



# THE INSIGHTS REVIEW

FINANCIAL SERVICES EDITION

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GENERAL STRATEGIC INTEREST  
RETAIL & BUSINESS BANKING  
FINTECH, DISRUPTION & INNOVATION  
CORPORATE & INVESTMENT BANKING  
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TECHNOLOGY

## 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 their internal 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.

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## 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
- L.E.K.
- McKinsey & Company
- OC&C
- Oliver Wyman
- Parthenon
- Promontory
- PwC
- Roland Berger
- Strategy&



## Message From the Editor,

September is always a big month in the year for publishing firms, and therefore our October issue\* of *The Insights Review* has plenty of insights to draw from. This year this is no exception.

Our global team of subject matter experts have worked with our research team to identify and curate the best insights, then reviewed them to save you valuable time getting to the insights that matter most for you and your internal consulting teams.

This month's 'Article of the Month' was reviewed by Andrew Boyes-Varley ([andrew.boyes-varley@internalconsulting.com](mailto:andrew.boyes-varley@internalconsulting.com)), one of our experts in Corporate & Institutional Banking. The insight can be found [here](#).

We congratulate the authors from McKinsey on their receipt of this increasingly-coveted recognition.

Why not share *The Insights Review* with your team or board? Simply forward to them and suggest they register at our website [www.internalconsulting.com](http://www.internalconsulting.com).

**David Moloney**  
Global Editor

\*You will note that our naming convention for *The Insights Review* has been updated in response to your feedback – it now aligns with our month of publication rather than the previous month from which the insights came.



**David Moloney**  
Global Editor

### About

David has enjoyed a stimulating career in the global financial services industry. Unusually for a consultant, he spent the first decade of his career working in banking from retail stores to helping the CEO with consulting firm led transformation projects. Transitioning to consulting via an MBA, he has spent more than two decades serving every segment of the industry in many countries. Importantly, as a global partner at two leading firms, he was well known for developing fresh firm and industry insights and in one firm, was directly responsible for leading the authorship of the most significant global reports for release at the World Economic Forum.



**THE  
INSIGHTS  
REVIEW**

FINANCIAL SERVICES EDITION

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# Financial Services: Industry Economic Context

## General Strategic Interest

### “Banking Reimagined. How Disruptive Forces Will Radically Transform the Industry in the Decade Ahead” – Deloitte

[VIEW PDF \(13 PAGES\)](#)

In a side-step from their normal annual report, Deloitte presents a text-heavy mini disruption radar and drill-down on their favorite five.

Figure 1 is a ‘catchy’ way to present a disruption radar for those internal consultants looking for inspiration.

What follows is five journalistic summaries of the state of play with helpful predications and recommendations across: Trusted brands; Payments disruption; Frictionless trading; and Marketplace lending (P2P).

The insight finishes with a detailed bibliography that will help internal consultants looking for more.

### “Innovation Will Drive Banking Industry Consolidation” – AT Kearney

[VIEW PDF \(16 PAGES\)](#)

A rehash of a year-old US-only survey. ATK reveals that innovativeness is now the second highest rated reason for switching, and this is largely digital mobile technology. As smaller local and regional players are too subscale to invest in this technology, ATK forecasts a massive consolidation wave in US banking. **lr**

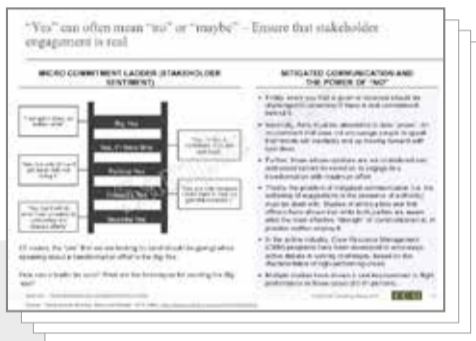
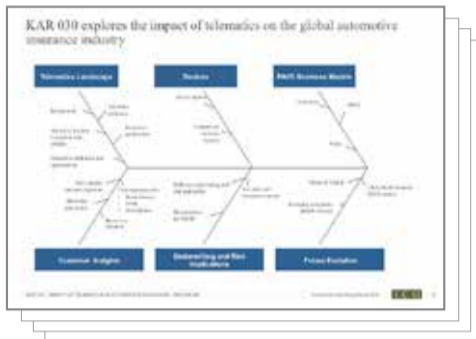
### Engage Your Peers (EYP)



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- References all exhibits to their original sources and lists further reading.

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- Indirect Ancillary Revenues
- Transformation Leadership
- Virtualization in Financial Services
- Pricing in Retail Banking
- Impact of Telematics on Automotive Insurance
- Bank Cost Reduction Program

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## Financial Services: Industry Categories

### Retail & Business Banking

#### “Shifting Sands & Crumbling Towers: Competitive Dynamics in Mortgage Originations” – Oliver Wyman

[VIEW PDF \(10 PAGES\)](#)

This article considers the curious decline in home lending market share across the largest US banks. In the past five years, the largest five banks have experienced an astonishing decline in market share of new originations from 64% to 27%, as volume has shifted towards smaller banks and non-bank lenders. It is notable that this trend has not been observed across other important product categories such as deposits.

Several factors are explored, including a deliberate retreat by the larger banks from key channels and segments including the broker channel, government-insured lending, and the sub-prime segment. Other structural factors may include the more level playing field across digital channels, and also the fragmentation of bank-client relationships.

While this article serves as a useful introduction to the US home loan market, many of the insights are US-specific and the authors do not consider other markets where these same factors have not driven significant changes to market structure.

#### “Radically Simplifying the Retail Bank” – McKinsey

[VIEW ARTICLE PAGE](#)

Most of those working across large banking institutions understand the need for simplification, and the benefits that could be captured if institutions could easily streamline their operating models, IT systems, product portfolios and management hierarchies. However, simplification is a difficult exercise, and, when implemented narrowly, is often short-lived.

This thought-provoking article explores alternative pathways to sustainable simplification. Some banks have achieved success through an enterprise-level transformation across all departments and functional areas, across a multi-year change program. It is clear that this is an ambitious exercise and will require the full commitment of management during this time-frame, potentially at the expense of other initiatives. An alternative pathway forged by some innovative organizations is to launch a “new bank” with distinct branding, product range, distribution channels, and management structure.



## Financial Services: Industry Categories Fintech, Disruption & Innovation

### “Banking Regtechs to the Rescue?” – Bain

[VIEW PDF \(6 PAGES\)](#)

Introduces the reader to yet another new species of somethingtech, in this case regtech, being the startups and specialist companies that use modern software, cloud, big data analytics, machine learning, and – likely in the future – blockchain smart contracts, to extract and interpret data from banking legacy systems and other sources to simplify, speed up, and reduce the very significant costs of regulatory compliance in financial services institutions. Targets for regtechs include KYC, AML, consumer rights, market conduct, risk management reporting, etc. If you haven’t heard of regtech before, this short article provides a good introduction to the kinds of things already going on or which could happen in future, although one dimension the article doesn’t comment on is the cybersecurity aspect of partnering with regtechs.

### “What are the 11 Clusters of Innovation Disrupting Financial Services? The Future of Financial Services – Impact for Australia” – Deloitte

[VIEW PDF \(32 PAGES\)](#)

Recaps the World Economic Forum’s framework for disruptive innovation in financial services, and applies it to the large and profitable financial services industry in Australia. It discusses the implications for different groups of stakeholders: customers, banks, insurers, regulators, etc. Other than for a few local exceptions, most of the commentary seems quite applicable to other developed countries also. While the framework and article are comprehensive in breadth, the commentary is only at a high summary level.

Worth skimming for an appreciation of the structure and scope of disruptive innovation in financial services.

## Innovation in the Business Banking Value Proposition

KAR 011



170 pages

Synthesizes perspectives of leading consulting firms, global corporates, and boutique research houses.

[VIEW KAR 011 >](#)






## Financial Services: Industry Categories

### Fintech, Disruption & Innovation

#### “The Future of Financial Infrastructure, an Ambitious Look at how Blockchain can Reshape Financial Services” – Deloitte

[VIEW PDF \(128 PAGES\)](#)

A high quality, 128-page report from the World Economic Forum (WEF) on uses for distributed ledger or blockchain technology (DLT) in financial services – such as smart contracts – and the potential impacts. Like the Deloitte article also reviewed this month, these slides use the WEF’s financial services innovation taxonomy as a framework for identifying and describing use-cases for DLT, as well as their impacts on the players involved. Interesting to read as much for its rigorous methodology as for its detailed content. A worthy reference and source of process designs for managers and DLT application developers. 



## Financial Services: Industry Categories

### Payments

#### “How to Increase Debit Card Revenues in Today’s Complex Payment Environment” – AT Kearney

[VIEW PDF \(11 PAGES\)](#)

An article directed to debit card issuers in the United States that are faced with managing decreasing revenues as the revenue impact of debit card interchange fee caps and multi network routing rules – introduced as part of the Durbin Amendment – take hold. Of passing interest to anyone faced with interchange revenue challenges as a consequence of regulatory interventions.

#### “Global Payments 2016” – BCG

[VIEW PDF \(28 PAGES\)](#)

Annual payments review season is upon us, with three reports from BCG, Cap Gemini, and McKinsey.

As in 2015 (see the November 2015 edition of *The Insights Review*) BCG’s report is the standout with a good range of data points – the headline being that in 2015, global payments industry revenues hit USD 1.1 trillion, representing 29% of worldwide banking revenues – but perhaps more importantly, some excellent and informative commentaries on industry developments.

Feature pieces on Faster Payments (sub-titled ‘Uberizing the Order-to-Reconciliation Cycle’), the European Payments Services Directive (PSD2) and A Reality Check On Blockchain – featured in the wholesale transaction banking section, the only report to specifically feature these payment types – are all well worth a read.

(Note: Registration required to access PDF version of report).



# Financial Services: Industry Categories

## Payments

### “World Payments Report 2016” – CapGemini

[VIEW PDF \(48 PAGES\)](#)

Another data-rich report, although as with past reports, data sources used mean a time delay in reporting. With volumes, not revenues, a focus the report’s headline number is that global non-cash transaction volumes grew by 8.9% to reach 387.3 billion in 2014.

As previously, section 2 focuses on key regulatory and industry initiatives and this remains for us the strongest part of the report. The first three figures in this section (page 18 on) provide a useful, at-a-glance view of key regulatory moves by category, region, and breadth of scope.

(Note: Registration required).

### “Global Payments 2016: Strong Fundamentals Despite Uncertain Times” – McKinsey

[VIEW PDF \(44 PAGES\)](#)

A different set of data points drawn largely from McKinsey’s primary research across more than 40 countries. The firm estimates global payments revenues at USD 1.8 trillion in 2015, reaching an estimated USD 2.2 trillion by 2020.

As we have said before, while you can argue the validity of the data in these reports, it’s the insights and commentary on developing trends that makes for interesting reading.

The report is available only through request from the firm, but if you do obtain a copy the sections on Digital Transformation of Correspondent Banking and E- & M-Commerce Payments growth are well worth a read.

(Request report from firm).

### Impact of Telematics on Automotive Insurance

KAR 030



98 pages

Featuring the business models and alliances driving innovation, as well as their successes, failures and key learnings.

[VIEW KAR 030 >](#)




## Financial Services: Industry Categories

### Payments

#### “Driving Innovation in Payments: Powered by APIs & Open Banking” – Accenture

[VIEW PDF \(7 PAGES\)](#)

A high-level primer on application program interfaces (APIs) around for nearly 20 years, but with renewed interest as conduits to disruption in the payments industry.

Worth a quick read, but for more in-depth analysis reach out to ICG’s Payments Practice who are actively consulting on this and many other hot topics in the payments arena. 





## Financial Services: Industry Categories

### Corporate & Investment Banking

#### ARTICLE OF THE MONTH

### “Capital Markets & Investment Banking 2016: Time for Tough Choices & Bold Actions” – McKinsey

[VIEW PDF \(48 PAGES\)](#)

Regular readers of the CIB section of *The Insights Review* will recognize that this paper by McKinsey is another in the stack by all the branded consultants on the same set of issues facing this sector. As the title suggests, many participants have not yet made their choices, never mind put them in to action.

The paper is of the high quality one would expect from this firm. It starts out with data, analysis, and insight to succinctly lay out the challenges facing the sector. This is followed by four mutually exclusive, potentially winning business models to choose from – based on the organization’s capabilities (or put another way, resources and strategic purpose). Finally, it concludes with eight action initiatives, irrespective of which business model fits best.

In your reviewers opinion, this is the most comprehensive, insightful, and pragmatic action-oriented paper on this topic he has reviewed. It is highly recommended for CIB leaders and their advisors/internal consultants.

To quote from the paper, “*The road to a sustainable future remains open for CMIB banks, but only if they make tough choices and take bold actions now.*”


A worthy winner of our Article of the Month award. 



## Financial Services: Industry Categories Wealth & Asset Management

### “The Future of Advice: Why Investing Will Never be the Same” – AT Kearney

[VIEW PDF \(35 PAGES\)](#)

A veritable time capsule from occasional contributor ATK! Being based on primary research of the evolving wealth preferences of mass affluent customers, this article started with some promise, however with primary recommendations such as the importance of “preparing for price competition” and “developing services to combat switching”, one could be forgiven for thinking the article had been published with the incorrect date – these have both been issues for many years. To be fair, there is a detailed section from pp26-32 on the evolution of digital advice, and advice team managers new to the sector may find some value here. Otherwise this article is an easy skip decision – nothing new here that hasn’t been better articulated elsewhere. 

### The Future & Implications of the Evolving Payments System

KAR 017



90 pages

Provides a broad view of the evolution of the global payments environment and its implication on the key stakeholders in its various jurisdictions.

[VIEW KAR 017 >](#)



# Financial Services: Industry Categories

## General Insurance

### “Black Boxes Could Yield Gold in Connected Insurance” – Bain

[VIEW PDF \(2 PAGES\)](#)

Naples – home of margarita pizza and connected insurance (or so it seems according to Bain!). Bain and company’s Observatory on Telematics, Connected Insurance & Innovation reckon over 16% of auto insurance sold in Q4 2015 in Southern Italy involved in-vehicle telematics. Over 4.8m Italian motor insureds have now fitted black boxes, and home and health products company Acer are also using telematics too, in one of the highest-premium regions in Italy.

Whilst the article is not new, the examples and graphics in this two-pager are. Ping An, with 77 million health customers linked to 50000 doctors, and AXA and AIG examples are all interesting.

A good read –especially given its brevity – to refresh current thinking.

### “Reimagining Insurance Distribution” – Accenture

[VIEW PDF \(18 PAGES\)](#)

An 18-pager on digital disruption. A very heavily covered topic in the last 12 months – so what is new in here? Four hundred senior distribution executives are surveyed across life and non-life insurers in 20 countries, providing detailed findings across six key areas. Whilst covered before – channel digitization, insight-driven customer experiences, changing roles of agents, aggregators, role of ecosystems, and the internet of things – these are considered in good depth and in the round.

The introduction of “living services” being the coming together of the digitization of everything goes and “liquid’ customer expectations is a new theme, and reference to another report *The Era of Living Services* by Fjord adds value.

The call to action continues to be “Become a disruptor, rather than a casualty of disruption”. Not new – but the article, albeit with a Northern American and North European focused view, sets the challenge well. All executives should find time to review this one. **lr**

## Transformation Leadership

KAR 027



110 pages

In-depth information, drawing on the best public-domain thinking and practice globally from consulting firms, academics and others.

[VIEW KAR 027 >](#)



## Financial Services: Functional Categories Strategy & Transformation


### “Australian Banks Must Evolve to Escape the ‘Commodity Trap’” – PwC

[VIEW PDF \(31 PAGES\)](#)

This is an excellent article. The insights and recommendations can be easily applied to banks in other countries as well. A must-read for senior leaders in banks.

Wittingly or otherwise, the article is structured broadly along the themes of Lafley & Martin’s excellent book “Playing to Win”. It covers many insightful topics – for instance, it says know where to play (segment your market smartly and explicitly organize around your customer), know how to win (be simpler, smaller and more connected), play to your strengths (with curated propositions targeted to specific segments), manage what matters (optimize footprint throughout the value chain), and take partnerships to the next level. The article is filled with great content. A snippet worth thinking – *“Allow customers to self-select into segments of natural affinity. Once they self-select in this way and incorporate the product into their lives, price becomes a tertiary consideration”*.

Print the graphics in the article and pin them on your walls – they are innovative and provide the architecture for a modern bank.

Lastly, evident within the article is the clear trend towards platformization and componentization of the banking ecosystem – which resonates well with ICG’s own messaging on this topic. 





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## Financial Services: Functional Categories Extended Enterprise & Joint Ventures

### “Third-Party Risk Management: A Strategic Priority in Financial Innovation” – Promontory

[VIEW PDF \(5 PAGES\)](#)

Promontory reminds us that in the US – as is true in other countries – regulated banks are required to ensure that their vendors and other business partners comply with applicable regulations. This is especially important for fintech relationships, i.e. joint ventures and other strategic alliances between banks and technology firms.

The short article does a good job reminding what to look out for when banks assess their compliance effectiveness across the lifecycle of the relationship, not just during due diligence as the relationship is formed.

This becomes especially important as banks build ecosystems of vendor partners to quickly fill gaps in their digital expertise, as pointed out by [McKinsey’s article](#) reviewed in the Human Capital section of this edition.

The article serves as a solid reminder of good practice. **lr**



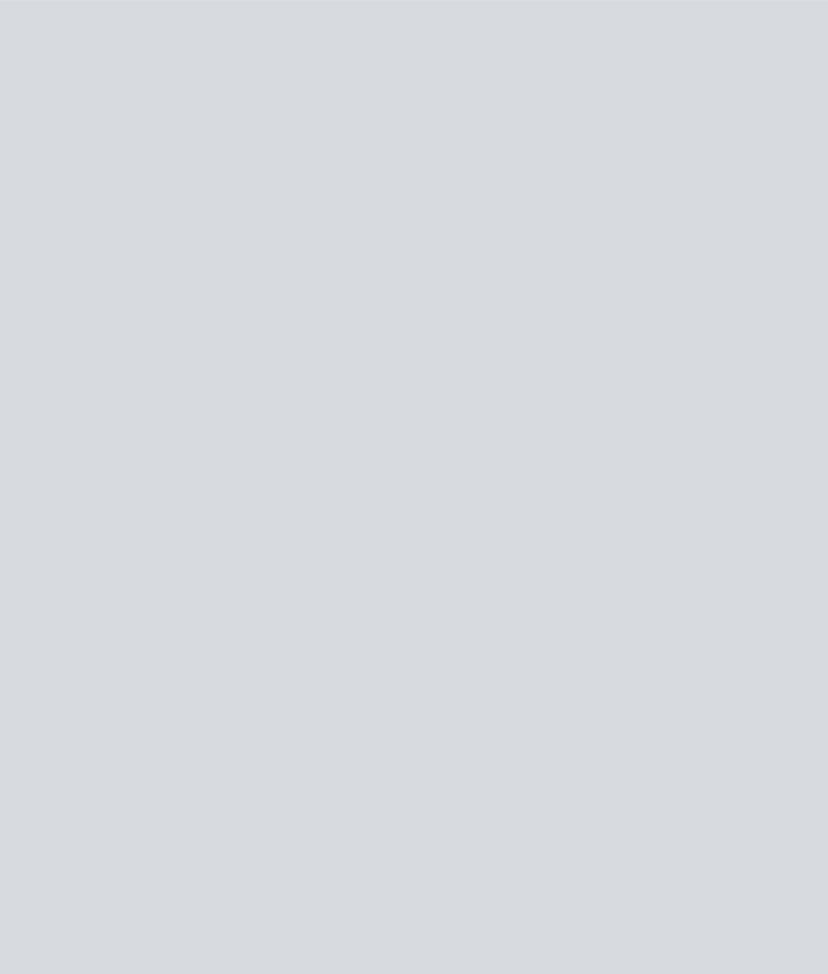
## Financial Services: Functional Categories

### Corporate Finance / M&A

#### “M&A in Australia’s Insurance Sector Positioned for Growth” – Deloitte

[VIEW PDF \(18 PAGES\)](#)

A detailed analysis of the likelihood of M&A activity in each of the general insurance, life insurance, health insurance, and broker/intermediary sectors in Australia. After several years of stability and slow growth, Deloitte is tipping all these sectors are ripe for a wave of divestment and M&A activity involving domestic insurers (consolidators), banks (sellers), overseas insurers (acquirers), and even private equity funds. It looks like it’s going to be a sellers’ market. [lr](#)



#### Evolution of Indirect Ancillary Revenue & Profitability for Travel & Tourism Related Businesses

KAR 032



106 pages

Covering the Evolution of Indirect Ancillary Revenue & Profitability for Travel & Tourism Related Businesses.

[VIEW KAR 032 >](#)



## Financial Services: Functional Categories

### Corporate Governance

#### “Board Effectiveness September 2016” – Deloitte

[VIEW PDF \(40 PAGES\)](#)

This paper summarizes Deloitte’s survey of Australia’s top audit committee members on sentiment, priorities, and trends. The briefing identifies trends and predicting changes across several sectors, and the required skills and capabilities needed to deal with these challenges. A quick read that may help directors identify gaps and improve governance from a whole of board or individual director perspective.

#### “The CEO Guide to Boards” – McKinsey

[VIEW PDF \(10 PAGES\)](#)

A useful primer that covers best practice at a level for CEOs and their interaction with the Board. This CEO guide synthesizes multiple sources to make quick sense of complex issues in corporate governance, while focusing on key areas that are essential for building a better board. Recommended reading as a starting point for CEOs and newly appointed board members.






## Financial Services: Functional Categories

### Corporate Governance

### “Using Data Mapping to Manage Data Governance Risks” – Promontory

[VIEW PDF \(8 PAGES\)](#)

Data privacy has emerged as a vital concern for companies that are increasingly using their customers’ and employees’ personal information for business purposes. Managing data privacy is a strategic decision for executives and board directors. Data mapping supports an organization’s overall data-governance policy and procedures, allowing it to demonstrate compliance not only with legal requirements, but with corporate standards and risk appetites, for handling data. A useful read for those concerned with managing data risk from a governance perspective. 

### Confidential Market Sounding (CMS)



Improves understanding of the external environment by recording the appetites and views of external stakeholders.

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## Financial Services: Functional Categories

### Human Capital

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

[VIEW PDF \(16 PAGES\)](#)

Both articles by BCG and McKinsey (following review) show how banks can address talent and organizational needs in the highly competitive digital landscape.

As the financial services sector is digitizing rapidly, banks lack the “leadership, structures, talent ecosystems, cultures and ways of working” to transform the organization effectively. This is a vicious cycle because when fundamental elements aren’t in place, the best talent would rather work for a tech company that is “digital” in its DNA, rather than a slow-moving financial institution.

BCG offers five fundamental and extensive lessons for this transformation to succeed. All five of them are spot on and provide solid insights to any C-suite seeking to make a contribution in the digital transformation area. Only Lesson 4 (“embed a digital culture”) leaves us wanting for more, as it is precisely this aspect that all too often is mission impossible for exceedingly conservative financial institutions (the Germans call this “methodenkonservativ”, loosely meaning “slow to change established methods”).

This is an important read.

#### “The New Tech Talent You Need to Succeed in Digital” – McKinsey

[VIEW PDF \(10 PAGES\)](#)

McKinsey’s angle is more direct and writes about the specific needs of traditional financial institutions which often find it difficult to attract the right and best talent to design, implement, and transform the organization for the digital age.

The article first provides profiles around five capabilities that a financial institution – and indeed any organization – needs if technology is a major part of its strategy. These skillsets, and reasons for why they are needed, are spot on.

McKinsey points out that even if banks know exactly what to look for, to get someone on board takes too long – often six months or more – which may not be sufficiently quickly to meet the needs of the organization. Part two thus explains five ways to accelerate this process. Two are worth reading: making targeted anchor hires, and building an ecosystem of vendor-partners that can fill skills gaps quickly. (For a note on compliance in relation to vendor-partners, please read the [Extended Enterprise review](#) in this issue).

McKinsey also repeats outcomes from prior studies in relation to the rethinking of performance management, which we have addressed in last month’s review.

As with the BCG article, this also provides a worthwhile read.



# Financial Services: Functional Categories


## Human Capital

### “Cloud HR: The Future Belongs to the Bold” – KPMG

[VIEW PDF \(24 PAGES\)](#)

**K**PMG’s 2016 Global HR Transformation Survey reports on successes in cloud-based HR systems. Unsurprisingly, the survey shows that those expecting cloud solutions to provide a holy grail – HR moving from “Steward to strategist”, easier adoption, etc. – are disappointed. From our own proprietary online technology, we know that only a holistic integration of people, processes, and technology can create that value-add; a technology platform alone, managing the same contents in a different way, won’t.

The article integrates first-hand accounts of some respected global HR executives who have moved their HR organization through a transition to the cloud, and early on provides some insights into what is required to make cloud in HR successful. The article unfortunately does not provide much insight on the more fundamental subjects; tie-backs to the survey remain elusive. The authors’ “best practices for successful HR transformation” fall short of the broad topic of strategic transformation.

The article remains a good read for those who have been tasked with considering how a transition to the cloud could provide benefits to HR and the wider business. Global heads of human resources seeking insight into how to transform the HR function strategically will want to consult additional sources. 

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## Financial Services: Functional Categories Diversity

### “The Power of Parity: Advancing Women’s Equality in the United Kingdom” – McKinsey

[VIEW PDF \(104 PAGES\)](#)

McKinsey Global Institute has produced several stunning reports based on the premise that the global economy can grow \$12 trillion by advancing women’s equality. The authors review the economic benefits in a consistent way across countries. They have produced reports focused on India, the United States, and now the United Kingdom.

The UK report – which takes a deep dive into UK economic growth at national and regional levels – provides equally compelling reading. Standout factors include the economic levers for change and impact zones for change. The authors provide a pragmatic set of interventions which are reproducible and trackable.

McKinsey Global Institute should be applauded, and companies should support the research by applying the findings internally. If more companies used this model, there could be significant movement towards increasing the global economy and addressing moral and social issues. Don’t reinvent the wheel. Take the learnings and apply them to your company today! 





## Financial Services: Functional Categories Marketing & Customer Experience

### “Customer Behavior and Loyalty in Insurance: Global Edition 2016” – Bain

[VIEW PDF \(38 PAGES\)](#)

A global look at customer behavior across most of the world’s leading insurance markets. Some very helpful insights combine with worked PPT page frameworks and analysis to make this rich reading for most internal consultants working in P&C. We especially liked the elaboration of the customer journey for car usage. **lr**

### Virtualization in Financial Services

KAR 015



75 pages

A peerless synthesis of available information (public sources, applied science journals, research databases, public company records).

[VIEW KAR 015 >](#)



# Financial Services: Functional Categories Technology

## “Cyber Threats are Evolving & So Must Your Defenses” – EY


[VIEW PDF \(4 PAGES\)](#)

As our lives, businesses, infrastructure, and governments transition into the digital arena, the risk of cyberattacks becomes greater. Now, more than ever, mounting a cyberattack is cheaper and easier, and the data more valuable. In response, many security technologies or processes are out-dated and manual. Given the importance of the subject, the insight provides a very high-level framework and without any greater details on technology solutions. You can therefore skip it.

## “The Future of Technology in Mortgage Originations” – Oliver Wyman

[VIEW PDF \(11 PAGES\)](#)

The use of technology in the mortgage industry is at an important inflection point. It is an ideal time for mortgage institutions to create a distinctive way of interacting with their customers, differentiating themselves from their competitors, while also making their internal operations more efficient and adaptable to changing regulations.

This insight has provided an elevated view of business challenges and the future role of technology to create a customer differentiation. However, it doesn't cover the technology impact from predictive analytics, artificial intelligence, machine learning, etc. – which are highly important to create differentiation. 

## Post Implementation Review (PIR)



Helps identify issues early and keep projects on track during implementation. We also help with objective assessments past “go-live”, stakeholder alignment and extraction lessons learned.

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# THE INSIGHTS REVIEW

FINANCIAL SERVICES EDITION

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## ARTICLES OF THE MONTH

THE BEST INSIGHTS OF THE PAST 12 MONTHS





## Financial Services: Articles of the Month

The Best Insights of the past 12 months

AUGUST 2016

### “Distributed Ledgers in Payments: Beyond the Bitcoin Hype” – Bain

[VIEW PDF \(12 PAGES\)](#)

Probably the best and most thoughtful article exploring the opportunities (and threats to incumbents) of distributed ledgers in payments that we have read for some time, and well worth reading.

The report predicts a range of developments focused on international payments and provides some detailed insights into how correspondent banking and trade finance might embrace digital ledger technologies.

The report also touches on implications for domestic payments – as yet a little way off, but if realized, of profound consequence.

A thoroughly well-deserved ‘*Article of the Month*’.

JULY 2016

### “Empowered for the Future” – KPMG

[VIEW PDF \(24 PAGES\)](#)

The longest general insurance article – at 20 pages – on one of the least considered topics in the insurance sector insights this year. It is a real transformational change piece – starting with a bold statement that most work in this area does not achieve objectives and the T-word is even being banned in many organizations – which then focuses on reinvention. A global survey based piece, rich in data and examples, it revisits the strategic case for more than incremental changes given global disruptors. The classical roadmap and KPMG credentials for insights and programme delivery round out the article.

In terms of challenging questions and considered case examples and insights, this is the best article your reviewer has read regarding changes needed – and the roles of both collaboration (again!) and empowerment of leaders to deliver. It is recommend to all executives and internal consultants as the one to read this month, and is therefore a worth winner of our coveted Article of the Month.



## Financial Services: Articles of the Month

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JUNE 2016

### “Management Information on Culture” – Deloitte

[VIEW PDF \(32 PAGES\)](#)

Researchers, analysts, and business leaders have studied and created numerous models of organizational culture. The concept of culture is not new to organizational development. This article outlines 8 principles that companies should use to assess their culture. Deloitte has packaged the concept as Culture Management Information or Culture MI. None of this is new.

However, what is interesting in this article is the application to financial service firms. The article provides a guide for firms who do not have an emphasis on culture within their current business environment.

It provides a framework for those who want to understand, assess, and manage their culture, and it can be adapted globally to respond to different regulatory bodies.

MAY 2016

### “BCG Technology Advantage” – Deloitte

[VIEW PDF \(48 PAGES\)](#)

The closest thing to a Mini CIO MBA, this is 46 pages but definitely worth reading.

Ralf and team are on tune with their insights on what really matters. Yes, this is slightly financial services-orientated, but clear lessons for all CIOs to take note of.

Do yourself a favor and read this one – our joint winner of ‘Article of the Month’.

### “The Six Signature Traits of Inclusive Leadership” – Deloitte

[VIEW PDF \(32 PAGES\)](#)

It is not hard to be impressed by this insight. Deloitte has pulled out all stops to ‘future back’ the leadership traits that will future-proof your career and CEO potential. The article is in three sections – the first nicely argues for the second – but those short on time can skip what is a generously interpreted set of mega trends that support the need for new leadership traits. The second section identifies and defines the six new traits and 15 supporting elements, which are convincingly argued and differentiated from mainstream thinking. The third short section talks to implementation, so we suggest internal consultants and their executive clients turn to section 2.

A worthy joint winner of our insight of the month award!





## Financial Services: Articles of the Month

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APRIL 2016

### “World Insurance Report 2016” – Capgemini

[VIEW PDF \(56 PAGES\)](#)

A data-rich, 54-page production with 30 pages of report supported by a wealth of country snapshots as appendices – from Australia to the United States – with the authors working closely with EFMA as research supporters.

The two-chapter report condenses a massive 15,000-plus ‘voice of customer’ survey looking at motivations, habits, preferences, and behaviors across 30 countries and synthesizes the outputs into two bold and interlocking summations. 1. “Gen Y experience suppresses global improvement in customer experience”; and 2. “Connected technologies threaten traditional insurance models”. The proposition for readers being that Gen Y and the Internet of Things present a potent mix for insurers. Probably hard to disagree with this – but the article does flesh out both sides of this view in some detail and gives a ‘currency check’ by market.

Bringing in themes and views on many related articles over the last 12 months (mainly the multitude of digitalization pieces), your reviewer considers this a must read for anyone looking at the future dynamics of consumer insurance.

This larger insight is a worthy winner of our ‘Article of the Month’.

MARCH 2016

### “Blockchain-Enabled Distributed Ledgers: Are Investment Banks Ready?” – Accenture

[VIEW PDF \(8 PAGES\)](#)

Excellent article by Accenture, hones in on the CIB as the sector to lead the charge to redefine the operations and economies of the financial services industry via the development of blockchain technology. As such, this is an article of relevance to all in financial services and not only those interested in CIB.

In the context of capital markets the benefits of blockchain technology are clear and appealing and include:

- Faster settlement times that are user optimized
- Lower collateral requirements and counterparty risk
- Improved contractual term performance
- Greater transparency for regulatory reporting
- Better capital optimization.

However, the challenges are myriad and in the topic areas of: privacy, security, scalability, latency, implementation and governance. Notwithstanding these, a timeline is posited with 2016-17 the period for early adopters.

As the title probes, “Are Investment Banks ready?”.



## Financial Services: Articles of the Month

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MARCH 2016

### “Is Gender Diversity Profitable? Evidence from a Global Survey” – IIE

[VIEW PDF \(35 PAGES\)](#)

The Peterson Institute for International Economics has sponsored global research into gender diversity. The authors present a compelling case for scrutinizing the benefits of gender diversity.

In their Working Paper Series which surveys 22,000 companies from 91 countries worldwide, they challenge the assumption that gender diversity automatically equates to improved business performance.

Their findings reveal a complex picture of global comparisons worth examining in detail. For example, they find no impact of board gender quotas on business performance. However, they do find significant payoffs of policies that facilitate women rising through the corporate ranks that contribute to women's leadership roles.

If you want to educate yourself about statistically significant issues in the gender diversity conversation globally, then you should read this article carefully.

FEBRUARY 2016

### “Revealing the Chief Strategist’s Hidden Value” – Roland Berger

[VIEW PDF \(16 PAGES\)](#)

Roland Berger continues to impress with this authoritative and nicely produced JV insight with the University of St Gallen.

Drilling into the role description and measurement metrics of the chief strategy officer, Roland Berger finds more coordination and use of externals than you might expect – along with very poor means to measure effectiveness of people who are in the role for very short tenures. The report also includes some basic benchmarking data on size of internal strategy teams.

A shame the authors didn't look at how best practice strategy teams and their clients are augmenting their own capabilities with fit-for-purpose unbundled components from the global ICG platform.



## Financial Services: Articles of the Month

The Best Insights of the past 12 months

DECEMBER 2015 – JANUARY 2016

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

[VIEW PDF \(11 PAGES\)](#)

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

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

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

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

[VIEW PDF \(9 PAGES\)](#)

**A** timely, important, and ‘in-character’ refresh of Henderson’s original BCG-founding framework.

The key insight is that in the 60s you could use market share scale to gain cost advantage. In 2016, you can’t afford to just milk large cows; the most rewarded companies are ones that milk cows and find new stars at the same time.

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

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

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

A must read for internal strategy teams.



## Financial Services: Articles of the Month

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NOVEMBER 2015

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

[VIEW PDF \(30 PAGES\)](#)

Whilst European focused – which is a massive combined market for motor insurance – this is one of the best pieces around customer behaviors, with rich case studies, seen for some time.

Whilst the perennial digitalization messages and the need for focus and execution are also referenced, the power of this article is the richness of demographic and behavioral study. Telematics and other well-covered motor topics are not a focus here.

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

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

OCTOBER 2015

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

[VIEW PDF \(31 PAGES\)](#)

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

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

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

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

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





## Financial Services: Articles of the Month

The Best Insights of the past 12 months

SEPTEMBER 2015

### “Global Financial Markets Liquidity Study” – PwC

[VIEW PDF \(156 PAGES\)](#)

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

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

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

AUGUST 2015

### “Technology Vision for Insurance 2015. Digital Insurance Era: Stretch Your Boundaries” – Accenture

[VIEW PDF \(9 PAGES\)](#)

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

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

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

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

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

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





## ***The Insights Review – Financial Services 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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FINANCIAL SERVICES EDITION

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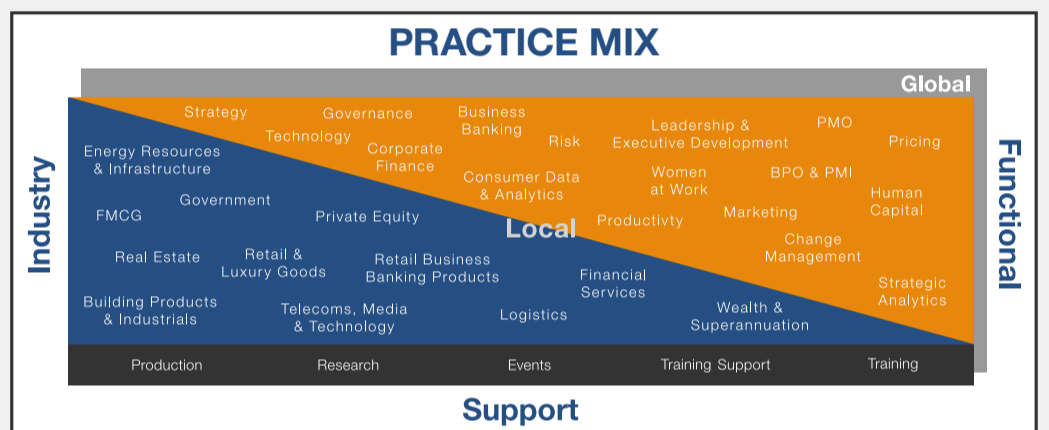
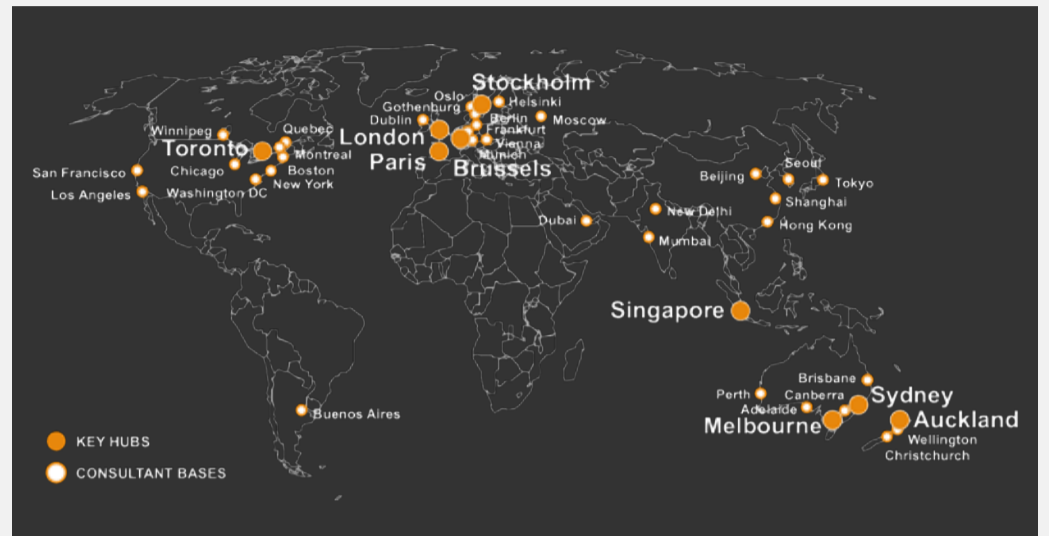
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Source: <http://techcrunch.com/2015/03/03/in-the-age-of-disintermediation-the-battle-is-all-for-the-customer-interface/#.lq0izjZzBr>; Adapted by ICG

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