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Intermediary Mortgage Survey 2015

Contents

Foreword

The inaugural IRESS Intermediary Mortgage Survey 2015 aims to provide insight into lender best practice while reflecting the experiences of intermediaries as they engage with lenders in the UK mortgage market. This insight will help drive innovation and best practice in the mortgage market for the good of lenders, intermediaries and consumers.

The survey was developed with, and supported by, the Association of Mortgage Intermediaries (AMI) and the Intermediary Mortgage Lenders Association (IMLA). We would like to thank the 21 lenders (representing 64% of the intermediary mortgage market) and over 120 intermediaries that have participated in the survey.

We hope you enjoy reading our report.

Paul Thornton
Executive General Manager, Lending
IRESS

As our previously published IRESS Annual Mortgage Efficiency Survey notes, intermediary distribution is a key channel for UK mortgage business with a 56% market share worth over £116bn. Recent trends suggest that the impact of the Mortgage Market Review (MMR) has increased the number of consumers seeking advice from intermediaries.

As new entrants intensify competition in the mortgage market, the distribution of mortgages through intermediary channels is likely to become an increasing focus for mortgage lenders. This will require investment and our research highlights where this investment could best be channelled. Future editions of this Intermediary Mortgage Survey and the IRESS Mortgage Efficiency Survey will continue to track the evolution of the UK mortgage market.

Henry Woodcock
Principal Mortgage Consultant
IRESS

This survey was developed with, and supported by, the Association of Mortgage Intermediaries (AMI) and the Intermediary Mortgage Lenders Association (IMLA).

1.0 **Executive summary**

Key findings

The survey finds that while most lenders perform well on the basics of online payment, quotations and applications; they fall short of intermediaries' expectations in other areas. For instance intermediaries rank the ability to scan and attach application proofs on the top of their wish list from lenders. However, less than half of lenders surveyed provide this facility at the point of sale.

Up-to-date case tracking and daily email status summaries of all ongoing cases are also highlighted as important functions, and in both these areas current lender functionality falls short. The majority of lenders fail to provide automated SMS and email updates and a third are unable to offer real-time case tracking or online prompts for case milestones.

Methodology and analysis

The IRESS Intermediary Mortgage Survey is in two parts, a lender survey and an intermediary survey.

The lender survey benchmarks lenders' intermediary facing systems in terms of functionality across three elements of the mortgage sales process: 1) product, criteria and general information provided on the intermediary portal landing pages; 2) the quote, apply and submit process; 3) post submission, transparency of the mortgage originations process.

The intermediary survey has two elements: 1) general functionality and the sales process; 2) intermediary ranking of usability of lenders' intermediary portals.

The two surveys combine to present a view of the intermediary mortgage market in functional and operational terms and an indication of best practice. Our analysis of best practice looked at the provision of key services provided by lenders and as valued by intermediaries, and feedback from a series of lender workshops held over the last twelve months.

The survey findings are summarised in sections 1 to 4, with detailed results contained in the appendix.

2.0 **The Lender Survey**

2.1 Key insights

The survey highlights a mix of high performing and under-performing areas with relation to the services currently offered by lenders to intermediaries. The basics such as quotations, applications and online payment are well provided for, but in some other areas examined in the survey less than half of lenders are offering best practice service, with insufficient information provided on service level information such as time to review documents or call waiting times.

According to the survey:

- Four out of five (81%) lender display lending criteria and policy on the portal landing page without having to login making the information easily accessible

- Overall service level information is only sporadically provided by lenders, with less than half (43%) delivering details on case referrals, document processing and average days to offer

- A third of lenders (33%) provide telephone service level information or estimated call waiting times

- Four out of five lenders provide easily accessible affordability and mortgage calculators on the portal landing page

- Almost half of lenders (43%) do not support multiple KFI illustrations and product modelling

- Nearly two thirds of lenders (59%) do not allow for post-contract variations to be processed by intermediaries

- Nearly all lender systems (90%) prompt intermediaries automatically for case proofs

- Less than half (43%) of lenders provide 'scan and attach' of proofs at the point of sale - a service highly valued by intermediaries

- Less than half (43%) of lenders provide online offer production

- Three quarters (76%) of lender systems provide case tracking

- Levels of automated case updates remain low, with the majority of lenders failing to provide automated SMS and email updates

- A third (33%) of lenders do not provide real-time case tracking or online prompts for case milestone

81%

Display lending criteria and policy

43%

Provide 'scan and attach'

76%
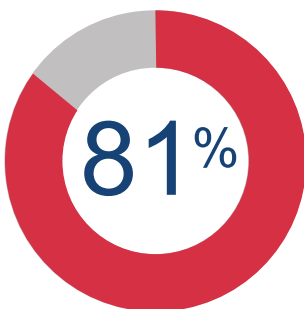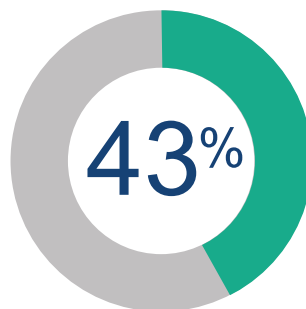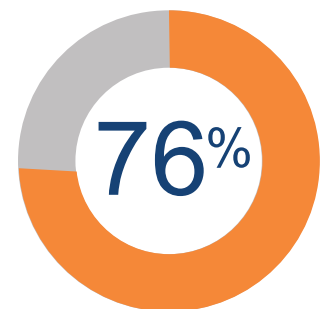
Provide case tracking

2.2 Landing pages

As the shop window to a lender's intermediary online distribution channel, a landing page needs to be up-to-date, easy to use and provide key information at a glance.

Most lenders provide core product details without having to log in and most offer basic mortgage calculators. However only a third of lenders provide buy-to-let calculators despite it being a growing and important sector of the mortgage market.

The level and type of information available on landing pages varies significantly between lenders. While four out of five (81%) display lending criteria and policy, the survey found that under half (38%) provide service information on referrals, document processing and average days to offer. A third of lenders (33%) fail to offer a fully-integrated sales and originations platform to support straight-through processing while only a third provide supervisor access to their intermediary portal. Just one in ten (10%) of lenders provide service updates via social media.

Registering as a new intermediary varies significantly; the majority take 15 minutes or less, but nearly a fifth (20%) of lenders take 45 minutes or longer. Support for registration ranges too, from no support to a dedicated registration site or team offering a combination of telephone, web chat, and online help.

Product search tools also vary across lenders. Some simply offer downloadable PDF documents and product guides, while others offer a sophisticated product search with filtering options making it easy to search by features, product codes, product types, total amount payable (TAP), etc.

A third of lenders (33%) fail to offer a fully integrated sales and originations platform to support straight-through processing

2.3 Quote, apply and submit

By the time the intermediary reaches the quote stage, they will have already spent a good deal of time with their client narrowing down suitable products. The quote & apply process should be simple and efficient whilst still providing all the information needed to provide a compliant mortgage sale.

Best practice includes:

- Delivering a decision in principle online at the point of sale

- Support for multiple product modelling and KFI production

- Enabling 'scan and attach' at the point of sale

- Online case transparency, including reasons for referral and decline

- Providing an automated valuation model (AVM)

- Online offer production

- A facility to pause and resume applications

- Support for up to four applicants

Key findings:

The vast majority of lender systems provide a full online decision in principle (86%) and prompt automatically for supporting application proofs (90%). However, only a third (33%) support product/rate switch transactions for existing customers or support up to four applicants (29%).

Over half (57%) of lenders support multiple KFI illustrations and porting transactions (52%); but less than half provide 'scan and attach' application proofs at the point of sale (43%), online offer production (43%) or online reasons for case referral (38%).

Most lender systems (86%) support pause and resume of applications, though fewer are able to accept online fee payments by card with just under a quarter (24%) unable to provide this service.

Most lender systems (86%) support pause and resume of applications, though fewer are able to accept online fee payments by card with just under a quarter (24%) unable to provide this service.

2.4 Post submission

Transparency of the originations process, both before and after a formal offer, is key to delivering a quality service to the intermediary and the consumer.

Lenders are being driven by consumers and the rise of digital only banks to provide greater transparency delivered across multiple devices and touch-points. Social media is also beginning to be used in post completion customer service scenarios. Twitter in particular has grown year on year, with four times as many lenders active today compared to 2012[1]. Nationwide provides a case study - the mutual has invested in social media, with a team of ten social media experts embedded in customer service. Paul Beadle, Nationwide's Head of Consumer and Social Media speaking at a recent banking conference, pointed to a number of factors in support of this:

- A 200% annual growth in the Nationwide banking app

- 57% of customers signing onto banking via a mobile device

- 37% of sales now being in the digital channel

Best practice includes:

- Automated updates via SMS, email and web (to any device - mobile, tablet etc)

- Real-time case tracking

- Providing intermediaries with a single view of all open cases and key stage milestones

- Online prompts for outstanding application proofs

Key findings:

Three quarters (76%) of lender intermediary systems provide case tracking throughout the origination process with slightly fewer (67%) offering this real-time. Elsewhere, the figures are less encouraging, with just one in ten (10%) of lenders providing daily email or automated SMS updates

A third of lender systems (33%) provide automated email milestone updates and just under half (43%) of lenders provide automated email requests for information or documentation.

A quarter (24%) of lender systems display prompts for outstanding application proofs and three quarters (71%) of lenders still require a new application from scratch following a material change.

Three quarters (76%) of lender intermediary systems provide case tracking throughout the origination process with slightly fewer (67%) offering this real-time.

[1] IRESS Mortgage Efficiency Survey 2014

3.0 **The Intermediary Survey**

3.1 Best practice

Feedback from the intermediary survey shows that not all lender intermediary portals are equal. Some lenders are providing best practice services but equally, some only provide a basic offering, which can hamper the mortgage buying process for intermediaries and consumers.

In relation to best practice, we have identified the services from lenders most requested by intermediaries. These include:

- Provision of key product information and online calculators without requiring login details

- Full online service level information so intermediaries do not have to telephone for case updates

- Real-time and automated alerts for case milestones and case tracking

- Fully-integrated sales and originations, enabling straight-through processing

- Support for multiple key fact illustrations (KFI) and product modelling

- Ability for an intermediary to view all cases open on one screen

- Efficient and intelligent processing to reduce time and avoid repetition when submitting full applications

- Prompt acceptance of declarations for scanned application proofs

3.2 Lender intermediary portals

The intermediary survey assesses lender intermediary portals in terms of general functionality and also serves as a usability survey.

Key insight from the general functionality review:

- Post MMR, lenders have demanded more evidence to support applications, on average a 39% increase. It is thought this might reduce over time as lenders become more comfortable lending under MMR and as third parties begin to provide online services such as income and expenditure tools

- The average intermediary sales interview takes just under 1 ½ hours, this is typically less than the lender average of 2 hours plus

- On average the sales interview and application data entry takes just over 2 ¼ hours. An earlier survey of advised sales and application data entry by lenders, disclosed an average of 2 ¾ hours

- Out of five core functions, intermediaries ranked the ability to scan and attach application proof documents the highest at 90%

- When asked for a single change that lenders could make to improve their intermediary portal, 'scan and attach' was ranked highest, with up-to-date information and case tracking placed second in importance

3.3 Intermediary requirements versus current lender offering

Intermediaries ranked five key functions in order of importance (as shown below).

This highlights a clear misalignment between intermediary requirements and current lender offering.
Of the three functions most highly ranked by intermediaries, at best, current lender offering stands at just over half.

Ranked most important by intermediaries   **Level of current lender offering**

Ranked most important by intermediaries	Level of current lender offering	Function
90.8%	43%	Ability to scan and attach application proof documents
53.3%	52%	Online single status view of all cases
34.2%	10%	Daily email digest of case status and information requests
32.5%	35%	Ability to process online post contract variations
8.3%	10%	SMS case alerts

3.4 Lender intermediary portal - usability

Intermediaries reviewed 27 lender intermediary portals in terms of ease of use and speed in managing and processing mortgage applications. Lenders were ranked between 1 and 5 for each question, 1 being the highest and 5 being the lowest.

The questions asked were:

1. How easy is it to log in and view your cases?

2. How easy is it to find current status and product information?

3. How quickly can you obtain a decision in principle?

4. How quickly can you submit an application?

5. How easy is it to submit or scan supporting documentation?

The survey shows that there is a large discrepancy between usability levels. For instance on the question 'how easy is it to log in and view cases?' over half (58.9%) of intermediaries awarded a 1 ranking to one lender; while more than a third (37.2%) ranked another lender a lowly 5.

What is also noticeable is that while some high marks indicate excellent functionality, these lenders were often the exception to the rule rather than a benchmark that many others came close to. For instance, on the question 'how quickly can you obtain a decision in principle?', more than half (56.4%) of intermediaries gave one lender top ranking but most other lenders were marked way below this - with the average number ranked 1 only 8.5%.

The following tables show the difference between the highest, average and lowest usability lender portal scoring in percentage terms, for how quickly an intermediary can obtain a decision in principle and how easy it is to scan and submit supporting documentation.

How quickly can you obtain a decision in principle?

How easy is it to scan supporting documentation?
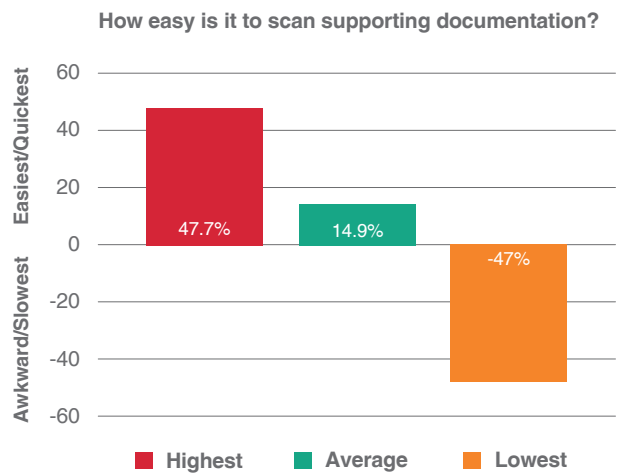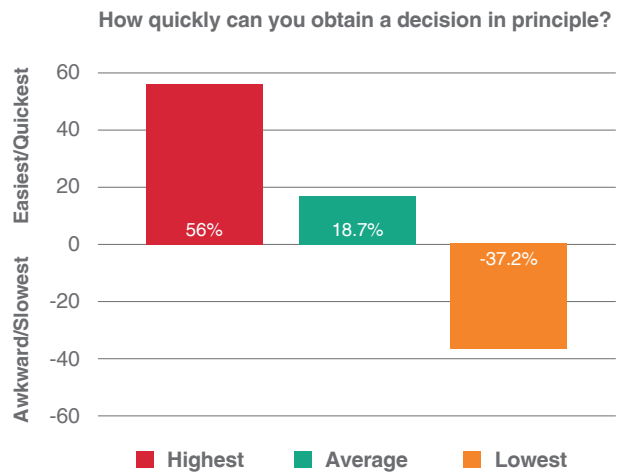
4.0 **Conclusion**

The Lender Perspective

Following a slowing market towards the end of 2014, lenders have started to offer lower interest deals to increase business volumes and head off borrower concerns over market turbulence that a May election and Bank interest rate rises might bring.

During this challenging period, gaining and retaining intermediary introduced mortgage business is going to be a major focus for most lenders.

As interest rates level out across the mortgage sector, it is the ease and efficiency of doing business that will attract intermediaries to best practice lenders.

Our survey shows that while many lenders are delivering services to ensure maximum ease of use and transparency for intermediaries, there remains a divide to be bridged between those who offer best practice aligned to intermediary requirements and those who still have some way to go.

There are three key areas where lenders need to improve their services and facilities:

1. Service level information - publication online of both the service level agreements and current service levels being achieved, for example days to review application proof documents, average days to offer

2. Scan and attach for application proofs - currently under half of lenders surveyed provide this service and not all automatically allocate proofs to the mortgage application

3. Transparency of the originations process - many lenders do not provide automated up-to-date case status or alert information so that intermediaries have to telephone to find out the status of an application.

The Intermediary Perspective

The current mortgage market offers great opportunities for intermediaries to grow their business. More lenders are coming to the market and those previously closed to intermediary introduced business are starting to open their doors once again. As most mortgage sales are now advised, intermediaries are able to show their value, understanding of a client's needs and circumstances and match them to the most appropriate mortgage product.

Technology can offer greater efficiencies and opportunities for the intermediary. The intermediary can start a fact find on their customer advice system, link seamlessly to product sourcing, choose a mortgage and apply directly without duplication of data or reams of paper documentation. Mobile devices mean that consumers can receive automated updates wherever they are and be kept fully informed throughout every step of the process.

Our survey highlights that although most lender online intermediary channels provide the basic services well, intermediaries are looking for a more efficient and transparent sales and originations process. In particular, intermediaries want:

- Immediate access to key processing metrics and service level information

- Ability to scan and attach application proofs at the point of sale

- A single online view of the case status of all their open cases

- Up-to-date and detailed case tracking information online and on mobile devices

The Intermediary Mortgage Market
- an outlook

Intermediaries' share of mortgage lending grew to 62% in the three months to September 2014, up from 54% for the whole of 2013, according to figures from the Council of Mortgage Lenders.

Market commentators predict that intermediaries could continue to win market share, perhaps up to 75% by the end of 2016. One contributing factor is that the number of lenders selling only via direct channels is reducing - HSBC, TSB and the Post Office have all decided to enter into the intermediary mortgage market in 2015.

Going forward, the challenge for lenders and intermediaries alike will be optimise technology to make the mortgage buying process as efficient and straight forward as possible for a whole new generation of homebuyers and potential remortgagees.

Digitalisation also offers other benefits - the virtual 'high street' enables lenders and intermediaries alike to reach an audience far beyond their physical location. It is clearly a time of opportunity.

5.0 **Appendix**
Full survey questions and summary findings

5.1 Intermediary portal landing page

No.	Question	Findings
1	Is product information accessible without login?	All lenders provide product information without having to login.
2	Are mortgage calculators accessible without login?	**86%** of lenders provide mortgage calculators without having to login.
3	Do you have an affordability calculator?	**81%** of lenders provide an affordability calculator.
4	Do you have an off-set calculator?	**29%** of lenders provide an off-set calculator.
5	Do you have a house price calculator?	**14%** of lenders provide a house price calculator.
6	What other calculators are provided to intermediaries?	**35%** of lenders provide buy-to-let and rental calculators. Other calculators include:quick quote, debt to income, repayment, further advance and retained properties.
7	Do you provide service information for lending decision referrals	**43%** of lenders provide service information for referrals.
7a	What level of information do you provide for referrals?	Responses varied from: no case specific information, basic information provided; decision/outcome details and what is required to proceed further, time to review referral versus service level agreement (SLA).
8	Do you provide service information for telephone service levels?	**33%** of lenders provide service information on telephone service levels.
8a	What level of information do you provide telephone service levels?	Measured in actual waiting times compared to service level standards. One lender measuring the percentage of calls answered in 20 seconds compared to the stated SLA.
9	Do you provide service information for telephone waiting times?	**29%** of lenders provide service information on telephone waiting times.
9a	What level of information do you provide for telephone waiting times?	Most lenders provide average waiting time information.
10	Do you provide service information for processing documents by date received?	**43%** of lenders provide service information for processing documents.
10a	What level of information do you provide for processing documents?	A number of lenders publish online daily updates of actuals versus SLA. Some lenders do not publish SLA or processing times and rely on intermediaries calling in to the processing centre or the data being passed on through business development (BDM) teams.
11	Do you provide service information for average days to offer?	**43%** of lenders provide service information for average days to offer.

No.	Question	Findings
11a	What level of information do you provide for days to offer?	A number of lenders publish online daily updates of the average number of days to produce an offer (often based on figures from previous weeks). Other lenders manage the process verbally through their BDM teams.
12	Do you provide online help through online chat?	**24%** of lenders provide an online chat service.
13	Do you provide other online help such as video tutorials, downloadable rates, lending criteria, guides, etc?	All lenders in the survey provide additional types of online help.
14	Are your criteria and lending policies available on the home page?	**81%** of lenders display criteria and lending policy on the home page.
15	Do you provide marketing or service updates via social media e.g. Twitter?	**10%** of lenders provide service updates via social media.
16	Is the online intermediary application solution integrated with your origination solution to provide straight-through processing?	**67%** of lenders have a fully-integrated sales and originations platform to support straight-through processing.
17	Do you accept paper applications from intermediaries?	**81%** of lenders accept paper applications.
18	If yes, in what application circumstances do you accept paper applications from intermediaries?	Aside from one lender who currently only processes paper applications, most lenders have specific application types that they accept via paper, porting being the most popular.
19	Do you provide supervisor/administrator access as well as single adviser access? For instance enabling a broker office to manage the applications for a number of brokers.	**33%** of lenders provide supervisor access to their intermediary portal.
20	What login information do you request?	Most lenders only require an email address and a password to login. Other lenders ask for a third identifier including: memorable word, FCA number, PIN.
21	Do you support or intend to support Unipass as a login option?	No lenders support Unipass as a login option.
22	What information must an intermediary provide to register?	Most lenders require detailed information or an application form to be completed. Which includes: Name, Address, DOB, Contact Details, FCA registration number, Firm details, Procuration Fee submission route. Some lenders centralise the process before intermediaries can then register online.
23	On average how long does it take to register a new intermediary? (In bands between 15 minutes or less to more than 45 minutes)	**57%** take up to 15 minutes to complete registration and **19%** take longer than 45 minutes.
24	What online support is provided for registration?	Support varies from none provided, through to a dedicated registration site/team and can include, telephone, web chat, and online help.
25	What product search and selection tools are provided?	Search tools vary across lenders, with the simplest being a downloadable PDF document and product guide through to a sophisticated product search via features, product codes, product types, Total Amount Payable, etc.

5.2 Quote, apply and submit

No.	Question	Findings
1	Do you support multiple product KFI illustrations?	**57%** of lenders support multiple KFI illustrations.
2	Do you support further advance transactions for intermediaries?	**38%** of lenders allow intermediaries to process further advances.
3	Do you support account porting transactions for intermediaries?	**52%** of lenders support porting transactions.
4	Do you support product/rate switch transactions for intermediaries?	**3%** of lenders support product/rate switch transactions.
5	Does the system provide product modelling and multiple KFI production?	**52%** of lender systems support product modelling and multiple KFI production.
6	Does the system provide a full online decision in principle?	**86%** of lender systems provide a full online decision in principle.
7	Does the system prompt for case proofs required e.g. P60, payslips?	**90%** of lender systems prompt automatically for case proofs.
8	Can proof documents be scanned and attached at point of sale?	**43%** of lenders provide scan and attach at point of sale.
9	Can proof documents be emailed as an attachment?	**48%** of lenders enable emailing of proof documents.
10	Can products be reserved pending full mortgage application?	**14%** of lenders provide product reservation prior to full application.
11	If a case is referred, do you provide the reason online?	**38%** of lenders provide online reasons for a case referral.
12	If a case is declined, do you provide the reason online?	**52%** of lenders provide decline reasons online.
13	Can application or product fees be paid online by debit or credit card?	**76%** of lenders provide online fee payment by card.
14	Does the system provide AVM valuations?	**33%** of lender systems provide AVM valuations.
15	Does the system provide Bank Account validation?	**62%** of lender systems provide bank account validation.
16	Does the system provide online offer production?	**43%** of lender systems provide online offer production.
17	Does the system provide a viewable and printable list of all the inbound and outbound application/case documents?	**43%** of lender systems provide viewable and printable list of all case documents.
18	Can a solicitor be allocated during the application process?	**81%** of lenders can allocate solicitors in the application process.
19	Can the application be paused and resumed at a later time or date?	**86%** of lender systems support, pause and resume of applications.
20	Can the intermediary 'override' the products available and select a 'non-eligible' product by obtaining a sanction code from your Mortgage Operations department?	**Only one** lender allows a product override.
21	Does the system allow intermediaries to submit applications with up to four applicants?	**29%** of lender systems support four applicants.

5.3 Post submission

No.	Question	Findings
1	Does the system provide automated SMS updates for milestones reached?	**10%** of lender systems provide automated SMS updates.
2	Does the system provide automated SMS requests for information or documentation?	**10%** of lender systems provide automated SMS requests for information or documentation.
3	Does the system provide automated email updates for milestones reached?	**33%** of lender systems provide automated email milestone updates.
4	Does the system provide automated email requests for information or documentation?	**43%** of lender systems provide automated email requests for information or documentation.
5	Does the system provide case tracking?	**76%** of lender systems provide case tracking.
6	Is case tracking available throughout the originations process - to offer and onto completion?	**76%** of lender systems provide case tracking throughout the origination process.
7	Is case tracking provided automatically in real-time?	**67%** of lender systems provide real-time case tracking.
8	Can the intermediary see tracking events for all open cases in a single view?	**52%** of lender systems provide case tracking for all open cases in a single view.
9	Do you provide a tracking app for smartphones or tablets?	**Only one** lender provides a tracking app.
10	Can email updates be configured to provide a daily digest for the intermediary?	**10%** of lenders provide a daily email update digest.
11	Does the system allow the intermediary to make changes to the mortgage application?	**24%** of lenders allow changes to the mortgage application.
12	Does the system provide the intermediary with an online dashboard summary of outstanding application stages and requirements?	**43%** of lender systems provide an online summary dashboard.
13	Does the online dashboard show prompts when document proofs are still outstanding?	**24%** of lender dashboards display prompts for outstanding proofs.
14	Does the online dashboard show a summary confirmation when key case stages are reached?	**38%** of dashboards provide a summary confirmation when key case stages are completed.
15	If a material change occurs post submission (i.e. change of security or applicants) is a new application submission required from the intermediary?	**71%** of lenders require a new application following a material change.

5.4 Intermediary lender survey participants (In all 21 lenders participated in the survey.)

Lender participants

Accord Mortgages	Nationwide - TMW
Aldermore	NatWest Intermediary Solutions
BM Solutions	Nottingham Building Society
Clydesdale Bank	One savings bank
Coventry Intermediaries	Paragon Group
GE Money Home Lending	Principality Building Society
Leeds Building Society	Santander for Intermediaries
Lloyds Banking Group	Scottish Widows Bank plc
Magellan Homeloans	Skipton Building Society
National Counties Building Society	West Bromwich Building Society
Nationwide - NFI	

5.5 Intermediary lender survey participants (120 intermediary firms benchmarked the usability of 27 lenders.)

Lenders benchmarked by intermediaries

Accord Mortgages	Metro Bank
Aldermore	Nationwide - NFI
Barclays - Woolwich	Nationwide - TMW
BM Solutions	NatWest Intermediary Solutions
Clydesdale Bank	Nottingham Building Society
Co-operative Bank - Platform	One savings bank
Coventry Intermediaries	Paragon Group
Darlington Building Society	Precise Mortgages
Dudley Building Society	Principality Building Society
GE Money Home Lending	Santander for Intermediaries
Halifax intermediaries	Scottish Widows Bank plc
Kensington Mortgages	Skipton Building Society
Leeds Building Society	Virgin Money
Magellan Homeloans	

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