

Market Commentary

Shaping 2021: Digital as the key driver of the Canadian Mortgage Industry

As mortgage goes digital, it's about serving customers and reducing costs.

As we head toward the start of a new year and we continue to deal with the impacts of the COVID-19 pandemic, reducing costs and increasing efficiency continue to be top priorities for lenders and brokers. To meet both objectives, the pace of digital adoption needs to accelerate across the industry.

The digital writing is on the wall and, overall, Canadian banks have received the message and responded. Since the 2008 financial crisis, more than \$100 billion has been invested in technology to facilitate online customer engagement.

The recent COVID-19 pandemic, however, has underscored the necessity of digital capabilities for both lenders and brokers, as fears of contagion or government mandates require businesses to engage with customers remotely.

Suddenly, digital technology features, such as e-signatures, cloud-based document sharing and remote closings, become more than nice-to-haves. They are now essential to attracting and retaining customer relationships.

Movement in the U.S. market helps to solidify the position on digital adoption. According to insights revealed at the 2020 Digital Mortgage Conference that took place virtually for the first time this year, lenders that had digital capabilities in place grew 30 to 40 percent quarter-on-quarter.¹ Lenders who have yet to evolve in the digital world realized one percent growth each quarter.

1. Paul Centopani. "5 Lessons from Digital Mortgage 2020." National Mortgage News, Sep. 17, 2020. Web.

About the author



Tim Rye,

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With over two decades of experience in the lending industry, Tim Rye is currently the Head of Filogix, a Finastra Company, a global Fintech company that connects over 17,000 mortgage originators to 230+ lenders in Canada. Previously, Tim led the design and execution of channel development, distribution and portfolio strategies and served for several years as the Chief Operating Officer of Mortgage Centre Canada.



The anytime anywhere capabilities afforded through digital technology have reshaped consumer attitudes and expectations. According to KPMG, 75 percent of Canadians expect a frictionless customer experience when engaging in financial transactions, and nearly half expect their time to be respected and valued.² Attitudes like these point to the need for a faster and more efficient mortgage process.

While the instant mortgage approval is still considered a future possibility for the Canadian market, there are digital enhancements that can reduce the time to close for customers working with lenders and brokers.

Real-time connectivity, for example, facilitates faster transfer and access of documents between mortgage brokers, lenders, and other industry partners. Digital processes are also standardized, and therefore repeatable, resulting in more efficient deal submissions in less time.

Attributes like these call to mind another compelling reason for mortgage lenders and brokers to focus on digital: costs. According to a report issued by McKinsey in late 2019, most banks' returns on equity were not keeping pace with costs even before the pandemic. Fallout from the COVID-19 pandemic is now adding another layer of complexity and stretching bottom lines.

As the number of home sales rose throughout 2020, complicated by a high number of refinancing, the need for a faster and more efficient means of facilitating the end-to-end mortgage process became ever more apparent. The COVID-19 pandemic has brought forward the future of the Canadian mortgage industry. Brokers and lenders must now consider the many opportunities digital has to offer in order to deliver the experience their customers expect and deserve.

² Revolutionizing Banking: Maintaining Trust in a World of Advanced Analytics and AI-Driven Personalization." KPMG, 2019. Web.



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About Filogix

Filogix has served as the hub of the Canadian mortgage industry for almost two decades, offering secure, reliable connectivity to brokers and lenders. We provide trusted mortgage lending products, that enable the effective management of the sales process from origination through underwriting. As the mortgage landscape continues to change, Filogix is prioritizing advances to support the industry into the future. We're investing in a more open infrastructure and building connectivity to create a complete mortgage marketplace, helping mortgage professionals do business with more choice, speed and reliability than ever before. Learn more at filogix.com

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