

Mastering digital agility: Staying nimble to navigate change

Staying current with the rapid pace of change in the world can feel daunting. In many cases, the missing component is something simple yet powerful: digital agility.

Digital agility enables financial institutions to rapidly deliver the innovation and experiences needed

to acquire and retain loyal customers. Financial institutions that are digitally agile are able to rapidly launch new products in response to market conditions, competitive pressure, regulatory changes, and rising consumer expectations.

What is digital agility?

Digital agility is the ability to use technology to thrive in a world with constant change. It is not typically an ability that requires a structural overhaul — instead, it is something that your existing teams can unlock with the right toolset. With modern tools and technology partnerships in place, digital agility can enable financial institutions to respond internally and instantly, rather than waiting for someone else to write a bunch of code.



Nima Ghamsari
CEO, Blend

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Section 1

Defining digital agility and why it matters

A straight and steady path, although idyllic in nature, typically doesn't align with market success. Lenders face near-constant needs for rapid decision making and course changes.

It takes more than just courage to adapt strategic approaches in real-time. Technology, processes, and an organizational philosophy dedicated

to decisive action all play a part. In concert, these factors support quick directional changes, oftentimes in unexpected directions.

There are two main forms of digital agility: your reactive response to an unexpected disruption and your proactive ability to stay ahead of the pack through innovation.

1 Responding to disruption

A digitally agile organization isn't overturned by a change in market conditions. Instead, it's poised to handle disruption as it emerges.

Unpredictability is expected. History has proven that unexpected events can upend markets, causing disruptions in financial services and across industries.

Look no further than the recent challenges caused by COVID-19 for an idea of just how disruptive unexpected events can be.

Disruption can also be smaller in scale or less acute. For example, over the past couple of years, the share of millennial homebuyers has increased (38% in 2020). Banks have responded by offering mobile apps and prioritizing funding digital initiatives to appeal to this group. Reactive agility allows organizations to respond quickly to catastrophic global events, micro-changes in consumer preferences, and everything in between.

38%

Share of homebuyers represented by millennials

Digital agility in action

Reactive agility: Responding to disruption

72
HOURS

Total execution
time

~100
PERCENT
received applications
funded

32,273
LOANS

\$7
BILLION

718,000
EMPLOYEES
Benefitted from
M&T's service

The government responded to COVID-19 with stimulus packages including the Paycheck Protection Program (PPP), offering loans and tax relief to struggling small businesses. M&T Bank knew the loan applications would come flooding in, and there wasn't much time to prepare.

Knowing the processing efficiencies they'd already seen when using Blend for mortgage applications, Chris Kay, who leads M&T's consumer and business banking divisions, reached out to Blend.

Kay connected Blend with CIO Sonny Sonnenstein, whose team was able to quickly take advantage of the platform's flexibility and begin processing PPP loans. They were up

and running — with a live, self-serve application through signing and integration — in 72 hours.

Applications were clean, accurate, and approved the first time around. After opening up applications in April, the bank funded nearly 100% of the requests they received, amounting to 32,273 loans totaling almost \$7 billion. That money helped 718,000 employees around the country.

The combination of working with a nimble technology partner and having a team that was ready to take on any challenge allowed M&T to process more than 18 times the SBA loans that they would usually process in a year in only three weeks.

M&T Bank

Partnering with Blend meant we could move quickly enough to be there for our customers when they needed it.

Chris Kay

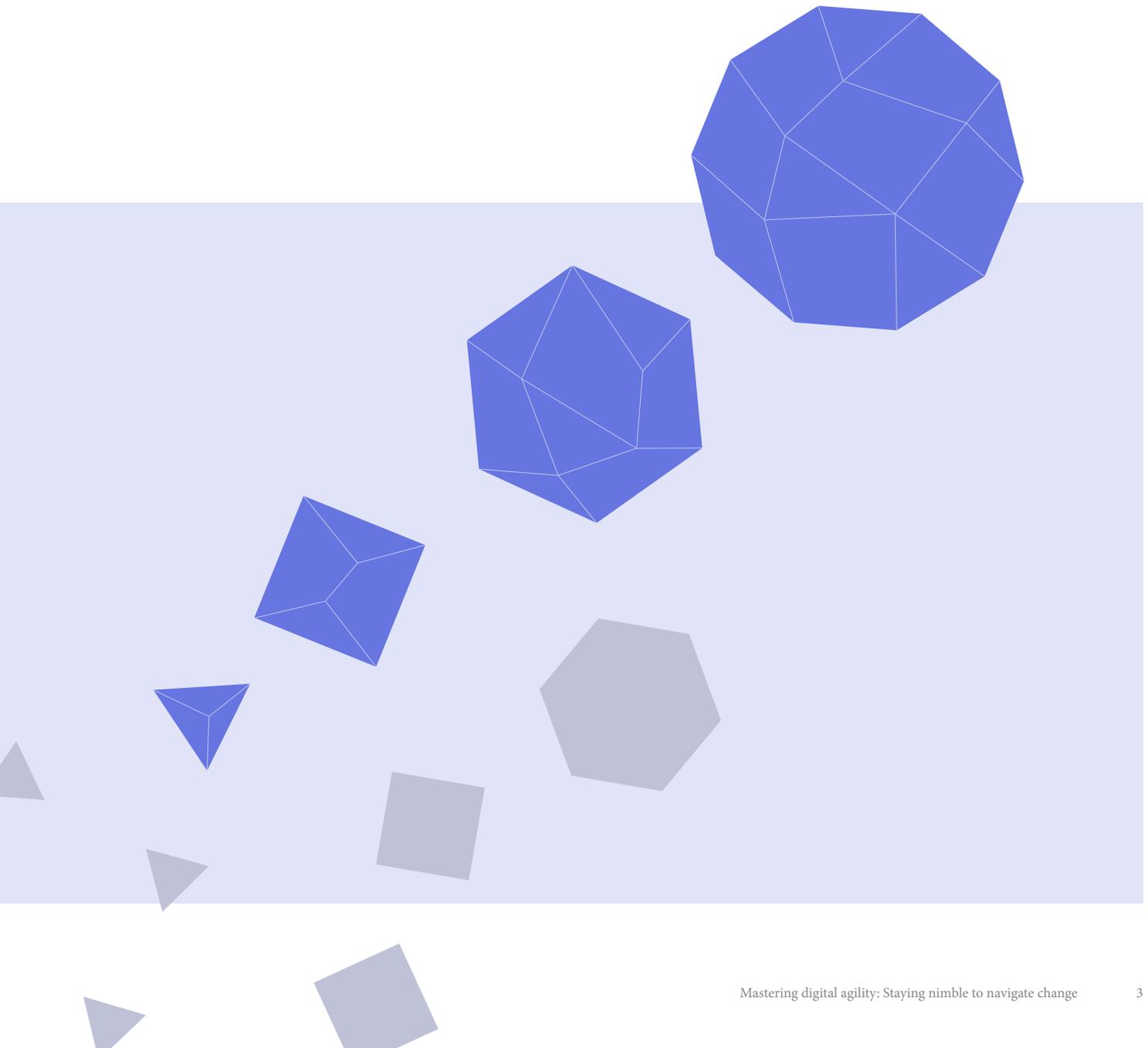
Executive Vice President, Consumer Banking, Business Banking, and Marketing

[Read more](#)

2 Innovating to stay ahead

Digital agility also enables a proactive strategy that aims to meet upcoming needs now. In practice, this looks like standing up new products and features through rapid experimentation and iteration. These products and features

can be used to better meet rising consumer expectations, to cement your position as an industry leader, and to establish your brand as a paragon of forward-thinking innovation.



Digital agility in action

Proactive agility: Staying ahead of the competition

With competition in the mortgage market stiffer than ever, the team at Assurance Financial was looking to augment their customer acquisition and expand their geographic footprint.

They decided to boldly leverage creativity by partnering with Blend. Katherine Campbell, Assurance's director of marketing, and her team created a 24/7 loan officer assistant named Abby, which brought the Blend experience to life.

Abby is a digital loan assistant. When applicants visit the Assurance Financial website, they are presented with the opportunity to either connect directly with a loan team member or begin the process with Abby. "Working with" Abby allows applicants to proceed through Blend's digital

application, reaping the benefits of the platform's intelligent workflow and user-friendly interface.

Abby has also been a key component of their marketing and expansion strategy, providing a differentiator from other lenders and allowing Assurance Financial to gain new customers in areas where they don't have physical branches.

Providing a digital avatar has reaped tremendous results for the company's bottom line. Blend files are going through the system three days faster on average. Assurance Financial's partnership with Blend, along with a hefty dose of marketing ingenuity, enabled them to stay ahead of the pack and create an unparalleled experience for consumers.

24/7

ASSISTANCE

Digital LOA Abby helps Assurance stand out



The acquisition numbers have been fantastic so far. Even though we don't have boots on the ground in every market across the country, Abby helps us capture market share.

Kenny Hodges, CEO, Assurance Financial

[Read more](#)

What drives digital agility?

Although similar in concept, there are some key differences between digital agility and transformation. Digital transformation implies a “one and done” process with a goal of reaching a certain end state. Digital agility goes beyond a one-time transformation, implying a state of continuous improvement in response to changing or anticipated market realities.

Today’s market realities are cross-industry, meaning business decisions are frequently determined less by regulatory weight and inertia than by continually evolving consumer expectations, driven largely by technological change.

1 Rising customer expectations

The definition of a good customer experience continues to evolve as consumers are exposed to a variety of customer-obsessed brands across a variety of industries. The average consumer is more empowered than ever to demand what they want: simplicity and ease of use, efficient processes, and personalized experiences.

In their [Financial Services 2020 report](#), PwC says, “Successful disruptors typically offer a better customer experience and greater convenience at a much lower price.” Why is this? They are focused solely on providing a customer-focused digital experience. Technology is key in enabling the responsiveness needed to meet these expectations.

2 Advantages held by digitally native organizations

These disruptors are digitally-born competitors, including neobanks and tech companies offering consumer lending and banking products, and they've been gaining market share each year — increasing the urgency felt by traditional financial institutions.

Disruptive challenger banks are built to innovate. These nimble organizations can move faster than traditional banks because of their lean business models. Unlike traditional banks, they aren't encumbered by the significant costs of maintaining physical branches and the pace of legacy architecture.

Non-financial technology companies entering the financial services space are also unencumbered by the costs of branches and boosted by a fast-paced structure, able to roll out new elements without overhauling their operations. [BCG](#) notes that tech companies count data, analytics, and AI as core competencies, three capabilities that banks are now looking to incorporate into their core processes in the pursuit of successful digitization.

3 The birth of new technologies

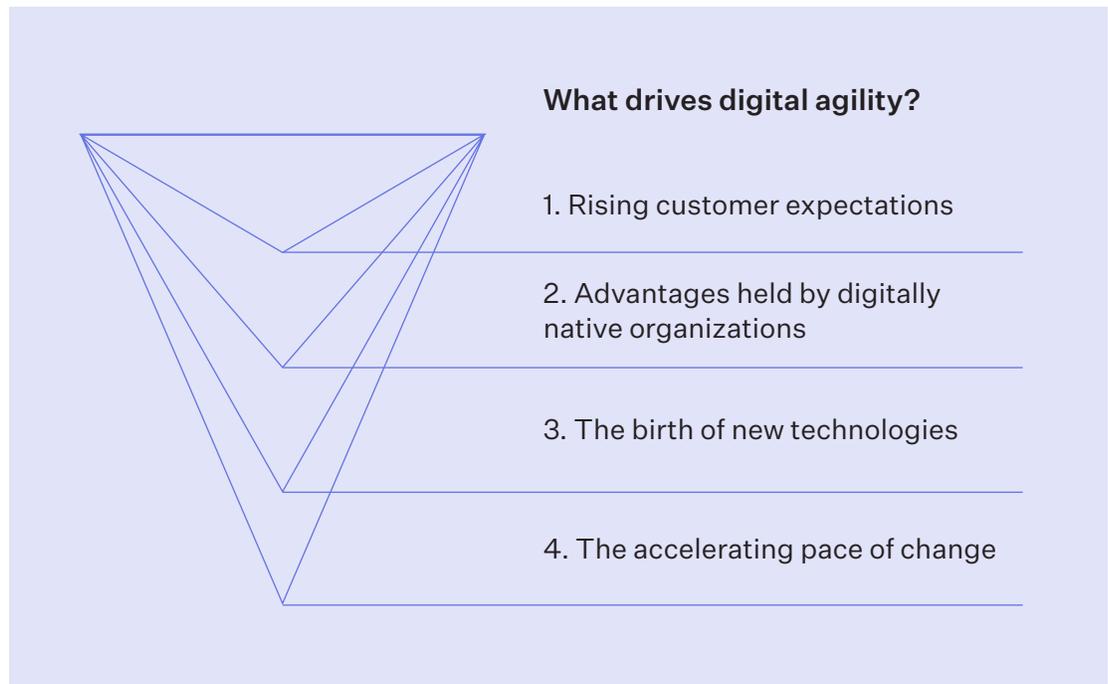
With countless new technologies predicted to enter the lending space over the next few years, lenders need a strategy in place to keep up with the competition. Having digitally agile architecture in place helps lenders be prepared to use relevant and effective technologies as they are ready.

An open tech stack with integration points can allow you to take advantage of artificial intelligence, machine learning, robotic process automation, and other upcoming capabilities to manage regulatory compliance, minimize fraud losses, maximize efficiency, and more.

4 The accelerating pace of change

“It is now becoming obvious that the accelerating pace of technological change is the most creative force — and also the most destructive — in the financial services ecosystem today,” notes PwC in their [“Financial services technology 2020 and beyond: Embracing disruption”](#) report.

New technologies can be brought to market faster than ever before, and as a result, [70% of financial services leaders](#) are concerned about the accelerating pace of change in the industry.



The imperative to stay competitive

Today’s transformation is tomorrow’s legacy, and the methods you’re used to may no longer be sufficient. Challenger banks and tech companies hold unique advantages to meet the ever-evolving

experiences demanded by consumers, and traditional financial institutions must rise to the occasion. Digital agility makes this possible.

Digital agility in action

Reactive agility: Taking action in response to the unexpected

Largely due to the pandemic, the mortgage industry experienced nearly 500% percent increases year over year in weekly application volume in early 2020.

Navy Federal Credit Union faced a challenging position: wading through a record number of refinance applications in the midst of a shift to a largely remote working environment. They decided to collaborate with Blend on a simple, efficient way to reduce time-consuming manual activities.

To manage the volume of applicants in the funnel, Navy Fed implemented

new Blend features designed to reduce manual reviews and auto-decision more applications.

Navy Fed reduced the number of loans that required manual review by 23%. Each of these loans would have taken loan officers an estimated 30 minutes to review, resulting in weekly savings of hundreds of hours.

Blend's agile architecture, combined with Navy Fed's ability to react quickly, enabled rapid adaptation to a change in the market.

23

PERCENT

Reduction in loans requiring manual review



Because of our partnership with Blend, we've been able to better manage a truly remarkable time in home lending.

Randy Hopper

Senior Vice President of Mortgage Lending, Navy Federal Credit Union

[Read more](#)

Section 2

Unlocking digital agility

The shortest pathway to digital agility entails employing technology that combines an agile, componentized architecture with embedded financial services domain expertise. This allows

you to accelerate time to market, tapping into industry best practices while maintaining the flexibility to modify as needed.

“

Domain expertise doesn't appear overnight. It is meticulously developed over time and consistently refined as market realities shift. Your organization is replete with this expertise — the technology that powers it should be as well.

Nima Ghamsari
CEO, Blend

Elements of agile architecture

Because a core component of digital agility is responsiveness, it follows that the technology architecture enabling it should be as well. An adaptable, modern platform allows you to leverage a library of preconfigured elements that can be easily configured to deliver a rich customer experience. An extensible technology framework allows for the replication and scaling of products, services, or channels.

These qualities enable a financial institution to stay nimble in response to market disruptions and stay ahead of the competition in capitalizing on new opportunities.

An agile digital architecture includes three foundational capabilities:

Out-of-the-box components with rich domain-specific functionality

This core set of functionality enables you to get to market quickly with proven solutions that are built on industry best practices. Common out-of-the-box components can include applications for various lending products.

flexibility to bring in value-added services through pre-defined integration points. This API-driven development allows for the safe and easy addition of 3rd-party services.

But it doesn't have to stop there — an adaptable architecture offers the

Configurable data objects, workflows, and user experiences

When technology design is configurable, standing up new and modified banking products is a repeatable and scalable process. You can work with baseline applications that can be readily modified with little or no code. As new products get spun up, easily apply your brand identity consistently across all product lines and channels.

workflows, including personalization of the user experience, customization of internal processes, and integration with external data sources and services. You can also apply rules to automate internal controls, including fraud detection, risk assessment, and adherence to compliance policies.

Configurable objects and rules allow you to build and modify application

Orchestration of services across legacy and modern technologies

An orchestration layer supports the adaptive capabilities of the agile architecture. Centralized management of application services across old and new technologies makes it easy to reuse common components and standardize workflows, allowing the bank to deliver consistently exceptional experiences and increase goal alignment across all lines of business.

Legacy technology doesn't need to limit your ability to meet your current day needs. Serving as a command and control center, enterprise-level orchestration makes it possible for new digital components to work in concert with legacy technology — empowering digital teams to push the envelope toward modern user experiences while exercising safe and steady transition.

Domain knowledge

Domain knowledge is embedded in all layers of agile architecture, allowing you to tap into industry best practices and shorten time to market while maintaining the flexibility to customize experiences and processes.

Many technologies offer industry-agnostic applications you can adapt for use with banking products. But

technology that is built specifically for lending leverages expertise and domain knowledge that is relevant to your business. We design our product with a deep understanding of how important workflow best practices, core banking systems, and compliance with regulatory requirements are to lenders.

Domain knowledge is embedded in:

- **Objects that capture the data necessary for loan application processing**
- **Workflows that streamline the application and approval processes**
- **Cross-channel customer journeys**
- **Integration points to industry data, service providers, and common legacy systems**

Tech partners with deep industry experience and a wealth of data can put these advantages into action, designing

a platform that caters to the needs of lending teams and the expectations of banking consumers.

What does digital agility mean for your team?

Digital agility ...

- Allows you to grow with your customers
- Accelerates your digital initiatives
- Fuels the modernization of enterprise infrastructure and operations

These functions feed into your organization-wide goals, enabling you to launch new products and respond to market conditions, regulatory changes, and consumer expectations with quick action.

In the following pages, we expand on each of these bullets, detailing three of the goals digital agility enables you to reach.



Define and develop high-converting customer journeys.

- Holistically understand customer interactions across your organization
- Personalize product offerings to match evolving customer needs
- Enable digital onboarding for all market segments and products
- Deliver consistent experiences across all products and channels
- Accelerate decisions and remove friction from the lending workflows

Measuring impact

Increase in customer acquisition

- Acquisition of net new customers
- Reduction in onboarding time of these customers

Deeper customer relationship

- Increase in product depth
- Increase in lifetime value

Streamlined loan processing

- Faster time to approval and auto-approval
- Faster time to close

Increase in application conversion rate

- Increase in percentage of loans fulfilled
- Increase in efficacy of product bundling



Bring new products to market and stand up new channels faster than ever before.

- Consistently deliver best-in-class digital experiences across all channels
- Tap into industry best practices while creating unique offers and experiences
- Shorten time to market for new digital initiatives
- Design new product variations to meet and preempt competitive offers

Measuring impact

Rapid launch of new initiatives

- Shorter time to market for new product lines
- Shorter time to market for new channels
- Reduction in in-house development costs

Increase in customer loyalty

- Higher Net Promoter Score
- Lower customer churn rate



Deliver safe, secure, scalable, and modern systems to support customers and employees.

- Safely deploy new technologies that can co-exist with legacy infrastructure
- Scale horizontally and vertically while minimizing operational and technology risk
- Enable continuous innovation with distinct milestones that deliver measurable value
- Migrate towards an open architecture that allows for rapid integration

Measuring impact

Reduction of friction between systems

- Successful bidirectional integration with your systems of record and engagement
- Number of direct API integrations

Increase in operational efficiency

- Increase in loan officer productivity
- Decrease in manual tasks due to automation



Powered by Blend

Blend is transforming the lending industry by creating a unified approach to getting mortgages, consumer loans, and deposit accounts. Our Digital Lending Platform makes the journey from application to close fast and easy for consumers, while helping lenders increase productivity, deepen customer relationships, and deliver exceptional customer experiences.

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