VITAL INTEL

CAN THE PROPERTY SECTOR AFFORD TO CONTINUE IGNORING BLOCKCHAIN?

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WHAT'S THE STATE OF THE CONVEYANCING MARKET?

Today, an average property transaction takes 135 days, slower than six years ago. The process is 20% more expensive than it was at that time. Complaints are on the increase, with 'length of time' or 'poor communication' being at the top of the list. Dropout rates remain constant at 22%, which means almost a quarter of those involved in the conveyancing process are met with disappointment. Given the skills and capability of the providers in the market, this is not the headline you would hope for.

BRILLIANCE IN ISOLATION

This said, some innovators stand out in their business performance through clever adoption of automation. They've enhanced service, improved delivery speed, increased income despite low margins and stripped away waste by reducing operational costs – and taking away unnecessary administration and distraction has enabled lawyers to take on more cases per head but with less risk and, as importantly, maintaining service levels.

This, though, may be 'brilliance in isolation' – such firms are few in number, and the benefits of automation diminish when other parties involved in the overall conveyancing process are at varying stages of digitisation and digitalisation, introducing inefficiency.

BLOCKCHAIN SOLUTION

The challenge the property sector faces is that each and every party involved in what is a highly complex conveyancing process has to work together, end-to-end. However, with digitisation, all the components are in disconnected digital worlds (silos). This means we capture the same data many times over and we have no method of singular communication across the chain, and we have to invest heavily to connect systems together in a bespoke way.

The sector needs a modern market infrastructure – similar to that of Visa and Mastercard in the financial world – but a lot more sophisticated due to the complexity of conveyancing. Enterprise blockchain offers great potential as a solution to bring the components together and remove the friction.

ENTERPRISE, NOT BITCOIN, BLOCKCHAIN

This isn't bitcoin blockchain that sits behind cryptocurrency, which is a medium of exchange (like the British pound), has no physical form and is created and stored in the blockchain – ie a decentralised ledger of all transactions.

For the property sector, we're talking about the blockchain that's used by banks for fast, secure and private settlement. This blockchain is an innovative, next-generation business process improvement technology that can deliver value by facilitating easy exchange of property data; enable use of digital identities, titles and funds; aid production of documentation; and expedite communication across parties – especially clients.

REMOVING FRICTION

Presently, the entire conveyancing process from start to finish is friction-ridden, impacting time to completion of transactions. There's duplication and repetition of processes, and clients are frustrated by the lack of real-time communication and visibility. All this is down to poor cross-party collaboration. An individual conveyancer may have adopted automation, but when they start interacting with other parts of the market – conveyancers, lenders, estate agents, public authorities, sellers, property developers, buyers – the benefits of speed, efficiency, consistency and transparency are decreased to the lowest common denominator.

Here's a scenario. A client meets an estate agent, with all the necessary documentation to establish proof of identity – passport, utility bills, driver's licence, etc. The estate agent requests the individual to undertake the onboarding process via the firm's app (brilliance in isolation). However, to progress through the transaction, the client has to repeat a similar process with the solicitor, the mortgage lender and any other parties who may be involved (frustration in friction). Just how many times – from the point when a client meets the estate agent – should they have to go through filling in the property information form, replying to KYC queries, and such, only because every party involved in the process has their own way of doing things? The net result? Customer experience is poor, time is lost and costs have increased.

A blockchain platform that all the parties can plug into can enable the entire sector to adopt standard processes to eliminate inefficiencies, repetition, inconsistencies and friction, benefiting all parties. Firms no longer need to maintain multiple integrations with the numerous regulatory bodies, portals and technology systems.

Think of blockchain as a connecting infrastructure – the backbone that different systems connect to, enabling real-time information-sharing over a secure network. Firms don't need special relationships with organisations on the network. They can simply connect to the network, find who they want to work with and then communicate in standard terms, regardless of what system they are using. Also, adopting blockchain doesn't break the bank – costing is based on network usage.

TIME TO ACT

Blockchain is already embedded in the financial sector, it's secure and proven. For its full potential to be realised in the property sector, it requires the industry to act as a collective to embrace the technology – only then can genuine transformation happen.

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