

Mortgage Lending

Industry Issues

Mortgage Lending has been transformed in recent years. Regulatory changes and developments in technology have had the combined effect of:

- lowering barriers to entry, and
- creating unprecedented opportunities for innovation in product design.

This has encouraged new players to enter the market, generating increasing competition and the need for providers to innovate, cut margins and offer special “introductory period” deals to acquire new business. The key challenge for mortgage providers is therefore:

How to acquire and retain customers whilst maintaining acceptable margins?

Required response

In responding to this competitive challenge, mortgage lenders have to be able to offer products designed to meet the precise needs of clearly defined segments. In doing so they need to understand the target market’s need for and sensitivity to key variables:

- Pricing “rates” and “profiles”.
- Flexibility in respect of early pay-back and loan-back.
- Added value functionality (such as offset and transaction banking features).
- Customer service propositions (covering channel access and quality).

Having selected target segments on this basis, lenders then have to build a capability to deliver a compelling proposition to those chosen segments, and in doing so:

- Strive for operational excellence to deliver at a competitive unit cost whilst minimising risk (as is required given the price sensitivity of the market).
- Remain flexible to ensure that the business can adapt to rapidly changing needs.
- Respond to the demands of new regulation
- Partner (and outsource) effectively so as leverage both the mortgage provider’s own and their partners’ assets, so as to meet the above demanding requirements.

Why Rawlings & Co?

Rawlings consultants have an in depth understanding of the requirements for success in Mortgage Lending. They are recognised as offering “Thought Leadership” in areas such as:

- Product design and development for this specialist market.
- Developing strategies to increase customer loyalty and reduce churn
- Responding to new regulation and the demands of Basel 2 for Operational Risk Management
- Securing greater value from the effective management of outsourcing suppliers
- Post-merger integration.

This thought leadership is integrated with Rawlings core “Disciplines”, to ensure effective **Programme** and **Change Management** delivers **Improved Operational Performance** and, as a result, the desired business benefits.