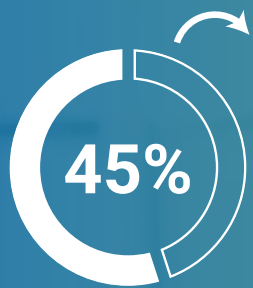


# MeridianLink Conducts Nationwide Mortgage Lending Survey



of Americans are willing to shop around before getting a mortgage from their primary FI. Do you have the data-driven insights and digital tools to support borrowers through the mortgage lending process?

# Executive Summary

Almost half (**45%**) of Americans shop for other options before getting a mortgage through their primary FI.

The **key drivers** for selecting a mortgage lender include:

**Low closing costs and comparatively better rates**

**53%**

**Positive brand reputation**

**40%**

**Flexible repayment options**

**36%**

Getting a mortgage can be a difficult, intimidating process for homebuyers who are increasingly looking for support throughout the mortgage lending process—even if that support comes from a credit union or bank that isn't their primary financial institution (FI).

MeridianLink® conducted a nationwide survey of more than 1,000 Americans about consumer behavior and expectations during the mortgage lending process. This report is based on the findings and highlights the sometimes murky waters that homebuyers must navigate when getting a mortgage.

A third of respondents are less confident they can afford a home now compared to five years ago, according to the survey results. In addition to shining a spotlight on how home prices and mortgage rates are impacting today's buyers, the survey revealed the waning confidence consumers feel throughout the mortgage process—driven in part by a lack of support from their FIs.

The survey also explored how Americans shop for mortgages. The results indicate the tenuous loyalty consumers have for their primary FIs when it comes to selecting a lender. Some of these behaviors come down to cost, however, the survey shows that a lack of process guidance, education, and other forms of mortgage lending support are factors as well.

This report summarizes the results of the survey, underscoring the need for financial institutions to be equipped with the right tools to support their consumers as they navigate the homebuying process.



# Introduction

According to the latest Mortgage Bankers Association (MBA) survey, mortgage applications have declined to the [lowest level since 1996](#). The MBA's September 6 survey shows the unadjusted Purchase Index, which reports the number of nationwide home loan applications, dropped 28% lower than the same week last year. While the MBA notes low housing inventory and elevated mortgage rates as potential explanations, there may be more to the story—such as the rising cost of originating a mortgage, which can be as high as [\\$13,000 per loan](#).

This report explores consumer attitudes and perceptions about mortgage lending, and reveals compelling insights about the challenges Americans face when getting a mortgage. While rates are one factor that consumers consider when choosing a mortgage lender, it's far from the only one. Our respondents highlight the need for clearer processes, more guidance, and greater flexibility from lenders.

The entire mortgage process is onerous, and consumers are looking for help from FIs. Those that provide the necessary support and convenience will win the market—whether they are a consumer's primary FI or not.



## Report Findings Overview

Both first-time homebuyers and those with experience purchasing a home face daunting challenges when it comes to getting a mortgage. They are subject to rapidly fluctuating mortgage rates in addition to the scrutiny of the lender they choose. In 2023, this can make the lending process complicated.

Our survey found that nearly one-third (31%) of Americans are less confident in their ability to afford a home today than they were five years ago. Some of this is driven by today's elevated rates, which more than half (55%) of consumers expect will continue rising through the end of the year.

But rates are just one part of the story. Navigating the often-burdensome mortgage application process plays a role as well. According to our findings, more than one in five (22%) Americans said they do not understand the mortgage process. Four in ten (41%) said their primary financial institution offered no mortgage lending support at all.

Almost half (45%) of Americans shop for other options before getting a mortgage through their primary FI. The key drivers for selecting a mortgage lender include low closing costs and comparatively better rates (53%), positive brand reputation (40%), and flexible repayment options (36%).



## Regional Findings

Consumer attitudes and perspectives also differ by region. Americans in the West seem to have the most confidence in their understanding of the mortgage process, with 82% saying they at least somewhat understand the process of getting a loan for purchasing or refinancing a home. Nearly a quarter of consumers in the Northeast (24%), Midwest (23%), and South (23%), however, are not confident in their grasp of the lending procedure.

## Home Costs and Rates Making Waves

Midwesterners appear to be the most price sensitive, with nearly half (45%) reporting that high prices are impacting their decision to buy a new home. What's more, nearly four in ten (39%) Midwesterners say they are less confident in their ability to afford a new home than they were five years ago.

Americans in the West seem to be hampered by high interest rates and inflation, with 40% and 38% reporting those factors are impacting their decision to buy a new home, respectively. One-third (33%) of Americans in this region are less confident in their ability to afford a new home compared to five years ago.

The majority of respondents in the Midwest (56%), South (56%), and West (58%) believe mortgage rates will continue to increase through the end of 2023. In the Northeast, 47%

believe rates will continue to increase and 39% think they will stay the same.

Cost sensitivity is perhaps the most influential factor in a consumer's mortgage shopping process. Low closing costs and comparatively better rates are the top two features consumers look for when selecting a financial institution for a mortgage.

	Low Closing Costs	Comparatively Better Rates
Northeast	48%	49%
Midwest	50%	51%
South	55%	52%
West	58%	59%

**Q: Which of the following features or benefits offered by a financial institution (i.e., bank, credit union) would make you more likely to select them for your mortgage?**

## Trust, Tools, and Support Impact Lender Selection and Loyalty

A financial institution’s reputation and trustworthiness are important factors for consumers. Roughly four in ten respondents across the South (43%), West (40%), Northeast (39%), and Midwest (35%) say this makes them more likely to select a FI for a mortgage.

Flexibility and convenience are key considerations as well. Flexible repayment options are top-of-mind for at least one-third of consumers in the South (37%), West (34%), Northeast (37%), and Midwest (33%). Nearly one in three consumers in the Midwest (29%) and more than two in ten consumers in the Northeast (22%), South (24%), and West (22%) say an easy-to-use online app or digital banking tool make them more likely to select a lender.

The survey also highlights ebbing loyalty when it comes to getting a mortgage through one’s primary FI without shopping for other options.

	Not Very or Not at All Likely	Very or Somewhat Likely
Northeast	49%	35%
Midwest	47%	37%
South	43%	38%
West	46%	37%

**Q: How likely are you to get a mortgage through your primary financial institution without shopping for other options?**

Consumers report that support from their primary FI around mortgage lending is often lacking. When asked if their FI provides personalized offers, process support, education, or other types of support around mortgage lending, four in ten respondents in the Northeast (44%), Midwest (40%), South (41%), and West (41%) say their FI provides none of the above. Just over one-third of respondents in the Northeast (34%), Midwest (41%), South (37%), and West (37%) say their FI provides personalized account/lending offers tailored to their needs.

## FIs Can Be the Lighthouse for Consumers Navigating the Mortgage Market

Insights from this study make clear the need for financial institutions to reimagine the mortgage lending process. This starts with making the process as easy-to-understand and convenient as possible. Consumers have demonstrated they are willing to shop around, making a frictionless, end-to-end experience critical for consumer retention.

FIs must also be proactive in guiding consumers through the process with offers and support tailored to their unique needs—or risk losing them to an institution that does.

MeridianLink works with more than 2,000 financial institutions which enables us to deeply understand the pain points FIs face in growing their mortgage business. Our solutions are tailored to address consumer wants and needs from the top down—from outreach to origination—while improving backend processes and workflows for lenders.

MeridianLink® Engage, the company's marketing automation solution, is a powerful tool that can assist credit unions and banks in making this consumer outreach as efficient and effective as possible. MeridianLink® Mortgage—the mortgage loan origination component of the company's multi-product platform MeridianLink® One—is an excellent way to create and manage a seamless mortgage lending experience.

MeridianLink's platform allows financial institutions to offer tailored mortgage support with a frictionless digital lending experience that can reach more potential consumers who are shopping for a mortgage.



# Conclusion

Our survey provides a glimpse into the minds of Americans as they maneuver an ever-changing mortgage market and the results are conclusive—FIs that want to capture greater mortgage market share must focus on streamlining the borrower experience from start to finish. To best address these attitudes, lenders need a partner they can count on to provide simple, yet powerful solutions that elegantly champion the complexities of market trends, maximize revenue potential, and exceed borrower expectations.

For more information about how MeridianLink solutions can help modernize your operations and provide the digital mortgage lending support consumers have come to expect.

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