

March 2016

The . Insights Review

Financial Services Edition

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I C G



Featuring:

General Strategic Interest
Fintech, Disruption & Innovation
Retail & Business Banking
Payments
Corporate & Investment Banking
Wealth & Asset Management

General Insurance
Strategy & Transformation
Corporate Finance / M&A
Regulation & Public Affairs
Corporate Governance
Human Capital

Diversity
Finance & Risk
Marketing & Customer Experience
Technology
Operations & Change

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About this Report

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

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

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

Access to Full Reports

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

Links are current at time of publication.

Insight Sources

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

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

A Message From the Editor

This month we announce a new member of the ICG senior insight review team. Gopal Sondur is a very senior and experienced strategist with partner and c-suite experience at firms like AT Kearney and Volvo. Gopal is reviewing strategy insights from around the world from the ICG HUB in Stockholm and we welcome him to our team.

This is a rich month for insights so we were spoilt for choice, so this issue we have awarded two articles of the month. The first is by the Peterson institute and asks the question *Is Gender Diversity Profitable? Evidence from a Global Survey* – with some surprising results .

The second is by Accenture and is the first major insight to address the topic of Blockchain in investment banking.

Blockchain-Enabled Distributed Ledgers: Are Investment Banks Ready?

We hope you can skim ICG's *The Insight Review* and save yourself the pain of opening and reviewing dozens of hundreds of insights per month so you can focus more time internalizing the best or getting on with other priorities in your professional and personal life.

If you would like a colleague to receive the complimentary *Insights Review* then please forward this edition on to them and suggest they contact ICG directly via www.internalconsulting.com to register their details.

David Moloney

Global Editor

GENERAL STRATEGIC INTEREST

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

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

Deloitte applies a cute and clever forcing technique to imagine new banking futures and combines the best into five scenarios for further enquiry. The first is labour agility and adhocracy in an extended enterprise ecosystem (i.e. the ICG model) so can be skipped; the second reinforces the importance of re-building brands which have been damaged and are falling behind the technology firms and falling from favour by millennials. The third is the growth of block-chain and seamless direct payments – this feels like one of the hardest for executives to get their head around so the specific predictions and recommendations will likely be most helpful to internal consultants. Frictionless trading driven by machine learning and better facilitated by block-chain technology is the fourth scenario. The final scenario is the rapid growth of market place lenders (P2P and I2B - Investor to Business).

While acknowledged to be small but with a steep growth trajectory, Deloitte helpfully articulates the many reasons banks have partially integrated with these players. Overall, a largely thoughtful and additive insight which takes a constructively different path to most.

The last three scenarios are well worth a skim.

“2016 Financial Services Trends Digital Globalization” – McKinsey

[View PDF \(156 Pages\)](#)

Another in depth McKinsey Global Institute report.

This one highlights that while international goods trade has stalled and capital market flows have fallen significantly, international digital flows have soared, from small companies using platforms like Rakuten and Alibaba to be born global to individuals being connected through global social media platforms (see a novel chart at E4 which compares the populations of the largest platforms to the most populace nations).

Not surprisingly, the authors then make quite a meal out of the digital era with comparisons to the twentieth century – the insights don't feel new, but some of the charts are – for example, the new global data super highway.

“Don’t be Overtaken by The Unexpected” – KPMG

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

An unusual insight as it is mostly well known digital/fintech scaremongering from some KPMG seniors who drop mostly well know case studies but also some new ones.

Some internal consultants will find some useful quotable quotes from a quick skim.

“How Companies Succeed Through Radical Engagement” – McKinsey

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

A perplexing set of interviews, not just because of the idea of elevating corporate social responsibility to another level (isn't this just about creating sustainably positive and balanced stakeholder outcomes, rather than the prior focus on shareholders and employees?) but because three very different commentators share their idiosyncratic anecdotes on parts of the elephant in an unusually muddled way.

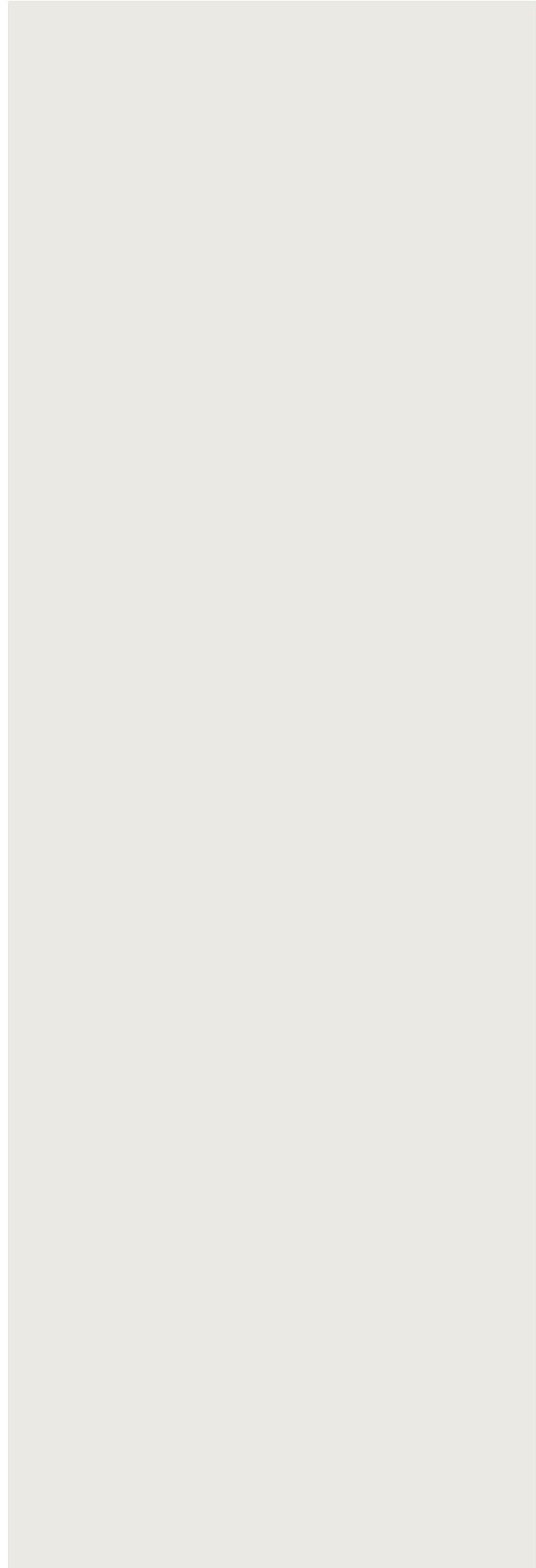
Good to catalyze authenticity and good to read how this new 'authentic' behavior can deliver 20% shareholder growth in just 10 years by replacing spin with real outcomes.

“Achieving a Digital State of Mind” – McKinsey

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

This is an interview transcript of two McKinsey principals chatting about why digital matters to the modern corporation.

[Skip.](#)



“Benchmarking the Digital and Financial Capability of UK Consumers” – Accenture

[View PDF \(49 Pages\)](#)

The inaugural Consumer Digital Index, developed by Accenture with Lloyd’s Bank, aims to be the largest study of digital capability across the UK consumer market, and seeks to understand the linkage between digital competence and financial wellbeing.

The findings are clear and unambiguous. Across a wide range of metrics, digital consumers capture greater financial value, and extract a wider range of lifestyle benefits to their less-digital counterparts.

Digitally aware consumers are better at monitoring their finances, accessing relevant insights and tools, and making decisions that lead to greater financial freedom. While demographic and geographic factors are also considered, the study concludes that being digitally capable provides financial benefits that equate to over \$1000 p.a. person.

The article ends with a strident call to all financial stakeholders to promote awareness of digital banking and its benefits.

While the article’s audience (consultants and bankers) won’t need to be persuaded of the benefits of digital awareness, many will appreciate the range of tables, charts and supporting narrative that add color and context and help to lift this survey above the many similar surveys we find across the consulting literature. For example a table shows the responses offered by 60+ year old respondents as to “What would help you get on the internet?” – to which almost half responded “nothing”.

“Digital Banking: Banking on the Go” – KPMG

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

This article combines a useful summary of key global trends in digital banking with a specific deep-dive into the Indian market that will be welcomed by those consultants with an eye on the South-Asian region.

KPMG sets out ten key categories of digital innovation and then provides a scorecard to rate the current status of global innovation and maturity across each. Global examples are offered within each category, even those rated as lower maturity, such as Blockchain, wearables and Cloud usage.

In recent years, Indian banks have taken important steps towards establishing their digital capabilities, although it is clear from KPMG’s scorecard that innovation in India surprisingly lags the global market across many key areas – including social media services and analytics, Cloud, and contextual banking.

Several factors may propel Indian banks to quicken the pace of innovation – including a government drive towards a cashless economy and also the recent emergence of several local digital disrupters.

PAYMENTS

“Executive Guide to Immediate/Real-Time Payments” – Accenture

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

A worthwhile read for anyone wishing to fill in some detail behind the rapidly evolving move towards immediate and real-time payments systems (The latest real time payments news regularly features in ICG’s Retail Payments Innovation and Developments in Transaction Banking Global Industry Radars).

A good summary of different worldwide schemes at the end of the report is preceded with some commentary on the definition of faster payments, considerations about ISO 20022 message standards and thoughts about the business case for and opportunities that immediate payments present.

“Solving the Reference Data Disconnect” – Accenture

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

A concise, well set-out article identifying the key issues relating to reference data, drawing on data from a survey of 133 buy- and sell- side professionals conducted by Accenture and Greenwich Associates. Unsurprisingly, data quality and cost are the top two of four themes uncovered.

The article suggests the seemingly viable solution, of a market utility (noting that Accenture developed a Managed Reference Data Service for securities 10 years ago) but concedes this is yet to gain broad traction, with 11% of firms surveyed actively considering implementing a utility. So if the CIBs are not ready for a utility (yet) then read on for the key areas Accenture can help, or put another way, for a handy list of the things CIB executives and their internal consultants can do to address the challenges internally.

“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 blockchaining 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?”.

Article of the Month

“Global Private Equity Report 2016” – Bain

[View PDF \(72 Pages\)](#)

Great time to be a seller!

Since the GFC many wealth firms reduced their exposure to the PE asset class, citing concerns about ability to refinance debt at maturity. But, those concerns have proven to be unfounded, with QE supporting capital restructures and providing low cost funding for further growth in portfolio businesses. The outcome is two years of the strongest value of exits on record during 2014-15, rewarding wealth firms that continued to invest.

Many firms are choosing to reinvest, but are taking control in ways less common in past years. For example, many investors are choosing to invest alongside PE firms (Shadow Capital strategy), balancing their investment themes across their portfolio. Others are trading in and out of funds on the secondary market.

This detailed and well-written report provides an in-depth look at the status of the global PE sector, explores evolving investment strategies, and details the importance of choosing PE firms with clear and limited mandates (great diagram on p43).

Critical reading for CIOs and alternative asset managers.

“Asset Management 2020 & Beyond: Transforming Your Business for a New Global Tax World” – PwC

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

A rerun of PwC’s 2013 report on the same topic – the importance of tax awareness in terms of impact on risk and investment returns.

As before, it is an interesting read, structured as a series of diary entries during a busy week in the lives of an asset management team. The topic is as important as ever, with wealth firms continuing to increase their global investment exposure, however there is little new here that wasn’t in the 2013 report.

If readers want a quick summary, skip to pages 8-10 for the key takeaways.

Important reading for CIOs and strategy heads.

“2016 Wealth Management Trends” – Strategy& PwC

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

Another article about some of the major trends in the wealth industry.

One particularly interesting data point reveals the challenges facing advisers as their clients transition wealth to the next generation – PwC research suggests that 50% of that wealth is lost as the children change advisors or decide to manage the investments themselves – clearly retention continues to be one of most significant growth opportunities for the industry.

Beyond this discussion there is not much new here that hasn't been captured in articles elsewhere.

Readers looking for a more thorough discussion of industry trends may want to look at the previous edition of The Insight Review for a link to the excellent Cap Gemini article.

“Client Onboarding for Wealth Management Firms” – Accenture

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

With a title that suggests a deep-dive into a niche component of the wealth industry value chain – particularly an area that has so much room for improvement – this article promises much but ultimately delivers little.

Its primary focus is on the importance of capturing a comprehensive data set to inform the nature of the client relationship, an area that is already well understood by the industry. Importantly it doesn't touch on some of the latest thinking in onboarding, which is where some of the major wealth firms are choosing not to compete in this area and are teaming together to outsource to shared suppliers (e.g. Deutsche and Morgan Stanley to Markit and Genpact).

Skip this one.

GENERAL INSURANCE

“Global Insurance CCO survey” – EY

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

The first article for review in the compliance space for some time. A tightly written 13-page article out of EY Global the construct being a status check for CCOs – Chief Compliance Officers – across 20 global carriers and highlights the significant increase in focus on compliance matters across the board with ability to hire for these types of skills becoming more challenging.

The key areas identified for the growth of the function in insurers is, (not surprisingly) increased and more-complex regulatory requirements, increased management focus and the recognition that compliance needs to be more business focused and forward thinking with a key role to play in customer solutions helping with technological inputs into wider risk discussions and especially consumer protection risk management.

A good article to raise awareness of this important function, its growth and need for fuller integration into the executive headspace. Relevant to both internal consultants and executives alike.

“Transforming into an Analytics-Driven Insurance Carrier” – McKinsey

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

This article’s strap line “Using data is nothing new to insurance carriers and actuaries. Yet the boom in advanced analytics is driving fundamental change”, sets the scene for this 12-pager out of McKinsey US.

So what’s new?

The growth of analytics centres of excellence is the construct for the piece which talks to the journeys for many insurers so far and lays out an excellent roadmap for executives to consider – building insights – to capturing value – to achieving scale – to becoming an analytics-driven organization. Each phase is considered in some detail and is valuable for internal consultants charged with delivery for organizations at any of the points on the journey.

The key messages for executives resonate with previous articles on these topics and centre on the need for making data-analytics a senior-leadership priority, stating a multi-year commitment, demanding fast progress and as always, finding the right analytics leadership.

So is this new?

Probably not in many regards – but is very well set out and a must read for senior executives to ensure they are asking the right questions.

“Coming to Terms with Aggregators Global Lessons for Carriers” – Accenture

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

A not often considered part of the global insurance distribution landscape. A 10-pager written out of the US, where the model struggles to gain P&C traction with good references to the more established UK market where over 50% of motor and 36% of home sales were through this medium as far back as 2009. New business sales in the UK are now over 70% through aggregators. A 400-executive global survey provides good insights into current thinking with most insurers taking positions including forming sub-brands to allow diversification.

Key themes for this segment include further growth in established markets, expansion to new geographies, new product offerings and deeper value chains. The disruptive effects whilst clear in UK have a good way to go globally. Challenges to other distribution models, sales economics, differentiated delivery and business model reinventions are all considered.

What is clear is that companies need to decide whether to play and if so, how.

This article gives a good consideration of the questions to ask.

“Top Insurance Industry Issues in 2016” – PwC

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

A comprehensive - 100-page plus piece for 2016 being Volume 8 in this series from PwC written out of PwC's well-respected US Practice with a global context for both life and non-life carriers.

This is a meaty tome with some in depth coverage of key areas and issues for insurers in 2016 focusing on Strategy, Market Segments, Operations, Risk and Regulatory and of course, Tax.

Each section considers key current issues across multiple topics with the Strategy sections the most content rich and looking at innovation to growth to deals to artificial intelligence.

Other sections also cover diverse topics including 'cyber', flux, aging workforces and BPOs, regulatory updates and wider risk consideration and future tax issues (more US focused).

The real challenge here is that a short review does not do justice to the incredible wealth of content in this annual industry benchmark report.

I would encourage executives and internal consultants alike to find the time to read this excellent piece – there's something in here for everyone in my view.

“Building Your Own High-Performance Organization” **– Bain**

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

What makes this Bain article worth reading is that you can use it to support your company’s overall success, boost the effectiveness of your teams, select and implement your chosen strategy, and even help yourself and others maximize their job satisfaction. It’s an all-encompassing approach to individual and organizational transformation.

The article suggests that you diagnose your organization to reveal the underlying patterns driving organizational performance and to develop a common lens, language, and sequence to use to improve that performance. Bain offers its Organizational Navigator as a dashboard for that purpose. The premise of the article is that it is both possible and extremely productive to do just that. If you want your organization to thrive rather than fail, move swiftly in a chosen direction, adapt successfully to change, and behave in a certain way, then some of the answers reside within the six organizational outcomes described in the article.

The nature of work is changing – one of the questions the article ought to have addressed is – ‘Is the way organizations think about organizational performance keeping pace?’

Today’s fastest growing; most profoundly impactful companies are using a completely different operating model to fuel organizational performance. These companies are lean, mean, learning machines. They have an intense bias to action and a tolerance for risk, expressed through frequent experimentation and relentless product iteration. They hack together products and services, test them, and improve them, while their legacy competition edits PowerPoint. They are obsessed with company culture and top tier talent, with an emphasis on employees that can imagine, build, and test their own ideas. They are maniacally focused on customers. They are hypersensitive to friction – in their daily operations and their user experience. They are open, connected, and build with

and for their community of users and co-conspirators. They are comfortable with the unknown – business models and customer value are revealed over time. They are driven by a purpose greater than profit; each has its own aspirational “dent in the universe.” The recipe in Bain’s article is good but one can’t help feeling that it is time for a new cookbook.

“Strategic Planning that Produces Real Strategy” – Bain

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

This Bain article appears at a time when several leading thinkers have, in recent years, written eulogies about strategic planning (HBR Feb 2014 issue – The Big Lie of Strategic Planning, Bill Conerly in Forbes Mar 2014 – The Death of Strategic Planning, Stanford Review Jan 2013 – The Strategic Plan is Dead. Long Live Strategy). Planning and Strategy heads in large organizations will read this article and recognize all of the issues and the ensuing five principles laid out and thus serve as a good reminder of the do’s and don’ts of strategic planning. The article title however is rather misleading because, as noted strategist Roger Martin would say – don’t mistake strategic planning for strategy.

Of the five principles outlined in the article, Principle 4 (Don’t let the earth’s rotation around the sun determine when you make decisions) and Principle 5 (Leaders focus on the most important decisions and simplify the rest) are ones that organizations really need to work to get them right as these two principles address to some extent the modern organizational needs of agile, adaptive thinking. A principle that would have completed the article well is – ‘The planning process should allow for counter-intuitive thinking that would encourage creative accidents’.

The article though a good read, does not contain any new insights on how strategy development needs to be done by large and small-medium enterprises at a time particularly when most businesses are going through the phase of digital transformation and trying to adapt to new ways of conducting business.

“Creating Value From Long-Term Bets” – McKinsey

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

Wendell starts his Wall Street meetings by saying “We want another 150 years of innovation and independence”. His point being big corporate innovations take time. Wendell Weeks is the CEO of Corning, a global leader in material sciences, and he is the guy who saved and turned-around this multi-billion dollar behemoth of a company from the brink of death. He and his company have their eyes firmly planted on the long-term ball. Corning’s experience shows that it pays off to be persistent and patient on things that you believe in and are part of your DNA.

This McKinsey article is written by the CEO of Corning and is an absolutely delightful read for any business leader. While the Corning approach of making ‘long-term bets’ has worked well for that company it is hard to say if it can be a foundational principle even across similar companies.

“Maximizing Your Merger’s Potential” – Bain

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

Inspired by the high level of M&A activity in 2015 and some large deals, this is yet another article about how to capture synergy value through rigorous planning and execution of post merger integration.

We have reviewed numerous articles from all the leading consultancies on this topic in previous editions of Insights Review, e.g. *How the Best Acquirers Excel at Integration* – McKinsey in February.

In their article Bain also points out that a big merger is a unique “unfreezing” moment to make a whole lot of improvements that for one reason or another have been stalled.

Skim for context and a recap of well-known principles for successful merger integration.

“M&A & Divestitures Creating Superior Value Through Spin-Offs” – BCG

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

A relatively rare type of M&A article that looks at things from the point of view of the seller. In this case how to be strategic about spinning off poorly fitting parts of the business, like internal ventures that need a different home or group of shareholders in order to succeed, while retaining an equity stake to participate in the future upside.

A short but comprehensive article worth reading.

“Banking & Capital Markets: Top Trends for M&A in 2016” – KPMG

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

KPMG takes the pulse of M&A in banking and financial services around the world this past year, and makes predictions for the year ahead.

Credit to them for also scoring the accuracy of their predictions from last year’s review.

Skim to see if any of the trends and markets they describe are relevant to you.

“Changing Regulatory Capital Regimes: Implications & Market Reactions” – PwC

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

A great article providing summary of industry insiders' discussions held in London in December 2015, focusing on Solvency II's pending implementation, the evolving IAIS agenda and how markets may react to new solvency requirements and metrics.

The article provides good insights on insurance industry views and challenges in dealing with the capital adequacy and solvency regulations, including application of Solvency II outside EU, equivalency, evolution of Solvency II, and the likely path for evolution and adoption of ICS.

A great read for any insurance industry risk consultant or professional.

“Regulatory Risk Report” – Deloitte

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

This is a regular newsletter-style report collated by Deloitte, providing a good overview of discussions and regulatory risk developments across the global financial services landscape.

A useful addition to any risk professional's reading portfolio to keep up to date with the latest developments.

“Evolving Banking Regulation Part Five” – KPMG

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

This is the fifth in the series of KPMG’s article on Banking Regulation, dealing with banking regulation evolution around Culture and Conduct.

It is a well written, very timely and pertinent article given the recent cases of misconduct across the banks globally.

The article provides a good overview of key emerging regulatory reform themes across both wholesale and retail markets, along with a framework for a bank’s journey to cultural maturity.

A good read for any consultant or professional working in risk or cultural change areas.

“Risk Governance: A Benchmarking Analysis of Systemically Important Banks” – KPMG

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

This white paper provides an assessment of risk governance at systemically important banks that may help the reader understand the importance of having a proper environment in place where boards and senior management teams are able to develop and monitor the new risk governance requirements for banks.

The report finds that the board risk committees face significant challenges in analyzing the entire array of risks that face the entity.

A useful benchmarking analysis of major banks that provides insight into the challenges faced by them, specifically around quality and timeliness of information, automation of stress-testing, and aligning their risk appetite with decision making at a business unit level for board risk committees.

“Toward a Value-Creating Board” – McKinsey

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

Board directors tend to feel they’re most valuable in the realm of strategy, and many have increased the amount of time they spend on it. But, according to the authors of this article, many board members wish they could spend even more time on it. They’ve also found that boards can execute individual responsibilities well, yet be ineffective overall.

In order to separate useful from less useful boards, the authors offer up three board types – “ineffective,” “complacent” and “striving” – and delineate the characteristics of each.

Suggestions for going from ineffective or complacent to striving?

Spend “even more time” on board work, “balance trust with challenging discourse” and “appoint an ambitious chair.”

Useful high-level perspectives for the reader.

HUMAN CAPITAL

“Millennials: Burden, Blessing, or Both?” – McKinsey

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

Lots of qualitative research distilled into some useful heuristics for managing millennials.

The key message is that they are a demanding bunch but understanding and responding to their wishes demands will only help the organization prosper.

Each heuristic is backed up by an anecdotal case study (e.g.: Think mentoring circles for new employees).

As many internal consultants are millennials, this one is likely to find itself being forwarded to the HR team.

“The Art & Science of Well-Being at Work” – McKinsey

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

A typed (re-hashed) podcast of an interview across a diverse group of McKinsey’s team members.

It talks to the many well researched benefits of good sleeping habits, judicious use of caffeine and the increasing use of meditation.

As the big pyramid firms make the transition from boasting about all nighters ICG worries that some executives and internal consulting teams haven’t kept up, so this is a timely reminder of better and best practice.

“Want to be a Better Leader? Observe More & React Less” – McKinsey

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

Beautifully written arguments for why meditation can make a significant difference to a professional internal consulting career.

If you suffer email addiction, are too self-centred or have an overly negative disposition, then this insight might just catalyze your entry into the benefits of meditation.

“How Small Shifts in Leadership can Transform Your Team Dynamic” – McKinsey

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

This insight is a mix of text and short videos.

It is true to title and includes gems such as “use the Monday management meeting to get everyone to focus on two priorities for the week”.

While the author argues this is based on new empirical brain research, the suggestions appear surprisingly familiar.

Worth a skim for most managers and leaders – whether new or a quick refresher.

“Global Human Capital Trends 2016: The New Organization: Different by Design” – Deloitte

[View PDF \(124 Pages\)](#)

This is a very serious insight, Deloitte's fourth annual survey, and is based on 7000 participants in 130 countries. It provides an executive summary and covers ten trends in detail over 120 pages.

While the trends read like a legacy of a catch-all first survey rather than a top down synthesis of what is important, the team do a fabulous job of deconstructing each trend into an engaging summary of the applied science, some helpful case study material and a how-to-get-started guide.

Internal consultants will like Figure 3, which is the best culture and engagement chart we have seen.

One surprise in the insight is the importance and application of design thinking to build apps and tools to help employees get through their day.

Well worth a read for anyone working in HR.

DIVERSITY

“Shifting Demands, Competing Priorities: Adjusting to the New Talent Realities in Financial Services” – PwC

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

The survey (490 Financial Services CEOs globally) identifies three core capabilities CEOs believe need to be developed.

First, there must be a strong focus on customer needs and connecting these to organizational purpose so that links with their business and society are clear. Developing a clear purpose statement and living this statement are essential.

Second, businesses must harness technology, innovation and talent to realize the execution of their corporate strategy.

Third, organizations must develop better ways to measure and communicate business success. The CEOs identify a clear need for a strong communication strategy.

The news here lies in the recognition of the importance of non-financial indicators for business success.

Purpose. Execution. Communication. These must become the new mantra.

“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 scrutinising 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.

Article of the Month

“The Convergence of Operational Risk & Cyber Security” – Accenture

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

A well written and concise paper produced jointly by Accenture and Chartis Research, advocating that the operational risk management and cyber security processes should align to better cope with the increasing cyber threat and improve resilience.

The article advocates that bringing together leadership and capabilities across fraud, IT, cyber security and operational risk can help financial institutions to improve their enterprise risk management strategy.

In particular, the ability to view cyber security breaches as a risk, with associated probabilities and impacts, helps firms focus on striking the right balance between resilience and protection.

An excellent read for any risk consultant or risk professional looking at opportunities to re-align and streamline their approach to cyber security, and drive operational efficiencies by cutting across the various silos.

“Banking & The Customer Experience Dividend” – KPMG

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

A useful contribution to the customer experience literature from the UK partners at KPMG.

The insight analyses the UK banking market but the approach and insights are relevant everywhere.

The report has a good amount of information on two of the world's top current customer experience case studies: USAA and Santander UK. Also highlights the six levers or pillars that KPMG suggests will make the biggest difference and create a real economic customer experience dividend. These include old areas like fixing complaints but also new ones like valuing time and effort and empathy.

Well worth a skim for all internal consultants and senior executives.

TECHNOLOGY

“Big Data: Getting a Better Read on Performance” – McKinsey

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

This is all about investment in hiring the right people and applying capital to big data. When you get that correct there are good returns.

These skilled roles are actually the key to success. McKinsey noted that big data investments amounted to 0.6 percent of corporate revenues and returned a multiple of 1.4 times.

“The Growing Potential of Quantum Computing” – McKinsey

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

In the old world we had, ones and zeros. It is akin to being either male or female, but in the world of quantum computing you can be both at the same time.

There are serious real world problems around machine learning that will require quantum computing to really get into gear.

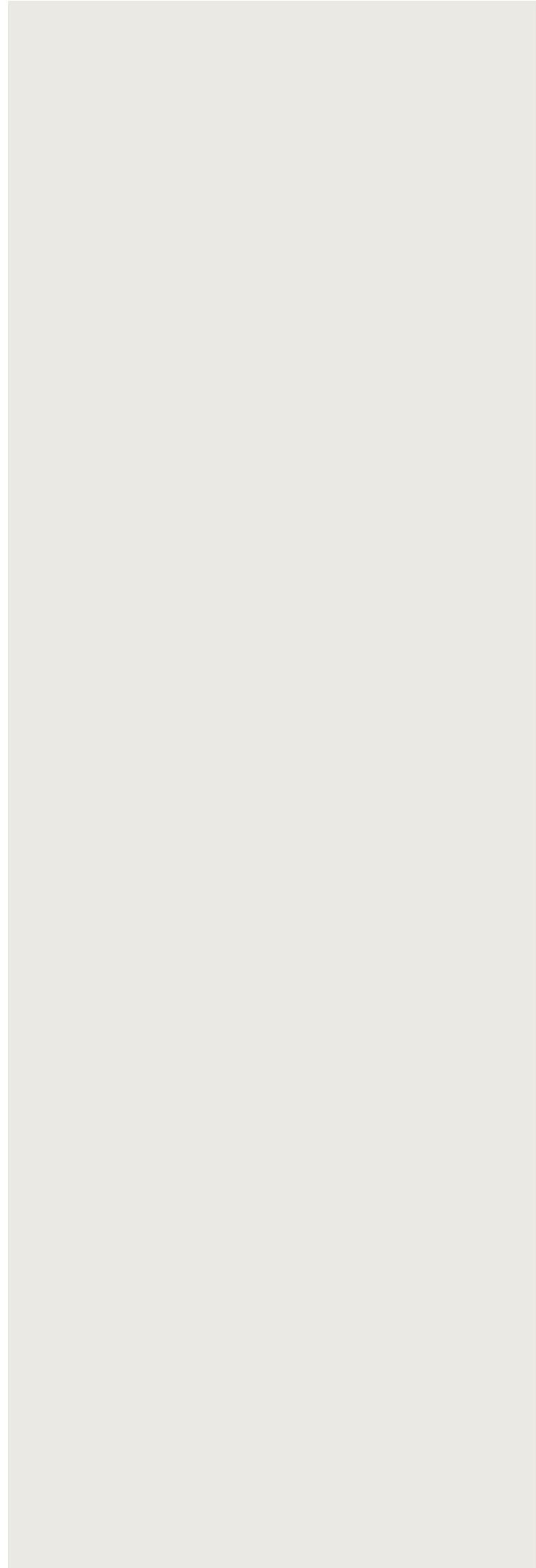
From Google to NASA, we are seeing the beginnings of work in this space.

“Building IT Capabilities to Deliver Better Insights” – Bain

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

Sadly, close to 60% of organizations lack the capabilities to generate meaningful business insights from their data. We have unclear data ownership, old processes and legacy as key barriers to making real progress.

This will require a progressive and gradual approach to build capability.



“Three Paths to Advantage with Digital Supply Chains” – BCG

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

This is a helpful article by BCG, nominating KPI's for supply chain performance and business impacts, and providing a wide range of mini-case examples where digital enablement of supply chains has provided competitive advantage.

There is some useful guidance on how to start the thinking process about how and where to apply digital capabilities, but stops well short of a how-to guide.

This is a useful refresher for supply chain professionals and internal consultants looking to craft business cases, set performance improvement goals and gather useful background.

“Accenture Core Banking Services” – Accenture

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

Accenture provides the results of financial modeling to indicate the various levers for banks to achieve a 15% ROI target, and then a shopping list of initiatives – cost, product, customer experience – required to get there.

The article observes the constraints with many current core banking systems in achieving these goals, and provides some framing of the issues and risks with mounting a change and replacement process.

This is a nice review of the thinking around why and when core systems replacement should be tackled. However, in prescribing the potential future - including the promise of automation/industrialization benefits, the article fails to embrace business model options being leveraged by ever-more-important disrupters, and how traditional banks might examine these business model attributes as part of their new business architecture. As a result the risks of core replacement appear undercooked, and the promise of a clean sheet approach appear under-examined.

A recommended read to access the current state of thinking if executives and internal consultants are in a 1-2 year frame of mind.

“Enabling Banking Shared Services Through Captive or Business Process Outsourcing” – Accenture

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

It would be nice if this Accenture article explicitly linked to the previous article reviewed above – shared services and outsourcing are potential elements of the new banking architecture and this article promotes the case for both.

While reviewing the case for contestable outsourced shared services, this article does little to enlighten internal consultants about risk factors, performance history and key success factors such as local scale.

Again a nice shopping list of considerations that may be a useful refresher.

Reviews of the World's Leading Financial Services Industry Insights

The Insights Review

Financial Services Edition

SPECIAL FEATURE

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ICG



The Best Insights from the Past 12 Months

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.

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.

“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.

SEPTEMBER 2015

“Global Financial Markets Liquidity Study” – PwC[View PDF \(156 Pages\)](#)

Water 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 \(9 Pages\)](#)

Like 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.

JULY 2015

“Fixing the Insurance Industry: How Big Data can Transform Customer Satisfaction”
– Capgemini

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

A short read but well researched, evidenced, and exemplified by Capgemini, making it a very insightful piece for both executives and internal consultants.

The article presents a wide-view on the need for constraints of current business models and data use supported by good industry-wide examples.

The references list is impressive and makes for a must-read article if only because “globally, less than a third of customers are satisfied with the services of their insurance providers” is explored from all directions.

A real contender for Article of the Month given its different perspective grounding and developing a well-covered theme.

JUNE 2015

“Evidence-based HR: The Bridge Between Your People & Delivering Business Strategy” – KPMG

View PDF (32 Pages)

Compelling insight based on academic input, a large global C-suite survey, and some fascinating work from KPMG’s Global HR Centre for excellence.

Drawing from the slow adoption of evidence in the medical field, KPMG explains some of the factors which may have hindered its evolution (HR data science capabilities low, insufficient resources, or poor expected return), but with some inspiring case studies (see the one from McDonalds on Page 21). The result is that the reader is left in no doubt that evidenced-based HR is coming to your organization soon.

Highly recommended for all internal consultants and leaders.

MAY 2015

“Global Corporate Banking 2015. The Look of a Winner” – BCG

View PDF (26 Pages)

This is an excellent article by BCG and a must read for corporate and business banking executives and their internal consultants.

It sets out five waves of disruptive megatrends that are swamping these profit engines for the banks that own them.

The article goes on to make the case for eight – not new – actions that require urgent attention from those with the courage to chart a path to success.

On review of these actions readers are highly likely to acknowledge their veracity, so it is worth reflecting that the Corporate Banking sector has been retarded by its traditional business models, which are no longer as fit for purpose as they once were.

If you found this article of relevance to your challenges and seek more in-depth insight, ICG has published a Knowledge Area Review (KAR) on this topic: Innovation in the Business Banking Value Proposition. The brochure can be found [here](#).

APRIL 2015

“Peer Pressure: How Peer-to-Peer Lending Platforms are Transforming the Consumer Lending Industry” – PwC

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

An excellent overview of a rapidly emerging finance category predicts that the P2P lending market could grow from \$5 billion to \$150 billion in the US alone within the next 10 years, as it matures and expands into mortgage, business, and other asset classes.

The article includes a useful overview of the P2P lending ecosystem, including the role of the various platform participants, the loan origination process flow, and the customer experience.

PwC offers two alternative paths by which banks may respond to the P2P challenge: either through collaboration (as an investor or white label partner) or through competing directly.

This is an important subject handled with balance and insight, and will be of interest to both banking executives and consultants looking for up-to-date perspectives across what may become a key disruptive force across consumer lending.

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

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

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ICG has built an open architecture consulting and project services platform with 5 key planks:

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- **Products or methods:** The world's most powerful consulting products and methodologies accessible through a globally curated platform that ensures the right level of implementation support and accreditation to ensure success
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- **Training:** The world's leading training platform to upgrade your team's capabilities to the levels associated with the leading external brands
- **Unbundled Services:** Production, research, project support, event support and more to glue the above four planks together seamlessly with your team.

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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.

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

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Our Insurance Broker is Marsh – they have developed market-leading insurance solutions for our affiliates and secure ICG's access to Professional Indemnity Cover and Public Liability Cover at levels required by our clients.

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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.

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The .
Insights
Review
Financial Services Edition

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