

INNOVATION & TECHNOLOGY TRACK: AI's Real Impact on the Servicing Workforce

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AI's Effect on the Workforce

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Widespread Adoption, Cautious Scaling in 2025

- Generative AI adoption has reached majority penetration across Financial Services globally.
- Banks, insurers, and capital markets firms now actively using or piloting GenAI
- Focus is on customer service, research, compliance, and operational support functions • Financial Services firms
- Just progressing beyond experimentation
- Deployment remains use case-driven rather than core enterprise-wide transformation

Signs of an Upcoming Structural Shift in 2026

- St. Louis Fed Data suggest GenAI usage at work is rising rapidly in knowledge-intensive industries
- Signals a structural shift in how financial analysis, decision support, and servicing are performed [stlouisfed.org]
- Evolving beyond human-in-the-loop (e.g., Goldman Sachs adoption of anthropic Digital Co-Workers)

Trends in Servicing

- Enterprise strategy: Data quality → Automation (RPA) → (AI/Agentic)
- Staff role: execution → judgment → orchestration → governance

Sources:[stlouisfed.org], [reports.weforum.org], [statista.com]

Role of Personnel Across Business Model Maturities

Action on Behalf of Customers	Assist	<p>EXISTING+ (Now)</p> <p>AI augmentation for efficiency in core mortgage servicing tasks (payment, escrow, document handling)</p> <p>Employee Role: Execute business processes and oversees AI Outputs</p> <p>Defining characteristic: Combined Human + AI approach for iterative confidence gains without shifting accountability</p>	<p>MODULAR CURATOR (Emerging)</p> <p>AI dynamically assembles tailored service modules based on borrower context, risk, and lifecycle events</p> <p>Employee Role: Shift from operational execution to designing modules, ethical alignment, solution interactions</p> <p>Defining characteristic: Flexible, borrower-centric journeys guided by strategic human adaptation</p>
	Represent	<p>CUSTOMER PROXY (NOWISH)</p> <p>AI executes eligibility pathways and decision frameworks for activities with high regulatory impact (LM, investor reporting)</p> <p>Employee Role: Oversee AI outcomes by interpreting policies, assessing compliance risks, and handling exceptions</p> <p>Defining characteristic: Collaborative Governance</p>	<p>ORCHESTRATOR (Later)</p> <p>AI systems adaptively manage servicing lifecycle, making real-time decisions based on risk, behavior, and regulations.</p> <p>Employee Role: Focus on governance, ethics, and oversight, ensuring AI transparency and regulatory alignment</p> <p>Defining characteristic: Scalable, outcome-driven servicing with interventions only on complex exceptions</p>
		Structured	Adaptive
Business Process Execution			

Based on
MIT CISR
Framework

Role of AI in Servicing

Evolution of AI in Mortgage Servicing



Informational

Ask a question, AI provides an answer

- Query Investor/agency guidelines
- Chat bots for basic borrower questions
- Query internal procedures



Navigational

AI power assists the user

- Guides borrower – loss mitigation request
- Routing of workflow approvals



Transactional

System executes tasks based on rules

- Execute PMI removal
- Flag insurance lapses and issue notices



Analytical

Advanced Pattern recognition

- Fraud detection
- KPI analysis
- Scan for out-of-compliance conditions
- Analyze borrower behavior

Foundation of Accurate Data and Governance

AI use cases in Servicing today

Borrower Communication – Virtual Assistants and Chat

- From simple chatbots to seamless virtual assistants

- Transcribe and summarize borrower calls

Automate document organization and indexing

- Use OCR/ICR to sort, identify docs and extract key data

Loss Mitigation support

- Identify early signs of borrower issues

- Predict “next best action” (forbearance, modification, etc)

Compliance/Audit

- Monitor regulatory updates

- Ensure procedures match required standards

Loan Boarding

- Use AI tools to validate data and document inventory as loans come in

What role can AI play in Servicing?

With a solid foundation (accurate data and good processes) AI can make a servicer more efficient and able to do more with less. Resulting in:

- Improved borrower experience
- Improved retention
- Reduced internal cost
- Reduced error rate by eliminating manual touchpoints
- Early identification of out of compliance conditions

The Future Impact of AI

Future-Proofing the Servicing Workforce

THE AI LAYER

Scale, Consistency, & Signals

Automated Document OCR: Real-time indexing of trailing docs and trailing evidence.

Early Warning Signals: Predictive modeling to identify delinquency 60 days earlier.

24/7 Digital Concierge: Handling 60% of routine balance/payment inquiries.

Fraud Detection: Instant cross-referencing of wire data and borrower IDs.

THE HUMAN LAYER

Judgment, Trust, & Context

Complex Loss Mitigation: Navigating borrower hardships that don't fit the data model.

Regulatory Grey-Areas: Interpreting state-specific nuances in real-time.

Advocacy & Trust: Building borrower confidence during critical life events.

Strategic Exception Handling: Decisions involving material financial waivers or high-risk assets.

The Evolution of Servicing

WORKFORCE PRINCIPLES

Automate the Routine

Let AI handle high-volume data validation, document indexing, and pattern matching.

Reskill for Insight

Transition staff from "Manual Data Entry" to "Exceptions & Outcome Management."

Elevate Judgment

Reserve humans for complex loss mitigation, grey-area compliance, and advocacy.

Built for Agility

Adaptable teams capable of handling rapid regulatory shifts and rate volatility.

ROLE TRANSFORMATION

Manual document indexing



AI-assisted automated validation

Reactive, volume-based staffing



Predictive, skill-based workforce planning

Static scripting for interactions



AI-informed borrower conversations



Retaining Your Workforce

Retaining Your Workforce

80% of technical employees leave for a more interesting position or opportunities for career advancement

- Create a program to offer new skills training with current developers
 - Builds loyalty with existing team
 - Increases wages
 - Maintaining morale by alleviating the fear of the current workforce losing their job to AI
- Promote an environment for continual learning on AI tools and experimentation to stay relevant
- Provide what the AI career path looks like at their organization.

Retaining Your Workforce

Managers to ensure that specialists see how they fit into the larger picture, which in turn provides them:

- Insight into their current role and empowerment to engage in current processes for better solutions
- Provide a path to early successes while rolling out a larger project
- Seeing the bigger picture allows the specialist to see how they can grow and evolve their skill set(s) in the rapidly changing tech environment
- Providing the AI Specialist with a sense of value to the overall process

Navigating the Regulatory Landscape

Recommendations for Navigating Regulatory Landscape

1

Make AI part of your regulated control system (not a lab)

- Recommendation: Embed AI within GRC linking controls to policy, risk, and testing.

2

Purposeful design for exam-ready explainability & auditability

- For any AI that influences hardship help, collections paths, or communications, maintain traceable decisions, challenger analysis, and testing evidence aligned to AVM-style QC elements.

3

Tighten third-party/Vendor oversight for AI tools

- Contracts must provide validation/test artifacts, change logs, demonstrably mature cybersecurity as well as privacy posture, and, as applicable, performance/bias monitoring.

4

Upskill the workforce for “human-in-the-loop” compliance, and ideally, for a “human-at-the-helm” future.

- Train staff to prompt, challenge model outputs, escalate exceptions, and document rationale.

Questions

