

The Need for Speed in the Digital-First Mortgage Era

November 2021: Complimentary Abstract / Table of Contents



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Tracking: service providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

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Background of the research

The landscape for mortgage operations is becoming increasingly competitive as enterprises continue to look for new solutions to improve their capabilities, expand their footprint, and gain market share. Some of the factors shaping the mortgage industry landscape include interest rate changes, shift in consumer behavior, rise of digital elements, and the evolving regulatory environment. To this effect, dominance of non-banks continue to gain momentum coupled with increased leverage of technology and digital and rise in demand for ancillary services in mortgage operations. To stay competitive, enterprises are embracing digital technologies that include advanced analytics and cognitive aids, to provide customers a seamless and personalized experience. Consequently, their demands from service providers have also moved beyond cost efficiencies to value additions, to aid in their transformation agendas.

In this research, we present a state of the market perspective of the current state of mortgage operations. The assessment is based on Everest Group's interactions with leading mortgage operations services providers, client reference checks, and an ongoing analysis of the mortgage services market. We focus on:

- Key challenges faced by financial institutions in the realm of mortgage operations
- Emerging areas in mortgage operations that are gaining traction
- Key outsourcing trends in the mortgage operations industry
- Key recommendations for enterprises and service provider community

Scope of this report:



Geography
Global



Services
Mortgage operations

Overview and abbreviated summary of key messages

This report examines the mortgage operations landscape and key factors shaping the market. It focuses on changing market dynamics and emerging areas, outsourcing trends, and also identifies the key recommendations for buyers and service providers.

Some of the findings in this report, among others, are:

Key trends shaping the mortgage market

- Mortgage originations volume has seen a sharp uptick fueled by historically low interest rates while serious delinquency rates have also risen, primarily due to challenging economic conditions, which is also resulting in higher servicing costs for lenders
- Some of the biggest challenges being faced in the industry are those due to regulatory changes, technology and digital evolutions, and resource constraints

Spotlight on emerging areas

- The dominance of non-bank lenders continue to rise in the mortgage market with the pandemic further bolstering their growth momentum
- The industry is seeing non-banks transforming operations across the entire mortgage value chain with strategic partnerships between emerging FinTechs and traditional lenders is also becoming more commonplace
- There is also an uptick in demand for support/ancillary services, led primarily by the need to improve customer experiences and reduce costs

Outsourcing trends in mortgage operations

- The rise in originations volumes at the hands of service providers has led to a double-digital growth in mortgage operations, making it cross the US\$2 billion mark. North America has been seen to consistently drive the operations segment with the highest additional volumes.
- Originations grew the most, fueled by historically low interest rates and digital adoption in mortgage operations is on the rise

Key recommendations

- Enterprises can derive increased benefits from their outsourcing contracts by addressing their supplier portfolios, shoring mix, rates, and commercial terms in a preemptive manner
- The pandemic has made enterprises rethink their sourcing practices and resulting expectations in order to shield themselves from any future business disruption. As a result, service providers may now have a bigger role to play

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

Key trends shaping the mortgage market



Regulatory challenges



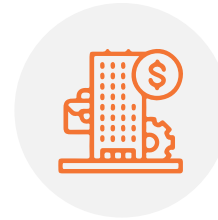
Technology and digital



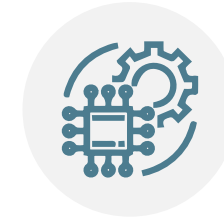
Resource constraints

Spotlight on emerging areas

Dominance of non-banks



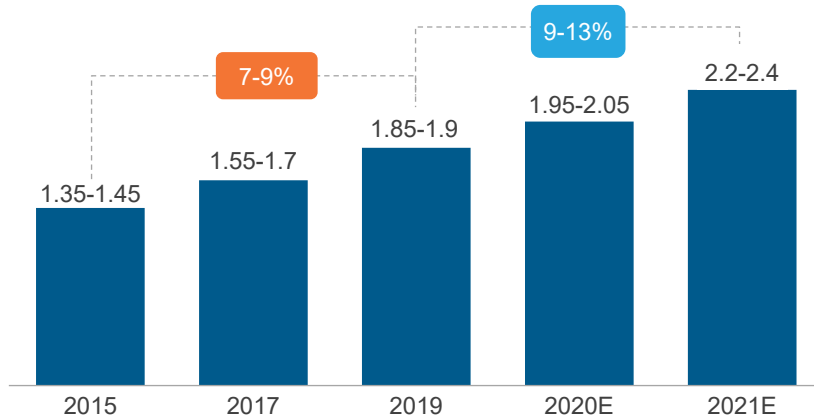
Leverage of technology and digital



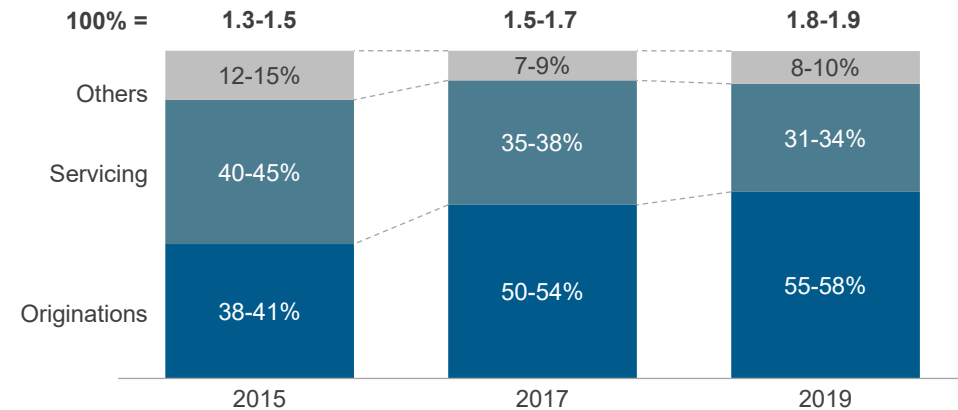
Rise in demand for ancillary services



Market size and growth in outsourced mortgage operations



LoB adoption in outsourced mortgage operations



Research calendar

Banking & Financial Services BPS

Published Planned Current release

Flagship BFS BPO reports

Release date

Mortgage Operations Service Provider Landscape with PEAK Matrix® Assessment 2020	September 2020
Mortgage Operations – Service Provider Profile Compendium 2020	December 2020
Financial Crime and Compliance (FCC) Operations Services – Service Provider Compendium 2021	June 2021
Capital Markets Operations – Services PEAK Matrix® Assessment 2021	July 2021
Capital Markets Operations – Service Provider Profile Compendium 2021	September 2020
Banking BPS Service Provider Landscape with PEAK Matrix® Assessment 2021	Q4 2021
Mortgage Operations Service Provider Landscape with PEAK Matrix® Assessment 2021	Q4 2021
Mortgage Operations – Service Provider Profile Compendium 2021	Q1 2022

Thematic BFS BPO reports

Release date

Business-Process-as-a-Service (BPaaS) Adoption Debunked – Current and Future Direction	September 2019
Ameliorating Customer Experience in BFS	December 2020
Mortgage of the Future	January 2021
Closing the Gap for FinTech and BigTech Operations Non-banks' Sourcing Opportunity	March 2021
Collections of the Future	September 2021
The Need for Speed in the Digital-First Mortgage Era	November 2021

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