



contents

Opinion 3

There are decades where nothing happens, and there are weeks where decades happen

Profile 4

Working from the inside-out

Technology special 6

Women leading the way in digital transformation

The Bank plans to transform its data collection

Key technology challenges for building societies

Government sets out new plans to help build trust in use of digital identities

Examples of digital innovations

The future of mortgage lending – platformification, digitalisation and agility

BSA Annual Conference 16

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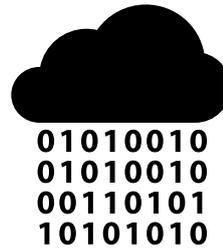
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# Hello and welcome to the Spring edition of **Society Matters**



**T**here are many women working in building societies and it's good to see that more are in senior roles compared with a few years ago. Julie Ann Haines was appointed the first female CEO of Principality Building Society last year and in April the Society will have its first female chair, Sally Jones-Evans. Congratulations to the Principality for being the first building society to have a female CEO and female chair at the same time.



On page 4 Julie-Ann explains how she is moving the Principality forward with its environmental, social and governance (ESG) strategy and acknowledges there is much to do to create a more inclusive and diverse culture.

The main focus of this issue of *Society Matters* is technology. Continuing the female theme, on page 6 we talk to four women who are key in progressing digital transformation in their respective building societies. They all have a passion for technology, what it can do and how it is continually moving forwards creating bigger and better things.

On page 8, the Bank of England explains about its Data Collection Transformation Plan which outlines its vision for the next five to 10 years. Financial organisations have huge amounts of data and the Bank wants to modernise reporting instructions, have common standards and more consistent data collection to guide them in their decision making.

Turning to page 9, Whitecap Consulting shares its findings on the technology challenges that building societies face. Customer service and operational efficiencies can be improved with digital transformation but how is that done?

The choice appears to be integration of legacy systems or undertaking a phased or complete overhaul of core systems.

The Government and industry are working together to create one ID verification process. This will mean house buyers and sellers only need to produce their ID evidence once instead of numerous times to the estate agent, broker, lender, conveyancer and so on. Etive Technologies explains the project on page 10.

There are lots of innovations going on in the building society sector and we could not possibly cover them all in our limited amount of space but on pages 11 to 13, we look at six digital transformation case studies. They are all different but have something in common, which is that technology is helping to improve processes, create efficiencies, speed things up and make life easier for building societies and their members.

**JOANNE ATKIN**  
*Society Matters* Editor





By **ROBIN FIETH**,  
BSA Chief Executive

“There are decades where nothing happens,



and there are weeks where decades happen<sup>1</sup>”

<sup>1</sup> Vladimir Ilyich Lenin

Technology is constantly evolving but lockdowns have accelerated the pace of development as we adapt to a ‘new normal’

If I had told you at the beginning of 2020 that, within a very few months, the vast majority of your teams would be working from home, that collectively you would have provided mortgage payment deferrals of up to six months to over 450,000 building society and credit union borrowers, that the government would have unleashed massive support for businesses and employees to preserve jobs, and that we would be experiencing the worst recession since 1709, you would probably have thought that I had completely lost it.

But here we are, a year on, where all those things have come to pass and, thanks to a similarly incredible journey of accelerated vaccine development, we are starting to look hopefully towards the summer, the lifting of restrictions and a return to life more as normal. Although quite what that means we have yet to find out – or decide.

For new life as normal will not be life as we knew it before the Covid-19 pandemic. We are turning a page of history. And yet, many of the questions we were asking before the pandemic will remain with us. The answers may be rather different, though.

There’s been lots said about the digital agenda moving forward five years in the last twelve months. You could say that we have really learnt the meaning of agile development and working as IT teams throughout achieved in hours and days what would previously have taken months and years of planning and implementation. Lockdown and mass home working was a scenario in few play books. At the same time, customers have switched to online at rates far above previous estimates; and most will quite probably stay online in the longer term out of convenience – at least for many things.

So now seems to be a good time to re-visit some of those questions that we have been encouraging boards and management teams to embrace; questions that may help define successful mutual businesses as we go through the “roaring 2020s”; questions that may help us achieve our common goal of stewardship – successfully passing our societies and our mutual values onto future generations of members in a better position than we found them.

Firstly, how do we convey our mutuality through the medium of digital? What is distinctly different about our websites and our offerings when compared with conventional and new challenger banks?

Secondly, how do we make both existing and new members feel welcome? How do our digital offerings and spaces help create genuine and deep member relationships? Does this feel like an organisation for people like them? In our digital strategies, how conscious are we of the communities we serve and want to serve? In the past this was part of our branch strategy. How does that translate into the digital sphere, for many alongside bricks and mortar branches?

Thirdly, how clearly are we thinking about new generations of members? There is plenty out there about how in-tune our values are with Millennials and Gen-Z. Are we just going to hope they come to us? Or are we going to be delivering what they want, be out there in the media they use, telling our stories in their language, using the positive influence of social media to create new generations of building society and credit union champions?

So much food for thought as we head towards this year’s virtual BSA Annual Conference during the first week of May!

**Next steps:**

You can follow Robin on Twitter [@bsaceo](#) [www.bsaconference.org](http://www.bsaconference.org)



# Working from



By **JULIE-ANN HAINES**,  
CEO, Principality  
Building Society



Principality Building Society is keen to pave the way forward for the business with sustainability and diversity being intrinsic to the internal culture.

**F**rom the first moments I took over as CEO at Principality last year, I could see an urgent need to be focused on bringing the consumer inside the business and begin to work from the inside-out to move us forward as a business.

Plans are already in progress to make Principality a much more purpose-driven, sustainable and diverse mutual organisation. I don't want our business to simply tick some neat boxes then standstill and forget about the issues that are staring us in the face.

Covid has certainly focused the attention of lots of companies and people all over the world. Right now, businesses have been thrust into the perhaps unfamiliar position of having to act in the interests of the broader society. For example, new working from home practices, return to the office, creating solutions for our people to help balance childcare with being productive at work, making sure our colleagues' mental and physical health is prioritised even more than ever.

There is a need to be a more flexible business, listening to what people need rather than just offering them what we think they want and what benefits us the most. It is something we all have to come to terms with and adapt to. It is a huge wake-up call for businesses to listen more intently to colleagues, customers, communities and stakeholders.

### Restructure

I created two positions as part of my restructure once I started my role. Firstly, a sustainability lead to work with our products,



# the inside-out

risk, governance and corporate social responsibility teams. The second position was a diversity and inclusion lead to help us make step changes to our internal culture. These two roles will be fundamental to helping us with our environmental, social and governance (ESG) strategy in the next five years.

## ESG strategy

There is also a growing expectation that firms making multiyear commitments to sustainable finance build ESG considerations more comprehensively into their governance structure.

I think it is crucial for ESG aspects of financial decisions to be brought into mainstream governance arrangements. This should be seen as part and parcel of board responsibility for purpose, strategy and the design of the business model intended to achieve ESG goals. I can see we have a lot to do but we are already taking small steps on the road to being a more sustainable business.

## Values

The McKinsey report on ESG tells us such a business proposition creates value. One is how strong ESG can help with top line growth and attract B2B and B2C with greener products that meet the values of potential customers. Reducing costs such as energy consumption is an obvious way we can as mutual businesses help the environments of our communities.

As responsible member-owned businesses we can enhance better investment returns by better allocating capital for the longer-term. All of this can boost colleague productivity and help building societies attract talent through greater social credibility. People want business to share their values, they want integrity and transparency, as well as great service.

If you think of these benefits, it makes so much sense, especially if we are all to attract a younger demographic, for building societies to be even braver in doing the right thing for people. My greatest inspiration is my own children, who have a much greater awareness of environmental and climate issues than I ever had as a teenager. My eldest has already had a question she put to our local MP read out in the House of Commons about taxation in single use plastic.

## Housing and sustainability

Climate change and sustainability is becoming an ever more important topic, in home-life and within businesses, and it's no surprise that property contributes 20% of all carbon emissions.

Our Commercial team has already made some progress in providing loans to eco housing projects, and has launched a green product for developers who are looking to build greener homes.

I am proud we've recently become an early adopter of the Sustainability Reporting Standard for Social Housing, which is a universal framework for Housing Associations to report their sustainability. Housing Associations that use this framework will receive preferential rates from the lenders involved to encourage the building of eco-friendlier homes, both around construction and operations.

## Diversity

Similarly, the case can just as forcefully be made for why more diverse organisations tend to be much more successful businesses. More than 45% of women make up the workforce in financial services, yet less than 20% are represented on executive committees globally.

Despite being the first female CEO in Principality's history, and as an organisation that is about to become the first building society to have a female CEO and female chair of the Board to work in tandem, we still have an enormous amount to do in order to have a much more inclusive and diverse culture.

*"I want to create a team of colleagues that reflect the local communities we serve, moving from being purposeful to being truly purpose-led."*

## Five-year strategy

Our five-year strategy will focus on working on that inside-out approach I have already mentioned. As a business we have already reformed recruitment procedures and increased our flexible working arrangements throughout the pandemic. We are looking towards long-term change after our colleagues told us that more than 40% want permanent home working arrangements to help with childcare and work life balance.

We have already embedded mentoring schemes for women and more than 100 female colleagues have worked with Welsh company Chwarae Teg, who provide courses to help women reach their potential at work.

Recently Stonewall came in to give an awareness course to our Board and senior leadership teams and the impact has been profound. We already have thriving LGBTQ+ and REACH networks to cultivate a more inclusive and understanding culture. These are small steps but ones which create a much more buoyant and productive workforce.

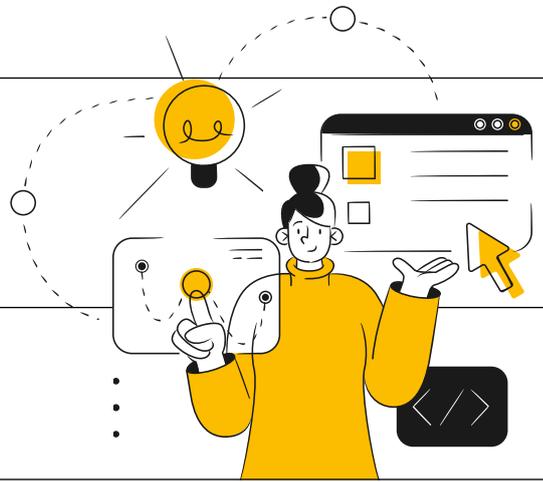
I want to create a team of colleagues that reflect the local communities we serve, moving from being purposeful to being truly purpose-led. The team should be one that is focused on being not only sustainable today but one that doesn't compromise the ability for future generations to meet their needs. We have to be relevant for today but ready for tomorrow.

It is time to be courageous in our decision making, and the events of the past year have taught us the need to strive to achieve more on behalf of our members and communities. I am so excited about the opportunities that lay before us and how we can start to make a difference.

## Next steps:

Visit [www.principality.co.uk](http://www.principality.co.uk)  
**ESG Social Housing – Building a sector standard approach to ESG reporting**  
<https://esgsocialhousing.co.uk/>

# Women leading the way in digital transformation



Society Matters caught up with four women who have carved out a career in technology and been instrumental in digital transformation

## Alison Davies

Head of Digital, Skipton Building Society



Alison started her financial services career at First Direct 27 years ago, joining when her son was one because it had a crèche, which was innovative at the time. She has predominately worked in technology and developed a love for what it can do. Alison set up the team that started the digital era at First Direct, although it wasn't known as digital back then, it was called Electronic Services. This led to Alison joining the First Direct Board as Head of Digital followed by moving to HSBC and creating a new Digital function that supported First Direct, Marks & Spencer Money and HSBC UK.

Next, Alison worked on a massive global project - One HSBC - creating one infrastructure for all the Group's businesses to use. Her team crafted the appropriate customer experience for each bank. The next 10 years were spent in HSBC Group and Global building a team of 120 digital practitioners at its peak. Alison says she does not like to say no, if the opportunity is there, she will stretch herself to make projects work.

Alison left HSBC in Jan 2014 and wanted to try a different industry but still within digital as she explains: "Digital is what I do, who I am, I love it with a passion. Leveraging great technology with superb customer and colleague experience in a virtual way is exciting."

Having started the interview process with two retail firms, Alison couldn't resist the attraction of Skipton Building Society. As she says: "Skipton has an amazing reputation and customer service ethos. We had a website but there was lots to do and the opportunity to embed the digital strategy and the team around it was compelling. Within three months everything was approved. With the help of others we had designed the roles as a Digital 'centre of excellence' team and started recruiting. We now have an excellent team of 40 'digi dudes' doing 'all things bright and digital, all websites great and small'."

## Current projects

Having spent a long time on customer experience, Skipton is now focussing on digital colleague experience. Alison explains: "The Society is looking at personalisation - to give customers and colleagues a tailored experience online and we are looking at enhancing our website. The team is developing efficiencies and automation of some of the manual processes at the back end. We are constantly measuring and monitoring what customers do using data analytics to help improve their experience. We have developed a mobile app and later this year customers will be able to open an account on the app.

"It's been an amazing journey and a great 'one team' effort working with many around the business. A continual effort always putting customers and colleagues first."

## Manila McLean

Group CIO, Newcastle Building Society and Newcastle Strategic Solutions



Manila has over 20 years' experience in financial services, leading digital and technology transformation journeys for well-known brands. Her passion is building highly talented and collaborative teams to deliver technology solutions that customers will love using. She is on the judging panel for the UK Digital Experience Awards, and a member of the Steering Group for the Dynamo Fintech Cluster in the North East.

She says: "I've had a passion for technology, from the moment I received my first games computer in 1982 (which I still have - in the loft in my own little tech museum), and importantly, how it can make life easier for customers. I studied Computer Science and Management Science and for me it's always been about that mix of tech and its application in business."

## Current projects

It's busy at Newcastle as Manila explains: "We use digital to enhance the quality of our human interaction, to create a great customer experience, and to offer customer choice. Rather than thinking of our digital initiatives as 'projects', to be 'built' and considered 'done', we're continually evolving them as demands change for our customers, business and technology.

"We're developing our digital propositions against a new architecture of services enabled through APIs and built with Open Banking in mind. Hosted in MS Azure Cloud, we're utilising powerful tracking and data tools to enhance their evolution in response to what customers want.

"We're continuing to evolve our mobile app. We've had over 30k downloads since launch six months ago, and customers are accessing on average 1.4 times per day. This clearly demonstrates the demand for a service like this and highlights the opportunities of having the brand front of mind and in customers' hands and pockets every day!"

"Building strong customer relationships is key. Digital is a part of everyone's lives and over the last 12 months we've seen a rise in digital demand, so it's clear that it has an important part to play in augmenting the personal experiences we can offer."

"Mobile, digital content, and live video engagements will continue to have the biggest impact on our sector in the short to medium term."



## Sarah McKegney

Head of Digital, Progressive Building Society



Sarah studied accountancy at Queen's University in Belfast and then trained as a Chartered Accountant with PwC. This was a great experience which gave her wide exposure to so many different businesses and industries both in Northern Ireland and the UK. She then went travelling around the world and worked in a number of financial roles including within the Australian Broadcasting Corporation in Sydney. When Sarah returned home to Belfast she applied to work for Progressive. She had been fortunate to work with the Society during her time at PwC and it was an organisation she very much admired.

She joined Progressive as Business Strategy Manager and was responsible for translating the Society's strategic objectives into deliverable change programmes. As part of this work Sarah developed the Society's digital strategy and was appointed Head of Digital. This involves driving digital change across the organisation which is a key strand of the Society's wider transformation programme.

### Current projects

Sarah explains about the projects she is working on: "We are implementing a CRM system across the business which will enable us to digitise our processes, automate tasks, and improve the efficiency and effectiveness of the service we provide to our customers. We successfully launched the facility for our customers to carry out product switches online at the end of 2020.

"In 2021, we will be launching a brand-new Intermediary Portal and online savings functionality for our members. Whilst these projects will improve service for our members and intermediaries, they also encourage greater automation across many of the Society's processes resulting in greater efficiencies, reduction of paper usage and cost effectiveness.

"With new online capabilities comes the need for greater support to members, customers and mortgage intermediaries. As such, the Society has implemented a cloud-based workflow management tool that will enable us to streamline our processes, improve our operations, and interact more effectively internally and with our customers. We are currently on a phased rollout of this software which will not only improve our service but will enable us to better manage customer and intermediary relationships and track outcomes and performance across the business.

"With so much positive change going on, it's an exciting time to be part of the team."

Looking forward, Sarah believes the ability to work remotely will impact how businesses operate: "A flexible, modular infrastructure is going to be key to meet the rapidly changing expectations of both customers and employees and the Covid-19 pandemic has only accelerated this inevitability. Such flexibility presents huge opportunities for building societies as we will be able to engage customers at a time and manner most convenient to them and it also opens up the possibilities of new markets. Covid-19 has made remote working a very familiar concept to customers making it easier for businesses to operate in this way."

## Sally Morgan

Operations Director, Tipton & Coseley Building Society



Sally's early years were spent in commercial and corporate banking at Lloyds Bank and Nationwide Building Society. She transitioned into executive roles at Nationwide running business areas such as communications, insurance, banking and savings.

After 15 years Sally became one of five executives at Coventry Building Society. Although her role didn't work out quite as planned due to the 2007 crash, she ended up managing operations, reshaping the call centres and winning the Best European Call Centre award.

Sally then worked for private equity consolidating three insurance companies into one group driving operational efficiency; next was private finance reshaping operations for an international financial services company working between the UK and South Africa; and finally, she worked for a third party mortgage servicer.

She says: "All of these opportunities gave me a chance to grow and build on my operational change capability but it was long exhausting hours! I love the building society sector ethos and wanted an opportunity where I could have a better work life balance and a role at the Tipton seemed to be a great fit; they wanted to drive change and I felt I could offer them that skill set.

"I've had some interesting successes along the way including building a voice recognition call centre which enabled a significant amount of self service but also allowed customers to speak to an agent if they preferred; an award winning end to end mortgage process from receipt of application through to funds out; and most recently launching a new distribution channel via mobile app."

### Current projects

Sally says Tipton is the first building society to launch a distribution channel through a mobile app and will spend a few months integrating this fully into the business, launching new products and listening to feedback.

She explains: "We have used Robotic Process Automation (RPA) successfully through the app and for our branch account opening process. This year we hope to utilise RPA further removing some of the more mundane repetitive tasks. The benefits are twofold, it increases efficiency and reduces risk by taking human engagement out whilst allowing the employee to undertake more interesting tasks, hopefully creating better employee engagement.

Looking forward, Sally thinks the big topic for technology innovation is Open Banking and how this evolves: "Inevitably there will be a plethora of new tools, products and services from aggregators to payment and investment/savings facilities and options to find the best products. However, this will be challenging for smaller and non-primary banking relationship organisations, but I believe it will be essential to be on that journey to remain sustainable.

"RPAs will continue to evolve and APIs will certainly be essential to progress. The challenge for many organisations is the capacity to take on board this change and integrate with existing systems, and the costs of outsourcing or paying and retaining staff with the right skill set as they are inevitably going to be in demand."



By **ANGUS MOIR**,  
Senior Manager,  
Data Collection  
Transformation,  
Bank of England

# The Bank plans to transform its data collection

For the Bank, PRA, and FCA, data collections from firms are a critical ingredient of our data foundations. Without high-quality collections, our ability to identify risks and harms, design good policy, and take action in a timely and targeted fashion is severely affected.

**B**ut we, and the systems we oversee, are changing. Technological advances and automation mean that more data than ever before is being created and captured. Simultaneously participants across the financial system, including authorities like ourselves, expect more high quality, timely data to guide them in their decision making.

## Our data collection review

To decide how to respond to these changes, throughout 2020, the Bank carried out a review of data collection. The review's aim was to shape the evolution of reporting over the next five to 10 years. The review took place via more than 260 internal and external events, with over 130 organisations, including BSA and many of its members, and through receipt and review of over 60 written responses to a discussion paper we published.

The review found that to transform data collection, industry needs to transform how it manages data, and we need to transform how we collect data. In particular, the review identified three key reforms that need to take place:

**a.** Defining and adopting common data standards that identify and describe data in a consistent way throughout the financial sector. These common standards should be open and accessible for use by all who need them, and will bring benefits well beyond reporting.

**b.** Modernising reporting instructions to improve how our reporting instructions are written, interpreted and implemented. There are a range of steps we think this will involve, from setting up better Q&A processes to potentially rewriting our instructions as code.

**c.** Integrating reporting to move to a more streamlined, efficient approach to data collection. This reform includes making data collection more consistent across domains, sectors and jurisdictions, and designing each step in the data collection process with the end-to-end process in mind.

## Next steps

To help deliver these reforms the Bank and FCA want to set up a multi-year transformation programme. We want this programme to be delivered with an iterative and pragmatic approach. During each phase we will aim to deliver a series of 'use cases' focusing on particular collections or types of collections. Each use case delivered will add value in its own right, as well as delivering improvements that can then be applied to other collections over time.

We expect the first phase, taking place over the next 24 months, to deliver tangible insights and lessons for the future, but to only impact a small number of data collections. The second phase, taking place over roughly the subsequent

three years, will focus on expanding the transformation into new areas with an increased focus on integration. Subsequent phases will scale the transformation to maximise value.

We hope by the end of this year to have the structures in place that will govern this programme of work, with delivery teams designing and testing the future of data collection. In particular, we are looking to build a core team comprising staff from the Bank, the FCA and staff from the firms from whom we collect data. We expect the core team to be supplemented by part-time input from other staff, who have expertise and vision to contribute. We hope these individuals, only able to make smaller time commitments, will provide valuable feedback on issues and solutions, and ensure new changes work for everyone involved in the process.

The Bank published a Data Collection Transformation Plan on 23 Feb 2021 outlining the vision and next steps for the review.

## Next steps:

*Data Collection Transformation Plan | Bank of England*

<https://edu.bankofengland.co.uk/news/2021/february/data-collection-transformation-plan>



# Key technology challenges for building societies

How building societies can differentiate themselves in an increasingly competitive market has been the subject of research recently undertaken by Whitecap Consulting in association with the BSA and other partners.



By **STEFAN HAASE**,  
Director, Tech &  
Innovation Lead,  
Whitecap Consulting

**T**he research has focused on key subject areas: mutuality, regionality and technology.

This article focuses on four themes emerging in relation to technology. These themes align to Whitecap's experiences working with building societies on strategy and planning, particularly in relation to technology and FinTech.

## 1. Societies acknowledge a requirement to enhance digital capability to meet customer needs and deliver operational efficiencies.

There is a widespread acknowledgment that investment in the modernisation of technology is required to enable: more efficient ways of working; automated processes; internal efficiency improvements; and meeting the needs of a customer base increasingly turning to digital channels. Building societies, however, are long established organisations with legacy systems, which is at odds with the modern, scalable, agile, flexible cloud-first approaches driving the growth of the wider tech sector.

## 2. Approaches to modernisation range from augmenting existing systems to the complete replacement of core banking systems.

Building societies are faced with a choice of modernising/integrating the legacy systems of incumbent providers with modern Tech/FinTech applications, or undertaking a phased or complete overhaul of their core systems. There are examples of each approach being deployed. At this early stage in the sector's digital transformation there is insufficient evidence to evaluate



*"There are opportunities for societies to adopt APIs to help streamline key processes."*

the effectiveness of either option, but it is evident that doing nothing is not a long-term option.

Larger societies are proactively driving their technology and digital plans, whereas the technology development plans of smaller societies are generally driven by the roadmaps and strategies of their tech partners in relation to technology improvements.

## 3. Many societies aspire to adopt an API driven approach to deliver modern tech solutions alongside legacy core banking platforms.

When considering digital technology, societies are acutely aware of the increasingly prominent role APIs are playing in modernising the financial sector. While Open Banking is an

area of strong interest, for most societies it is not an immediate priority. There are opportunities for societies to adopt APIs to help streamline key processes such as dynamic data capture, the evaluation of mortgage eligibility, and even ID and verification. Other API driven integrations could deliver process improvement, data analytics capabilities and regulatory reporting automation.

## 4. The highly competitive technology and FinTech supplier / partner market is challenging for societies to navigate but is recognised as a source of new ways to deliver a modern customer experience.

Competition to provide technology solutions to the sector is strong. More than a dozen firms provide core banking and front-end systems

to the 43 societies and these incumbents face increased competition from newer cloud-based providers seeking to enter the sector. CEOs recognise the longer-term need to embrace modern ways of working and modern technology provision to maintain their market relevance, but the wide range of providers makes it challenging to evaluate potential future options.

The way building societies compete in future will be driven by a range of factors including strategy, the role of mutuality and purpose, regionality, and changes in the mortgage and savings markets. Technology will be a common underlying theme in many of these areas, hence it is firmly on the radar of the sector.

### Next steps:

Visit  
[www.whitecapconsulting.co.uk](http://www.whitecapconsulting.co.uk)

# Government sets out new plans to help build trust in use of digital identities



By **STUART YOUNG**,  
Managing Director,  
Etive Technologies

The government, legal bodies and property professionals are collaborating to make ID verification easier, quicker, safer and more efficient, which will be especially beneficial within the house buying process

**T**he Department for Digital, Culture, Media and Sport (DCMS) has been working on a set of rules for governing the use of digital identities. The objective being to make it quicker and easier for people to verify their identity and to use this identity for a variety of purposes.

Home buying and selling is seen as a primary business case for revolutionising the use of a verified identity due to the high friction experienced by sellers and buyers. All too often, through the home buying and selling process, a person has to prove their identity up to five times with an estate agent, conveyancer/solicitor, mortgage intermediary and mortgage lender.

As all the relying parties through the sales process are working to different regulations, no one party can trust and rely upon the identity verified by another relying party. This increases consumer costs, introduces delays into the transaction process and creates weak points for fraudsters

as they target the weakest link in the chain.

## Industry-wide project

Etive Technologies is currently leading on a digital identity trust scheme specifically for the home buying and selling sector, aligned to DCMS and HM Land Registry requirements.

***“The home buying and selling digital identity scheme will build ‘trust’ and ‘reliance’ into the process of identity verification.”***

This project is supported by the Law Society, CLC, SRA, CILEx Regulation, Propertymark, Guild of Property Professionals, RICS, RPSA and National Trading Standards Estate and Letting Agency Team. Its aim is to create a centrally agreed framework against which all processes and providers would be accredited, to provide greater surety of data quality and reliance.

The property sector has embraced digital identity verification, formally recognised within The Money Laundering and Terrorist Financing (Amendment) Regulations 2019. The legal sector has its own guidance, developed by the Legal Sector Affinity Group (LSAG), which includes the Law Society, CLC, SRA and CILEx Regulation. This guidance identifies electronic checks as a sufficient measure for compliance with money laundering requirements (acknowledging there may be circumstances where it will not be appropriate.

Developing a trust framework for digital identity in conveyancing holds out the promise of faster and more secure transactions and is good for clients, conveyancers and the property market as a whole. “This project demonstrates the importance of professions across home buying and selling working together on innovation and improvement,” said Stephen Ward of the CLC.

## One ID verification

What this means is that a consumer will only need to have

their identity verified once and to a higher standard. The consumer will have control of this identity and the ability to share their identity certificate with all those who need it, without having to go through more and often conflicting identity checks.

The output of this identity scheme, aligned to the financial services digital identity scheme, is that it will increase the standard of identity across the sector, increase barriers to property and mortgage fraud and reduce failed transactions. The home buying and selling digital identity scheme will build ‘trust’ and ‘reliance’ into the process of identity verification.

Matt Warman, Digital Infrastructure Minister, recently highlighted that this framework is expected to go into law with a specific set of standards and requirements for organisations that provide or use digital identity services.

## Next steps:

Visit [www.etive.org](http://www.etive.org)



# Examples of digital innovations

We have six case studies of digital transformation within the building society sector. They are all very different and cover mortgages, savings and online banking.

## Monmouthshire uses robotics to transform broker and customer service



Monmouthshire Building Society has taken its first steps in rolling out Blue Prism's turnkey cloud platform, for a change programme that could see as many as 170 processes improved through intelligent automation.

Blue Prism's platform provides access to a pool of intelligent digital workers straight from the cloud. These digital workers are autonomous software robots, equipped with artificial intelligence (AI) capabilities that mimic and learn business processes like humans.

Stage one of implementation will be to automate the end-to-end mortgage borrowing process, starting with the onboarding of brokers or networks and the payment of broker commission.

Blue Prism's digital workforce will enable the Society to onboard new brokers or networks within 24 hours and aims to pay broker commission more frequently than the monthly payments that are currently made.



Stage two will be to automate some of the heavily manual processes the underwriting team still have to perform, including assessment of application forms, documents, affordability and ID verification, and instructing valuation reports. The benefits will go beyond making processes

more efficient. For example, digital workers can manage tasks like background checks accurately, helping to further strengthen risk and compliance.

Stage three will automate the assessment of valuation reports, the production of mortgage offer paperwork that will include the adding of special conditions, and the uploading of mortgage offers to broker and solicitor portals. This will strengthen the Society's 'Green' approach amongst members and Society colleagues by minimising the number of physical letters sent in the post.

In addition to speeding up the overall process for customers, it will also reduce the time between completion and intermediaries receiving their proc fee.

Intelligent automation enables mutual societies to limit the friction of the mutual lending model, creating agility and leveraging digital resources to build market share and competitive advantage.

## Creation of Mortgage Hub at Leeds



In partnership with Iress, Leeds Building Society embarked upon the journey to enhance its mortgage-related systems. The goal was to provide brokers with online functionality from application to completion and a simpler and more efficient experience.

The first stage, rolled out during summer 2020, saw the Society implement Iress' MSO (Mortgage Sales and Origination) and functionality includes:

- Instant Decision in Principle on the majority of applications
- Day one automated document requests and valuation instructions
- Real-time case tracking and updates
- Full self-service functionality, allowing changes without needing to call or email
- Administrator and supervisor permissions offering flexibility to support remote working

Phase two, going live during spring 2021, will add Iress' Lender Connect, meaning intermediaries can seamlessly apply for Society products when using any integrated CRM and sourcing system.



### What impact will this have on the service the Society provides to members?

Andy Moody, Leeds Building Society's Chief Commercial Officer, said intermediaries had responded positively to the swifter, simpler application process. Greater automation frees up colleagues to deal with more complex cases, benefitting the Society's successful strategy of supporting borrowers in under-served sectors, such as affordable housing and later life lending.

"The improved online functionality is complemented by our specialist underwriting expertise to increase capacity and improve service for members and intermediaries," said Andy. "Mortgage Hub forms the basis for further future improvements, the next of which will be Lender Connect."



## Bath speeds up mortgage application process

Artificial intelligence is powering Bath Building Society's drive to improve its direct mortgage sales process, not only speeding up its internal systems and processes but also helping it to better engage with customers.

The West Country-based mutual has partnered with Copenhagen-based fintech Festina Finance, which has developed an AI-based system to help customers manage savings, investments and lending.

The software uses a process called adaptive questioning to collect information about the customer's financial situation as part of the advice process.

Steve Matthews, Head of Mortgages at Bath Building Society, said: "Bath's existing front-end sales process for its direct mortgage business involved several systems and produced a lot of paper."

Another issue was that the process was mainly reliant on working within the office to enable the documentation to be produced and put together, which was a particular challenge for its Buy for Uni mortgage product.

"Trying to get a student and their parents all around the table in one go is not always the easiest thing to do," said Steve. "We often have to interview the student and the

parents, separately, so it becomes a much longer process. That's why we were looking to streamline and that's where Festina Finance came in."

Bath first saw a demonstration of Festina Finance's system at the BSA's 2019 Annual Conference and the Society started the project in the summer of 2020.

Because the system is online, it has immediately freed up Steve's team to meet with customers anywhere. Everything is done within the one system, so it avoids unnecessary rekeying, and in the interview and initial underwriting stages, is reducing the time taken.

Steve said: "We've been testing the system for quite a while and depending on how complicated cases are, we've have seen a 30% reduction in time to process cases."

Bath's aim was for the system to also enhance the underwriting process by ensuring the customer provides as much detail as possible up front for Bath to make the final decision, which the system has helped with.

"Historically we've been high touch and manual - this is bringing digitalisation into a smaller building society," he added.



## Dudley takes its members online

Dudley Building Society has partnered with financial services technology specialist ieDigital to create a new online service to help its members manage their savings and mortgage accounts.

The new service, which went live in January this year, means that for the first time the Society's existing members – who relied on branch-based services – are now able to go online. They can view personal accounts, apply for new products, transfer money between Dudley accounts, deposit funds from a debit card or from a nominated bank. The new service also includes features such as savings goals, enabling members to plan and save for holidays, weddings or a new car.

The Society's aim is to offer its 36,000 members a more interactive, frictionless and secure experience – encouraging better savings habits while attracting new customer deposits nationwide and online.



Dudley asked ieDigital to deliver a solution that would be "as automated as possible, with no manual processes going on in the background". The financial services technology specialist's Interact platform, seamlessly integrates the back- and front-end to ensure a smoother

user journey, with all the prerequisite regulatory compliance in place.

Lorraine Breese-Price, Head of Operations at Dudley Building Society, said: "As a small society, this is a big thing for us – a milestone event. We feel this is going to change the future of our society. It's been a big piece of work, but it's great to see the immediate impact it's having for our existing members. The feedback has been great."

The first phase is only the tip of the iceberg and Lorraine said they are "astonished" that the majority of registrations are coming from existing members despite very little marketing.

She added: "We wanted the users' experience to be intuitive so they are guided through the screens in a friendly and logical way."



## DPR migrates The Cambridge to the cloud



DPR has successfully migrated The Cambridge Building Society to its latest cloud-hosted mortgages and savings software platform.

The Cambridge took the strategic decision to migrate from traditional private data centres to a more flexible option using Microsoft's Azure cloud. This allows it to adopt further cloud innovations as they become available.

This project was run by DPR collaborating with cloud partner CSI. These types of delivery are notoriously complex, and success depended on clear planning and processes, as well as highly integrated ways of working between DPR and The Cambridge.

The scale of the migration required a heavy emphasis on compliance and DPR delivered the enhanced infrastructure to The Cambridge in just four months - enabled by strong governance and rigorous testing.

### What are the benefits?

The use of DPR's cloud computing service has strengthened the robustness of The Cambridge's infrastructure, improved resilience, reduced potential

downtime, increased security, and provided improved disaster recovery/business continuity capability.

Azure will provide The Cambridge with increased flexibility, allowing its infrastructure to seamlessly scale, responding to both peaks and troughs in demand as well as supporting long-term business growth.

Trevor Tannenbaum, Head of IT & Change at The Cambridge, commented: "The plan was executed perfectly, and all key milestones delivered on time. Now we are live on Azure we are starting to see the benefits - the capabilities now available for operational resilience are key for the Society.

"The flexibility it offers will enable us to manage growth and reduce our overnight processes to allow customers full access to their accounts throughout the day."

Neil Locke, Head of Cloud Implementations at DPR, said: "This was a significant project and we are delighted with how well it was executed, with minimal disruption for The Cambridge. It's a massive testament to the DPR team and their cloud-first strategy.

"Cloud hosting is completely revolutionising how businesses operate, and cloud platforms like Azure, are the foundation of any successful IT infrastructure plan. We have continued to develop our capabilities during these unprecedented times, and we look forward to helping more businesses realise their objectives through cloud hosting."



## Improving Swansea's digital offering to its members



Swansea Building Society was keen to introduce an online banking facility to offer its members more flexibility and supplement its face-to-face offering with a digital channel to ensure it remained competitive.

Swansea underwent a needs analysis process with its members to understand their requirements and established that Mutual Vision's Online Banking system was the way to go. Not only did the product have all the functionality the Society required, Mutual Vision offered a low risk and easy to control solution.

### What technologies have been deployed and what services have been changed as a result?

Swansea first focused on onboarding existing customers and embedding that within the Society. It has had strong uptake rates from customers of all ages, with the oldest member to start using online banking being well into their 90s. The Society has received some great feedback from members



and 91% of customers to date have said they were satisfied with the platform.

### What impact will this have on the service Swansea provides to members?

People have found online banking incredibly useful especially over the last six months. Providing existing members with the option to transact without going into branch has been particularly valuable during periods of lockdown. This has allowed Swansea to serve its members throughout, especially those who are vulnerable.

Satisfaction scores have been high, and the online banking facility has allowed Swansea to offer a more comprehensive service and people are clearly very happy with it. Being able to offer members another channel to communicate and the ability to bank online has given Swansea another strength. Its digital presence makes Swansea more of a modern mutual and has made it more of an attractive prospect for younger customers.

# The future of mortgage lending – platformification, digitalisation and agility



By **STUART ANDERSON**, Chief Commercial Officer, Target Group

Target recently launched The Mortgage Hub, a fully digitalised mortgage platform which aims to transform the mortgage application process. Stuart Anderson discusses how customer needs have evolved and continue to do so - and the need for lenders to lead the way.

**T**echnology has already radically redefined the way we access financial services. Many providers are innovating and offering products and services to suit the needs and demands of the modern consumer.

Let's take a look at the emerging trends that are driving the evolution in lending.

## Digitisation v digitalisation

When it comes to mortgages, there are many parts of the process that have been successfully digitised, from mortgage comparison sites to online application forms that can give a decision in principle in minutes. The technology is out there. It has been for many years. But its potential is not yet being maximised.

Digital solutions have been developed to address specific challenges but there has never been an end-to-end, fully digitalised solution. As a result, lenders have relied on slow, outdated systems. Today's consumers are expecting instant decisions and paperless processes. Where this isn't available, customers face a poorer and longer drawn-out customer experience.

## Agility enabling success

To look at the mortgage process from start to finish is daunting. An agile and efficient way of taking on such a project is to componentise it. By breaking down the whole lifecycle into parts means that lenders can approach digitalisation in a lower risk and capital-light way. They can test solutions in a live environment, without interfering with legacy systems, ensuring good levels of resilience. This is what we've done with The Mortgage Hub. We've built it using modules which can be switched in and out to suit, and to create a high-performing solution.

## The emergence of platformification

Platformification is a growing trend in the sector, completely reshaping the industry and giving more choice to consumers, as well as much needed additional revenue streams for lenders. But, it's also blurring the lines between financial services and the rest of the market, creating new and unwelcome competition, with retailers, fintechs and players like Amazon and Google all getting in on the act.

Lenders and their competitors are increasingly adopting this platformification model, providing a hub to allow third parties to access, integrate and share customer data. This is bringing much needed revenue by offering customers more than just traditional savings and lending services. Using insight into individual consumer behaviours, coupled with slick automation and a great customer experience, lenders will be able to generate revenue by offering relevant and timely products from a range of partners.

In the coming decade we expect a rapid evolution of a new ecosystem that enables consumers to benefit from an interconnected network of services, solutions and products delivered at the point of necessity rather than the point of request.

We expect this will be a very large ecosystem, with many participants creating a lending product, distributing that product and servicing customer needs. The most notable shift will be the complete destruction of the traditional one-to-one customer-to-lender relationship that has been steadily diluted in the past few decades. In its place we expect the formation of a much broader one-to-many relationship model.

## Next steps:

Visit [www.targetgroup.com](http://www.targetgroup.com)



# GREAT THINGS DON'T COME FROM COMFORT ZONES

Stacy Tuschl\*

\* Set up first business as a teenager; now owns several successful, multi-million turnover companies; best-selling author; advocate of simplification and automation to scale business.

The mortgage application process hasn't changed much over time. Yes, it's had a few tweaks along the way but it's never had a complete overhaul. Until now.

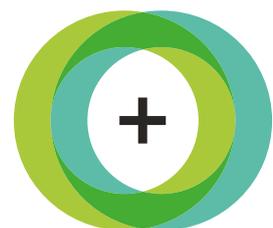
The Mortgage Hub, a brand new creation from Target, is a ground-breaking digital platform that you, your intermediaries and your customers will love. Unlike anything before, it represents the dawn of a new era.

Whether you're an established lender or a new challenger, The Mortgage Hub will reduce your operating costs; remove inefficiencies; and help increase the amount of business your organisation writes.

Crucially, it'll give brokers and customers an experience they'll enjoy. Something to keep them coming back for more. And we all know the importance of securing customer loyalty.

**To understand why The Mortgage Hub is genuinely unique and discover the many ways it will benefit your business, book a demo at:**

[www.TargetMortgageHub.co.uk](http://www.TargetMortgageHub.co.uk)



**TARGET**

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## 'FROM COVID-19 TO A NEW MUTUAL ECONOMY'

This year the Building Societies Annual Conference will be going virtual. Taking place across four half-day sessions the conference themes will cover key issues affecting the mutuals sector from; returning to growth and strong and simple - resilience and innovation serving mutuality, to outcomes based conduct and a business led recovery.

### SPEAKERS INCLUDE:

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**LINDA YUEH**

Writer and Broadcaster, Economist

**POPPY TROWBRIDGE**

Columnist for The Times and the Guardian and former special adviser and Director of Communications to the Chancellor of the Exchequer, Philip Hammond from 2016 to July of 2019

**SAM WOODS**

Deputy Governor for Prudential Regulation and Chief Executive Officer of the Prudential Regulation Authority, Bank of England

**DR RHIAN-MARI THOMAS**

Chief Executive,  
Green Finance Institute

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Building Societies Association

The latest programme, speaker information and details on how to register can be found on [www.bsaconference.org](http://www.bsaconference.org)

