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Advertorial

An interview with James Sherwood-Rogers, managing director, Quest

It is now six months since James Sherwood-Rogers took over as managing director of Quest, the industry's survey and mortgage valuation IT specialists. Here, we speak to James to find out about his role at Quest, what projects the firm is currently working on and to hear his thoughts on what will be the major technology hotspots and innovations for the remainder of 2009 and into 2010 and beyond.

Q: Congratulations on your six month anniversary as managing director of Quest; how are things going for you to date?

A: I'm really relishing the opportunity to direct Quest. The company has an extremely rich heritage in the survey and valuation IT space, having introduced the very first electronic system into the market some 27 years ago. There aren't many IT companies successfully operating today that can claim to have started when personal computing was being brought to market, and is still continually innovating and creating waves today, particularly in today's tough climate. It's an extremely exciting firm to work for.

Q: Please can you tell us about the company's heritage and how it has got to where it is today?

A: At the time the company was launched, it was clear there was a gap in the market to improve efficiencies in the home-buying and selling market using technology. During this time, the entire process for instructing a surveyor to undertake a property survey or valuation was entirely paper-based. In addition, the report completion process was also extremely manual and labour-intensive. The surveyor would receive an instruction from a lender to carry out a survey either by telephone or fax and they would visit the property, taking the lender's specific forms, and manually write-up the report using special RICS notepads. It took a lot of time and was open to manual inputting errors.

Quest created the very first electronic version of the RICS' homebuyers report, meaning that via a forms-based database, surveyors were able to start completing forms electronically to help speed up the process. At that point, you could say the electronic valuation process was born.

Q: So, who were your first lender clients?

A: The benefits of operating electronically were becoming widely discussed, and as such we signed our first mortgage lending customer, Britannia Building Society. They requested a centralised version of the system to manage the allocation of all of their valuation instructions from a single location. This would send instructions direct to their valuers PCs who were home-based. At this point, there were no portable PCs, laptops or modern telecoms, but we were able to create a system that valuers could link to, to manage their daily workloads and automate much of the reporting process.

As a result of this new way of working, a new breed of businesses emerged in the market to 'panel manage' valuation instructions between lenders and surveyors, of which the first was Countrywide.

This led us to develop and launch the Secure Panel Network (SPN), which enables surveying firms to receive electronic valuation instructions directly from panel managers to their PCs. The surveyor would then complete the report electronically and electronically return it to the instructing lender for processing, via the newly established panel management firms.

As lenders proceeded to opt for a centralised valuation system integrated at head-office, the SPN was rapidly adopted as 'the standard' with a majority of the UK market's lenders, panel management firms and major surveying operations routing instructions via the connectivity tool.

Q: What changes have happened to the SPN over the years and who is using it today?

A: Quest's products handle in excess of 1,000,000 valuation cases per year in over 7,000 installed sites, which represents a huge majority of the industry. We are extremely proud of how the Quest system is helping such a large proportion of the market manage its complete valuation and survey requirements.

In terms of what updates have taken place, the system has been continually evolving since it was launched. We have developed a wide range of additional tools to help increase our client's performance and profitability, including work schedule optimisation, online dictation tools for verbal completion of valuation reports, electronic signing of documents, and sophisticated case tracking and management information.

An underlying ethos of the business is that we work closely alongside all our customers, in partnership with them, to ensure the technology is updated to match their specific requirements. The secured lender sector is extremely fast-paced and so we work in unison to continually evolve our survey and valuation technologies to meet their ongoing needs.

The most recent and extremely significant update for Quest is the development of a fraud detection and prevention tool; Q-Guard.

Q: Please can you explain what Q-Guard is and how it works?

A: Q-Guard was beta-launched 18 months ago and is designed to analyse for areas of risk at the point of valuation. We are extremely proud, as it was the first product of its kind to market and works by detecting suspicious characteristics, which are then automatically sent to the lender as an alert. This provides them with the opportunity to investigate the application more thoroughly before it is processed. Already this year, Q-Guard has highlighted over 10,000 suspicious transactions.

As the fall out from the recession continues, we anticipate that incidents of mortgage fraud will continue to escalate as lending criteria continues to tighten and people look for alternative methods of securing the finance they need. Or, perhaps, those in desperation seek new 'creative' ways to make some money, fast. During the past 18 months, we have witnessed an increase of 132% in the number of Risk Alerts that are being issued to mortgage lenders by Q-Guard, which is pretty significant I'm sure you will agree.

A major update to Q-Guard which is currently under development, will be released later this year, so watch this space for details of the forthcoming launch.

Q: Mortgage fraud is undoubtedly a major issue for our industry – are you aware of the scale of the problem that you are helping to combat through innovative technology?

A: The topic of fraud is rarely out of the headlines. In the current market conditions, industry analysts and associations are warning that the number of incidents is likely to rise dramatically due to financial pressures individuals are facing in the current climate.

BDO Stoy Hayward's half yearly fraud report confirmed that fraud in general has cost the country £960m between January and June, of which £97m can be attributed specifically to mortgage and procurement frauds. By comparison, KPMG's Fraud Barometer reported that the total value of

fraud cases that were handled via the courts during the same period had a total value of £636m, with 18 cases valued at £24m were specifically for mortgage fraud (which compares to 25 cases worth £36m in the whole of last year).

We are convinced that these figures are the tip of the iceberg, however, as there is currently no central resource for tracking all incidents of fraud across the market, therefore the true impact and scale of fraud is extremely hard to gauge.

We believe that technology plays an extremely vital role in the drive to eliminate fraudulent applications creeping under the radar and being successfully processed. Manual searching and analysis to identify risk is simply not viable, and through the increasing use of intelligent tools, a clearer picture regarding the full scale of attempted frauds may well be possible.

Q: Where would you say Q-Guard fits within the market?

A: There are a range of technology solutions available today that automate the process of highlighting concerns, discrepancies and potential issues and which help support lender's anti-fraud strategies.

We believe that Q-Guard is a complementary tool to these applications, including National Hunter, SIRA and the existing credit history and personal identity validity checks undertaken by Experian, Equifax or Callcredit.

Q-Guard is well-placed in the market to analyse large volumes of data at the point of valuation, making it unique.

Q: Looking forward, what are the challenges facing this sector and how can technology support it?

A: When it comes to mortgage-related fraud, the real ongoing challenge for lenders is to not only catch up with criminals' constantly evolving fraudulent activities, but to overtake them. It is therefore essential that the next generation of anti-fraud technologies continue to evolve too. Eventually the technology must become as much a deterrent as a detective, to force the fraudsters to go elsewhere so the evolution must be continual.

Q: What do you believe will be the major technology innovations that will benefit the mortgage lending industry?

A: I anticipate that Automated Valuation Models will be an interesting area to monitor over the coming months as the industry looks at the ongoing evolution and use of innovative valuation solutions. And, of course, advancements with mortgage fraud detection applications will be a major area for the industry over the coming months, particularly in light of the market conditions that we are facing. With mortgage fraud reporting to cost the UK millions every year, advances with technology to support the drive in reducing this figure is a top priority.

One thing we can be sure of however is that the fast-paced nature of our industry will continue to demand ongoing time, cost and resource savings and efficiencies; and I believe that technology will be the key underlying driver behind this.

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