

Robo advice is a combination of artificial intelligence, machine learning and algorithms and true robo

advice in mortgages does not exist yet. However, we have seen the emergence of online advisers like Habito and Trussell. These are creating interest in the marketplace. For brokers, the use of a digital platform is essential to maintain competitiveness. At present, algorithms cannot deal with complex mortgage cases and it is likely experienced mortgage brokers will always be needed to manage complex cases.

There is a danger the business is simply treated as a mortgage sale rather than advice on home ownership and protection which is an integral part of it. It is our job to promote the value add of a good broker because choice is important

As clients demand more rapid responses and efficient service when it comes to taking out a mortgage, **Carlos Thibaut** looks at what technology brokers should be using and why

TECH YOUR

and there will be some consumers that prefer a simple online transaction.

There are inherent dangers in treating mortgages as a commodity, particularly for first time buyers who embrace buying everything online. Without benefiting from advice from an experienced adviser, clients may not fully appreciate the commitment they are entering and not obtain the adequate protection needed. While it is possible to package up life cover with mortgages, essentially it will be a dumbed down and a commoditised process which for many clients could be inappropriate for their needs.

The Financial Conduct Authority (FCA) published proposals for changes to its mortgage sales requirements in May 2019, designed to help give consumers more choice in how they buy a mortgage:

“The FCA is proposing to change its rules to make it clear that tools which allow customers to search and filter available mortgages are not necessarily giving advice. It will also be clearer that some forms of interaction, such as firms helping consumers with their applications, do not require advice.

“Where a mortgage adviser recommends a mortgage, which is not the cheapest of those that meet the customer’s needs and circumstances, they will now be required to explain why any cheaper mortgage has not been recommended.”

The FCA consultation period finished in July.

SUCCESSFUL BUSINESS MODELS

Brokers need to make the decision on what model best suits their business.

With a digital offering it is possible to provide customers with choice whether it is fully face-to-face advised, a hybrid or online. Brokers need to have a presence in the digital space and they need to be clear on what type of broker they are. If they generate leads online that journey needs to be efficient and support the engagement with an adviser for provisional advice. If the business is generated more by personal introduction, it is still essential they engage with their consumers in a modern digital way. This can be through their portals or using online client facing factfinds, but they must still maintain a personal service.

The modern broker should be able to offer a full range of services. Some of that advice will be on a strategic partnership basis or introducer arrangements with other businesses to extend the advice proposition, to include equity release, investments and pensions.

BROKING TECHNOLOGY

The first requirement should be to have a secure platform to allow you to understand your numbers, data and engage with new and existing clients. This is the starting point of making your business future ready, many commentators have said data is the new gold. The future value of the business depends on accurate data ensuring clients are engaged and connected to your business every minute of every day, not just once every two years to remortgage.

Technology provides opportunities for more efficient processes dealing with the heavy lifting of what is a

clunky mortgage and protection process. This allows more time to spend with clients while providing clients a safe way to engage with brokers, eg using a client portal. The use of the client portal can provide a secure method of two-way communication and document exchange.

Open banking offers a huge opportunity for brokers, but it will take time for advisers to understand its capabilities. We are seeing pilots being run with consumers starting to share bank data to assist with mortgage processing. Open banking, with the appropriate tools, can be used to assist the mortgage process by improving and speeding up affordability calculations and can help clients become more engaged with budgeting to achieve their financial objectives, as well as giving advisers a better understanding of clients’ financial situation.

The collection of data currently required by the customer for underwriting, whether it is a mortgage or protection case, credit history, bank account data, ID, verification IDV, can be obtained and audited digitally. There should be a list of approved suppliers that brokers can use. This would streamline the process substantially.

The biggest threat to brokers is other brokers with more efficient technology. Two key drivers for the application of technology are providing clients with a great user experience and increasing efficiency of the processes that sit within each individual business. ●

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OPPORTUNITIES