

December 2015 – January 2016

The . Insights Review

Financial Services Edition

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I C G



Featuring:

- General Strategic Interest
- Fintech, Disruption & Innovation
- Retail & Business Banking
- Payments
- Corporate & Investment Banking

- Wealth & Asset Management
- General Insurance
- Strategy & Transformation
- Corporate Finance / M&A
- Corporate Governance

- Human Capital
- Diversity
- Marketing & Customer Experience
- Technology
- Operations & Change

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About this Report

The Insights Review – Financial Services Edition by ICG presents timely abstract reviews of the most relevant ‘open published’ perspectives and research reports from the world’s leading branded management consulting firms.

This publication ensures that executives and consultants are exposed to the widest range of high quality ideas, techniques and methodologies developed across the management consulting industry globally.

Relevant insights are identified and classified once only, either in a general category, or by topic alignment to an industry segment or a functional area using our proprietary taxonomy.

Access to Full Reports

If you find an insight review of interest and wish to access the full report, simply follow the link beneath the title. Where possible, this will take you to the full report. Occasionally, the publisher may require the user to complete a registration or payment process prior to accessing the report.

Links are current at time of publication.

Insight Sources

ICG sources candidate insights for review from the best and most relevant material published openly by (at least) the following branded consulting firms:

- Accenture
- AT Kearney
- Bain
- BCG
- Capgemini
- Deloitte, Touche & Tohmatsu
- Ernst & Young
- FMCG
- IBM
- KPMG
- McKinsey & Company
- Oliver Wyman
- Promontory
- PwC
- Roland Berger
- Strategy&

A Message From the Editor

Welcome to our first edition for 2016 – it is a bumper edition again, as our many readers in the Southern Hemisphere come back from a well-earned rest and want to hit the ground running with the latest curated insights.

As it is a bumper edition, we congratulate two winning teams of our ‘Article of the Month’ award:

- A team at BCG for crisply articulating what many have been doing – milking their existing business while looking for new stars. We also like to help our clients with specific thinking around managing the cannibalization often caused by this approach.
- A team at Deloitte for creating a wonderful summary of what we all need to know about BlockChain – perhaps the most white-hot topic in our industry today.

We hope you enjoy this edition of *The Insight Review* and encourage you to forward it to your FS colleagues around the world so they can subscribe to the advertising-supported issue at no cost, or can request a low-cost team or corporate subscription direct from ICG. We even co-brand for some FS clients and FS suppliers wishing to help their future leaders or clients get up to speed with their chosen industry as fast as possible. If we can assist, please contact our [Production office](#).

Happy reading.

David Moloney

Global Editor

GENERAL STRATEGIC INTEREST

“The “Sharing Economy” & Financial Services: Friend or Foe?” – Roland Berger

[View PDF \(4 Pages\)](#)

The short insight is ‘don’t fear’ – because the P2P industry will evolve to a two-segment model where P2P players are either new entrants competing in unwanted segments such as new venture financing, or are indeed owned (built or ‘acqui-hired’ or equity JV’d) to operate their own P2P service linking, for example private bank customers with SME loans benefiting from the bank’s credit history, scoring model, and customer base.

Tellingly, this ‘micro-perspective’ is from a single partner. Additional partners may have observed the intrinsic asymmetry of bank intermediation risk where customers use social media or class action suits to force banks to pay out on badly performing products (especially those relying on the bank’s own credit scoring models). For more insights on this topic, contact your local ICG FS practice leader.

“7 Digital Questions for Banks” – Bearing Point

[View PDF \(6 Pages\)](#)

A potentially useful primer for those who are new to the financial services industry and needing a very general and thematic introduction to the implications and opportunities from the digital revolution.

While the report is based on an industry association survey of German banks, the findings are almost certainly relevant to all developed markets but too high-level for our regular readers who would have been exposed to more sophisticated treatments.

Retail bankers may appreciate the Caisse d’Epargne case study, which has digitized France’s piggy bank account so relatives and friends can make deposits (even if they are not Cd’E customers) and leave messages for the child.

“Fintech Investment in Asia-Pacific Set to Least Quadruple in 2015” – Accenture

[View PDF \(4 Pages\)](#)

A brief update from Accenture on the rapid growth in fintech startup and corporate venture investment in Asia (including Australia and New Zealand). This update gives examples of who in Asia is investing in fintech (e.g. banks, non-banks) and what in (e.g. payments, blockchain, cybersecurity). It is based on Accenture’s analysis of fintech deals data from CB Insights. It is also a plug for the fintech Innovation Lab Accenture runs in the region, which is similar to the shared industry accelerators it runs in New York and London. It is worth a quick look in case you see an interesting new example, but none of the trends should be a surprise.

“The Most Innovative Companies 2015: Four Factors that Differentiate Leaders” – BCG

[View PDF \(26 Pages\)](#)

A long article where BCG discusses the responses of companies participating in its 10th annual global survey of innovation and comes up with a top 50 ranking of innovators for 2015. The article is organized around four attributes of successful innovators BCG has seen in its surveys over the years: speed, lean processes, technology platforms, and searching for growth in adjacencies. For the next 14 pages of the 18 pages in this article, BCG expounds on each of these attributes. This would be more interesting if they had also compared their views with those of published researchers and practitioners in the field, like Clayton Christenson’s *Innovators Dilemma* and Eric Ries *Lean Startup*. It would have been great to read about some new or contradictory insights.

“Innovation Circle: Insight & Innovation Across the Globe” **– Capgemini**

[View PDF \(12 Pages\)](#)

An internal newsletter about innovations and trends in IT that has been turned into a marketing brochure for an external audience. This edition is a grab bag of short advertorials, including how CIOs can evolve into Chief Innovation Officers. Worth a quick look to see if one of the article titles is a topic of interest for you.

“Cutting Through the FinTech Noise: Markers of Success, Imperatives for Banks” **– McKinsey**

[View PDF \(18 Pages\)](#)

An eight-page reminder for bankers about this newish thing called fintech and the power of the magical number six. Apparently ‘6’ explains all the things fintech startups do that banks should learn from and apply to preserve their business models. “Be alert but not alarmed” would have been a better title for the article and the advice it offers. You can safely skip it if fintech is not news to you.

“Adapt, Disrupt, Transform, Disappear: The 2015 Chief Digital Officer Study” **– Strategy&**

[View PDF \(24 Pages\)](#)

Using the results from its survey of 1500 large companies, Strategy& (PwC) discusses the emergence of a new C-suite role called ‘Chief Digital Officer’ (CDO). It is a role filled in less than 10% of large companies today but expected to spread more widely as industries respond to the challenge of digital transformation. The article reveals some interesting facts about the backgrounds of the people currently in a CDO role (e.g. only 17% come from technology backgrounds) and examines the cross-functional scope of what they need to do to catalyse and shepherd digital transformation of their organizations. This CDO single person change agent model is one way to get digital transformation going. But the article predicts the CDO role is a transitional one, eventually dissolving when an organization’s digital transformation is complete and every function and job is digital. Worth a read to compare to how the transformation to digital is being managed in your organization.

RETAIL & BUSINESS BANKING

“Is the Bank Branch Dead?” – Bain

[View PDF \(2 Pages\)](#)

Bain argues that branch networks are not dead, although banks need to move much more rapidly to re-orientate branches towards high-value sales and advice, as transactional banking continues to shift towards digital channels. Very brief, although well argued, and includes key pointers towards a successful transformation branch transformation program.

“Making Big Data Work in Retail Banking” – BCG

[View PDF \(11 Pages\)](#)

A useful primer sets out several areas in which big-data programs can create value within retail banking, via enhanced revenue and improved operating efficiencies. Although light on specifics, this article will provide generalist consultants with some foundational domain knowledge across one of the key hot-topics within current retail banking.

“Reimagining Financial Inclusion” – Oliver Wyman

[View PDF \(62 Pages\)](#)

An interesting read that throws light on the significant challenges faced by low-income consumer segments in accessing and utilizing traditional banking products, while facing unpredictability and very significant volatility in household cashflow. These customers often struggle to accumulate savings or indeed to carry through any long-term financial planning, as immediate needs become paramount.

The authors convincingly contend that the traditional banking product set is ill-suited to consumers that are often living paycheck to paycheck, and cannot serve these segments in a manner that is economically viable for the institution or appropriate for the consumer. Instead, a “financial stabilizer product” is suggested, integrating spending, savings and credit, incorporating features aimed to encourage healthy financial behaviors.

“Retail Banks Wake up to Digital Lending” – Bain

[View PDF \(5 Pages\)](#)

Covering a similar subject matter, Bain’s excellent article offers a much richer level of insight in understanding the emergent steps that retail banks are taking towards digitisation of lending, and the key capability gaps that remain.

It is startling to find that despite investments made to date, banks can handle only 7% of products digitally from end-to-end – a figure that stands in stark contrast to the digital-only models offered by an increasing number of fintech disrupters. A deep-dive into the various capability gaps faced by retail banks reveals that internal organizational constraints and legacy infrastructure limitations pose as formidable obstacles to transformation. However certain banks have been able to overcome these constraints through a number of key actions that have a common core around customer-centricity, as well as an enterprise-wide level of commitment.

A final insight is that banks that are seen as digital leaders have higher IT spend than average, and that much of that spend is transformative rather than incremental – although those programs will deliver a significantly lower ongoing cost base through automation and digital conversation.

“Executive Retail Banking Survey: Digital Transformation” – Roland Berger

[View PDF \(22 Pages\)](#)

A presentation slideshow that summarizes Roland Berger’s survey of European banks’ digital readiness. The format lends itself to a quick scan, and those who are actively following the industry’s digitisation journey won’t find too many surprises (or much depth) in the findings – for example that banking executives believe they have a long way to go to achieve client-centric digital channels, or that there are a number of internal and external hurdles for transformation to a new business model. A useful chart sets out the various techniques banks are applying to foster innovation, which include external open-source development, innovation labs and start-up accelerator programs.

PAYMENTS

“2015 Payments Industry Trends” – Strategy&

[View PDF \(3 Pages\)](#)

This short piece highlighting some of the trends from 2015 (starting late the previous year) already seems dated, perhaps emphasizing the increasingly fast pace of change in the payments industry.

Towards the end of the article, the author’s four key trends to watch – highlighting his view on the customer proposition – are worth a quick skim.

“How the Payments Industry is Being Disrupted” – McKinsey

[View PDF \(3 Pages\)](#)

A short article based on the firm’s ‘Global Payments 2015: A Healthy Industry Confronts Disruption’ report – which we reviewed in the November edition of the *The Insights Review* – and one of several year reviews published at the time.

If you didn’t get to the full report and want a quick take on their four key trends – more about what is happening than, as the previous article suggests, might happen – then it is worth a quick look.

“Towards a Future of Digital Payments in Canada” – Accenture

[View PDF \(2 Pages\)](#)

More an infographic than an article, drawn from the firm’s 2015 ‘North America Consumer Digital Payments Survey’ – which we also featured in *The Insights Review* back in November.

Nice to see some standalone Canadian data – not just a North American afterthought – and a reminder that offering customer rewards is one route to encouraging mobile wallet adoption.

“Beyond Bitcoin: Blockchain is Coming to Disrupt your Industry” – Deloitte

[View PDF \(11 Pages\)](#)

A billion dollars in venture capital has flowed to more than 120 blockchain-related start-ups, with half that amount invested in the last 12 months.

This is just one of the insights in a very interesting article about developments in blockchain, which covers not only the potential impact for traditional payments, but also touches on some of the potential applications across multiple industries as diverse as Telecommunications, Healthcare and Energy.

A worthwhile and thought-provoking read for almost every reader of *The Insights Review*.

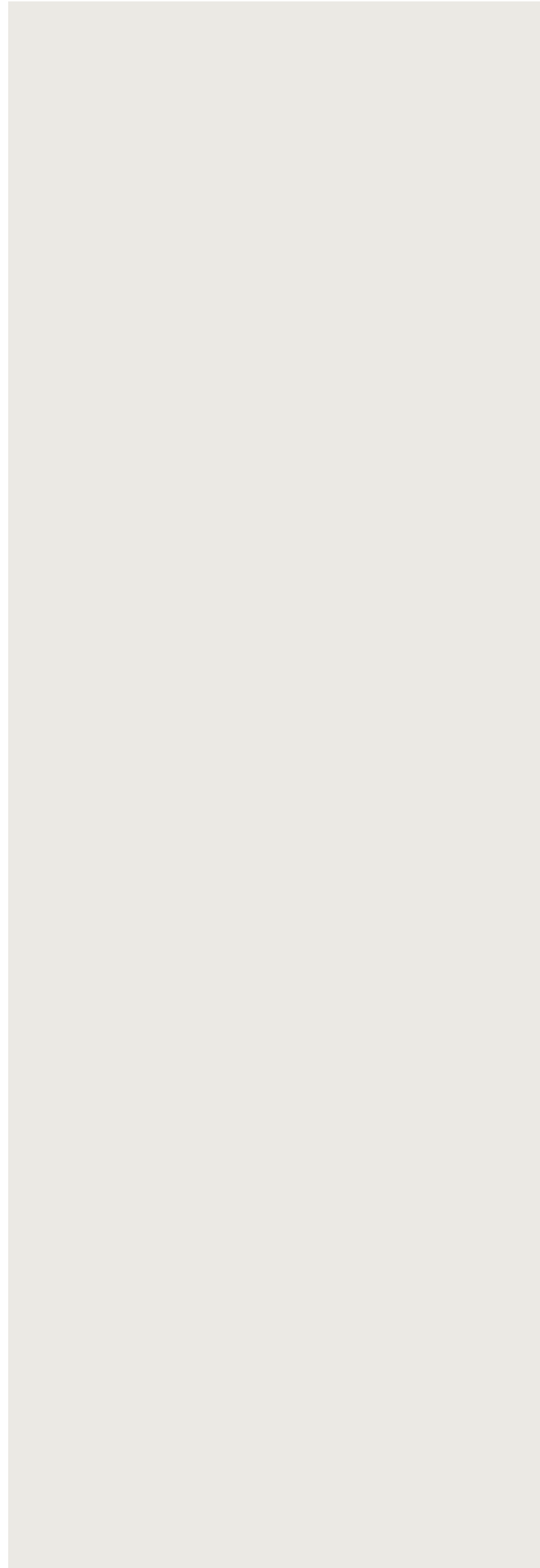
Article of the Month

“Accenture Banking Interview” – Accenture

[View PDF \(2 Pages\)](#)

A one-page (the cover page just features the company’s logo!) transcript of an interview with Tom Durkin, Global Head of Integrated Channel Solutions at Bank of America Merrill Lynch from this year’s SIBOS conference.

Despite its brevity, this is one article our frequent readers can skip.



“Trade Finance: The Landscape is Changing – Are You?” **– Accenture**

[View PDF \(10 Pages\)](#)

A concise and informative article by Accenture, highlighting the changing rules of the global trade finance game – an attractive business for banks. Executives and internal consultants with this line of business in their remit, and who do not know their TSU and BPO, should read soon; for those that do know, they will find more to stimulate them to action to stay in the game.

“Digital in Corporate Banking Reaches the Tipping Point” **– BCG**

[View PDF \(7 Pages\)](#)

An ‘academic paper’-styled article by BCG as a call to action for corporate banking entities to embrace digitalization in their customer interactions, supported by a global survey. None of this should be new to executives and consultants in corporate banking, but most are yet to act. So, if your corporate bank is not implementing a clear digital strategy to prepare for the disruption of this sector, it is indeed a call to action you should read and respond to.

“Investment Bank Transformation: From Ideas to Action” – EY

[View PDF \(74 Pages\)](#)

A substantial report from EY, this is a curated set of articles focused on what to do to address the challenges facing investment banks. Those that have followed the CIB content in previous editions of *The Insights Review* will find the usual repeated issues and suggested actions in this document. It is, however, comprehensive, and the nine separate articles (each with an abstract) will enable readers to hone-in on their area of interest.

“The Future of Wholesale Funding Markets” – PwC

[View PDF \(43 Pages\)](#)

While PwC publishes this report, it is the work of BNY Mello – a key participant in the Repo markets. It is a technically detailed document for market participants, which sets out to assist them to better understand the changes coming to the industry. For those that are not current market practitioners, there is a useful appendix (pp35-37) and a glossary (pp38-39) to help them enhance their understanding of the wholesale funding markets.

“The Future of Wealth in the United States” – Deloitte

[View PDF \(28 Pages\)](#)

This article describes the distribution of wealth in the US out to 2030 among four adult generations: The Silent Generation, Baby Boomers, Generation X, and Millennials. Based on primary research by Deloitte Consulting, the article reports on the staggering growth of wealth in the US, increasing from \$72T in 2015 to \$120T by 2030, of which \$24T will be transferred in bequests alone – the largest wealth transfer in history. Obviously, the opportunities for wealth firms are significant; skip straight to page 13 to read a short section about implications for strategy. Not a lot new here that hasn't been reported elsewhere, however one of the key takeaways is the continued dominance of Baby Boomers in terms of their share of total wealth, suggesting that the relentless calls from consultants to embrace digital should be balanced against the clear value of continuing the traditional models still demanded by what will remain the largest of the four generations out to 2030. The article is media-rich, with graphically stunning video and interactive infographics – in this area, the report is setting a new high for wealth industry analyses. Overall an interesting read primarily for new-to-industry wealth marketing strategists.

“The World Wealth Report” – Capgemini

[View PDF \(48 Pages\)](#)

A comprehensive perspective on the world's HNWIs, the key drivers of their wealth creation, and how they are being impacted by global trends. This annual World Wealth report by Cap Gemini has for many years been the go-to report for internal consultants to glean insight into wealth statistics and trends at the region and country level. Now with the advent of interactive infographics, this data can be customized to readers' needs. The web version of this article allows one to search in surprising granularity – for example, we can see whether there is an increasing number of clients with “investments of passion” in art (up from 8 to 13% across Europe), or that the change in trend away from life-goal oriented planning back to financial goals is picking up pace across Asia Pacific. Apart from interesting high-level reading, there is clear value in this article for marketing and corporate strategists to ensure their businesses are hitching their wagons to the strongest and clearest macro country themes.

GENERAL INSURANCE

“Digital Transformation in the Age of the Customer: A Spotlight on Insurance” – Accenture

[View PDF \(10 Pages\)](#)

Another piece on the well-worn trail of why digital is the way forward for all things customer. Whilst the theme is clearly a widely-held view – and for good reason in many respects – this article does not really add anything to the discussion, but rather reinforces messages made on numerous articles reviewed in 2015. That said, the condensed approach and the clarity of key messages is helpful as we start another year. The case for clear executive leadership within a strategic frame is well-made. The point of difference is the section on the roles third parties can play in delivery of better customer experience.

“Small-Business Insurance in Transition” – Deloitte

[View PDF \(18 Pages\)](#)

A short piece written by Deloitte US with a focus on the US-agency-delivered SME marketplace and alternative channels for future delivery. The segment will work in other markets, and so the options outlined focussed on online, agency support, self-serve, and hybrids are all valid.

This is only the second article covered for this segment in the last 12 months, with the previous considering bancassurance as a channel. Key is the size of the market segment and the dilemma as to the buying behaviors for these customers – traversing retail and corporate. Given this, the options laid out are all useful to internal consultants charged with taking forward the distribution of what is generally a large segment in all markets.

“Reimagining Insurance Distribution” – Accenture

[View PDF \(1 Page\)](#)

Another 17-page article in the digital disruption space, based on an excellent survey of six key distribution-related areas involving over 400 senior executives in 20 countries. Covering life, non-life, and multiline insurers, the research is well presented and rich in detail, assessing progress on companies’ key distribution strategic drivers. Channel digitization, insight-driven customer experiences, and the role of ecosystems are covered, in addition to the changing role of agents and aggregator development and, finally, a series of questions on the Internet of Things. The last section is seen as a game-changer.

Real examples and comment from senior executives add color.

The overall recommendations take today into world of ‘becoming a digital insurer of the future’. Not a new theme, but the structure of the article builds towards a well-researched set of recommendations ideal for internal consultant consumption.

This is also well worth an executive read too.

“2016 US Property-casualty Insurance Outlook” – EY

[View PDF \(9 Pages\)](#)

An early 15-page article setting out key themes for the US market in 2016. Whilst focussed on the US, a number of the ‘significant changes to the insurance ecosystem’ will resonate with practitioners in other markets too.

A transformation road map is set out with digital leadership, the next wave of M&A, continuous innovation, product to service orientation, next-generation distribution platforms, performance through analytics, talent attraction and risk management into the C-suite as the eight key themes. The structure of the article covers the needs from an EY perspective and sets out priorities for action in 2016 to build the necessary frames in each of these areas.

The strength of the article – which is a good read for both executives and internal consultants – is the crisp structure, and concise comments offering solutions to a market seen as in ‘continued change and uncertainty’. Low growth rates and the major external forces around technology, pricing, and customer experience are used as the call to action. Added to this is a view on increased regulation – which is probably more US specific.

A very compelling article.

“A Leader’s Guide to “Always-On” Transformation” – BCG

[View PDF \(17 Pages\)](#)

Hats off to BCG for being the first major firm to capture the idea of “always-on” transformation. Executives and internal consulting teams that lurch from one transformation effort to another will be pleased to read they are not alone and help could be at hand.

What follows though is somewhat of a surprise. It is not a well blueprinted suite of fit-for-transformation type capabilities that relate to the art and science of each type and general transformations– i.e. building a better internal consulting team who can be constantly injecting the required transformation IP, methods, experts, and services. Instead, two messages come through.

The first is an impossibly hard long-list of capabilities that an organization needs to inherently master to continually transmogrify. At least BCG kindly mention that, even with their help, their clients can’t master more than one or two!

The second is a poor attempt to avoid cannibalizing their own revenues. Rather than suggesting clients build internal consulting/transformation capabilities, BCG instead roll out one of our favorite old classics – Henderson and Venkatraman’s functional evolution framework – and apply it to Human Resources in a see-through attempt to get the CHRO to employ BCG to raise their team’s capabilities to be the transformation conductors and musician pool. We all know internal consulting groups are the rightful home for these skills – and are the ones who will benefit from reading this article, but not attempting to implement it.

“Tomorrow Never Dies: The Art of Staying on Top” – BCG

[View PDF \(9 Pages\)](#)

A timely, important, and ‘in-character’ refresh of Henderson’s original BCG-founding framework. The key insight is that in the 60s you could use market share scale to gain cost advantage. In 2016, you can’t afford to just milk large cows; the most rewarded companies are ones that milk cows and find new stars at the same time.

The advice to internal consulting teams reads like a laundry list driven more by the availability of archetypal case studies than a collectively exhaustive suite of actions, and includes:

- Portfolio component strategy needs to be aligned to its specific sector maturity level;
- You need a good star-search program (emergent test, learn, and expand)
- Our favorite – which is explore ways large incumbents can use their considerable resources to shape industry evolution and set the rules of the game, especially in new ecosystem plays;
- The need to milk and star-search at the same time – be ‘ambidextrous’; and
- One which is fuzzy but is a mix of how leaders tell a complex strategy story with some coherence and the way they help staff deal with the mild confusion of all of the above simultaneously.

Exhibit 4 is a stand out strategy framework and one to add to every internal consultant’s tool kit.

A must read for internal strategy teams.

Article of the Month

“How Banks Can Use Strategy, Structure & Resilience to Win the Regulatory Endgame” – Bain

[View PDF \(8 Pages\)](#)

Makes the often-seen argument that a strategic approach to a compliance problem will deliver greater value (with the help of the authoring consultant). At the very least, this insight reveals that Bain now has some risk and capital partner expertise in Europe.

“Adhocracy for an Agile Age” – McKinsey

[View PDF \(13 Pages\)](#)

As the “Industrialised Adhocracy” company, how could we resist this article? Written by an LBS professor and book author, the insight delivers an important reminder that adhocracy is increasingly the better organizational model (ahead of legacy hierarchy and faddish meritocracy). The article starts a little left-field with the idea of information being free and easily accessible so information overload is making “return on attention” the new human capital pivot point.

Internal consultants will welcome the very accessible depiction of the three models, a self-assessment tool, and an elaboration of the three key benefits of adhocracy: coordinating around opportunities; decisions through experimentation, and intrinsic recognition. These are the factors that help it make the most of a data-rich, attention-poor age.

Following this insight, you won’t be able to resist seeking more adhocracy (and agility) – either DIY or via ICG!

“Agility: It Rhymes with Stability” – McKinsey

[View PDF \(12 Pages\)](#)

Organization theorists like to use metaphors (machine...bureaucracy) and here we are introduced to the smartphone organization with its hardware backbone AND interchangeable, dynamic SW apps. McKinsey then make the exaggerated case that you can have both stability and agility in your enterprise. The hardware or a fixed organization dimension alignment (function, geography, etc.) can safely anchor your employees while they act like agile adhoc agents (as internal consultants do in many of our clients). Targeted at last century bureaucratic customers wanting both, this article also highlights the role of governance and signature processes which are no doubt designed to allow McKinsey to review much more of your organization than just adding adhoc-like floating overlays to areas like new product development, new business development, and strategic PMOs.

“To Centralize or Not to Centralize?” – BCG

[View PDF \(5 Pages\)](#)

A thoughtful look at an eternal management question. BCG identifies four obvious but probing principles that will help more senior internal consultants review their central operations while avoiding some of the pitfalls of blunt instruments. The four principles are:

- Focus on Value
- Focus on Strategy
- Let the business drive the centre and
- Be self-critical.

They will certainly make many friends among SBU heads paying large HQ taxes.

“The Keys to Organizational Agility” – McKinsey

[View PDF \(5 Pages\)](#)

Well-edited interviews with the two thought leaders behind McKinsey’s agility work. They explain in very accessible language the key insights and observations behind their work and conclusions around agility. Excellent reading for C-suites and senior internal consultants.

“Build Your M&A Muscle: Why Serial Acquirers Win at Value Creation” – AT Kearney

[View PDF \(7 Pages\)](#)

This article sets out to debunk the belief that M&A deals on average destroy shareholder value. One of its findings is that acquirers get better at it the more often they do it. In the November 2015 edition of Insights Review we reviewed two articles from McKinsey with similar conclusions to this one. In this article ATK uses the analogy of athletes in training. Like them the interesting question is how many acquisitions per year is enough for a company to get the benefits before increasing the risk of injury? A short article worth reading and comparing with others.

“The Return of Growth” – BCG

[View PDF \(7 Pages\)](#)

Another sector specific piece from BCG’s total shareholder return (TSR) value creators annual series of reports and league tables. We reviewed the overview report back in our August 2015 edition of The Insights Review. This short, sector-specific article focuses on the varied performance and behavior of large firms in the world’s consumer goods industries (i.e. fashion and luxury, durables, non-durables, retail, travel and tourism). The article has a paragraph on the TSR performance of companies in each sector, followed by two pages of hypotheses on what the value drivers are.

If consumer goods is your industry, then have a quick look. However if you do, we recommend also reading the larger overview report for context – along with our earlier review of it.

“M&A 2015: New Highs, & a New Tone” – McKinsey

[View PDF \(3 Pages\)](#)

An article on the rebound in M&A activity from its historically low base in 2012 and an increase in “mega-deals”. Other than statistics on deal trends, the main point of this short article is to wonder why stock markets reward the announcements of mega-deals with a share price increase when synergy benefits take two years or more to capture – and historically often weren’t captured. It speculates that this is because the rationale for deals has changed and that companies are getting better at capturing M&A synergies. We will see!

“What CEOs Can Learn from Activist Investors” – McKinsey

[View PDF \(3 Pages\)](#)

A short transcript of McKinsey interviewing itself on the topic of activist investors and what it means for their client CEOs. Skip.

“Financial Services Industry: Continuous Model Monitoring” – PwC

[View PDF \(28 Pages\)](#)

This 28-page article covers the evolution of Model Risk Management. The white paper identifies a serious shortcoming in the current risk management model, which recommends that existing risk governance processes are enhanced to incorporate a formalized Continuous Model Monitoring activity, owned by a dedicated function. This would be an independent component of the overall governance process.

It is a fairly detailed discussion paper that is useful reading for board members and those involved in risk management or monitoring at a governance level.

“Share & Share Alike: Meeting Compliance Needs Together with a KYC Utility” – PwC

[View PDF \(10 Pages\)](#)

This 10-page white paper argues that maintaining the same business-as-usual environment to comply with Know Your Customer (KYC) requirements is no longer good enough.

PwC recommends the creation of a central unit—now referred to as a KYC utility— and the paper explores factors to consider when choosing a KYC utility.

It reads like a sales pitch for consulting services that may not be required for all financial institutions. Worth only a quick read for those interested in KYC compliance (note: a very high-level, generic perspective).

“Target Operating Model & Risk Governance” – KPMG

[View PDF \(4 Pages\)](#)

A 4 page “sales brochure” for KPMG’s offering around Target Operating Model & Risk Governance Consulting Services targeted at Chief Risk Officers (CRO). KPMG argues that in order to establish and maintain an effective risk management framework, CROs need to establish and implement an effective risk management target operating model (TOM) that integrates effectively with financial and actuarial TOMs. Optional bedtime reading or simply skim for a very high-level but limited view of options to consider in this space.

HUMAN CAPITAL

“Better Bank Recruiting Through Social Media” – BCG

[View PDF \(4 Pages\)](#)

Survey findings and implications for how banks should improve their use of Facebook and LinkedIn, along with other domestically dominant social media sites, to attract students as employees. Based on a sample of 700 German students – but likely very relevant to all developed markets – this insight provides sensible but not inspiring side reading for internal consultants.

“The Power of People in Digital Banking Transformation” – BCG

[View PDF \(14 Pages\)](#)

Authoritative, well-structured, and convincing look at the human capital needs of successful digital transformation. The insight is authored by a whole ‘squad’ of BCG heavyweights and the quality and quantity of insights reflects this.

Internal consultants will like the exhibits; Number 2 is a stand out for the IP library as it elegantly articulates the three phases of a digital transformation.

“Is Your Culture Helping or Hindering Your Journey?” – EY

[View PDF \(8 Pages\)](#)

A mixed bag here. Initially, it provides a handy introduction and refresh on what culture is (for more junior internal consultants) and a reminder of how interested regulators and auditors are now interested in the topic. However, EY goes on to present an overarching cultural framework that is somewhat pedestrian and unconvincing. More experienced readers can spend their time elsewhere.

“HR Technology for 2016: 10 Big Disruptions on the Horizon” – Deloitte

[View PDF \(18 Pages\)](#)

A Deloitte-owned specialist boutique details an enlightening laundry list, with plenty of meat on the bones to help internal consultants scale the HR technology trend curve. We especially like the idea of ‘consumerizing’ the employee experience so they are in control (via app-based technologies) and the convincing lists of start-ups identified to further evidence each disruption.

“Performance Management Isn’t Working: Programs Not Keeping Up With Evolving Business Needs” – Towers Watson

[View PDF \(4 Pages\)](#)

Short and possibly helpful survey of 1000 uncharacterized respondents in a whopping 40 countries. Full of punchy, data-filled pictograms: for example, 65% of employees argue that their manager isn’t collecting any feedback data on them.

Helpful to those looking for data points that support their own case, but not the starting point for an authoritative look at what the capability trajectory for performance management systems look like. For a better look, we suggest a *KAR*[®] or review our latest *CMT (Capability Maturity Trajectory)* on the convergence of performance strategy and planning for insights.

DIVERSITY

“A CEO’s Guide to Gender Equality” – McKinsey

[View PDF \(7 Pages\)](#)

How refreshing to have a short, simple guide for CEOs about how to progress more effectively towards gender equality. McKinsey treats the “economic value” argument as a given and acknowledges that improving women’s participation could add trillions of dollars of growth to the world economy over the next 10 years.

The authors present four focused steps to reach a solution which, if followed, would move companies a long way towards their gender equality goals. The more astute readers review articles such as these, the more the steps to solution are the same.

“Making Diversity a Reality” – PwC

[View PDF \(20 Pages\)](#)

At least we have progressed beyond the rationale and justification for diversity. The arguments for diversity are clear and predominantly revolve around enhancing innovation, increasing customer satisfaction, and finally improving overall business performance. Every article about diversity stresses these points.

In this article, PwC generates a nice and simple flowchart with seven steps that reflect “interactions” that shape diversity. These steps are similar to McKinsey steps outlined in the accompanying article in this edition. Again, we are left with the question “why no change?”

“Do Banks Have a Culture Problem?” – EY

[View PDF \(14 Pages\)](#)

This short summary succinctly makes the business case for attending to cultural initiatives as part of any change or renewal process for the banking industry. EY highlights the value of a purpose-driven company along with finding meaning in business as key drivers for a sustainable banking industry. Cultural attributes are as important as improving financial KPIs if a bank wants to deliver continued success into the future.

These cultural attributes show themselves as truly understanding the expectations of Millennials, harnessing the impact of technology, encouraging diversity of thought, and creating a collaborative workforce.

“The Power of Flexibility: A Key Enabler to Boost Gender Parity and Employee Engagement” – Bain

[View PDF \(24 Pages\)](#)

This article is written by two senior women from Chief Executive Women, along with two Bain partners who clearly understand the importance of flexibility in the workplace. Reading this, you almost feel like organizations are getting closer to the tipping point where flexibility really will become more of the norm rather than the exception. Technology now makes possible interesting and practical interpretations of flexibility, meaning flexibility can more easily be built into a performance culture.

This encouraging piece highlights four actions to take to move closer to true flexibility. It also points out some of the differences in perception between men and women. The need for flexibility among men that is helping drive some of the changes.

“Customer Behavior & Loyalty in Retail Banking” – Bain

[View PDF \(40 Pages\)](#)

This Bain report opens with a short infographic with a clear message: mobile interactions in banking are on the rise, and branch interactions are on the decline. Detailing the value of mobile-first in banking, this report supports its claims with heavy research detailed in graphs and statistics.

This is a high-level report that provides valuable insight into the mobile channel of banking.

“The Intelligent Customer Experience: A New Approach for Banks” – EY

[View PDF \(22 Pages\)](#)

The relationship between customers and banks is tricky to maintain at the best of times. This is due to the growing challenge of multichannel delivery and increasing numbers of tech-savvy competitors entering the market. This report explores a new framework European banks are adopting in improving their customer experience by leveraging existing capabilities, resources, and analytics.

The analysis and summary of insights gained from European banks implementing the Intelligent Customer Experience framework makes this report an invaluable read for banking executives seeking a fresh, innovative approach of measuring and improving customer experience within their organization.

“Speed & Scale: Unlocking Digital Value in Customer Journeys” – McKinsey

[View PDF \(12 Pages\)](#)

McKinsey covers how large scale digitisation of a company can greatly increase sales, decrease costs, and improve their customers' overall experience. It covers steps a company can take to understand their core customer journeys and learn how to digitise their most important customer experiences.

It is particularly useful for large, complex companies who have many customer journeys and need direction in achieving this digital transformation, as it provides insightful call-outs outlining the main benefits of digitalization.

“Discussions on Digital: The Mobile Present & Future” – McKinsey

[View PDF \(5 Pages\)](#)

This discussion article covers five topics related to the next frontier for mobile and its influencing factors. It has been compiled using interviews from Silicon Valley leaders.

This is a recommended read for executives seeking a better understanding of mobile integration with customer experience as the article provides an insightful view into the future of mobile technology, its conversion on different devices, and the importance of design throughout the customer experience.

“2015 B2B Customer Experience: Research Findings” – Accenture

[View PDF \(6 Pages\)](#)

Did digital disruption cause a rift between banks and their customers? PwC supposes that while banks may be instinctively eager to adapt to digital challenges, their customers still desire traditional, customer-service -driven banking.

Exploring how consumers feel about their banks today and what CEOs see for the road ahead, this article is a quick read that focuses on the matter at hand: the disconnection between banks and customers, and what to do about it.

“Lessons from Digital Telcos: Five Initiatives to Improve Business Performance” – McKinsey

[View PDF \(6 Pages\)](#)

In this McKinsey article, research from telecom companies proposes that investing in promising IT areas may help companies achieve better revenue, cost performance, customer satisfaction and improve business agility. To explore this, the article examines the five digital capabilities of highly profitable companies.

An easily digestible read, it is a good reference for executives seeking an adaptable framework for improving the digital capabilities within their company.

“One Step Ahead: How Banks can Anticipate What Customers Will Want Next” – PwC

[View PDF \(12 Pages\)](#)

What distinguishes successful B2B companies? This Accenture article attempts to answer that question by examining three key principles that separate businesses that thrive in a B2B environment from businesses that are falling behind.

Another concise and easily digestible article, this will only take a few minutes to read and is a valuable asset for any B2B executive.

“COO Insights – Service Excellence” – Roland Berger

[View PDF \(44 Pages\)](#)

This report by Roland Berger focuses on services ranging from service innovation to digital service transformation, demonstrating how successful service integration is imperative to running a thriving company.

This article is heavy on its visual design, with many graphs and statistics to support its claims. It is an extensive read suitable for executives who are interested in the role services play within an agile and profitable organization.

TECHNOLOGY

“Blockchain: A Fundamental Shift for Financial Services Institutions” – Capgemini

[View PDF \(15 Pages\)](#)

A white-hot topic. In terms of big, hairy, audacious claims, try this one:

“Ethereum takes blockchain from an interesting financial payment processing opportunity to a new paradigm for financial transaction processing, totally transforming the IT model currently in use by all financial organizations...”

Intrigued? Then this reviewer suggests you read it.

“Destination Digital: Exploring the Hybrid Role of Tomorrow’s CIO” – Capgemini

[View PDF \(12 Pages\)](#)

Logical arguments and it is hard to disagree with any of the real content. However, there are no ground-breaking findings or observations, and this reviewer is just not sure there are real insights here that he didn’t know beforehand. Would probably advise you to give this one a miss.

“Preparing IT Systems & Organizations for the Internet of Things” – McKinsey

[View PDF \(8 Pages\)](#)

A thoughtful treatment of the IOT topic. Interestingly, McKinsey believe that factories, cities, and retailers have the greatest scope for interoperability.

Or, in other words, the greatest opportunity to create new value from the Internet of Things.

The authors make a convincing argument that ‘retooling is required of IT’ in order to take advantage of this change.

“Digital America: A Tale of the Haves & Have-mores” – McKinsey

[View PDF \(120 Pages\)](#)

There are no shortcuts in this treatise, and this is a full 120-pages of War & Peace. The argument that the USA is digitizing at a rapid pace is true, leading to the digital ‘haves’ and ‘have mores’. The basic dynamics are changing, and we are invited to please wake up and smell the roses.

In the end, there will be changes to the allocation of wealth as productivity bends with these digital changes.

Perhaps best enjoyed over a glass of wine, most executives would struggle to get the time to read this in one gulp.

“Ten Practical Ideas for Organizing & Managing Your Enterprise Architecture” ***– McKinsey***

[View PDF \(5 Pages\)](#)

Most organizations have taken on Enterprise Architecture for decades. Your reviewer isn't sure that there is a great track record of architected new states – the successful ones are not the norm.

Some good common-sense advice from our friends at McKinsey, but nothing earth shattering or even 'ah ha' in this article. However, based on current states of play, perhaps it is more about just executing these ten ideas and doing this well.

“Devil in the Data: How Banks can Improve Data Management” ***– PwC***

[View PDF \(13 Pages\)](#)

All banks are not that proud of their data management. The answer is not a total surprise – it is about discipline, and 'DDMD':

- Data Ownership
- Data Architecture
- Meta Data Management and
- Data Delivery.

Get these sorted and you are with the best in the class; the problem is most banks lose the plot somewhere in the DDMD journey.

Worth reading to either challenge or reinvigorate your commitment to better management of data.

“Performance Reporting: An Eye on the Facts” – KPMG

[View PDF \(15 Pages\)](#)

In this article, KPMG repeats a number of common platitudes regarding performance reporting – but usefully indicates this is one leg of the required three for overall performance management. Internal consultants will be aware of the other two: Planning, Budgeting & Forecasting; and Profitability/Costing.

The article helpfully proffers what can be done to ensure relevance and integrity of performance information, however does not provide a bridge to how this can be aligned to the organization’s strategy. As a result, the focus is more on ensuring accuracy and integrity of data, and readers will need to look elsewhere for insights on alignment to strategy, appropriate decision support, and helpful forecasting.

Reviews of the World's Leading Financial Services Industry Insights

The Insights Review

Financial Services Edition

SPECIAL FEATURE

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ICG



The Best Insights from the Past 12 Months

NOVEMBER 2015

“European Motor Study: Ready for the Customers’ Switch?” **– Deloitte**

[View PDF \(30 Pages\)](#)

Whilst European focussed – which is a massive combined market for motor insurance – this is one of the best pieces around customer behaviors, with rich case studies, seen for some time. Whilst the perennial digitalization messages and the need for focus and execution are also referenced, the power of this article is the richness of demographic and behavioral study. Telematics and other well-covered motor topics are not a focus here.

The context of market sizes for countries, the marginal profitability, and the low growth rates set the scene and highlight the need for differentiation of offerings (particularly given the greater propensity of customers to shift) alongside a need for sharper delivery focus.

A great read for Internal consultants and C-suite alike, given the status of motor business in most (European) countries.

OCTOBER 2015

“Global Payments 2015: Listening to the Customer’s Voice” – BCG

[View PDF \(31 Pages\)](#)

The best payments article we have reviewed in 2015, an excellent and insightful report produced by BCG with support from SWIFT.

The multi-faceted report starts by focusing on global transactional banking revenues predicting that they will grow from USD1.1 trillion in 2014 to nearly USD2 trillion by 2024, with growth driven by a combination of account, transaction, and non-transaction card revenues.

Once past the revenue analysis, there is a comprehensive regional review of market dynamics (pages 7 to 10) that provides a thoughtful digest of developments across the globe – including some great insights into what is happening in China and India.

The report also references a 5,500 consumer survey conducted in France, Germany, the United Kingdom, and U.S. that seeks to identify barriers to digital adoption.

Finally, pages 19-25 focus on Wholesale Transaction Banking developments, rarely reported with this level of insight and advice.

SEPTEMBER 2015

“Global Financial Markets Liquidity Study” – PwC[View PDF \(156 Pages\)](#)

Water is critical to life – after 4-5 days without it, you will die. Your reviewer contends that liquidity – please excuse the pun – is as important to our financial markets and by extension, economy, today. If you are reading this, then you should at least scan the executive summary of the comprehensive, academically-styled report by PwC, as this matters to you.

Whether you are a senior policy setter or a junior financial services practitioner, you will find value and insight in this document. It is likely that the former will find more of pertinence in the chapters on the Drivers of future financial markets liquidity (chapter 5) and Policy considerations (chapter 6), while the latter will do so in chapter 2, entitled ‘What is liquidity?’.

An extract from the report’s synopsis underlines the importance of your attention to this topic: “Thus, the study concludes that current and future market liquidity is a subject of concern for market participants. It further finds that there are grounds for a review of the calibration of the reforms to date and the ongoing regulatory agenda, in order to properly understand and consider the effects of regulatory initiatives on market liquidity by asset class, and to consider whether upcoming regulatory initiatives could likely exacerbate the trends in liquidity.”

AUGUST 2015

“Technology Vision for Insurance 2015. Digital Insurance Era: Stretch Your Boundaries” – Accenture[View PDF \(9 Pages\)](#)

Like the preceding Bain article, this 40-page report is another must-read for executives and internal consultants alike.

This is the best view your review has seen of the interlocking pieces currently seen as ‘digital’ in insurance.

- The article talks to five key themes:
- The internet of me;
- Outcome economy;
- The Platform (R)evolution;
- The Intelligent Enterprise;
- Workforce Reimagined.

The themes are all well-developed at the strategic level. Detailed views on short- and medium-term plans to embrace and deliver are then set out in a well-ordered and challenging way.

Supporting all of the above are insightful case studies, examples, and compelling research findings showing how much traction is already being made by the companies that ‘get it’ in the insurance world, moving from ‘me’ to ‘we’.

A compelling piece from the well-established technology laboratories within Accenture.

JULY 2015

***“Fixing the Insurance Industry:
How Big Data can Transform
Customer Satisfaction”
– Capgemini***

[View PDF \(13 Pages\)](#)

A short read but well researched, evidenced, and exemplified by Capgemini, making it a very insightful piece for both executives and internal consultants. The article presents a wide-view on the need for constraints of current business models and data use supported by good industry-wide examples. The references list is impressive and makes for a must-read article if only because “globally, less than a third of customers are satisfied with the services of their insurance providers” is explored from all directions.

A real contender for Article of the Month given its different perspective grounding and developing a well-covered theme.

JUNE 2015

***“Evidence-based HR: The
Bridge Between Your People &
Delivering Business Strategy”
– KPMG***

[View PDF \(32 Pages\)](#)

Compelling insight based on academic input, a large global C-suite survey, and some fascinating work from KPMG’s Global HR Centre for excellence.

Drawing from the slow adoption of evidence in the medical field, KPMG explains some of the factors which may have hindered its evolution (HR data science capabilities low, insufficient resources, or poor expected return), but with some inspiring case studies (see the one from McDonalds on page 21). The result is that the reader is left in no doubt that evidenced-based HR is coming to your organization soon. Highly recommended for all internal consultants and leaders.

MAY 2015

“Global Corporate Banking 2015. The Look of a Winner” – BCG[View PDF \(26 Pages\)](#)

This is an excellent article by BCG and a must read for corporate and business banking executives and their internal consultants. It sets out five waves of disruptive megatrends that are swamping these profit engines for the banks that own them.

The article goes on to make the case for eight - not new - actions that require urgent attention from those with the courage to chart a path to success. On review of these actions readers are highly likely to acknowledge their veracity, so it is worth reflecting that the Corporate Banking sector has been retarded by its traditional business models, which are no longer as fit for purpose as they once were.

If you found this article of relevance to your challenges and seek more in-depth insight, ICG has published a Knowledge Area Review (KAR) on this topic: Innovation in the Business Banking Value Proposition. The brochure can be found [here](#).

APRIL 2015

“Peer Pressure: How Peer-to-peer Lending Platforms are Transforming the Consumer Lending Industry” – PwC[View PDF \(18 Pages\)](#)

An excellent overview of a rapidly emerging finance category predicts that the P2P lending market could grow from \$5 billion to \$150 billion in the US alone within the next 10 years, as it matures and expands into mortgage, business, and other asset classes. The article includes a useful overview of the P2P lending ecosystem, including the role of the various platform participants, the loan origination process flow, and the customer experience.

PwC offers two alternative paths by which banks may respond to the P2P challenge: either through collaboration (as an investor or white label partner) or through competing directly.

This is an important subject handled with balance and insight, and will be of interest to both banking executives and consultants looking for up-to-date perspectives across what may become a key disruptive force across consumer lending.

FEBRUARY 2015

“A 2015 Regulatory Challenge for Banks” – EY

[View PDF \(6 Pages\)](#)

There is a lot to like in this short and pithy article from a global brains trust at EY. It is designed for executives, it gets to the point quickly, it outlines what the key issues are (resolution, capital, and liquidity) and then sets out a CEO- and board-level response agenda with good and well-articulated initiatives. For those looking for a role model insight, this is it.

JANUARY 2015 – DECEMBER 2014

“Are Banks Prepared for a New Turning Point in the Retail Banking Landscape?” – Roland Berger

[View PDF \(8 Pages\)](#)

A helpful insight that provides further evidence of Roland Berger’s continued ascendancy in the global consulting industry. This short article really makes two points: firstly, Roland Berger put a stake in the ground that the turning point is now here; and secondly, it introduces a checklist of strategic consideration presented in a very compelling and neat wheel framework (which already needs some refinement). However, for most internal consulting teams and executives in retail banking, this article provides a helpful reminder with more zeal and panache than the traditional PEST and 5 Forces frameworks.

OCTOBER 2014

“Consumerized Employee Experiences Can Boost Workforce Productivity”
– Accenture

[View PDF \(17 Pages\)](#)

A fascinating article that explores the simple idea of treating employees in the same way they are treated as consumers by global best-in-class companies. Put another way, Accenture argues for an ‘employee needs-based’ approach to managing shared services, rather than the typical functional silos that characterise most organizations we are familiar with.

From identifying ‘moments that matter’ and leveraging data and analytics through to providing cross-trained ‘enhanced advisors’ to ‘delight employees’, the authors provide several ideas and examples on how to more efficiently and effectively address common employee needs (such as travelling for business, requiring a new computer, or even taking approved time off) using principles of customer-centricity.

Excellent piece with some real thought-provoking case studies – a must read for any forward-thinking human capital practitioner.

SEPTEMBER 2014

“Evolution & Revolution: How Insurers Stay Relevant in a Digital Future” – BCG

[View PDF \(130 Pages\)](#)

A very substantial Blue Paper collaboration piece based on global analysis by the two firms’ insurance and IT practices, including 56 senior executive interviews across 12 countries. The main text (running to 30-plus pages) is supported by a formidable deep dive of a further 90 pages of excellent material. The executive summary provides a very good quick read to set the scene for the main text and the subsequent deep dive text.

A huge resource featuring excellent case studies, scenarios, and IT vendor profiles all linked in a cohesive way – a must-read for all senior executives involved in future-proofing their organizations.

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