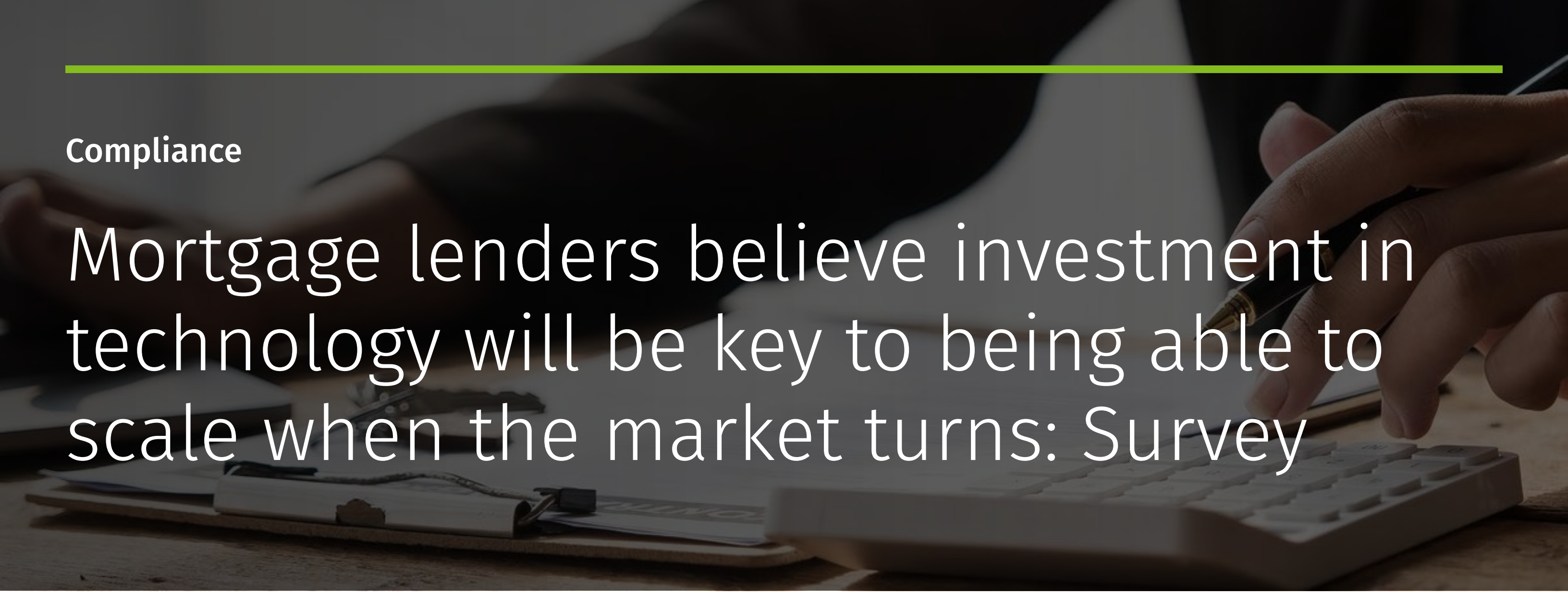


Compliance

Mortgage lenders believe investment in technology will be key to being able to scale when the market turns: Survey

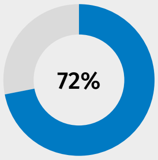
Wolters Kluwer recently surveyed 110 mortgage and financial executives about their current and future plans for investment in staffing and technology, particularly as it relates to digital transformation in the mortgage industry.

Part I of this two-part blog series explored what mortgage lenders had to say about their current investment in technology for 2023 in light of market conditions as well as their staffing plans for the remainder of this year. In Part II, we'll look at their anticipated plans for technology investment in order to be able to respond and scale appropriately when the market turns.

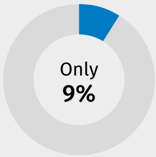
Most lenders see higher ROI using technology versus human capital.

According to the survey, a majority of respondents (72%) believe using technology yields higher operational gains as opposed to using human capital. Only 9% say human capital will deliver higher yields. When asked what they believe are the most important benefits commonly seen from investing in digital technologies, 65% cite speed and efficiency as the most important benefits.

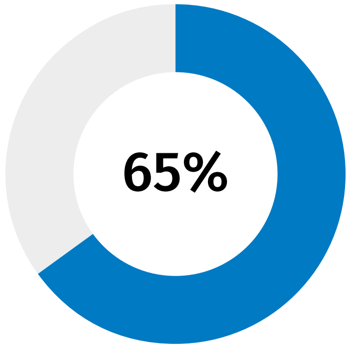
Survey findings on technology vs. human capital:



of respondents believe using technology yields higher operational gains.



of respondents say human capital will deliver higher yields.



of respondents cite speed and efficiency as the most important benefits.

Lenders say technology investment is key to being able to respond and scale up when the market returns.

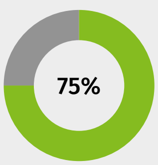
As volume returns, a clear majority (79%) say they will rely more on technology to scale operations with some staffing increases expected. Interestingly, 75% of respondents say their company is currently using AI or machine learning, with 16% saying they aren't yet using it, but are reviewing options to do so. Clearly, the group is not entirely convinced, however, that their current technology is up to future challenges. Less than 10% say they believe their company's current technology resources will allow them to properly scale up or down, depending on where the economy is headed. Just over half (54%) say they could scale up using their current technology.

When anticipating their ability to be in a leading market position when the economy returns to growth mode, less than 9% say they are confident they have the proper technological resources in place to be competitive. Seventy-five percent say they'll need to invest more in technology to be in a position as a market leader when the market returns to growth mode.

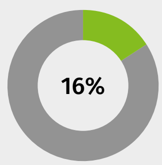
79%

of respondents say they will rely more on technology to scale operations as volume returns.

Current usage of AI and machine learning

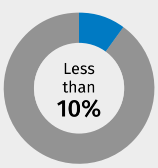


of respondents say their company is currently using AI or machine learning.

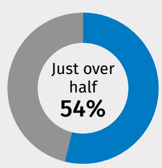


are not yet using it but are reviewing options to do so.

Confidence in current technology resources for scaling

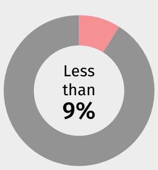


confident in current technology's scalability with economic changes.

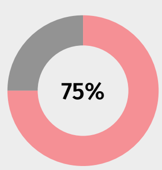


believe they could scale up using their current technology.

Anticipating leading market position and investment in technology



confident in having the necessary technology for a leading market position in growth mode.



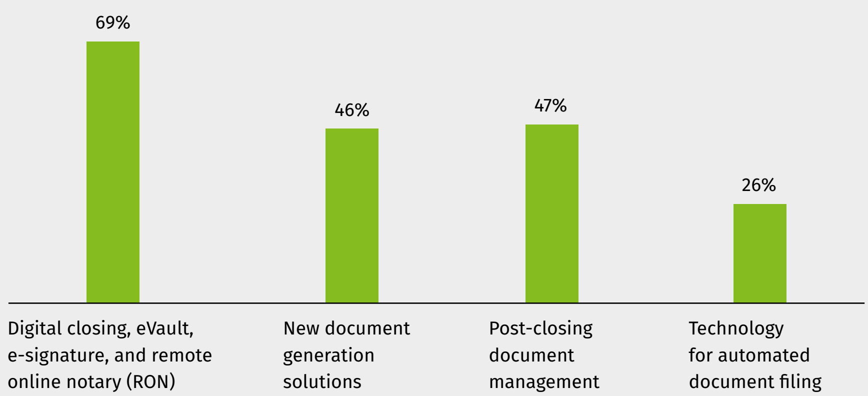
plan to invest in technology to become market leaders in the growth mode.

A majority of lenders anticipate investing specifically in digital closing technologies to be ready when the market turns and to ensure scalability options.

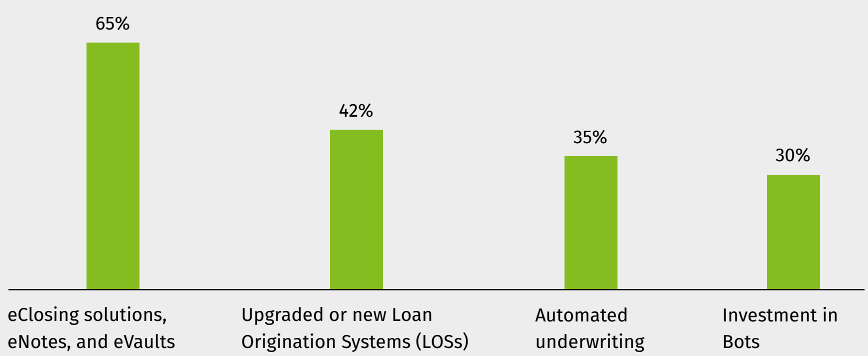
When asked what type of technology they need to invest more resources in to be competitive in a growth cycle, 69% say they need to invest in digital closing, eVault, e-signature, and remote online notary (RON). Almost half (46%) say they need to invest in new document generation solutions and post-closing document management (47%). Just over a quarter (26%) say they need to invest in technology to automate document filing.

Likewise, 65% say they plan to use eClosing solutions, eNotes, and eVaults to be able to scale in the future. Forty-two percent plan to invest in upgraded or new LOSs, and 35% plan to invest in automated underwriting. Just under a third (30%) will invest in Bots.

Technology investments to be competitive in a growth cycle:



Planned technology usage for future scaling



About Wolters Kluwer

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Wolters Kluwer reported 2022 annual revenues of €5.5 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 20,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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