

The mortgage lenders' guide to cloud communications



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Introduction



2020 was a banner year for the mortgage industry, with a [record-breaking \\$4.3 trillion in originations](#) by year-end. Yet, the high volume of originations led to a backlog; lenders couldn't respond to borrowers in a timely fashion.

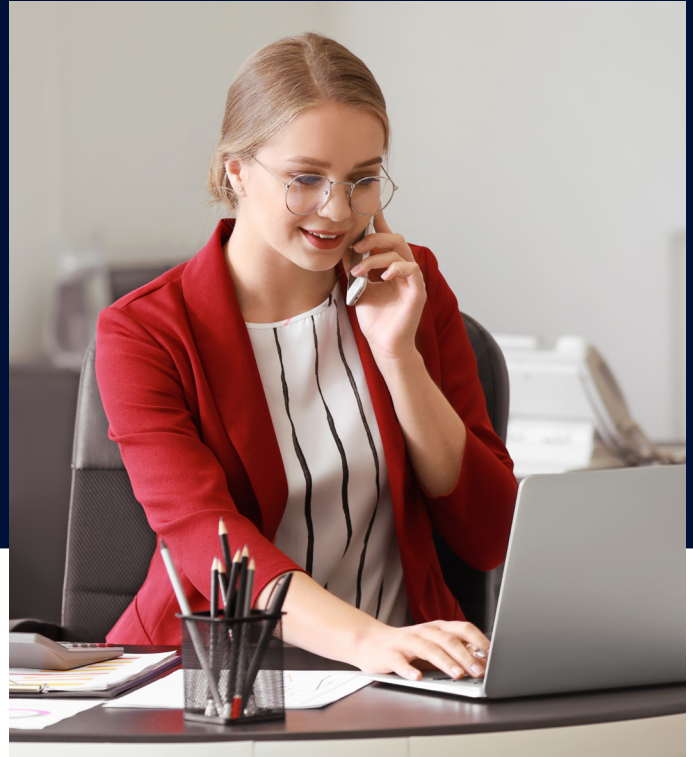
Moreover, borrower demographics are changing. Millennials are now one of the largest groups of mortgage clients ([42%](#)). At the same time, they are among the least satisfied with the mortgage process. According to [research from STRATMOR Group](#), the NPS score (a score that measures client satisfaction) for Millennials was 76, lower than either Gen X or Baby Boomers at 80 and 78 respectively.

Delving into the reasons behind this dissatisfaction on the part of Millennials with the lending process, the STRATMOR report highlighted outmoded methods of communication as a significant hot button and added: “When it comes to receiving updates on their loan-in-progress, they prefer quick checks on their mobile phones. They seem to be most comfortable—and most delighted—when updates are sent via a text or a pushed mobile app notification. Granted, a personal phone call from the lender reigns supreme, but each of these options far surpass the NPS of email updates.”

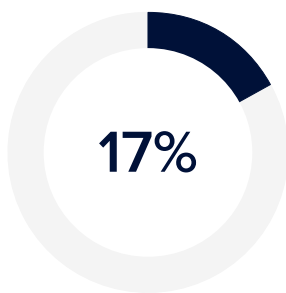
Communication isn't something that takes place only during the home-buying process—clients need to reach out to lenders periodically as they're paying off their loan, whether to update profile information, request forbearance, or check payment status. To keep clients satisfied, mortgage companies need to keep lines of communication open.

This guide explores the importance of transparent, proactive mortgage communications, and the steps lenders can take to enable them.

Mortgage communications challenges



2020 was an eventful year. Despite a global public health crisis, the housing market boomed. [It eclipsed the 2003 high](#), according to lender Fannie Mae. All of those purchases came with more work for lenders; as a result, it created a backlog.

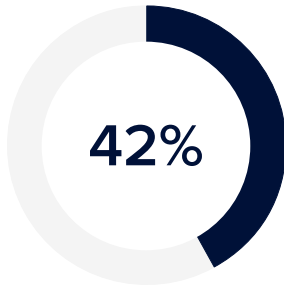


In 2020, delays affected 17% of loans.

As of February 2021, the average time to close a refinance loan was about two months, with many mortgage companies reporting [average cycle times of three and a half months](#). The longer it takes to close a loan, the more frustrated borrowers become. That dissatisfaction hurts lenders: instead of recommending a mortgage firm, clients will actually denigrate the firm and deny it referrals—the bread and butter of new business.

Research from STRATMOR bears this out. Failure to close a loan in the expected timeframe costs a mortgage company [57 Net Promoter Score points](#) (the NPS measures customer satisfaction). In 2020, delays affected 17% of loans. Those delays caused mortgage companies' NPS scores to plummet from 87 to 30.

Unhappy clients will share their experiences with others. Research from STRATMOR published in January 2021 shows that when a lender fails to call a client before closing to review figures, [their NPS drops a staggering 92 points](#). That drop means a client transforms from a Promoter (someone who actively refers business) into a Detractor (someone who criticizes a firm and drives business away).

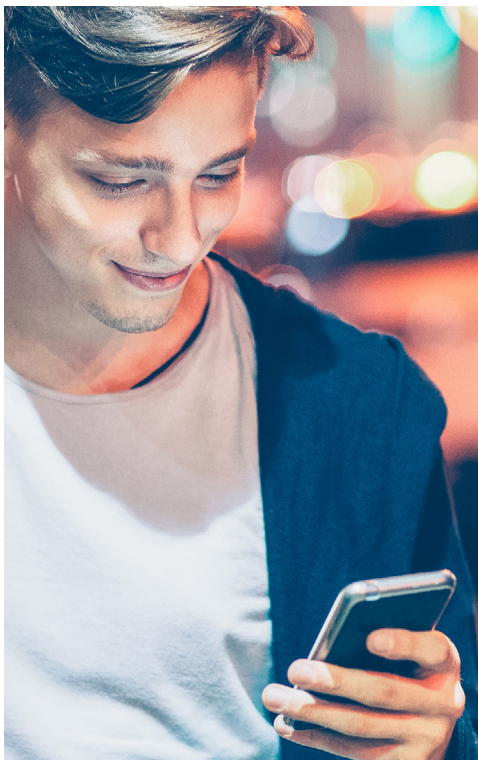


Millennials are now the biggest mortgage holders (42%).

For mortgage companies, referrals represent a significant source of business. STRATMOR research shows that when clients refer a mortgage company, the lender averages one extra loan a month, resulting in a [20% increase in business](#).

Additionally, mortgage companies now have to contend with a new demographic in the market: Millennials. This group, born between 1981 and 1996, holds enormous purchase power in the housing and mortgage market. Millennials have now surpassed Baby Boomers and Gen Xers as [the biggest mortgage holders \(42%\)](#).

Conversely, they are also the second least-satisfied group of mortgage holders, only outpaced by the younger Gen Z. Millennials' NPS for mortgages is 76, lower than Gen X's NPS of 80 and Baby Boomers' NPS of 78.



Here's why Millennials are dissatisfied with the mortgage process: they don't love the way their lenders communicate. They prefer a phone call (which garnered an NPS of 88), but they are also open to text messages (with an NPS of 82) and push notifications (with an NPS of 84).

The takeaway is that Millennials want the companies with which they do business to be proactive about updating them. When mortgage companies make Millennials log into their websites for updates, their NPS drops to 69.

Another challenge of mortgage communications is remembering that the client experience doesn't end just because the buyer closed on a property. On the contrary, obtaining a mortgage is just the beginning of the client experience. The client will work with the mortgage company for years as they pay off the loan; if that experience is unpleasant, the client may actively criticize the lender and drive away business.

How can lenders improve mortgage communications for a better client experience?



From the research cited in the last section, proactive, informative mortgage communications boost the client experience.

That, in turn, leads to more referrals, which boosts mortgage companies' profits. Yet, the mortgage industry faces an enormous backlog of applications due to increased home purchases. How can lenders find an efficient way to connect with clients during and after the mortgage approval process?

The answer lies in cloud communications solutions, a set of unified communications tools that feature:

- Video conferencing
- Telephony
- Chat
- File sharing
- Screen sharing

Here's how the cloud improves mortgage communications:

- It makes them more efficient
- It makes them more flexible
- It improves the entire client lifecycle
- It ensures compliance and security

Cloud communications streamline mortgage processes



The mortgage process typically has [six steps](#):

1. Pre-approval—the lender determines how much it's willing to lend the borrower
2. Finding the right home
3. The loan application
4. Mortgage processing—gathering all of the documentation necessary for loan approval
5. Mortgage underwriting—the underwriter analyzes the borrower's information to determine if a loan should be approved
6. Approval and closing—the underwriter approves the loan, and the homebuyer can close on the property

During this process, a client's file can sometimes get stuck with one team. Information isn't always passed along, which results in delays and sometimes rejections. Even if a file is complete, it can take months for loan approval. That's stressful and frustrating for clients—they don't have insight into the process, nor do they receive updates on the progress of their application.

A cloud communications platform streamlines mortgage communications. It does so in two ways:

- By improving internal collaboration
- By making it easier for lenders to keep clients updated about the progress of their loan

Improving internal collaboration

A cloud communications solution breaks down internal silos. It can feature an internal directory with a presence indicator, so team members can reach out to their peers in other departments if there are questions regarding an application.

Moreover, file sharing and screen sharing can make it easier to share information between teams and employees. If an underwriter is missing a critical document, he can reach out to the processing team quickly to get the information necessary for a loan decision.

Making it easier for lenders to keep clients updated about the progress of their loan

Cloud communications solutions also make it easier for lenders to keep borrowers in the loop about what is happening in the loan process. The ability to quickly reach out to clients via their preferred communication channel to keep them updated as to their application status or to answer any questions keeps the clients engaged and satisfied that their lender is working hard on their behalf.

Cloud communications solutions give lenders flexibility

Cloud communications solutions bring together multiple digital communication tools in one place. This capability gives lenders flexibility in how they communicate with clients.

[Millennials](#) appreciate this flexibility—they don't want to be hemmed in with only one channel. Studies and anecdotes from experience show that Millennials want to be able to call, text, and video conference with their lenders.

Moreover, they want to be able to submit documents digitally for greater efficiency. Financial services communications solutions featuring file sharing enable that.

Cloud communications solutions improve the entire client lifecycle

A mortgage approval marks the beginning of a lender's relationship with a client. The client will still periodically need to reach out to a mortgage company with questions about a loan. If it's difficult to reach out to the mortgage company, that creates a negative client experience.

With a cloud communications solution, clients can connect to lenders through multiple channels (phone, chat, and video). Mortgage firms can configure their cloud communications platform to route clients to a [dedicated service representative](#).

When clients can reach their mortgage companies quickly and easily, they feel better about their client experience. They're also more likely to refer others to the lender.

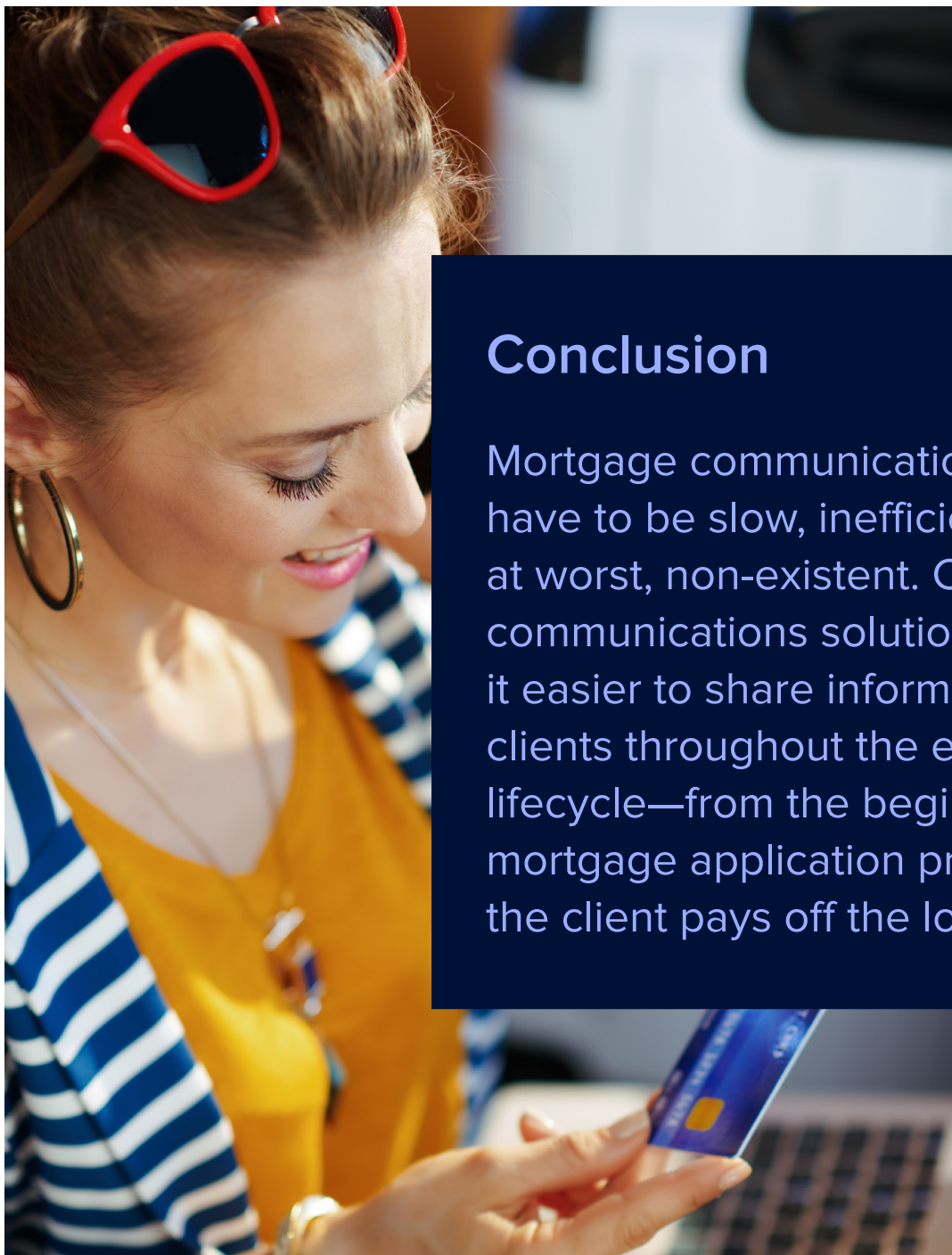
Cloud communications platforms ensure compliance and security

The right cloud communications solution ensures compliance and security to keep borrower data secure (and meet compliance requirements). Market-leading cloud communications platforms feature:

- Multiple layers of security (enterprise organization, business processes, host, physical, application, network, and data)
- 24/7 platform monitoring
- 99.999% uptime SLA
- Multiple authentication levels
- Fraud analytics
- Transport Security Layer and Secure Real-Time Transport Protocol encryption between all endpoints
- Firewalls
- Session border controllers
- Multiple authentication levels
- Intrusion detection
- Vulnerability scans

Additionally, the best cloud communications solutions are backed by data centers that are SSAE 18 and ISO 27001-audited, meaning they're protected by the most robust electronic prevention systems, on-site engineering specialists, and security guards. Geographic diversity minimizes the risk of data loss and service interruption due to catastrophe (manmade or natural).

These capabilities represent the best defense against attacks from hackers and criminals, so clients have peace of mind knowing that their personal data is secure and that their mortgage lender is fully compliant with all regulatory requirements regarding security.



Conclusion

Mortgage communications don't have to be slow, inefficient, or at worst, non-existent. Cloud communications solutions make it easier to share information with clients throughout the entire client lifecycle—from the beginning of the mortgage application process until the client pays off the loan.

About RingCentral

RingCentral's market-leading cloud communications, collaboration and engagement solutions enable lenders to connect effectively and efficiently with clients through every stage of the mortgage cycle. Our cloud communications platform is reliable, secure, and flexible.

To learn more about how your company can benefit from a cloud communications solution, [get a demo](#).

Learn more about RingCentral for investment advisors at ringcentral.com/trusted_advisors.

For more information, please contact a sales representative.

Visit us at

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or call 844-569-2989.

RingCentral, Inc. (NYSE: RNG) is a leading provider of cloud Message Video Phone™ (MVP™), customer engagement, and contact center solutions for businesses worldwide. More flexible and cost-effective than legacy on-premises PBX and video conferencing systems that it replaces, RingCentral empowers modern mobile and distributed workforces to communicate, collaborate, and connect via any mode, any device, and any location. RingCentral's open platform integrates with leading third-party business applications and enables customers to easily customize business workflows. RingCentral is headquartered in Belmont, California, and has offices around the world.



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