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## PENNYMAC FINANCIAL SERVICES. SWOT & PESTLE ANALYSIS

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**Company Name :** PennyMac Financial Services.

**Company Sector :** Residential Mortgage

**Operating Geography :** United States

**About the Company :** PennyMac Financial Services, based in Westlake Village, California, is an American residential mortgage lender. The company's business revolves around the production and servicing of mortgage loans in the United States, as well as the management of mortgage-related investments. The company is divided into two divisions: PennyMac Loan Services, LLC, and PNMAC Capital Management, LLC. The company operates on a consumer-direct basis, relying on the Internet and call centre employees to acquire and communicate with clients all across the country. Stanford Kurland, the former President of Countrywide Financial, created PennyMac in 2008 (during the subprime mortgage crisis), with financial backing from BlackRock and Highfields Capital Management. PennyMac's business is divided into three segments: mortgage production, mortgage servicing (which includes both production and servicing), and investment management. The company's mortgage production is focused on first-lien and government-backed or guaranteed loans. The loan servicing division is responsible for loan administration, collection, and default management. Management fees earned from the PNMAC subsidiary for managing the PennyMac Mortgage Investment Trust are included in the investment management segment. In April 2021, PennyMac Financial Services announced that it will offer job opportunities to professionals in the Nashville Metropolitan Area.

PennyMac Financial Services' Unique Selling Point or USP lies in it being one of the largest publicly-traded residential mortgage companies in the country. The mission statement of the company reads, "At PennyMac, we know your home is more than a place to live, it's your place to dream, laugh, and grow. That's why we have made it our mission to be more than just a mortgage lender — restoring trust and quality in the home loan experience from beginning to end".

**Revenue :**

\$3705.6 million - FY ending 31st March 2020 (y-o-y growth 151%)

\$1447.4 million - FY ending 31st March 2019

**SWOT Analysis :**

The SWOT Analysis for PennyMac Financial Services. is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1. Leader in the US residential mortgage industry</li> <li>2. Balanced business model capable of scalability and long-term growth</li> <li>3. Strong financial position and good stock performance</li> <li>4. Good gender and ethnic diversity in the workplace</li> <li>5. Large range of options apart from conventional government-backed loans</li> </ul>	<ul style="list-style-type: none"> <li>1. High level of debt</li> <li>2. Increased mortgage delinquencies due to the pandemic</li> <li>3. Does not offer home equity loans</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1. Taking advantage of the growing broker lending channel</li> <li>2. Buying out delinquent loans to increase revenues</li> <li>3. Investing more in the digital lending platform</li> </ul>	<ul style="list-style-type: none"> <li>1. Robust mortgage market attracts many competitors</li> <li>2. High dependence on government-sponsored entities like Freddie Mae and Fannie Mae</li> <li>3. Interest rate volatility affects the mortgage industry</li> </ul>

## PESTLE Analysis :

The PESTLE Analysis for PennyMac Financial Services. is given below:

<p style="text-align: center;"><b>Political</b></p> <ol style="list-style-type: none"> <li>1.CARES Act granted provisions for homeowners with mortgages</li> <li>2.LIBOR will be phased out by end of 2021</li> </ol>	<p style="text-align: center;"><b>Economical</b></p> <ol style="list-style-type: none"> <li>1.Home prices appreciation in the recent years</li> <li>2.New monetary policies can impact MBS(mortgage backed securites) markets</li> <li>3.Housing demand is exceeding housing supply</li> </ol>
<p style="text-align: center;"><b>Social</b></p> <ol style="list-style-type: none"> <li>1.Rising demand for houses in the suburbs</li> <li>2.Millennial generation has hit the average age for home buying</li> </ol>	<p style="text-align: center;"><b>Technological</b></p> <ol style="list-style-type: none"> <li>1. Plans to invest \$140 million in technology initiatives</li> <li>2. Investment in cloud-based technology to improve scale of business</li> </ol>
<p style="text-align: center;"><b>Legal</b></p> <ol style="list-style-type: none"> <li>1.Mortgage lenders subject to CFPB's regulations</li> <li>2.Compliance with federal consumer protection laws</li> </ol>	<p style="text-align: center;"><b>Environmental</b></p> <ol style="list-style-type: none"> <li>1.Reducing face-to-face meetings to reduce carbon footprints</li> </ol>

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