The Turning Point for Digital Lending

The quality of your digital lending app is the key to competing in a commodity market

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Lenders and Borrowers both love digital lending

Everyone loves digital lending. Lenders love it because it broadens their access to borrowers and lowers the cost of acquisition. For traditional financial services institutions, securing new loan customers is proven to drive loyal customers, which is why banks list it as a top business priority year after year.

BAI asked banking executives for their top challenges in 2020. Loan growth was in the top three, along with customer digital experience and new customer acquisition.[1] No wonder lending is such a focus: low mortgage interest rates, coupled with a rising demand fueled by Millennials who are entering the first-time homeowner market, are driving growth in personal lending.[2]

Borrowers also love the idea of digital lending. They love the ability to explore qualification and to secure loans when and where it is most convenient for them, without scheduling face-to-face in-branch meetings with their loan officers.

Lenders want it... Borrowers want it… So why is it still so hard and why does it still take so much time?

Digital lending is far from perfect

Even the best designed digital lending app is fraught with complexity, frustration, and stress for borrowers. A home purchase, car purchase, refinance, debt consolidation, or home improvement loan can be stressful because choosing the wrong loan product can have a detrimental impact on a family's financial well-being for years or even a lifetime.

Furthermore, the jargon and product features can be confusing. Adjustable or fixed? What are points, and if I get them do I win? What is PMI? Do I want to refinance my loan or get a line of credit (or both)? Am I qualified? To most borrowers, the lingo of lending seems like a foreign language, and borrowers need expert guidance.

Even after the borrower is confident that they've selected the best loan product for their needs, the fun is only beginning. Borrowers must complete multiple forms, view and sign disclosures, and upload documents (tax returns, W2s, etc.). Borrowers may need to interact with e-signature solutions to review disclosures and finalize the transaction. Borrowers receive multiple email and phone reminders over the course of several weeks to go back into the app to upload the next document or review the next disclosure.

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[1] https://www.bai.org/research/bai-banking-outlook/trends-in-2020
[2] https://www.housingwire.com/articles/low-mortgage-rates-drive-housing-market-potential-to-2-year-high/

The process of loan origination is complex and borrowers wish it was easier and faster. About one quarter of borrowers start an application online but don't complete it online, and 60% abandon the application because it takes too long.[3]

Lenders also want loan origination to be easier and faster. An easier digital process for borrowers would translate to higher and faster close rates, lower abandonment, and higher throughput from their team of loan officers.

Loan officers can deliver expertise through the digital connection, including describing different loan options, explaining disclosures, and discussing various ways to respond to form questions and how a borrower's answer may impact the approval process.

Competing in a digital lending world

Lenders have plenty of competition in the home loan market—from both traditional banks and digital-only lenders. But, the loan products themselves have become largely commoditized. Interest rates are historically low across all lenders thanks to prevailing Fed policy.

Another reason that mortgages are becoming more of a commodity is that regulations such as the Dodd Frank Wall Street Reform, Consumer Protection Act, and other regulations defining loan qualifications. These constraints make it difficult for lenders to "think outside the box" and offer innovative products or aggressive qualification as a means of competing in the marketplace.

Borrowers can easily shop around using comparison shopping tools like Credit Karma, Credible, and Lending Tree.

In a world in which loan products all look alike, one of the only things that digital lenders can compete on is the loan origination experience. Digital lenders have been engaged in a customer experience (CX) arms race ever since Quicken Loans' Rocket Mortgage raised the bar for borrower-friendly experiences. Lenders often shop each other's digital origination applications with an eye towards making incremental improvements to their own process to match or beat the competition.

Incremental changes matter: one in five of those who abandon a loan application will choose a different lender.[4]

A better digital experience can help lenders achieve their objectives to:

- Beat the competition and secure more lending clients
- Close loans faster
- Deliver an exceptional loyalty-building borrower experience

[3] https://static.elliemae.com/pdf/2019_borrower_insights_ebook.pdf
[4] https://static.elliemae.com/pdf/2019_borrower_insights_ebook.pdf

What is visual engagement and how does it make digital lending easier?

Visual engagement is the ability for loan officers to see, show, share, and collaborate with digitally connected borrowers using technology like screen sharing, cobrowsing, mobile app sharing, and agent video. A loan officer can "join" the borrower in the digital lending app to offer support and guidance. The loan officer can launch a secure sharing session with a borrower with a single click. Because visual engagement functionality is built into the digital lending app, borrowers don't need to download anything, they simply click to confirm that they want a loan officer or agent to offer visual guidance.

The loan officer can highlight navigation items for the borrower and answer questions on-the-fly. The loan officer can join the borrower in the app and guide them through the complex process, all the way through e-signature. The friendly face of the loan officer can even appear in the app via live video feed, building trust and conveying the same human element as a face-to-face in-branch experience.

A visual engagement solution is embedded into the lender's existing digital lending app and overlays the lender's existing technology stack. It is integrated with the lender's CRM or loan origination platform. The solution can work alongside chat, chatbots, and customer service call centers.

Going from good to great: How visual engagement improves digital lending

Lenders can't afford to launch a digital loan origination app...and then just cross their fingers and hope for the best. The key to success in today's competitive lending market is to humanize the digital lending process and to continuously push the envelope for a premium CX.

Amy Brandt, president and CEO of e-signature and e-document technology provider Docutech, explains, "Finding the right balance of digital technologies and personal interaction is key to success in the digital mortgage age. Enabling lenders to see what the customer is seeing in the digital environment and offer guidance and personalized service as needed through cobrowsing is incredibly valuable."

She continues, "Lenders understand that they are in the relationship business and that fostering the relationship with the customer to consistently deliver delight is our collective priority."

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Here are four ways your digital lending app and process must rise above if you expect to beat the competition:

1. Guided navigation

The loan officer can join the borrower in the digital lending app, see the borrower's screen, instantly gain context and understanding of where and why the borrower is stuck, and guide navigation to a speedy resolution. Resolving any friction the borrower experiences drives higher customer satisfaction and shorter close cycles.

2. Deliver expertise

The loan officer can review with the borrower a wide range of documents in the digital lending application, including browser/application pages, uploaded PDFs, and even e-signature documents. The loan officer can deliver expertise through the digital connection, including presenting different loan options, explaining disclosures, and discussing various ways to respond to form questions and how a borrower's answer may impact the approval process.

3. Get personal

The borrower can see the friendly face of the loan officer, via live video feed, right in the application during the visual engagement session. The borrower sees that a real person is there to help, building trust and loyalty. Live video is proven to boost customer satisfaction, NPS, and trust.

4. Close more loans, faster

Visual engagement removes friction from complex digital processes, reduces abandonment, shaves days off of the origination process, and creates loyal lifelong customers.

Is a chatbot part of my visual engagement solution?

Many lenders are deploying chatbots as part of their digital engagement strategy. Chatbots are programmed to impersonate humans using robotic algorithms to answer borrower questions and connect borrowers to help documents.

Rather than create a human to human connection with your borrowers, chatbots remove humans from the equation.

Here's the problem: research shows that 43% of customers prefer to speak to a human and 24% say that chatbots aren't friendly enough.

Chatbots are not part of your visual engagement solution... but visual engagement can work together with chatbots to create great digital engagement. For example, give borrowers an escalation path for high-touch human engagement with a loan officer when the chatbot cannot effectively solve their problem.

How can a visual engagement solution comply with enterprise-grade security and privacy policies?

Here are seven features your visual engagement solution must have if you hope to clear a SECOPS review.

1. No proxy servers

Some visual engagement solutions use proxy servers to create a co-browsing experience. This can expose you and your borrowers to "man-in-the-middle" security attacks. Ensure that your visual engagement solution does not use proxy servers.

2. Ability to mask customer PII from loan officer and agents' eyes

Your visual engagement solution should allow you to identify fields in the app or HTML that contain borrower PII (Personally Identifiable Information) such as Social Security numbers and mask them from the loan officer or agent's view.

3. Block PII from being transmitted to your server

To make field masking even more secure, your visual engagement solution should redact the field values that contain PII from even being transmitted from the borrower's computer, browser, or device. That way, sensitive data never touches your server, eliminating your exposure to privacy or security policy breaches.

4. Encrypt all transmissions

Your visual engagement solution should use Transport Layer Security with 256-bit key Advanced Encryption Standard (ISO/IEC 18033-3) to secure data in transit.

5. Don't store transmitted data

Your visual engagement solution should be architected in such a way that data transmitted during sharing sessions is never "at rest" or stored by servers, giving you very little exposure to data privacy and security policy breaches.

6. Turn off "remote control"

Some visual engagement solutions have the capability for the loan officer or agent to use "remote control" functionality to take control of the borrower's computer, input data, change settings, and execute transactions.

Your visual engagement solution must have the ability to systematically turn off, or de-provision, this functionality for some or all of your loan officers and agents. That way your organization is protected from claims of fraudulent transactions made without the borrower's authorization.

7. Support enterprise-class SSO

To make it easier for your provisioned loan officers and agents to log in and be securely authenticated, your visual engagement solution should integrate with your enterprise Single Sign On (SSO).

A properly architected visual engagement solution introduces virtually zero data security or privacy risk to your organization and should easily pass a SECOPS review.

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About Glance

Glance Networks transforms the customer experience by enabling visual engagement for today's enterprise. We are one of the world's simplest, most reliable, and secure solutions that empower companies to see, show, and share anything online, creating a frictionless path to great experiences in sales, support, and service. The result of Glance visual engagement technology is improved customer satisfaction, long-term customer loyalty, higher service center efficiency, and increased revenue growth. Glance partners include Salesforce, ServiceNow, Moxie, and Docutech. For more information, please go to www.glance.cx.