Lenders Discuss Loan Costs and Efficacy of Recent Tech Investments

Our Economic & Strategic Research Group polled hundreds of senior mortgage executives to better understand their views on origination costs, as well as the impact of recent digitization efforts on cost efficiency. Results revealed that surveyed lenders cited personnel expenses as the primary factor driving up loan origination costs. They also noted that investment in digitization was less effective at reducing costs, even though it has helped improve the consumer experience and reduce cycle time and error rates.

Loan costs

Combined % largest impact + second largest impact

Top cost-increase drivers

49% Back-end operational staff

37% Compliance/legal

31% Loan officers

Top cost-decrease drivers

37% Back-end process technology

26% Consumer-facing technology

Top cost areas expected to increase

Combined % increase the most + increase the second most

32% Consumer-facing technology

28% Compliance/legal

Cost impact of digitization efforts

Effectiveness

Among those invested, combined % very + somewhat effective

79% Improving borrower experience

70% Reducing cycle time/increasing productivity

68% Enhancing quality of work

37% Reducing loan origination costs

34% Reducing cyclical variability of staffing

31% Converting fixed costs to variable costs

Hear more from our **research team** or read the **full findings of our survey**.

Led by Senior Vice President and Chief Economist Doug Duncan, our **Economic & Strategic Research (ESR) Group** studies current data, analyzes historical and emerging trends, and conducts surveys of consumer and mortgage lender groups to provide forecasts and analyses on the economy, housing, and mortgage markets.