

December 2014 - January 2015

The . Insights Review

Financial Services Edition

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Featuring:

General Strategic Interest
Retail & Business Banking
Payments
Corporate & Institutional Banking
Wealth & Asset Management
Insurance

Strategy & Transformation
Corporate Finance / M&A
Regulation & Compliance
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Human Capital
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Women at Work
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Marketing & Customer Experience
Technology
Operations & Change
Strategic Analytics

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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 ICG's double issue. Due to the holidays in the southern and northern hemisphere, we create double issues twice a year so our clients don't miss any key insights.

In our first issue for 2015, we have further improved the structure of *The Insight Review (TIR)* by adding several new sections: Payments, Leadership & Executive Development, and Women at Work. We also welcome several new senior global reviewers including Wade Azmy (Leadership), Dr. Catherine Norton (Women at Work), and Paul Blonde (a global expert on cash and payments).

As always with a double issue, there are plenty of great articles. 'Article of the Month' for this edition is by Roland Berger, however by far the stand-out quality contributor to our industry over this period is Ernst & Young – well done. Here are some of our most recommended for your review:

- AT Kearney – "Internet of Things: Opportunity for Insurers";
- Bain – "Leading a Digital Transformation in Insurance";
- BCG – "Leapfrog Succession: A New Trend in Appointing CEOs?";
- BCG – "The Emerging Equilibrium in Banking: A Tool Kit for Success";
- Deloitte – "mPay Insights 2014: Translating to Transactions";
- EY – "Challenges in Microfinance";
- EY – "Global Commercial Banking Survey 2014: Advancing Service in a Digital Age";
- EY – "Societal & Economic Impacts of the European Asset Management Industry";
- EY – "The Annuity Landscape: Six Trends to Watch for in 2014 & 2015";

Continued >

- EY – *“The Science of Winning in Financial Services: Opportunities to Unlock the Power of Data”*;
- KPMG – *“The Changing World of Money”*;
- McKinsey – *“Bringing a Healthy Dose of Pragmatism to Strategy”*;
- Oliver Wyman – *“Women in Financial Services”*; and
- Roland Berger – *“Are Banks Prepared for a New Turning Point in the Retail Banking Landscape?”*.

We trust you will enjoy this month’s edition and welcome any feedback you may have at: david.moloney@internalconsulting.com.

David Moloney

Global Editor

GENERAL STRATEGIC INTEREST

“2015 Banking Outlook: Boosting Profitability Amidst New Challenges” – Deloitte

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

Written for a US audience, however this mid-length article neatly summarizes predications for the major trends for 2015 and then provides a page or two of detail which should be of interest to most readers.

The newest trends include payments transformation, cybersecurity, chief data officers (CDOs) and regulatory management officers (RMOs).

We liked the inclusion of key insights such as high growth in ‘multi-family home and auto lending’ and Figure 9, which is the perfect data chart of how non-interest income growth has stalled after decades of growth.

Well worth a skim for most senior internal consultants and their client executives.

“Global Banking & Capital Markets Sector: Key Themes from 3Q14 Earnings Calls” – EY

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

A novel report which uses quarterly updates from 35 of the world’s biggest banks to identify and track the leading themes in the industry. With modest revenue growth, the top four remain unchanged: earnings performance, expense trends, capital strength, and regulation and compliance. Changes in the others are modest, so this report is more for those internal consultants seeking aggregated peer benchmarking reports on items such as ROE, capital, and stress test results which are nicely pre-packaged.

KAR – Best Practices in Relationship Management

Best Practice Relationship Management across Financial and Non-Financial Services • 113 pages.

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“The Emerging Equilibrium in Banking: A Tool Kit for Success” – BCG

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

This represents BCG’s latest trend summary and recipe for success. As with most of these reports, the same trends appear with tweaked naming and emphasis – regulation, big data, new entrants, etc. – so our attention focuses on the new and the fast-rising.

In this report, we liked Exhibit 3 which provides a wonderful example of the art of consulting: a chart which creates a sense of great concern and urgency for C-suites and supports the notion of creating a Chief Data Officer, but has no claim to empirical research other than “BCG experience”.

For internal consultants with an interest in management science, Figure 2 provides a useful generic framework for mapping the electronification maturity of products (in this example, capital markets).

The heart of the insight is a tool kit for success which is a catch-all laundry list. It includes a rehash of levers such as applying a PE lens to business, simplification, customer and data centricity, and others you have seen before (including Customer Journey Mapping – CJM –from ICG).

“Bank Governance Leadership Network: The Future of Global Banking” – EY

[View PDF \(36 Pages\)](#)

An ambitious topic for the well-regarded Tapestry Networks (thought leader partner to EY). The format is familiar: selected quotes and insights packaged up into a logical story line which covers regulatory changes to global banking, transformation of global banks, and governance issues. Aimed squarely at the senior ranks and boards of global banks, this insight could have been called Banking Balkanisation 101.

Like its predecessors, good general background reading for internal consultants, but we think more useful to current and aspiring CxOs wanting to learn the art of aphoristic expression.

“McKinsey Global Banking Annual Review 2014: The Road Back” – McKinsey

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

A very typical ‘state of the nation’ report from what appears to be a new (or less senior than usual) team from McKinsey.

After a neat but short top-down trend and performance analysis section, McKinsey offers its recipes for success – strategy archetypes, or the winning strategies found by segmenting the top 90 out of 500. This short-cut is far too general to be useful without a drill-down on specific examples or strategies which, in aggregate across countries, make up these generic archetypes.

We did, however, like the idea of using multi-variate modelling to optimize a balance sheet for the many regulatory constraints and ambitions (and wonder why linear programming doesn’t provide a more direct route to insights).

The last section highlights digitization, but only summarizes the state of digital transformation using a simplified version of Venkatraman and Henderson’s classic IT-enabled transformation framework.

One to skip, as there are many better insights on this critical topic.

RETAIL & BUSINESS BANKING

“Mortgage Lending within the Everyday Bank: From Transactions to Relationships” **– Accenture**

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

A pragmatic approach to the digitization of mortgages. Rather than equally break up the shades of grey, Accenture break up the digitization for what we know as the mortgage product into five smaller steps, before adding a step-change which integrates a much broader array of complementary goods and services.

For those looking for sensible and somewhat obvious incremental evolution, this will provide a useful guide. For those looking for a step-change, ask your ICG Affiliate to outline its transformational Mortgage Plan Product.

“Challenges in Microfinance” **– EY**

[View PDF \(16 Pages\)](#)

An impressively packaged mix of industry structure, trend analysis, and advertorial.

With a global perspective and an entry route via its audit business, EY paints a glowing picture of its capabilities with this insight providing a helpful overview of the evolution of the micro-credit industry to the global micro-finance industry. For those with little experience or a general interest, this will be a worthy read; for those internal consultants looking for meaty content please contact our research team. research@internalconsulting.com

KAR – Digitisation of Retail Banking

A comprehensive review of recent strategic thinking around the impact of digitisation on retail banking • 138 pages

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“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.

Article of the Month

PAYMENTS

“mPay Insights 2014: Translating to Transactions” – Deloitte

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

Originally published to coincide with the September 2014 mPay Insights conference held in Mumbai, this report provides an analysis of the Indian payments scene and provides interesting reading for anyone looking at this market. It focuses on the current and future potential role mobile banking and mobile payments have in supporting financial inclusion and economic growth in India.

Some report statistics highlight the enormous potential, but also huge challenges. By 2030, India is slated to have the world's largest middle class with consumer spending of close to USD 13 trillion per annum, yet currently point of sale terminals can only be found in about 5% of Indian retailers. Mobile is seen as a key payment method of the future, with Indian mobile phone penetration reaching 78% (933 million subscribers) in 2014, outstripping even television viewership numbers.

The report provides some interesting comparisons between payment initiatives led by banks and telecommunication companies, and also the emergence of payment banks.

“A Review of Governance & Ownership of UK Payment Systems: An Accenture Report Commission” – Accenture

[View PDF \(67 Pages\)](#)

A dense report from Accenture, produced on behalf of the United Kingdom's Payment Systems Regulator, which provides comprehensive information about how the various interbank and card payments systems are governed, but, by design, does not provide any insightful recommendations.

The report concludes (on page 37) that the governance arrangements of the U.K. payment system landscape are complex and fragmented as a result of organic and incremental changes over time.

Six key findings are set out concerning:

1. Governance complexity;
2. Ownership and Control complexity;
3. Service User Representation;
4. Payment Operator and Processor Separation;
5. The Role of the Payments Council and Strategy Setting; and
6. Governance and Innovation, clearly setting an agenda for the new government-initiated Payment Systems Regulator.

There is also a brief note on international governance models. Anyone wanting a more comprehensive look at the way payment systems are governed elsewhere should refer to ICG's recently published Knowledge Area Review (KAR) on [The Future & Implications of the Evolving Payments System](#).

“SEPA Payments: Further Challenges to Come & Further Opportunities” – Accenture

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

A succinct report from Accenture on the Single European Payments area (SEPA), highlighting that while the overwhelming majority of credit transfers (98% by July 2014) and direct debits (97%) of Euro payments within Eurozone countries are now processed according to SEPA protocols, migration is by no means complete.

The report concludes that many participants undertook initial SEPA migration as a deadline-driven compliance project, rather than the opportunity to re-engineer their payment operations. With updates to the scheme rulebooks and wider take up of the initial SEPA Additional Optional Services – akin to the proposed Australia New Payments Platform Initial Convenience Services – the report contends that now is the time for corporates to consolidate their pan-European banking relationships and harmonize their processes. For innovative payment service providers, this presents opportunities to serve these needs.

The report also concludes that the scale of SEPA transactions supports the advancement of the ISO XML 20022 payment format (which underpins SEPA) as the worldwide standard in payment messaging.

“The Changing World of Money” – KPMG

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

A catchy title to a piece from KPMG primarily directed at the established United Kingdom retail banking sector. It emphasizes the disruptive forces in the market not only in payments, but also in lending and deposits.

A light read for those that have never heard of peer-to-peer lenders, such as Funding Circle, Thin Cats, and Zopa – or Nymi, claimed to be the world’s first biometrically authenticated wearable payment solution.

The report concludes that the current wave of disruption affecting the industry is more profound than the past, claiming that consumers, unimpressed with the worst excesses of the large banks, have begun to embrace new challenger brands and platforms, particularly where these are built on direct peer-to-peer interactions.

“Immediate Payments: Seizing the Customer Opportunity” – Accenture

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

A report from Accenture highlighting the benefits of real-time transfers and availability of funds.

While there are a couple of interesting charts on page 13 highlighting the typical time of day and day of week flow of U.K. faster payments, in reality this report is little more than an advertorial from Accenture and Vocalink. The latter, as a consortium together with First Data, recently lost out to SWIFT to build and run Australia’s New Payments Platform.

The article also references the successful launch of Paym, the U.K.’s new mobile payments system, which utilises the real time Faster Payments Service and also provides advance publicity for Vocalink’s soon-to-be-released person-to business payments service Zapp. More product brochure than impartial research report!

“Top Ten Challenges for Investment Banks 2015” – Accenture

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

The latest in this series of articles by Accenture is subtitled; ‘Forced Compensation: Attracting New Talent and Retaining Experience’. With staff costs continuing at circa 60% of operating expenditure across the investment banking industry, it provides a perspective on the challenge facing the industry and highlights some potential actions to address it. One of the insights suggested is the “Googlization” of workplace culture... can you see the beanbags scattered amongst the Herman Miller chairs?

“Delivering Client Value in Transaction Banking: Resetting the Price-value Conversation” – Deloitte

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

This short piece by Deloitte focuses on the appeal of transaction banking and the notion that more value is more available from getting your service right rather than from your price. The transaction banking relationship is central to the banking value proposition (see the ICG KAR *Innovation in the Business Banking Value Proposition* for more on this topic) and banks need to do a better job communicating the value they bring to the relationship. Deloitte highlights that the path to a more profitable future lies in an improved ability to understand client profitability, leverage off required regulatory reporting effort, and invest in a robust pricing strategy. A rather mundane read.

“2015 Capital Markets Outlook: Preparing for Takeoff” – Deloitte

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

Given the tenuous nature of the predictive content that makes up this Deloitte article, it is good that it is well structured. Deloitte highlight six key items that should be on capital markets firms’ agendas for 2015, and for each of these it includes a “Focus for 2015” and a “bottom line” that provide actionable takeaways for industry leaders to consider. A much shorter read than the advertised 24 pages implies, and for the essence you could even just skim the six “bottom line” blue boxes.

“Global Commercial Banking Survey 2014: Advancing Service in a Digital Age” – EY

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

An excellent report based on a global survey of banks serving mid-market companies in both the developed and emerging markets. The survey finds that successful banks will be those that execute and innovate to raise their market penetration and share of wallet in spite of flat markets. With rising costs including the burden of regulatory compliance, it is more important than ever for banks to focus on strengthening customer relationships to find new sources of growth and protect against competition from banks and non-traditional entrants (see the ICG KAR *Innovation in the Business Banking Value Proposition*, which contains similar insight).

The evolving banking landscape in this report is brought into relief by the following features:

- Inconsistent customer satisfaction;
- Increasing usage of digital banking;
- High error levels/low satisfaction with resolution;
- Diminishing loyalty;
- Frustrating onboarding experience; and
- Growing non-bank alternatives.

The report goes on to map out three distinct activity- and preference-based segments and three service models, which can be aligned as warranted to individual customers in each segment.

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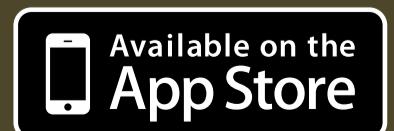
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WEALTH & ASSET MANAGEMENT

“Societal & Economic Impacts of the European Asset Management Industry” – EY

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

EY-commissioned research on the European asset management industry that provides a useful assessment of the industry’s impacts on Europe’s economy.

The research characterises the impacts of this large economic sector (with assets under management of over 115% of GDP) as an economic success story, poised for further and fast growth.

The research then presents solid evidence in terms of the direct and indirect economic and social impacts, highlighting the industry’s role in mobilizing long-term savings to finance economic activity (more cost-efficiently than bank lending, the research contends) and in managing risk.

Asset management industry participants in all geographies would benefit from understanding the research findings and in drawing out the parallels with their own industry’s economic impacts and systemic relevance.

“McKinsey on Investing” – McKinsey

[View PDF \(76 Pages\)](#)

McKinsey presents here the first edition of a regular collection of articles on the global investment industry, together with interviews with leading industry executives.

The collection provides a diverse set of industry perspectives, expanding on a theme of industry convergence and blurring of traditional industry boundaries between institutional investors and the institutions that serve them – assets managers and managers of “alternative investments”.

Investment executives can hone in on articles that cover their particular asset class or industry role, but should skim others to glean some thought-provoking points of view.

The interview with PIMCO’s CEO about thriving in a world of “low and flat” (page 17 onwards) is recommended, as is the article on what drives successful institutional investors (page 57 onwards).

KAR – Commercial Insurance Innovation

The major sources of innovation in commercial insurance from around the world • 63 pages.

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“The Future of European Wealth Management: Imperatives for Success” – Oliver Wyman

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

A short but comprehensive article on the challenges and opportunities facing the European wealth industry. Authored by Oliver Wyman and the internal consulting team from JP Morgan, it draws on insights from the major wealth research firms and supports its assertions with primary research. The outcome is an excellent snapshot of the major themes impacting the rapidly evolving wealth landscape, without going into any in great detail. These insights apply not just in Europe but also in the US, UK, and Australia.

However, the article’s short length perhaps limits the ability to roll these insights up into a discussion around the business models that are likely to dominate the various wealth tiers and client segments. In particular, many incumbents will be interested in how they can respond where the dominant future model is an ultra low cost ‘robo’ investment solution.

The article will be most valuable to internal consultants and senior managers in the industry, and will be a useful checklist during the strategy process.

INSURANCE

“Leading a Digital Transformation in Insurance” – Bain

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

On face value, another in a series of articles over the last 12 months on the journeys and approaches around digitalization of insurers – both Life and Non-Life. However, this short read is based in solid research, discusses key aspects of cultural readiness, risks of approaches, forerunners and fast-follower opportunities and threats, and so is a good current view on blending digital and physical business models. Examples include Progressive, Discovery and AIA.

An excellent read for internal consultants and executives alike. A practical guide to assessing readiness and delivering company-changing Digital outcomes.

“Mining the Untapped Gold in SME Commercial Insurance” – BCG

[View PDF \(21 Pages\)](#)

Whilst we reviewed an article last year on the same topic as the next opportunity for Bancassurance, this article is based at a country level and gives an in-depth view of six major markets and four distribution models for the massive market segments both in company numbers and GDP contribution in countries from the US to Japan.

Agency structures, consumer-type buying behaviors, greater customer interaction needs, and reluctance to depend on banks as intermediaries inform the four approaches for future models. Full direct approaches are challenged, with both agency facing ‘direct’ and hybrid models proposed as better fitting needs for the segment. Data gathering and use are seen as key.

The SME Commercial Market Data pages for each market provide some rich data to allow strategic analysis by internal consultants. Executives will also benefit from the concise presentation of examples and approaches.

“Less Is More: Lean 2.0 Programs in the Global Insurance Industry” – BCG

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

A high-level overview of Lean 2.0, with some good reference points in terms of opportunities for improvements, but limited detail. Useful for internal consultants in organizations to assist with positioning of activities in this space, and suggests benchmarking with others and piloting as key to wider organizational use of Lean 2.0.

For insurance consultants, Exhibit 2 - Insurance Process Hot Spots is a useful baseline.

“The Annuity Landscape: Six Trends to Watch for in 2014 & 2015” – EY

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

Not a single insight but a mini compendium of short and sharp papers.

Internal consultants will largely find elaborated laundry lists, but we liked the impact of private equity firms and deferred annuities in Article 2, Long Term Care policies and home equity in Article 4, and the focus on wellness- and experiences-based plans in Article 5.

“Internet of Things : Opportunity for Insurers” – AT Kearney

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

Starting with a prediction that by 2025 a family of four will likely have more than one hundred connected devices, and a ‘static’ P&C industry, this article champions the need for a new way of thinking about the future of insurance. Innovation is the ‘new normal’ for insurers! A well-written view of the opportunities for better risk management, data-rich customer relationships leading to more differentiation of offerings, and improved 24/7 customer contact and processes. Familiar thoughts around IOT in cars, homes and about the person are placed in holistic context.

Given the strategic context of ‘Can an old industry learn new tricks?’, this is an informing short read for both executives and internal consultants alike.

“Better Financial Security in Retirement? Realizing the Promise of Longevity Annuities” – Brookings Institute

[View PDF \(21 Pages\)](#)

Longevity annuities defer payments for 15 to 25 years in the future (unlike deferred annuities, which are typically less than 15). Brookings re-classifies this as an insurance rather than a wealth product, and demonstrate just how inexpensive they can be compared to other products (due to the earlier death of the other premium purchasers). This broad, historically-rich treatment of the topic will be a useful resource for internal consultants who have had little exposure to this insurance product and wish to understand barriers to consumer adoption and supply.

“Bringing a Healthy Dose of Pragmatism to Strategy” – McKinsey

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

Transcript of McKinsey interviewing two accomplished international CFOs on how they see their role, and the role of CFOs more broadly, in contributing to the strategy dialogue.

While taking nothing away from the impressive credentials of the CFOs, this article is somewhat disappointing being vacuous of much tangible insight. Not surprisingly, the key takeaway is that the CFO has an essential role to play in ensuring decisions on strategy are grounded in the economics of value creation.

“Rethinking the Role of the Strategist” – McKinsey

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

This article is McKinsey’s contribution to the growing discourse on the role of strategy, the evolving nature of the strategy process, and the responsibilities of internal consultants in a dynamic and unpredictable environment.

While marshalling the annual strategic planning process still rates as an important priority for internal consultants, McKinsey’s survey of 350 senior strategists found a diverse range of responsibilities (thirteen by their count) for internal consultants. A further clustering yields five archetypes of a strategy leader for today’s challenges.

A quick, easy read with some interesting insights which could help internal consultants hone their own value proposition.

“The Strategist’s Change: How Successful Chief Strategy Officers Transform Their Companies” – Roland Berger

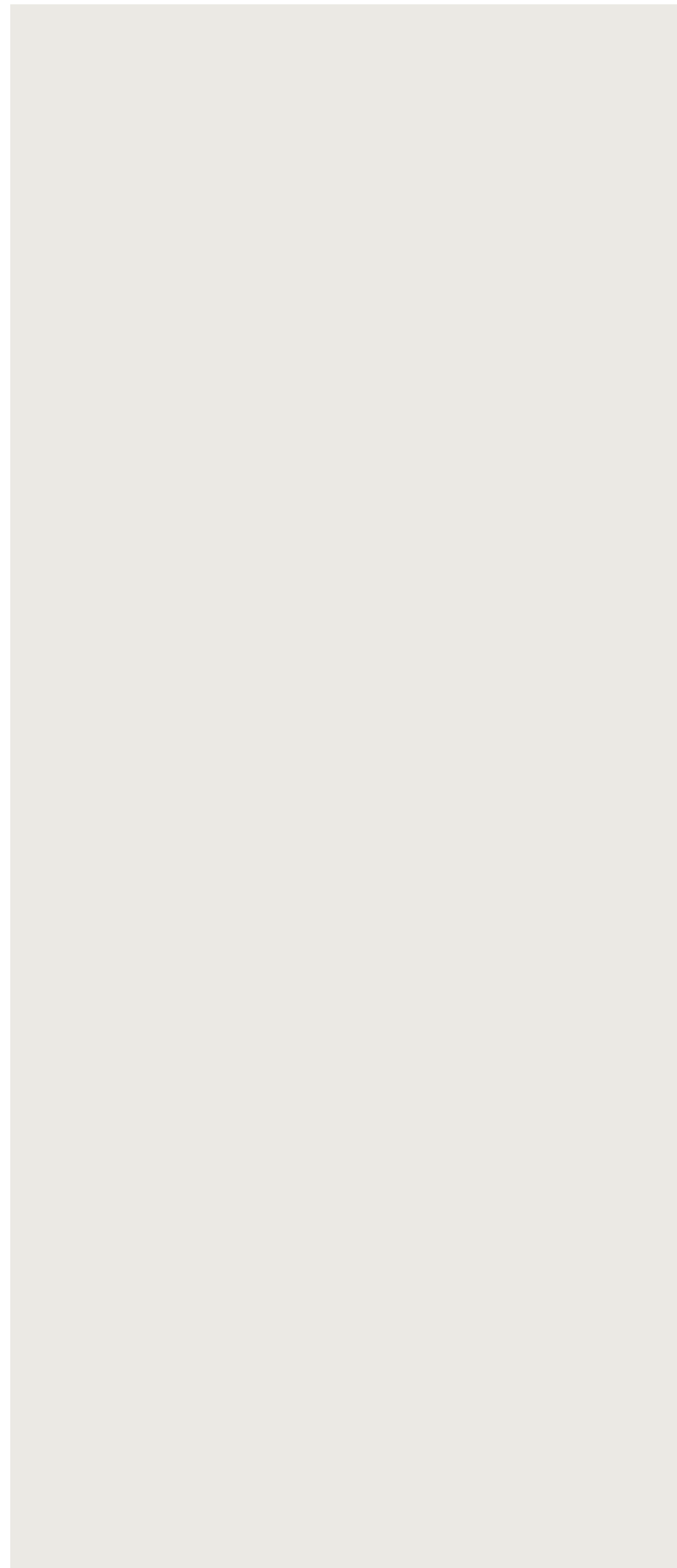
[View PDF \(20 Pages\)](#)

A must read for all internal consultants!

Roland Berger’s 4th annual survey of European chief strategy officers examines the role internal consultants assume in driving corporate transformation in the age of digitalization and hyper-competition.

Their big finding is that the closer and more active role the internal consultant plays in guiding the implementation of the transformation agenda, the greater likelihood of success. Conflicting incentives, however, may be making this easier said than done for internal consultants. With internal consultants often measured more by “what they promise than by what they accomplish”, deliberately seeking an active role in guiding implementation is understandably pushed down their personal list of priorities, potentially to the detriment of their companies.

The 12 myths versus reality of what strategy really means for the internal consultant are also worth a look (page 5).



KAR – World Class Customer Retention

The strategic journey to achieving world class customer retention management • 106 pages.

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“Getting More Value from Joint Ventures” – BCG

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

Last issue we discussed the rise of joint ventures as a growth tool. This month’s article provides us with a set of lessons to increase the chances of success.

Most will recognise many common threads between JV best practices and those for M&A, however the article makes interesting points with respect to the key JV/alliance areas of governance structure design and exit strategies.

The eight key points are covered concisely in only five and a half pages, making this read an effective use of time for those considering M&A alternatives.

REGULATION & COMPLIANCE

“Impact of Regulations on Bank Lending” – Capgemini

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

A typically quirky Capgemini article. It consists of three key insights:

1. A basic general appraisal of the impact of tightening regulation on bank lending businesses;
2. An innovative attempt at developing a conceptual micro-economic style equilibrium tool to the state of regulation evolution (the small growth levels on the left of the chart give away its lack of rigour); and
3. A left-field advertorial of Capgemini’s “Data Lake” technology, which apparently provides quite superior utility to more common BI-driven approaches.

Hard to recommend any of these components to our readers.

“Top 10 for 2015: Our Outlook for Financial Markets Regulation” – Deloitte

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

A nicely structured and illustrated, if journalistically-styled, report on the top ten regulatory developments for UK-focused banks operating in Europe. Sensible reading for internal consultants and executives in the UK involved in regulatory response, it provides a score sheet and 1-2 pages on each issue, such as developments in competition and innovation and ring fencing.

The preface makes the big call that the regulatory tide might be turning back to a lighter, pro-economic development stance – no evidence to support this, but worth noting as it is the first such claim we have seen.

“The Changing Face of Regulatory Reporting: Challenges & Opportunities for Financial Institutions” – KPMG

[View PDF \(16 Pages\)](#)

Less an insight on the way to solve the problem (opportunities), and more a horrifying summary of all of the requirements being placed on financial institutions (issues).

The insight comprehensively identifies the relevant regulatory bodies and many of their requirements, but not with the PERT chart science of their peers. The one standout is the idea that regulators will ultimately move to “On demand reporting”, which portends the real capability challenge at hand.

“Insurance Governance Leadership Network: Leading in an Era of Intensive Conduct Supervision” – EY

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

This paper provides useful insights and thought leadership on how financial services/insurance company boards should re-focus their efforts in light of increased conduct supervision. Elements of this study reading like an advertorial for the services of IGNU, EY, and Tapestry Networks should be in the back of the minds of any reader.

“Are You Getting all You can From Your Board of Directors?” – McKinsey

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

This article is a Q&A with veteran director David Beatty, highlighting the key areas boards and directors should consider in improving their performance. A useful read where the audience may find food for thought in making boards better across a rather brief seven pages.

“Making Boards Work” ***– McKinsey***

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

This is a summary of the full article that appeared in HBR in February 2015. It reminds us that most boards do not spend enough time on strategy, as well as highlighting that boards require the right mix of people who are independent thinkers, need appropriate incentive schemes, and benefit from better engagement with long-term investors. All useful reminders.

HUMAN CAPITAL

“A Flex-able Future: Integrating Flexibility at Financial Institutions” – PwC

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

A solid, mid-length piece by PwC synthesizing the results of their global survey on increasing flexibility at FIs, all with the aim of improving organizations' Employee Value Proposition (EVP).

For those who follow this topic closely, there is little new here. However, as a comprehensive summary of some of the key trends underpinning this shift, frameworks summarizing the key issues, and important questions to ask when considering new flexibility initiatives, the article is a good reference point.

One tip: the footnotes are quite good, suggesting a number of other articles you can turn to for more depth on particular issues.

“Creating People Advantage 2014-2015: How to Set Up Great HR Functions” – BCG

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

This report is the 8th in a series from BCG and, as per usual, delivers largely data-driven insights on a number of key topics on the radar screen of any senior HR executive and/or internal HR consultant.

Most of the topics are usual fodder (e.g. link between HR capabilities and financial performance, importance of leadership and talent management) however others (e.g. deep dive on KPIs, importance of data analytics, consistency in HR investment decisions) represent a fresh, and welcome, departure from the norm.

Finally, this reviewer would highlight the section 'What sets great HR functions apart?' as both a useful wrap up to the report as well as reminder of how this critical function can continue to add value to the broader organization.

“Leapfrog Succession: A New Trend in Appointing CEOs?” **– BCG**

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

An excellent short piece by BCG exploring an emerging phenomena: that of appointing ‘younger’ CEOs directly from the management level just under the C-suite.

The authors are clear that it’s too early to judge the results of many of these appointments. However, in the meantime, they do a nice job of articulating some of the key characteristics of these ‘modern’ CEOs, such as digital savviness and familiarity with disruptive technologies (see Exhibit 2 in particular).

A must-read for senior HR leaders and/or internal HR consultants thinking proactively about talent management and succession planning.

“Five Habits for Executives to Become More Digital” **– McKinsey**

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

Billed as a digital ‘cheat sheet for the C-suite’, this article delivers in very simple terms.

Offering relatively small time-investment tips such as a daily “5 at 5” session to review the latest industry news feed or finding a “reverse mentor” within the organization to spend 10 minutes learning from, the authors do a nice job of providing practical suggestions to help the C-suite develop their digital muscles.

Worth the 3-4 minutes it will take you to read this article – how you put the suggestions into practice is another matter!

“Women at the Top: Bridging the Leadership Gap” – BCG

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

This article is about “women in politics, business and society”, but the focus is on politics. In particular, it is about how BCG supports Latin American women in politics via hosting a conference in Sao Paolo, Brazil in 2014.

Unfortunately, the article does not provide much detail or guidance for women in politics. It would have been beneficial to understand some of the cultural differences and similarities between Latin American women in politics and those in other parts of the world, as well as being given a deeper investigation into women’s representation and participation in politics.

“Sex Bias: Still in Business” – McKinsey

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

Reviewing this article suggests that many contemporary companies know what to do, they just choose not to do it. This article was written in June 1976 and at that time claimed a sex bias was still in business.

The article reflects the Canadian experience and aims to show how companies can remedy discrimination. So now, almost 40 years later, has anything changed?

Not really, as the solutions offered remain relevant to the current time: develop policies and guidelines; strengthen recruitment; increase skills; and change attitudes. Progress has been made in many areas, but the principles of the issue and the needs to address it remain the same.

“Women in Financial Services” – Oliver Wyman

[View PDF \(59 Pages\)](#)

This 60-page summary is well worth the read if you want to get a better understanding about the lack of women in the financial sector.

The report represents five years of scrutiny by Oliver Wyman that includes a mix of qualitative and quantitative research covering 150 international firms, including in-depth interviews with more than 60 senior women.

The result is a delicious pie that can be sliced many ways. There are slices by country, by job title, by education, and by interest. There are slices about the financial sector’s culture and leadership qualities. The conclusion is that the “alpha-male” dominated world of financial services has to change!

FINANCE & RISK

“Risk, Culture, & Talent in Global Financial Services: Review. Reinforce. Reframe. Refine.” – Deloitte

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

This article presents findings of a 2014 survey targeted at global senior leaders of financial services institutions, and examines the extent of people impacts stemming from regulatory change and demands. It also evaluates people, culture, and talent implications and considerations.

The broader paper has a few worthy nuggets, but suffers from a lack of clarity and focus overall.

The substance of the paper is perhaps best summarized in the authors' statement “the consideration of risk in all activities does not equal an embedded risk culture”. We would tend to agree with this statement, arguing it is worth deeper consideration as regulatory demands and complexity continue to increase.

“Global Risk 2014-2015: Building the Transparent Bank” – BCG

[View PDF \(25 Pages\)](#)

We found this paper a little disappointing and light on new insight. It does include some interesting data regarding economic profit generated by banks across the globe's primary regions, but then adds a repetition of the (by now well-known and well-understood) regulatory demands on banking and the need for increased systemic risk mitigation. Unfortunately very light on substance to back up the paper's title.

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“Digital Enterprise Risk Management” – Promontory

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

While we think the analogy drawn between the global financial crisis and the risks facing firms involved in aggregating, using and transferring data is somewhat tenuous and sensationalist, it is nevertheless valid to highlight the increasing scale and complexity of risk facing the enterprise in the face of exponentially expanding volumes and the complexity of data and data uses.

This article makes the valid point that digital enterprise risk management capabilities tend to be insufficiently understood or developed in organizations, and that closer attention in this regard is warranted.

Figure 3 provides a useful framework for organizations to assess their intrinsic vulnerability and level of capability as a basis for identifying potential risks and gaps to be addressed.

“Risk Appetite Frameworks: Insights Into Evolving Global Practices” – PwC

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

The paper discusses findings from a survey of 78 global banks and insurance companies to examine risk appetite frameworks and practices in the financial services industry.

The authors present a well-structured outline of the key trends and issues impacting the implementation of a Risk Appetite Framework (RAF). While many survey respondents reported good progress in developing the RAF at the enterprise level, allocating risk appetite and implementing the RAF below the enterprise level across and into business lines varies widely across institutions.

We would have liked to see the findings distilled into a framework or a high level step plan to guide FSIs seeking to progress the development and implementation of their Risk Appetite Framework. Nevertheless, this article makes worthwhile reading as a primer to the topic.

“Customer Loyalty in Retail Banking: Global Edition 2014” – Bain

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

This report is based on a survey involving 83,000 consumers across 22 countries on how people do their banking. Page ii on the intro is a good summary of the stats used in this article. Out of the three sections, the ‘Global loyalty trends’ section (pages 1-9) is the most interesting and relevant to other customer service based businesses. It talks about the unsurprising rise of customer’s preference to use mobile and digital channels over traditional manned branches. Most successful banks go for an omni-channel approach that integrates their digital channel with their traditional face-to-face channels for a more human-centred approach.

The article is full of practical case studies, such as the Shinhan Bank’s effort to maintains its human touch through its digital channel by sending birthday greetings and coupons to their customers.

TECHNOLOGY

“The Bank of the Future” – McKinsey

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

A short article based on transcripts of a video interview with a McKinsey director, who argues that embracing the new paradigm will mean recognizing digital as fundamental to the customer experience. He acknowledges that overcoming the chasm that exists between the legacy core processes and this new technology brings new challenges to the organization, although no answers are explored in any depth. Some good thought-starters here, however.

“Bringing Back Confidence: Why Bank IT Systems Fail & How to Avoid it Happening Again” – PwC

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

It would never happen to us! There are a multiple of reasons why bank systems have been failing, so what proactive interventions can you lead?

Some really great insights including that there is no one, single panacea, and accordingly the report details 10 key success factors that can build confidence and provide you greater resilience.

“An Ounce of Prevention: Why Financial Institutions Need Automated Testing” – PwC

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

Ignore the headline, as the article is more of a common sense guide as to why testing is critical to your bank and what you should be planning to do. That being said, the hypothesis is that test automation done properly does increase the chance of success, and we would subscribe to that theory.

“Digitization & Simplification: Getting the Best of Both” – BCG

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

The dual challenge will be to make IT more simple while you are concurrently introducing new technologies such as digitization. BCG argue that by taking this as a parallel activity, you will increase your chances of success: “Simplifying IT makes digital transformations more likely to succeed”.

In essence, this is all about getting back to basics and operating more like a start-up – i.e. reducing complexity.

KAR – Digitisation of Business Banking

How does/could digitisation affect business banking? • 84 pages.

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“A Two-speed IT Architecture for the Digital Enterprise” – ***McKinsey***

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

There is no contradiction in advocating a two-speed IT Architecture. Executives of the C-suite need to understand that there is a need for a high speed IT architecture for digital innovation to take flight. However, not all roads have to operate as an autobahn; what is also necessary is the governance around legacy that operates at traditional speed, and there is not an appetite or need to transform to the same clock speed.

“How Winning Banks Refocus Their IT Budgets for Digital” – ***McKinsey***

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

The best banks have profit payback by digitisation of document management, back office automation and credit decisioning, and big data application with sales campaigns. How they achieved this was by taking ‘Run the Business’ costs and shifting them into ‘Transform the Business’. Brief but worthwhile reading from McKinsey.

OPERATIONS & CHANGE

“Using Predictive Analytics to Clone Your Best Decision Makers” – Bain

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

The authors have boiled things down to one page of pithy content outlining the possibilities of data analytics to drive performance uplift for customer facing staff through better, more consistent and scalable decision-making. The article points to data analytics as a way to engage the broader organization in change and driving strategic outcomes. It includes the wise reminder that supporting people in uptake and usage is key to preventing loss of value of any analytics initiatives.

Those responsible for benefits realization may seek further intelligence which concisely and coherently codifies a path to engage the broader organization in behaviors which drive strategic outcomes.

“Playing the Part: Streamlining Role-based Access Control” – PwC

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

PwC concisely outline the benefits of role-based access control to simplify the task of managing user access/permissions for organizational systems (see Table 1 for a nice summary). What is really helpful as a reminder here is the list of typical reasons why these investments may get quagmired on the implementation journey, and some key tips for high-level design of the strategy itself. If you’ve been part of this kind of project and it’s gotten stuck – you’re not alone.

There are plenty of useful insights for anyone facing detailed planning for either a role-based automation or straight-through process initiative with workflow approvals. Where it gets interesting is a helpful list of five key success factors which senior executives may not have considered – for instance, the use of a detailed impact assessment to help drive acceptance is outlined, a tool which senior executives aren’t commonly expected to engage with.

Beyond page 8, the paper gets very detailed – great for those planning an implementation, probably less relevant to those at the strategy end.

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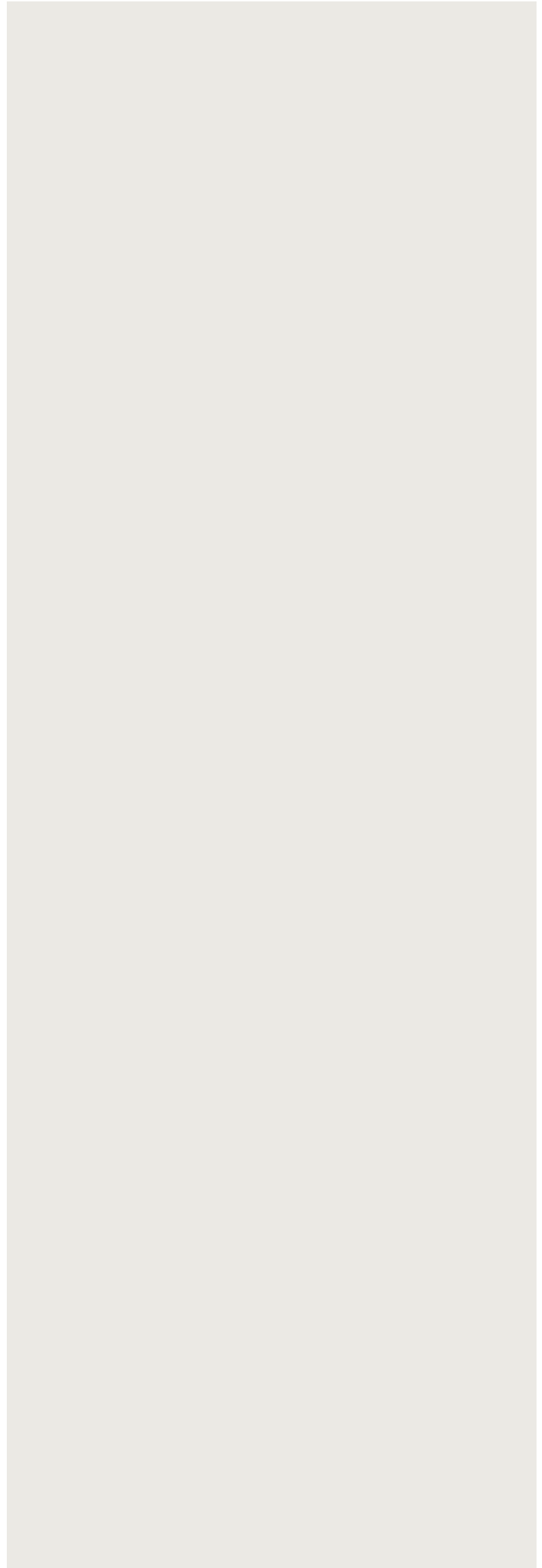
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“Transformation: The Imperative to Change” – BCG

[View PDF \(35 Pages\)](#)

A comprehensive overview of transformation drivers and solutions based on BCG’s traditional strengths as a strategy house. Organized in four reasonably standalone parts, (the case for urgency, funding levers, medium term wins, and the people component) it is a manageable commute read for internal consulting teams.



STRATEGIC ANALYTICS

“The Science of Winning in Financial Services: Opportunities to Unlock the Power of Data” – EY

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

A comprehensive look at analytics using case studies and examples from over a dozen companies. This is a great insight into what mature organizations are doing in this space. The ambition of moving towards data-driven decision-making is critical for financial services, but we can expect that this will not be an easy journey.

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