

LIXI CEO 'disillusioned' with Fujitsu findings



Erik Fenna



Martin North

CEO of LIXI Erik Fenna has hit back hard at research critical of the e-standards industry body contained in the most recent JP Morgan *Mortgage Industry Report (Volume 10)* as well as follow-up comments made by its co-author, Martin North.

The benchmark report claimed LIXI's open standards were becoming less relevant as the industry consolidates and proprietary standards are preferred. It also placed LIXI in the "trough of disillusionment" in the Fujitsu Consulting Mortgage Innovation Cycle, alongside 'non-bank players', 'low-doc loans', and 'mortgage managers'.

North said, based on what he had heard at the LIXI Conference in Sydney earlier this year, two of the major banks "gave strong indications they

would focus on proprietary rather than open standards".

"Because there is such a small number of big players, there may be more strategic leverage in being proprietary. If that is true then the whole idea of open standards (and LIXI) ceases to be relevant." North said.

Fenna, though, said Fujitsu placing LIXI where it did on the innovation cycle was contradictory and based on North misinterpreting the lender discussion at the LIXI Forum.

"The Fujitsu Mortgage Innovation Cycle shows that e-submission is on the 'plateau of productivity' yet goes on to show LIXI in the 'trough of disillusionment'. This is contradictory in my view because the two are absolutely linked: e-submission is LIXI-based," Fenna said.

"The lender discussion on use of LIXI standards was about whether lenders believed new industry standards were relevant for internal business processes. The lenders' view was they could achieve more immediate success, from a short-term ROI perspective, by using proprietary integration standards exclusively when connecting their own internal systems," Fenna said.

"The discussion went on to conclude that if, on the other hand, a lender was integrating with an

Fujitsu Consulting Mortgage Innovation Cycle



external party, or if they were taking a more long-term ROI view, the use of co-operative industry standards is in fact the preferred approach."

Fenna called it "absurd" that the JP Morgan report put LIXI open standards in the category of less successful innovation such as non-conforming loans and conditional fees.

"LIXI standards are relevant everywhere in the lending chain and are used between essentially every participant in mortgage lending," he said.

"The LIXI Forum covered a significant amount of discussion on innovation. One of the intriguing conclusions is that the LIXI suite of standards is not in and of itself innovative. Using LIXI is now standard practice.

"To be innovative with LIXI is to do something new using LIXI standards. For example e-conveyancing is being built on LIXI standards, which will be right up there in terms of innovation for the industry."