

2025 mortgage executive research

Redefining growth in the mortgage industry: AI in originations, experience-driven platform upgrades, and M&A vertical integration

As mortgage rates climbed for nearly three years following the COVID-era refinance boom, lenders and servicers responded by cutting costs through workforce reductions and investing selectively in origination and servicing capabilities. These moves were designed to position originators and servicers for the next interest rate rally, as they expect an 8 percent increase in origination volume in 2026.¹ But are these actions enough to carry all boats through calm and rough waters?

To understand more about the future of real estate lending, KPMG LLP surveyed 80 mortgage industry executives about artificial intelligence (AI), their operational priorities, and investment plans. We learned that the leaders who will thrive in favorable and unfavorable conditions are building sustainable, borrower-centric models using three strategies. First, they are using AI to reduce friction and drive growth. Next, their modernization efforts are delivering differentiated experiences through integrated architectures and custom front-end solutions. Finally, they are pursuing strategic mergers and acquisitions (M&A) that cater to the borrower's needs beyond rate. This approach doesn't wait for changes in the tide—it builds a vessel strong enough to sail through any storm.



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AI enables a competitive edge through every aspect of the value chain



02

Experience-led architectures deliver successful modernization efforts



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M&A accelerates access to new customers, products, and capabilities

¹ "Economic and Mortgage Market Outlook," Mortgage Bankers Association, October 2025.

01

AI enables a competitive edge through every aspect of the value chain

Most lenders and servicers have been testing specific AI use cases across fraud detection, document management, self service agents, and chatbot-style features to improve operational efficiency metrics. Their hypothesis is that as rates lower, they can operate in an environment that can handle higher volumes and throughput without needing to add significant staff, thereby mitigating cost. This was confirmed by the KPMG 2025 mortgage executive research survey, where 43 percent of lenders cite driving efficiency and reducing costs as a top operational priority.²

While leaders agree this approach provides some lift, they are embracing AI with a different lens. In addition to operational cost cutting, they are scaling agentic capabilities and are focused on delivering their growth agenda, despite the unfavorable rate environment. For example, Rocket Mortgage reports that its Rocket Logic AI platform automated the identification of approximately 70 percent of its 1.5 million inbound documents in February 2024, saving 5,000 hours of manual work for underwriters.³ This shift from manual

review to automation with human-in-the-loop validation is the foundational layer for transforming its entire origination process.

However, like in other sectors, borrowers are seeking personalization and expecting lenders to know their preferences and requirements. We are seeing leaders use AI to mine customer data more effectively, capturing leads and personalizing offers at the top of the funnel. Within document management, they are focusing on not only extracting data to fulfill the loan, but also better understanding the borrower's financial position to provide the full suite of services they need and to extend the relationship beyond a singular transaction.

The same is true on servicing through more contextual self-service capabilities. As default rates rise, lenders are inverting the costly and ineffective outbound "dial for dollars" model by using AI to engage troubled borrowers earlier and more effectively. That creates next best actions/offers that coach the borrower through hardship and a return to financial stability.



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How leaders do it differently

Others use AI primarily to drive operational efficiency only, but leaders use AI to drive operational efficiency and top-of-funnel sales/origination growth through personalization.

² 2025 Mortgage Executive Survey, KPMG LLP, October 2025.

³ "Rocket Companies Introduction of Rocket Logic AI Platform," Rocket Mortgage, April 2024.

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Experience-led architectures deliver successful modernization efforts

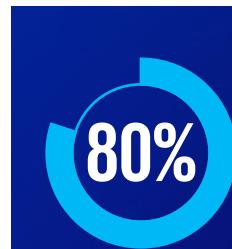
Platform capabilities remain a key priority for lenders and servicers, with 60 percent of respondents citing modernizing the technology stack as a competitive differentiator.⁴ However, success rates vary significantly between leaders and the rest of the industry. Lenders and servicers that focus on costly siloed platform upgrades to address individual pain points can lead to overcustomization and a system that behaves similarly to prior iterations. While each POS, LOS, or servicing platform that is selected is generally very capable, the lack of a cohesive solution design and architecture results in myriad issues, including suboptimal configurations. The result is a friction-filled experience for borrowers and associates that doesn't deliver the desired growth or efficiency metrics. Considering that 80 percent of customers consider the experience provided by a company to be as important as the products and services offered,⁵ it is clear why this is a point of differentiation.

Industry leaders continue to evaluate and make targeted changes to their technology stack; however, their approach begins with a clear vision for borrower experience and an integrated and modular architecture that combines existing technologies

with new platforms. Expedited commitment offerings from Better and Rate illustrate that back-office enhancements and integrated architecture can deliver substantial front-office impacts.

Further, the calculus for the build versus buy decision is also changing drastically. Generative AI (GenAI) is making it more time- and cost effective to build custom capabilities, especially on the front-end where borrowers interact directly with the lender. For example, a large lender recently established a GenAI custom-built solution to create more effective channels for loan officers, brokers, and correspondents. The lender is designing and building new POS, originations, and pricing capabilities as custom tools, helping reduce reliance on external vendors while providing more control on the desired experience. Leveraging GenAI capabilities, they have seen their delivery timelines cut in half and costs slashed by up to 70 percent.

For multi-line banks, this approach creates opportunities to offer adjacent products and services to their customers. It also helps build a more sustainable relationship by meeting the full suite of customer needs across the entire financial ecosystem.



of customers consider the experience provided by a company to be as important as the products and services offered

How leaders do it differently

Most lenders upgrade platforms in silos, incurring tech debt and missing key ROI thresholds, but leaders are delivering custom front-ends using modular architectures aligned to desired borrower experiences.

⁴ KPMG 2025 mortgage executive survey, KPMG LLP, October 2025.

⁵ "State of the Connected Customer," Salesforce.com, March 2025.

⁶ "2025 Global M&A Mid-Year Outlook, JP Morgan, July 2025.

03

M&A accelerates access to new customers, products, and capabilities

Industry dealmaking has increased steadily since 2022.⁶ In fact, the first half of 2025 saw a 56% increase year over year in the financial services industry,⁷ with prominent transactions such as Rocket Mortgage's acquisitions of Redfin (\$1.75 billion) and Mr. Cooper (\$14.3 billion) leading the way.⁸ The key trend: firms are leveraging acquisitions to diversify offerings, gain access to new borrower segments, and upgrade technology and operational capabilities.

The most transformative deals focus on end-to-end integration of origination, servicing, and MSR capabilities. Rocket Companies' acquisition of Mr. Cooper created the largest mortgage servicer and a leading originator, designed to power a high-volume recapture engine. Integration delivered 40,000 leads from Mr. Cooper's servicing portfolio into Rocket's pipeline within nine days.⁹ This approach generates \$5 billion in recurring servicing cash flow, providing stability against origination swings—lower rates drive new loans, while higher rates boost MSR values.¹⁰ This, coupled with the Redfin acquisition on the front end, and you have a fully vertically integrated capability set. The idea is simple – catch the borrower as they are browsing homes and serve their home lending needs from that point forward. The execution is much more challenging but leaders like Rocket

firmly believe the juice of vertical integration by acquisition is worth the squeeze.

The primary driver for tooling with integrations has been AI-driven automation. For example, at Better.com, the Tinman AI platform is reducing origination costs to about half of the industry average, with a plan to reach one-third of the industry average through continued AI investment, which has driven aggressive acquisition of other loan officer networks.¹¹ Strategic investors are focusing on firms offering workflow automation and tenant engagement capabilities—such as Plentific and Spacewell—because Software as a Service models with recurring revenue drive stronger margins, greater resilience, and higher strategic valuations. These approaches in turn deliver a better experience for the borrower, lower the operational cost and scale the organization effectively.

The mortgage shops that have executed or are considering strategic acquisitions during this period of increased deal activity are looking beyond short-term rate fluctuations. They are evaluating opportunities to deliver a better experience and provide more services across the value chain to their borrowers – thinking about the long-term relationship and a larger capture of borrower's wallet.



56%

increase in dealmaking year-over-year within the first half of 2025

How leaders do it differently

Most inorganic deal players are targeting geographies or capture of sales staff to drive near-term growth, but leaders are seeking targets to expand across the value chain and provide additive AI/technology capabilities.

⁶ "2025 Global M&A Mid-Year Outlook, JP Morgan, July 2025.

⁷ Ibid.

⁸ "Rocket Companies to acquire Redfin, Accelerating Purchase Mortgage Strategy," Rocket Companies, March 2025.

⁹ "Mr. Cooper, America's Largest Servicer, Joins Rocket, the Nation's Largest Lender," Rocket Companies, March 2025.

¹⁰ Rocket Companies Inc. Q3 2025 Earnings Call, October 2025.

¹¹ "Better Appoints Leah Price to Lead Tinman® AI Platform—Tinman to Disrupt Encompass and Entire Mortgage Software Stack," Better.com, June 2025.

Opportunities amid a modest demand increase

The opportunity within the mortgage industry has never been more clearly defined. Preparing solely for rate rallies, modernizing platforms in silos, and making incremental adjustments to borrower experiences will deliver mediocre results at best. Winners will position themselves for the long haul and mitigate rate cycles. They notice that servicing recapture and retention is still hovering around 20% and mortgage pull throughs (closings per application) are down to 69% for independents and 55% for depositories.

To sum it all up:

- Even in a slow market, there is a significant opportunity to leverage AI to drive efficiency and growth while building trust with borrowers throughout the value chain.

- Platform modernization needs to be architected in concert with the entire technology stack (not just rip and replace) and put the borrower at the nucleus of the transformation agenda. Custom front-end solutions focused on an elevated experience are delivering for borrowers, despite higher rates.
- Lastly, there is a ripe window to consider strategic growth opportunities to expand the ecosystem and serve a holistic set of needs for the borrower. While closing a mortgage loan is an important need, it still only represents one of many financial requirements. Understanding and then offering adjacent services and serving as advisers builds trusted relationships and primacy which will ultimately help companies exit the boom-and-bust cycle.

From September-October 2025, KPMG conducted an online survey of 80 mortgage professionals with the majority coming from organizations with \$250 billion or more in total assets (60%) and annual origination volumes of \$20 billion or more (74%). Our research was designed to track trends and provide an outlook on the future of real estate lending, including operational priorities and investment.

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