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Sorting Through A Treasure Trove of Data

Learn Leverage the CFPB's complaint database to improve customers' experience

Since July 2011, the Consumer Financial Protection Bureau (CFPB) has received nearly 200,000 complaints made by customers against a wide range of financial organizations. Although this data withholds the identity of the consumer, the complaint database does name approximately 671 companies who have received at least one report. Mortgage complaints accounted for more than 85,000 complaints in the database as of this past June, a number that's higher than any other financial product.

With that in mind, the question warrants asking: What can our industry learn from these consumer complaints? How can you sort through all the clutter and find the treasures buried beneath? Although the lasting impact of the CFPB's consumer-complaint database on mortgage lenders is still to be determined, it certainly increases the risk of harm to a lender's reputation. Additionally, the CFPB has publicly stated its intent to increase the level of importance placed on customer experience within the mortgage industry, meaning that financial institutions must be prepared to show positive improvement in reducing complaints or face the wrath of regulators.

There is a silver lining to this cloud, however. The agency's database provides

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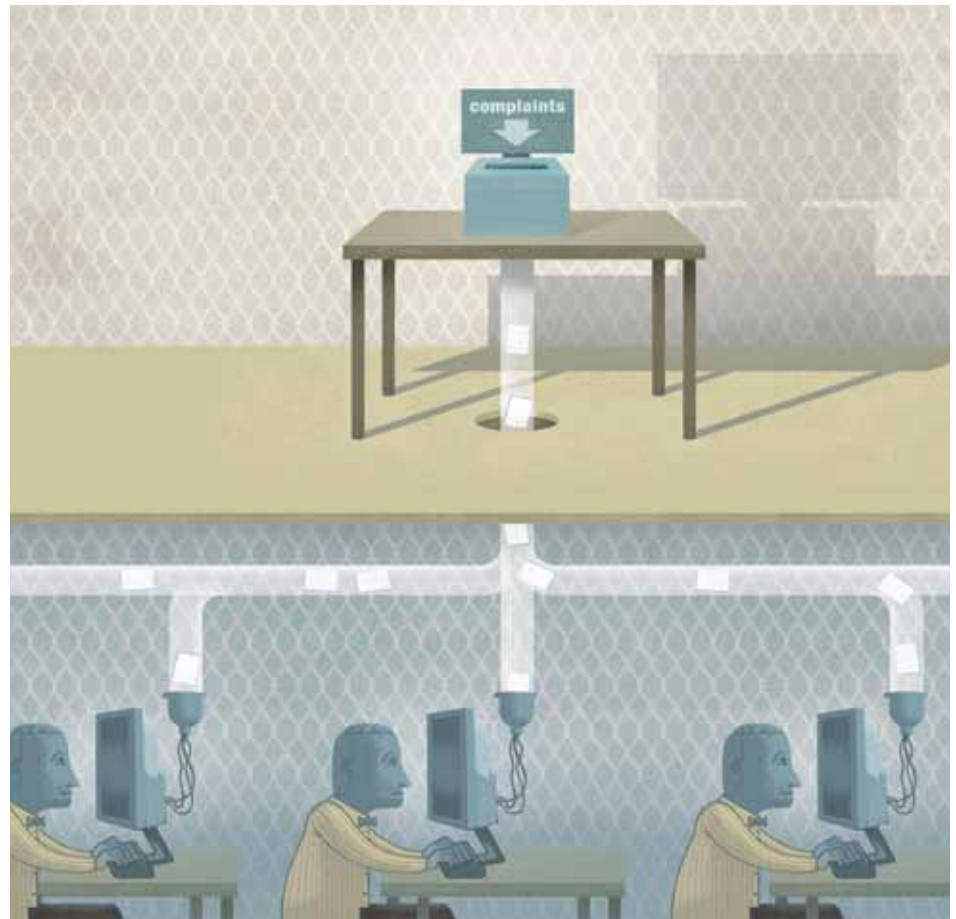


Illustration: Dennis Wunsch

mortgage companies with something they've never had: an industry benchmark for customer experience and multiple points of comparison across products, business segments and geographies. The keys to capitalizing on these benefits lie in carefully analyzing consumers' complaint data and developing a strategy to turn these insights into action.

What the database means

Effective complaint management is no longer just an internal consideration; it now plays a

vital role in the regulatory health of financial institutions. The CFPB complaint database provides lenders and servicers with an up-close and personal view of the current issues facing their customers. This can help mortgage organizations to prioritize the efforts required to improve their customers' experience. Further, institutions also can leverage the information that's available from the database to identify key weaknesses of their competitors.

So, what are the common complaints

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being filed against the mortgage industry?

Recently, the CFPB released its “Summer 2013 Supervisory Highlights,” which sheds some light on its review of the mortgage industry over the past two years. Specifically, the report details the main areas that the CFPB is focusing on, which include mortgage-servicing transfers, payment processing and loss mitigation.

To supplement this report, some mortgage industry companies have extensively analyzed data from the consumer-complaint database. In reviewing the mortgage reports in the database, it’s been found that the majority of the complaints are related to “loan modification, collection and foreclosure,” as represented by the dark bars in the chart above.

Complaints related to “loan servicing, payments and escrow account” have caught the attention of industry analysts, as well. These issues were more likely to result in the financial institution resolving the complaint by making a refund payment to the customer, as represented by the chart’s light bars.

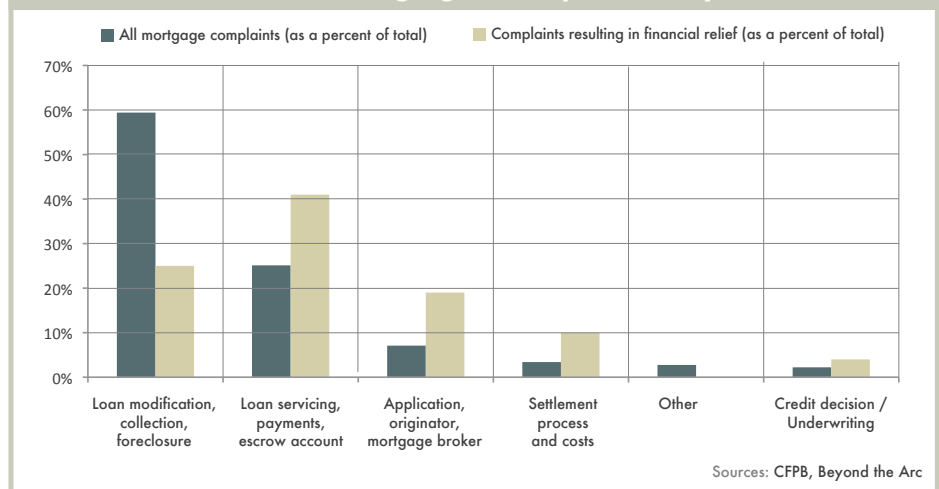
This does not mean, however, that other areas of the mortgage industry — such as origination — are exempt from the CFPB’s scrutiny. The data also points to a high percentage of complaints resulting in a refund to the consumer. Based on the CFPB’s prior regulatory enforcement actions, these complaints may draw the most scrutiny and could lead to further investigations of originator compensation, as well as other factors related to origination.

Improve customers’ experience

Because mortgage regulators will be monitoring customers’ experience much more heavily moving forward, financial institutions must begin making improvements to customer service to avoid costly fines and penalties. To do this, mortgage bankers and lenders must understand how best to process any complaints and how to respond before complaints result in negative consequences.

There are five key practices that financial institutions can employ to manage customer complaints and improve compliance with the CFPB’s regulations.

Percent of mortgage complaints by issue



- 1. Look at the big picture:** Before starting to make improvements to certain aspects of your business, take a step back to ensure a full understanding of your customers’ experiences across the entire lifecycle of the loan. Start by journey-mapping to gain a clear snapshot of the current customer experience across all touch points and channels.
- 2. Listen, then act:** The key to successfully improving customer experience is to stop and listen to what your customers are saying before taking any action. By doing this, institutions can identify and prioritize the leading sources of dissatisfaction and generate the greatest overall result. Customer listening also can uncover unmet needs and new opportunities to increase value, which can lead to stronger brand loyalty and new business from customer referrals.
- 3. Don’t forget about social media:** To design the optimal experience, mortgage bankers and broker must go where their customers are — and today’s customers are active on social media. By leveraging platforms such as Facebook and Twitter, mortgage companies can access uncensored customer opinions on their products and services. Insights from social media tracking and analysis can help

you better understand what your customers want and how you can meet their needs.

- 4. Remain customer-centric:** To successfully deploy a new customer strategy, institutions must have in place a company culture that’s fully focused on the customer. Customers’ journeys go far beyond simply meeting their wants and needs; rather, this journey is dependent on facilitating an overall positive experience that customers would like to have again and would want to recommend to others.
- 5. Measure and repeat:** Lastly, to ensure the success of these new efforts, be sure to clearly define metrics that align with your standing business objectives and goals. By doing this, your bank or brokerage can compare the results of its efforts to the pre-defined metrics to measure success.

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By leveraging information from the CFPB database, mortgage lenders can turn customer complaints into actionable insights and better ensure compliance with the latest regulations. With a clearer understanding of key customer pain points, institutions can monitor and track emerging issues consistently — not only to address the problems head-on, but also to do so before the customer files a complaint with the CFPB. ●