

Mortgage Lender Sentiment Survey[®] Special Topics Report

How Lenders Assess Their Digital Transformation Efforts

Third Quarter 2019



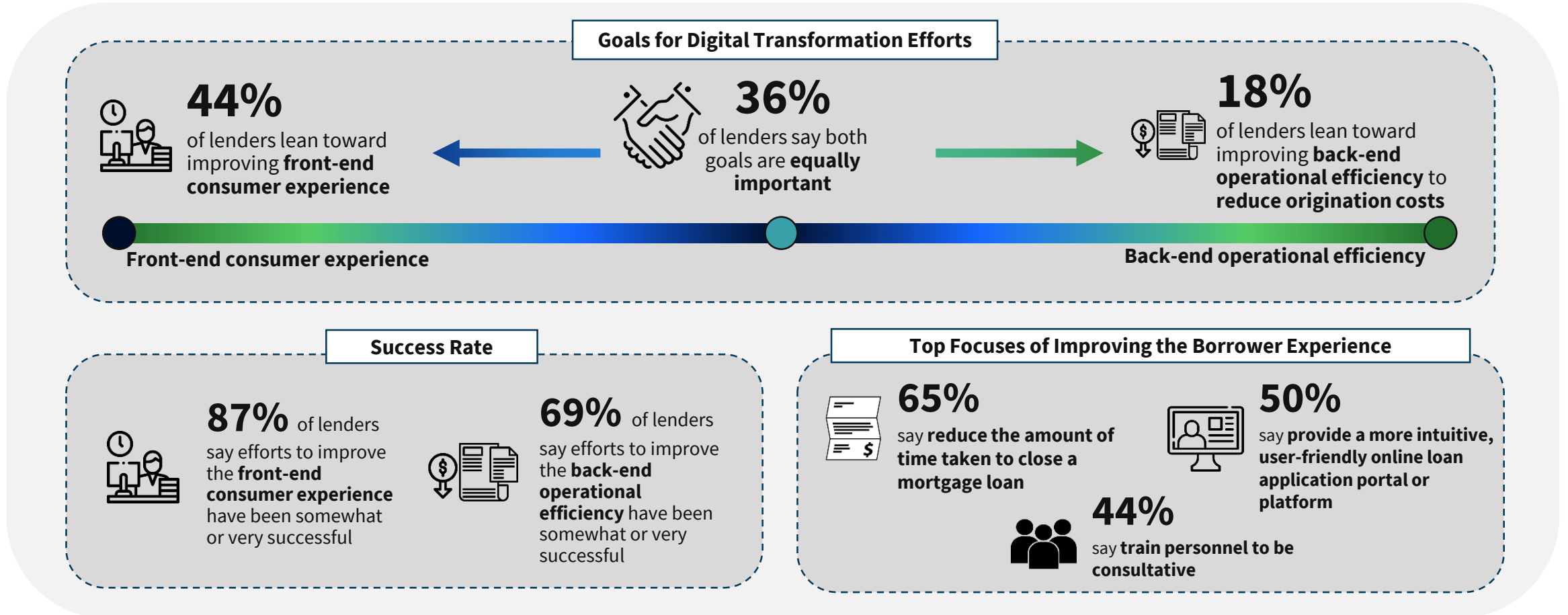


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Executive Summary

According to lenders, improving the front-end consumer experience is more important than improving back-end operational efficiency in driving digital transformation efforts. Lenders also reported a higher success rate with front-end transformation efforts than back-end efforts. To improve the consumer experience, lenders reported their top priorities to be reducing cycle time, providing more user-friendly loan application platforms, and training personnel to be consultative.



Business Context and Research Questions

Business Context

Digitization is rapidly changing how organizations create value and compete. Through our past few studies, lenders have consistently shown a high interest in leveraging technology to improve the front-end consumer borrower experience and their back-end operational efficiency.¹ Lenders have also shared their experience and challenges in rolling out digital transformation efforts². In the current study, we looked into lenders' self-assessment of their digital transformation efforts and examine how they balance their efforts between the front-end consumer experience and back-end operations.

Research Questions

1. Between improving the front-end consumer borrower experience and the back-end operational efficiency to reduce origination costs, which area drives more lenders' digital transformation efforts?
2. How successful do lenders view their front-end digital transformation efforts versus their back-end efforts? Which area has a higher success rate? How successful do lenders view the scope and the impact of their digital transformation initiatives?
3. What specific areas do lenders focus on when they say they want to improve the consumer borrower experience?
4. How do lenders assess their own omni-channel customer service practice, in comparison to the results from two years ago (Q3 2017)?

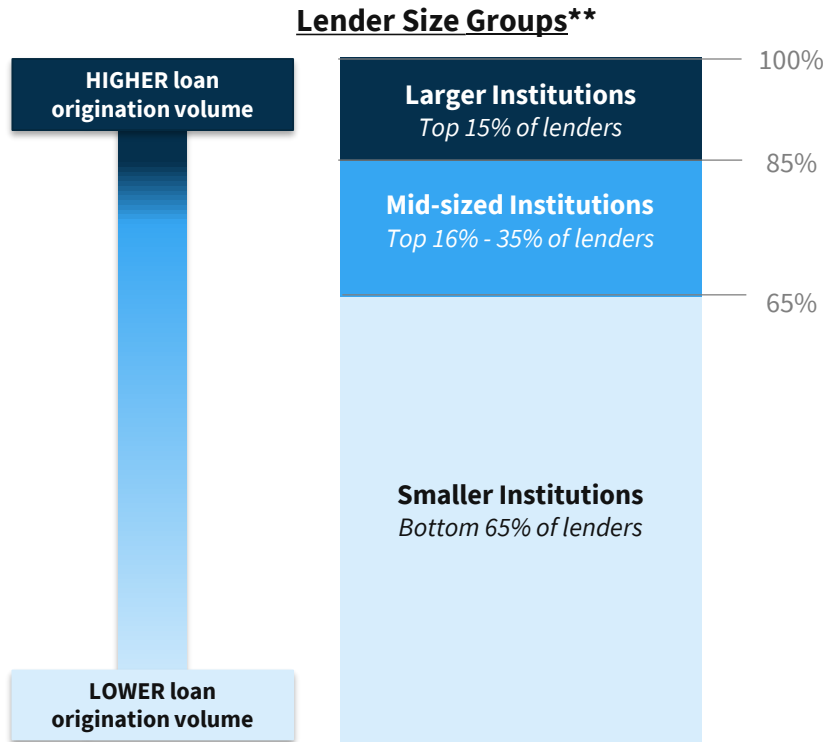
¹ Examples include: "How Are Lenders' Business Priorities Evolving To Compete Against Industry Competition?" <https://www.fanniemae.com/resources/file/research/mlss/pdf/lender-business-priorities-mlss-q22019.pdf>
"APIs and Mortgage Lending," <https://www.fanniemae.com/resources/file/research/mlss/pdf/apis-mortgage-lending-q12019.pdf>
"How Will Artificial Intelligence Shape Mortgage Lending?" <https://www.fanniemae.com/resources/file/research/mlss/pdf/mlss-artificial-intelligence-100418.pdf>

² Digital transformation efforts could include, but are not limited to, implementing a Point-of-Sale system to streamline borrower mortgage applications, leveraging Application Programming Interfaces (APIs) to transmit data, digitizing documents, and adopting newer technology solutions to streamline processes.



Q3 2019 Respondent Sample and Groups

The current analysis is based on third quarter 2019 data collection. For Q3 2019, a total of 199 senior executives completed the survey from July 31-August 11, representing 179 lending institutions.*



Sample Q3 2019		Sample Size
Total Lending Institutions The "Total" data throughout this report is an average of the means of the three lender-size groups listed below.		179
Lender Size Groups	Larger Institutions Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2018 loan origination volume (above \$980 million)	60
	Mid-sized Institutions Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2018 loan origination volume (between \$317.5 million and \$980 million)	45
	Smaller Institutions Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2018 loan origination volume (less than \$317.5 million)	74
Institution Type***	Mortgage Banks (non-depository)	72
	Depository Institutions	70
	Credit Unions	33

* The results of the Mortgage Lender Sentiment Survey are reported at the lending institutional parent-company level. If more than one individual from the same institution completes the survey, their responses are weighted to represent their parent institution.

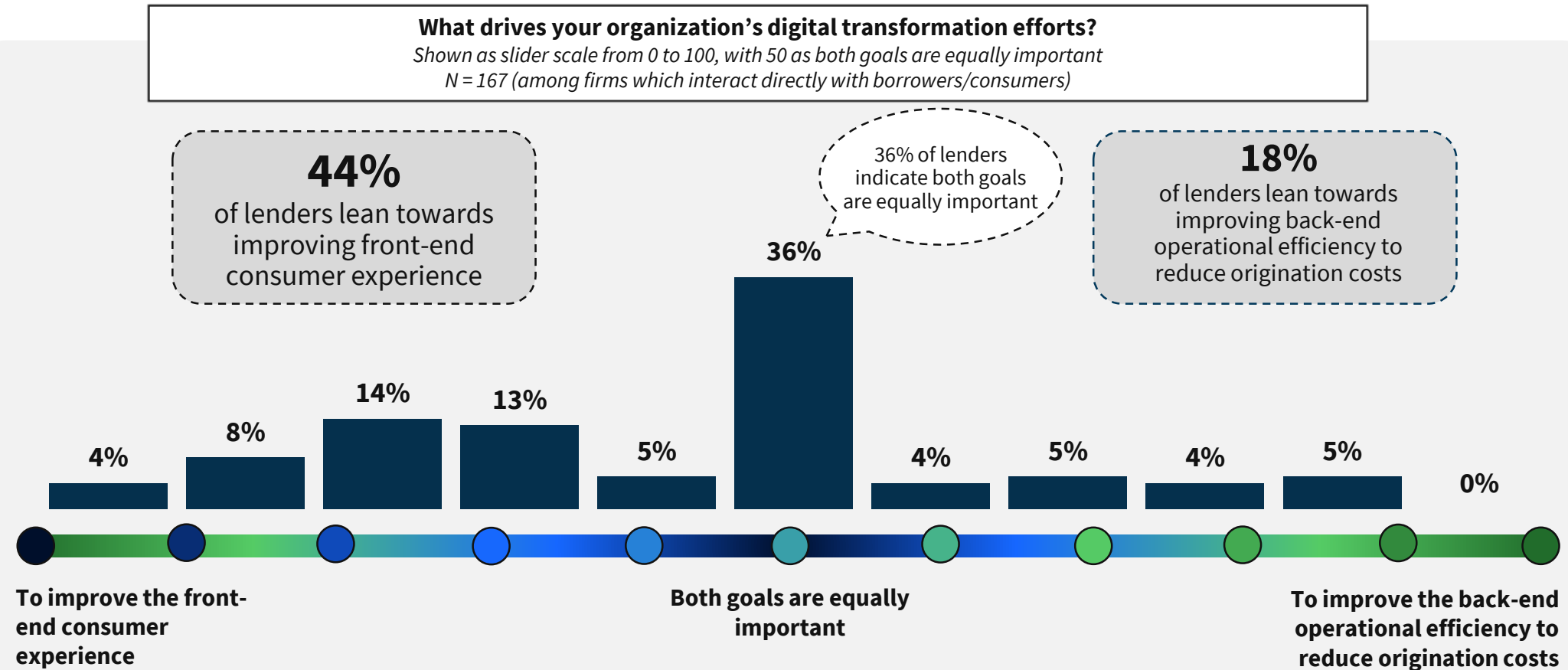
** The 2018 total loan volume per lender used here includes the best available annual origination information from Fannie Mae, Freddie Mac, and Marketrac. Lenders in the Fannie Mae database are sorted by their firm's total 2018 loan origination volume and then assigned into the size groups, with the top 15% of lenders being the "larger" group, the next 20% of lenders being the "mid-sized" group and the rest being the "small" group.

*** Lenders that are not classified into mortgage banks or depository institutions or credit unions are mostly housing finance agencies or investment banks.



Importance of Front-End vs. Back-End Improvements

More lenders say that improving the front-end consumer experience is more important than improving back-end operational efficiency in driving their organization's digital transformation efforts.



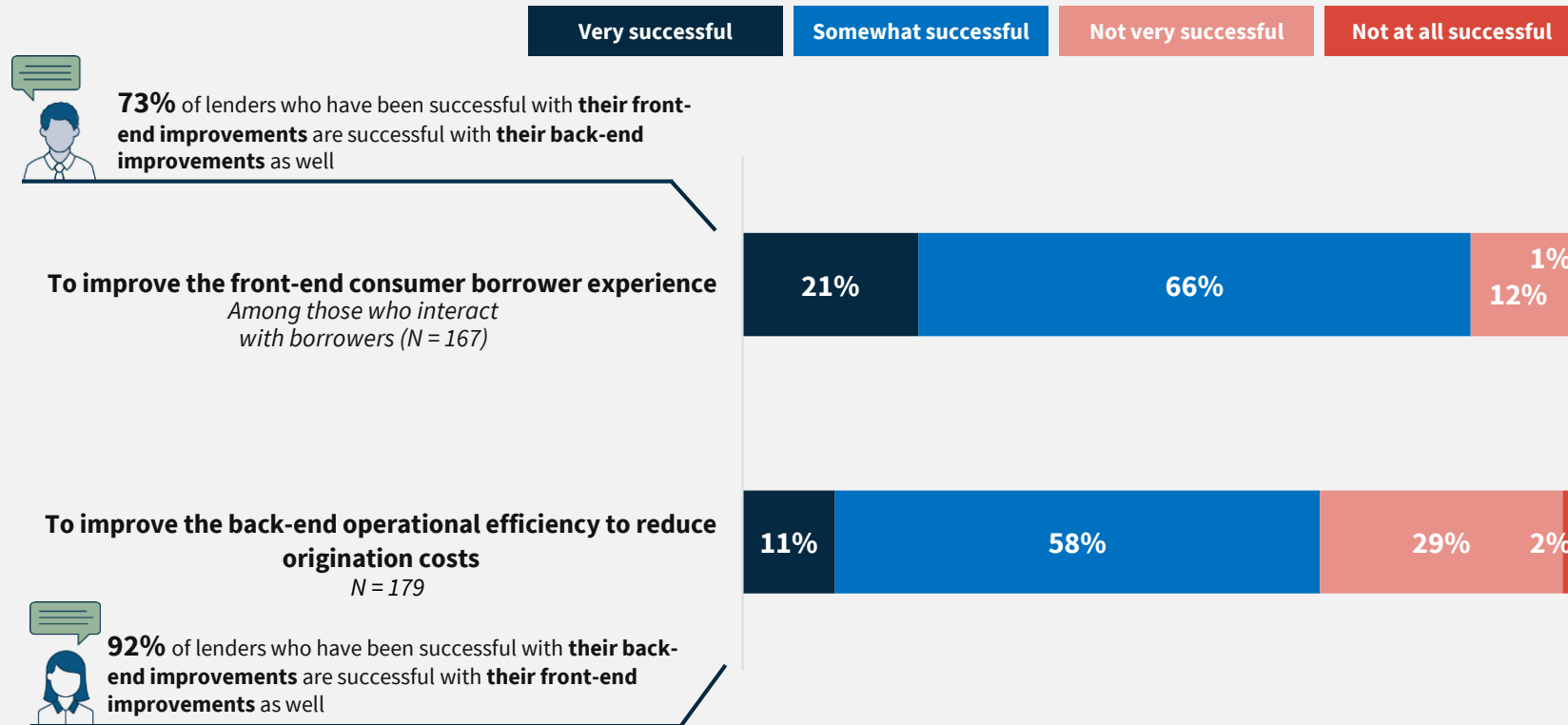
Q: Improving the front-end consumer borrower experience and improving the back-end operational efficiency to reduce loan origination costs are two common goals for digital transformation efforts. Thinking about your organization's goals in rolling out digital initiatives, please place the slider along the continuum that best represents what drives your organization's digital transformation efforts. You can move the slider all the way to an end or place it somewhere in the middle. If you think both goals are equally important for your organization, leave the slider in the middle.



Success of Front-End and Back-End Digital Transformation Efforts

More lenders view their front-end digital transformation efforts as more successful than their back-end efforts.

How successful have your organization's digital transformation efforts been?



Q: Now, for each of the two main goals mentioned earlier, in your view, how successful have your organization's digital transformation efforts been?



Experiences with Improving the Front-End Borrower Experience and Back-End Operations

Successful digital transformation efforts focus on POS platforms, automation, and data processing. Unsuccessful digital transformation efforts encounter integration challenges, organizational roadblocks, talent, and costs.

Efforts to Improve the Front-End Consumer Borrower Experience and Back-End Operational Efficiency

Successful Improvement Examples



Eases processes for borrowers

“A comprehensive set of tools for the customer in the **search for homes, connecting with MLS, realtors, then tethering to an efficient digital application and hand-off as well as access to our website for updates on loan process.** Coordination amongst **apps** for an effective customer journey and not just a visual digital experience but rather a tangible experience.” - Larger institution, front-end improvements

“We are using a **POS technology** to streamline the application process, collection of key documents and automation of supporting documents.” – Mid-sized institution, front-end improvements



Automation, Digitization, & APIs

“Use of technology **API’s** to create efficiencies.” – Larger institution, back-end improvements, – Smaller institution, front-end improvements

“**Automation** reduces errors” – Smaller institution, back-end improvements”
“Early adoption of **electronic documents** and mortgage sales systems for best execution” – Mid-sized institution, back-end improvements

“Installing a **data warehouse, automating** processes, streamlining processes, removing redundant steps, automated reporting, etc.” Mid-sized institution, back-end improvements

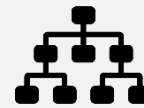
Unsuccessful Efforts



Integration

“**Difficult to link different software's together** and then with the LOS.” – Larger institution, back-end improvements

“Still too many handoffs, manual processes, **takes too long to coordinate vendors.**” – Larger institution, back-end improvements



Organizational Buy-In, Costs, & Manpower

“**Aging ownership and senior management** reduces out technology expansion.” – Smaller institution, front-end improvements

“**Due to cost,** we are not able to use all the technology available to us to streamline our processes.” – Smaller institution, back-end improvements

“Haven't had the **man power and time** available to have someone focused on these efforts enough. We need more focus on this.” – Smaller institution, back-end improvements

“We have been **slow on moving** to a mobile application. This is due to the **technology costs and hiring the proper people.**” - Larger institution, front-end improvements

Q: You mentioned that efforts to improve the front-end consumer borrower experience/back-end operational efficiency to reduce origination costs have been Very/somewhat/not very/not at all successful. Could you share an example of a successful effort? If not, what challenges did your organization encounter? What could have been done to make the efforts more successful? (Optional)



Satisfaction with Digital Transformation Initiatives

Lenders are generally satisfied with the impact and the scope of their organizations' digital transformation initiatives.

How satisfied are you with the _____ of your organization's digital transformation initiatives?

N = 179



Q: Overall, how satisfied are you with the scope/impact of your organization's digital transformation initiative?

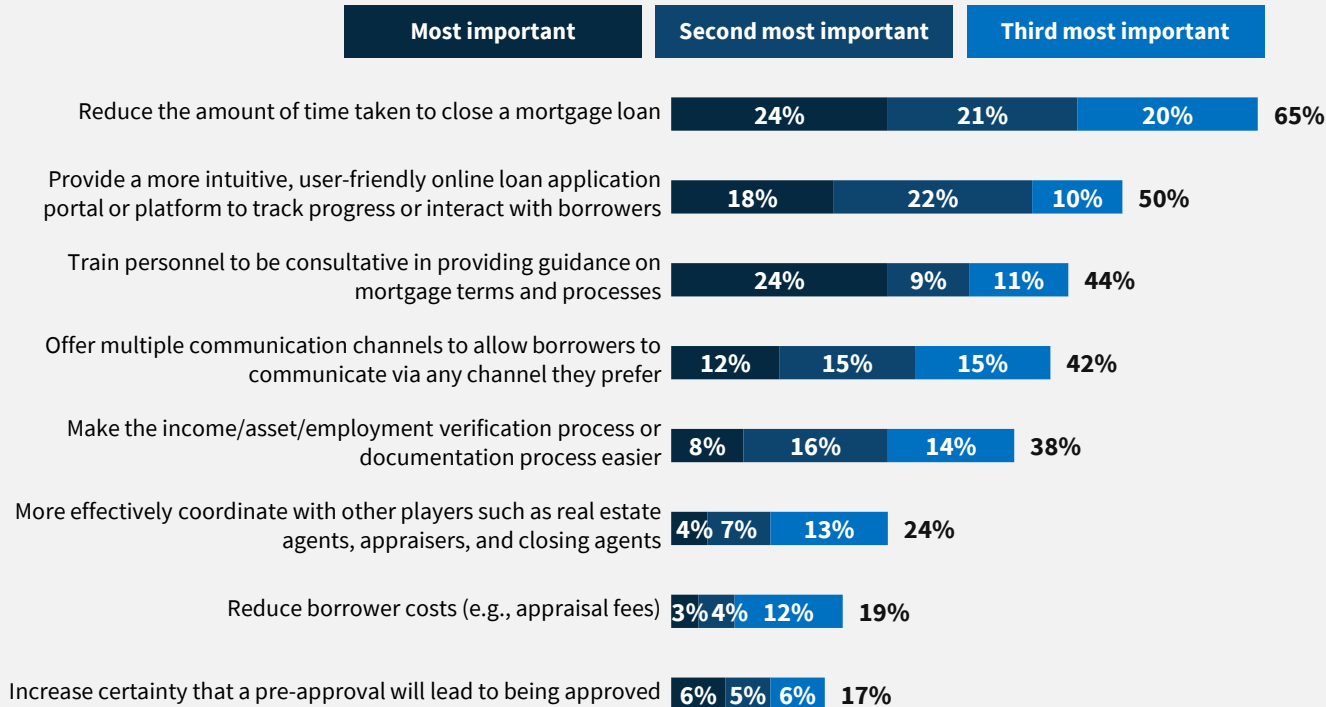


Top Focuses for Improving the Borrower Experience

Reducing cycle time, providing more user-friendly loan application platforms, and training personnel to be consultative are the top priorities for lenders in improving the borrower experience. Reducing borrower costs such as appraisal fees and increasing certainty of a pre-approval are viewed as least important focuses.

Top Focuses for Improving the Borrower Experience

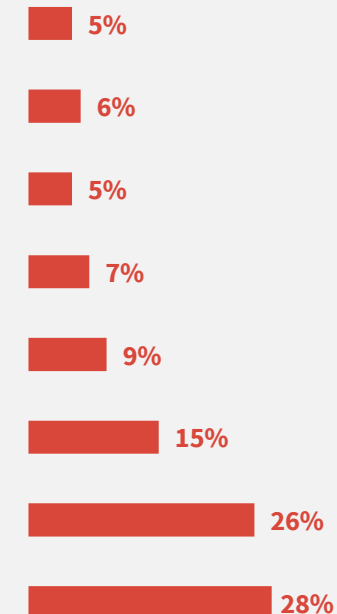
Select up to three and rank them in order of importance, N = 167 (among firms which interact directly with borrowers/consumers)



"Other" answer choice specified by respondents include: "Improve communication with all parties"

Least Important Focus

Among choices that weren't selected as top focuses, N = 167 (among firms which interact directly with borrowers/consumers)



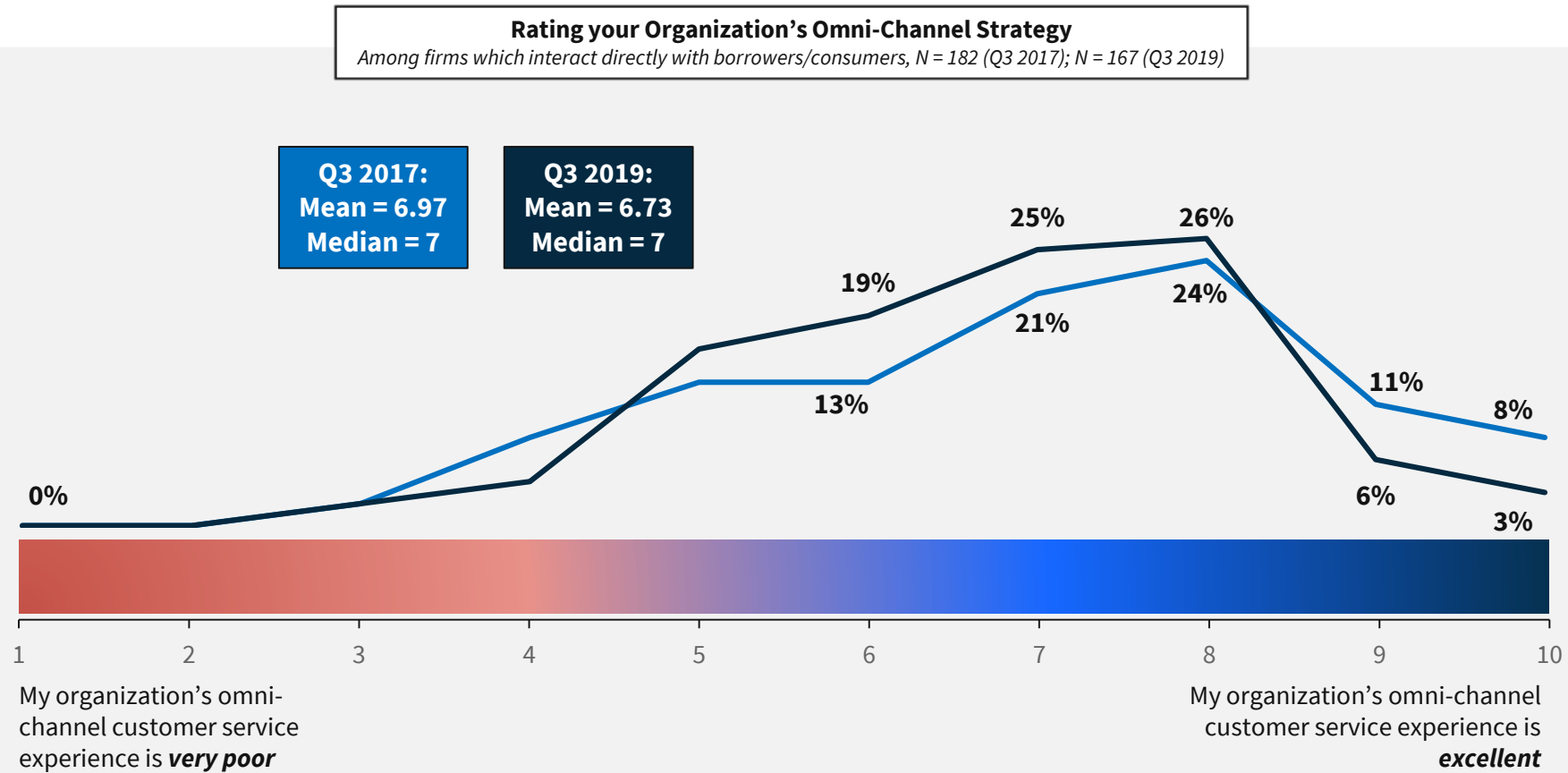
Q: When your organization is trying to improve the borrower experience for your mortgage business, what does your organization focus on?

Q: Now, among the choices you did not select as the top focuses to improve the consumer borrower experience in the list, which one is the LEAST important for your organization?



Satisfaction with Organization's Omni-Channel Strategy

Overall, most lenders believe their organization's omni-channel customer service is quite strong. However, compared with two years ago, fewer lenders give themselves an "excellent" rating.



Q: On a scale from 1 to 10, where 1 is "very poor" and 10 is "excellent," how would you rate your organization's omni-channel strategy (using both person-to-person and digital channels) to provide a seamless customer experience across all touch points for your mortgage business?





Appendix

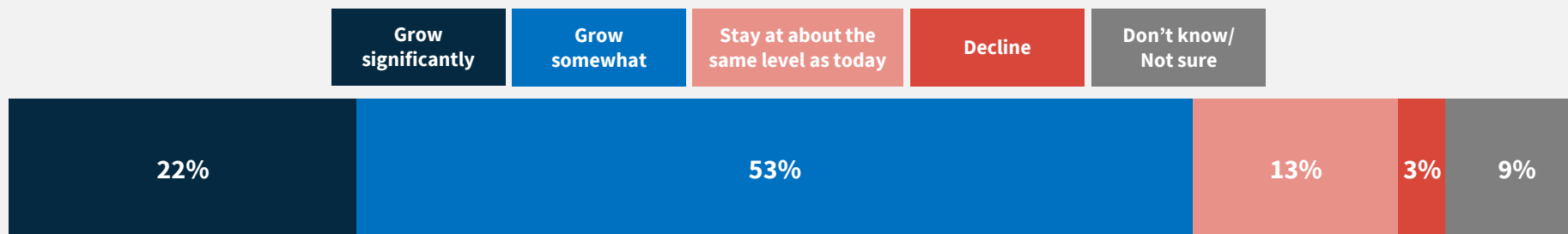
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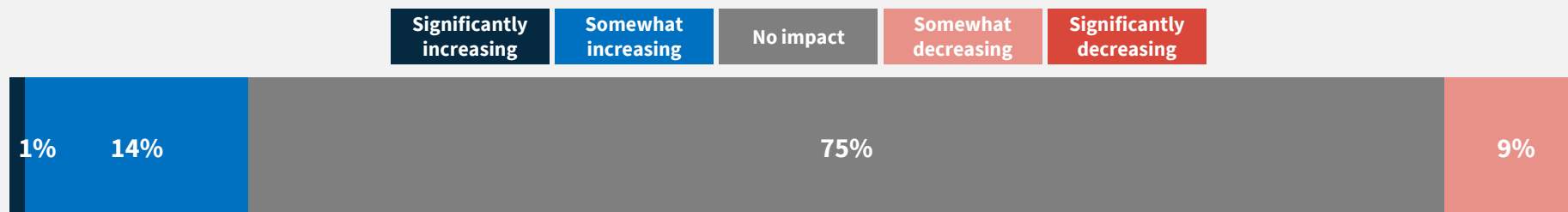
Growth and Impact of the iBuyer Business Model

While most lenders expect the “iBuyer” business model (defined below) to grow at least somewhat over the next five years, most lenders expect it to have no impact on their mortgage demand.

Over the next five years, do you think the iBuyer business model will...



What impact is the iBuyer business model having on your mortgage demand?



Q: Recently, some companies (e.g., Zillow, Redfin, Opendoor, and Openpad) have rolled out an “iBuyer” program, seeking to offer a simpler, more convenient alternative to a traditional home sale. They use automated valuation models, instead of an appraiser, to estimate the value of a home and thus are able to make instant offers to sellers. They charge a fee for this service. In return, home sellers are not burdened with marketing and selling their home and have the certainty of an all-cash offer and more control over when they move. For this new home selling approach, over the next five years, do you think this business model will...

Q: To what extent are you seeing the iBuyer business model impact your mortgage business?



Research Objectives

The Mortgage Lender Sentiment Survey® (MLSS), which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry. The survey is unique because it is used not only to track lenders' current impressions of the mortgage industry, but also their insights into the future.

Tracks insights and provides benchmarks into current and future mortgage lending activities and practices.

Quarterly Regular Questions

- **Consumer Mortgage Demand**
- **Credit Standards**
- **Profit Margin Outlook**

Featured Specific Topic Analyses

- **Business Priorities and Industry Competition**
- **APIs and Mortgage Lending**
- **Housing Supply and Affordability**
- **Artificial Intelligence for Mortgage Lending**
- **Cost Cutting as a Top Business Priority**
- **Mortgage Data Initiatives**

The MLSS is a quarterly 10-15 minute online survey of senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution customers. The results are reported at the lending institution parent-company level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their parent company.



Mortgage Lender Sentiment Survey[®]

Survey Methodology

- A quarterly, 10- to 15-minute online survey among senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution partners.
- To ensure that the survey results represent the behavior and output of organizations rather than individuals, the Fannie Mae Mortgage Lender Sentiment Survey is structured and conducted as an establishment survey.
- Each respondent is asked 40-75 questions.

Sample Design

- Each quarter, a random selection of approximately 3,000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

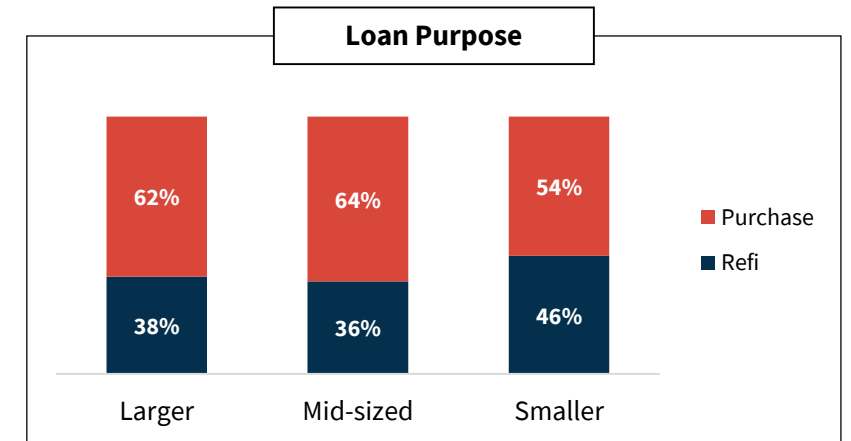
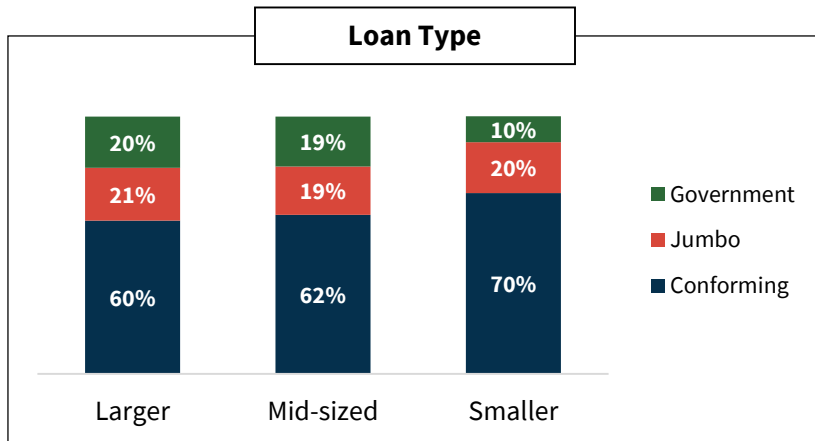
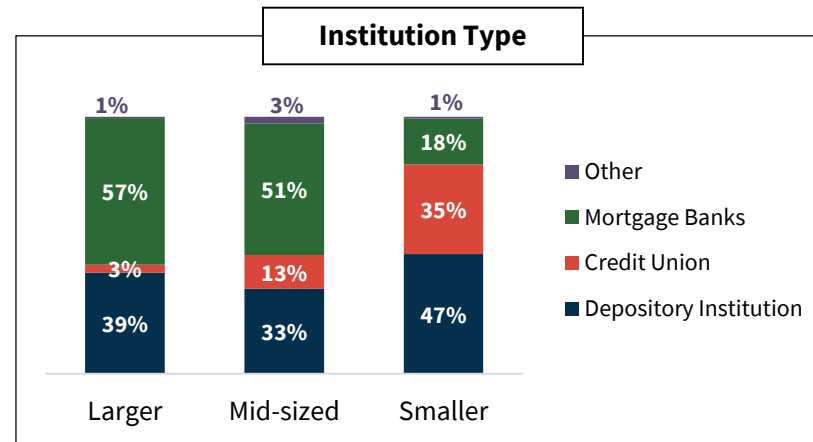
Data Weighting

- The results of the Mortgage Lender Sentiment Survey are reported at the institutional parent-company level. If more than one individual from the same parent institution completes the survey, their responses are averaged to represent their parent institution.



Lending Institution Characteristics

Fannie Mae’s customers invited to participate in the Mortgage Lender Sentiment Survey represent a broad base of different lending institutions that conducted business with Fannie Mae in 2018. Institutions were divided into three groups based on their 2018 total industry loan volume – Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describe the composition and loan characteristics of the three groups of institutions.



Note: Government loans include FHA loans, VA loans and other non-conventional loans from Marketrac.



Q3 2019 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	179	60	45	74
Mortgage Banks (non-depository)	72	37	23	12
Depository Institutions	70	18	14	38
Credit Unions	33	5	7	21



How to Read Significance Testing

On slides where significant differences between three groups are shown:

- Each group is assigned a letter (L/M/S, M/D/C).
- If a group has a significantly higher % than another group at the 95% confidence level, a letter will be shown next to the % for that metric. The letter denotes which group the % is significantly higher than.

Example:

Listed below are things lenders can do to improve the consumer borrowing experience. When your organization is trying to improve the borrower experience for your mortgage business, what does your organization focus on? Please select up to three and rank them in order of importance. Among those who directly interact with borrower/consumers on mortgage inquiry, loan application, or underwriting.

Showing first, second, and third most important priorities	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	167	56	42	69	67	65	33
Reduce the amount of time taken to close a mortgage loan	65%	59%	74%	63%	57%	69%	70%
Provide a more intuitive, user-friendly online loan application portal or platform to track progress or interact with borrowers	50%	55% ^S	59% ^S	36%	58%	42%	39%
Train personnel to be consultative in providing guidance on mortgage terms and processes	44%	42%	41%	51%	37%	57% ^M	43%
Offer multiple communication channels such as phone, email, website, in-person, app, or social media, to allow borrowers to communicate via any channel they prefer	42%	49%	38%	40%	47%	35%	48%

55% is significantly higher than 36% (smaller institutions)

57% is significantly higher than 37% (mortgage banks)



Calculation of the “Total”

The “Total” data presented in this report is an average of the means of the three loan origination volume groups (see an illustrated example below). Please note that percentages are based on the number of financial institutions that gave responses other than “Not Applicable.” Percentages below may add not sum to 100% due to rounding.

Example:

Listed below are things lenders can do to improve the consumer borrowing experience. When your organization is trying to improve the borrower experience for your mortgage business, what does your organization focus on? Please select up to three and rank them in order of importance.
Among those who directly interact with borrower/consumers on mortgage inquiry, loan application, or underwriting.

Showing first, second, and third most important priorities	Total	LOAN VOLUME		
		Larger (L)	Mid-sized (M)	Smaller (S)
N=	167	56	42	69
Reduce the amount of time taken to close a mortgage loan	65%	59%	74%	63%
Provide a more intuitive, user-friendly online loan application portal or platform to track progress or interact with borrowers	50%	55% ^S	59% ^S	36%
Train personnel to be consultative in providing guidance on mortgage terms and processes	44%	42%	41%	51%
Offer multiple communication channels such as phone, email, website, in-person, app, or social media, to allow borrowers to communicate via any channel they prefer	42%	49%	38%	40%

“Total” of 55% is
 $(55\% + 59\% + 36\%) / 3$



Consumer Interaction

Does your firm directly interact with borrowers/consumers on mortgage inquiry, loan application, or underwriting?

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	179	60	45	74	72	70	33
Yes	93%	93%	93%	93%	93%	93%	100%
No	7%	7%	7%	7%	7%	7%	0%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Importance of Front-End vs. Back-End Improvements

Improving the front-end consumer borrower experience and improving the back-end operational efficiency to reduce loan origination costs are two common goals for digital transformation efforts. Thinking about your organization's goals in rolling out digital initiatives, please place the slider along the continuum that best represents what drives your organization's digital transformation efforts. You can move the slider all the way to an end or place it somewhere in the middle. If you think both goals are equally important for your organization, leave the slider in the middle.
Shown as slider scale from 0 to 100, with 50 as both goals are equally important, among firms which interact directly with borrowers/consumers

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	167	56	42	69	67	65	33
0-10 (Front-End)	4%	4%	5%	4%	3%	5%	6%
11-20	8%	10%	6%	9%	5%	7%	18%
21-30	14%	17%	14%	12%	13%	17%	12%
31-40	13%	10%	12%	17%	11%	15%	15%
41-49	5%	8%	4%	4%	7%	7%	0%
50	36%	30%	50% ^{L, S}	28%	39%	28%	33%
51-60	4%	5%	2%	3%	3%	5%	3%
61-70	5%	4%	2%	9%	7%	3%	9%
71-80	4%	4%	2%	7%	5%	7%	0%
81-90	5%	8%	2%	4%	7%	4%	3%
91-100 (Back-End)	0%	0%	0%	1%	0%	2%	0%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Success of Digital Transformation Efforts

Now, for each of the two main goals mentioned earlier [improving the front-end consumer borrower experience] or [improving the back-end operational efficiency to reduce origination costs], how successful have your organization's digital transformation efforts been?

To improve the front-end consumer borrower experience (Among those who directly interact with borrower/consumers on mortgage inquiry, loan application, or underwriting)	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	167	56	42	69	67	65	33
Very successful	21%	20%	36% ^S	9%	24%	18%	12%
Somewhat successful	66%	71%	54%	72%	65%	72%	61%
Not very successful	12%	10%	11%	14%	11%	10%	18%
Not at all successful	1%	0%	0%	4%	0%	0%	9%

To improve the back-end operational efficiency to reduce origination costs (Among all surveyed)	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	179	60	45	74	72	70	33
Very successful	11%	14%	12%	5%	15% ^C	10%	0%
Somewhat successful	58%	54%	59%	61%	65%	49%	64%
Not very successful	29%	31%	24%	30%	19%	41% ^M	27%
Not at all successful	2%	0%	4%	3%	1%	0%	9%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Top Focuses for Improving the Borrower Experience

Listed below are things lenders can do to improve the consumer borrowing experience. When your organization is trying to improve the borrower experience for your mortgage business, what does your organization focus on? Please select up to three and rank them in order of importance.

Among those who directly interact with borrower/consumers on mortgage inquiry, loan application, or underwriting.

Showing first, second, and third most important priorities	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	167	56	42	69	67	65	33
Reduce the amount of time taken to close a mortgage loan	65%	59%	74%	63%	57%	69%	70%
Provide a more intuitive, user-friendly online loan application portal or platform to track progress or interact with borrowers	50%	55% ^S	59% ^S	36%	58%	42%	39%
Train personnel to be consultative in providing guidance on mortgage terms and processes	44%	42%	41%	51%	37%	57% ^M	43%
Offer multiple communication channels such as phone, email, website, in-person, app, or social media, to allow borrowers to communicate via any channel they prefer	42%	49%	38%	40%	47%	35%	48%
Make the income/asset/employment verification process or documentation process easier	38%	34%	48%	30%	40%	36%	30%
More effectively coordinate with other players such as real estate agents, appraisers, and closing agents	24%	28%	16%	28%	23%	27%	22%
Reduce borrower costs (e.g., appraisal fees)	19%	19%	14%	24%	20%	19%	22%
Increase certainty that a pre-approval will lead to being approved	17%	16%	11%	25%	18%	17%	21%
Other (please specify)	0%	0%	0%	2%	0%	0%	3%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Least Important Focus for Improving the Borrower Experience

Now, among the choices you did not select as the top focuses to improve the consumer borrowing experience, which one is the LEAST important for your organization?
Among those who directly interact with borrower/consumers on mortgage inquiry, loan application, or underwriting.

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	167	56	42	69	67	65	33
Increase certainty that a pre-approval will lead to being approved	28%	30%	23%	30%	28%	30%	27%
Reduce borrower costs (e.g., appraisal fees)	26%	28%	31%	20%	28%	21%	30%
More effectively coordinate with other players such as real estate agents, appraisers, and closing agents	15%	14%	17%	14%	10%	14%	24%
Make the income/asset/employment verification process or documentation process easier	9%	6%	13%	8%	9%	12%	3%
Offer multiple communication channels such as phone, email, website, in-person, app, or social media, to allow borrowers to communicate via any channel they prefer	7%	4%	6%	10%	8%	7%	6%
Provide a more intuitive, user-friendly online loan application portal or platform to track progress or interact with borrowers	6%	8%	2%	7%	5%	8%	3%
Reduce the amount of time taken to close a mortgage loan	5%	4%	5%	4%	7%	3%	3%
Train personnel to be consultative in providing guidance on mortgage terms and processes	5%	5%	3%	7%	4%	6%	3%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Omni-Channel Strategy Efficacy

On a scale from 1 to 10, where 1 is "very poor" and 10 is "excellent," how would you rate your organization's omni-channel strategy (using both person-to-person and digital channels) to provide a seamless customer experience across all touch points for your mortgage business?

Among those who directly interact with borrower/consumers on mortgage inquiry, loan application, or underwriting.

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	167	56	42	69	67	65	33
1	0%	0%	0%	1%	0%	0%	3%
2	0%	0%	0%	0%	0%	0%	0%
3	2%	2%	0%	4%	1%	2%	6%
4	4%	5%	2%	3%	3%	3%	6%
5	16%	13%	12%	23%	16%	17%	18%
6	19%	17%	17%	22%	13%	20%	27%
7	25%	34% ^S	26%	14%	25%	26%	18%
8	26%	22%	35%	21%	31%	22%	18%
9	6%	4%	4%	9%	6%	8%	3%
10	3%	3%	5%	1%	4%	3%	0%

*L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level*



Satisfaction with Digital Transformation Efforts

Overall, how satisfied are you with the scope/impact of your organization's digital transformation initiatives?

Scope	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	179	60	45	74	72	70	33
Very satisfied	17%	22% ^S	23% ^S	7%	24%	13%	6%
Somewhat satisfied	65%	62%	59%	73%	64%	69%	64%
Not very satisfied	16%	16%	16%	18%	11%	18%	24%
Not at all satisfied	2%	0%	3%	3%	1%	1%	6%

Impact	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	179	60	45	74	72	70	33
Very satisfied	15%	22% ^S	18% ^S	5%	22%	11%	6%
Somewhat satisfied	64%	56%	66%	71%	58%	70%	64%
Not very satisfied	19%	22%	13%	21%	19%	18%	24%
Not at all satisfied	2%	0%	3%	3%	1%	1%	6%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Projected iBuyer Business Model Growth

Recently, some companies (e.g., Zillow, Redfin, Opendoor, and Openpad) have rolled out an “iBuyer” program, seeking to offer a simpler, more convenient alternative to a traditional home sale. They use automated valuation models, instead of an appraiser, to estimate the value of a home and thus are able to make instant offers to sellers. They charge a fee for this service. In return, home sellers are not burdened with marketing and selling their home and have the certainty of an all-cash offer and more control over when they move. For this new home selling approach, over the next five years, do you think this business model will...

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	179	60	45	74	72	70	33
Grow significantly	22%	24%	16%	26%	22%	20%	27%
Grow somewhat	53%	55%	61%	43%	53%	57%	39%
Stay at about the same level as today	13%	12%	10%	16%	14%	14%	12%
Decline	3%	5%	0%	5%	3%	3%	6%
Don't Know/Not sure	9%	3%	13%	10%	8%	5%	15%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Projected iBuyer Business Model Impact

To what extent are you seeing the iBuyer business model impact your mortgage business?

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	179	60	45	74	72	70	33
Significantly increase mortgage demand	1%	0%	2%	0%	1%	0%	0%
Somewhat increase mortgage demand	14%	11%	21%	11%	21%	9%	9%
No impact	75%	79%	68%	79%	70%	82%	79%
Somewhat decrease mortgage demand	9%	10%	9%	9%	8%	8%	12%
Significantly decrease mortgage demand	0%	0%	0%	1%	0%	1%	0%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Question Text

QR302: Does your firm directly interact with borrowers/consumers on mortgage inquiry, loan application, or underwriting?

QR303-305: Listed below are things lenders can do to improve the consumer borrower experience. When your organization is trying to improve the borrower experience for your mortgage business, what does your organization focus on? Please select up to three and rank them in order of importance.

QR306: Now, among the choices you did not select as the top focuses to improve the consumer borrower experience in the list, which one is the LEAST important for your organization?

QR307: On a scale from 1 to 10, where 1 is "very poor" and 10 is "excellent," how would you rate your organization's omni-channel strategy (using both person-to-person and digital channels) to provide a seamless customer experience across all touch points for your mortgage business?

QR308: Overall, how satisfied are you with the scope of your organization's digital transformation initiatives?

QR309: Overall, how satisfied are you with the impact of your organization's digital transformation initiatives?

QR310: Improving the front-end consumer borrower experience and improving the back-end operational efficiency to reduce loan origination costs are two common goals for digital transformation efforts. Thinking about your organization's goals in rolling out digital initiatives, please place the slider along the continuum that best represents what drives your organization's digital transformation efforts. You can move the slider all the way to an end or place it somewhere in the middle. If you think both goals are equally important for your organization, leave the slider in the middle.

QR311-312: Now, for each of the two main goals mentioned earlier, in your view, how successful have your organization's digital transformation efforts been? Please select a choice for each row.

QR313: In your view, how successful have your organization's digital transformation efforts been in improving the back-end operational efficiency for your mortgage business?

QR314: You mentioned that the efforts to improve the front-end consumer borrower experience have been [PIPE: QR311]. Could you share your experience? For example, what has your organization achieved? What challenges did your organization encounter? What could have been done to make the efforts more successful? (Optional)

QR315: You mentioned that the efforts to improve the back-end operational efficiency to reduce origination costs have been [PIPE: QR312 OR QR313]. Could you share your experience? For example, what has your organization achieved? What challenges did your organization encounter? What could have been done to make the efforts more successful? (Optional)

QR316: Recently, some companies (e.g., Zillow, Redfin, Opendoor, and Openpad) have rolled out an "iBuyer" program, seeking to offer a simpler, more convenient alternative to a traditional home sale. They use automated valuation models, instead of an appraiser, to estimate the value of a home and thus are able to make instant offers to sellers. They charge a fee for this service. In return, home sellers are not burdened with marketing and selling their home and have the certainty of an all-cash offer and more control over when they move. For this new home selling approach, over the next five years, do you think this business model will...

QR317: To what extent are you seeing the iBuyer business model impact your mortgage business?

