A vast untapped opportunity to speed up mortgage onboarding and grow your business

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There are a range of well-documented factors combining to make this a boom time for the UK mortgage market. These include the Help-to-Buy scheme, low interest rates, the Stamp Duty holiday, recovering house prices, and so on.

But not every lender will win equally from this recovery. As digital transformation takes hold of all industries, lenders that continue to rely on manual processes and are slow to embrace the opportunities of digitalisation will not benefit as much from all the opportunities at hand.

The lost opportunity hidden in current mortgage onboarding processes

One area in which manual processes still generate far too much work is mortgage onboarding. Currently, mortgage applicants need to send in a great deal of unstructured data to their prospective lender, including pdfs, scans of bank statements, and many other pieces of information in different formats. This creates work for the applicant and slows down the onboarding process. And on the lender side, you need to use this unstructured data to build up an accurate financial profile of applicants.

The entire process can take months, with multiple data in different formats flying around leading to lost time, potential for error, and a backlog of applications. This is an area ripe for digitalisation and automation. Enter Open Banking.

The onboarding process powered by Open Banking

By now you are probably familiar with the concept of Open Banking, but just to briefly recap, the principal is that banks must share account data with third parties, under strict regulations, not the least of which is that the applicant or customer (be they an individual or business) must give their consent.

This is a simple concept. However, it offers a ground-breaking advantage for early movers in the mortgage lending industry, by enabling you to almost instantly build an accurate, detailed, up-to-date financial profile of your applicant, without any manual processes, and free of unstructured data and human error. Among other things, the accuracy and speed of working with Open Banking in this manner allows you to do the following.

• Verify applicants' identities much more quickly.
• Make faster and better-informed credit and affordability decisions.
• Reduce fraud risk.
• Provide a better customer experience due to the speed and ease of onboarding.
• Speed up your cash flow due to being able to close deals more quickly.

With all these enormous benefits, why wouldn't you as a lending organisation adopt this technology?

Three key challenges to success with Open Banking

There are several reasons why Open Banking solutions have not yet been grasped with open hands by mortgage lenders. Fortunately, none of these are serious blockers.

1. Level of awareness
The first challenge is one that can work in favour of nimble lenders - awareness. As a relatively new technology with mostly unexplored potential, many lenders and consumers alike are still unaware of the potential benefits. Organisations that take time to research the market, talk to vendors, and educate their customers about the benefits will have a first-mover advantage in this space.

2. Security
When you are dealing with sensitive financial data, security is your number one concern. It is important to note here that Open Banking is a highly regulated field. To operate any Open Banking service, you must be licensed (FCA in UK and DNB in the Netherlands for instance). Lenders can apply for these themselves, but this is a time-consuming process. They can also work under the license of approved vendors, such as Yolt Technology Services (YTS).

3. Building the connections
Technically speaking, businesses can build their own connections to the banks. But there are several important advantages to partnering with an established player such as YTS. One key advantage is that you do not create an ongoing and unnecessary technical workload by maintaining the connections.

Conclusion

With the UK mortgage market heating up, and many lenders not yet aware of the potential of Open Banking, now is the time to act. YTS is an Open Banking solution that connects to all 9 of the main UK banks, and is the top Open Banking API provider in Europe by coverage, handling over 26 million successful API calls a week.

To find out more, visit: yts.yolt.com

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