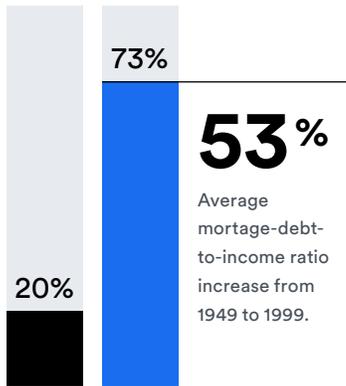


Join the digital mortgage revolution:

How AI-based IDP solutions can save legacy lenders

For decades, the American dream has been centered around the idea of homeownership. In spite of record-high housing prices in the U.S., lenders still [saw an unprecedented number of mortgage applications](#) in 2021.



The only way lenders are able to keep up with changing demands is thanks to technology like robotic process automation (RPA) and optical character recognition (OCR). As intelligent document processing (IDP) powered by artificial intelligence becomes even more powerful, the mortgage industry is quickly approaching an era that will be entirely digital. This is a far cry from the industry's humble beginnings.

During the post-war 1950s, suburban life and a white picket fence became the face of that fantasy, but most consumers couldn't afford to buy a home outright. Bank loans played a role in helping working-class people buy property, and as consumer demand for homes grew, backing from the federal government became an integral part of the modern mortgage industry.

However, from 1949 to 1999, the average [mortgage-debt-to-income ratio for American consumers rose from a mere 20% to 73%](#). Data from January 1953 shows the median home price in the U.S. at [about \\$18,000 \(or \\$185,000 when adjusted for inflation\)](#). Now, that same research calculated the median home price in the 2020s at more than \$340,000.

Prices can be even higher when based on averages. A study by the St. Louis Fed [estimates average home prices were more than \\$420,000 in 2020](#). As real estate has increased in value, so have the lengths of loan terms and the methods lenders use to calculate their risk. The advent of credit scores in the 1980s further evolved these processes.

Now, as every lender knows, mortgages have become one of the most common, and most complicated, markets in the entire financial services sector. Fortunately, automation technology is helping to transform and simplify the mortgage application process.

The median home price in the U.S.

in 1953 (adjusted for inflation)

\$185,000

in 2020

\$340,000



The rise of the digital mortgage

The number of documents that go into a mortgage application can be overwhelming. In fact, many consumers find that it's the most intensive vetting process they ever go through. After all, they're asking for hundreds of thousands — and sometimes even millions — of dollars to help finance their dream home.



The more processes are digitized, the easier it is for them to be automated, drastically streamlining workflows, reducing approval times, and generally simplifying everything

As workers at every mortgage lender know, that extreme vetting process for consumers translates to an even more rigorous workflow for loan officers and underwriters. In the days of paper and fully manual processing, workers were practically swimming in paperwork for every single loan application. In addition to the application form itself, they had to sift through and verify information like tax returns, paystubs, and bank statements.

This work became more streamlined with the advent of automation technology and digital software that could cut down on the number of actual paper documents. As capabilities become more advanced, technology is bringing about the era of the digital loan — where mortgage applications are submitted, transferred, analyzed, verified, and stored without producing a single piece of paper. Even the final notary can be completed digitally.

The more processes are digitized, the easier it is for them to be automated, drastically streamlining workflows, reducing approval times, and generally simplifying everything. For a number of reasons, digital mortgages are becoming the norm.

Why consumers prefer digital mortgages

Loan applicants don't enjoy filling out and transmitting paper documents any more than lenders like processing them. Digital mortgages allow consumers to gather all of their documents in electronic formats and upload them to a server. Of course, this is far more convenient than mailing or faxing physical documents. It's arguably even easier than sending an email.

Keeping up with the trends affects the entire financial industry, and digitizing the application process allows for an unparalleled degree of self service while improving processing speeds. So many other processes occur online, ultimately increasing the demand for digital mortgages. Improved user experiences and better security have normalized conducting everyday transactions on apps or web portals. An overwhelming [80% of consumers around the world shop online](#). Banks compete to have the most robust and fastest websites or apps, and payment processing platforms like Cash App and Venmo are advertised in nearly every medium.

The world is rapidly becoming mobile-first. In fact, [70% of all-time spent on digital media](#) happens on smartphones. Nearly 70% of consumers even use their phones to complete purchases. Millennial and Gen Z demographics of course boast the highest adoption rates, and as the real estate industry struggles to appeal to more young homeowners, a digital-first approach to mortgages is crucial.

Digital interfaces also personalize the application process. Consumers are able to modify inputs to see how it could affect their rates, or compare multiple loan products side by side. This allows them to self-direct their search for the best deal without entering a high-pressure interaction or feeling the need to safeguard from a salesperson.

80%

Consumers around the world who shop online.

70%

Time spent on digital media using a smartphone.

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How digital mortgages and automation help lenders



Going paperless is one of the fastest (and easiest) ways any organization can save money.

Legacy lenders and financial institutions haven't been able to move as quickly on the digital mortgage trend as other competitors.

Leading the way into this new era are technology-first companies like RocketMortgage, which run on proprietary backend systems that can guarantee loan approvals in less than 10 minutes. But, traditional mortgage lenders haven't been completely left in the dust.

For more than two decades, RPA has redefined productivity and accelerated traditional business practices. Its impact has been felt by nearly every industry, including lending and mortgages. The reasons to digitize the mortgage lending process are the same as the reasons to implement automation in other financial service sectors:

Eliminates paper waste

Businesses waste an estimated [\\$8 billion managing paper documents every year](#). Going paperless is one of the fastest (and easiest) ways any organization can save money. What's more, virtually every company has corporate social responsibility goals they're trying to reach — and eliminating paper waste is one of the easiest to tackle. Though it's simple, it can have a real impact on the environment, too.

According to St. Charles County of Missouri, Americans [throw away about one billion trees worth of paper on an annual basis](#). The more trees we cut down, the less greenery there is to absorb carbon from the atmosphere, allowing global temperatures to rise at a faster rate. Even more, when paper products rot in landfills, they produce harmful chemicals like methane gas and carbon dioxide, which helps produce acid rain.

Reduces manual processes

Automation doesn't just reduce material waste — it also cuts down on the waste of time and human energy. Manually transmitting documents, even digitally, can be incredibly cumbersome and time consuming. RPA and IDP technology can fully automate some of the legwork that goes into data entry, converting documents, moving files, flagging issues, and collecting approvals and sign offs.

Users can create robust, custom workflows based on internal rules to handle processes like distributing documents, sending notifications, and data verification. OCR can even scan information from documents so AI can extract data and further automate how it's processed. Systems will always know the status of every single document, so workers can save valuable time because they won't need to comb through a stack of documents to make sure something is properly signed.

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OCR technology

OCR technology can read documents and turn information into usable data without the risk of typos or misreading

Minimizes human error

Making sure numbers match up on paperwork is a fairly easy task, but when there are dozens or even hundreds of documents to comb through on any given day, the mind-numbing work can become incredibly challenging for human workers who risk making errors. OCR technology can read documents and turn information into usable data without the risk of typos or misreading. Many systems can even automatically use this information to compare documents and eliminate the need for human verifications.

Enhances security and compliance

With so many rules to follow around data management, and even how specific processes are executed, lenders are exposed to a lot of liability every time they accept a mortgage application. RPA bots diligently follow whatever rules they're programmed to follow, without any deviation or loss of focus that could lead to mistakes.

Data breaches, either from scammers or human error, are also becoming costly for companies in the finance sector. Since automation removes humans from so many processes, there is less likelihood of a leak, or corrupt employees having easy access to sensitive data that could result in identity theft or other problems. Automated systems are also easier to log and audit.



Automation Hero: The power of full intelligent process automation

The digital mortgage revolution is underway, and victory is inevitable. Legacy mortgage lenders and other traditional organizations should do everything they can to implement more automation into their processes. This is a vital step to remain competitive with technology-first companies like RocketMortgage.

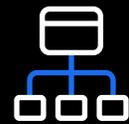
Automation Hero is a new kind of intelligent process automation platform, taking an evolutionary leap past RPA and OCR. Our IDP solution is part of a flexible cloud-native automation platform that provides complete end-to-end automation capabilities. Already, it has a proven track record of streamlining processes in the insurance industry, which faces similar challenges in data verification, document processing, and financial risk assessment. Automation Hero can help to:

Build automations from the ground up

For organizations that are new to automation or want to start over from scratch, Automation Hero is incredibly easy to set up, with virtually no startup or implementation costs. RPA and template-based IDP solutions can take months of high-level tech support research and testing to properly deploy. Automation Hero users can self-start right out of the box and build robust AI models and automations without any technical training. The intuitive drag-and-drop flow builders are simple enough for anyone to create automations for virtually any kind of process.

Augment existing systems

For organizations that are invested in their RPA and legacy automation solutions, or are required to migrate incrementally from older technology solutions, Automation Hero can integrate with preexisting automation to further streamline processes. Many companies are forced to extract data using simple OCR and to manage workflows using RPA, but Automation Hero can serve as a connective fabric between any systems, filling in gaps and creating greater cohesion between all solutions. Even better, it provides a central enterprise dashboard to manage all automations.



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Improve accuracy and speed with a more advanced OCR

Automation Hero's advanced OCR improves data extraction speed and accuracy. It's even [capable of reading handwriting](#), which makes it a viable solution for organizations that still use paper applications but want to improve processing speed.

When users at Kin, a Chicago-based insurance startup, installed Automation Hero, they decided to focus on a solution for processing a wind mitigation form. Prior to implementing Automation Hero, workers spent upwards of [45 minutes reading and processing each document](#). When scaled to 15,000 of these forms per year, that could be as much as 11,250 hours per year — a massive waste of time and labor expenses. But with Automation Hero, they were able to automate more document review tasks and reduce processing time to less than 30 seconds for each document.

Create full, end-to-end document processing workflows

Automation Hero doesn't just combine the best aspects of legacy systems and new AI capabilities — it gives users capabilities that go far beyond each of them. The cutting-edge platform makes it possible to create complete end-to-end automation workflows that cover the entire document processing lifecycle and beyond. From a single dashboard, users can capture documents from virtually any channel, analyze its intent for correct routing, extract all data with accuracy, and automate next actions and beyond.

Drive productivity with deep learning AI

Many platforms claim to have artificial intelligence, but not all of them are created equal. Automation Hero uses true artificial intelligence that isn't just based on rules and conditional logic. The system can build accurate AI models based on past data or even no training, and learn to improve workflow efficiency over time. As users run more automations, the system can even spot opportunities in the process for more process improvement and suggest powerful time and cost-saving solutions.

Like every industry, mortgages are undergoing a major technological revolution and becoming increasingly, and soon fully, digital. Standing shoulder to shoulder with leading-edge fintech companies is virtually impossible without robust and flexible document automation capabilities, but legacy companies and small operations alike need to automate quickly in order to maintain their market share.

Just as RocketMortgage entered the market with advanced automation capabilities native to its platform, Automation Hero was built from the ground up with the most advanced AI and machine learning capabilities built into its core — not added later on like many RPA and IDP systems. Implementing this technology into their lending application processes gives organizations a quantum leap into the digital mortgage space, with all the momentum they need to keep up with the heads of the pack.

Schedule a consultation with one of our experts for a deep dive into exactly what Automation Hero can do for you.

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