

## Lenders told to examine pricing analytics

**Lenders are being urged to take rational measures in response to the ongoing mortgage slump by examining their current pricing analytics.**

Dr. Robert Phillips, founder of Nomis Solutions, said lenders should adopt a more fruitful pricing policy, rather than focusing on minor changes to underwriting.

He said: “A common reaction to financial pressures is for lenders to scrutinize and tweak underwriting policies. The opportunity to improve results using pricing is often overlooked even though pricing is the point at which all of a bank’s marketing, sales, product and distribution strategies are supposed to pay off. The opportunity to improve pricing is the low hanging fruit that can help mortgage lenders deliver improved results quickly.”

Phillips stressed that while the rate and fee is the most important factor for the majority of borrowers when choosing a mortgage, it is not the only factor. He warned that mortgage products are not a commodity and therefore, should not be priced exactly the same.

“There are many factors which should play a part in the decision process including product range and innovation, service levels and the customer experience, brand loyalty and strength of relationship and finally acceptance criteria like maximum loan-to-value, income multiples. It is important for lenders to quantify the value a customer places on each of these factors so they can price effectively relative to customer preferences,” he added.