

June 2014

The . Insights Review

Financial Services Edition

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ICG



Featuring:

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

- Strategy & Transformation
- Corporate Finance / M&A
- Regulation & Compliance
- Corporate Governance
- Finance & Risk

- Marketing & Customer Experience
- Operations & Change
- Strategic Analytics
- Technology

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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

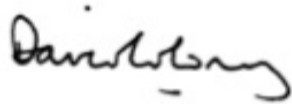
An unusually rich month for consulting firm insights. I highlight my top picks for this month below, and encourage you to both scan through these articles and also look for others which add value to you and your internal consulting efforts. Feel free to forward on to your colleagues to make sure they are across the leading ICG-curated insights in the Financial Services industry.

- **Accenture** delivers with perhaps the three most important revenue thrusts for any bank: seamless omni-channel; non-traditional services; and personalised digital advice.
- **BCG** solidly reports their fourth annual survey of Operational Excellence in Retail Banking 2014.
- **Capgemini** almost wins 'Article of the Month' with The Digital Insurer: Capabilities Needed. They also produce the perfect cheat sheet for those needing to get their head around Basel 1, II and III.
- **Deloitte** thoughtfully reviews the disruptive force of digital with an academic twist in Digital Disruption: Threats & Opportunities for Retail Financial Services.
- **McKinsey** impresses with an HBR-like article The Seven Habits of Highly Effective Digital Enterprises.
- **Milliman** impresses with a very helpful and thoughtful insight on enterprise risk management and are deserving winners of our 'Article of the Month' with Creating Value through Enterprise Risk Management.

- **Oliver Wyman** supplies a thoughtful insight on how banks should be capturing the insurance opportunities within the SME segment.
- **Promontory** contributes a very well written article on Oversight of Third Parties: Outsourced Activities, Retained Responsibility.
- **PwC** contributes a lot of articles, the most innovative being a call for a new C-suite role – The Global Regulation Officer (GRO).
- **Roland Berger** produces a well-written and well-styled insight on the outlook of corporate and investment banking.

Enjoy this month's issue and if you have any ideas for how we can improve TIR even more, please don't hesitate to contact me at david.moloney@internalconsulting.com.

Best,



David

GENERAL STRATEGIC INTEREST

“Banking Across Borders – International Expansion Opportunities for Emerging Markets-based Banks” – Deloitte

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

Many developed-market banks are looking at slowing population growth and exploring their expansion options into emerging markets. In parallel, emerging and developing market banks are actively exploring offshore expansion to developed markets on the back of their customers migrating or expanding their businesses offshore.

Convincing a globalizing bank that you are the consulting partner of choice for them is no easy feat. Few will be convinced by Deloitte’s treatment in this article.

Internal consultants intrigued by charting techniques may appreciate two we haven’t seen before: Figure 6 portrays Mitsubishi Bank’s expansion offshore by following the globalization of its Japanese manufacturing customers (Sony, Cannon and Toyota et al); similarly, HSBC’s expansion is portrayed through eras of organic and inorganic expansion by region.

Modest reward for a short insight article.

“The Everyday Bank – A New Vision for the Digital Age” – Accenture

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

Some good work here at numerous levels:

- Firstly, some well-selected case studies which should be on everyone’s ‘must know about’ case study list: Alibaba; Cardlytics US; iGaranti; and USAA. See the ICG Store for our picks too, including [Ratuken](#) and [Kabbage](#).
- Secondly, a brave, heartened attempt at portraying the new digital ecosystem for the everyday digital bank on page 13.
- Thirdly, the notion of migrating the customer relationship towards access, value and advice. In our view, these are all enablers of a bigger migration to outcomes but are worthy stepping stones.

KAR – Best Practices in Relationship Management

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

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“The Digital Disruption in Banking Demons, Demands, and Dividends” – Accenture

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

Scary findings and sage advice based on a survey of 4,000 US and Canadian retail customers.

The scare mongering starts with the fragility of the customer relationship. One in four would consider a branchless bank; many would switch to convergent disrupters such as retailers and payment schemes; and the majority of customers consider their banking relationship transactional rather than advice-driven. The article then moves to the misalignment of today’s value proposition –nearly half are interested in spending analysis and forward-looking budgeting.

The advice builds on prior guidance to suggest three key thrusts: seamless omni-channel; non-traditional services; and personalized digital advice.

Essential insight.

“Consumer Protection: Areas of Concern for Banks” – Accenture

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

A reactive, journalistic treatment of the issue designed to catalyze demand. A page of quotes, the high-level need for business model changes, the need for leadership to sponsor, advice to keep on top of developments (or ahead of them), and be coordinated... I hope Accenture have more in the cupboard. Internal consulting teams should double down with their own resources and look to alternate consulting firm insights.

RETAIL & BUSINESS BANKING

“Cards 2.0: A Look at the Near Field Communication Payments Landscape” – Capgemini

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

Not quite the detailed and comprehensive report that we were anticipating, given NFC's imminent arrival as a transformative technology that will reshape the payments landscape. However, it still contains some useful nuggets for the payments consultant.

Section 2 contains a useful (although somewhat superficial) comparison of NFC to other payments technologies, while Section 3 sets out a very interesting timeline of industry-driven NFC initiatives over the last three years, including examples from Australia, Turkey, Singapore and Europe.

“Mobile Financial Services: Raising the Bar on Customer Engagement” – Deloitte

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

A thought-provoking article that will be useful to executives and consulting teams focused on digital innovation. Covers the state of play of mobile technology adoption across financial services, including the rapid proliferation of model banking services, and also the barriers to further uptake, including screen size and data security.

As devices continue to become more sophisticated, new mobile services and features will evolve, providing unprecedented convenience to consumers at significant cost savings to providers. Examples set out include virtual-touch service channels, biometric security solutions, telematics, and other GPS-enabled features.

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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“Digital Disruption: Threats and Opportunities for Retail Financial Services” – Deloitte

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

We all know that the financial services industry is going through an era of unprecedented innovation and disruption. In this article, Deloitte attempts to position this change within historical context, and by reference to the studies on industry disruption by Schumpeter (“Creative Destruction”) and Christensen (“Innovator’s Dilemma”).

Two highlights are:

1. The notion of “economies of unscale”, as new players aggressively exploit less costly platforms and services to quickly reach consumers in ways that will undermine incumbents; and
2. A very interesting case study on digital disruption in the Chinese market (examining Baidu, Alibaba and Tencent in particular) which highlights how e-commerce giants may seek to reshape the financial services industry.

“Solving the Catch 22 in Small Business Credit” – FICO

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

Globally, governments are prioritizing the expansion of credit availability to SMEs as engines of employment and economic growth. This FICO paper outlines the profitability Catch-22 facing lenders in addressing the SME credit market: loan values too small to justify a costly credit assessment process, but with small businesses often riskier than larger companies.

The paper discusses how decision automation, analytics, new data sources, and model management processes may solve this issue inherent in SME markets. It clearly brings a vendor perspective, with the author unabashedly promoting FICO’s own products throughout the piece. Nevertheless, a good range of approaches are outlined with some sensible and pragmatic recommendations including a comparative summary of different types of models, which would be of interest to those not already well versed in the subject.

The paper would likely be of greatest interest to risk managers (including asset-based financiers and equipment leasing operations) whose organizations currently rely mainly on manual lending processes to serve the borrowing needs of their SME clients.

“MoneyTree™ India – Q1 2014” – PwC

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

This sector report focuses on private equity in India, which has had a strong beginning to the year. Q1 2014 is presented with Q1 2013 and Q4 2013 as comparatives. If you like your reports dry, factually written with some charts for color and visualization, and you have an interest in Indian PE, take a look – else there is more to be found elsewhere in this edition of *TIR* that is worth your time.

“Global Capital Markets 2014 – The Quest for Revenue Growth” – BCG

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

BCG presents an excellent report on the CMIB industry. This is well worth a read by both those in the industry and outsiders wanting a good view of the critical components, challenges and perspectives on the way forward.

While recent focus on costs reduction and regulatory compliance has been necessary, these activities have had the impact of reducing attention on improving core business capabilities and increasing revenues.

The authors set out to address the key market developments relating to revenue and regulation, firstly by recapping their six business models for CMIB players, then examining the three domains of clients, people and partnerships – which each require special emphasis by players striving to win in their division.

“Trends in the Global Capital Markets Industry 2013: Buy-side Firms” – Capgemini

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

In this short report, Capgemini reviews and summarizes major trends relevant to buy-side firms (asset management firms such as mutual funds, pension funds, hedge funds and sovereign wealth funds) and the implications for these firms and global capital markets.

The two key trends emerging are:

1. Increasing adoption of mobile apps by buy-side firms to enhance brand awareness and client experience; and
2. Increased initial margin requirement due to new regulations leading to collateral optimization strategies by buy-side firms.

“The Future Ain’t What It Used to Be: Why Tier One Investment Banks Need Fundamental Operating Model Changes” – PwC

[View PDF \(29 Pages\)](#)

In this presentation-style report, PwC highlights the continued need for CMIB to face tough choices about their operating models (cost focused), but suggest they are often are not set up to make the big-bet changes they need.

The case for the need to simplify the front-to-back architecture is well made and is followed by a framework of five essential building blocks to drive the significant architecture changes called for.

“Corporate and Investment Banking Outlook” – Roland Berger

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

Roland Berger and Nomura Global Research have combined to produce a contemporary-styled article that is worth reviewing for its presentation format alone. But that is not the only reason to read it – the content is worthy too.

Interestingly, it is the third article in this section of this month’s *TIR* that deals with the topics of the revenue challenge, cost pressure, regulatory hangover, and operating model imperatives.

WEALTH & ASSET MANAGEMENT

“Digital Transformation: The Central Challenge for Asset Management Firms” – Accenture

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

An easy read about the pressures on the asset management industry brought about by increasing client resistance to fees and low-cost alternatives. The most interesting section is the proposition that winners in the industry will adopt one of five distinct business models, but these are not explored in depth and would benefit from cases studies to bring them to life.

Overall, there is little new here – most asset managers will be well attuned to the potential for product evolution towards client life stage, as well as adding features such as client education and gamification. The article is most relevant for junior to mid-level internal consultants, as it provides a good high-level introduction to the challenges facing the industry.

“Performance – Topical Digest for Investment Management Professionals” – Deloitte

[View PDF \(100 Pages\)](#)

Deloitte presents the reader with a digest of around 15 articles, covering a range of current investment management issues.

The first article, an interview with the CEO and CIO of Vanguard, is certainly worth a read to hear from this industry heavyweight about their unwavering (since 1991) investment philosophy and belief that innovation is not about experimenting with clients' money.

The remaining articles cover areas such as cyber security, data and analytics, global tax reporting, alternative investment outlook, and French asset management boutiques.

With such an eclectic collection, there's likely to be an article or two of general interest for every internal consultant and investment management professional.

KAR – Commercial Insurance Innovation

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

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“2014 Wealth Management Survey – Closing the Gap” – EY

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

A well-researched annual survey about the wealth management market in North and South America. It is well set out and is a quick way of gleaning some reasonably comprehensive insight into the evolving views of advisers and clients.

There is a significant focus on service channels, however for our Australian readers, care should be taken using the insights to inform local strategy as there are some fundamental differences. An example of this is US adviser views of new client growth – they cite that the top seven most effective means of growth are campaigns and events, yet Australian advisers would claim that personal referrals are typically best (as do the US clients researched in this document!). The researchers continue by noting that clients struggle to understand differences in wealth firms offers – a fact they claim creates opportunity for differentiation. They miss the point that many leading firms are likely to invest in superior access to potential clients (e.g. via intermediaries such as accountants) rather than differentiated services that many clients find difficult to understand.

For these reasons, the article is best for wealth industry strategists in the Americas. However, it is still an informative read for those in other geographies too.

INSURANCE

“The Smart Insurer: More than Just Big Data” – Bearing Point

[View PDF & Video](#)

Bearing Point have not featured in insurance reviews this year, and whilst this is another view on Big Data and insurers needing to step up to the plate, the content of this piece and its five pillars offering of best practice are really powerful –in terms of both the messages and also the great examples and metrics which support the call to action.

The key message here is that insurers (along with many other sectors) need to keep control of their destinies with major data aggregators increasingly moving into the sector, and that strategic intent needs to convert to real actions — quickly — with this being more than a technology and data challenge. Capabilities defining best practice revolve around speed, partnerships, data, skills and ethics. These pillars are at play across and outside the industry.

Given the suggestion of a lack of clear ownership of (Big) data in most insurers, this is must-read article for the full C-suite amongst those who wish to lead rather than become laggards – the market will not wait.

“The Digital Insurer: Capabilities Needed” – Capgemini

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

Cap Gemini’s article on social media and insurance was featured as our May 2014 *TIR* ‘[Article of the Month](#)’. This article is a real contender for this month.

A brilliantly-written article looking out to 2016, it is rich in scope and brimming with examples of current insurer activity. It adds to the compelling messages highlighted by many other firms, delivering a very comprehensive piece. The clear setting out of capabilities needed to place the customer at the heart of your business and the enabling capabilities to deliver their (digital) business model is excellent.

Another must-read for the senior leaders of insurers wanting a ‘capabilities-led’ view of the digital space in the next couple of years.

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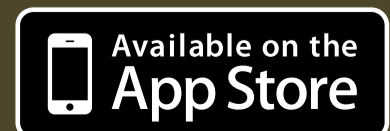
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“Mobile Technology in Insurance – Performance Measurement Methodology” – EY

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

A tightly-written piece also talking to digital – but with a focus on how insurers can and should be embracing the data delivery advantages of mobile technology across their businesses.

The key themes of urgency and embedding processes into the business are reinforced, and there is a useful section on the investment case justification to support future spend, including the range of benefits in performance management metrics in use now and in the future.

A key strength of this article is its use of great schematics on big messages, supported by some real depth in the detail.

“Insurance 2020: Forcing the Pace – The Fast Way to Becoming a Digital Front-runner” – PwC

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

Another digital piece from PwC following many others in the last few months. Whilst the conclusions offered are that the businesses that come out on top will be constantly on the move – with the insight to hone-in on opportunities and develop the agility to mobilise quickly to capitalise on them – this is not new and has been covered in a number of these articles in the last few months.

That said, the “Potential new entrants” schematic on Page 13 and the links to the PwC 17th Annual Global CEO Survey “Fit for the Future: Capitalising on Global Trends, 2014” provide very useful insights.

Messaging is aligned with others: now is the time for action.

“SME Insurance” ***– Oliver Wyman***

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

Whilst reviewed as an insurance piece, this article focuses on a customer segment for banks not often covered in reviews.

The key message suggests a 20% lift in banks' total revenues from SMEs is possible by moving determinedly into insurance offerings for this massive segment. Using personal lines and life coverage as examples of what banks have been able to distribute successfully (but also highlighting how these areas are under attack from direct, online, and other players) banks are encouraged to leverage their strong relationships, technology and buying power to provide added-value insurance and related offerings to this customer base.

Key to this article is that it identifies a 'breaking point' for current bank insurance activities focussed on personal lines and offers some high-level views on what could be the next 'golden opportunity' for banks and their SME customers. It also stresses the need for clear strategic leadership.

“Beyond Cost Reduction – Measuring How Procurement Creates Business Value” – Accenture

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

Procurement and sourcing functions in organizations have long needed a robust means of being able to demonstrate the value that they deliver. In this article, Accenture propose a way to determine the business value created by procurement teams based on five components – Procurement Infrastructure, Risk Management, Quality, Sustainability and Innovation. At a headline level, the maths is simple – you take the financial value added by each component, subtract the cost of providing that financial value (of each component), and add the resultant bits together to get Procurement Value.

The article is premised on the fact that procurement teams can make financial contributions to the organization well beyond reductions in the cost of goods/services. Unfortunately, the primary flaw in the process described is the notion that with the exception of Procurement Infrastructure, Procurement teams have (or should have) anything more than a responsive role in these other areas of ‘value’.

While worth a read – if for no other reason than to prompt how procurement teams can and should justify their existence – the article also overlooks the fact that in order to deliver value, procurement teams must work closely with the parts of the organization that drive the consumption of those goods/services. This then starts to ‘grey’ the question of just who is adding the value.

The real strength of the role procurement plays is in challenging the businesses’ requirements to ensure fit-for-purpose, maintaining knowledge of supply market dynamics to determine how best to engage with suppliers, developing and maintaining a range of techniques for going to market, ensuring that contracts appropriately address the commercial intent of the relationship, and driving the ongoing performance of the contracted suppliers. Frankly, if (as Accenture argues) the CPO is playing a driving role in some of these other component areas, then you’ve got wonder what the rest of the business is doing.

“Finding the Sweet Spot for Allocating Innovation Resources” – McKinsey

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

McKinsey reports on the results of their survey that suggests “more isn’t necessarily better” when it comes to the allocation of resources to innovation. This article summarizes other elements you may consider based on findings from discussions with leading companies.

“Making Transitional Service Agreements Work Leading Practices for Sellers” **– Accenture**

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

Recently we reported on the importance of Transitional Service Agreements (TSAs) in carve outs. This author’s contribution in addressing best practices for the vendor raises some helpful hints around planning, negotiation, and service provision

While some of the article will be relevant on the buy side – especially in understanding vendor intent – we look forward to the buyer best practices article as it is for them that the primary risk exists.

“Preparing to Make Big-ticket Investment Decisions” **– McKinsey**

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

This article discusses the well-trodden ground of focusing on major drivers, accurately accounting for risk and uncertainty and avoiding the classic pitfalls of decision that plague sound M&A investment making in a capital intensive investment decision environment.

It’s a quick and short read with clear examples, but there is not much new here.

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“Deals that Transform Companies: How to Shift Your Business Model with M&A Integration” – PwC/Strategy&

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

The authors note that the GFC-enabled increase in absorption target M&A (from 2007-09) has now been replaced by a sizable increase in transformational M&A activity (from 2010-13) as acquirers now seek to fundamentally change their business model or the scale of their enterprise.

The authors note the increased complexity in integrating transformational acquisitions and thus capturing value. *[Ed Note: This may impact the research conducted in the next article down the road].*

To assist, the author lists seven tenets to assist with integration. While we like the tenets, they appear to be critical in all takeovers, not just those of a transformational nature.

“Global M&A: Fewer Deals, Better Quality” – McKinsey

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

For the past two to three years, most of the industry summary articles read by this reviewer report on how bad things are: deals down... value down... et cetera, et cetera.

It's nice to be informed that a benefit seemingly delivered by the GFC is a significant increase in the value being generated from the transactions actually being done. The arguments behind this increased discipline are not conclusive, but do stimulate thought.

REGULATION & COMPLIANCE

“Basel III Capital Disclosure Requirements” – Capgemini

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

A helpful juxtaposition of capital disclosure requirements for risk weighted assets under the standardised and advanced approaches dictated by Basel III.

“The ABCs of Basel I, II & III” – Capgemini

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

Finally, the one page cheat sheet on Basel. One page of evolution of the most fundamental regulation of our generation. The minimum necessary knowledge for all internal consultants and executives in our industry.

“Regulatory Compliance is a Data Management Game” **– Capgemini**

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

As the title suggests, this CapGemini article explores the demands on financial services firms in dealing with the increasingly significant volumes of data required to satisfy heightened post-2008 financial crisis regulatory demands, and the attendant challenges involved in storing, tracking, managing, and extracting data and information.

The focus is on financial services firms which have been a particular target of regulatory reform and where data overload, high costs of maintaining large amounts of data, and difficulties in extracting information from the data are particularly prevalent. However, the challenges and solutions are equally relevant to other industries dealing with compliance obligations bringing about data management challenges.

The data management requirements covered are fairly typical of any Big Data situation and the recommendations are not, therefore, particularly novel or surprising. However, in considering the particular demands brought about the need to satisfy regulatory requirements, the paper does provide a helpful framework or checklist of considerations for organizations drowning in a sea of less-than-ideally-managed data, whilst they simultaneously aim to achieve efficient data storage, management and extraction capabilities which allow them to respond to current and changing regulatory expectations.

Useful reading for compliance and regulatory managers who would typically not have immersed themselves to any great extent in the world of Big Data, and who would welcome a pragmatic, on-topic, “how to” summary which successfully avoids the Big Data hype.

“Basel III – Stretched to the Limit: Dealing with the Implications of the NSFR” **– PwC**

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

The UK’s implementation of Net Stable Funding Ratio creates a suite of imperatives and implications for UK banks. This light teaser piece is PwC’s way of telling the banks they are not working with that they will share (for a price) what they are learning from the banks they are working with.

“Untying the Knot: Sharpening Strategies for Regulatory Change” – PwC

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

PwC makes the point that regulatory change will continue, so global players should create a global regulatory team to better understand the changes and the strategy and business model implications they bring. Effectively a case for a new C-suite role (the GRO: Global Regulatory Officer), the insight includes a well-structured blueprint for the role and its business model interface.

The article is directed at the insurance industry. While the banking industry has benefited from more coordination of global regulations, it is clearly seeing much local customization so a ‘glocal’ approach makes sense there too.

CORPORATE GOVERNANCE

“As Risks Rise, Boards Respond – A Global View of Risk Committees” – Deloitte

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

This Deloitte research paper examines the adoption rate of board-level risk committees in a number of countries (either standalone or hybrid). It provides a useful reminder to management and boards that they need to urgently identify, monitor, and mitigate a growing number of risks.

“Global Process Ownership: Implications for Organizations” – EY

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

This short paper from EY discusses global process ownership (GPO). As this is a relatively new concept for banking and capital markets organizations, this primer provides a very high-level overview. At times, it reads like an advertorial for EY consulting services, without providing any case studies showing the reader that the GPO model actually provides improved infrastructure governance.

FINANCE & RISK

“Early Warning in Managing Non-performing Assets” **– Accenture**

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

Helpful frameworks for those wanting to be across the standard business model for managing non-performing assets. This article argues the case for an early warning framework and provides some useful IP for those internal consulting teams doing it themselves.

“Reaping the Benefits of Operational Risk Management” **– Accenture**

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

Pillar 1 introduced a dedicated risk category for operational risk. Accenture makes the case that implementation success varied significantly, and that often the people responsible didn't have the expertise to ask the right questions and deliver the potential value promised.

In response, Accenture now publish some very helpful checklists and road maps for those who want to do it properly.

A very useful resource for internal consulting teams and others charged with managing operational risk.

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“The Rising Strategic Risks of Cyber-attacks” – McKinsey

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

Demonstrating best practices in how to make 200 interviews with a very mixed bag of geographic and industry stakeholders sound convincing, this self-serving article reveals that most companies have a nascent or developing cyber risk management capability.

To help internal consulting teams up the learning curve, McKinsey highlight a seven-part top team checklist to protect against cyber attack.

It seems everything from McKinsey this month comes in a Miller list of seven items.

“Creating Value through Enterprise Risk Management” – Milliman

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

A North American survey of 125 risk executives has much utility across geographies. It includes some excellent case studies and elaborated capability trajectories to allow internal consulting teams to benchmark their own organization’s approach and determine next steps on topics like risk appetite and risk tolerances.

Article of the Month

“The Go-to-Market Revolution – Igniting Growth with Marketing, Sales, and Pricing” – BCG

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

This article covers concepts from a BCG e-book entitled [A Growth Zealot’s Guide to Commercial Transformation](#).

It starts by reconfirming the importance of continuing to drive revenue growth in difficult economic times versus focusing on driving efficiency metrics or cash flow.

It then describes how successful companies are riding the ‘Go-To-Market Revolution’ by seizing opportunities thrown up by changing consumer behavior, technology, data or customer insight, and/or by globalization to improve their crucial go-to-market commercial functions of sales, marketing, pricing, branding and customer insight. It suggests that this ‘agile’ and potentially low risk approach can achieve short-term growth opportunities, ultimately driving long-term shareholder value.

OPERATIONS & CHANGE

“Operational Excellence in Retail Banking 2014” – BCG

[View PDF \(19 Pages\)](#)

The fourth annual global benchmarking report covers half of the world’s top 35 retail banks.

It makes two key points:

1. The need for an explicit target operating model; and
2. The four key areas of best practice are: more customer centricity; more digitisation of sales; more efficiency in process; and organization and complexity reduction.

While the findings don’t surprise, many readers will find reading this medium-length insight a helpful way to inculcate generally recognized best practices and key C-suite terms.

“Oversight of Third Parties: Outsourced Activities, Retained Responsibility” – Promontory

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

A timely and tightly-written insight on recent regulation from the OCC (Office of the Comptroller) and The Federal Reserve which substantially lifts the oversight requirement for using third parties.

The article has two key messages:

1. The same regulation and risk frameworks apply to the extended enterprise (you can no longer outsource many of the compliance and risk burdens); and
2. A much stricter and deeper oversight function needs to accompany extended enterprise activities.

A ready-made, if largely obvious, high-level third-party risk management lifecycle is included in the article for internal consulting teams who are new to this topic.

KAR – Best Practices in Shared Services

Examined by function, benefits/pitfalls, best practices, trends and value creation sources • 128 pages.

AUD2,000 LOCAL LICENCE, AUD6,000 GLOBAL LICENCE

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I C G

STRATEGIC ANALYTICS

“Enabling Big Data: Building the Capabilities That Really Matter” **– BCG**

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

Another Big Data article heavy on rhetoric about teamwork and collaboration, but light on anything resembling technical commentary. Strictly for the layman.

“Beyond Big: The Analytically Powered Organization” **– AT Kearney**

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

While the theoretical benefits of Big Data are clear, the ability to operationalize the new methods is the real harbinger of executive success. Here we find summaries of three keynote presentations and a roundtable discussion on the latest industry best practices – delivered through a joint collaboration between AT Kearney and Carnegie Mellon University.

While the value of the case studies to the enterprises deploying them is unequivocal, the treatment here struggles to rise beyond predictable motherhood statements on leadership, collaboration, and team empowerment – three concepts which a cynic might suggest do not sit comfortably at the same table.

TECHNOLOGY

“The Seven Habits of Highly Effective Digital Enterprises” **– McKinsey**

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

Classically good HBR-style article that asks readers to be bold in the race to become digitally relevant. The seven habits provide a useful check list to catalyze action. We liked some new terms such as “Acqui-hire”, as Tesco and others acquire digital start-ups to get the talent they need. We also liked the idea of creating a zero-based tech budget aligned to value at stake rather than budget.

A must-read for executives and internal consulting teams this month.

“‘Fit-for-purpose’ infrastructure Strategy: How Companies can Manage Increasing IT Demands” **– Strategy&**

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

Borrows the idea of proportionality to ensure alignment of spend with value creation (the concept of aligning a large part of middle and back office costs to the sales force). This is then termed ‘fit-for-purpose’.

The article includes some compelling-looking graphics and road maps, but they idiosyncratically introduce concepts such risk and outages as if they share a common currency and the end result in one business measure called disaster. Clearly a case of a big client being sold a new concept and the execution partners using it to sell the concept to others – tread carefully.

“Orchestrating Value in IT Outsourcing” – BCG

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

After a slow start, this insight makes a solid case for migrating to a new operating model that better addresses the challenge of matching demand management with supply capabilities. The supply or delivery capabilities are more explicitly separated into internal and external capability management. The insight includes a nicely developed top-level diagram of this new ‘Orchestrator’ operating model which replaces the traditional ‘Plan, Build, Run’ model.

Useful to internal consulting teams and executives with responsibility in this function. Could also be re-deployed to other functional services as third-party supply services mature.

“Reinventing IT to Support Digitization” – McKinsey

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

Short but helpful summary of all that is important to ensure the IT organization can support digital. Written more for the CIO and their team than the enterprise, none of the observations should surprise but they are distilled and synthesized with typical McKinsey polish.

KAR – Digitisation of Business Banking

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

AUD2,000 LOCAL LICENCE, AUD6,000 GLOBAL LICENCE

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I C G

“The Goldilocks Syndrome: Tailoring Packaged Software so It’s Just Right” – PwC

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

COTS (Commercial Off The Shelf) systems come with the challenge that customization creates further complexity for both ongoing maintenance and upgrades. Similarly, cloud-based solutions require varying levels of configuration and integration.

This article looks at the trade-offs of under configuration (not meeting business requirements) and over configuration (becoming bloated and expensive). The solution, according to PwC, is an obvious-looking sequence of steps with largely simplistic qualitative trade-offs.

Solid material for internal consulting teams that haven’t addressed this challenge before.

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Candidate insights are compiled by an expert team of researchers. Reviews are written by partner-level subject matter experts from our industry and functional practices.

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