

## Turning Browsers into Borrowers

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The Mortgage industry is going through some turbulent times. Origination volumes are at their lowest levels in years and lenders are looking for any advantage possible in maintaining and growing their business. Everyone is looking to optimize costs, grow revenue and deliver exceptional customer service. One area that is garnering a lot of attention is the online lending channel.

We all know that online experiences are becoming a normal part of our daily lives. Whether we are reading our email, checking our stock portfolio, perusing the latest headlines, buying items online, checking our bank balance, keeping up with our favorite sports team or just visiting one of the many social network sites most of us are connected to the internet in one form or another multiple times every day. With the ubiquity of the internet consumers are now connecting at home, in the office, on the road and through their mobile devices. While we all acknowledge that people all across the country are connecting in record numbers, the unanswered question remains: "How can I make this online environment work for me?"

In order to make the most of the opportunities that are out there, proactive lenders are turning to technology to become more available to this group of borrowers. By revamping their online presence to educate these consumers, giving them all of the information they will need to make a decision, these lenders are hoping to appeal to this tech savvy crowd.

First, let me dispel the notion that success in the internet channel is achieved any differently than any other part of your business. There is no magic formula for turning internet browsers into borrowers. Success, regardless of the channel, can be summed up in two words: customer service. Knowing your target customer, and giving them the information they need while delivering an experience that they feel comfortable with, is the primary way to acquire and retain customers. The problem is that different customers are looking for different experiences.

The key to online success is to create an all-encompassing web portal that allows each borrower to interact with you on their own terms. Young first time homebuyers may want to research, compare, apply and transact with you entirely online. Existing clients may still desire that personal touch during the application process, but would welcome the opportunity to receive their documents or keep up with the status of their loan online. Older borrowers may still want to do everything in person but are looking for your closest location or contact information. Success depends on having a web presence that can deliver all three experiences.

Let's start with the young first time homebuyer known as a "millennial". Millennials, also known as Generation Y or echo boomers, are typically 18 to 35 years old and are the first generation to come of

age in the new millennium. With over 50 million potential homebuyers born between 1979 and 1991, millennials comprise nearly a quarter of the US population. This group represents a critical target market and virtually every member can be found online. Millennials are leading the way in almost every digital metric including mobile internet usage, mobile commerce and location based services.

So what type of experience is a typical millennial looking for? Members of this “do it yourself” generation, prefer to have a robust toolset available to them 24 hours a day, 7 days a week, 365 days a year. These tools should allow the borrower to gather all of the information they need to make a decision and then allow them to execute on that decision. When redesigning your online presence, there are certain things that you should consider as part of your point of sale component. By simply keeping the following guidelines in mind, you will go a long way to achieving the online experience that these borrowers are looking for.

- Educate the consumer – give the consumer all of the information they will need to make an informed decision. Tell them all about your products and services. Explain the differences between your loan products. Let them look up unfamiliar terms or acronyms. The more information that you can provide to them, the more comfortable they will be with the process. The goal is to allow the consumer to gather the same information as they would receive in a face to face meeting in your office.
- Give them choices – Allow the consumer to look at a variety of products and rates. Give them calculators that allow them to play with different loan scenarios. Better yet, gather some basic information and let the system automatically run all of the calculations for them. Prequalify them against your entire product line and present to them the products and rates that best fit what they are looking for.
- Allow them to apply online – Once they have decided on a particular product and rate, allow the consumer to act on that decision. Electronically walk them through the application process in a clear and concise manner. Ask only the information that you need and keep them informed of their progress along the way. Allow them to save their application at any point in the process and return to it at a later date and time if necessary.
- Answer their questions – Along with having helpful tips available during the application process, make sure that you are available to help them at any point in the process. Install a live chat service to allow the consumer to reach an originator or help desk representative at the push of a button. Research has shown that lenders offering their customers online chat during the application process are 25% more likely to close the transaction. At the very least, make sure that your phone number is prominently displayed on your web portal.
- Respond quickly – There is nothing more frustrating to a borrower than to take the time to apply online with a lender and then have to wait for hours or days for a response. Consider utilizing automated underwriting at the point of sale where the borrower can get a conditional approval of their application while they are still online. At a minimum, send them an email confirming their application and letting them know what to expect next. The more that the customer is informed, the less likely they will be to continue their search with other lenders.

Unfortunately, one mistake that many lenders make is that they think of their lending portal as only a point of sale tool. While point of sale is important, it is equally important to have your customer portal double as a communication center. With today's active lifestyles, it is becoming extremely important to provide a real-time communication channel with your customers. As I mentioned earlier, there will still be a segment of your customer base that prefers to deal directly with a loan officer during the application process. Regardless of the origination channel, all of your customers deserve to be kept informed. Areas that should be considered when designing your post application communication channel include:

- Loan Status- report to your clients, loan officers and branches the status of their loan while it is in process. Information regarding the status of verifications, appraisals, inspections, closing dates and a variety of other information should be gathered from your LOS and made available to the borrower online. By keeping them in the loop during this process, you will cut down on the amount of phone calls and give the borrower the peace of mind that things are proceeding as planned.
- Secure Messaging – much of the data gathered during the origination and processing period contains sensitive and personal information. Disclosing this information via email may be a security risk and should be avoided at all costs. By adding a secure messaging component to your customer portal, you can keep the borrowers in the loop and satisfy your security team all at the same time. Secure messaging allows the loan officer and/or processor to easily communicate with the borrower during the loan processing period.
- Two way document delivery – You can speed up the lending process by delivering your disclosures electronically to the borrower. Again, for reasons of security and due to regulations imposed by the E-SIGN act, electronic disclosures should not be delivered via email. Because of these restrictions, many online systems allow you to only deliver disclosures for applications that were originated online. A true communication portal should allow you to deliver your disclosures whether they were created by the point of sale system or your LOS. Also, it is important to allow for two way document delivery. By allowing the borrower to upload documents back to the lender, you can cut days out of the lending cycle.

Finally, to complete the customer experience you should consider adding a section to your online portal that integrates with your loan servicing system. There is no reason that once a loan closes, the borrower should be forced to deal with their lender by conventional means. By allowing your customers to post their payments electronically, check their current mortgage balance and obtain their 1098 interest statements online you are creating an environment that appeals to your ever increasing online customer base.

In conclusion, a dynamic and professional online presence should serve as an extension of your organization. It should allow you to present your brand to the outside world at every touch point with prospects, customers, associates and business partners. Most importantly, it should allow an online customer the same experience as they would receive walking into one of your branches. By accomplishing these tasks, you will finally be able to convert those browsers into borrowers.