

BofA's digital-mortgage flip shows incumbents a path for adapting

Article

The news: Bank of America [reported](#) that the vast majority of its mortgage initiations were made digitally in 2021:

- It hit 81% via its **Digital Mortgage Experience** offering, [launched](#) in 2018.
- That's up significantly from 45% in 2020.

- The bank said the product uses its digital platforms to help borrowers through the mortgage process.

More on this: BofA also reported surging volume for first-mortgage loans through its product, **rising by 2.5 times in 2021 versus 2020**, with its total funding at \$53.7 billion.

The Digital Mortgage Experience **enables** prospective **borrowers** to:

- Seek a first mortgage or a home equity line of credit (HELOC); refinancing is included.
- Apply through BofA's mobile app or online.
- Auto-populate significant portions of their applications.
- Get support from lending officers.
- Lock-in interest rates during the application process.

The banking giant also pointed to recent accolades its mortgage business received for its customer experience, such as:

- “Best Mortgage Lender Overall” **from** Bankrate, with speed for approvals and closings, plus convenience, among the criteria.
- “Best Big Bank Mortgage Lender” **by** Forbes Advisor, with criteria including ease of comparison shopping and speed to funding.

The bank cited its concurrent digital engagement growth, which it **shared** last week, as contributing to its latest mortgage milestone.

The big takeaway: Customers highly value the convenience of digital mortgages. A 2021 survey from ICE Mortgage Technology **found** that respondents who used online mortgage applications **cited the advantages of having a simpler process, at 55%, and cutting the time it takes to close, at 53%.**

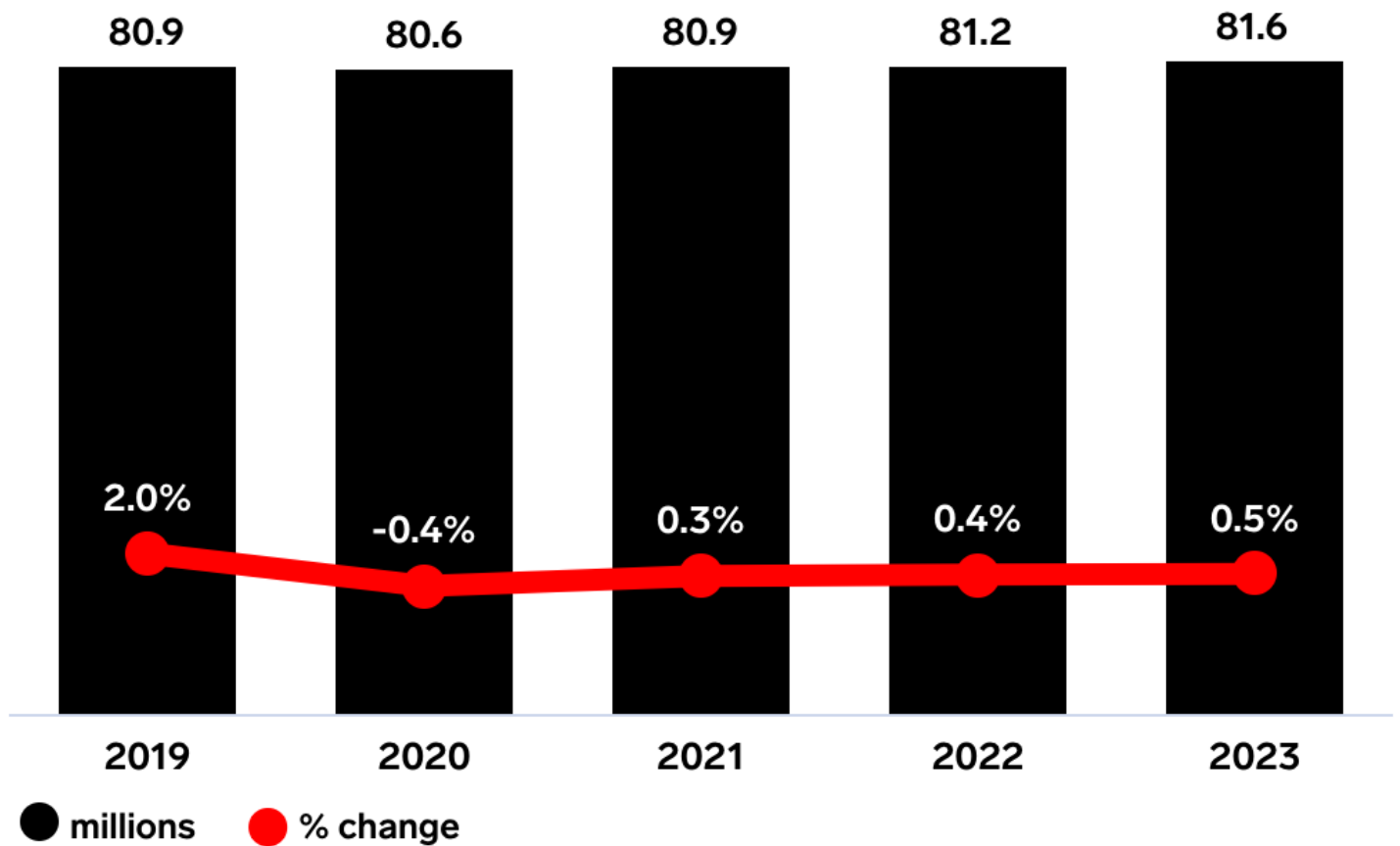
BofA's results show that incumbent banks that streamline a digital experience can make strides in the digital mortgage space and increase their competitiveness with savvy non-bank players **like Rocket Companies**. Banks can start by digitizing the manual parts of their mortgage arms. Weaknesses that need to be addressed, **per** Deloitte, include:

- **Substandard origination experiences** through complex digital-mortgage platforms and overly product-focused employees who can't assist with the larger customer journey.

- **Digital transformation efforts that leave out mortgages** due to uneven implementation across the bank or initiatives driven at the business-unit level.
- **Uneven digitization within mortgage arms**, prioritizing customer-facing processes over middle- and back-office work.

Mortgage Accounts

US, 2019-2023



Source: eMarketer, December 2021

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