

## Market Commentary

# What's next for the Canadian Mortgage Industry?

Following a turbulent and unpredictable 2020, the Canadian mortgage industry is looking forward to the future and to what comes next.

To gain a better understanding of what lies ahead, we talked with Richard Clark, Vice President, Filogix, Muhammed Rashid, Director, Business Development, Filogix, and Ryan Spence, Principal, Broker Channel Development, Filogix.

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**Despite the odds, we saw home sales rise in 2020. How do you see the housing market shaping up?"**

**Richard Clark:** In a way, we can expect a repeat of last year when it comes to home sales. Given the recovering state of the economy, interest rates are expected to remain low. By default, we anticipate a lot of transactions as consumers refinance and make new purchases. In some markets, the falling supply will come up against strong demand and ignite price wars. We expect to see higher price values in certain pockets of the country that historically, we would not expect to see growing at such a rapid pace. The Greater Toronto and Vancouver areas, for example, are typically hot markets, as well as the biggest growth markets, whether we look at it by units or by dollars.

But last year, we saw some interesting things happening. For the first time, places like Sudbury, Ontario, Saint-Jean and Gatineau turned out to have the most competitive markets and the largest increase in sales. That trend is likely to continue as people adjust to working from home and other impacts of the pandemic.

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**With a high number of transactions expected in 2021 and the continued impacts of the pandemic, what are mortgage brokers and lenders thinking about?"**

## About the Authors



**Richard Clark**  
VP, Filogix, a Finastra Company

Richard has more than 30 years at Finastra and its predecessor D+H. He has extensive and deep knowledge of the Canadian financial services industry and his experience includes various relationship management and sales roles. Originally from Montreal, Richard is an avid sports fan. Outside of work, his passion is coaching minor hockey and baseball, while he remains an active hockey player himself.



**Ryan Spence**  
Principal, Broker Channel Development, Filogix

Ryan has worked with mortgage brokers for more than 20 years. With a background including technology, training and education, Ryan is a past winner of MPCs Founders Award and is the current Chair of the Alberta Mortgage Brokers Association. Ryan provides brokerages and agents with strategic and operational thought leadership.



**Muhammad Rashid**  
Director, Business Development, Filogix

Muhammad is Director, Business Development for Filogix, a Finastra company. He started his career in the technology sector when he joined Flipp, a Toronto-based startup, where he built and scaled the operations team. From there, he joined Sampler, to set up the company's logistics operations across 12 European countries to support international expansion for clients such as L'Oréal, Cadbury and Pepsi.



**Ryan Spence [RS]:** I talk to people across our partnerships and our ecosystems marketplace, and they are all talking about value, what it is and how it is being created.

To answer those questions, participants in the mortgage industry need to re-evaluate each role, step, gate, stage and technology acquisition to determine which add value, not just to the consumer, but to every point where lender, brokerages and agents intersect.

For example, lenders define value in terms of deeper partnerships with their brokerages. As a result, lenders are looking toward technology to create greater efficiencies, strengthening partnerships by reducing the steps it takes to get from point A to point Z.

We always talk about the brokerage channel as making up between 30 and 40 percent of the market. I think digital is changing that. Combined with the impacts of COVID-19, really low interest rates, and strong markets, I think this is the year for mortgage brokers and alternate channels to really take off and grow over the next 12 to 18 months.

// ***You speak about digital channels and the need for digital efficiencies. That can cover a lot of ground. To remain competitive in 2021, what tools, capabilities and features will be key for the mortgage industry?''***

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**Muhammad Rashid [MR]:** I can answer that best by first looking to the past. During product development cycles, we identified three fundamental shortfalls in the market that we needed to address with our solution. The first was ease of use, not just for the consumer, but also for the broker or agent.

The second was how to achieve a seamless workflow. Most brokers or agents we saw were using multiple tools or systems, maybe one for applications, another for emails and yet another for digital signatures. Our goal was to pull some of these separate workflows into a single solution.

Last, we were concerned about data ownership. We felt it was important for brokers to understand how their data was being handled and more importantly, to ensure it was being handled correctly.

Looking forward, I think, it's still these same overarching pillars that should guide digital strategies for brokers and agents.

Data is one of those things that gets overlooked when agents and brokers are looking for solutions that work for the business, but it really boils down to three simple questions. First, who has access to your data, and second, who can use that data and for what purposes.

Last, is your data portable, not only from the standpoint of changing to a new digital capability, but what if you are an agent and you change brokerages? What if you are a brokerage and you change networks?

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**You mention data ownership. What are some of the challenges brokers and agents are facing with their data and what key points should they prioritize as they seek digital capabilities in 2021?**

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**RS:** I would agree with Muhammad's assessment, and I can't underscore enough the importance of knowing where your data is and how it can be used. If you upload your entire client database to a server somewhere to use a slick new tool, where does it go and what do they do with it?

If we look only at agents for a moment, and the information they are collecting, we see an environment where data is coming from multiple sources. Agents are also working with more data output as well as brokerages and brokers of record. As a result, customers are more concerned about data security, knowing who has access to their information and what is being done with it.

So, mortgage professionals, and particularly brokers of record, really must take an active role in understanding how data is being managed and how it's being stored and what rights others have to it. It's essential for customer trust.

Second, it's important to understand that the data you collect today could impact your organization tomorrow. Email addresses are a prime example.

Agents and brokers used to leave the email field blank, because it saved them a few seconds and helped to turn applications around faster.

However, when the new Customer Relationship Management (CRM) tools began coming out, agents and brokers needed email addresses. It then took them ten minutes to go back and look up the email addresses that they saved two seconds by omitting.

So, you always need to be thinking about things you might want to do in the future and the data you'll need to do that. The technology decisions people make today impact more than just today's transaction. This is a question that I get a lot. My advice is to first recognize what kind of clients you have. Then determine their needs; this is what they expect from you. Then determine their capabilities; this is what you can expect from them.

For example, if I send my brother-in-law a weblink and ask him to upload his job letter as a pdf, I'll get that document nicely formatted, and it will land exactly in the place where I asked to have it sent.

On the other hand, if I ask the same thing of my father-in-law, it will take me less time to drive to his house and take a picture of that letter on my phone than it would to explain how to complete the process.

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**Given the importance of digital to the future of the mortgage industry, what advice do you have for mortgage brokerages and agents as they seek technology acquisitions? Are there any guiding principles to help them make the right selection?**

When you're looking for digital solutions, it's better to select something that meets the needs of your customers and how they want to perform transactions than it is to select something that offers a lot of fancy bells and whistles and then try to adapt your workflows to the technology.

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**Last, you talk a lot about the Filogix Mortgage Marketplace. What is this and how important will it be to the mortgage industry in 2021 and beyond?**

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**RS:** The marketplace is a secure way for multiple industry participants to come together for the common benefit of a more efficient and robust transaction.

Ultimately, consumers are expecting faster processing, even in real time. Likewise, the transparency of the transaction and the involvement of the consumer in the process is becoming more important as well.

An open marketplace facilitates this environment by bringing the entire ecosystem of products and services that lenders, brokers and agents need together on a single, secure platform. This approach allows agents and brokers to take advantage of a variety of tools and capabilities, without moving data around or working through multiple vendor platforms.

In short, a marketplace makes it possible for brokerages and agents to acquire the products and services they need to run their business, their way.



For more information  
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When it comes to technology, that's what it is about, finding the solution that makes workflows and touchpoints more efficient by supporting the way each individual business works.

Some exciting changes are coming to the Canadian mortgage industry as a new era of innovation is opening for mortgage brokerages and agents. Those who take a savvy approach to digital adoption, focused on supporting the way the business and its customers like to work, will be best positioned to overcome their challenges, and gain a new competitive edge.

### About Filogix

Filogix has served as the hub of the Canadian mortgage industry for almost two decades, offering secure, reliable connectivity to brokers and lenders. We provide trusted mortgage lending products, that enable the effective management of the sales process from origination through underwriting. As the mortgage landscape continues to change, Filogix is prioritizing advances to support the industry into the future. We're investing in a more open infrastructure and building connectivity to create a complete mortgage marketplace, helping mortgage professionals do business with more choice, speed and reliability than ever before. Learn more at [finastracanada.com](https://finastracanada.com)

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