

Market Commentary

Mortgage innovation being driven by AI and automation

A look at the next frontier in lending, from manual data entry to predictive insights

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The buzz around artificial intelligence shows no signs of dying down, and it's more than just hype. Financial services firms are deploying AI in various contexts and seeing real value. A 2024 survey by Bain & Co. found that generative AI contributed to an average productivity gain of 20%.

A different study conducted by the Institute of International Finance showed every single financial services respondent was investing in these tools — and half reported increasing their investments by more than 25% in 2024.

Mortgage lending is no exception. Integrating AI advancements shows strong potential for optimizing operations and reducing closing costs. And while lenders may have already implemented automation within elements of their operations, the next generation of tools will introduce new levels of efficiency, sophistication and accuracy. In addition to accelerating time to close, automation reduces manual data entry errors and helps banks and lenders scale their businesses.



About the author

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Mary Kay Theriault is senior director of product management for Mortgagebot at Finastra, where she is responsible for the strategy and direction of Finastra's industry leading mortgage solutions. With more than 20 years at Finastra, Theriault brings comprehensive mortgage lending knowledge and industry expertise to the role.

[*Mortgage Innovation Being Driven by AI and Automation*, Scotsman Guide, 1/2026](#)



Applying AI and automation to streamline document handling, underwriting, and borrower interactions

As this technology evolves, so does the role it can play in the mortgage lending process. Lenders can reduce manual tasks and processing times for document handling, asset verification and other time-intensive activities. With many financial institutions still handling loan origination tasks manually, AI presents opportunities to automate steps in the onboarding process while also reducing the risk of potentially costly errors associated with manual data entry.

For example, advanced extraction technology can significantly reduce time spent on tasks like income verification and statement analysis. This capability, known as document data extraction, pulls key data points directly from income and property listing documents, boosting both speed and accuracy in data collection. This drives significant time savings while reducing risk of manual errors that can be costly and time-consuming to resolve.

Generative AI is also being deployed to automate the creation of borrower narratives for lender underwriting. With a single click, these tools can generate a comprehensive summary of a mortgage deal, covering all relevant criteria, which can then be reviewed, edited and sent for underwriting much faster than the traditional manual process.

AI's role also extends beyond data processing to enhance communication. Some platforms now feature generative AI-powered chatbots that provide mortgage professionals with real-time answers to questions, streamlining workflows and increasing productivity. These functions reduce keying from scratch for brokers and contribute to a faster, more transparent lending process for all parties involved.

Additionally, modern point-of-sale systems featuring these tools can allow customers to explore rates, fees and products, as well as complete an application in minutes.

End-to-end automation can significantly speed up closing — a top priority for both borrowers and lenders — by reducing preapproval time to 20 minutes and enabling closing within a week.

Another benefit of automation is the capability of proactively identifying opportunities for portfolio expansion. The digitalization of financial services has created a staggering volume of data that holds significant value for companies with the technology to capture and analyze it effectively. In the realm of mortgage lending, predictive analytics supported by AI tools can help lenders address problems, identify potential new markets and make other important business decisions.



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Applying these tools to borrower behavior, demographic data and benchmarks can help lenders grow portfolios and improve back-office efficiency. For example, AI can generate refinance offers based on loan-to-value (LTV) data.

It's one thing to understand that AI has the capability to transform the way financial institutions do business. But knowing how to deploy it to achieve significant operational and strategic benefits in the context of mortgage lending is a differentiator for originators.

Using AI to automate data entry and processing can boost customer satisfaction by offering a much more streamlined mortgage application experience, ultimately getting borrowers into their new homes more quickly than ever before. Automation can also help financial institutions increase loan volumes through enhanced efficiency and identify opportunities to expand their portfolios.

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