

The UK high street lender Digital Mortgage Bar

In an online world customers are demanding more from their financial services providers. In this research, Altus looks at the digital maturity of UK high street mortgage lenders' direct to consumer (D2C) buy a mortgage journey. As you would expect, most lenders have the basics covered with 68% offering an online Decision in Principle (DIP). Whilst it appears that the main lenders have 'done digital', Altus expect data to drive further innovation & customer experience improvements in this sector over the next few years.

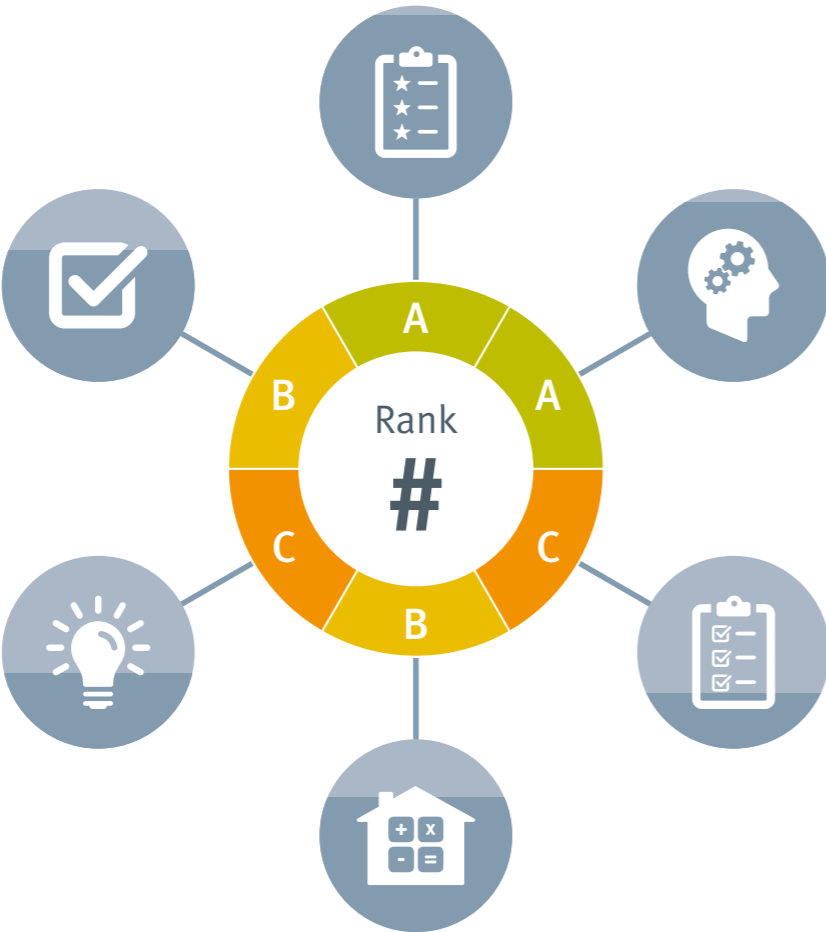
'Buy a Mortgage' Digital Journey

The outstanding value of all UK residential mortgages is **£1.5tn**

Product Inventory
Does the lender provide product pathways or do they simply have a list of their current mortgage products, rates & fees on their website? *Over half of the lenders make use of product pathways to an extent, with the rest either providing a full list via web page or download.*

There are **10.94 million** mortgages in the UK

D2C Online DIP
Does the lender offer an online Decision in Principle? *68% offer an online DIP, building societies are lagging behind the banks with this capability.*



Knowledge Base
Does the lender provide a knowledge repository containing Q&As; help guides; jargon busters etc? *Most lenders provide a good baseline of knowledge for customers helping them to make informed choices.*

Digital Innovation
Does the lender have any innovative digital features e.g. Save to buy app; Online case tracking which isn't hidden behind an existing customer online banking application? *A few lenders are now offering apps to help customers save for & buy their first home, some offer online case tracking but generally most lenders could do far more here. We expect to see more investment & innovation in this space over the next couple of years.*

Lending Criteria
Does the lender publish their financial & property lending criteria? *Only 29% of lenders publish this information, some provide a small subset of lending criteria but for customers with 'non-standard' properties this could cause a negative customer experience.*

~75% of all mortgages are sold via an Intermediary

Affordability Calculators
Does the lender provide a comprehensive suite of affordability calculators e.g. quick; full or ideally both? *Only 37% of lenders provide customers with both a quick & full affordability calculator. Others will point to their online DIP capability however not all customers want to go through the formal DIP process at the research stage.*

The average mortgage debt is **~£137,000**

D2C UK residential mortgage lenders

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Where overall scores are tied, Online DIP & Digital Innovation scores have been used to differentiate. Research based on publicly available data, to the best of our knowledge is accurate to May 2021.

'Buy a Mortgage' Digital Journey

The infographic below benchmarks the main UK high street residential mortgage lenders against our assessment criteria. The majority of lenders have the digital basics covered with ~68% now offering an online Decision in Principle. Looking ahead, increased access to and sharing of data across the end to end homebuying journey (supported by Open Finance & 3rd Party APIs) will provide the next transformational shift in terms of customer experience & operational efficiency improvements.



Key to Questions:

- 1: Product Inventory
- 2: Knowledge Base
- 3: Lending Criteria
- 4: Affordability Calculators
- 5: Digital Innovation
- 6: D2C Online DIP

Key to Scoring:

- A Optimised capability
- B Maturing capability
- C Initial capability
- D No capability

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|---|---|---|--|--|
| <p>Leeds Building Society</p> <p>Rank 1</p> <p>12= Rank by market share</p> | <p>BARCLAYS</p> <p>Rank 2=</p> <p>5 Rank by market share</p> | <p>MONEY</p> <p>Rank 2=</p> <p>7 Rank by market share</p> | <p>Nationwide</p> <p>Rank 4=</p> <p>2 Rank by market share</p> | <p>SKIPTON BUILDING SOCIETY</p> <p>Rank 4=</p> <p>11 Rank by market share</p> |
| <p>YORKSHIRE BUILDING SOCIETY</p> <p>Rank 6</p> <p>9 Rank by market share</p> | <p>COVENTRY Building Society</p> <p>Rank 7</p> <p>8 Rank by market share</p> | <p>NatWest</p> <p>Rank 8</p> <p>3 Rank by market share</p> | <p>the West Brom</p> <p>Rank 9</p> <p>17 Rank by market share</p> | <p>Newcastle Building Society</p> <p>Rank 10</p> <p>16 Rank by market share</p> |
| <p>HSBC</p> <p>Rank 11</p> <p>6 Rank by market share</p> | <p>TSB</p> <p>Rank 12=</p> <p>10 Rank by market share</p> | <p>LLOYDS BANK</p> <p>Rank 12=</p> <p>1* Rank by market share</p> | <p>HALIFAX</p> <p>Rank 12=</p> <p>1* Rank by market share</p> | <p>Santander</p> <p>Rank 15</p> <p>4 Rank by market share</p> |
| <p>Principality Building Society</p> <p>Rank 16</p> <p>15 Rank by market share</p> | <p>Bank of Ireland</p> <p>Rank 17</p> <p>12= Rank by market share</p> | <p>Cumberland Building Society</p> <p>Rank 18</p> <p>18 Rank by market share</p> | <p>METRO BANK</p> <p>Rank 19</p> <p>14 Rank by market share</p> | |

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Altus
MAKING FINANCIAL
SERVICES FASTER

In the year to June, house prices have risen by

13.4%

50%

of all homes are owned outright

Stamp Duty holiday and changes to working practices due to Covid are **fuelling the market**

Demand is outstripping supply – **30% fewer** homes on the market compared to last year

One in four customers sought a payment holiday during the **coronavirus pandemic**