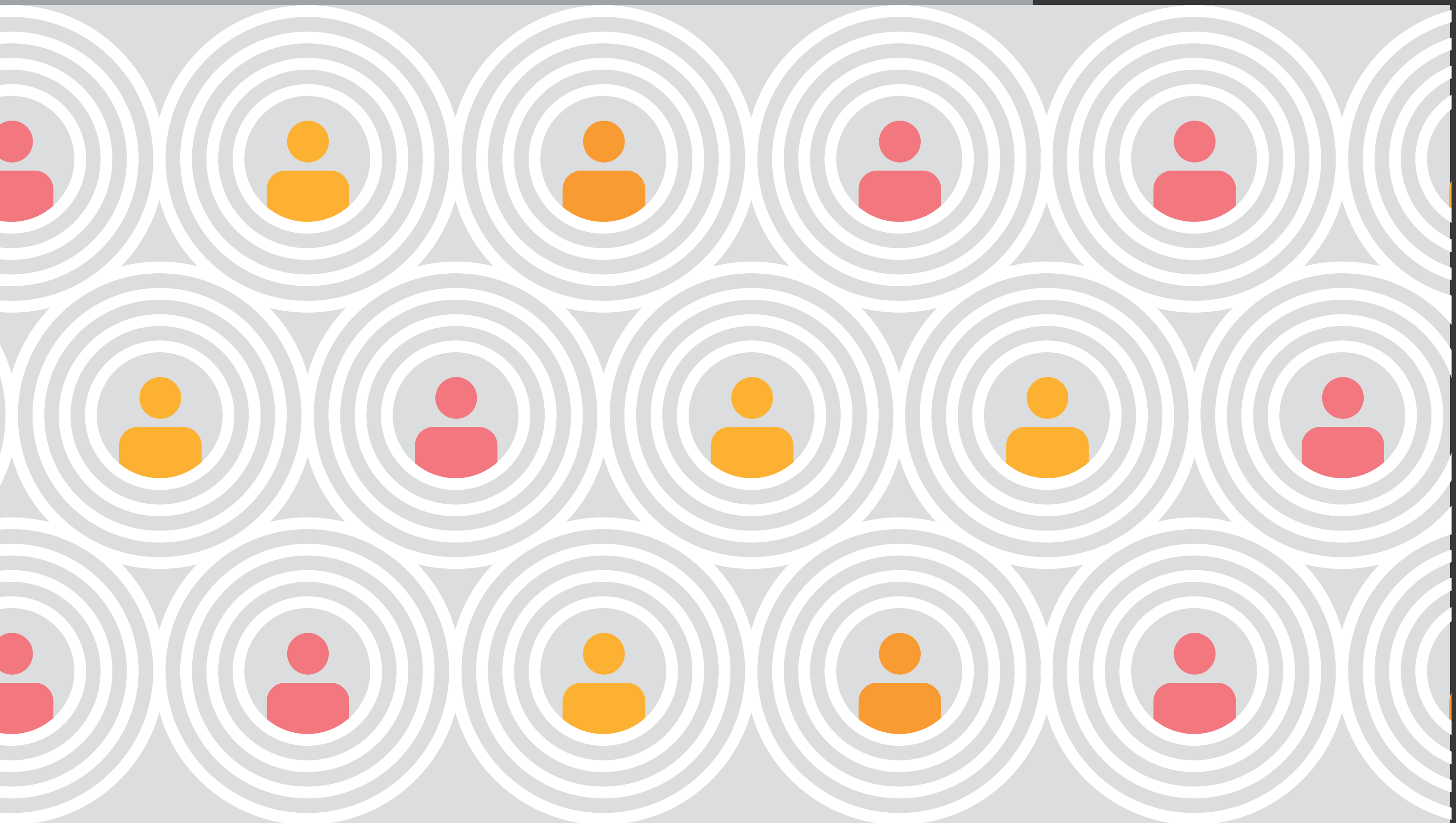
April 2019

Beyond the loan: Lessons from PwC's 2019 Home Lending Experience Radar



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Executive summary

Another industry in transition?

Traditional industry boundaries are blurring. Consumer attitudes are changing. And there are plenty of opportunities for those who know where to look.

Over the past 20 years, we have seen one industry after another transformed by digital technology and a push toward personalization. Online shopping now comprises a tenth of all US retail business, while dozens of well-known store brands have faded away. Today's consumers are more likely to get their news from social media rather than printed newspapers. And these days, when patients get orthodontics or hearing aids, the devices may be 3D-printed rather than made in a lab.

In contrast, the home-buying experience really hasn't changed all that much. We have certainly seen a fair amount of digitization. Buyers frequently search for houses online rather than asking a real estate agent for brochures, and they apply for mortgages online rather than filling out paper applications. There have been new market entrants, too. But for all that, we really haven't seen the level of transformation that has been driven out of Silicon Valley, Seattle, and elsewhere. Yet.

One thing that is transforming: consumer attitudes. Consumers see the innovation that has occurred elsewhere and they say, "I want *that*." As a result, they're not just looking for a best-in-class home searching experience or an amazing digital mortgage experience, they're demanding an integrated home ownership experience. Instead of eight different specialists, they'd prefer one—a solution that integrates all the components from searching and financing through living and upgrading.

So what happens next? We're already seeing traditional industry boundaries disappearing among banks, brokers, alternative lenders, and others. The same shifts have been happening in the underlying real estate market. As the finance and housing pieces morph, they are beginning to approach the same place. In all of this swirling uncertainty, there's some good news for mortgage lenders: there are actually more growth opportunities now than we've seen in a long time.

To take advantage of these opportunities, mortgage lenders should develop strategies and be prepared to act. They'll want to consider how to make the mortgage process more efficient and customer friendly, *and* how they can be more closely connected to the rest of their customers' home buying journey. Many of the most appealing opportunities may be in businesses that are adjacent to where they've been accustomed to working.

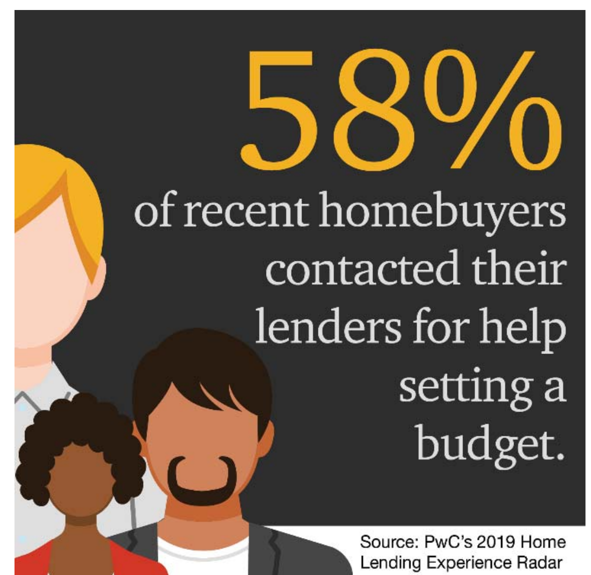
To succeed, lenders will likely need to know much more about who their customers are and what they're comfortable with, both today and in the future.

This year, PwC's Home Lending Experience Radar interviewed 1,500 recent and prospective homebuyers to help lenders identify opportunities across all phases of the process from planning and saving through purchase, into ownership and home improvement. Based on the results, we see clear opportunities for lenders to differentiate themselves and seamlessly fit into their customers' lives outside of the mortgage process.

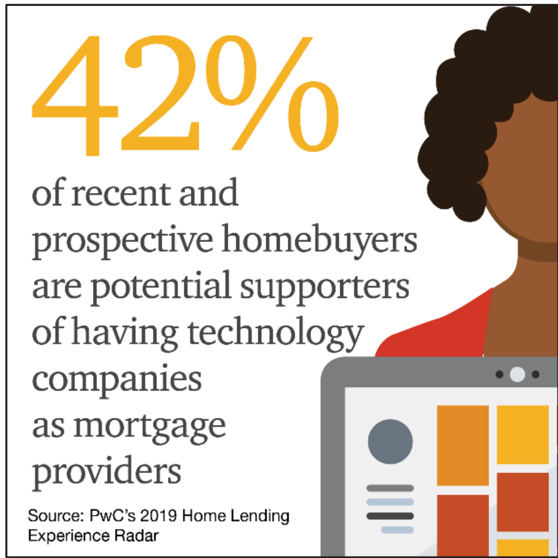
Key findings

Lenders should be a partner for life, not just a loan provider

Lenders have an invaluable opportunity to build rapport with homebuyers early. Our survey found that nearly three fifths (58%) of homebuyers seek advice from lenders as the first step as they begin to plan and budget. This is a chance for the lender to add value and build connections by comprehensively outlining the buying process, establishing realistic and all-inclusive cost expectations, and educating the potential homebuyer about what comes next. The lender that prepares for and welcomes this early conversation is the lender that is most likely to position itself as the trusted advisor for the end-to-end home buying process.



Source: PwC's 2019 Home Lending Experience Radar



Lenders can (and should) leverage their deep understanding of the entire loan process to foster an early, positive relationship with potential borrowers. But borrower concerns go beyond "here's what happens between today and your closing date." Research shows that as many as 44% of homeowners—and up to 63% for millennials—have some regrets about their purchase decision.[1] By communicating realistic, long-term expectations to the buyer for the costs related to homeownership, lenders may help reduce buyer's remorse as well as build a loyal, repeat customer base.

Borrowers are eager for assistance with both budgeting to buy a home over the short term and improving the way they manage money over the long term. Some of the biggest opportunities can be found with those who are not currently using a financial health tool but are considering one. Two key education opportunities lie in offering holistic financial literacy and bridging the gap from renter to homeowner and beyond. Integrating these features into apps and communications builds trust and helps borrowers make more educated purchasing decisions. Yes, consumers need to understand how to monitor their credit scores, but a lender that can provide borrowers with more valuable skills could be more likely to win business and referrals.

Consider tech companies as potential competitors

Would borrowers turn to a technology company for a mortgage? The idea might have been unthinkable a decade ago, but as consumers have gained more experience with these new competitors, and as they have seen how these non-financial firms approach customer experience in more sophisticated ways, their resistance is dropping. Nearly half (42%) of our survey respondents indicated that they were potential supporters of seeing tech firms join the fray. While the idea of technology companies as new market entrants threatens to disrupt traditional lending, traditional lenders still have a number of built-in advantages stemming from truly understanding the customer base. Or, at least, they could: lenders should take advantage of third parties and their own data to further understand who their customers are. By layering in predictive analytics, they can be first in line with the perfect offering at the right time, even before the borrower knows they're interested.

Don't forget the personal touch

A closing check-in call makes a difference. Simple relationship building techniques like this can curtail lender dissatisfaction and improve customer loyalty. Our survey found a direct correlation between a check-in call upon closing and a buyer's likelihood to reuse and recommend a lender. Of our survey respondents, half indicated they had received follow-up calls from their lender. Of those who *did* get a call, 52% percent noted they'd be very likely to use the same lender again for their next loan. In contrast, of those who *didn't* get a call, only 23% indicated they'd be very likely to use the same lender for their next loan. For the lender, issuing a mortgage is an everyday transaction, but it's a personal and highly important decision for the buyer. So, congratulations are in order—but also remember that the new homeowners will also likely appreciate set-up assistance and other education about mortgage payments. Lenders that can tap into the personal aspect of the transaction and build a relationship of care could be more likely to see an uptick in repeat business.

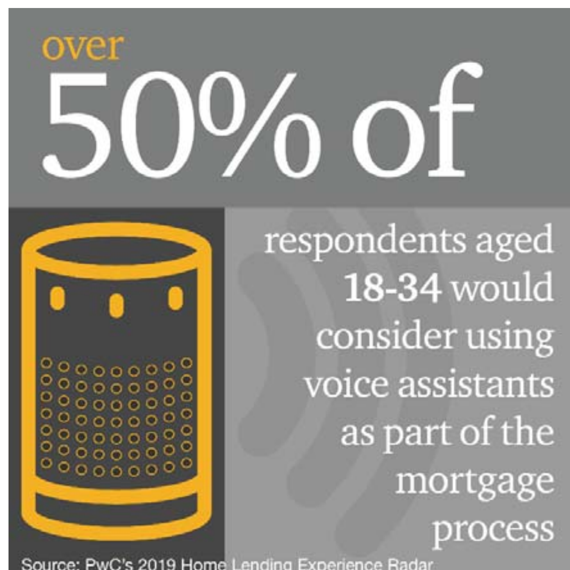
[1] Mullen, Caitlin. "Homebuyer's remorse? Millennials have it," March 9, 2019, Minneapolis/St. Paul Business Journal Online, accessed on Factiva March 26, 2019.

Offer an integrated experience

Buyers have a lot on their to-do lists, and for many, this will be their first go-round. Home purchasing often takes place on a very short timeline, perhaps with competitive bidding involved. There will be an appraisal and a title search. There will be bubble wrap. Lenders that can offer guidance from home search through home purchase may differentiate themselves from their competition. One good first step: dig more deeply into individual buyer motivations—they vary wildly—to understand what *they* would want out of an integrated experience. In recent years, technical developments have made it easier than ever for companies to link with third parties, and this can allow lenders to offer extended capabilities quickly and seamlessly. (Of course, there are other issues to keep in mind with such integrations. Lenders still need to pay close attention to legal and regulatory requirements, as well as cybersecurity concerns.)

Use digital tools where they'll be most valuable

Lenders often have great tools to share, but they won't help anyone if they're not used by the target audience. Marketing and technology can't work in isolation. Channel distribution is a critical component of a successful feature launch. We found that more than half of respondents aged 18-34 are open to using a voice assistant as part of the mortgage process, though this willingness declines with age. Voice assistance is one example of a digital technology that can make the loan process easier for consumers. But digital channels are not always the preferred option for most consumers. Later in the loan process, in fact, consumers tend to prefer traditional channels such as phone and in-person support. Being "digital" goes far beyond providing an app or using a device. To ensure the approach isn't counterproductive, lenders will want to be much more clear about who they're serving and why. There are a variety of effective tools, from intelligent automation to business-led design, that lenders can use to give borrowers the streamlined, easy mortgage process they want—but the customer experience has to stay front and center.



Source: PwC's 2019 Home Lending Experience Radar

Why this matters

Treat data as your greatest asset

Many lenders have an astonishing amount of data about what their customers and prospects want. But because they don't analyze this information effectively (or analyze it only while considering a loan), they resort to one-size-fits-all offerings. This gives the customer an experience that feels disconnected from the rest of the process. Leaders now take advantage of sophisticated analytical approaches to their data to stop customer churn and identify potential new revenue streams. Data analytics can help firms make decisions that are evidence-based rather than intuition-based, allowing them to determine what each customer values most. Leveraging data in this way can also arm their consumer-facing employees with the information they need to offer personalized products and advice creating a truly one of a kind experience.

Choose your strategy

Very, very few mortgage lenders today would say that they have the resources to invest in all the areas they'd like to. So how do they choose? In theory, they should invest in line with strategic planning. In practice, we believe lower priority areas typically receive more than their fair share of funding. The data that firms have should be a key input in deciding where they'll play and who they'll serve. Some companies may decide that they need to jump heavily into consumer-facing technology. Others may determine that their best play is to leverage their extensive physical footprint, given the distinct preferences of their target market. Successful firms reinforce the capabilities that make them the best at what they do and step away from those functions that won't make them unique.

Think beyond the loan!

Some firms will determine that their best strategic option is to double down on lending. This may work. But in an increasingly commoditized business, there will be less room on top. Some of the most appealing opportunities for companies that finance real estate (both banks and non-banks) lie outside the mortgage box. A borrower may need a loan to buy, refinance, or remodel a home. Lenders could be more effective by thinking holistically about the homeowner's end-to-end experience—and then, reduce friction and enhance that experience in a holistic way. It's a different way of thinking for many lenders, and it won't happen overnight. But customers who see their lender as a source of education and financial freedom rather than "where I can get a mortgage" will be better positioned as buyer preferences continue to change. Fortunately, there are many ways to accomplish this strategic shift, and there are now many third-party providers that can add value to your mortgage offerings.

1

Introduction

Ride-hailing services. Social media and binge watching. Peer-to-peer (P2P) payments. Over the past two decades, US consumers have come to expect that much of what they buy should be delivered quickly and tailored to their needs.

In the real estate industry, it's a somewhat different story. To be fair, there have been noticeable changes in how people search for property, and alternative lenders have grown rapidly. But from the customer's perspective, the process of getting a mortgage is remarkably similar to what it was like in Y2K. There's a growing gap between what homebuyers experience when applying for a mortgage and what they experience when buying other products and services. At the same time, there are plenty of opportunities to close this gap, and some lenders are rethinking how they can provide services to add more value to their customers. It's a fascinating time to be in the home lending business.

We've been watching these changes play out and, since 2013, we've been asking consumers what they think, too. This is PwC's fourth Home Lending Experience Radar, our look at the attitudes and forces that are shaping the way US homebuyers act today. For this year's report, we asked mortgage and home equity loan consumers about what they like, why they made certain choices, what features they value, and so on. Their answers illustrate some of the big choices that industry players face if they hope to stay competitive.

The economy has certainly improved from where it was ten years ago. But the benefits haven't been distributed equally, and that provides downward pressure on mortgage originations. Many prospective homebuyers still find themselves priced out of the market. Despite a dip during the recession, housing prices have continued to climb, especially in some high-demand locations.[2] It's not surprising, then, that US Census data shows the homeownership rate at the end of 2018 at 64.8%, down slightly from a peak of 69.2% in 2004.[3] The refi business hasn't done much better, as rates have begun to climb. Refis made up about 37% of mortgage originations in 1Q2018, half of the share six years earlier.[4]

Thriving in a difficult market

To deal with market pressures, lenders can cut costs or find some way to justify higher prices. But much of the easy cost-cutting has already happened. Lenders have been able to enhance productivity by digitizing some back-office processes, and industry employment is about a third lower than a decade ago.[5] At this point, lenders' largest expense is generated by the cost of obtaining a lead and by the loan officer commission. With changing buyer preferences, lenders face some difficult questions about the role of front-office staff and what future mortgages could look like.

Fortunately, there is another path forward: developing a unique value proposition that may allow lenders to avoid competing on rates alone. Specifically, we think there is a value proposition that goes beyond the loan to incorporate consumer needs related to homeownership and financial health. But which features matter most to buyers? A speedy close? High-touch service? Personalized advice? And will consumers care enough to really select a lender that might not offer the lowest rate?

Our survey shows that over 80% of current and future buyers would like to interact with one person throughout the entire mortgage process (from searching for a home to making future payments). We see this as a clear indicator that buyers are looking for a better way through the entire home ownership life cycle, from planning a purchase through remodeling a home. That spells opportunity for lenders willing to think creatively about what services they can provide. But few firms will have the luxury of investing broadly, especially when facing revenue constraints. Regardless of what kind of lender you are, the choices you make today will say a lot about how you want to be known in the market for years to come.

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[2] U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, Median Sales Price of Houses Sold for the United States [MSPUS], retrieved from ALFRED, Federal Reserve Bank of St. Louis; https://alfred.stlouisfed.org/series?seid=MSPUS, March 17, 2019. Also, U.S. Bureau of the Census, Real Median Household Income in the United States [MEHOINUSA672N], retrieved from ALFRED, Federal Reserve Bank of St. Louis; https://alfred.stlouisfed.org/series?seid=MEHOINUSA672N, March 17, 2019.

[3] U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, Quarterly Residential Vacancies and Homeownership, Fourth Quarter 2018, retrieved on March 17, 2019, https://www.census.gov/housing/hvs/data/q418ind.html.

[4] Henry, David. "U.S. mortgage industry faces job losses as refinancing dries up," October 18, 2018, www.reuters.com, accessed on Factiva March 26, 2019.

[5] Ibid.

2

What consumers want now: the 2019 survey

Buyers typically go through several steps (see Figure 1) from dreaming about a house to happy home ownership:

- Planning and saving
- Finding a home
- Shopping for a lender
- Getting a loan
- Building the relationship

These stages are not always distinct. Some buyers may start shopping for a home as they begin considering what they might be able to afford. However, we find that this five-step journey is a useful way to organize the financial stages because it accurately lays out where the opportunities lie for lenders.

Figure 1: Lenders often play a limited role in the home ownership cycle

Source: PwC's 2019 Home Lending Experience Radar

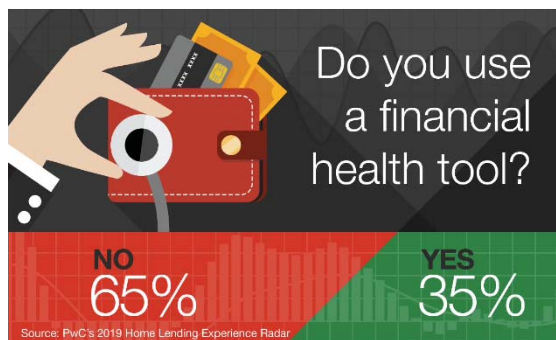
Today, too many lenders still see their role as primarily in the middle stages: helping buyers select a lender and get a loan. In fact, under financial strain, some feel pressure to double down on the active lending stage. While they may be right to do so, we note that there are other valid strategic options. For instance, there are actions lenders might take well before consumers actively consider a mortgage. There are also actions they could take after a loan has closed, as consumers find themselves in need of their next loan, or as they come to see their new home as a means to accumulate wealth and maintain financial health.

Planning and saving

Most homebuyers have questions about what they can afford and how much they'll need to spend to buy a home they like. The bottom line number is large, and there are so many variables to juggle (most prominently, down payment, loan type, and loan term) that even sophisticated consumers will raise their hands and say "I need help."

Financial health

Long before consumers start looking for a lender, they start looking at their financial situation. This may even happen before they have identified themselves as prospective buyers—and often, they don't even know where to start. If a lender could get involved at this stage, they might get a very large advantage over their competitors.



We wanted to understand how lenders could use this education process to move earlier in the sales funnel. In our survey, we noted that some borrowers use different tools and services, from lenders and other providers, to help them monitor their financial health. We asked our survey respondents: "Have you used any of these tools or services?" Only about a third (35%) had, highlighting an unfulfilled need. Another 21% said they've been considering using one, but aren't currently doing so. Among respondents who do use such tools, what's most important is having a tool that's free to use and set up (cited by 62%), the ability to track all their bills in one place (49%), easy budgeting and goal setting (47%), and credit score monitoring (46%).

Lenders have a strong incentive to educate consumers earlier in the process about all the expenses involved in buying and maintaining a home, before prospective buyers start thinking about mortgage budgets.

Most of those who use a financial health tool or service (63%) do not pay for it. Of those who do, about a third (34%) paid a one-time fee, and the rest pay a subscription fee, typically less than $10 a month. Interestingly, four in ten of those using a free financial health tool or service (42%) say they would consider paying for one. The challenge for lenders is to identify such consumers and build tools that they would value enough to buy.

Creating a budget

Eventually, consumers say to themselves "OK, I'm ready to start thinking actively about becoming a home-buyer." At that point, they start to assess what they might spend, and our survey highlights some good news for financial services providers. When we asked recent homebuyers how they settled on the budget for their home, almost six in ten (58%) said they got help from their lender. When we asked prospective homebuyers the same question, we found similar results: 53% plan to turn to their lender. This puts lenders with a built-in advantage as they sit squarely above real estate agents, websites, and all other sources.

Lenders have a built-in advantage over other industry players: Almost six in ten recent homebuyers (58%) and more than half of prospective homebuyers (53%) turned to a lender to help develop a budget.

Unfortunately, when borrowers reach out for help, they frequently don't get comprehensive, personalized information. All too often, we have found that loan officers don't have tools to provide meaningful advice. Instead, they rely on their own subjective experience and general high-level information about budgeting and processes. The result: lenders miss an opportunity to be seen as a helpful resource by truly educating the consumer and to become the 'control tower' for the entire home-buying process.

Potential home buyers often don't have a clear idea about what an appropriate budget should be. Instead of choosing a spending limit, a large majority (73%) said they'd either maybe, or definitely, "go over budget." Without a realistic understanding of costs, these buyers see budgets as directional only.

Could an app help in the budget process? Many people seem to think so. When we asked if they'd be willing to use a home affordability app if their lender offered one, three out of four (75%) respondents said they were very likely to use it.[6] But, this is a lost opportunity if borrowers aren't aware of it. When we asked recent buyers if they knew if their lender or real estate agent offered a home affordability tool, 35% didn't know. Another 39% said that one wasn't offered.

As they move through the buying process, potential home buyers begin to develop a more realistic sense of what they can spend. One factor: approaching a lender for pre-approval. Another: working with an online or in-person real estate agent to understand what homes costs in various neighborhoods. By the time they close on their loans, many home buyers have come full circle. When we asked those who had recently purchased a property, only 18% said they had gone beyond their budget.

If buyers are shown properties that they later judge to be too expensive, they don't blame the real estate agent for the perceived high prices. But if a lender says no, the buyer may take the rejection personally. From a relationship perspective, then, lenders have an incentive to educate consumers earlier in the process about an appropriate budget before the buyer starts thinking about their mortgage budgets.

The bigger picture

Most homeowners eventually discover that getting through the front door isn't the end of the financial journey. In fact, a recent survey shows that 44% of homeowners feel some regrets about their purchase, and this rises to 63% among millennials (ages 23-38). The biggest reason: unexpected and costly home maintenance.[7] Homebuyer education can help borrowers understand the long-term commitments and true costs of homeownership. It can also change their perception of how much value the lender is bringing. The conversation would change if a consumer saw that their lender wasn't just thinking about how to get a loan approved, but also how to prepare the customer for financial life once they've moved into the house. This is the type of experience that can move a one-time transactional relationship into a longer lasting one.

Opportunities for lenders

For many people, buying a place to live is one of the most complicated, emotionally stressful things they'll ever do. This leaves the door open to some quick wins. You may be able to delight prospects and customers simply by acknowledging concerns with empathy, providing access to tools that make the process more transparent, and helping customers understand the total cost of ownership.

- Recognize that financial health isn't just about earning more. Even borrowers with adequate financial resources can benefit from learning more effective ways to handle home purchasing and maintenance responsibly. You may need different approaches to find a receptive audience as consumers shift their priorities. But as you begin to be seen as a trusted advisor rather than a transactional supplier, your customer relationship becomes stickier and you are far more likely to gain referrals.
- Give loan officers the tools and training they'll need to think beyond the loan and provide the consumer with comprehensive, homeownership financial advice. From the very first contact with a prospect, the loan officer sets the tone for your entire brand. To beat the competition, you'll want your loan officers to go beyond looking up potential rates and down payments in a table. They should be able to confidently help a consumer understand all of the financial responsibilities that come with owning a home: property taxes, emergency maintenance projects, and so on. Handled properly, the consumer should walk away with a customized, realistic budget that they can live with—and, the feeling that the loan officer really is a solution provider.
- Help people find the tools you've created. Many lenders actually offer financial health and home affordability tools, even though they may not be in the hands of those who need them most. To help lenders understand how best to reach potential users, we asked about social media use. Social media users showed a greater likelihood of wanting to use an affordability app from their lender, and this could be a powerful channel for making a connection with borrowers who are still in the early stages. Incidentally, those already *do* use financial health tools often found them through email marketing (25%) and website search (21%), two other avenues to get out the word.
- Be as transparent as you can be. Explain in plain language what the lending process will look like. Educate prospective buyers on the factors you'll consider (and why). With so many points of contact in the current buying process, consumers may naturally be confused. By clearly communicating all the resources that are available to help, and by shrinking the number of touchpoints, you can help buyers see you as an advocate rather than a judge.

[6] We define "very likely" as having answered 7 or more on a scale of 1 to 10.
[7] Mullen, Caitlin. "Homebuyer's remorse? Millennials have it," March 9, 2019, Minneapolis/St. Paul Business Journal Online, accessed on Factiva March 26, 2019.

- Explain the true cost of ownership. Many of today's home affordability tools cover loan costs only. To give a more realistic perspective, they should address the total cost of home ownership and educate the borrower on the potential costs associated with ongoing maintenance that are often forgotten about. New buyers may compare rent and mortgage principal, tax, and insurance (PITI) costs. But maintenance can be quite different, and can typically include both initial and ongoing expenses. By integrating these features into budgeting apps and borrower communications, you can help borrowers make educated purchasing decisions and help minimize buyer's remorse.

Finding a home

For most buyers, a home is the single largest investment they'll ever make, but this is only part of the story. People buy houses for a wide variety of reasons, and the process can trigger a broad range of emotions. Even sophisticated purchasers may experience anxiety, excitement, fear, and happiness each time a loan is closed.

When we examine the reasons for purchasing a home and compare this year's results to our previous survey, personal reasons appear to be on the increase (See Figure 2). Last year, for example, 45% of those we surveyed cited a desire to stop renting as a purchase influencer. This year, with interest rates and home prices both on the increase, only

Figure 2: Personal reasons for buying homes is on the rise.

Source: PwC's 2018 and 2019 Home Lending Experience Radar. Home purchase respondents only. Question: "Why did you start looking for a home?" Note: Respondents were allowed to pick more than one response.

The home shopping process itself has continued its relentless shift to online search. Prospective buyers told us that they are using third-party real estate sites (58%) and real estate broker websites (46%) as well as recommendations of real estate agents (44%) to evaluate their potential purchases. Recent buyers also favored online searches, with 61% using third-party real estate sites and 60% going on to real estate broker websites, while a smaller proportion of respondents (44%) are contacting a real estate agent for recommendations.

This is significant as it introduces a new influencer for lenders. In last year's survey, nearly a third (31%) of those we asked cited "real estate agent recommendation" as a key reason for selecting their mortgage provider—the most common response. But now, the shift away from local agents is rapidly concentrating power in a way that could affect the "funnel" for lenders. In particular, we note that leading residential real estate listing websites are becoming the first stop for many home purchasers.

Finally, just as buyers have many different reasons for buying a property, we note that they often have different timelines, too. Last year, for example, most recent homebuyers told us that when they started the process, they expected to be ready to buy within three months, and approximately half had gotten to the offer stage within 30 days. In contrast, most prospective buyers either didn't know when they'd be ready to buy or expected it to take over nine additional months—despite the fact that more than a third already had been shopping for more than one year.

Opportunities for lenders

When prospective homeowners set out to look for a property, they generally have two key objectives. They want to find the right home—admittedly, a very broad goal—and they want to quickly be able to make a competitive offer. At this stage in the process, most lenders focus on their pre-qualification and pre-approval processes, in an attempt to be sure that buyers are looking in an appropriate price range. But there may be ways to play a broader role and provide more value to buyers in the process:

- Understand buyer motivation. Buying a home is not just a financial transaction. It's a life event that usually has emotional ties. By understanding the "why" behind the loan, firms can offer support beyond just being the borrower's lender. They can do this by building relationships with their borrowers and even offer tools to make their move into their new home a seamless process.
- Find the tire kickers quickly. If you can effectively separate serious buyers from wishful thinkers, you can improve your efficiency and reallocate your loan officers' time. But don't blow off wishful thinkers altogether. They may respond to tools that help them save and budget, allowing them to improve their financial picture and make the transition to buyers.
- Study the new entrants. A new category of competitor—the iBuyer—uses algorithmic home-flipping to rethink how consumers sell one house and buy another. These companies can provide instant offers to purchase someone's current home and then seamlessly help them buy another. This addresses two persistent concerns that buyers have: how much money will they be able to use for a new property after they've sold their current home, and can they make the timing work? Lenders need to develop a view on if, when, and how they will partner with these emerging players.
- Partner where appropriate. By actively teaming up with other players in the home-buying cycle who don't offer financing, you may be able to associate your brand with the benefits of purchase rather than the cost. It is important to note, however, that this is a complex area, and lenders, brokers, and servicers must all be sure that they don't run afoul of the Real Estate Settlement Procedures Act (RESPA) with regard to referral fees and other compensation.

Shopping for a lender

Inertia has long played a role when homebuyers consider their options for obtaining a mortgage. Many would simply visit a local savings and loan to buy a property in the neighborhood. As lending became less regulated in the 1980s, mortgage brokers began playing a larger role, helping buyers compare loans across institutions. For many buyers, a recommendation from a real estate agent or family member was more powerful than advertising.

Then the market changed, led by online marketing and by financial and regulatory changes tied to the recession in the late 2000s. More than half of mortgages issued last year came from non-bank lenders, up from 9% in 2009.[8] While many buyers still seek personal recommendations, "this is how I did it" may now lead to outdated advice—unless it comes from recent buyers.

Think about the power of a positive or negative review. What will recent buyers say about their purchase experience with you? It turns out that there is one simple, inexpensive, effective action lenders can take to help those recent buyers become promoters—loyal customers who make referrals. Half (50%) of recent homebuyers told us that they received a check-in call or a follow-up from their lender, and this clearly matters when it comes to repeat business and referrals. We compared those who did/didn't receive a check-in call from their lender, and our research suggests that a check-in call from the lender makes a big difference.

A far higher proportion (52%) of those who received a check-in are very likely (scoring 9 or 10 on a scale of 1-10) to use the same lender for their next loan when compared to those who didn't receive a check-in call

[8] Marte, Jonnelle. "Non-bank lenders are back and even bigger than before," September 21, 2018, Washington Post, accessed via Factiva on March 26, 2019.

(23%). Similarly, looking at those who would recommend their current lender to family and friends, there is a much higher percentage (37%) of those who received a check-in who would score 10 (on a scale of 1-10) for this question. In contrast, only 14% of those who *didn't* receive a check-in said they're likely to give a referral.[9]

There is one simple, low-cost, effective step lenders can take to build loyalty and ensure referrals from satisfied customers: Follow up with borrowers after the close.

Given the rapid rise in non-bank lenders, we also decided to test attitudes toward a potential new category of competitor: the technology company. Specifically, we wanted to understand the degree to which consumers would be comfortable obtaining mortgages offered by a large, consumer-facing technology companies, just as they have started to adopt payment offerings from these non-financial players. This could be important as, while the mortgage industry is different from payments and the regulatory barriers are far higher, growing speculation suggests that one or more large tech firms might be readying a run at this market.[10]

Roughly four out of ten survey respondents (42%) were potential supporters (which we define as having answered 7 or more on a scale of 1 to 10) of seeing technology companies enter the market. Not surprisingly, younger borrowers were more likely to be supporters than older borrowers.

Of the 58% who were non-supporters (answered 1 to 6 on that same scale), we probed the factors that contributed to the discomfort. Of course, it's not surprising that 65% of non-supporters stated "do not know them as a mortgage company" since—as of now, at least—consumer-facing tech companies aren't acting as mortgage providers. But we find it far more interesting that 28% of the non-supporters answered "I am not comfortable with the entire mortgage process being online," and 19% of the non-supporters answered, "I think the process would not be personalized."

Finally, we note that the last few years have shown online real estate brokers taking a more vertically integrated approach to their business, and this could upend the more traditional paths that customers take when shopping for a lender. We have also begun to see the newer competitors integrating mortgage brokers and even direct lending into their business models.

Opportunities for lenders

A growing number of lenders have turned to automation to manage down costs. This can be a wise choice, and you may find attractive automation opportunities to be had all the way from customer acquisition and loan processing to underwriting and closing. But with a product that has such emotional resonance, human interaction is still very important to many buyers. As such, you should think carefully about when you deploy technology or present human personnel.

- Segment your customers and target your communications. There is no substitute for researching your own customers and market. Many financial institutions have the ability to anticipate life events, but rarely use this capability effectively. Leverage what you already know about your customers, and customize your messages so they are meaningful to individuals. Mass emails no longer make sense; all too often, they're perceived as insincere and quickly deemed junk mail.
- Use your branches strategically. If your institution has a local branch network, and a sizable portion of the market still does, there can be significant advantages that reinforce personalized, emotional engagement. This can be simulated even if there are no full-time loan officers on-site (think video kiosks). Our consumer banking surveys consistently show that consumers value in-person feedback on more complicated products sales such as mortgages. But keep in mind that buyers also expect omnichannel capabilities. They want to be able to switch seamlessly between finding and providing information online, over the phone, or in person. If your systems can't handle this, you have more fundamental work to do.
- Address online fears. A number of our respondents voiced misgivings about the mortgage process moving online, including concerns that the process wouldn't be personalized. In some ways, technology can make a process *more* personalized, but that may not be the real issue. You'll want to gain a deeper understanding of these concerns if you are to alleviate them. And here's an additional reminder about customer segmentation: even those customers who want a personal touch may have very different ideas in mind.
- Customize your products. Some airline passengers are fine with basic economy. Others are willing to pay extra for premium economy and a little more legroom. Similarly, some of your customers might be willing to pay a little more to access premium tools. Across the lending process, there may be opportunities to tailor products to customer needs at every level. Many of your customers will no longer be satisfied with a one-size-fits-all approach. Some will want a self-service digital experience while others might prefer a white

[9] PwC's calculation based on data from PwC's 2019 Home Lending Experience Radar.
[10] Finklestein, Brad. "Prime Competition; Assessing the implications of big tech's inevitable next run at the business of mortgage lending," March 1, 2019, National Mortgage News, accessed via Factiva March 26, 2019.

glove, high-touch service that includes human interaction at every step. This approach can lead to greater customer satisfaction *and* could introduce new revenue sources.

- Prepare to meet your fiercest competitor. Could a technology firm actually succeed as a mortgage provider? Don't miss the boat as younger borrowers start becoming a bigger part of your overall market. Understand steps you can take. We lead workshops in which teams learn how to rapidly craft integrated strategic responses to new market entrants and other forces. By completing tabletop exercises now, you'll be more prepared for whatever lies ahead.

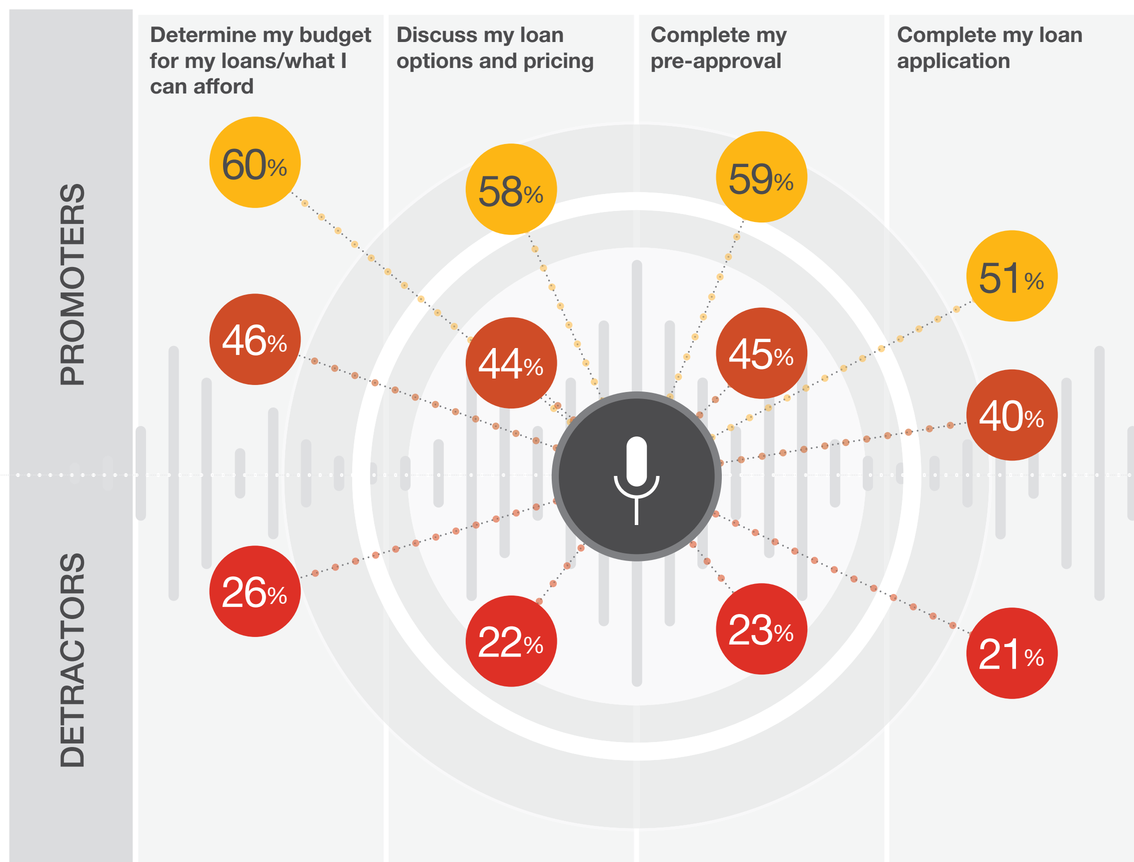
Getting a loan

The loan origination process can be challenging for borrowers, and this is an area in which digital technology has the potential to help. It's no surprise, then, that borrowers' expectations and use of digital processes for different aspects of the loan origination process continue to rise. As we noted in last year's Home Lending Experience Radar report, digital needs to supplement, complement, replace, and coexist with traditional channels—all at the same time. The results of this year's survey reaffirm that view.

Computer, get me a mortgage

One promising technology is voice assistance. In February 2018, PwC surveyed 1,000 Americans with internet access and found that 90% were familiar with voice-enabled products and devices. Of this group, a strong majority had used a voice assistant (72%). Adoption is being particularly driven by younger consumers, households with children, and households with incomes above $100,000.[11]

Figure 3: Younger borrowers are more willing to use voice assistants throughout the loan process.



Source: PwC's 2019 Home Lending Experience Radar, Home purchase respondents only. Question: "If your lender offered virtual assistants (Alexa, Siri, Google Assistant, etc) to help you through the mortgage process, how likely would you be to use it to do each of the following?" Note: Strong likelihood defined as ≥ 7 on a scale of 1-10.

[11] We look at consumers' opinions on voice assistants in more detail at *Consumer Intelligence Series: Prepare for the voice revolution* available at: https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/voice-assistants.html.

Nevertheless, because the technology has only been around for a few years, we were surprised at how willing the respondents to our 2019 Home Lending Experience Radar survey were to use a voice assistant as part of the mortgage process. As shown in Figure 3, more than 50% of those aged 18-34 were supporters (defined as giving a score of 7 or above on a scale of 1 to 10) of using a voice assistant for all steps of the loan process, from determining a budget and discussing loan options through completing pre-approval and the loan application. The percentage of supporters dropped for those 35-54 (ranging from 40% for completing the loan application to 46% for determining the budget) and declined further still for those 55 and older.

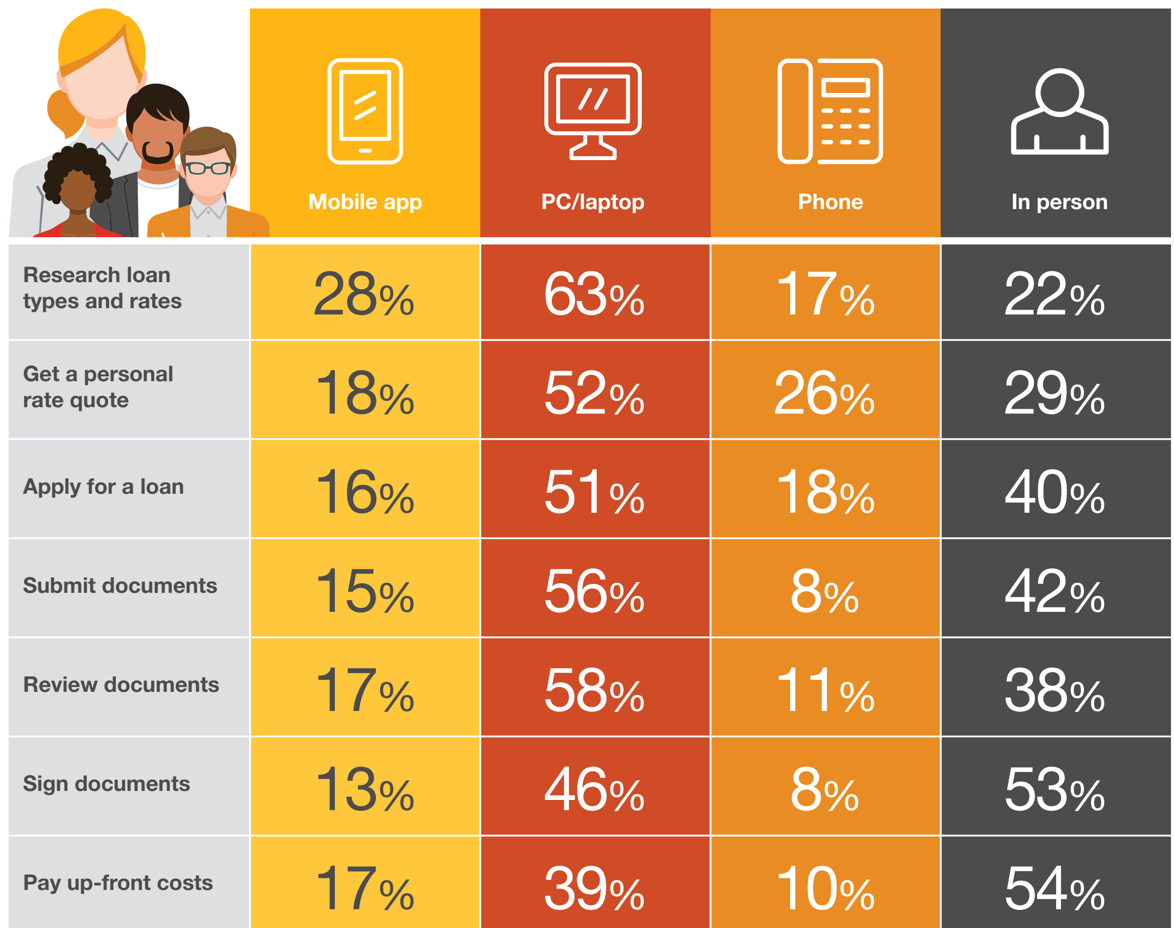
The role of digital throughout the process

Voice assistance is one example of a digital technology that can make the loan process easier for consumers. But digital channels are not always the preferred option for most consumers.

So how do consumers prefer to interact with their lender at each step of the loan process? As shown in Figure 4, we found that digital channels (defined as mobile and computer) are more popular early in the loan process than traditional channels (defined as phone and in person). For example, 63% of survey respondents told us that they either did or would want to use a computer to research loan types and rates (respondents were given the option of choosing multiple channels for each step of

Figure 4: Digital channels are more popular earlier in the loan process.

Percent of respondents at each step of the loan process that used each channel



	Mobile app	PC/laptop	Phone	In person
Research loan types and rates	28%	63%	17%	22%
Get a personal rate quote	18%	52%	26%	29%
Apply for a loan	16%	51%	18%	40%
Submit documents	15%	56%	8%	42%
Review documents	17%	58%	11%	38%
Sign documents	13%	46%	8%	53%
Pay up-front costs	17%	39%	10%	54%

Source: PwC’s 2019 Home Lending Experience Radar. Question: “How would you prefer to complete each of the following?” Select all which apply. Note: Mobile and PC/Laptop considered “digital”, and Phone and In person considered “traditional”. Row percentages sum to >100% because respondents could select more than one channel.

the loan process), compared to only 17% who said they had completed this step by phone, or would like to do so.

The reverse is true for the later stages of the loan process, when respondents said they prefer traditional channels such as phone and in-person interactions. For example, 54% either signed documents in person or would want to do so, whereas only 13% used a mobile app or would want to when signing documents.

It's worth remembering that apps and in-person services aren't mutually exclusive parts of the service delivery model. While many financial services institutions still analyze the customer journey within a single channel, we see a growing number of clients who expect a brand to provide seamless service regardless of technology.[12] So, customers might scout options on their laptops, begin filling out applications on their phones, and then walk into a branch or call a contact center.

The close, and beyond

As we noted earlier, a follow-up, check-in call seems to be unusually important in shaping the way customers remember their overall borrowing experience. But this isn't the only opportunity. A significant share of future buyers (42%) indicated that they'd also like to receive a list of trusted referrals for maintenance providers. It's a good reminder: every time you can find a way to enhance your role as a trusted advisor, you step away from being perceived as the provider of a commodity.

Opportunities for lenders

In the next few years, we think consumers will shun lenders that can't offer a streamlined and easy mortgage process. As other lenders use digital solutions in both the front and back office, the bar will continue to rise. But being "digital" goes far beyond providing an app or using a device. To ensure your approach isn't counterproductive, make sure you know who you're serving and why.

For instance, we noted earlier that voice assistants were finding early fans in some key groups. A technology strategy that integrates artificial intelligence (AI) virtual assistants geared towards specific demographics *could* enhance the customer experience for some, but recognize others might just get confused.

> Every time you can find a way to enhance your role as a trusted advisor, you step away from being perceived as the provider of a commodity.

Whatever digital channels lenders offer, they should ensure that the omnichannel experience is seamless. So, a customer should be able to begin a loan application on a laptop, continue it on a mobile device, and get help from a contact center without having to reenter or repeat information already provided.

Many of the most promising opportunities in this phase will occur out of the consumer's view.

- Drive process efficiency with intelligent automation (IA) tools. Consumers are particularly frustrated by having to provide the same information multiple times, and this frequently happens because data can be stored in different locations in different formats. IA offers firms a lightweight, relatively low cost way to integrate information quickly across disparate systems, using technologies such as optical character recognition (OCR) and robotic process automation (RPA).[13] Each company will have its own automation opportunities. To cite a few examples, we often see incomplete third-party integrations; extensive manual assignment, reviews, and exceptions; inconsistent quality assurance testing; and closing processes with high defect and error rates.
- But even if these are back-end efficiencies, the customer experience should get better as a result. If you don't integrate your pre-qualification process as an input into the application process, so any information that is populated in the pre-qualification is pre-populated in the application, you are asking your customers to do needless work, and that's not good.
- Don't just automate; streamline your thinking. Effective automation will almost always require you to think more broadly than technology. So often, we see lenders implement technology that seems to add customer experience enhancements on the front end. Unfortunately, without considering the downstream impacts, this leads to rework and control gaps. By supplementing the traditional IT-focused approach to automation with business-led design, you can ensure your technology is built to support your process—and not the other way around. In turn, you can deliver up-front ROI that contributes to a sustainable long-term solution.
- Be open to partnerships. There has been an explosion of interesting developments across the mortgage value chain in recent years. From data capture, verification services, and fraud prevention to digital transaction management, alternative credit data, and more, there are more tools than ever to make your offering more powerful and more complete. In fact, these tools may turn out to be better, faster, and cheaper than developing your own.

Building the relationship

A lender's relationship with a customer shouldn't have to end once the first home loan is closed. Down the line, when a customer starts to think about refinancing a

[12] We look at consumers' digital banking experience in detail at PwC's *2018 Digital Banking Consumer Survey: Mobile users set the agenda* available at: https://www.pwc.com/us/en/industries/financial-services/library/digital-banking-consumer-survey.html.

[13] We look at intelligent automation in detail at *Smarter bots: PwC's 2019 financial services intelligent automation survey* available at: https://www.pwc.com/us/en/industries/financial-services/library/2019-intelligent-automation-survey.html.

mortgage or getting a home equity line of credit (HELOC), it's clear that an original lender has a natural advantage to vie for the business. We wanted to understand the extent to which refi and HELOC customers planned to stay with their original lender and compare this to how many customers actually ended up staying.

Why customers remain loyal (or not)

Let's start by examining our survey results for refinance borrowers. Of those respondents who were planning to refinance, 74% said they plan to stay with their original lender. However, when we asked those who had recently refinanced, only 38% actually did stay with their original lender. This drop is significant, and there are lessons to be learned from it. Of those who did stay, the top three reasons cited were ease/convenience of the application process, prior origination experience, and prior servicing experience. Of those who didn't stay, 70% cited getting a lower rate elsewhere.

We see the same pattern with line of credit customers. Of those planning to get a HELOC, 70% expected to stay with their original lender but only 42% of those who got a HELOC actually stayed with the same lender. Those who did cited the same top three reasons as above. And of those who chose another lender, 65% said that they got a lower rate elsewhere.

For lenders, the message is clear: You've got your customers' attention, but they will still walk if they don't have a good reason to stay. If you're not able to deliver on price, you'll have to deliver on customer experience. And don't forget, time is money. If you communicate (and deliver on) your ability to approve a loan quickly for a consumer you already know, they may be less price-sensitive. The borrower is likely to perceive a cost in the hassle factor of starting over with a lender that doesn't know them—but you may lose this advantage if you don't act quickly.

Remodeling on the rise

When we asked prospective borrowers why they were considering HELOCs or home equity loans, 60% cited the desire to remodel or expand their home and 32% planned to use the money to pay off debt. When we asked recent home equity borrowers why they had taken out such loans, 47% said they wanted to remodel or expand their home and 28% wanted to pay off other debt.

Residential home improvement spending is projected to grow modestly over the next two years (by 1.6% in 2019 and another 1.1% in 2020).[14] There are multiple reasons for the popularity of remodeling. One is the simple fact that the housing stock is aging. As of mid-2018, half of US homes had been built before 1980.[15] Another reason is that new home construction has lagged in recent months, driving more consumers to remodel—an idea that appeals to many homeowners, including those who want to "age in place."[16]

Many homeowners who choose to remodel do the planning on their own. We found that 53% of prospective borrowers and 89% of recent borrowers who received a line of credit or loan to complete a home remodel did not use any tools or services to help in planning their projects.

It could be that consumers don't want such tools, but it may be because they can't find tools that are helpful enough. We asked which features of a tool would be most useful in order to provide insights into what consumers need to help them with their remodels. At the top of the list for both prospective and recent customers: online saving/planning tools and home improvement calculations/unit conversions. Home remodeling tools can help build or strengthen relationships with consumers, but lenders should focus only on the tools or apps that consumers want, with the features they desire.

Opportunities for lenders

In many ways, owning a home can be seen as the first step toward acquiring a new loan. That new loan could be for another purchase, or a refinance, or a home equity loan to finance home improvement projects. Of course, there are many factors that go into consumer decisions about these loans and some are out of a lender's hands. Changes to interest rates, or tax deductibility of certain loans, can affect all lenders. But to the extent that consumers seek to borrow, our survey points to some areas where a lender can make themselves more appealing.

As tech-savvy millennials buy homes, they'll want to bring their dream homes to life and will need help along the way to do it. At the same time, many of these borrowers also are dealing with student debt, so they may need help sticking to a budget and understanding all of the costs associated with a renovation.

There is a significant opportunity for lenders to improve their support of the end-to-end home-improvement lifecycle. Lenders should think about customer objectives and how they can position themselves as trusted advisors throughout the home improvement journey. Figure 5 shows a typical journey and highlights what customers want to achieve at each step of the way. Some examples of what lenders might provide:

- Tools to help consumers evaluate home improvement options
- Budget calculators and spending trackers
- Partnerships with intermediaries that help customers find designers and contractors

[14] "Home-improvement spending projected to increase, but gradually," February 24, 2019, Fairfax Sun Gazette, accessed on Factiva March 26, 2019.

[15] "America's aging housing stock," August 20, 2018, Home Channel News, accessed on Factiva March 26, 2019.

[16] Bosak, Chris. "Property rounds: Residential; Age-in-place, casual spaces trending," May 31, 2018, The News-Times, accessed on Factiva March 26, 2019.

Figure 5: Lenders have many opportunities to help customers with home improvement

Source: PwC's 2019 Home Lending Experience Radar. Question: "How would you prefer to complete each of the following?" Select all which apply. Note: Mobile and PC/Laptop considered "digital", and Phone and In person considered "traditional". Row percentages sum to >100% because respondents could select more than one channel.

3

What this means for your business

When we conduct an Experience Radar survey, we set out to learn what consumers value now, and why. Of course, this is an industry facing change. We'd be worried if it weren't. But we also try to understand what they might value next, so businesses can prepare to satisfy (or delight) them in the future.

In this year's survey, we have identified a number of potential opportunities for lenders. This list is (intentionally) not exhaustive. It represents options that may be particularly appealing to a broad range of home loan providers. Even this, though, shouldn't be taken as a checklist of items to do. Among other things, you'll want to place your bets more strategically.

At a high level, we'd suggest that there are three big themes to keep in mind as you create develop your action plan to engage with consumers, both for where they are now and where they're headed:

- Treat data as your greatest asset
- Choose where you'll invest based on your firm's unique "way to play"
- Think beyond the loan

Treat data as your greatest asset

Financial institutions arguably have more data on their customers than anyone else. But they still struggle to extract meaningful information and leverage it to make better, faster business decisions. There are many reasons for this: data stuck in silos and incompatible formats, privacy concerns, and more. But in the end, it doesn't matter why.

"Know your customer" doesn't just mean KYC. If you don't know what your customer values most on an individual basis, you will give them a cookie-cutter product offering. That might have worked 20 years ago, but in a digital environment where customers see a variety of other industries presenting customized, personalized content, this approach no longer works.

On top of that, you may be leaving money on the table. Certain segments may be willing to pay more for additional services. Others will not consider you as a provider if you don't recognize what they want and tailor your offerings accordingly.

Market leaders have been using artificial intelligence and machine learning to evaluate what buyers want and to measure the effectiveness of their offerings. These tools are important, but we also note that technology is not the only issue. Rethink the role of the loan officer, make follow-up phone calls, and provide financial education. Your customers will tell you directly exactly what they value, but you have to reach out to them first—and be prepared to listen.

Choose where you'll invest based on your firm's unique "way to play"

Very, very few mortgage lenders today would say that they have the resources to invest in all the areas they'd like to. So, how do they choose? In theory, they should invest in line with strategic planning. In practice, we believe lower priority areas typically receive more than their fair share of funding.

At the beginning of this paper, we observed that lenders can cut costs or find some way to justify higher prices to deal with market pressures. While we have focused here on ways to give customers value that they'll pay for, the truth is that cutting costs and investing strategically are two halves of the same coin. Even in relatively good economic times, companies need to be clinical about cutting back on non-priority areas so they're able to constantly invest in critical capabilities and businesses. Put more simply, you'll want to get the spend in the right place to get the most bang for the buck.

Entire books have been written on the topic of how to do this—in fact, we've written one ourselves (Fit for Growth).[17] Here are some takeaways that might help:

- It's not enough to be digital; you need a clear digital strategy. While this paper discusses how consumers view some apps, there's a bit more to it. Some firms will certainly succeed by adding digital features to their processes. But changing distribution channels, customizing an offer, and reselling capabilities to other industry players as a platform are all valid strategies too. *Think outside the app.*
- Reinforce those capabilities that make you the best at what you do. For some, that may be processing speed. For others, it may be high-touch service, or affinity marketing, or third-party relationships, or handling jumbo loans. *Choose where you will win. Dominate that.*
- Step away from those functions that won't make you unique. Financial services firms have outsourced certain back-office operations for years. Now some firms are outsourcing tax departments and other non-core functions to focus their attention more tightly. *Cut here to spend there.*
- Choose the right balance between digital and human. Digital tools can often be better, faster, and cheaper, and for many consumers, that represents value. For others, human interaction is far more important. As one journalist recently noted, "The richer you are, the more you spend to be off-screen."[18] *Know your segments.*

Think beyond the loan

In a time of upheaval, there's an opportunity to rethink everything. Your operating model may no longer be appropriate for where things are headed. It may be time to revisit previous decisions about cloud versus on-premises data processing. And yes, the loan officer role and competency model that made sense two decades ago may be seriously outdated.

Whether you are a neighborhood financial institution, a national franchise, a recent disruptor, or a potential market entrant, it's time to question your assumptions. Will people still be attracted to your offerings if the economy slips faster than predicted? How will cheaper artificial intelligence tools change what you do—or, what your competitors do?

Here's one example: In our survey, more than 80% of future home purchasers and recent home purchasers said that they would prefer a simplified borrower journey led by a single party. In many markets, some real estate agents took on that role informally, from showing properties and negotiating pricing to recommending lenders and advising on paperwork. But as the search business has moved increasingly online, and with a punishing attrition rate among agents, some lenders may be able to seize the moment and provide the end-to-end help their customers want. As mentioned above, lenders should be sure that they adhere to RESPA guidelines, as this can have important implications for how referrals are managed. Still, there appears to be a need, and some enterprising firms may choose to fill it.

Here's another example: the rise of the iBuyer offering. These are companies that make an instant offer to buy a customer's house using their own capital. They close quickly and then flip the house to another buyer.[19] It's not exactly a new model. In fact, many lenders have unwittingly done something similar themselves through their real-estate owned (REO) programs. But the new providers have the advantage of data on their side. They know much more about how much risk they'll be assuming and how much to discount the price, and they'll effectively lock in the customer as they move to take their next mortgage. Some lenders may determine that they could benefit from taking a more active role, either alone or with others. For those that don't, this is a reminder that data changes what you can do, and that the traditional definitions of loan products may be changing. In fact, you may be able to change them yourself.

Finally, we encourage lenders to recognize that trying new approaches doesn't have to involve big investments or long lead times. In fact, a growing number of sophisticated third-party providers can add value to your mortgage offerings quickly. With cloud technology, you have the ability to scale quickly as you evaluate how certain programs will or won't work for your customer set. FinTech and RegTech startups are making it easier to fight fraud, address compliance, make underwriting decisions more quickly, and automate workflows. The more you pay attention to what your consumers will want next, the more you'll start to see new ways to meet those needs—and increasingly, that will involve teaming up with others.

[17] For more information on Fit for Growth, refer to Strategy&'s book available at: https://www.strategyand.pwc.com/fitforgrowth/ffgbook.
[18] Bowles, Nellie. "Human contact is now a luxury good," The New York Times, March 23, 2019, accessed via Factiva March 26, 2019.
[19] Pender, Kathleen, "Investors like home-sale shortcut model," San Francisco Chronicle, June 14, 2018, accessed via Factiva March 26, 2019.

About our research

PwC's 2019 Home Lending Experience Radar is our fourth set of data points on the consumer experience related to home mortgage products, updating research from 2013, 2015, and 2017.

How we developed our insights

Our findings are based on an assessment of the needs and preferences of a subsection of the US population. Our methodology used a combination of primary market research, segmentation analysis, and business knowledge to reveal insights that project the future wants and desires of homebuyers.

Who we surveyed

PwC surveyed 1,500 recent and prospective homebuyers across the US about their experiences across the home-buying life cycle, from planning, to purchase, and into home ownership, refinance, and home improvement. Real estate purchasers are, on average, older and wealthier than the population average. As a result, this sample is not representative of the overall US population demographic mix. The survey was conducted during the fourth quarter of 2018.

About PwC's Experience Radar

Experience Radar surveys help businesses find the often hidden sources of value that drive exceptional, differentiated customer experience. By helping companies rank their product and service features, Experience Radar locates opportunities to create value and thereby bolster top-line growth and bottom-line results. The Experience Radar assigns value to a broad set of customer experience attributes broken down into industry-specific elements and then ranked by what target segments value most. Our methodology employs a conjoint survey technique to reveal insights that can be honed to improve precision. While the results outlined in this report are at the industry level, PwC can use the same methodology to develop a customized Experience Radar study and uncover opportunities to accelerate your business. If you'd like to discuss these findings or how PwC can help you apply them to your business, please contact us.

A publication of PwC's
Financial Services Institute

Marie Carr
Principal

Cathryn Marsh
FSI Leader

John Abrahams
Director

Gregory Filce
Senior Manager

Jim Tyson
Senior Manager

For a deeper conversation, please contact:

Roberto Hernandez
Principal, Consumer Finance Group
(940) 367-2386
roberto.g.hernandez@pwc.com
www.linkedin.com/in/robertohernandez1/

Martin Touhey
Principal, Consumer Finance Group
(206) 790-8751
martin.e.touhey@pwc.com
www.linkedin.com/in/martintouheypwc/

Peter Pollini
Principal, Consumer Finance Group
(207) 450-9036
peter.c.pollini@pwc.com
www.linkedin.com/in/peterpollinipwc/

Jackie Studdert
Manager, Consumer Finance Group
(980) 267-8724
jacquelyn.studdert@pwc.com
www.linkedin.com/in/jackiestuddert/

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About us

PwC's people come together with one purpose: to build trust in society and solve important problems.

PwC serves multinational financial institutions across banking and capital markets, insurance, asset management, hedge funds, private equity, payments, and financial technology. As a result, PwC has the extensive experience needed to advise on the portfolio of business issues that affect the industry, and we apply that knowledge to our clients' individual circumstances. We help address business issues from client impact to product design, and from go-to-market strategy to human capital, across all dimensions of the organization.

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