



Mortgage BPO Annual Report 2019: Reducing Margins, Rise of Non-banks, and Declining Volumes – The Triad Shaping the Mortgage Industry?

Banking and Financial Services (BFS) – Business Process Services (BPS)
Annual Report – May 2019: Complimentary Abstract / Table of Contents

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Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

- ▶ **Application Services**

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- ▶ ITS | Life Sciences

- ▶ Locations Insider™

- ▶ PricePoint™

- ▶ Procurement

- ▶ Recruitment & Talent Acquisition

- ▶ Service Optimization Technologies

Membership information

- This report is included in the following research program(s)
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In addition to a suite of published research, a membership may include

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model™ reports
- PriceBook
- Virtual Roundtables
- Workshops

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

1 Robust definitions and frameworks
(BFSI segmentation, third-party Business Process Outsourcing (BPO) market definition, PEAK Matrix, and market maturity)

The diagram illustrates the BFSI segmentation framework. It includes a 'Capital Business' triangle, a 'Strategic Focus' matrix with 'High' and 'Low' axes, and a 'Market Maturity' matrix with 'High' and 'Low' axes. A 'PEAK Matrix' is also shown, plotting 'Major Contenders' and 'Leaders' against 'Apprentice' and 'Mentor' levels.

2 Primary sources of information
(Annual contractual and operational RFIs, service provider briefings and buyer interviews, web-based surveys)

The screenshot shows an 'Appendix: respondent profile' report. It includes a table of respondent details and several pie charts representing the distribution of respondents by region (North America, Europe, Asia Pacific, Latin America, Africa) and by company size (Small, Medium, Large).

3 Diverse set of market touchpoints
(Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership)

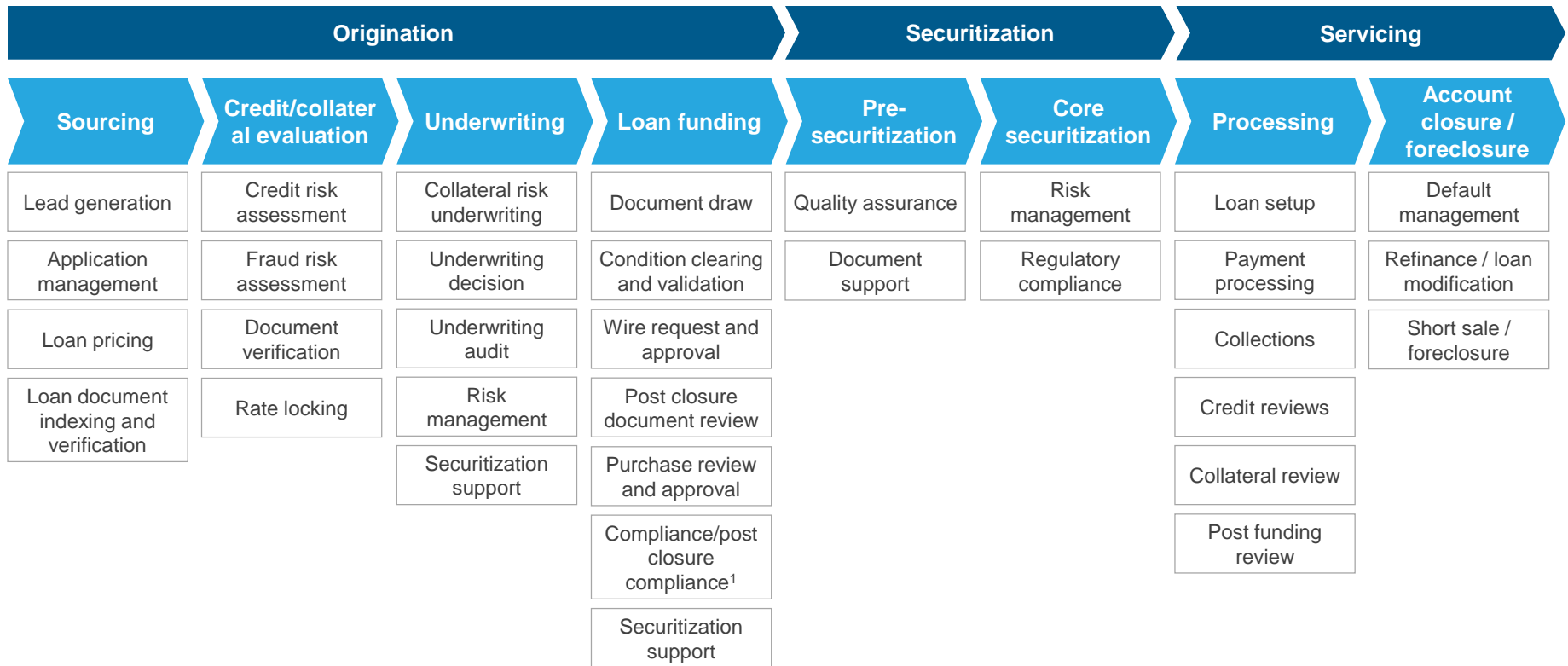
The diagram shows a central 'Services Industry' circle surrounded by 'Enterprises', 'Service Providers', and 'Service Enablers'. Below this, a flowchart illustrates the research process: 'Problem' leads to 'Issue', which leads to 'Hypothesis', then 'Data Gathering and Analysis', and finally 'Conclusions and Recommendations'.

4 Fact-based research
(Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and service providers)

The charts show the shipment of new multi-process FAD contracts over time (2010-2018) and the shipment of multi-process FAD contract extensions over time (2010-2018). A bar chart below compares the shipment of new contracts vs. extensions in FAD contracts for 2018 Q1, with a note: 'This bar includes FAD conversions from an existing contract other per indicated during contract extensions in the year-over-year bar and confirms in the supplier's ability to deliver value'.

- Proprietary contractual database of ~400 mortgage BPO contracts (updated annually)
- Year-round tracking of 20+ mortgage BPO service providers
- Large repository of existing research in mortgage BPO
- Dedicated team for mortgage BPO research, spread over two continents
- Over 20 years' experience of advising clients on mortgage BPO-related decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

Everest Group's classification of the mortgage value chain



Analytics

Regulatory compliance and reporting

¹ The U.S. compliance follows the mortgage electronic registration system and the HUD1 settlement statement
 Note: This report covers vertical-specific BPO within the mortgage space. It does not include horizontal business processes such as F&A, HR, procurement, and contact centers

This report is based on various key sources of proprietary information

- Proprietary database of ~400 mortgage BPO contracts (updated annually)
- The database tracks the following elements of each contract:
 - Buyer details including size and signing region
 - Contract details including service provider, contract type, TCV & ACV, service provider FTEs, start & end dates, duration, and delivery locations
 - Scope details including share of individual buyer locations being served in each contract, LoB served, and pricing model employed

- Proprietary database of 20+ mortgage BPO service providers (updated annually)
- The database tracks the following for each service provider:
 - Revenue and number of FTEs
 - Revenue split by region
 - Number of clients
 - Location and size of delivery centers
 - FTE split by different LoBs
 - Technology solutions developed

- Service provider briefings
 - Vision and strategy
 - Key strengths and improvement areas
 - Annual performance and future outlook
 - Emerging areas of investment

- Buyer reference interviews, ongoing buyer surveys, and interactions
 - Drivers and challenges for adopting workplace services
 - Assessment of service provider performance
 - Emerging priorities
 - Lessons learned and best practices

Service providers assessed¹



¹ This assessment is based on Everest Group's estimates that leverage its proprietary Transaction Intelligence (TI) database, service provider public disclosures, and interactions with buyers. It also draws inputs through RFIs from seven service providers (Cognizant, Exela Technologies, HCL Technologies, Infosys, Mphasis-Digital Risk, TCS, and WNS)

² An Mphasis company

Note: We continually monitor the market and update the above list to include emerging service providers
 The source of all content is Everest Group unless otherwise specified

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected, will only be presented back to the industry in an aggregated fashion

How to read this document

Information desired / section title

Where to locate the information / what does the section contain

Summary of key messages

- The section on key messages summarizes insights on the mortgage market
- The key messages are categorized under three sections:
 - Mortgage lending in the United States
 - Emerging geographies
 - Outsourcing trends in the lending market

Key facts or analyses related to a specific topic

- A section is devoted to each aspect of the summary of key messages (listed above)
- Each section contains detailed charts on the relevant topics within each dimension
- Refer to the table of contents (pages 4 and 5) to identify relevant topics covered within each section
- Summary pages at the beginning of each section cover the key trends

Future outlook

The section provides future outlook for the mortgage market

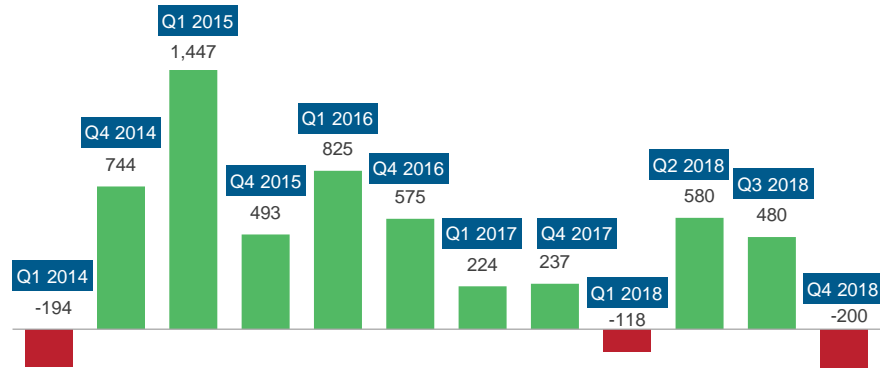
Definition for unfamiliar terms and related research

- Acronyms or technical outsourcing terms are defined in the glossary of terms (appendix)
- Refer to the related Everest Group mortgage research publications listed in references (appendix)

This study offers four distinct chapters providing a deep dive into key aspects of the mortgage market; below are four charts to illustrate the depth of the report

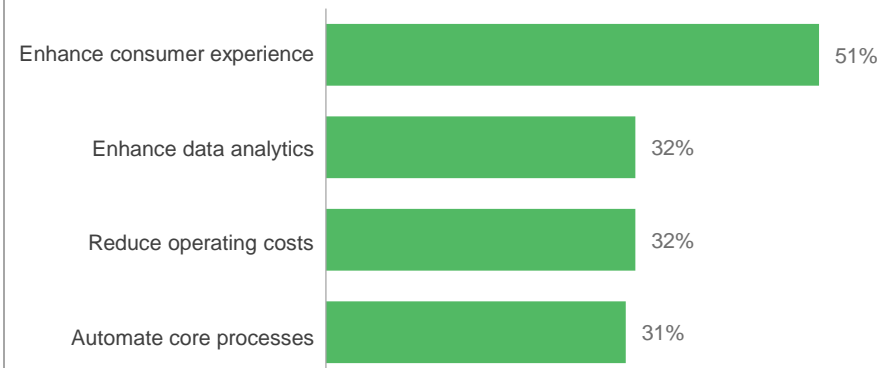
Mortgage lending in the U.S. | Lenders' perspective

Profit per mortgage loan originated
US\$



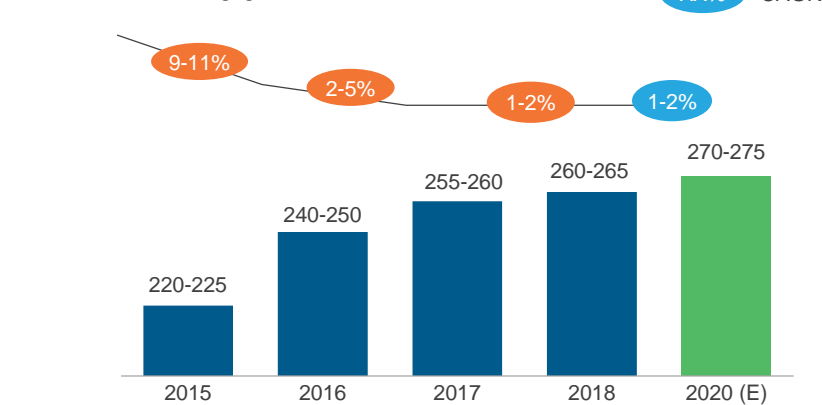
Market trends | Customer experience

Top business priorities to maintain or improve competitiveness
2018; Percentage share



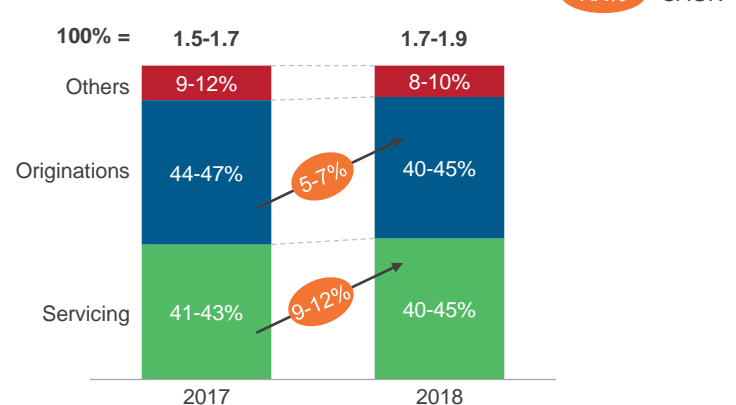
Emerging geographies | United Kingdom

UK Mortgage market size and growth
GBP billion; New mortgages sanctioned



Mortgage BPO trends | Adoption by LoB

Spread of revenue by process
Percentage share of total revenue; US\$ billion



Research calendar – Banking and Financial Services (BFS) – Business Process Outsourcing (BPO)

Published
 Planned
 Current release

Flagship BFS BPO reports

Release date

Mortgage BPO – Service Provider Profile Compendium 2018	February 2018
Banking BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	March 2018
Know Your Customer-Anti Money Laundering (KYC-AML) BPO – State of the Market with Services PEAK Matrix™ Assessment 2018	June 2018
Banking BPO Annual Report 2018: Digital Transformation or Digital Washing: Looking Beyond the Hype	July 2018
Banking BPO – Service Provider Profile Compendium 2018	August 2018
Mortgage BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019	January 2019
Banking BPO Digital Capability Platform (DCP) – Service Provider Landscape with PEAK Matrix™ Assessment 2019	March 2019
Mortgage BPO Annual Report 2019: Reducing Margins, Rise of Non-banks, and Declining Volumes – The Triad Shaping the Mortgage Industry?	May 2019
Mortgage BPO – Service Provider Profile Compendium 2019	Q2 2019
Banking BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2019	Q2 2019

Thematic BFS BPO reports

Mortgage BPO State of Market Report 2015 – Curve of Time to Meet Mortgage Again?	May 2015
Home Equity Loans – The Next Frontier in Mortgage BPO	May 2015
Risk Management – Looking Beyond the Transactions, Credit Leading the Way	April 2016
Risk Management – US\$300 Billion – Enough to Buy Facebook, or Pay for Your Regulatory Mistakes	March 2017
Wealth Management for the Next Generation	February 2018
Broking Bad	March 2018
Blockchain: Is it the Silver Bullet?	April 2018
Think Banks Have Gotten the Most Out of Automation? Think Again!	February 2019

Note: For a list of all of our published BFS BPO reports, please refer to our [website page](#)

Additional mortgage research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest.

- 1. Banking BPO Annual Report 2018: Digital Transformation or Digital Washing: Looking Beyond the Hype** ([EGR-2018-27-R-2706](#)); 2018. This report helps key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics in the banking BPO market and identifying recent trends and the future outlook. Further, tries to investigate the levers of true digital transformation and identifies the difference between transformation and washing when it comes to digital.
- 2. Mortgage BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2019** ([EGR-2019-27-R-3026](#)); 2019. This report helps key stakeholders (buyers, service providers, and technology providers) understand the changing dynamics of the mortgage BPO space and identify the recent trends and future outlook. It provides comprehensive coverage of the global mortgage BPO space including detailed analysis of the state of the market, market trends and solution characteristics, service provider landscape, and the future outlook.
- 3. Mortgage BPO – Service Provider Profile Compendium 2018** ([EGR-2018-27-R-2559](#)); 2018. This compendium provides key stakeholders a snapshot of 12 major mortgage BPO service providers' offerings and capabilities. Specifically, the report allows service providers to compare their areas of strength and development with other service providers in the marketplace. It also helps existing and potential buyers of mortgage BPO services to assess service providers on the capabilities they desire.

For more information on this and other research published by Everest Group, please contact us:

Manu Aggarwal , Practice Director:	Manu.Aggarwal@everestgrp.com
Robin Jain , Practice Director:	Robin.Jain@everestgrp.com
Akanksha Pathak , Senior Analyst:	Akanksha.Pathak@everestgrp.com
Rohit Sharma , Senior Analyst:	Rohit.Sharma@everestgrp.com
BPO Research Team:	BPOResearch@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

Stay connected

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