

## WHITEPAPER Automation and Modernization Position Mortgage Lenders for Smart Growth

The right technology can help firms improve the employee and customer experience today and into the future.



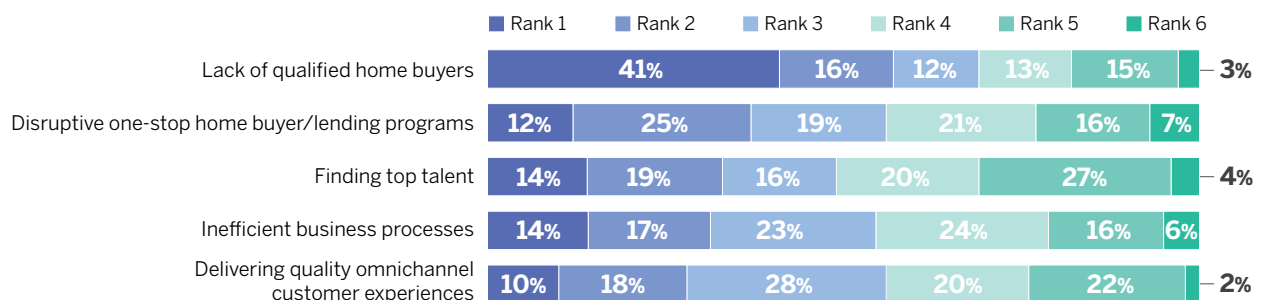
Mortgage professionals face a range of challenges as they attempt to navigate today's slower loan cycle while also preparing to handle the next up cycle more efficiently. At the same time, lenders are looking for ways to address increasing competition, an industry talent crunch and continued process inefficiencies.

In October and November 2024, Arizent Research — the parent company of National Mortgage News — tapped into the collective wisdom of business leaders across the mortgage sector to see what trends they believe will shape the industry and inform their business strategies in 2025 and beyond. The results show that mortgage lenders want to invest in tech modernization efforts to achieve near-term loan production goals and put themselves in a position to thrive over the long term.

### Mortgage lenders face short and long-term challenges

The end of rock-bottom interest rates has tightened the mortgage lending market considerably. Lenders are now competing for new business within a relatively small pool of qualified homebuyers, a dynamic which has emerged as a defining obstacle. Nearly four in 10 housing finance professionals (38%) name housing unaffordability as the biggest near-term challenge for the industry, up from 22% the year before. For traditional mortgage lenders specifically, 41% say a lack of qualified homebuyers is the greatest challenge they expect to face in 2025. Nearly six in 10 (57%) rank it in the top two (see Figure 1).

**Figure 1: The greatest challenges for traditional mortgage lenders in 2025**



Source: Arizent Research/National Mortgage News, 2025

The current tightness isn't likely to last forever, however. In fact, more than eight in 10 mortgage professionals (83%) expect falling interest rates to drive an uptick in purchase origination volume in 2025. Still, other pressures are likely to linger over the longer term. Lenders face increasing competition from disruptive one-stop buyer/lending programs. A lack of top talent throughout the industry is also making it difficult to recruit and retain employees. Lenders simply can't afford to adapt to the current slowness in the market by letting up on their efforts to improve the customer and employee experience.

Furthermore, lenders that focus their attention on an improved customer experience and increased operational efficiencies will put themselves in a much more favorable position for the next boom cycle. "To meet their needs both today and into the future, mortgage lenders need intelligent technology that makes them simultaneously more competitive and more efficient," says Bryan Boynar, industry product manager at Hyland.



**Mortgage lenders need intelligent technology that makes them simultaneously more competitive and more efficient"**

– Bryan Boynar, Hyland

### **Efficiency will be critical for navigating the next mortgage boom**

No matter how well they fare against the competition today, mortgage lenders that lack the capacity to accommodate a rise in applications will lose business in the future. Firms that need to hire and train new employees will lose ground to competitors capable of handling the uptick immediately. That hiring could be challenging, given that many lenders indicate they expect to add staff when mortgage lending activity increases. The vast majority (82%) of mortgage professionals are at least somewhat confident that if the market rebounds this year, it will lead to a round of rehiring, particularly of processors, underwriters and loan officers. Seven in 10 (70%) say that their own organization will ramp up hiring in 2025.

Whether lenders will actually be able to increase hiring sufficiently amid a talent crunch is not yet clear. Firms with inefficient operational processes will face a greater challenge, as well. Initially, they will require more staff to handle a rise in applications. Once the boom subsides, they are also likely to find themselves with overcapacity and having to lay off staff, only to repeat the process again during the next rate cycle. Effectively, those inefficiencies could hurt employee satisfaction and reduce the ability to attract and retain top talent.

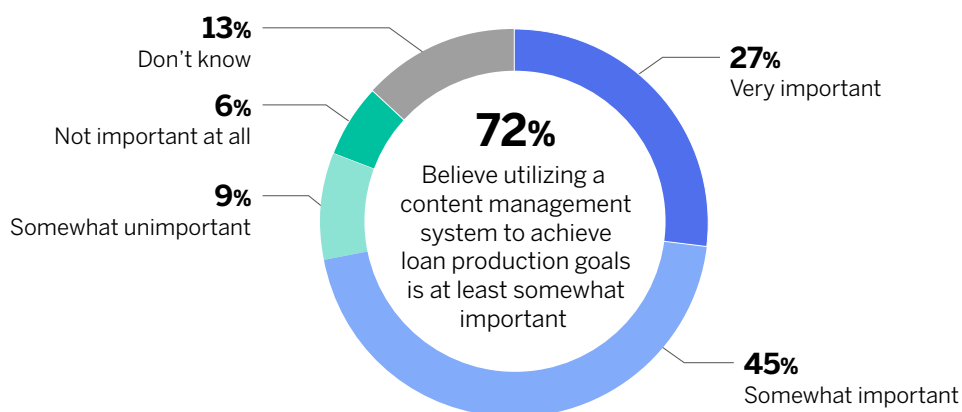
### **The right automation technology offers more than operational efficiencies**

Automated processes offer a logical solution to operational inefficiencies and to the issues involved in scaling capacity to match the volume of applications throughout the lending cycle. Effective automation solutions can also improve the customer experience, making them even more valuable for lenders.

Time to close has long been a central factor in the customer experience, and reducing the time it takes to close a loan is a goal that has gained importance for mortgage professionals since 2024. An automation solution that helps lenders ingest and categorize a wide variety of content types can help address progress toward achieving that goal.

Lenders currently face a variety of content management challenges, chief among them manual processes (45%) and workflow bottlenecks (18%). Among the inefficient content-related business processes they currently have in place, respondents are most eager to automate loan origination intake (46%) and document archiving and retention (39%). In light of those priorities, it's easy to see why 72% of respondents believe that using a content management system is an important part of achieving loan production goals (see Figure 2).

**Figure 2: The importance of a content management system in boosting loan production**



Source: Arizent Research/National Mortgage News, 2025

An efficient system for managing key data can bring even more sophisticated automation tasks within reach for lenders, such as enabling a faster and more intelligent process for qualifying applicants or providing a business intelligence capability that can guide decision-making across multiple areas of the business, from staffing to new service offerings.

### Many lenders struggle to find the right automation platform

Lenders largely understand that having easy access to data is an important component of a forward-looking technology strategy. Cloud technology is a high priority or strategic imperative for 59% of respondents' lending businesses.

Simply having access to data is not enough, however. Lenders also need to be able to use the information they have to inform their actions. Here, despite advancements in AI technology, lenders are falling short. A quarter (25%) of mortgage professionals say they'd like to have more support from tech vendors in their AI and automation efforts. They are particularly interested in applying AI to data verification and administration (73%) and prospect marketing/lead acquisition (70%), areas they believe hold the greatest potential for transformation.

While markets tend to move in cycles, technology constantly advances. By employing automation at the data collection stage, lenders have the potential to lay the groundwork for an increasingly sophisticated and fruitful automation strategy. Reducing the resources required to qualify potential borrowers for loans makes it possible for lenders to absorb an uptick in loan originations without having to rely so heavily on hiring new staff in a tight labor market. At the same time, ensuring information gets stored comprehensively as soon as the lender receives it lays the groundwork to take advantage of advancements in AI that offer new and useful ways to leverage that information.



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– Bryan Boynar, Hyland

“For intelligent automation to effectively support a wide range of business efforts, lenders should start with technology that helps them parse loan application data accurately,” says Boynar. “Tools that can organize this type of typically unstructured data eliminate a key bottleneck and prepare firms to adapt more smoothly to changes in the lending market.”

Furthermore, end-to-end solutions that incorporate intelligent automation can make it easier for lenders to continue to build out their technology strategy by reducing the need to choose among and integrate a range of point solutions. In other words, putting the right automation technology in place can help lenders scale their operations smoothly throughout the lending cycle while also making their technology stack more compatible with evolving AI tools.

## Methodology

This research was conducted in October and November 2024 among 128 mortgage professionals at banks, credit unions, nonbank lenders/servicers, brokers and other firms. Last year's survey was conducted in October and November 2023 among 101 mortgage professionals.



## About Hyland

Hyland accelerates growth for lenders and financial firms by unlocking the power of content — inside and outside of core systems. With secure, cloud-based intelligent content solutions, your organization is ready to work smarter.

Discover how Hyland can drive greater efficiency and support regulatory compliance at [Hyland.com/Financial-Services](https://Hyland.com/Financial-Services).



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