

February-March 2014

# The . Insights Review

Financial Services Edition

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Featuring:

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

- Strategy & Transformation
- Regulation & Compliance
- Corporate Governance
- Human Capital
- Finance & Risk

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

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## About this Report

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

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

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

## Access to Full Reports

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

Links are current at time of publication.

## Insight Sources

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

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

## GENERAL STRATEGIC INTEREST

### ***“CEO Briefing 2014 — The Global Agenda: Competing in a Digital World” – Accenture***

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

Based on surveys with an astounding 1,041 C-suite executives, interviews with nine luminaries, and outsourced by an outsourcing company to the Economics Intelligence Unit, you start this insight by hoping this huge investment is going to pay off.

It starts promisingly by cracking that old chestnut of a definition of the difference between digitisation (using technology to drive cut costs) and digitalization (driving new products and services to support customers in new ways); however, you wonder if Venkatraman and Henderson would approve of this version.

The main messages are very high-level (the mood is more buoyant – especially so for local prospects – and Europe is expected to turn the corner). However, Human Capital is one of the biggest areas expected for growth, with a surprising return to hiring, and only 52% of executives expect significant change as a result of digital technologies. Financial Services sits in the middle of the growth prospects forecast with 1 in 5 saying it will enjoy the best growth.

Overall, a big effort with little new to say. A lesson for others attempting their own C-suite survey-based report.

### ***“The Challenges Ahead: SOFS 2014” – Oliver Wyman***

[View PDF \(37 Pages\)](#)

A compendium of mini reports means this annual global report lacks the coherence and structure of peer reports, but benefits from deeper subject matter expertise in the content. It contains some great analysis and prose, so worth a skim or turning to the following highlights: The analysis of financial deepening chart in Exhibit 5; the list of unmet needs in financial services on page 10; and the style and content of the digital section.

## **KAR – Best Practices in Relationship Management**

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

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## ***“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.

*Article of the Month*

## ***“2014 Banking Industry Outlook: Repositioning for Growth” – Deloitte***

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

With four banks in the global top 20, this report on the Australian banking industry promises some perspectives on what to do well. It is, however, more of a snapshot of the forces for change in 2014 in mainstream Australian financial services.

It contains some new terms, too. We liked prosumers: ‘proactive consumers with significant power to influence’. We also liked the highlighting of the absence of evolution of conduct risk in Australia, and the section on agility (which, while nascent in its thinking, is a potential leap forward for the consulting industry and has been highlighted by us before as worth a read).

## ***“A Vision for Banking Transformation is Emerging — Take Note: Structural Change in European Banking Survey 2013” — EY***

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

Based on a joint EY and Financial Times survey of senior executives across 38 banks in Europe, this article focuses on the structural impact of regulation, the evolution of universal banking, and efficiency. Uses action lists as call outs very well, which is a good place to start looking for imperatives such as systematic inventorying of regulatory issues and creating agility in the operating model. Useful to C-suites and internal consultants looking to benchmark their own initiative and strategy lists with others.

## RETAIL & BUSINESS BANKING

### ***“Mobile Payments: Finally Ready to Take Off?” – Bain***

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

The much-anticipated tipping point towards mobile payment ubiquity is not far off, according to Bain’s survey of consumers across US and Western European markets. Concise and light on commentary, the real highlights of this article are the data points evidencing mobile payments’ steady march towards widespread acceptance. More than 20% of respondents already shop via mobiles, while a smaller percentage have used their mobiles as part of the in-store purchase experience.

### ***“Mobile Payments: Who is Winning the Race to a Better User Experience?” – Accenture***

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

A collection of light case studies, showcasing companies that are innovating towards a more seamless customer experience in payments. Includes certain familiar names (Paypal, Square) as well as some interesting and lesser-known disruptors (e.g. Sweden’s Klarna Mobile) which make it a short but worthwhile read.

## **KAR – Digitisation of Retail Banking**

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

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## ***“Global Consumer Banking Survey 2014: Winning through Customer Experience” – EY***

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

EY’s annual global survey of retail banking customer experience this year includes 43,000 responses across 43 countries and continues to provide valuable insights to those with an interest in customer loyalty and retention.

The survey reveals that while consumer confidence in the primary banking relationship has increased significantly, consumers are paradoxically more ready than ever to migrate to alternate providers that offer an enhanced customer experience, and are increasingly aware of the competitive choices now available. Areas noted for differentiation include making banking simple and transparent, providing advice and insights to make financial decisions, and advocating for the customer when resolving problems. The final third of the report includes a detailed segmentation approach that will strongly resonate with those working on customer engagement initiatives.

## ***“The Everyday Bank: How Digital is Revolutionizing Banking and the Customer Ecosystem” – Accenture***

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

In this article, Accenture describes a future-state scenario of integrated digital banking, where retail banks use digital technologies to manage end-to-end life-stage solutions for their customers. Case studies include Commonwealth Bank’s homebuyers app and BBVA’s car purchase service, accompanied by a thought-provoking visual framework. An entertaining piece, although not quite achieving the visionary level that is perhaps its objective.



### ***“Global Trends in the Payment Card Industry 2013: Processors” – Capgemini***

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

In this trio of articles, Capgemini sets out its annual review of key changes impacting on payments participants. This series provides useful reading for industry insiders and payments consultants looking to keep abreast of hot -button issues across payments, and does a very worthwhile job in simplifying and explaining the key technology enablers to those industry changes.

The first article reviews payment processors and addresses the global standardisation of payment security standards, as well as the emergence of new innovations including NVD, QR codes and biometric identification processes – a worthwhile primer for those looking to understand these increasingly important technologies.

### ***“Global Trends in the Payment Card Industry 2013: Issuers” – Capgemini***

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

Capgemini’s review of issuers includes some territory that has been more comprehensively covered elsewhere (emergence of mobile wallets, and growth of co-branded cards attached to loyalty programs). The highlight is the discussion of increasingly sophisticated anti-fraud security measures undertaken by cards issuers, including implementation of EMV standards.

## ***“Global Trends in the Payment Card Industry 2013: Acquirers” – Capgemini***

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

Possibly the pick of the series, Capgemini identifies merchant acquiring as the payments space that is currently undergoing the most significant change, and where existing business models are being transformed. The highlight is the discussion of competitive pressures upon acquirers to increasingly provide value-added acquiring solutions, including through loyalty programs and fraud management mechanisms.

### ***“Funding Valuation Adjustment in the Valuation of Derivatives” – KPMG***

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

This is an unapologetically technical paper drafted for financial engineers. Its stated purpose is to reinvigorate the discussion on the funding valuation adjustment (FVA) of collateralized derivatives (OIS: Overnight Index Swap). Many banks are continuing to struggle with how to include funding costs as there are significant theoretical challenges relating to their frontline implementation.

KPMG sets out nine propositions on some of the key open topics being discussed, and in so doing seeks to spark debate and generate consensus, as well as to enhance awareness of those that are at an earlier stage in this journey.

### ***“Living in Interesting Times: Navigating the New Era for Central Banking” – PwC***

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

We are indeed “living in interesting times” and your reviewer recommends that all readers of The Insights Review at least read the Overview (pages 6 and 7), so you may increase your understanding of challenges facing the world’s central banks. One way or another, their response will impact your life.

This report summarizes the discussions at the PwC Central Bank Forum held in London in September 2013. The five themes emerging from the conference:

1. Back to the new normal: Preparing for stimulus withdrawal and interest rate normalization;
2. Steering through uncharted waters: Developing the mindset, structures and tools to manage a new and expanded remit;
3. The art of the possible: Managing expectations over what central banks could, should and cannot do;
4. Making the most of ‘soft power’: New twists to independence need not erode influence;
5. On top of the risks: managing the upsurge in financial, reputational and strategic risks.

## CCS – Certified Case Study

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## **“Top Ten Challenges for Investment Banks 2014” – Accenture**

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

This is Challenge Number Six, and Accenture deliver no new or bank-specific insight here, but rather a restatement of the role that the finance function should play in investment banking (i.e. as a business partner and not merely a financial steward). Three key challenges the finance function needs to address are: response to regulatory pressures, helping lead strategic decision-making, and leading cost reduction/operation model optimization.

The one point of particular value made – that cannot be overstated – is that “Whist the actions required by finance are increasingly clear, the difference for the winning banks is the speed and quality of the execution”.

## **“The Flight to Equities Continues” – BCG**

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

BCG heralds its 2014 Value Creators report (due in May 2014) with this teaser, which ranks 23 developed and 21 emerging markets by total shareholder return (TSR). It notes that last year, the MSCI All Country World Investable Market Index of TSR was approximately 26%, up 10 percentage points increase over 2012.

The article highlights four findings regarding this performance improvement in TSR:

- Largely driven by developed markets (19 of which had double digit positive TSR) and while the best three performers were emerging markets, nine of these had negative TSR
- “Unusual suspects” drove the value in both the emerging markets (Dubai at 117%, Argentina at 91%, Abu Dhabi at 73%, South Africa at 38%, and Vietnam at 27%) and also in the developed markets (Japan at 59%, Finland at 34%, U.S. at 32%, and Spain at 28%)
- Exceptional returns for top ten companies, at TSR from 91 to 195 percent, in a survey of 200 large cap companies (MV>\$50bn)
- Monetary policy by central banks has played a major role in driving high TSR (see also *Living in Interesting Times: Navigating the New Era for Central Banking*, reviewed earlier in this edition).

As the authors recognise, there is little in the way of unequivocal conclusions that can be drawn from a single year TSR performance, so more insight is hopefully to come in the full report.

## ***“Data, Analytics, Advice: Winning Share of Wallet in Wholesale Banking” – BCG***

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

In this short piece, BCG succinctly articulates that revenue growth is to be found by wholesale banks if they concentrate on existing clients and take a data-led, advisory approach. This is in contrast to developing new business and new products.

The ‘why this way?’ is straightforward: “new” takes a great deal of time to develop and existing share of wallet (SoW) is rarely above 15%.

The ‘what are we doing wrong?’ is identified as bad habits including: adopting an “RFP” mentality, “pushing product”, focusing on the short term, and capturing insufficient intelligence.

The ‘what’ attributes we have that we can use to expand SoW include: proprietary data to develop a strategic solution-orientated mindset, clients that are seeking a partnership with experts who can help them, and access to top decision-makers in these clients.

The ‘what capabilities do we need to expand SoW core?’ are: a highly developed data repository, strong analytics capability, and an advisory mindset.

The ‘how to go about this?’ has the aspects of: client segmentation, map SoW, build opportunity lists with associated data-driven business cases, create client pitches that demonstrate client benefits, commit cross-functional resources, train sales and relationship team in advice selling, and test approaches with pilot programs.

Rounded off with a little case study example.

## WEALTH & ASSET MANAGEMENT

### ***“Connecting with Gen D: Attracting, Engaging and Retaining the Next Generation of Investors” – Accenture***

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

Accenture presents a profile of a tech-savvy investor segment, along with ways to deliver a more effective advice experience in step with their tech-savviness.

Four areas are covered: predictive data analytics, online portfolio reporting and investor education, social media interaction including blogs, and ‘gamification’ of the advice experience.

Case studies provide some further insights into the value of these initiatives, particularly the use of data analytics. However, there is scant detail on implementation considerations such as cost.

A few instances of ‘consultant-speak’ e.g. “attrition attack” detract from the article’s clarity. However, wealth- and marketing- oriented internal consultants are encouraged to persevere and gain some new ideas.

### ***“Global Wealth Management Outlook 2014-15: New Strategies for a Changing Industry” – Strategy&***

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

A broad brush guide to the outlook for the global wealth management industry, which is now seeing solid AUM growth but challenged to extract revenue and profit growth from this.

Despite the article’s promise to set out some insightful responses, not much is presented. Instead, unsurprisingly, the authors argue for strategic priorities around assessing capabilities, re-evaluating value propositions, applying greater use of digital strategies and a ‘fit for growth’ focus on cost structures.

If wealth management CEOs and their teams are not already down this path, this article may be a useful prompt (but little more).

## **KAR – Commercial Insurance Innovation**

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

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## ***“Global ETF Survey: A New era of Growth and Innovation” – EY***

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

EY presents a very informative survey of key issues and challenges for the rapidly growing global ETF industry, drawn from a well-synthesized analysis of responses from investors and other industry participants.

A broad theme emerges of cautioning the industry to not take its (continued) rapid growth for granted, and to focus on actions to secure its future.

Survey recommendations – including improving market liquidity, centralized settlement in Europe, better pricing, improving distribution and managing tax risks – point to the breadth and depth of the required transformational agenda.

A ‘must-read’ for wealth and investment management industry executives.



## INSURANCE

### ***“2014 Life Insurance and Annuity Industry Outlook: Transforming for Growth” – Deloitte***

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

A US lens on the life and annuity industry using the by-now-familiar flower framework from Deloitte's. We liked the news that MetLife has partnered with WalMart to sell simple life in stores (customer petal) and the evolution of the finance function to a more strategic role (financial management petal). Both chapters worth a skim.

### ***“2014 Property & Casualty Insurance Industry Outlook” – Deloitte***

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

*“...but to capitalise on emerging opportunities instead of being undermined by the disruptive changes likely to alter the competitive landscape, top insurance executives should be more predisposed towards bigger picture innovations.”*

One of a number of 2014 outlook offerings from the top accounting firms. Deloitte US has produced an easy read piece, focused on innovation and emphasizing SMEs and online buying behaviors, as well as the perennial themes of core systems upgrades and effective management of transformational projects.

### ***“Improve P&C Profitability and Premium Growth: Six Steps” – BCG***

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

A concise read from BCG focusing on the full insurer growth and profit agenda, albeit with a US bias. Agency channel development, telematics (in line with their recent article *Telematics: The Test for Insurers*), analytics and global positioning for major insurers are painted as having multimillion-dollar outcomes for Top 20 firms. Perhaps a little too confronting for most regional insurers.

### ***“Waves of Change: The Shifting Insurance Landscape in Rapid Growth Market” – EY***

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

A strategic level perspective from EY for global insurance players, focused on 21 RGMs. A well-written and considered article with solid research moving the agenda forward from the BRIC economies only. The consideration of growth versus global economic and country risk (including corruption risk) allows balanced consideration of target markets. High on macro issues with some useful practical product and new channel opportunities in RGMs.

## ***“World Insurance Report 2014” – Capgemini***

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

Cap Gemini has produced the pick of the global overview reports this month. Whilst major themes and trends are all covered in line with others, the research presentation and richness of case studies and references differentiates this piece. It has a clear focus on ‘Digital’ and the interaction of consumers, behaviors, mobile technology, payment processes and the opportunities awaiting those who can innovate and deliver transformational changes.

A must-read report for everyone interested in the digital insurance world and how to leverage emerging technology in multi-channel businesses.

## ***“Top Insurance Industry Issues in 2014” – PwC***

[View PDF \(50 Pages\)](#)

Whilst written for US market readers and a financial/regulatory focused piece, there are two strategy sections (covering eight pages) on ‘Knowing your customer’ and ‘Creating a data science office’ which are rather detailed but insightful.

## **“2014 Global Insurance Outlook” – EY**

[View PDF \(78 Pages\)](#)

Last of the major accounting firms 2014 outlook pieces – and the longest ‘advertorial’ by far. That said, the geographic structure does allow for a more condensed read. The key themes across geographies include a full smorgasbord of consumer behavior changes, new channels to market, technology transformations, regulatory change, and targeted niche market activities. Limited new information or insight in this wide-ranging report.

### *“The History of Strategy and its Future Prospects” – AT Kearney*

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

This insight builds on ATKearney’s great success with the strategy chessboard series with an attempt by none other than the Chairman to map out the eras and evolution of strategy and the path forward. With hopes of a mini Mintzberg Strategy Safari we dived in.

Firstly, there are many things to like about this article. for internal consultants, arm chair strategists and executives wanting to be more ‘strategic’. The first is the repeated concept of creating organization energy with a robust and compelling strategy. Secondly, ATK genuinely attempt to create a short chronological history (with a big MIT and BCG bias) of strategy that will be useful to those who are newer in the field. The most powerful concept in the article is the idea of bringing strategy and execution back together through a three pronged approach of bringing the future-in, ensuring an organizationally inclusive approach and creating an ongoing portfolio of strategic advantages through some sort of meta program office.

This month we have only one strategy articles to review, so we have added an additional more constructive review to the ATK article and suggested some other reading which our readers and ATK may find helpful.

As you read the article you cant help but question the author’s claim that “this is incomplete set of publications not out of ignorance”... of better ones... but due to a desire to cut corners and simplify. It therefore comes across as a chronological assortment

of best sellers plus the authors favorite books and favorite lecturers. At ICG we would suggest that in addition to the mentioned authors, strategists and internal consultants consider adding for the following pivotal texts:

- Management and Machiavelli - Antony Jay (Machiavellian power seeking and games applied to management)
- Emergent Strategy Mintzberg - the idea of shaping strategy through a series of optimized contextual decisions
- The Networked organization - Scott-Morton and others who were way ahead of the concept value chain layering and virtualization
- Bain’s revenue pools, McKinsey’s Granulatory of Growth and Moloney’s Value Volume Skew - define how we must continually map business scope and business model focus to fundamental opportunity
- Commitment - Ghemawhat - building your own market power
- The idea that every function is now claiming they are actually driving the business strategy (First posited by Venkatraman and Henderson for IT, but now routinely claimed by Marketing, Risk, Operations, HR and others).

## KAR – World Class Customer Retention

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### ***“Satisfying Customers and Regulators: Five Imperatives” – FICO***

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

Interesting use of the threat of regulators as a motivator to a more customer-centric experience. The insight purposefully repackages a lot of material from other firms, so a reasonable summary of the literature for internal consultants. However, the basic framework of ‘know me, understand me, serve me, reward me’ is a packaged McKinsey Retail Bank Strategy from the late 90s. FICO have added “Don’t interrupt me unnecessarily”. Figure 4 is the stand out insight – a powerful way to communicate the need for coherence on both sides, but only one step in the industry evolution outlined by IBM’s article later in this edition.

### ***“Evolving Banking Regulation: Regulation Driving Business Change (ASPAC Edition)” – KPMG***

[View PDF \(52 Pages\)](#)

This article is what great insights are about. Rich, authoritative, opinionated, and well structured. It covers the major areas of regulation (including an even more colorful picture of evolution than Oliver Wyman’s 2010 SOFS Report Regulatory Taxonomy) with an ASPAC lens. The report is divided into sections on the FSB landscape, structure, conduct, data, governance and OTC.

Each section is 3-4 pages and contains a mix of updates, implications and opinion all of which add up to a good use of time for any internal consultants working or interfacing in the risk, finance, governance or compliance functions. Also provides a great summary for executives and boards needing a readily-absorbed summary.

### ***“Building a Forward Looking Board” – McKinsey***

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

This article from McKinsey is well written and provides great insights on building a forward-looking board, as opposed to some boards filled with too many accountants and lawyers.

Overall, an effective board advises management in the development of a strategic plan that aligns with the organization’s mission, the expectations of stakeholders, and offers an appropriate short, mid, and long-range focus. A key aspect in the board’s oversight role is also to actively monitor management’s execution of approved strategic plans as well as the transparency and adequacy of internal and external communication of the strategy.

Having a forward-looking board that is appreciative of the value of strategic planning, talent management and continuous self-evaluation is critical in building next-generation boards.

## HUMAN CAPITAL

### ***“Trends Reshaping the Future of HR: Reconfiguring the Global Talent Landscape” – Accenture***

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

As the name suggests, this insight re-affirms the trends towards a global talent management model. However, most of its insights reflect the increasing local access to global talent so this is relevant to almost all internal consultants and executives. The article's highlight is the mobility section, which also kindly re-affirms ICG's model of industrialized adhocracy. Well worth a read to get a sense of how quickly the world of talent curation and matching is moving.

### ***“Why Leadership-Development Programs Fail” – McKinsey***

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

Four entirely sensible areas to improve spending on what is a very big ticket industry – leadership development – estimated at US\$14B per annum. The first would better be called ‘contingent leadership development’ – i.e. focus on the here and now context rather than lofty leadership goals. The second is the idea of aligning the leadership development need to a real-time, actual project rather than sending them away to a course that they will remember only 10% of. The third is attacking the underlying mindset cause, not the superficial symptom. The last is measure results – useful stuff and a timely reminder.



## ***“Building a Forward-Looking Board” – McKinsey***

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

*(Please note: this review is also published under our ‘Corporate Governance’ section earlier in this edition)*

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Overall, an effective board advises management in the development of a strategic plan that aligns with the organization’s mission, the expectations of stakeholders, and offers an appropriate short, mid, and long-range focus. A key aspect in the board’s oversight role is also to actively monitor management’s execution of approved strategic plans as well as the transparency and adequacy of internal and external communication of the strategy.

Having a forward-looking board that is appreciative of the value of strategic planning, talent management and continuous self-evaluation is critical in building next-generation boards.

## ***“Bad to Great: The Path to Scaling up Excellence” – McKinsey***

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

Wow, a truly fascinating article on a topic which is underdone yet so powerful – how to stop all of the negatives that so infect and spread, and so undo some or all of the good work that companies and their employees are trying to achieve. Based on applied science, well-researched, and written with clear examples, these seven levers are going to be a timely reminder to any of our readers – definitely one of this month’s must-reads.

## FINANCE & RISK

### ***“Assessing Risk Culture – Questions Firms Should be Asking” – EY***

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

An interesting summary of the FSB’s approach to assessing risk culture. Supervisors will now be assessing culture using an outcomes approach to avoid measurement issues with the various ‘hows’. EY report that supervisors will be looking for four key outcomes: tone from the top; accountability; effective challenge; and incentives. Helpfully, they then provide comprehensive tables around each question using the FSB’s own consultative guidelines for supervisors and sample questions. Plenty of helpful content for internal consultants charged with helping preparations.

### ***“Risk and Responsibility in a Hyperconnected World” – McKinsey***

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

A worrying report from McKinsey and the World Economic Forum on the increasing risks around cyber security. Unsurprisingly, McKinsey want to see this issue escalated to senior management. They report that executives they interview admit they are losing the battle, and outline a very sensible and seemingly obvious seven-point plan to help. A useful starting point for internal consulting teams tasked with reviewing an area of weakness for many.

## **KAR – Executive Team Best Practices**

Executive Team Best Practices across a number of key topic areas • 93 pages.

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## ***“Enterprise Risk Quantification”*** ***– EY***

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

A short and sharp summary of risk assessment using economic capital, stress testing and ALM measures in the insurance industry. A great refresh for senior executives and internal consultants that are new to the field.

## ***“The Value Killers Revisited”*** ***– Deloitte***

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

A thought-provoking insight from Deloitte and a must read for C-suites and risk executives. Takes a macro perspective of companies with a 20% or greater fall in share value in less than one month, and segments the likely reasons for the failure into five major classes: high impact/low frequency, correlated, liquidity, M&A, and culture and compensation related. While it doesn't provide any silver bullets, the report helps risk executives and internal consultants with input to scenario planning and macro risk modelling exercises.

### ***“How Millennials are Changing the Face of Marketing Forever: The Reciprocity Principle”*** **– BCG**

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

This article focuses on BCG’s view that reciprocity is critical in marketing to Millennials – 18 to 34 year-olds. The conventional marketing notion that ‘the more people you put in the front of the funnel, the more that come out the back’ is dead. It is ineffective and not-cost efficient to push pre-packaged brand messages to this generation. The authors contend that marketing is an ecosystem of multidirectional engagement rather than a process that is controlled and pushed by the company.

This generation is also providing leading indicators on the new status currency through their purchasing decisions and brand affiliations.

Mastering the reciprocity principle will provide firms a competitive advantage when it comes to attracting Millennials and appealing to other generations of customers who are rapidly changing the way they interact with brands.

The authors offer 5 primary actions – reach, relevance, reputation, relation and referral - to enable the implementation of the reciprocity principle in the dynamic and fluid marketing environment.

### ***“Why Marketers Should Keep Sending you E-mails”*** **– McKinsey**

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

E-mail is nearly 40 times more effective at acquiring customers than Facebook and Twitter combined. McKinsey supply insight that the reason for e-mail effectiveness is that 91 percent of US customers still use e-mail daily. E-mail marketing prompts purchase frequencies at three times the rate of social media and with a purchase value 17 percent greater.

The authors point out a recent iConsumer survey highlighting the 20% decline in e-mail usage in recent years, with the medium surrendering ground to apps and social networks.

They then offer three practical steps that marketers can take to use every e-mail as an opportunity to acquire customers.

Very short but equally compelling reading which serves to remind that what glitters (in this case, apps and social media) isn’t always gold, and e-mail still deserves a prominent place in the marketing mix.

## ***“New Customers, New Competitors, New Challenges: Financial Services in a Converging, Human-Centric World” – Accenture***

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

A comprehensive article that opens with insights into the key technology advances reshaping the financial services customer experience. This is a high-stakes customer engagement battle with significant prizes available to the winners, although the authors admit delivering the right offer at the right time to the right customer is challenging in financial services. This is because customer experience expectations are being set in other industries.

In the following section, Accenture describe how offering human-centric solutions can help financial services organizations become trusted go-to advisers for an array of needs.

The authors signal that time is running out for existing financial services firms because new entrants are innovating and incorporating financial services into their business ecosystems; they conclude with suggestions on how to win in this world of converging human-centric services.

### ***“The Enabled Enterprise: How to Build the Capabilities for Sustainable Success” – BCG***

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

BCG creates an alternative name to the common transformation program. We prefer the twin concepts of alignment to vision and mission and agility to adapt and be sustainable.

BCG argues enablement creates the right processes, the right people, and the building of a new business platform. It is hard to spot the differences, but the insight does highlight some of the better practices such as active CEO participation. For another example, ICG’s KARs often include what we call ‘capability trajectories’ benchmarked against local, global and other industries. BCG calls this a ‘capability maturity assessment’ and suggests this be followed by a management audit. A short article with some modest case studies.

### ***“The Organization that Renews Itself: Lasting Value from Lean Management” – McKinsey***

[View PDF \(164 Pages\)](#)

An insight that asks too much of itself. Firstly, can we apply the principals of lean to management? If we can, then what are the levers or tools we should use? The less than convincing answer to the first question reads like a synopsis of Good to Great. Four things matter: delivering value to customers (in an efficient way); ensuring labour fully exploits its potential; understanding what ‘better’ means; and connecting strategy with purposefulness.

On the second, there is little in the article beyond the following: visual management techniques, targeted coaching, and job aids to enforce standards.

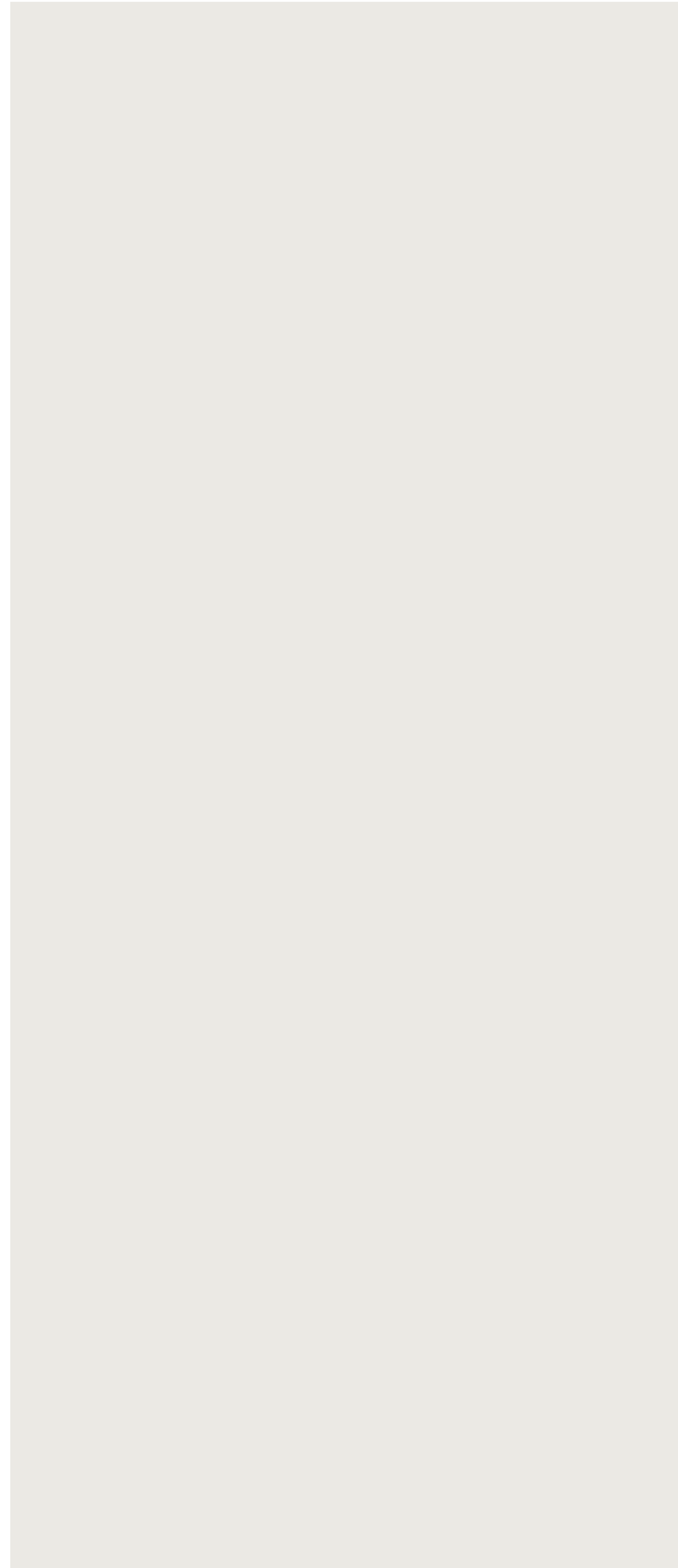
Unfortunately, this review says it all.

## ***“Next Frontiers for Lean” – McKinsey***

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

Fascinating insight from McKinsey which provides unique historical perspectives, the most relevant McKinsey articles on service industry applications across service industries, and some new thoughts on where the applied management science is heading. New areas include incorporation of big data, telematics, and behavioral and customer value inputs to the design of operational processes.

Well worth a read for all internal consultants.



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### ***“The Benefits – and Limits – of Decision Models” – McKinsey***

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

A key insight is shared: it makes no sense to try to predict the future when one has the power to shape its course.

The former approach is one too often used by many decisioning platforms, which attempt to assist executives in navigating the future by trying to reveal it, rather than control it.

This article is genuinely thoughtful, and worth a careful read (even if one has to sit through another retelling of the Billy Beane story).

### ***“When Big Data Goes Lean” – McKinsey***

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

A handy summary of new applications for Big Data approaches beyond their usual use in financial services and digital product businesses, this article looks at its application to physical industries such as mining and metals manufacture.

No detailed case studies here, instead lots of short and crisp stories about success in many contexts – which make for great elevator pitches to the boss or clients.



## ***“Going Beyond the Data: Achieving Insights from Data and Analytics” – KPMG***

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

A studied reminder that Big Data isn't all about large amounts of data, but instead rather the insights it might yield to help decisioning. An obvious point, one might expect, until we study the data and see that most of the activity in the recent past is still about the data-wrangling rather than insights presentation.

Survey respondents blame difficulties in data integration, lack of communication, and differences in leadership priorities among the executives tasked with achieving the big data vision.

Lots of survey results presented throughout, for those who find that type of information useful.

## ***“The Strength of ‘Weak Signals’” – McKinsey***

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

It's a simple and enchanting idea – that enough needles plucked from haystacks can add up to serious market intelligence... or so argues this article. In the opinion of this reviewer, that narrative appears slightly glib, ignoring as it does the real world difficulties of accomplishing such a feat.

An article for blue-sky thinkers, not practitioners.

## TECHNOLOGY

### ***“The Power of ‘Desktop-as-a-Service’ Virtual IT Offers a Broad Range of Benefits for Companies in all Industries” – Strategy&***

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

An easy-to-read pros and cons summary on the question of desktop virtualization. This is not an advanced article, so is accessible to all executives and internal consultants. As you read it you get a real sense that Strategy& implemented this technology at Aetna (the health insurance giant) and have used this light advertorial to tell other prospective clients. The article introduces the acronym BYOD (Bring Your Own Device) to those who are not already familiar with the concept.

### ***“Greasing the Wheels of the Internet Economy” – BCG***

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

A truly fascinating report from BCG. It publishes a new negative index of e-enablement – called e-friction – and breaks this down into four sources, namely infrastructural, industrial, individual and informational. These are further broken down into 55 individually scored indicators which are then scored for 65 economies. The resulting index is then correlated with factors such as the relative size of the digital economy and SME success.

A great read for internal consultants working for global enterprises and needing to filter or prioritize countries for investment or entry based on the state of their digital economy.

## *“The Enterprise IT Infrastructure Agenda for 2014” – McKinsey*

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

After interviewing 50 heads of infrastructure at Fortune 500 global companies, McKinsey distil research findings and recommend eleven levers structured around efficiency, infrastructure reform, and risk.

Like a lot of articles written by less senior consultants, this one packs in a lot of very useful content. It is well worth reading for those executives and internal consultants who have responsibility for enterprise infrastructure.

## *“What Executives Should Know About Open Data” – McKinsey*

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

An inspirational look at some of the sources of the \$3B-\$5B potential value available from sharing data. While some case studies like Nectar (FlyBuys in Aus.) are obvious, others such as mandated sharing of drilling data findings as part of drill licence issuing are not. The other take away is our long-argued-for use of the Johari Window in B2C data sharing, which is now a trend identified as ‘MyData’.

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## ***“How CIOs can Lead Their Company’s Information Business” – McKinsey***

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

A very sensible article offering four imperatives to CIOs: innovate (using a venture-capital-style portfolio approach); platformize product management; and become a talent magnet and lead business transformation.

The article is very journalistic in its style (light on content) and highlights a worrying trend in the profession that McKinsey is creating mini media stars of some of its clients as a way to get around client confidentiality on their actual case studies. It is reminiscent of the full-page newspaper advertisements technology and logistics companies use with their most financially supportive clients.

## ***“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.

*Article of the Month*

## ***“The CIO’s Role in Operationalizing IT Innovation” – AT Kearney***

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

The insight makes the irrefutable argument that CIOs play an ever-increasing role operationalizing innovation in a technology-enabled world. What is fascinating is that there is almost nothing new to say about the process of IT-enabled transformation that Michael Scott Morton didn’t say in his classic *The Corporation of the 1990s – Information Technology & Organizational Transformation*. The insight makes light reading for those interested in innovation – its highlight is Figure 3 – and a useful checklist of success factors in each lifecycle stage of the same.

# *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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# About ICG

## The ICG Business Model

ICG is one of the world's fastest growing consulting and project services firms. We operate unique talent hubs around the world, which unite the alumni of the world's leading consulting firms, universities and employers, along with subject matter experts and leading boutiques.

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.

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- 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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## Mission & Vision Statement

**Mission:** To help professionalize the freelance, boutique and internal consulting industries around the world.

**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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ICG does not wish to disclose the identity of its clients, nor will it, without their express written authorization.

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We maintain a full suite of detailed due diligence materials for those clients and partners wishing to explore major contracts with us.

## Further Information or Enquiries:

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