MORTGAGE PROFESSIONAL

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Spring 2021

Society of Mortgage Professionals
Chartered Insurance Institute

HOUSING SUPPORT

What the UK Budget means for mortgage advisers

Dealing digital
Keeping pace with the fast pace of technology

Talent search
What is driving the skills gap in financial services?

Data refresh
New guidelines on keeping client data secure

MOVING FORWARD

Laura Gauden highlights key activity from the Society of Mortgage Professionals in 2021

Welcome to the spring edition of *Mortgage Professional*. I am delighted to welcome a new board member to the Society of Mortgage Professionals, Lea Karasavvas, who is the managing director of Prolific Mortgage Finance and has a wealth of experience in our sector complimenting the vast experience already on our board. We also have a new role within our regional committees specifically for the mortgage sector, so watch out for details of your regional representative in the coming weeks.

The vaccination programme is well underway now and we have had some positive announcements from the Budget, read more on page 4. Hopefully by the next issue we will have resumed some sort of normality but for now it is likely for our events to remain in the virtual world. However, we are planning to recommence our face-to-face events in early 2022. In the meantime, we will have some regular webinars based on your feedback along with a virtual conference in Q4. Please do get in touch with any suggestions for topics and/or speakers. We are also in the process of updating more of our good practice guides and we will let you know via our newsletters when these are available to view.

WELLBEING FOCUS

More than a year on from the first national UK lockdown due to Covid-19, it is a good opportunity to take a step back and focus on our own and our team's wellbeing. This time has affected us and our customers in many ways, both professionally and personally, so we have created a wellbeing hub with a whole host of support available – you can access that at: **bit.ly/3u7jrJC**

I mentioned in the last issue about our established Mortgage Apprenticeship programme and several of you have taken advantage of that to either support development of an existing member of admin staff or to recruit a new member of the team. In the recent Budget the chancellor announced further incentives for those businesses making the investment in an apprentice, so if you have been thinking about it now is a great time to investigate further.

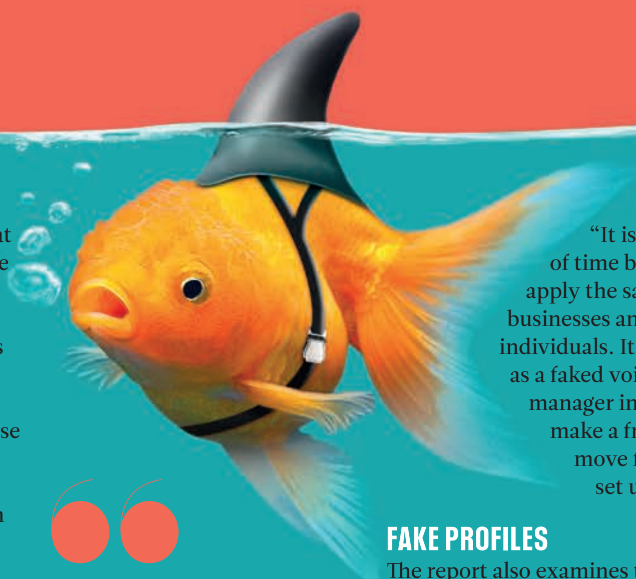
I hope you enjoy this edition of the ezine and for further information or support, or to give feedback on what you would like to see from your Society please do get in touch with me at: **laura.gauden@smp.org.uk** or **07833 586358**.

__Laura Gauden__ is national account manager of the Society of Mortgage Professionals

ISTOCK

BLURRED REALITY

Mouth mapping may seem the stuff of Hollywood, but it has become a serious risk for business, as **Liz Booth** reports



Imagine a world where nothing is what it seems and where someone you have always trusted turns out to be a fake. Imagine if a mortgage advisor leaves a client a voice message, or even pops up on Zoom, asking them to make a payment to a different account.

While the rest of us were learning how to use video calls to enable us to work from home through the Covid-19 pandemic, criminals were thinking of how to exploit the explosion of new information online.

A cyber analytics specialist has been warning the use of deep fake video and audio technologies could become a major cyber threat to businesses within the next two years.

In a new report, *Social Engineering: Blurring reality and fake*, CyberCube said the ability to create realistic audio and video fakes using artificial intelligence (AI) and machine learning has grown steadily. In addition, recent technological advances and the increased dependence of businesses on video-based communication have accelerated developments.

"Because of the increasing number of video and audio samples of business people now accessible online – in part due to the pandemic – cyber criminals have a large supply of data from which to build photo-realistic simulations of individuals, which can then be used to influence and manipulate people," it warned.

"In addition, 'mouth mapping' – a technology created by the University of Washington – can be used to mimic the movement of the human mouth during speech with extreme accuracy. This complements existing deep fake video and audio technologies."

The report's author, CyberCube's head of cyber security strategy Darren Thomson, said: "As the availability of personal information increases online, criminals are investing in technology to exploit this trend.

> **AS THE AVAILABILITY OF PERSONAL INFORMATION INCREASES ONLINE, CRIMINALS ARE INVESTING IN TECHNOLOGY TO EXPLOIT THIS TREND**

"It is only a matter of time before criminals apply the same technique to businesses and wealthy private individuals. It could be as simple as a faked voicemail from a senior manager instructing staff to make a fraudulent payment or move funds to an account set up by a hacker."

FAKE PROFILES

The report also examines the growing use of traditional social engineering techniques – exploiting human vulnerabilities to gain access to personal information and protection systems. One facet of this is social profiling, the technique of assembling the information necessary to create a fake identity for a target individual based on information available online or from physical sources such as refuse or stolen medical records.

According to the report, the blurring of domestic and business IT systems created by the pandemic combined with the growing use of online platforms is making social engineering easier for criminals. In addition, AI technology is making it possible to create social profiles at scale.

The report warns there is little anyone can do to combat the development of deep fake technologies. Mr Thomson admitted: "There is no silver bullet that will translate into zero losses" but he believes training employees to be prepared for deep fake attacks will be important.

And, while this threat may seem far away from day-to-day mortgage business, the reality is the threat could be here sooner than we think. Mr Thomson suggests awareness of the risk is essential in stopping companies becoming the next victim. ●

__Liz Booth__ is contributing editor of the CII

SHUTTERSTOCK

A WELCOME BOOST

Liz Booth reports on this year's Budget, which included the extension of the stamp duty holiday and a new programme devised to help people onto the housing ladder

UK Chancellor Rishi Sunak presented what many are calling a most uncertain Budget in early March as the country continued to battle the Covid-19 pandemic.

While uncertainty remains about the escape from lockdown, there was good news for the housing and mortgage markets from two directions within the Budget: stamp duty and mortgage guarantees.

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Firstly, the stamp duty holiday, introduced in 2020 and due to end on March 31, has been extended by three months to the end of June, enabling more buyers to take advantage of potential savings and potentially boosting UK house prices further.

Between June and September 2021, the tax relief will be tapered to avoid the cliff edge that so many had been worried about at the end of March. During the three months to September, homebuyers in England and Northern Ireland will not pay stamp duty on the first £250,000 of their property value, before the nil rate threshold returns to £125,000 from October.

Reports suggests that since the tax holiday was introduced, the property industry has struggled to cope with a surge in demand.

Chestertons chief executive, Guy Gittins, has been quoted as saying: "What this extension has done is it's given a lifeline to people who were desperately trying to make the move and take advantage of that stamp duty saving."

The experts predict the new deadline will most benefit those who are already underway with their property sale or purchase, given that the timescale to complete before the new deadline remains tight. The average home that was exchanged in February, for example, was launched to sell 167 days beforehand, according to Hamptons International.

The same experts are also predicting that, given the supply of new homes coming onto the market remains below levels witnessed during the comparable period last year, a boost to demand could mean elevated levels of sales price inflation continue. They pointed to figures from Nationwide's house price index in February which recorded annual growth of 6.9% up from 6.4% in January.

There was quite a sense of relief coming from housing quarters. Tom Brown, managing director of real estate at Ingenious, summed it up, saying: "The Chancellor's decision to extend the stamp duty land tax (SDLT) holiday and provide a government-backed guarantee to mortgages with deposits of just 5% reflect the importance of maintaining optimism in the UK housing market.

"This level of support shows that the government continues to view the housing market as key to the UK economy at a time when the latest Nationwide House Price report confirmed that demand from buyers is being sustained.

Nick Leeming, chairman of Jackson-Stops, added: "It is excellent news that the Chancellor is extending the stamp duty holiday in this way, thereby saving thousands of transactions that are currently at risk due to the logjam in the market and reducing the potential of another cliff edge later this year.

"The announcement of a phased approach to the holiday's end until September is particularly welcome at this point in the year as we enter a traditionally active period in the market. This will provide certainty to buyers in the coming months and will safeguard against transactions falling through in a few months' time, giving the market the best chance of thriving in the long term."

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MORTGAGE GUARANTEE

Meanwhile, the Chancellor also announced a new "mortgage guarantee" in the Budget. From April, the government will provide a guarantee to lenders who offer mortgages to people with a deposit of just 5% on homes with a value of up to £600,000.

Lloyds, NatWest, Santander, Barclays and HSBC have been named among those who will be offering 95% mortgages from April. Other lenders, including Virgin Money, are expected to launch products later.

The mortgage guarantee scheme could lower the cost of repayments for borrowers. On Budget Day, the media was reporting that, for instance, if current 95% LTV rates drop to 75% rates to reflect the lower risk to the lender, it has the potential to bring down the monthly cost of repayments significantly - this could equate to £165 a month, or £1,978 a year, for the average first-time buyer with a 5% deposit, according to Hamptons International.

The scheme will be available for new mortgages up to 31 December 2022 and allow borrowers to fix their initial mortgage rate for at least five years.

There are some limits, however. David Ross, managing director at property market analytics specialist Hometrack, has pointed out that the scheme is likely to chiefly benefit those in lower priced parts of the market. He explained that regulatory limits on loan-to-income levels mean the high cost of homes in southern England - notably London - makes using a 95% mortgage much harder.

Overall, however, there was a mood of optimism among housing sector bosses from lenders to builders who had lobbied hard for the government to reduce the risk of a cliff-edge fall to the housing market in 2021. ●

__Liz Booth__ is contributing editor of the CII

SECURITY IS SACROSANCT

Aamina Zafar investigates why mortgage advisers must ensure that how they hold and share client data is secure

Mortgage brokers must review how they share personal information to ensure they do not breach the UK's new code on data sharing, a fintech guru has warned.

Ian McKenna argued that data security is 'sacrosanct' especially after the Information Commissioner's Office (ICO) recently published the Data Sharing Code of Practice.

The rules are particularly important for mortgage brokers who constantly handle and share personal information with home buyers, sellers, and banks.

Mr McKenna, founder and director of Financial Technology Research Centre, said: "Data security is sacrosanct and firms should constantly be reviewing their

processes to ensure it is safe at all times. Working from home can bring increased risks especially if people are using shared wi-fi connections. Virtual Private Networks and other security features have a valuable role to play and it should always be remembered that an unencrypted email is like a postcard in the mail, anyone who can access it can read it.

The latest code was published in December 2020 and provides a practical guide for organisations on how to share personal information in compliance with data protection law.

It will soon be updated to take into account any impact from Brexit before it is laid before Parliament.

ICO's information commissioner Elizabeth Denham, said: "I know that data is one of modern society's greatest assets. Ready access to information and knowledge can lead to many economic and social benefits.

"I see the publication of this code not as a conclusion but as a milestone in this ongoing work."

But how does the new code impact the day-to-day work of mortgage advisers? According to Keith Butler, director at Surrey-based, Nationwide Independent Consultants, an area that may need urgent attention is the way homebuyers pay for their valuation fees.

He said: "My main concern regarding protection of customers data is when clients pay for their valuations fees by debit or credit cards. This is simply inputted to the lender's portal - how safe is this? Some lenders or packagers who handle certain cases for us would personally still take a card over the phone. I am surprised we don't hear of more issues regarding this."

The code states that organisations must process personal data securely, with appropriate technical measures, as well as being responsible for their compliance.

Chartered financial planner Kusal Ariyawansa said this means mortgage brokers must implement appropriate systems for acquiring, storing and distributing data through encrypted channels.

Mr Ariyawansa, from Manchester-based Appleton Gerrard Private Wealth Management, said: "Clients understand that we need highly personal and sensitive data to give the best advice. Not only do we request this data in written form, we also record all our conversations digitally; hence the sensitive and private nature. Naturally, some have questioned the reasoning for doing so. Humans are programmed to respond, not listen, and when this is explained to a client any objections they had tend to fade. The key is to approach it in a fair and proportionate way.

"What is important is to have and maintain the right systems and controls for acquiring, storing and distributing such data through encrypted channels. For example, a client applying for a mortgage will see their personal shared information being reshared on their behalf to the lender. There is no issue until the data is intercepted, risking that client. To counter that happening, both the lender and the firm will communicate and share such sensitive data through encrypted channels while case updates will be sent to the client through secure email, or the back-office portal. Provided you have taken the right steps and can evidence such diligence, there should be no issues."

> WHAT IS IMPORTANT IS TO HAVE AND MAINTAIN THE RIGHT SYSTEMS AND CONTROLS FOR ACQUIRING, STORING AND DISTRIBUTING SUCH DATA THROUGH ENCRYPTED CHANNELS

ASSURING COMPLIANCE

This was echoed by Richard Freeman, founder and chief executive at Medi2data, who urged advisers to embrace 'technological advancement'.

He said: "The ICO's recent update to its 2011 data sharing code is welcomed and provides guidance for mortgage advisers regarding personal details when transacting with sellers, banks and insurers.

"The most compliant method of ensuring that a mortgage adviser is not in breach, is wherever possible, do not involve oneself in the dataflow and always have your client in the chain.

"Technological advancement should be embraced by mortgage advisers for it is more efficient and mitigates the risk of breaching the ICO's data sharing code."

So, what happens to firms that fall short of the code, the General Data Protection Regulation (GDPR) or the Data Protection Act 2018.

According to the 88-page code, the IOC has the power to take enforcement action.

The guide states: "We may require you to take steps to bring your operations into compliance or we may decide to fine you, or both. However, it should be noted that the ICO prefers to work with organisations to find a resolution."

But Nick Morrey, of independent mortgage broker John Charcol, believes the new code will not have a massive impact on good mortgage advisers, as many already follow the rules.

Mr Morrey, product technical manager, said: "It seems that what the ICO are doing is just issuing further guidance regarding what is already in place. So, from a mortgage broker perspective we already adhere to the 'rules.' That means we safely securely gather and hold information for the requisite amount of time and do not share it with third parties without the client's permission. This is good news for us as an industry since it means that so long as the advisers have been following data protection rules since GDPR and previous laws came into force then there should be no further requirements for them or their clients to follow."●

***Aamina Zafar** is a freelance journalist*

TO BUY OR NOT TO BUY?

Buy-to-let landlords have been a cornerstone of the UK mortgage market for many years but, with the combination of Covid-19 and Brexit, is this likely to remain the case. **Liz Booth** takes a look

Confidence is a fragile thing, particularly when it comes to buying a house or investing into the property market. So, what is the appetite among landlords right now?

With saving rates at record lows and a volatile stock market, it will come as no surprise that some may be considering investing in property as a long-term investment alternative. And many experts are suggesting this could be a good time for buy-to-let landlords to invest further.

In fact, in the last five years, the number of buy-to-let landlords has increased a whopping 49% from 1.8m to 2.7m, according to London agency Ludlow Thompson. However, as with any investment, there are some risks on the horizon.

The National Landlord Index, published by **Accommodation.co.uk**,

has uncovered that nearly half (46%) of landlords in the UK believe that Brexit will have a negative effect on house prices in the long-term. With the property market just starting to recover from the global pandemic the true impact of Brexit, if there is one, has not been seen yet, it suggested.

That news comes as the National Residential Landlords Association warned at least half a million private renters are in arrears due to the economic impact of Covid-19. The UK government's own research shows that 'private renters report being hardest hit by the pandemic', it said.

However, it is not total doom and gloom. The Chancellor extended the current stamp duty holiday until September 2021 and half of brokers that deal in buy-to-let (50%) said that they will focus on five-year remortgage business when the Stamp Duty holiday ends, according to Paragon.

It explained that the number of five-year fixed rate buy-to-let mortgages increased significantly in the run-up to the introduction of the buy-to-let stamp duty surcharge in April 2016. Industry data shows that the number of five-year fixed buy-to-let completed in the six months to the end of March 2016 was 121% higher than the same period in 2015.

Moray Hulme, director for mortgage sales at Paragon, said: "The introduction of a 3% buy-to-let stamp duty surcharge in April 2016 led to a marked increase in landlords choosing five-year fixed rate mortgages.

"Research we have carried out confirmed our expectation that a significant number of brokers will be looking to support landlords who are in the process of remortgaging now that those five-year mortgages are reaching maturity."

Richard Rowntree, managing director of mortgages at Paragon, agreed that "a glimmer of hope for lenders and intermediaries in the post stamp duty holiday market is the remortgage opportunity."

Data recently released by Moneyfacts shows an increase in product availability, with more than 2,000 buy-to-let mortgages available for the first time since March 2020.

Research from **Moneyfacts.co.uk** has found that, despite the number of buy-to-let deals for first-time landlords falling year-on-year, the percentage of the market available to new landlords has actually risen. The research showed that on the 1 February 2020 there were 1,635 deals available to first-time landlords, while a year later this had fallen to 1,311. Despite this, a fall in BTL deals overall resulted in the percentage of the market available to first-time landlords increasing from 61% to 65% during this same period.

"Overall availability contracted sharply last year, which makes it even more positive to note that at 65%, the proportion of the market that is available to first-time landlords has grown by 4% year-on-year, meaning that would-be investors have plenty of choice, and is also an indication that providers are committed to servicing this demographic of borrowers," explained Eleanor Williams, finance expert at **Moneyfacts.co.uk**

46%

OF LANDLORDS IN THE UK BELIEVE THAT BREXIT WILL HAVE A NEGATIVE EFFECT ON HOUSE PRICES IN THE LONG-TERM

REMORTGAGE SHIFT

While this could be indicative of increasing confidence due to things such as a Brexit deal and the Covid-19 vaccination programme, it could also suggest that lenders are already gearing up for this shift towards remortgage business, suggest the experts.

Meanwhile, the National Landlord Index also revealed some positive news as the majority (66%) of landlords expect house prices to rise in 2021 as the world starts to return to a new normal. As the UK begins to see the benefits the Covid-19 vaccination programme has on the economy it is expected that the housing market will also see a positive impact after the turbulence of last year.

As the UK adapts to the new normal the index also delved into whether landlords have been deterred from investing in cities due to the pandemic, but a vast majority (76%) are still keen to seek urban opportunities over rural ones. The overall conclusion was that the majority of UK landlords still see property as a buoyant sector and a safe place to invest in the long-term.

***Liz Booth** is contributing editor of the CII*

MIND THE SKILLS GAP

New report highlights factors driving financial services skills gap in next ten years, as **Luke Holloway** finds out

The experiences of 2020 have exposed – often in unexpected ways – the skills gaps for financial services businesses, according to a report from Fitch Learning.

While the pandemic exposed the skills gaps more starkly, the scale of technology-led innovation spanning at least the last decade across the entire sector, has meant that no employee skills profile has been left untouched in the financial advice profession.

The World Economic Forum (WEF) recently stated that closing the skills gap could add US$11.5tr to global GDP by 2028 and declared the need for "new investments and mechanisms for upskilling and reskilling, for both deeply human skills as well as digital skills".

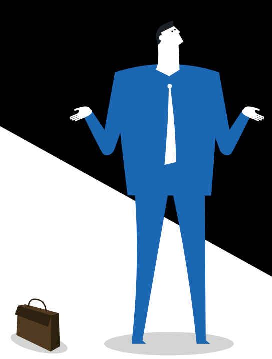
The report, Minds & Machines - The Road Back! Addressing the Skills Gap in Financial Service presents the findings of a study carried out by Fitch Learning among an audience of 150 senior banking and learning and development executives drawn from leading financial institutions across 10 different nations. It claimed that the financial skills gap is not purely centred on addressing technical capabilities. For some time there has been recognition that the financial services sector employee-base was not representative of wider society along socio-economic, ethnic and gender-based measures.

The research also explained that a growing body of research evidence indicates firms proactively building a more diverse workforce in the sector will improve their approach to, among many factors, business, culture and even attract new customers.

EMBRACING TECHNOLOGY

At the launch of the report, the Rt Hon. the Baroness Morgan of Cotes, former UK Secretary of State for Education and Minister for Women and Equalities, said: "I am optimistic that, as a whole, financial services businesses can see there are new ways of doing things, new ways of embracing technology and new ways of making sure we have a very successful sector.

She continued: "I believe more in the industry will find actually that by working with government, we are able to plug those skills gaps. Crucially, those gaps are not just about knowledge. They are also about developing skills around character resilience and self-motivation as well. If we can focus our attention on that too, then we will have great talent and the UK will be well-placed for the future."

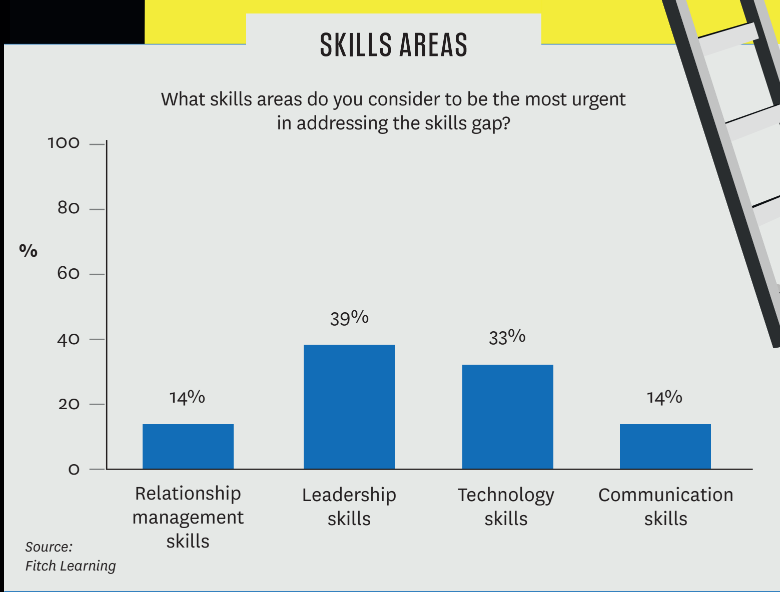


While much discussion around skills gaps centred on technical competencies in fields such as data science, AI, machine learning, and broader digital operationalisation, the majority of heads of learning and development viewed that the skills area most in need of development is in fact in leadership with 39% of the professional audience selecting this option. In second place at 33% was the broad topic of technology skills.

Amid the challenges presented by the Covid-19 pandemic in 2020 it is relevant to note the perspective on future development budgets.

> **WHILE MUCH DISCUSSION AROUND SKILLS GAPS CENTRED ON TECHNICAL COMPETENCIES IN FIELDS SUCH AS DATA SCIENCE, AI, MACHINE LEARNING, AND BROADER DIGITAL OPERATIONALISATION, THE MAJORITY OF HEADS OF LEARNING AND DEVELOPMENT VIEWED THAT THE SKILLS AREA MOST IN NEED OF DEVELOPMENT IS IN FACT IN LEADERSHIP**

Overall, the financial services profession appears to be standing by its need to continue to invest in professional development for its current and incoming employees. 30% of those surveyed in the report indicated there would be no change in their budgets for 2021.



SITUATION CRITICAL

The report cast a spotlight on the critical skills gaps present in the financial services sector and how the profession should seek to respond. The views shared by the experts highlighted that the solutions to address the skills gap require coordinated efforts from the employers, the profession as a whole, educators and trainers, as well as government.

The debate recognised that the technical gaps emerging in financial services, such as AI and data science, pre-dated Covid-19. Critically, the pandemic has also surfaced additional skills requirements which affected virtually all employees in financial services.

To read the full report, visit: **www.fitchlearning.com**

***Luke Holloway** is editor of the CII*

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The sheer volume of information available to consumers on the internet, coupled with technological innovation has empowered consumers like never before. In financial services, artificial intelligence, open banking and big data are among the technological advances that customers now have access to. This has created, in theory at least, an Age of Enlightenment within the mortgage world. Despite this, many threats to consumers remain, specifically the risk of radical commoditisation due to tech and the increasingly aggressive price comparison industry aided by the growth of product transfers arising from shorter term fixes. So, while the

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majority of consumers have never had it better when it comes to choice, we should all recognise the importance of human advisers to ensure their best interests are kept genuinely at heart.

Financial technology can and will enhance the role of the mortgage adviser, however, it is important to understand the threats that advisers face in light of the new era of technological availability. When it comes to protecting mortgage customers, these threats should be known and understood so that the adviser can offer the best guidance and financial safety to their clients.

TECHNOLOGY A RISK?

New advances in technology make it all the more easy for consumers to simply get a quote on a loan, apply for a mortgage and use other financial services at the press of a button. With many lenders working towards end-to-end online journeys which result in borrowers taking out mortgages without once speaking to an actual person. While this may provide something by way of convenience, these services that provide almost instant gratification simply do not understand the customer or their finances on a personal level. Since circumstances are different for each mortgage customer, it is imperative that the factor of human interaction, providing advice around suitability, not just eligibility, takes place for the adviser to best understand the customer's needs and their specific situation.

Product transfers are now accounting for a great deal of business in the mortgage world; in 2021 alone, there are an estimated £250bn in maturities. This is certainly likely to cause high street banks to act more aggressively to place mortgage products with customers wanting to switch or remortgage to a new product. It is now that mortgage advisers should work hard to educate consumers on these tactics, build their brands through ongoing contact between fixed terms, not just at maturity, thereby gaining trust and letting consumers know that it is in their best interest to always take advice from a qualified adviser.

While it is undoubtedly cheaper and more logical for a lender to try and retain existing customers over attracting new ones, it is vital this is never done at the expense of good advice and best customer outcomes. Execution-only mortgages and products transfers are on the rise, so it is now more important than ever for advisers to not only build, but nurture relationships with their clients so that customers understand the need for mortgage advice and steer clear of execution-only product transfers for their mortgages.

Unfortunately, many borrowers still take deals from high street banks without shopping around first; during 2019 of the nearly 1.2m homeowners who switched products with their

Robert Hunt explains why advisers must continue to deliver personalised financial advice to customers alongside emerging technology

LIGHTENMENT

existing lender, while £97bn were conducted of an advised basis, £70.4bn was execution-only, a huge sum of borrowing and amounting to more than 530,000 loans where borrowers did not take advantage of mortgage advice. This is where mortgage advisers can help take back control of the profession simply by fighting for the interest of the consumer.

> **AS THE PROMOTION OF 'CHEAPEST' TAKE HOLD, CUSTOMERS ARE FURTHER EXPOSED TO THE RISK OF TAKING OUT A PRODUCT THAT IS SIMPLY NOT THE BEST MATCH FOR THEM**

Additionally, as the mortgage sector edges closer towards end-to-end online mortgage applications, another accelerant of execution-only mortgages is likely to come via the price comparison websites. If advisers do not work to keep a healthy relationship with their clients, these customers who have likely already purchased, for example, simple household or motor insurance from these price comparison websites, may soon turn towards more digitalised means of sourcing and obtaining a mortgage.

We have seen it with the insurance profession when it comes to the comparison market. By the end of 2018, it was estimated that more than half of online insurance purchases in Europe took place through aggregators or comparison-based tools. As the promotion of 'cheapest' take hold, customers are further exposed to the risk of taking out a product that is simply not the best match for them.

This type of service leaves mortgage advisers with two options: either become familiar with the changing landscape of the profession by onboarding with technological advances, or risk losing customers to a more digitalised means of procuring a mortgage.

I recall the old phrase, "keep your friends close, but your enemies closer" when I say that by better engagement and understanding of the threat posed by digital technology, mortgage advisers will be more equipped to handle the threat and reach out to customers on a personal level which computerised services simply cannot provide. Without understanding the threat and taking the steps as an industry to combat the mortgage comparison market, or at least work alongside it, execution-only mortgages are likely to rise and fewer customers will go after advice when taking out a mortgage. This can be detrimental not only to the industry as a whole, but to customers who after all are entering one of the largest contracts of their lifetime with no specific guidance and help.

TECH AND TOUCH

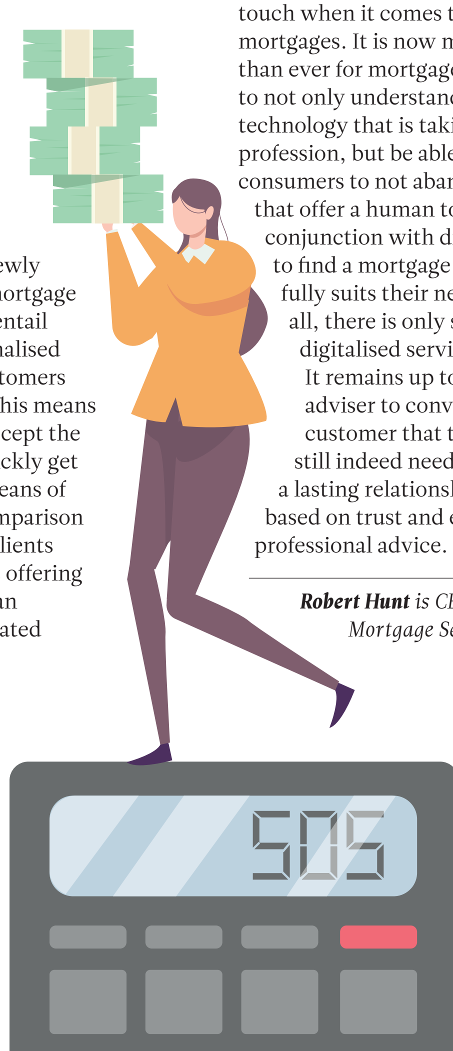
So, what is the solution? Advisers must not only become familiar with the newly digitalised landscape that mortgage comparison tools and sites entail but be able to deliver personalised financial advice to their customers on top of that technology. This means that advisers will need to accept the changing landscape and quickly get on board with digitalised means of mortgage searching and comparison to proactively advise their clients on mortgage rates as well as offering them the services and human touch that cannot be duplicated by computerised means.

By working alongside the digital technology that is already on the market, and that which is yet to come, advisers can be ready to better consult customers who may have used this digital technology to find a deal, compare rates or even apply for a mortgage. It is of the utmost importance that advisers in the industry hold their footing by not ignoring these digital advances, but instead working alongside them to bring their clients the best possible service. It is ideally about working with new technology instead of attempting to work against it.

Using mortgage evaluation tools, for example Dashly, is one way to combat customer apathy and bring savings to customers in real time. By making customers aware of possible savings, mortgage advisers and financial services companies can work to help break up customer inertia and get clients into better, more suitable products that work for them as well as save them money.

Nothing can replace the human touch when it comes to advice on mortgages. It is now more important than ever for mortgage advisers to not only understand the digital technology that is taking hold in the profession, but be able to persuade consumers to not abandon services that offer a human touch, even if in conjunction with digital products to find a mortgage product that fully suits their needs. After all, there is only so much a digitalised service can provide. It remains up to the mortgage adviser to convince the customer that their services are still indeed needed by building a lasting relationship that is based on trust and experienced professional advice. ●

Robert Hunt *is CEO of Paradigm Mortgage Services*



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