

eClosing Can Provide New Ways to Improve Member Satisfaction

By Clint Salisbury
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Credit unions work every day to help their members realize homeownership dreams. A fundamental concept of this customer service is anticipating the member's needs in the origination process.

This members-first strategy is served by some technological advancements. For example, technologies that promote an eClosing provide a simpler way for members to reach their goals.

Mark Fleming, Chief Economist at First American Financial Corp., writes that “eClosing ... is a faster and more efficient alternative to the traditional paper-based real estate closing. eClosing can also reduce the risk of manual errors in the closing process, improving loan quality alongside efficiency.”¹

However, in implementing eClosing technology, what new needs will the member have? What new opportunities will there be to personally serve the member?

In this member-driven market, members want closing to be simple and efficient, and that brings eSigning ancillary closing documents under the microscope.

To make this process as simple as possible for the member, the credit union must anticipate that their members will need more education about the closing process and closing documents and that the credit union will need to gather eSignatures on the ancillary closing documents prior to the closing appointment.

The net effect is credit unions taking an enhanced role in prepping the member for the closing ceremony.

To accomplish this, credit unions first need to acknowledge that the ceremo-



nial and emotional component of closing on a home is most likely not going away, particularly among first-time homebuyers. As a result, technology adoption and the human touch must complement each other.

Perhaps there is a misconception in the industry that first-time homebuyers, especially the millennial generation, expect a mortgage at one click of the button. According to a J.D. Power 2018 U.S. Primary Mortgage Origination Satisfaction Survey, “just 3% of mortgage customers exclusively rely on digital self-service channels in the origination process.”²

The same study also suggests that a mix of personal and self-service tools will surpass traditional forms of communication in generating more member satisfaction.

LOOKING AT eCLOSINGS

Taking a look at the technology component of an eClosing, the clear benefit is that eClosing creates the ability for members to efficiently eSign their ancillary closing documents prior to the closing appointment at a location comfortable and convenient to the member. This raises member satisfaction, making the process easier for them, and it's no secret that the reason lenders want to adopt technology is to increase borrower satisfaction.

In a recent STRATMOR conference poll, 58% of lenders gave “borrower satisfaction” as their primary reason for investing in mortgage technology in general.³

In May 2019, in a separate webinar poll, IDS narrowed the scope by asking what the primary reason for adopting eClosing technology would be. “Increasing Borrower Satisfaction” was first at 52%. (The other rea-

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sons: being progressive 34%, increasing loan quality 8%, other 6%.)

CUSTOMER SERVICE

The other component, customer service, comes primarily in two parts.

The first part is gathering eSignatures prior to the closing appointment, which may require the credit union to fulfill a different role in the closing process. It increases activity behind the scenes. For example, an assistant will need to monitor a member's eSigning progress.

Lisa Springer, Partner and CEO of the STRATMOR Group observes, “Often there is a tremendous amount of manual activity behind the curtain to make [simple and efficient closings] happen.”⁴

The second part of the customer service component goes hand-in-hand with gathering eSignatures: communication. Credit unions will need to invest in member ed-

ucation about the closing process and closing documents prior to the closing appointment.

This type of member commitment requires dedicating technological resources along with human capital. The credit union can prepare by identifying common questions and concerns and implement the tools to facilitate communication of that information.

For example, while members are previewing the closing documents immediately leading up to closing, they may need real-time communication with an actual person about questions regarding loan summaries, checklists, reminders, details about outstanding items, loan progress and the meaning of closing documents.

To accommodate for this increased hands-on customer service, credit unions will need

to provide the member with multiple channels of communication. Members should be able to communicate person to person by using phone, chats, portals, dashboards, apps, mobile devices and/or video.

As a result, credit unions will need to implement training programs for their employees and use those qualified assistants to create new message centers and closing services to field all member inquiries at varying complexities, regardless of the time of day. These centralized resources offer members peace of mind that they have all the information at their fingertips.

Being able to personally guide members through an efficient closing in this way is the key to increasing the satisfaction of the member, and the results are impressive. Greater borrower satisfaction equals more repeat business and member referrals, which equals higher potential profit.

No other player in the mortgage process is vying for repeat business and referrals from members like credit unions are. It is not necessarily about making the closing process easier for the credit union, rather, it is about making the closing process easier for the borrower.

COST CONSIDERATIONS

But is this a high enough return on the investment in eClosing technology and deploying modified processes and additional staffing and training?

Certainly, there are costs in the short term. A return on investment will probably not be realized until the new technology is implemented in high volume, and that will take some time. However, the potential for profits in the long term is exciting.

Mark Mackey, Vice President & General Manager of IDS, states, “Over the next year or two, the number of eClosings will increase and credit unions will see a larger return on investment as manual activity behind the scenes becomes more automated, which will result in superb customer service and a great home-buying

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experience for the member. I'm confident that some short-term costs will result in long-term payoffs."

The adoption of eClosing technology and the additional customer service responsibilities outlined above take real commitment and a well-defined strategy. This brings the credit union and its members closer together. The emotional connection has been forged and is solidified at the closing appointment when shaking hands and sharing a smile.

The mortgage industry is known for its slow adoption of technology; however, technology often marines for a while and then suddenly it is upon you. There will be some contenders who are ready and will vault into a leadership position, while others may remain at status quo or even fall behind based on their lack of preparedness.

By committing now, credit unions open the door to serve their members in different and creative ways as mortgage technology evolves. ▲

Since 2008, Clint Salisbury has served in many roles at IDS Inc. His breadth of experience includes In-House Council and Director of Implementation, giving him unique perspective into the mortgage industry. As Northern Regional Sales Director, he uses two core principles: seek to solve problems and be helpful in any way possible.



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20



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