

Mobile Technology as Industry Conduit

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FORT LAUDERDALE, FLA.--Mobile technology for the mortgage industry can bring internal value and customer value, depending on its fit within an organization, said industry analysts here at the **Mortgage Bankers Association's National Technology in Mortgage Banking Conference & Expo**.

Jeff Lebowitz, president of **MORTECH LLC**, Bend, Ore., said wireless technology applications have increased dramatically within the real estate finance industry. He said smart phones will fully intersect with standard technology by the third quarter of this year.

However, Lebowitz cautioned that any strategy to "leapfrog" competition on mobile technology could backfire. He said an inflection or tipping point for mobile technology to become viable was four or five years ago and, if mortgage companies did not make investments in mobile technology, they now need to play catch-up.

"The world is going to 'unwired,'" Lebowitz said. "We all experience it in our own lives, from information management to processing that information anywhere, anytime, for information mobility. It is particularly important for remote workers; it is particularly important for the sales staff; it is particularly important for anyone who works out in the field."

A recent MORTECH study of wireless handheld technology showed **58.5 percent** of lenders have implemented mobile computing while **22.4 percent** have not planned for it. More than **19 percent** have studied, budgeted or planned for it. Nearly **85 percent** of mortgage firms use mobile devices for pricing updates, while **50.8 percent** use it for borrower loan status, **36.4 percent** submit loan applications through mobile technology and **23.5 percent** use mobile technology for closing docs.

"We are moving from merely information to transaction," Lebowitz said. "The closer [technologists] gets to transactional functionality, the longer time it takes for the industry to [embrace] it."

Jordan Brown, CEO of **Marketwise Advisors LLC**, Ponte Vedra Beach, Fla., said mobile technology could be a "game changer." He said game-changers in technology make critical differences in a company's book of business, guides it and changes business moving forward.

"We have seen a number of these game changers in the past 10 to 15 years," Brown said. "During [my] 20-year tenure in the mortgage industry, I have seen the PC [personal computer] *en vogue* to the laptop origination and pitch really hard, to the largest of lenders, to pitch them to deploy their loan officers with laptops and then pushing them forward as to what kind of decisioning models, to cloud computing and now we are at a new juncture of smart phones, **iPads** and tablet technologies."

However, Brown noted that business-driven innovation needs to come out from the technology and return on investment associated to it. "They can't be just cool gadgets that look good and loan officers really like but how that can turn into ROI," he said.

"Too often, we make the wrong decisions for the wrong reasons," Lebowitz added.

Smaller lenders, under \$100 million, had less than **50 percent** implementation for mobile computing, MORTECH reported. While **12.3 percent** of smaller lenders have studied it and nearly **25 percent** of them said they do not plan to use mobile computing.

"We often detect a pattern that when it comes to accepting something new, larger lenders always have a higher

implementation rate,” Lebowitz said. “They tend to do it sooner. In terms of looking at the environment at which [your company] operates, it is always a good thing--if a larger lender--to look what peers are doing. If a smaller lender, look up-market to see what is coming down next. That is particularly true now with the rules of the business being determined by the federal government. We are going to get more uniformity and, actually, faster adoption once they make up their minds.”

Brown said when working with a borrower for originations or modifications, in a call-center environment or face-to-face, a collaborative environment works best in viewing various scenarios to determine if a transaction is going to work. The tablet enhances value one-on-one, he said, with the “lift” in creating an electronic document trail, “creating electronic docs, creating electronic signatures, leveraging electronic docs and deploying it across an organization.”

“We have seen at least three or four different waves during the past 10 years, of the point-of-sale LOS [loan origination system] reinvention,” Brown said. “It is relatively easy to pick up an LOS application if it has an Internet portal and actually deploy it that way. Having the application at point-of-sale, made for teams to sell and leverage a collaboration, that is a different story. It is not even a subtle difference. It is a significant difference between having a true point of sale developed for an iPad versus having an application that is an older application deployed and made available through tablet technology.”

A top five lender’s ROI for an electronic mortgage, from originations to servicing operations, for example, could save nearly half on origination costs, Brown reported. Unit cost on a per loan basis for an end-to-end eMortgage averaged nearly **\$771** per loan. “That is approximately a 40 percent to 50 percent decrease in origination in an ideal environment,” Brown said.

Brown said lenders will need to look at best decisions to leverage ROI for their particular organization. He also noted that tablet technology gained highest acceptance among appraisers, as it has for environmental phase one inspectors in commercial real estate.

“The laptop was the first piece,” Brown said. “[The tablet] is really the next gen from the laptop.”