

March 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
Corporate Governance
Human Capital

Women at Work
Finance & Risk
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

March is always a great month for reviewing insights. I encourage our readers to skim all our reviews (below) or jump into those which I think are the best of the bunch this month.

- Accenture – “*Understanding Expectations of Wealth Management in the Digital World*”;
- BCG – “*Overcoming the Digital Dilemma in Wealth Management*”;
- Capgemini – “*World Insurance Report 2015*”;
- McKinsey – “*Addressing Unconscious Bias*”;
- McKinsey – “*Harnessing the Power of Shifting Global Flows*”;
- McKinsey – “*Service Innovation in a Digital World*”;
- PwC – “*Peer Pressure: How Peer-to-peer Lending Platforms are Transforming the Consumer Lending Industry*” (Article of the Month);
- PwC – “*Stand Out for the Right Reasons: Too Big to Share Anymore?*”.

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

“Harnessing the Power of Shifting Global Flows” **– McKinsey**

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

Very well-written insight on this increasingly important and prevalent topic. A great one-page summary on page 4, with five key trends such as trade between emerging economies is now nearly a quarter of all global flows, and information intensive goods (not just digital goods) account for half of all flows and are growing the fastest.

The best section highlights new strategic options such as nurturing global ecosystems (not unlike ICG’s own model) with key examples such as Astra Zeneca’s digital open-innovation platform.

With important insights such as the use of platforms to create micro-multinationals, this is another important insight worth a skim for any internal consultants with more than a passing interest in macroeconomics and globalization.

“At a Crossroads: The Future of Central Banking” – PwC

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

Those looking for a meaty Tapestry Networks-style approach will be disappointed by this overly journalistic treatment of this most central of topics. Junior internal consultants will find some of the background useful, however there are many better sources of insights on this topic – we hope the forthcoming detailed report becomes one of these.

“A Recipe for Economic Growth” – McKinsey

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

McKinsey cleverly borrowing the brands of Lawrence Summers (ex-US Treasury Secretary) and Harvard University in a short and very sweet interview. Lifting well over 30,000 feet to highlight opportunities in infrastructure investment and issues with fragmented labour and inequality, this insight is very thought-provoking for internal consultants and their executive clients. Well worth a read.

“Debt & (Not Much) Deleveraging” – McKinsey

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

A sobering reminder that the any apparent recovery from the GFC has not achieved the deleveraging that so many policymakers hoped for. As with all MGI reports, lots of detailed analysis for internal consulting teams and some new research in a structure that is a bit of a mixed bag and somewhat repetitive – we liked the two-stage analysis of the Swedish and Finnish economies (private sector deleveraging followed by public sector with a very workable debt relief program in Sweden). Other ideas – such as reworked mortgage contracts that share upside and downside risk or ensure continuous workout – seem some way off.

Of likely interest to many of our readers is the self-perpetuating cycle that urbanization and slow-growing land supply and poor density management, combined with tax incentives and ultralow interest rates, are driving new levels of mortgage debt (see the excellent Exhibits 15 and 19).

In the shadow banking section, some readers may not be surprised to see that private sector credit from non-bank sources is now 50%, driven by retail bonds and private finance companies. Others may be surprised to see that P2P lending, while small globally, is a significant force in China.

As always with MGI, the executive summary is well worth a read. Readers with an interest in solutions for public debt recovery should also review the excellent series that BCG published following the GFC.

RETAIL & BUSINESS BANKING

“Retail Banking Advisory in the Digitalized Future” – The Nordic Perspective

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

This white paper addresses the impact of digitization on retail banking advice, based on interviewing 20 banking executives across the Nordic countries. In order to meet customers' future expectations, banks will need to develop new business capabilities, including a structured advisory process, custom-tailored product recommendations, and 360-degree customer view. To date, few of the banks surveyed have made significant investments in these capabilities, largely due to the difficulty in predicting the best path forward given the rapid pace of technology change.

Those already well versed in the abundant literature addressing this topic may decide to skip this one.

“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.

Article of the Month

“There’s No Such Thing as a Free Lunch: Why Fees are the Future for Current Accounts” – PwC

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

A UK-specific article, highlighting the relative anomaly of “free banking” accounts in that country, where banks typically recover their costs through product cross-subsidization or else via penalty fees and charges.

PwC’s view is that this market dynamic leads to complacency across both banks and customers, and stifles innovation. The conclusion is that banks and customers should be prepared to move to a model where products and services are transparently and appropriately priced, perhaps initially through the pricing of some premium services. Of local interest only.

“The Future of Commercial Cards” – Capgemini

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

Commercial cards have a very bright future, according to Capgemini, with global commercial card transaction spend currently increasing by 13% p.a., while still constituting only a very small proportion of total commercial spend. Commercial banking executives and consultants will be interested in the article’s concise summary of the manifold benefits of commercial cards program adoption, and an excellent graphic on page 6 which maps commercial card program features and benefits to scale and nature of the organization. The challenges of implementation should not be underestimated and are also addressed, along with best practices as to how cards issuers can support the onboarding process.

PAYMENTS

“Africa Blazes a Trail in Mobile Money” – BCG

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

An article in two parts. The first part provides the internal consultant with an insightful analysis of the mobile banking and mobile payments scene on the African continent, in particular in sub-Saharan Africa. The article contrasts the extraordinary growth and adoption of mobile payment technologies against the still high level (up to 75%) of unbanked consumers, and the fact that the region remains one of the world's least developed economies. The backstory to the success of much-talked-about Kenyan M-Pesa mobile money makes for particularly interesting reading.

The later part of the report is more formulaic and looks at the opportunities and challenges for financial institutions and mobile network operators (MNOs). It is only of real relevance for those that have a deep interest in the region and/or the topic.

“Data-driven Payments: How Financial Institutions Can Win in a Networked Economy” – Strategy&

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

This U.S.-centric report from Strategy&'s Chicago-based team starts by comparing the maturity of the financial-institution-led cards and payments industry with the emergence of non-FIs seeking to capture revenue not only from the transaction, but across the customer's entire 'path to purchase'.

The report goes on to establish the importance of harnessing data to exploit these new opportunities and highlights four key challenges that can be barriers to success. A few new names to watch in the introduction, but not much substance in the report for the seasoned internal consultant. Of general interest, the chart at Exhibit 4 is a useful depiction of how different analytical capabilities inform business insights.

“Digital Transaction Banking Opportunities & Challenges” – Deloitte

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

This Australasian-focused article raises the imperative for banks to pay attention to the relentless development of the digital phenomenon by highlighting global technology trends, which are cascading into the transaction banking space – not least of all due to the rise of “Fintechs”, the emerging alternative non-bank players. The impact on the transaction banking landscape is considered in the context of these Fintechs, and these are categorized in a 2x2 on page 11 with example players on page 12.

This article presents a narrow perspective on the topic, but it is interesting enough to justify the time that consultants and bankers with an eye on the transaction banking landscape will need to read it.

“European Private Equity Outlook 2015” – Roland Berger

[View PDF \(33 Pages\)](#)

This presentation-style report provides less of an outlook and more of an unfiltered download of the answers to a set of bland survey questions (this is the sixth issue, so your reviewer assumes questions set for comparative purposes). Nonetheless, little if any insight is coalesced and any significant trends or markers highlighted for the coming year are hard to find. Internal consultants may find this report an instructive tool in the form of an exercise in thinking about the ‘so what’ – the data is there, to enhance its value to readers think about what insights you are able to develop.

“Understanding Expectations of Wealth Management in the Digital World” – Accenture

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

In 2014, Accenture conducted an extensive survey into the impact of digital technologies on tech-savvy investors in the European wealth industry. “*Connecting with Gen D*” (*TIR April 2014*) was the first report into their results.

This latest report is the first of a three-part series that extends their analysis, with this article focusing in two areas: the threat of technology disintermediating investor-advisor relationships, and how wealth firms can harness the same technologies to grow their client numbers of more autonomous investors. It is well worth a read.

One of the key insights is the low percentage (32%) of investors seeking a digital-only relationship. Notwithstanding the rapid growth of the online-only ‘robo-advice’ industry, it seems the winners in this space will need to find the optimum balance between low-cost technologies and the use of digital tools as a supplement for higher-cost human interaction. The diagram on page 10 is a good summary of the digital tools that wealth firms have available to them. Optimizing this balance for wealth firms’ disparate client bases is shaping up as one of the key challenges facing the wealth industry in all geographies.

“Overcoming the Digital Dilemma in Wealth Management” – BCG

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

Digital technologies are presenting significant challenges and opportunities for the wealth industry. This article by BCG presents a valuable perspective that describes the barriers to adoption of digitization both in terms of what firms are delivering and what clients expect. Exhibit 1 in particular is a useful tool for wealth firms to use to reflect on how far they are down the digital adoption pathway. Of benefit to internal consultants as well as marketing and IT executives, the article is a worthwhile read to help prioritize technology spend.

“Technology’s Evolving Role in Wealth Management” – EY

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

A brief but content-rich article from EY on the impact of digital technology on the wealth industry. While it doesn’t introduce new thinking that can’t be found elsewhere, it does provide a comprehensive round-up of many of the latest perspectives in this rapidly evolving space. It is a particularly useful summary for internal consultants seeking an update, and industry participants new to this area.

“Building on Canada’s Strong Retirement Readiness” – McKinsey

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

A solid piece of fact-based research by McKinsey on the ability of Canada’s retirement system to deliver, against the backdrop of key trends faced by all developed countries: demographic shifts and rising life expectancy.

The research applies a robust ‘retirement readiness’ index to assess the ability to maintain living standards in retirement and, contrary to common perceptions of a retirement crisis in Canada, finds that 4 out of 5 of households are on track to do so.

The rest of the report outlines a range of potential solutions for the financially unprepared, together with some guidance on how these should be evaluated.

Stakeholders in the Canadian pensions market will gain some good insights from this research. Others may like to skim the report as an example of a good ‘template’ for assessing a country’s retirement system performance.

“From Indexes to Insights: The Rise of Thematic Investing” **– McKinsey**

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

McKinsey provide an informative review of thematic investing, which in contrast to traditional investment approaches made relative to benchmarks or indexes, makes investments according to researched themes or long-term structural trends.

The article gives a clear explanation of thematic investing, contrasts this well (in exhibit 1) with the traditional relative investment framework, and lays out the key steps to implementing the approach.

Institutional investors seeking some practical guidance on understanding thematic investing, and looking for ways to integrate this into their investment framework, will find this article a useful starting point.

INSURANCE

***“World Insurance Report 2015”
– Capgemini***[View PDF \(60 Pages\)](#)

In direct contrast to the EY report, this paper compares three key attributes: growth and profitability, customer experience, and the role of technology and analytics across the global insurance industry. This is done consistently across multiple geographies and there is drill-down by each country.

A clearly presented summary page at the start of each region lists key findings. The methodology used is also clearly articulated, which adds credibility to findings that may not be intuitive – for example, that customer experience has declined collectively and negative digital experience has contributed to this. Another example is that claims customer experience has deteriorated, which may be counter-intuitive to the belief that investment in technology would have enhanced it.

There is a good assessment of capabilities from a Capgemini 7-pillar framework across geographies and gaps in each region (Figures 3.7 and 3.8). This enables comparison of similar attributes across geographies and drawing some inferences in terms of gaps. Finally, the report is well-structured, making it easier to read as key findings are in the main body and supporting facts have been rightly relegated to the appendices.

***“European General Insurance:
Towards Profitability” – EY***[View PDF \(44 Pages\)](#)

This paper compares some key changes across the dimensions of digital challenges, customer experience, claims management, regulation, tax, and the finance and actuarial functions (which seems the odd one in the pack) in the European market.

There is a good section on emerging themes in the digital space – borrowed from other industries – and how this can be applied to insurance, with some examples included (page 4-5). Discussion on customer experience does not reveal any new insights except some key factors on what the customers want to see technology deliver (page 13).

In claims, there are some insights from a practical standpoint that may be useful. For example, ‘Considerations while outsourcing claims’ highlights common pitfalls, and average labour costs across geographies that are candidates for outsourcing have been listed.

There is a good discussion around proposed changes in regulation and its potential impact on insurance operations. Other useful insights include a discussion around the impact of tax (VAT) changes.

In conclusion, a key findings and insights summary at the start of each section would have helped, especially because there is no executive summary at the start of the report.

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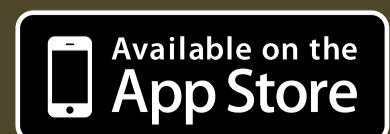
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“2015 Global Insurance Outlook” – EY

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

This very long report (70+ pages) covers challenges and opportunities of P&C and life insurers in five regions across the world. Unfortunately, the comparisons are not always based on consistent attributes, so it is less of a “global” report and more of a collection of regional reports cobbled together (Canada surprisingly qualifies as a region by itself, along with Asia-Pac, Latin America, USA and Europe).

In general, macroeconomic factors, challenges and opportunities, key business drivers, and digital adoption are covered – however, even on the summary pages for each region (pages 2-5), these are not done consistently.

There is nothing new in underlying themes: intensified competition, softer pricing, and more pressure on margin. Perhaps the only key takeaway is that technology (as insurance has always played catch up) will play a bigger role in both customer-facing and back-office processes, and there are good examples buried in regional sub reports.

That said, there are some valuable insights such as a survey of digital insurance (page 56) that highlights what is important from a customer perspective. Another example (page 68) is insights into key purchasing drivers of insurance products – insurers will benefit from direct customer feedback as they have traditionally been product- rather than customer-orientated.

In summary, the paper makes cumbersome reading and the structure does not help.

“Creating Value Through Advanced Analytics” – Bain

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

Artful repackaging of the power of better decision science. Bain point to ‘in the middle’ decisions – which were not previously amenable to science – as being a rich source for new applications of Big Data and advanced analytics. When packaged with some hard-to-disprove ‘cause or effect?’ performance statistics (best faster decisions with better execution) the decision to explore with Bain’s help becomes hard to argue with.

The new Bain book *Decide & Deliver* might have some better and newer insights for internal consultants.

“Breaking Up is Hard to Do: Unlocking the Value of Corporate Functions in a Divestiture” – Strategy&

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

The poorer cousin of the M&A world has always been the value extraction phase. But it is here that value is truly created by good managers and well-thought-out initiatives.

It is in this vain that the authors put forward a set of methodologies to achieve a separation of shared services in the case of divestitures.

While the efforts described make sense in the case of the separation of distinct but similar sized businesses that will remain in the same group, it is unclear why the separation is the impetus and not an ongoing CIP within a shared services network, and how often the sale of non-core smaller operations would drive major restructuring requirements within these departments. The roadmap is sound but not revolutionary.

REGULATION & COMPLIANCE

“Forward Look: Top Regulatory Trends for 2015 in Insurance” ***– Deloitte***

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

A short, US-centric report with partial relevance to all internal consultants working in insurance in three key areas: cyber security (insurers seen as especially vulnerable); growth in annuities (regulatory concern around product design) and further scrutiny of captives (arbitrage of any form is out).

CORPORATE GOVERNANCE

“Bank Board Risk Governance: Driving Performance Through Enhanced Risk Oversight” – KPMG

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

A very detailed white paper produced by KPMG examining key governance activities of a central bank covering risk management, effective governance, and audit. The authors detail the key steps in taking this financial oversight role to the next level over the subsequent 40 pages. Of limited interest except for readers involved in central bank governance – bearing in mind that many of these governance principles are transferable to financial institutions.

“Cybersecurity & Privacy Hot Topics 2015” – PwC

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

PwC cyber security and privacy high-level primer that reads more like a sales pitch for consulting services as opposed to providing any real, detailed advice. Background reading only; not recommended except for US-based organizations.

HUMAN CAPITAL

“A New Take on Talent” – PwC

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

The article title promised big things from PwC this month as they summarize their most recent FS CEO survey on the topic of talent – and unfortunately, they did not deliver.

This reviewer was hoping for more than the usual war cries of ‘limited availability of key talent’, ‘need more diversity’, ‘regulation is a key disruptor’, ‘how do we make the most of digital’, all of which are touched upon.

Aside from briefly raising the heightened risk felt from cyber threats, there is very little in the way of new topics or thinking here.

“Forging a Winning Culture” – PwC

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

Culture change – easy to call out, but so incredibly hard to define and execute against. This month PwC attempts to do just that, with mixed results.

This reviewer did appreciate Section 2, which gets to the pointy end of how to affect culture change through first measuring the baseline, giving a few useful ideas on what to look for in a diagnostic.

However, the piece stops short of offering any tangible examples of a successful end-to-end journey. An executive interested in this space might benefit from exploring ICG’s leading cultural transformation product – for more details contact your preferred ICG affiliate.

“Confronting Corruption” – McKinsey

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

An interesting piece on a very specific topic which may have limited relevance to some, depending on which markets they are operating in.

However, as an introduction to the topic (see the Taxonomy section) and some of the thornier issues you may encounter, it is a good piece and worth the read – at the very least on the plane ride over to the new market your organization is about to conquer!

“The Redefined No of the CFO” – Strategy&

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

A couple of times per year we see a good article on the evolving role of the CEO. This is one of them.

Chock full of useful examples (Verizon, Philips, Sainsbury's), the article does a nice job of touching on what has evolved in this role – both in terms of the issues faced and the capabilities required to address them.

“Gender Balance & the Link to Performance” – McKinsey

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

Another short, persuasive article showing the business case for gender balance. There are more and more of these emerging every month. This one looks beyond women in leadership roles and takes a systemic view to look at women at all levels in the organization. Change must occur throughout the organization if diversity it to be achieved.

Sodexo CEO shows us, in his personal narrative, that organizations with a clear understanding of the correlation between understanding diversity and a broad range of business metrics (beyond financial performance) have a greater chance of delivering results.

“Addressing Unconscious Bias” – McKinsey

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

This perspective from a movie star draws parallels between portrayals of women in the “reel” world with women in the “real” world. Davis commissioned research into family films and presents percentages about representation, roles, and gender stereotyping.

No surprises in the results. What happens in organizational life is mirrored in the media. Women are underrepresented, one dimensionally portrayed, less leading roles, and overall lack of gender balance. Furthermore boys and girls learn at a very early age about gender, roles, and expectations. Images teach girls about the psychological ceiling and they teach boys their sexist views. Life orientations are formed early and are hard to undo. No wonder the targets for gender diversity are so challenging at the organizational level.

“Championing Gender Equality in Australia” – McKinsey

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

Elizabeth Broderick provides a first-person narrative about the formation, progress, and learnings of Male Champions of Change. This is a group of 25 influential men in some of Australia’s leading organizations who accepted the quest of supporting and understanding issues related to gender equality.

Broderick provides her perspective, including the realization of the need for the engagement of men as a practical way of addressing diversity. The article also includes first-person stories from three of the Male Champions revealing their insights, frustration, perspectives, and hopes for gender equality. The candid self-reflections show how language and conversations can bring about change. These refreshing stories form part of the oral history of the diversity dialogue.

“Stress Tests: Keeping Up with the Rising Bar” – PwC

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

A fascinating insight for its industry implications rather than its content. Here PwC play the sensitive role of providing some helpful feedback to the very same regulators that have been feeding them so much work. At the same time they highlight two things of importance to internal consulting teams:

1. The need for a group head of stress testing; and
2. The mandated involvement and training of the board and senior executive in these tests.

The insight itself is an unremarkable summary of the highlights from ten submitted questionnaires they received (less than half the 24 from the previous year) – some will smile at the lack of uptake for this consultant-imposed questionnaire which requires more giving than getting.

“Getting Surveillance Right: Protecting Banks’ Reputation & Profitability” – Accenture

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

There is a segment of consulting insights which observe that you have made some good progress on a relatively immature functional area in an idiosyncratic way using point solutions that don’t yet harness the collective power of the organization and don’t work as a cohesive whole that drives principal-and cultural-based change.

This is one of those formulaic insights which, in reality, is advertorial to get money from HQ to use the consulting firm to help you evolve to the next level of maturity/evolution.

In this case, the topic is surveillance across regulatory, reputational, and operational risk. If your surveillance function needs such a prescription, then your internal consulting team should start with the eight bullet points titled: *“Implementing a process-driven solution”* on page 6. The rest of the article is of little utility to the vast majority of readers.

“Service Innovation in a Digital World” – McKinsey

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

New entrants are disrupting service industries as we speak. This is a new breed of digital natives that have designed their experience from scratch, and are hard to compete with as they transform industries. To evolve and thrive, organizations will need to institutionalize service innovation and make this the norm. No longer is the lab just for product development – service innovators have to understand how to both simplify service delivery and at the same time personalize the customer experience.

“Adapting to Digital Consumer Decision Journeys in Banking” – McKinsey

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

Digitization will see greater integration of the banking experience across disparate channels that have grown up independently. The trick will be 3D's: Discovery, Design, and Delivery.

Unfortunately, each “D” is not an exercise for Dummies and represent individually and collectively a massive transformation.

Discovery is all about finding new patterns that require an analytics engine. Design will be getting the Customer experience to be frictionless and Delivery is building a new marketing mindset.

Helpful framing of a complex topic in a short piece, making it worth a quick read.

TECHNOLOGY

“The Data Centre of the Future” – AT Kearney

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

There is a massive trend towards the adoption of cloud computing in various formats of on-and off-premise, with hybrid solutions in-between.

Surprisingly, the cost of data centres as a percentage of total IT spend remains at 20%. Given cost pressures on IT, the process to embrace change and move to a ‘Data Centre of the Future’ will require thoughtful sourcing management.

Some Good practical advice.

“Great Expectations: The Evolution of the Chief Data Officer” – PwC

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

Every organization needs data to be managed as both a ‘Sword’ and a ‘Shield’, in this environment there is a need for a new CDO.

That’s correct, we are not talking about the Chief Digital Officer but Chief Data Officer. This is all about the fact that Data Analytics can’t magically happen in the absence of Data Governance and Data Architecture.

There are clear advantages for those that take a path and don’t attempt to keep ‘winging it’.

Is this just another threat to the domain of the CIO? There is an upside if you embrace the change and be part of this.

“Why CIOs Should be Business-strategy Partners” – McKinsey

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

There has always been common sense belief that a good CIO has to have a ‘seat’ at the table.

McKinsey argue that high performing CIO’s also have an active involvement with the business. The context of understanding what are the short and long-term drivers of the business is a critical success factor.

The focus of the CIO away from ‘utility’ and to building the business also correlates to reporting lines. Taking this further will require IT to build business acumen and talent management to be reconsidered.

Your reviewer is a believer. Every CIO should read this.

“Smart Efficiency: The Fast Way for Companies to Become Lean & Agile” – Roland Berger

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

This article begins by lamenting the volatility in world markets, the inability to reliably predict markets, and their underlying drivers... the ‘new normal’, if you will. Then, using a framework of efficiency and elasticity = “smart efficiency”, RB throws a swag of traditional tools and techniques into a four-week diagnostic and set of prescriptions. These cover business model, supply chain, and financial structure.

There are several issues with the article, and therefore why it should be a miss for our subscribers. Internal consultants and executives will find thin coverage of strategic sourcing disciplines, working capital finance options, and organization resilience – a bundle of buzzwords does not make a diagnostic. Worse, the article misses sea changes taking place in most industries – perhaps obfuscated by volatile markets, but fundamental and needing attention... disintermediation, virtualization, globalization, etc.

As a marketing brochure for service lines, the article undermines some of the strengths of this firm and as a thought piece, it will leave the reader rather undernourished.

“Stand Out for the Right Reasons: Too Big to Share Anymore?” – PwC

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

In this article, PwC UK does a great job of outlining the key aspects of recent discussion papers released by banking regulators on two key outcomes of the GFC: ‘Ensuring operational continuity in resolution’ (DP1/14) that specifically focuses on critical operational services, and the introduction of Ring Fencing (CP19/14). For internal consultants and executive management, this article explains the nature and implications of these papers (and underlying regulations), nicely segmenting these into “recovery and resolution planning” (regulator takes over or entity fails of its own accord and in the public interest operating continuity needs to be maintained), and “structural reform” (risky investment banking cannot serve boring retail banking for risk of operational failure).

The key operational design requirements are well explained, as are the implications for current banking operating structures by way of a simple framework. Unfortunately, after this revealing build-up, the recommended structural solutions for meeting the proposed requirements fall well short of inspiring. It seems the solutions are rather simple and easy to implement. But these fail to address the prevalence of new business models for bank and non-bank providers being driven by technology and consumer demand, and how these will provide relief or complexity in meeting regulator requirements. Best read as a primer on the coming regulations.

Reviews of the World's Leading Financial Services Industry Insights

The Insights Review

Financial Services Edition

SPECIAL FEATURE

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The Best Insights from the Past 12 Months

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.

NOVEMBER 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.

OCTOBER 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.

SEPTEMBER 2014

“Kill Your Performance Ratings” – Strategy&

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

A thought-provoking and robust “must-read” for any leader or HR Director wanting to create and sustain a high-performance organization. A thorough examination of the evidence is provided in support of the premise that performance rating systems are misleading, cumbersome, complex, and frequently damage the very performance they are intended to improve.

The rather strong statement “If you want a high-performance organization, you have to reverse the destructive effects of conventional performance management” is likely to be somewhat confronting to those many who have been immersed in overseeing and implementing conventional “rank and yank” performance management processes for so long.

At the very least, this paper deserves a thorough read-through (several times, perhaps) with careful attention paid to the ways in which performance rankings trigger adverse reactions in people in relation to all five of the SCARF factors which are posited to have immense effects on negative human reactions: status, certainty, autonomy, relatedness, and fairness.

It is not proposed that the baby be thrown out with the bath water. In transitioning to a no-rating system, two options are put forward as alternatives; structured conversations or guided conversations, and there is some discussion of these approaches and how the HR Department and company can provide a framework, guidance, and possibly training on how managers need to address the key topics to be covered.

For those who might be inclined to dismiss the perspectives offered in this paper out of hand, the challenging statement that “only one person feels neurologically rewarded by the (rate and rank) performance management exercise: the senior executive who oversees it” certainly warrants some introspection.

AUGUST 2014

“The State of the European Banking Industry” – Roland Berger

[View PDF \(42 Pages\)](#)

Wow – this is an exceptional coming of age report for Roland Berger in financial services. Its focus is, of course, Europe, with benchmarking across Europe and occasionally to the US for retail, CIB, and insurance and investments.

Helpfully, the report is in slide format and contains a rich mix of analysis, framing, insight and recommendations. It also tries to coin a new acronym ‘GAFA’ for the combined disruptive power of Google, Amazon, Facebook, and Apple.

Don’t forget the Appendix – we especially liked pages 35 and 36.

Excellent work.

JULY 2014

“Accelerating the Digitization of Business Processes” – McKinsey

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

A great and easy read on the value, role, and approach to digitization of business processes. Applicable to companies of all sizes and capabilities.

The authors Paul Wilmott and Shahar Markovitch lay out the simple and powerful logic for change and also the radical approaches required to break traditional points of resistance within the idea to implementation flow. Digital initiatives must be set up to be the end-state way of doing business. Therefore, legacy business units must be “rolled-in” to this new way of work – which will eventually absorb the legacy business. This truism will feel counter-intuitive and threatening to many leaders.

JUNE 2014

“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.

MAY 2014

“Leveraging Social Media Across the Insurance Lifecycle”
– Capgemini

View PDF (20 Pages)

Following on from an excellent article on Telematics two months back, this is another compelling read on the topical social media explosion. It looks at the massive opportunities already in play and emerging for insurers, but also balances the challenges with the effective execution of strategies given regulatory and other considerations.

The key theme is portrayed as the adopting of ‘social media’ in its many guises as a stage process of ‘presence – participation – integration’. It also provides reality checks and acknowledgment that insurers are mostly on the journey with the key activities still in the presence phase in 2013 (branding building and customer/agent connectivity focused). How social media can be used to improve all parts of the insurance value chain from front to back office and claims are considered in some detail. The ability to build service speed and flexibility, attractiveness to younger customers, and geography removal are all covered too.

The base proposition is this: the insurers who achieve speed from presence to participation to full integration quickly will achieve real differentiation and improved outcomes across all aspects of their businesses.

APRIL 2014

“A New Era of Conduct Supervision: Consequences, Challenges, and Opportunities”
– EY

View PDF (11 Pages)

Another fascinating two-sided dialogue between regulators and senior bank executives from the UK. Conduct supervision is described by one director as the UK’s next great export, which reinforces the tough line taken by the FCA and the authority of these participants to discuss the issues in a way that is helpful to our readers. We suggest this article be followed by a review of PwC’s insight last month ([*Behavioural economics: Driving Better Customer Outcomes*](#)) and our editor’s own [submission to the Australian FSI](#).

MARCH – FEBRUARY 2014

“Transforming Banks, Redefining Banking: Global Banking Outlook 2014-15” – EY

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

Impressive stuff from EY, which punches above its weight in this beautifully produced report. If nothing else, internal consultants should keep a copy of Chart 1 – perhaps the best one-page summary of issues and strategies we have seen this year, and enough to make this article a deserving winner of our ‘Article of the Month’.

Part two of the report drills down into five short sections: Regulatory; Customer; Technology; Competitors; and Society. The content, while very prose-heavy, nicely encapsulates all of the latest thinking in the industry.

“Digital Reinvention: Trust, Transparency and Technology in the Insurance World of Tomorrow” – IBM

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

Another excellent insight from the insurance team at IBM, and a deserving winner of our Article of the Month. The article chronicles the migration of our economy from organization-centric to individually-centric to an E2E economy (Everyone to Everyone), where value chains have fragmented and virtualized, and digitally collaborative ecosystems prevail (interestingly, ICG’s business model is based on just such a collaborative ecosystem).

The article is full of essential new frameworks, so is a must read for internal consultants. Examples include Figures 3 and 4 as they simply but powerfully articulate the transition from a business-centered economy to an individual-centered economy and the resulting need for a redefined customer experience and business model. Figures 11 and 12 take this to the next level with the continued evolution to E2E.

Provocative and far-reaching, this is compelling stuff – an insight which IBM are no doubt applying across many industries, not just insurance. Incidentally, our insurance readers should note the unexpectedly high proportion of personal insurance customers who will share driving and health data if they get better value insurance.

The Insights Review – FS Edition Team

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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We are uniquely positioned to offer clients any permutation of expertise and experience in almost any field, with a level of competence and value that exceeds that of traditional consulting alternatives.

Our business model is consistent with future models of work: it brings together adhocracies (temporary project-based teams that capture opportunities, solve problems, and get results) and facilitates expertise and capacity augmentation. Our model is based on three key tenets: transparency to clients and affiliates; opt-in participation by all stakeholders; and a market-based model to ensure the very highest talent quality.

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- Unbundled Research Services – desktop reviews to detailed drill downs
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- Capability Building – consulting training and benchmark-driven improvement of your internal consulting and project services
- Synthesis of domain knowledge in any topic area – our unique Knowledge Area Reviews (KARs)
- Reviews of all published articles by the leading consulting firms – our ICG Insights Review.

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Vision: To be the world's leading supplier of unbundled consulting, project services, capability building and professional association in the management consulting industry.

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Our clients include local, regional and global organizations across the private, public and not for profit sectors. Our clients span almost every major industry and sub sector. Client references are available from board members, CEOs, C-suites, executives and middle management who enthusiastically support the model of working with client-selected, experienced affiliates who are dedicated and fit for purpose, rather than the less experienced consultants with fly-in support provided by traditional models.

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