

Modern Mutual Spotlight on Leeds Building Society



 Leeds Building Society

Richard Fearon,
CEO

Leeds Building Society strives to put home ownership within reach of more people. Their core mission has ultimately guided their journey as a Modern Mutual, ensuring the Society is future proofed for both members and colleagues. Our co-founder Ben Nadel sat down with Richard Fearon, CEO of Leeds Building Society, to explore their journey so far.



945,300

CURRENT RECORD BREAKING
NUMBER OF MEMBERS

Q What can members and colleagues expect on their journey towards becoming a Modern Mutual?

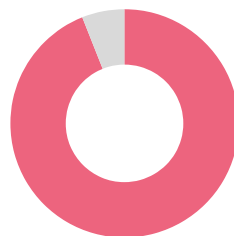
Colleagues are absolutely one of the most valuable things that exist in our Society. Treating them right and acknowledging the care they bring to everything they do is part of our success story and maintaining a fantastic culture, filled with collaboration. I spend a lot of time out and about with colleagues at all levels to create a bond of trust. Colleagues are our best advocates and if we treat them well, it enables them to treat our members well. Part of our technology journey involves reskilling and retraining colleagues. It is not about more efficiency and more automation and getting rid of people. It is about automating the ordinary things, and allowing the colleagues to be the extraordinary.



8.4/10

COLLEAGUE ENGAGEMENT
WAS RANKED 8.4/10*

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93%

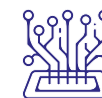
CUSTOMER SATISFACTION

Meanwhile, our members in branch and on phone speak of their fantastic experiences. We are trying to bring our digital channels up to that standard – it is hard because ‘doing digital’ raises the question of ‘how do you bring that human touch?’. Lots of businesses force you down a digital route, even when you don’t want to.

We are striving to blend the human & digital experience so that whether you want to use digital services or speak to someone in a branch you can do that... ”



We would like to make it easy to use our services digitally, but if you want to speak to someone or you want to come in, then you can do that too. That sort of blend of human and digital is something that we’re really striving to invest in.



41%

INCREASE IN DIGITAL
CHANNEL USE BY MEMBERS

Q How did Leeds get comfortable with the significant capital investment required to deliver a Digital Transformation?

We’ve massively outperformed the business case so far because of the service benefits, which has brought repeat business and broker satisfaction beyond anticipation and consequently built confidence. However, it is not a big, one shot investment – our modernisation is happening in a series of transition states where we are delivering value in incremental ‘chunks’, assessing what we’ve delivered before moving on to the next piece. Asking to approve these ‘chunks’ is a much easier conversation as we can explain precisely what it is going to deliver, whilst considering our risk profile. As a result, I would say each chunk that’s gone live so far has outperformed our expectations.

*This score places Leeds Building Society in the top 25% for the UK financial services sector benchmark.



Q You have just touched on risk and the perceived ability to deliver value. What risks have you seen coming on the road to becoming a Modern Mutual and how have you mitigated these?

I've always been of the view that the greatest risk is to do nothing. The market is changing around us, and ultimately our current platform will become unsupported. If you leave it too long, you're going to have a short time window to shift and change will be very disruptive, so we're trying to get ahead of that curve and make sure we build the sustainable business model. About seven years ahead of the migration event we worked on de-risking, in terms of bringing in the right people, bringing in the right teams, getting our data into the right shape, and successively testing that it's working. We take a long term view, which I think as a mutual, we can afford to do this well.

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Q What are some of your success stories on the Modern Mutual journey so far? Are there any sort of wins in the branch?

The first piece we did was implementing MSO – our mortgage hub. When I joined the organisation our application to offer times was 33 days or longer. Now it is more like 11 days and actually our fastest mortgage has been delivered from application to offer in 17 seconds. On the savings side, we've built our own savings journeys in the cloud and have massively cut down times to apply; and because we are now device native, conversion rates have shot up. Meanwhile our ISA application timings has been cut by nearly 85% and our conversion rates went up by nearly 60% off the back of that.



Our calls also go into our branches, which is brilliant from an operational resilience perspective and from a role perspective, as colleagues gain different skill sets by engaging face to face and through calls. It means we have no plans to close any branches because colleagues at the branch can either serve customers face to face, or they can process back office work as well and answer calls, giving real flexibility.



Q What steps has Leeds taken to foster innovation and what outcomes are you most proud of?

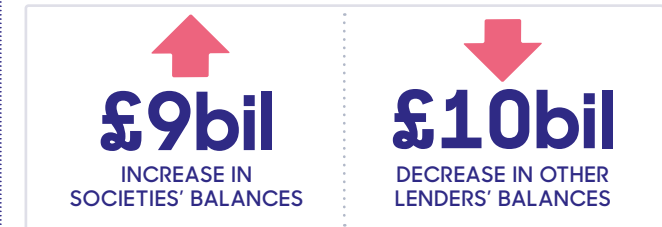
We were the first UK mortgage provider to work with Experian and connect to their 'Boost' service. In essence, its about using open banking to assess a years' worth of regular payments. It acts as evidence of customers being able to pay their bills on time and therefore can boost their credit score. It showed first-time buyers wanting to get on the housing ladder that they can boost their credit score simply and for free. Here we did something that resonated with people, and suddenly before we knew it, there were people finding out a bit more about us as a Society. This has helped us push out the mutuality.

Q Based on your experiences and observations, what predictions or trends are you foreseeing for the for the mutual sector in the next few years?

The mutual sector does thrive in times of adversity because it's very strongly capitalised and I think people have also seen the real tangible value in terms of rates paid and the personal service. In essence, in the six months to March 2024 building societies have accounted for all of the growth in the mortgage market; we have seen the balances of other lenders shrink by £10 billion, and yet Societies grew by just under £9 billion. Mutuals are an important part of fostering a resilient and diverse financial system. From a member

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perspective, members are getting better rates, for instance last year savers got over £2 billion more by saving with building societies than the big banks across last year. So actually, with those fundamentals, I do expect the mutual sector to thrive.



Q Do you think the sector should have any ambition about going after areas of the market where its members aren't getting a great deal?

Yes, Building Societies have a great heritage and track record of serving niche segments, whether it is self build mortgages or shared ownership. I'm personally quite a big fan of sticking to your knitting and finding value in a structurally simple business that does mortgages and savings. We talk to lots of people who don't get their needs met and are struggling to get a mortgage. A real focus for us is identifying those niches.

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