

The Mortgage Market is Changing

Presented by
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[March 2014 GSE report](#)



THE MILLENNIAL DISRUPTION INDEX

Identifies the industries most likely to be transformed by Millennials, the largest generation in American history.

3 years

15 categories

200+ interviews

10,000+ respondents

Methodology:

The data represented illuminates key findings from the Millennial Disruption Index (MDI), a three-year study of industry disruption at the hands of teens to thirtysomethings. Millennials, a generation born 1981–2000 and more than 84 million strong in the U.S. alone, use technology, collaboration and entrepreneurship to create, transform and reconstruct entire industries. As consumers, their expectations are radically different than any generation before them.

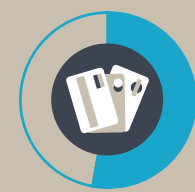
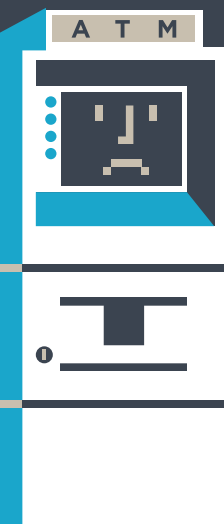
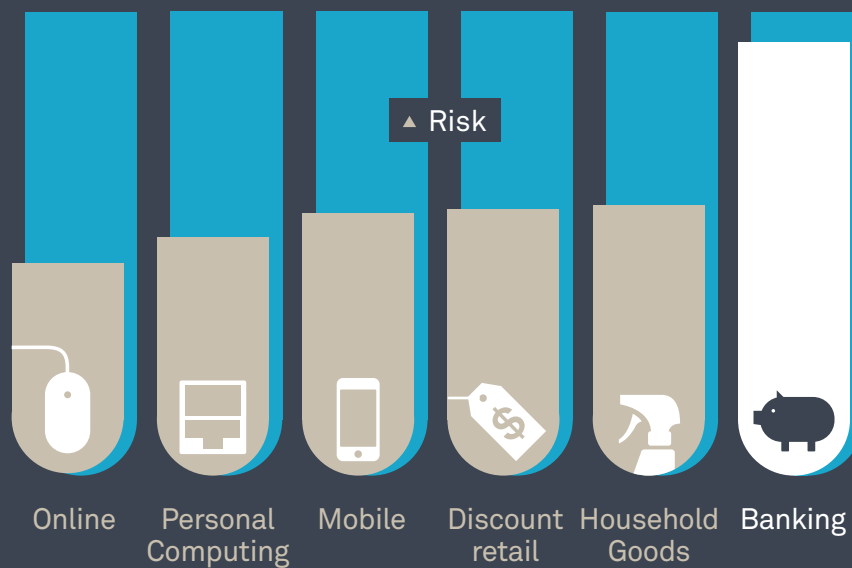
For the MDI, Scratch surveyed over 10,000 Millennials about 73 companies spanning 15 industries. The results paint a clear picture of which brands are loved, which are meeting consumer needs, and which are poised on the brink of disruption. The Index also sheds light on the topline features of companies that Millennials rely on and identify with.

A business category with a low MDI score is less vulnerable to disruption. For categories with a high MDI, Scratch forecasts disruption is imminent.

Scratch is a creative and strategic SWAT team that channels the power of Viacom's portfolio in new ways. For more information and the complete study, contact us at scratch@viacom.com.



Banking is at the highest risk of disruption.



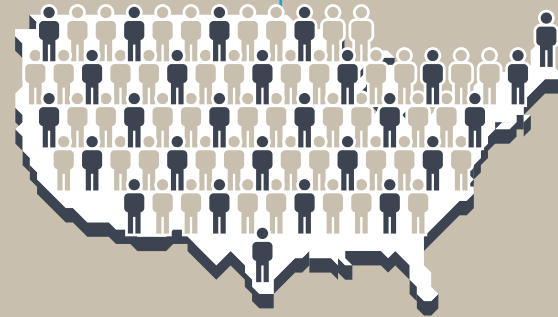
53%

don't think their bank offers anything different than other banks.



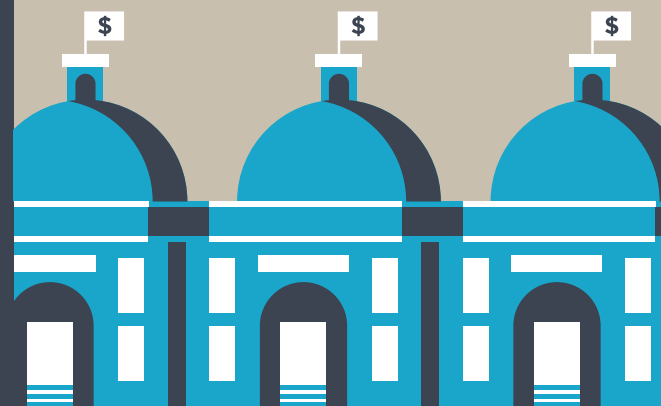
71%

would rather go to the dentist than listen to what banks are saying.



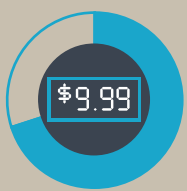
1 in 3 are open to switching banks in the next 90 days.

"I don't see the difference between my bank and all the others."



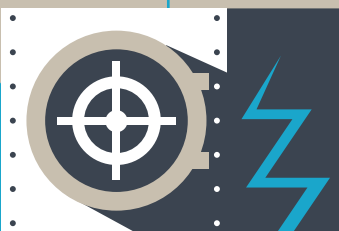
68%

in 5 years, the way we access our money will be totally different.

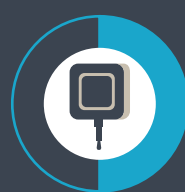


70%

in 5 years, the way we pay for things will be totally different.



The change will be seismic.



Nearly half

are counting on tech start-ups to overhaul the way banks work.

They believe innovation will come from outside the industry.



33%

believe they won't need a bank at all.

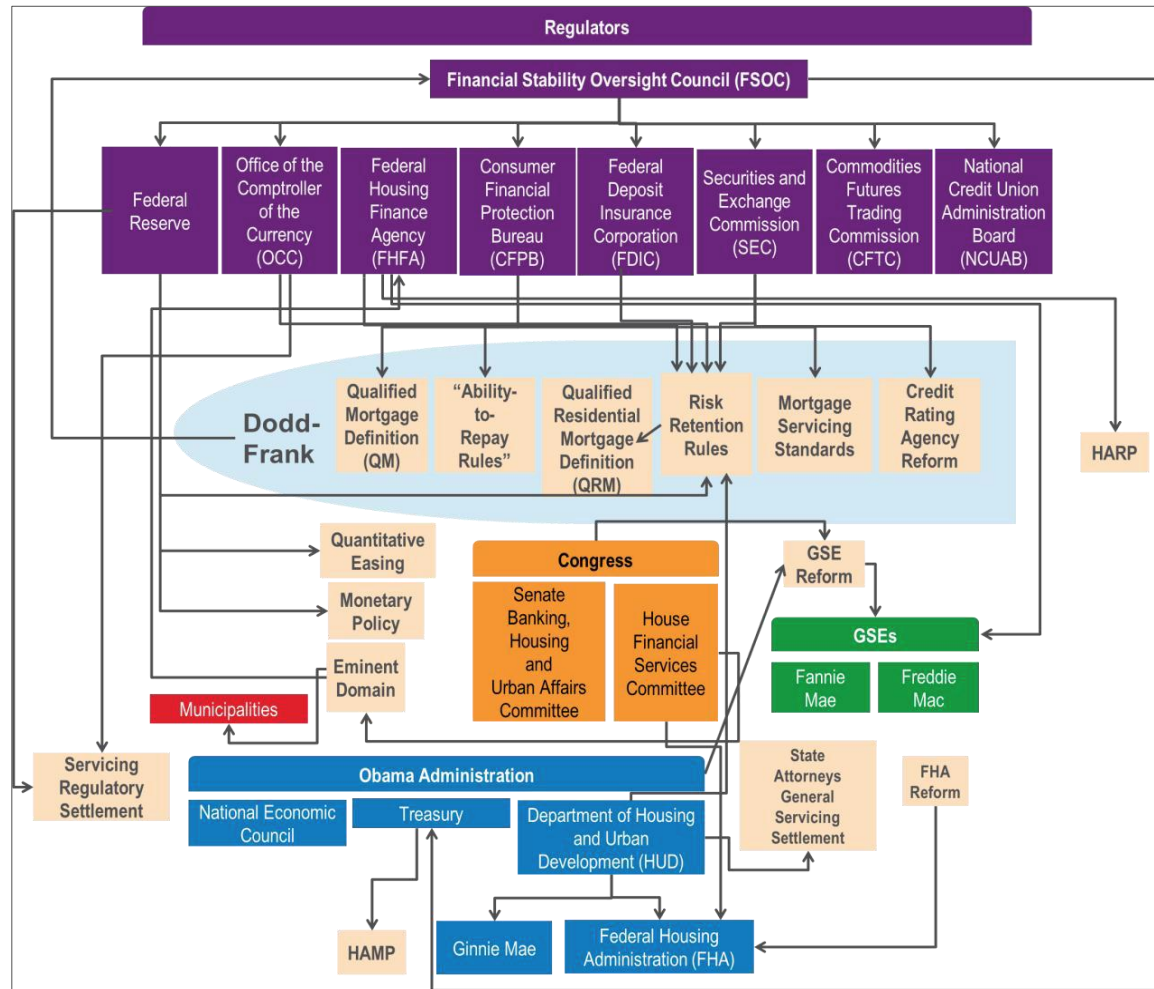


73%

would be more excited about a new offering in financial services from GOOGLE, AMAZON, APPLE, PAYPAL, OR SQUARE than from their own nationwide bank.



Mortgage Regulatory Morass = Regulatory Uncertainty and Restricted Credit



Clarifying the CFPB's

Mortgage Origination and Servicing Regulations

- Clarity is needed in order to –
 - Open up the credit box
 - Reduce costs and streamline the home loan process for consumers
 - Stop the “sue and settle” practice that only results in increased costs to consumers and more consumer disclosures
 - Ensure consistent application of the rules across the nation

A Way Forward?

- There is an opportunity for the GSEs and their regulator, FHFA, to provide the industry with the clarity it needs
 - See the list of Requests for Technical Clarifications proposed by the Consumer Mortgage Coalition at www.consumermortgagecoalition.org.

Clarity will benefit consumers:

- As regulatory requirements for mortgage lending become clearer, the regulatory moat will narrow, allowing disruptive technology to enter the mortgage space
- Today, Quicken is the Amazon of on-line lenders—an early adapter of e-mortgages
- Peer-to-peer platforms (e.g. RealtyMogul.com and RealtyShares.com) are allowing accreted investors to fund single-family mortgages
- Crowd funding platforms (e.g. Pimarq.com) are allowing accredit investors to invest in a borrower's down payment and “co-own” the home