



# How EOR Solves Challenges of the Mortgage Industry

The mortgage industry is a grueling but important sector for the global economy. Subprime mortgages are one of the biggest examples of how the industry affected the world's economy. The industry faces many challenges affecting productivity, efficiency, and profitability.

Timely response, higher costs, and workforce management for laborious work are some of the main challenges the industry is constantly struggling with. At the same time, the mortgage industry needs to address concerns such as customer satisfaction, document handling, and cost volatility.

The blog explains the effects of the Subprime crisis and how it added major challenges to the mortgage industry. Also, how forming a remote team in India with an Employer of Records (EOR) service can mitigate the challenges of the mortgage industry.

## Subprime Crisis

A crisis like subprime in which loan is commonly given to borrowers with poor credit scores added some more regulations and acts to follow which became another challenge to address for the mortgage industry.



The rapid rise in high-risk mortgage defaults, which started in 2007 and led to the worst recession in decades, was known as the “subprime meltdown.” Due to the mid-2000s housing

boom and the then-low interest rates, many lenders were willing to give home loans to borrowers with poor credit. Many borrowers were unable to pay their subprime mortgages after the real estate bubble busted.

To prevent a “systemic crisis,” the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#) of 2010 was passed. To act as watchdogs on Wall Street, the Act established organizations like the Consumer Financial Protection Board (CFPB) and the Financial Stability Oversight Council (FSOC). After these new administrative and regulatory changes, the challenges for the mortgage industry have increased and to address them building offshore remote teams is seen as a solution. How this solution works is explained case by case here.

## **Challenges in the Mortgage Industry**

### **Timely Response**

In the mortgage industry, time is considered crucial since all the stages from the original application to the final approval and funding distribution have to be accomplished on time in terms of satisfying standards of regulatory and consumer expectations.

In the modern era, customers expect prompt service. Applications that are processed slowly or questions that are not promptly answered might make customers unhappy and possibly lose business. There are strict regulations governing the mortgage sector. Deadlines that are missed may result in fines and problems with compliance.

### **Laborious Processes**

The mortgage process consists of application, verification, underwriting, and closing. These phases are all complex and demand close attention to detail.

A mortgage application calls for a large number of documents. Handling, confirming, and handling these records takes a lot of time and is prone to mistakes. This phase demands a lot of time and qualified staff because it entails in-depth investigation and risk assessment. For instance, in the US, ensuring that the process complies with state and federal rules adds another level of labor effort and complexity.

### **Margin-Cost Pressures**

In the mortgage business, margins are usually thin. Maintaining profitability while satisfying the demand to offer clients competitive rates is a never-ending issue.

Excessive expenditures on infrastructure, technology, and salaries can have an impact on profit margins.

Adhering to regulations entails extra expenses, both monetary and labor-related. Changes in interest rates and general market circumstances can have an influence on profitability, which emphasizes the need for cost control even more.

At the same time, labor cost is one of the biggest challenges mortgage companies face. Due to the disruption in the labor market, there has been a spike in labor costs. And as the cost increases the margin decreases.

Mortgage lenders anticipate a decline in profit margins in the upcoming months. This [Fannie Mae](#) research states that 52% of lenders surveyed expect a decline in profit margins, up from 48% in the previous quarter. Merely 33% believe that profits will stay the same, while 15% believe that profits will rise.

## **Forming a Remote Team in India: A Solution**

To address these challenges, many companies in the mortgage industry are looking for remote teams to build opportunities in emerging economies like India. A remote team can solve several challenges.

Indian remote teams have become a favorite option for businesses around the world. More than 1200 global business leaders from the US, the UK, Japan, and Singapore mentioned their interest in investing in the future or expanding their business ventures in India. The mortgage industry is also looking for a solution to help them focus on their core tasks, and solve issues regarding timely response, laborious process, and cost&margin.

### **Timely Response**

In a field where prompt action can make all the difference, having a remote team in India has many advantages. Because of the time zone difference, mortgage businesses can process applications and offer help after regular business hours in their home country. This helps ensure no customer is left waiting because of time zone differences, especially when processing urgent requests and time-sensitive applications.

Newer communication technologies make it easier for local and remote teams to communicate and assign work to one another. Transparency is preserved and team members' alignment is guaranteed with frequent updates and real-time collaboration tools, regardless of location.

To guarantee that clients receive correct and timely information, a specialized support team in India can address customer inquiries, offer status updates, and help with documentation. This method increases client satisfaction while freeing up domestic teams to work on more difficult assignments.

Indian remote workers can offer 24/7 help, guaranteeing that consumer inquiries and application procedures are attended to promptly. The time zone difference between India and Western nations like the US might be utilized to ensure ongoing operations.

Businesses may function around the clock, delivering prompt responses and cutting down on turnaround times, by assembling a staff in India. Indian teams have the flexibility to expand to meet peak demands swiftly, preventing delays brought on by a surge in workload. A big pool of highly qualified individuals with training in managing many facets of the mortgage process is available in India, guaranteeing precise and efficient completion of duties.

[Gene Mundt, Mortgage Lender – Manager](#) has explained the importance of timely response in the mortgage industry very well.

## **Streamlining Laborious Processes**

Although the mortgage process is naturally labor-intensive and can not be automated, remote teams in India can reduce this workload significantly. The majority of document management responsibilities, such as data collection, sorting, verification, and system entry, may be completed by Indian teams.

With the help of advanced document management systems and automation tools, it is possible to minimize errors and speed up the process. Indian outsourcing companies utilize such systems to achieve accuracy, efficiency, and precision at work.

Tasks such as obtaining and examining applicant data, carrying out basic risk analyses, and putting reports for review can be done through preliminary underwriting activities. A company can streamline these activities with a remote team in India.

The laborious process needs more people which increases the cost and technology, standardization, and less expensive manpower are the solutions.

Despite the labor-intensive nature of the mortgage process, offshore teams in India can drastically cut this workload. Indian teams may handle most aspects of document management, including data gathering, sorting, verification, and system input.

By reducing the time and effort required for these tasks, Indian outsourcing companies can reduce errors and speed up procedures by utilizing sophisticated document management systems and automation tools. Obtaining and reviewing applicant data, doing basic risk evaluations, and compiling reports for final review are all tasks that remote teams can assist with.

By helping with preliminary underwriting duties like data gathering and analysis, remote teams can free up domestic underwriters to concentrate on making final decisions. To further streamline operations and cut down on manual labor, several Indian outsourcing companies automate repetitive work using cutting-edge technologies like artificial intelligence (AI) and machine learning.

Indian staff can receive training to guarantee that all procedures and documents adhere to compliance standards and that they know the most recent regulatory needs. This [lowers the possibility of fines and legal problems](#) by guaranteeing the mortgage firm complies with all applicable federal and state standards.

Mortgage lenders who violate regulatory requirements risk facing steep fines. This frequently occurs inadvertently; for instance, when non-compliance results in a cybersecurity lapse that exposes data and attracts millions of dollars in fines.

## **Cost Efficiency**

Although the financial benefits of outsourcing to India are widely known, they go beyond only lowering [Read more](#)