

# AI in Action: The Future of Mortgage Lending for Building Societies

How building societies in the U.K. are embracing technology to future-proof operations and meet rising expectations

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What happens when traditional financial services meet the fast pace of modern technology? The answer is both complex and promising. From shifting interest rates to digital-first member expectations, building societies are facing mounting pressure to evolve.

The good news? Technologies like AI are not just helping these organizations keep up—they're helping them gain a competitive edge.

This article explores what's driving change in mortgage operations, why it matters now and how forward-looking institutions—especially building societies—can take action.

## **Why mortgage transformation can't wait: making the case for urgent change**

Mortgage operations may not sound like the flashiest areas of innovation, but they're often where the pain is felt most—both for members and for the people who serve them.

In today's climate, institutions are grappling with shifting member expectations and increasingly complex regulatory changes. Younger borrowers expect the same frictionless, digital-first experience from their mortgage provider that they get from shopping online or streaming TV. At the same time, compliance requirements around affordability, transparency and documentation are only increasing.

Building societies must rethink, replatform and rebuild their mortgage functions if they want to remain competitive and relevant to a new generation of borrowers.

## **How AI streamlines mortgage operations**

So, where does AI come in? AI is already hard at work behind the scenes—and it's not about replacing humans. It's about helping people do their jobs better.

AI can accelerate property valuations, recommend loan products based on affordability and even support the conveyancing process. These aren't "nice-to-haves"—they solve real-world issues like reducing processing times and minimizing errors, both of which lead to better outcomes for members and advisors alike.

Importantly, AI isn't replacing human mortgage specialists. Instead, it's augmenting their capabilities, freeing them up from repetitive admin tasks so they can focus on complex cases that require human judgment and empathy.

The institutions seeing the greatest returns aren't the ones dabbling in isolated AI pilots. They're treating AI as part of a broader strategy to streamline operations, improve experiences and build competitive advantage.

## **The rise of specialist lending as a growth opportunity**

Specialist lending is emerging as a significant growth area within the mortgage market—particularly for institutions looking to better serve underserved or complex borrower segments. These include non-standard property types, self-employed individuals and those with unique income profiles. The sector is expected to triple in size by 2030, presenting a clear opportunity for expansion.

For building societies, this isn't just a competitive threat—it's a chance to lead. Many already have deep relationships with local communities and a history of offering tailored support. With the right technology and processes in place, they are well positioned to scale specialist lending offerings in a way that combines personal service with digital efficiency.

While some specialist lenders benefit from fewer legacy constraints, many face similar challenges. What sets the leaders apart is not just a clean tech stack—it's their ability to move quickly, personalize offerings and stay closely aligned with member needs.

To capture this opportunity, building societies must ensure their infrastructure can support speed, transparency and personalization. AI can deliver all three—but only when embedded in a modern, adaptable foundation.

## **Modernizing legacy systems: the critical first step in AI transformation**

For larger, established institutions, digital transformation doesn't start with AI—it starts with modernizing the systems that AI depends on. Mortgage operations in particular are often run on outdated, inflexible platforms that limit speed,

interoperability and innovation. These legacy environments create data silos, slow down product development and make it difficult to generate real-time insights that AI thrives on.

To compete in a digital mortgage market, institutions need infrastructure that supports continuous change. That's why cloud-native, modular architectures are becoming the new standard—enabling flexible integration, faster deployment and scalable experimentation. But replacing legacy systems at scale is no small feat.

That's where platforms like [Sapient Slingshot](#) come in. Designed to accelerate legacy modernization and AI adoption, Slingshot uses intelligent agents and automation to transform outdated code, streamline development and reduce technical debt. Its preconfigured workflows and domain-trained models help institutions modernize faster—with up to 99% code-to-spec accuracy and time-to-market improvements measured in days, not months.

But transformation isn't just about new tools—it's about a new way of working. Moving to agile delivery models, with iterative sprints and a constant feedback loop, helps organizations stay resilient in the face of market change and evolving member expectations. Platforms like Slingshot not only support this shift—they enable it.

## **AI governance: the key to responsible and scalable transformation**

[As exciting as AI](#) is, it also comes with risks —especially in tightly regulated industries like financial services.

Building societies must ensure AI systems are transparent, auditable and aligned with regulations. For example, if AI is used to assess affordability, it must be able to explain why a certain recommendation was made in a way both regulators and members can understand.

This requires strong governance frameworks: unbiased, algorithms, traceable data sources and processes for monitoring and improving AI over time.

Effective governance starts early. Risk and compliance teams need to be embedded from the start—not brought in at the end to sign off. That way, organizations can spot potential issues early and build on ethical considerations into the design process.

This is especially critical as regulators increasingly turn their attention to AI. Institutions that treat governance as a core pillar of transformation—not a roadblock—will be better positioned to innovate safely and sustainably.

## **Strategic partnerships: how Fintech collaboration accelerates AI adoption**

Another major driver of transformation is collaboration. Instead of trying to do everything in-house, many lenders are now partnering with FinTechs, RegTechs and other third-party providers to accelerate their digital journeys.

These partnerships are especially strong in areas like KYC, fraud prevention and payments areas, where competition is leading to high levels of maturity in both functional and technical architecture. Strategic partnerships allow building societies to access cutting-edge technology without having to build it from scratch.

This shift also opens the door to greater innovation. By working with partners that bring different expertise to the table, building societies can create more holistic, member-centric solutions—faster and more efficiently. The key is to treat partnerships not as bolts-on but as integral parts of the broader digital strategy.

## **Reimagining roles: the human side of AI**

Whenever technology changes how work is done, people worry about their jobs. AI is changing roles—but it's also creating new opportunities for employees to

contribute in more meaningful ways.

Take underwriters, for example. Instead of spending hours manually validating documents or inputting data, they can now focus on edge cases that require judgment, [analyze trends in borrower behavior](#) or refine risk models based on AI outputs.

To make this transition successful, building societies must invest in [reskilling and change management](#). Employees need support not just to use new tools but to evolve their roles and responsibilities alongside them.



## Getting started: five actionable steps for AI-led transformation in banking

Digital transformation doesn't have to be overwhelming. Here are five practical steps to start building momentum.

1. **Start with a clear transformation strategy.** Rather than chasing the biggest value pools, begin with a well-defined roadmap that identifies where AI can unlock meaningful outcomes in the right sequence. Embed AI from day one—both in shaping the target state architecture and accelerating the journey toward it. Use early wins to build momentum and demonstrate value.
2. **Build AI-first foundations.** AI isn't just an add-on—it must be embedded in the core architecture from the start. That means investing in not only cloud-native

platforms, APIs and secure data access but also in the AI-specific infrastructure, models and governance frameworks that will power intelligent automation and decision-making at scale.

**3. Adopt agile as the enterprise change model—while managing the transition.**

Agile should be the long-term operating model, but getting there takes a phased approach. Many organizations will need to dual-run agile and transitional waterfall delivery at first. Success depends on bringing people along, building early success stories and identifying “quick wins” that unlock value. Keep momentum through continuous, iterative releases focused on measurable outcomes.

**4. Build cross-functional teams—and align IT change to business outcomes.**

Digital transformation isn’t just an IT initiative; it’s a business transformation. Cross-functional teams that include compliance, operations, legal and customer experts help ensure that every technology decision contributes directly to improved business and member outcomes.

**5. Prioritize governance—and build the right capabilities from day one.** Trust in

AI starts with strong governance. Make sure AI-driven decisions are explainable, ethical and compliant from the outset. But governance alone isn’t enough—modern technologies require new skillsets. Successful transformation depends on a clear plan for building capabilities across teams, from data literacy to AI fluency.

## **The future of mortgage: from adaptation to reinvention**

Mortgage operations may not have the visibility of front-end apps or mobile banking tools—but they are foundational to member experience and institutional health. And right now, that foundation is being reshaped by AI.

The organizations that succeed in this next chapter won’t just automate processes—they’ll reimagine them. They’ll use AI to unlock new levels of efficiency, insight and personalization. And they’ll do it with strong governance, cross-functional collaboration and a relentless focus on people (both members and employees alike).

In short, the future of lending isn't just digital—it's intelligent, ethical and built for continuous evolution.

Explore how [digital engineering](#) can help your organization modernize legacy systems, accelerate AI adoption and deliver frictionless mortgage experiences.

**Transform Smarter. Scale Faster.**

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