

# DRIVING EFFICIENCY IN MORTGAGE AND LOAN PROCESSING

## SITUATION ANALYSIS

As with every industry, the financial services industry (FSI) has seen a surge of digital upstarts challenge the norm. Securing a loan or mortgage can now be as simple as downloading an app and filling out minimal information.

Speedy, frictionless customer experiences are what digital transformation is all about. Time to value (TtV) is a key metric for businesses playing in the modern economy, and greatly simplifying the complexity (and time) for customers is a key TtV metric.

However, simplified customer interaction is merely an abstraction of a complex and highly automated document management process that heavily regulated sectors such as the FSI must follow.

Whether the customer experience is rooted in paper or a screen, compliance, auditability, privacy, governance, and many other factors make the precise (and accurate) control of loan and mortgage processing a must.

The key to success in this once-staid market disrupted by cloud-born startups is digitization designed around workflow automation.

This brief will examine mortgage and loan processing in the FSI, including how solutions from companies like Iron Mountain are crucial to driving intelligent document processing and workflow automation in established companies undergoing transformation projects.

## THE FINANCIAL SERVICES INDUSTRY IS DIGITAL

While digitization began for many industries throughout the 2010s, the onset of the COVID-19 pandemic in March 2020 drove rapid transformation in the mortgage processing industry. During this time, a new breed of lenders emerged with the aim of faster, frictionless mortgage processing.

Today, four of the top five and 15 of the top 25 lenders are non-banks. The top retail lender, Rocket Mortgage, accounted for over 464,000 loan originations in 2022, a [total value of \\$127 billion](#).

This new market dynamic saw a fast shift in business operations from the top traditional players. While some lenders chose to exit the market to focus on other opportunities, most organizations quickly implemented transformation efforts. What we have witnessed in the market is perhaps the truest form of Darwin's Theory in the business world. Business lines adapt and change to stay competitive in an ever-evolving marketplace or close.

Digitization has majorly impacted the mortgage processing industry. Competition from cloud-based players has been healthy for the establishment, forcing a business and culture shift that has led to an enhanced technology-based user experience. And unlike these new entrants in the mortgage industry, established players have decades of experience delivering services and supporting customers built on consumer trust and confidence.

The digitization of the mortgage processing model isn't simply a few web pages or an app that simplifies the experience for the user. It's a digitization of the process itself, where applications – regardless of origination – are routed and managed through workflow automation. This workflow automation dramatically reduces the time it takes for consumers to get closure, from weeks – or even months - to mere days.

## THE CHALLENGES IN THE MORTGAGE AND LOAN INDUSTRY

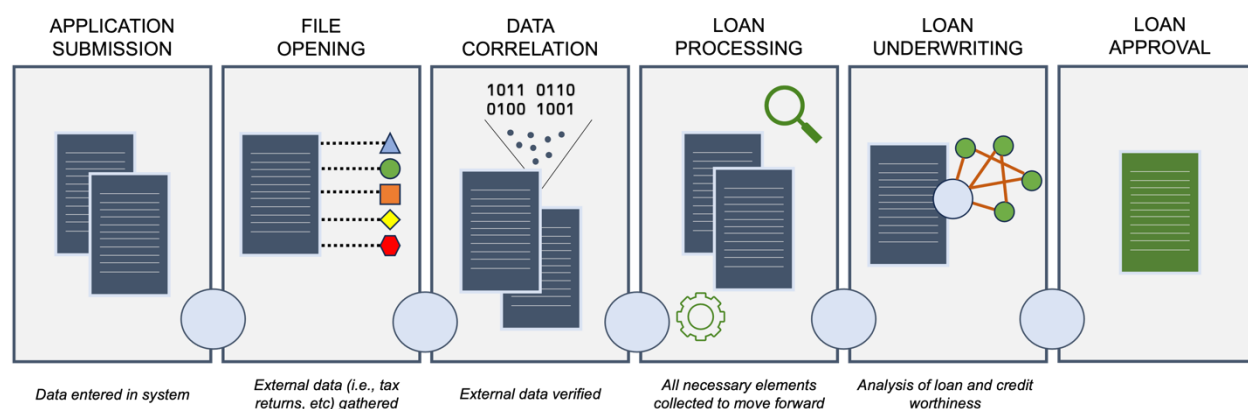
Despite recent advancements in transforming business operations, mortgage and loan industry processes are still manual, tedious, and largely paper-dependent. The amount of content collected from customers is overwhelming, and several professionals analyze this document-sourced data throughout the loan approval process.

Moor Insights & Strategy (MI&S) sees the following areas in particular as challenging to business and technology executives in the FSI:

- **Document and paperwork management and overload.** Though mortgage applications have slowed due to rising interest rates, the data generated per mortgage loan processed is significant. Generating, managing, and archiving this data can be a big challenge for financial institutions that have transformed from legacy business practices to digital execution.
- **Compliance and regulatory requirements.** The number of regulatory bodies (and regulations) with which mortgage lenders must comply is seemingly limitless. Additionally, many US states have requirements and obligations that can cause additional workflow automation challenges for lenders.

- **Data security and customer privacy.** Rooted in compliance and regulatory challenges, maintaining customer privacy can be challenging for many lenders. This challenge is more difficult for those who have had (or continue to utilize) a paper-based approval process. Digitizing, managing, and archiving these records can be time-consuming and rife with errors.
- **Streamlining operations in a slowing market.** A housing market that has been white hot for several years has slowed considerably due to rising interest rates and resulting shrinking inventory. This dynamic has impacted the mortgage lending industry, with banks and mortgage companies forced to deal with tightening budgets.

**FIGURE 1: THE MORTGAGE AND LOAN PROCESSING WORKFLOW**



The mortgage and loan workflow requires heavy integration of data from many sources.  
Source: Moor Insights & Strategy

Although there are many challenges, we see those above causing the most inefficiency (and potentially cost) for an organization – directly and indirectly. Though these challenges seem daunting, perhaps even impossible to overcome, technology-driven transformations can turn weaknesses into strengths.

While technology solves many challenges, not all solutions are created equal. Finding the right technology to solve their specific needs can be difficult for financial institutions. Is richness of features more important than a proven solution widely deployed in the market? How important is the company that has designed and delivered this technology?

There does not have to be a compromise. While many FSI-focused startups position themselves as the solution of choice for managing the workflow and data of mortgage

lending, other companies have proven technology and experience in serving the needs of the largest financial services organizations. MI&S believes these solutions providers are uniquely positioned to deliver the greatest value to the market.

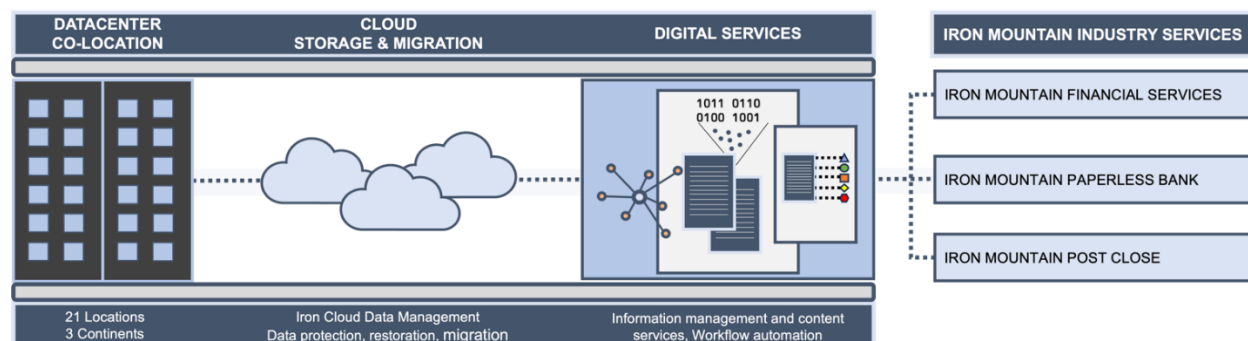
## IRON MOUNTAIN – PROVEN SOLUTIONS FOR FINANCIAL SERVICES

One company uniquely positioned to address the full range of challenges faced by lenders in the mortgage industry is Iron Mountain. Founded in 1951, Iron Mountain is perhaps the original information management company. For the past 70 years, the company has specialized in the storage, archiving, and security of over 95% of Fortune 1000 companies around the globe.

While the above is an impressive feat for Iron Mountain, its experience in the financial services industry is equally profound. With over 65 years of servicing the FSI, the company currently supports over 2,500 institutions, with 46 of the top 50 banks relying on Iron Mountain to help drive their business operations.<sup>1</sup>

As organizations embraced technology as the enabler of new business models, Iron Mountain evolved its portfolio. Today, the company has the unique distinction of being a major cloud provider, datacenter co-location facility, IT consulting firm, and software company, in addition to its legacy business of securing and archiving some of the most valuable physical assets in the world.

FIGURE 2: IRON MOUNTAIN FSI SERVICES PORTFOLIO



Iron Mountain's portfolio of technology translates to FSI specific solutions.

Source: Moor Insights & Strategy

This makes Iron Mountain's capabilities truly unique in a market rife with claims of uniqueness. The company can align its depth of experience across a range of business

<sup>1</sup> <https://www.ironmountain.com/industries/banking>

and IT consulting practices to the markets it serves. This results in solutions specifically tailored to each customer's needs and growth strategy.

This marriage of experience and capabilities is especially relevant for the mortgage lending industry, where the ability to deliver technology that satisfies the needs of the customer, the requirements of state and federal regulators, and the expectations of investors, is critical.

Iron Mountain brings all the resources to bear in supporting the financial services industry – technology, people, processes, and infrastructure. While many organizations deliver on some of these capabilities, Iron Mountain stands alone in the market.

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## HOW IRON MOUNTAIN DRIVES EFFICIENCY

Achieving peak operational performance in the mortgage and loan industry is rooted in technology applied with a deep understanding of business processes. While many financial organizations have deployed workflow and process automation software, MI&S has found that many of these deployments are less than optimal and lack supporting services that complete data management. This is where Iron Mountain delivers real value.

### *IT ALL STARTS IN THE MAILROOM*

Managing the mortgage and loan approval process starts when documents are received. Whether by courier, mail, email, or a completed web form, a central clearing house that can accept incoming forms, transform them into a standard format, and tag and organize them is critical to speeding up the review and approval process.

If implemented correctly, the digital mailroom can reduce a process that would average well over a week into hours. Further, by tagging and applying machine learning (ML), documents can be routed faster and more accurately, streamlining the approval process.

Iron Mountain's SaaS-based digital mailroom has found success in the market. One large FSI firm detailed how it was able to centralize the processing of over 250

document types and formats from thousands of title companies, streamlining operations to achieve 25% document management savings and reduced trailing document cycles.<sup>2</sup>

This service is critical to lenders as it means faster and more accurate processing of loan and mortgage applications. Further, the digital mailroom service ensures an audit trail is established for lenders to better comply with federal and state regulations.

Customers also benefit when dealing with lenders that employ a digital mailroom, as it gives them complete visibility into the loan processing operation. Customers quickly gain insight into loan and trailing document discrepancies.

### *WORKFLOW AND PROCESS AUTOMATION*

Once loan and mortgage applications are received, intelligent document processing is foundational to achieving a fully automated loan and mortgage processing operation. InSight is Iron Mountain's solution for delivering a cloud-native, ML-based solution that flattens the document processing flow by removing the siloes typically associated with ingesting a significant amount of data from multiple sources and evaluating all this data in context.

MI&S conducted an analysis of Iron Mountain's suite of SaaS-based solutions and how they power many of the largest financial institutions as they digitally transform operations. On average, customers saw a 50% increase in the speed of processing documents coupled with a 45% decrease in error rates.

That research can be found [here](#).

### *MANAGING DATA AFTER THE CLOSE*

Workflow and process automation includes managing data after a loan is closed. How does the lending institution quickly, efficiently, and securely take the 500+ pages of documents associated with a loan and manage them appropriately? Additionally, how does a lending institution that has seen a steep drop in mortgage and loan applications in 2022 and 2023 do so while dealing with budget cuts? Finally, how can a lender unlock insights from the vast amount of borrower information collected and stored?

The answer is Iron Mountain's InSight cloud-based technology platform. InSight is the key to driving cost savings to lenders; combined with a team of Iron Mountain technologists, it drives faster and better outcomes. Through this post-close and

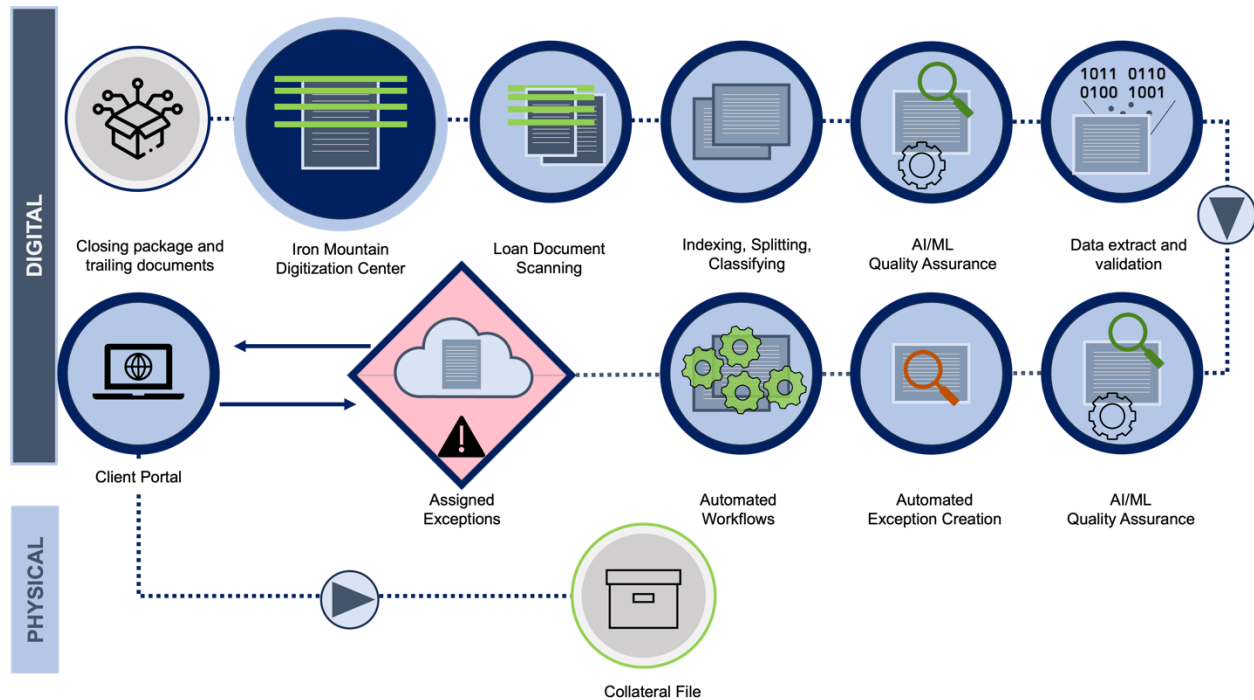
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<sup>2</sup> <https://www.ironmountain.com/resources/case-studies/d/digitizing-the-mortgage-mailroom>

certification service, lenders can drive down operational expenses, accelerate loan purchases, deliver faster outcomes, and drive meaningful customer insights, all while assuring compliance around lending and data privacy.

What makes Iron Mountain's post-close service most compelling is its ability to leverage the range of other services to drive full service. Lenders who employ the full suite of Iron Mountain's services, such as backup and storage, resiliency and disaster recovery, and cloud services, have the potential to achieve the promise of digital transformation.

**FIGURE 3: MANAGING POST CLOSE WITH IRON MOUNTAIN**



Iron Mountain delivers full-service post close capabilities.

Source: Moor Insights & Strategy

### **PAPERLESS BANK OPERATIONS THE END STATE**

While this research brief has mainly focused on the lending process, that is in the context of the larger transformation many institutions must achieve to succeed in the digital economy – paperless operations.

When considering the range of services required to achieve this end state, Iron Mountain is uniquely positioned as the only vendor that can deliver all the functions necessary – software, secure archiving and storage, cloud services, and the technology

and domain experts that bring these capabilities together as one easily consumed service.

When looking at how to drive efficiency in the mortgage and loan industry, the first thought is always technology. This is understandable as we've witnessed the operational efficiencies innovative technologies have driven in organizations of all types and sizes. And there is no better example of this than the recent digital transformation trend.

An industry such as mortgage and loans, however, is unique – especially financial institutions with a traditional legacy, paper-based business. The industry must incorporate technology into current processes while digitizing physical assets that may need to be retained for up to 37 years. Iron Mountain's combination of cloud services, people, and infrastructure makes it a solution provider worthy of deeper evaluation. The company's decades of experience supporting the financial services industry put it in a strong market position.

## SUMMARY

Transformation is not simply about replacing manual processes with data automation driven by cloud-native applications. This is especially true in heavily regulated industries.

Driving toward paperless, digitally driven operations is especially challenging for banks and lenders that have existed for decades. These organizations must account for the millions of physical documents that must be transformed into bits of intelligence. And they must do all this while being cognizant (and responding to) the ever-tightening regulatory environment.

How does a financial services organization drive faster and more accurate outcomes with technology while maintaining a secure chain of custody for physical and digital assets? How do these organizations manage the petabytes worth of data collected over the decades and transform such data into intelligence that can drive future business opportunities?

The answer isn't a combination of point solutions delivered by a bunch of startup software companies with a combined zero years of experience in servicing the financial services industry. Technology excellence must be combined with domain expertise to achieve best results.



MI&S believes financial services organizations are considering how to achieve better outcomes during the loan and mortgage approval process in the larger context of their business requirements. With this comes a consideration of partners that can deliver the digital and physical services that deliver total transformation.

Because of this, MI&S believes Iron Mountain is uniquely positioned due to its depth and breadth of solutions for the financial services industry, combined with its decades of experience in supporting some of the world's largest banks and financial services institutions. The company has spent 65 years supporting financial services organizations and is relied upon by 46 of the 50 largest banks in the United States. And its global presence assures businesses of its ability to scale with their operations.

As a result, we believe Iron Mountain should be seriously considered as the partner for financial services organizations transforming lending operations and business operations.

For more information, please visit: <https://www.ironmountain.com/industries/mortgage-and-loan>

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