we've gone through TRID lenders are realizing that adding labor is not the right choice. We are seeing more interest in automating certain steps. For example, lenders want to automate file intake because quality starts upfront.

"There is a lot of interest in technology that automates processes vs. database or repository technology. Think about it: What is the digital mortgage? When people talk about it they think of the rocket mortgage that is digital on the frontend. That's great, but you also have to have a digital backend. If the consumer gets a quick upfront process, they want a quick process all the way throughout."

Lenders also looked more and more to cloud computing in 2016 to solve pain points. "More development toward the cloud happened in 2016," said Brian Lynch, President at Advantage System, a provider of accounting technology systems for mortgage lenders. "Our clients are acquiring more and more branches and growing retail. Web development and browser-based deployment is critical. You need to provide the same experience regardless. Everyone also wants a dashboard experience. Transactions are happening daily and they want to see the data in real time."

Advantage Systems is now supporting Microsoft's SQL Server database for its AMB—Accounting for Mortgage Bankers product.

Advantage Systems had relied on the capacity and reliability of the Oracle database for almost twenty years but saw the need to support Microsoft's database. Advantage Systems will continue to offer the Oracle database and in so doing provides lenders the choice between the two databases. Many lenders have demonstrated a preference for MS SQL Server, making this additional choice more convenient for them.

"Oracle's database has served us and our clients well. The performance and reliability of the Oracle database has been the reason many Fortune 500 companies use this database," said Lynch. "We are very excited about the technology we have developed that allows us to support different databases and believe that technology will be critical in the years ahead."

Another big trend that dominated 2016 was the need for technology companies to form even tighter integrations with their client's other technology partners.

"We've been trying to connect clients and service providers as tightly as we can," noted Denis Brosnan, President and CEO at Dallas-based DIMONT, the largest provider of specialty insurance and loan administration services to the residential and commercial mortgage industries in the United States. "You're seeing more companies embrace APIs so you can get true integrations. In general, there are a lot of

You'll see **further specialization due to regulation.** Lenders and servicers are going to continue to look at **how they do things so they can improve.**

people that a pessimistic about the economy. So, the banks are going to have to refocus on better serving the customer."

Joey McDuffee, Director at Wipro Gallagher Solutions, a Wipro Ltd. company (NYSE:WIT), which is a provider of end-to-end technology products and services for mortgage, consumer, and commercial lenders in the United States and abroad, agrees that better serving the customer was a big priority for lenders in 2016 and that trend will continue into the future. "There is continued regulatory scrutiny for sure. At the same time, lenders want to increase and enhance the customer experience. We've seen a lot of interest in mobile technology. We are seeing wholesale come back and they want to provide a great experience. We've also seen an uptick in home equity business. We've been getting interest from new entrants to that space.

"As part of the portal entrance, you want to be omni-channel. You want to have a single source of data feed all your channels. In the end, you want to provide that great experience and still reduce your cost to originate."

And going forward, the big trends of 2017 will be about embracing technology get rid of inefficiencies that drive up cost. "Lenders are looking at the bottom line," explained Marek. "Lenders want to remove inefficiency and error through technology.

"As we move forward, there will be continued pressure on production cost and margins. In total, 70% of lenders think cost will continue to rise in 2017. How do you prepare for that? You have to analyze the process and genuinely improve it."

Capsilon released a free eBook entitled "6 Key Steps Lenders Must Automate to Succeed." The new eBook outlines how lenders can reduce the labor associated with mortgage loan production by up to 80%, and accelerate loan production, by automating several critical steps in the loan production process.

While striving to remain compliant with various new industry regulations, many lenders have added headcount, resulting in lengthening turn times and increasing loan production costs. In this eBook, Capsilon demonstrates how leveraging the right technology speeds loan turn times, increases loan quality, and decreases total loan production costs via repeatable, automated processes.
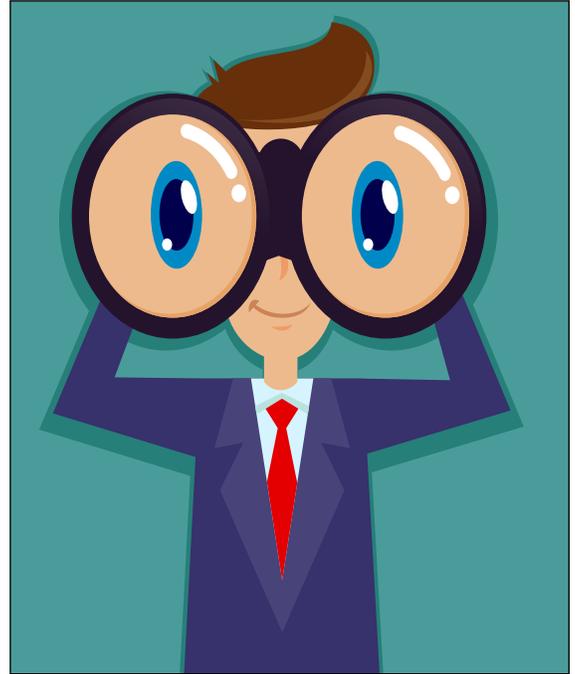
> "In 2016 the industry came together," concluded Marek. "There was a lot of **angst around TRID.** The industry really came **together to solve** these problems."

In response to these trends, lenders are looking for a fully integrated platform, said McDuffee. "We are seeing more scrutiny around data leakage. More folks are moving to the cloud, but the infrastructure has to support the new regulations.

"You'll see further specialization due to regulation. Lenders and servicers are going to continue to look at how they do things so they can improve. There's a lot of interest in big data. You need to select the appropriate data at the right times in order to succeed."

"In 2016 the industry came together," concluded Marek. "There was a lot of angst around TRID. The industry really came together to solve these problems. This was good for the industry moving forward and now we have to continue to optimize, optimize, optimize." ❖

Tony Garritano is chairman and founder at PROGRESS in Lending Association. As a speaker Tony has worked hard to inform executives about how technology should be a tool used to further business objectives. For over 10 years he has worked as a journalist, researcher and speaker in the mortgage technology space. Starting this association was the next step for someone like Tony, who has dedicated his career to providing mortgage executives with the information needed to make informed technology decisions. He can be reached via e-mail at tony@progressinlending.com.