

April 2015

The . Insights Review

Financial Services Edition

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ICG



Featuring:

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

Corporate Finance / M&A
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Human Capital
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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

We would like to thank those of you who have shared your feedback on *TIR* – the vast majority of you have told us it is one of your very favourite reads per month. You love learning what is important in an efficient way, and the *TIR* is the best way to do just that. You also love the breadth of topics as you look to round out your management knowledge and skills, and a number of you reflected on the pithy, sometimes pointed, way we write the reviews – so thank you again.

The good news is that the word is spreading. Many of you have been forwarding sample *TIRs* to colleagues and individual and team subscriptions have increased markedly over the past year. Also as ICG's affiliate base has grown around the world, the number of clients receiving complimentary copies from their local ICG affiliates has also increased.

April is another great month for readers of ICG's *The Insights Review* and good to see Marakon publishing again. This month, my pick of the bunch includes:

- Accenture – *“IT Cost Reduction: Using New Technologies to Reduce Cost & Gain Agility”*;
- Bain – *“Further, Faster: Mastering Digital Reinvention in Retail Banking”*;
- BCG – *“Global Corporate Banking 2015. The Look of a Winner (Article of the Month)”*;
- Capgemini – *“Enterprise Fraud Management: How Banks Need to Adapt”*;
- Deloitte – *“Global Human Capital Trends 2015”*;

- EY – “The Future of Distribution. Perspectives on the Life, Pensions & Investments Market in the UK”;
- KPMG – “Gearing Up for Green Bonds”;
- KPMG – “Evolving Banking Regulation – Part One: From Design to Implementation”;
- Marakon – “The Digital Wealth Management Imperative”;
- McKinsey – “Perspectives on the Long Term”;
- Promontory – “Sightlines Quarterly: Digital Enterprise Risk Management: Winter 2015”.

We trust you will enjoy this month’s edition and welcome any feedback you may have at: david.moloney@internalconsulting.com.

David Moloney

Global Editor

GENERAL STRATEGIC INTEREST

“The Future of Fintech & Banking: Digitally Disrupted or Reimagined?” – Accenture

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

Essentially a 12 page brochure to encourage banks and other financial services firms to get involved with the Fintech Innovation Labs that Accenture runs in New York, London and Hong Kong. For anyone not familiar with Fintech, the beginning pages provide a good high level overview and quantification of this global and rapidly expanding ecosystem. Those who have been following or participating in the rise of Fintech can skip to page 8 “Act Open” where they may find the specific examples of banks making use of ecosystems for open innovation to be interesting and new. Pages 9 and 10 provide two more generic advice/response themes of “Collaborate” and “Invest”, but these would be more interesting if they included more details on specific recent examples.

“Competition at the Digital Edge: ‘Hyperscale’ Businesses” – McKinsey

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

Notable for its quotable quotes: “The GE engines on a Boeing 787 generate a terabyte of information a day” – not quite the typical on-off air-conditioning switch used when describing the impact of the internet of things

The insight is in fact the mother of all scare articles. Just when you thought you might be comfortable with digitisation of your enterprise, this article highlights in an entertaining way the new fear factor that comes from those companies that are at a scale that beggar’s belief. It might also inspire the ambitious to think how they can leap frog their enterprise to a similar scale.

“Perspectives on the Long Term” – McKinsey

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

Wonderfully reflective material for aspiring and current c-suites and their boards in a neat easy to digest set of page length essays.

The two must read insights are the first and last: Nitin Nohria takes a very insightful systems dynamics approach to the problem of short termism and Charles Tiley who exposes us to the benefits of Integrated Reporting.

For once, we forgive McKinsey for looking like a department store's ground floor - borrowing other people's brands (not something ICG would do! Ed.).

“Further, Faster: Mastering Digital Reinvention in Retail Banking” – Bain

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

How does a bank with entrenched processes, cultures and hierarchical structures achieve the agility required to undertake digital reinvention? This is a timely and well-written article, which will be of keen interest to digital banking executives.

Bain’s article explores the various approaches that successful banks have taken to meet this challenge, including managing change internally, establishing “skunk works” innovation labs, and launching venture arms. Some banks have established open platform architecture enabling external developers to directly engage and develop new digital ideas. Each model has its own strengths and weaknesses – and clearly banks should choose a model that best matches its objectives and capabilities.

Bain suggests that banking executives should be prepared to increasingly think like venture capitalists, and be prepared to make a number of small bets and establish a viable portfolio of digital options, some of which be nurtured to success while others will not achieve traction and be written off – an intriguing approach which runs contrary to the ROI-focused decision frameworks of most bank investment committees.

“Precious Plastic 2015: How Britons Fell Back in Love with Borrowing” – PwC

[View PDF \(46 Pages\)](#)

Cards and payments enthusiasts will be gratified to see that credit card lending has rebounded strongly in the UK, with card balances and issuer profitability returning to strong growth after several years of stagnancy.

Amidst this brightened outlook, PWC undertakes to identify a number of factors which may place renewed pressure on margins, and then identifies actions that issuers can take to bolster their revenues, largely through diversification of revenue away from interest spread.

The first of these is UK-specific and, based on the anomalous prevalence of fee-free cards in the UK market. The introduction of annual fees would clearly benefit all issuers, yet remains a challenge due to competitive pressures and the significant first mover disadvantage. The other measures suggested are more internationally applicable, and include monetizing the considerable customer data held by issuers, and developing stronger mobile and digital propositions.

“The Bionic Bank” – BCG

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

We suspect BCG’s new catchphrase “the bionic bank” describing an organisation that blends digital functionality with human interaction will not become part of the management vernacular. Forced metaphors aside, this article does a decent job of setting out the key factors of success and the target operating model for banks that are seeking to adapt to the digital age while retaining a human touch.

BCG’s “bionic” framework is presented on page 4 and comprises six key areas of focus, commencing with a clearly articulated vision as the critical starting point in the journey. A future-proof distribution model, and customer-centricity feature most prominently as the key central planks in the proposition, with organizational vitality and financial and risk control as the necessary supporting acts. Transformation of each of these components will be necessary, and of course they are largely inter-dependent.

This is not a light article, and won’t reward a superficial skim, however those willing to read in-full will be left with a useful lens to view the necessary adaptations banks will need to continue to make in order to succeed in a rapidly changing banking landscape.

“Getting Real About Branch Transformation: How to Reinvigorate Branch Strategy” – Deloitte

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

Deloitte’s article sets out several foundational steps that retail banks can take to reinvigorate branch performance, as they contemplate broader branch transformation strategies. This is an interesting approach that will resonate with channel executives who are looking to achieve incremental improvements which also pave the way for a broader transformation agenda.

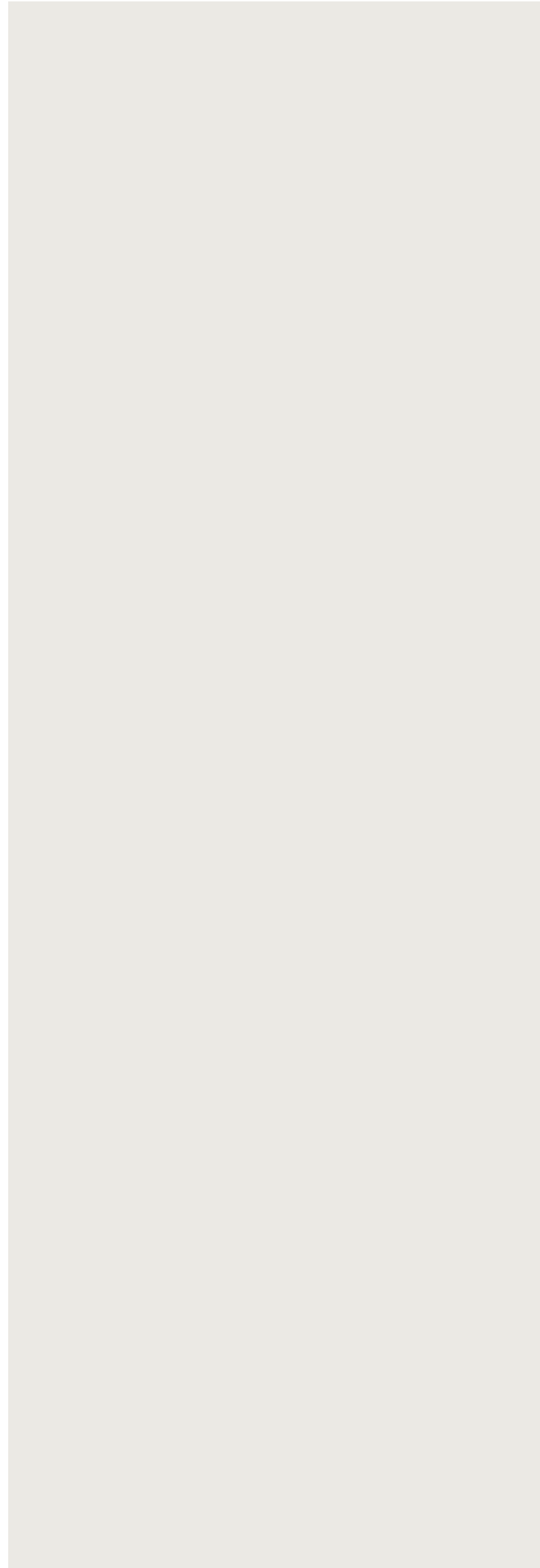
The examples provided are a mixed bunch. The most useful and relevant are those that are intuitive and readily actionable (incremental modifications to branch design, staff empowerment) rather than the more conceptual suggestions which require a broader organisation approach (e.g. develop an enterprise-view of customer).

“Driving Revenue Growth in Retail Banking” – McKinsey

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

Retail banking strategists will enjoy this concise and insight-rich article, in which McKinsey suggests that the time is ripe for retail banks to return to a growth agenda after a prolonged period of focus on cost control and regulatory compliance.

While the macro-environment remains challenging, pockets of revenue growth are available to retail banks that can deploy digital technology, data and analytical insights in order to deliver better products and customer experiences. A number of bite-sized examples are suggested, each focused on using enhanced data management to identify and capture top-line growth opportunities.



“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](#).

Article of the Month

“The Digital Wealth Management Imperative” – Marakon

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

A short but useful scan of the emerging players with disruptive business models in the Wealth Management industry.

The article starts by highlighting how Charles Schwab’s introduction of low-cost trading in the 1970s has transformed the brokerage industry and asks whether a similar turning point exists for wealth management firms.

Some interesting commentary on the disruptors and their growth strategies with Exhibit 1 providing examples of different business models and offerings, whilst Exhibit 2 presents data on customer numbers, assets and growth rates, to chart the growth trajectory of some of the more prominent start-ups.

The article then rounds out the review by noting the selective (but slow) adoption of digital technologies and new business models by some incumbents, with a wait-and-see approach seemingly prevalent.

Traditional wealth management players heeding the wake-up call might like to check off the article’s list of recommended actions in response to the disrupters, and certainly look out for future articles promised on the underlying economic rationale and sustainability of the disruptive models.

“The Future of Distribution. Perspectives on the Life, Pensions & Investments Market in the UK” – EY

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

A description about a small but emerging counter-intuitive “back-to-the-future” trend to vertical integration of the manufacturing and advisory components of the wealth industry value chain in the UK. The authors describe how the combination of technology, regulation, and competition is taking value out of the value chain and returning it to clients, forcing manufacturers to secure the client-facing position in the value chain to ensure long-term sales.

The business case for this trend is apparent and clearly described. The obstacles are also well understood and articulated. Only time will tell whether the forces supporting a return to vertical integration are strong enough to overcome the considerable barriers that drove the fragmentation in the first place.

The article is an interesting read for industry strategists, and will help to position the vertical integration strategy alongside the other emerging models that manufacturers are adopting to ensure their long-term success.

“Alternative Investments. It’s Time to Pay Attention” – Strategy&

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

A high-level view of the dramatic growth in the Alternative Investments global market, together with some advice on the operational and technology challenges to taking advantage of the attractive growth prospects.

Presents a broad-brush analysis of the global market, including data by investment type and investor. Significant projected growth in investment in this asset class by the mass affluent investor segment stands out as one of the more interesting observations.

Points to the inherent operational complexity in dealing with alternative investments and integrating this asset class with other traditional assets classes in investment management ‘back office’ environment.

Asset Management professionals might benefit from skimming this article, but are unlikely to find much they don’t already know.

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INSURANCE

“The Making of a Digital Insurer. The Path to Enhanced Profitability, Lower Costs & Stronger” – McKinsey[View PDF \(24 Pages\)](#)

The fundamental question that McKinsey asks in this paper is this: should an insurer merely invest in digital capabilities or become a “digital insurer”? The paper then goes on to support the hypothesis that the latter is a better path to achieving superior performance through some brief case studies. It calls for a fundamental rethink of digital application across six key dimensions (summary on page 5) – strategy, customer centricity, business processes, organisation, technology and data analytics. There are good practical examples across each dimension.

The paper concludes with a typical consultant proposition of a “Five Step Approach” to achieving digital excellence including a heat map approach (page 15) to show opportunities in each element of the value chain. McKinsey also dangles a proprietary tool called DQ (Digital Quotient) to assess digital maturity of an organisation.

Overall, there is nothing new in terms of revolutionary ideas but there is a useful framework that can be used to assess digital maturity and an approach to embarking on a digital transformation journey. An executive summary at the start would have helped the reader.

“Accenture Technology Vision for Insurance 2015 – Digital Insurance Era: Stretch Your Boundaries” – Accenture[View PDF \(3 Pages\)](#)

In contrast to the McKinsey paper, Accenture tackles the same subject (digital insurance) by showcasing the breadth of its expertise in digital technology. The underlying themes all support the fact that insurers are moving from a “me” economy to a “we” economy (collaboration beyond traditional boundaries).

There is voluminous information of technology trends grouped into five areas:

Internet, digital devices (e.g. drones) platform revolution (new business models), intelligent enterprise (big data and analytics) and workforce reimaged (collaboration at the intersection of humans and machines). Some revolutionary trends that have been seen in other industries have also been mapped to the insurance industry as potential areas for disruption.

There is a recommended action plan for each trend – a 100 day and 1 year plan with a “to do” list; if an insurance industry were to put this into practice simultaneously, expect disruption of business as usual! That said, there is a very detailed list of technological advances and it may be worthwhile for insurers to choose those that are applicable to their operation and business model for more detailed scrutiny.

“Trends Driving the Insurance M&A Landscape in 2015” – KPMG

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

This paper is a mish-mash of trends in the insurance industry that are in KPMG’s opinion, expected to sustain M&A transaction activity in 2015 at the same level as the previous year.

The trends have been grouped into four categories: growth markets, impact of regulation, focus & efficiency and consolidation. The perspective is mixed with some geography specific aspects (India, China, Africa, and Russia) with other business related aspects (not necessarily insurance specific but rationale for any general M&A activity).

Key takeaways are that increases in foreign ownership limits (India, China), gradual disappearance of legal constraints (Solvency II in the UK), potential acquisition of complementary capability (for example, specialised analytics) are all going to contribute to a high level of deal activity in 2015. There is also a (very basic) checklist of the “get rights” in M&A transactions to promote KPMG’s expertise in this area.

“The Art of Performance Management” – BCG

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

The first section of this insight reminds us of a disinfectant advertisement – is your MIS a hodgepodge, are your executives struggling to compare apples to apples,... the CFO is responsible for strategy and performance and can make the decision to hire BCG to rid the enterprise of the nasties that get in the way of accurate decisioning.

What follows is a simple, yet comprehensive and naturally compelling set of functional requirements for the MIS overhaul. Nothing new here and your internal consulting team should be able to compile them in their sleep – if they can't, suggest they get a little bit of support from ICG rather than spending a lot of money on BCG which would kill the good germs as well as the bad ones.

“The Real Business of Business” – McKinsey

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

This is an interesting article in a theoretical sense. The authors discuss further the lack of correlation between the short term EPS focus of markets and what really produces long term value for shareholders in the first instance and broader stakeholder groups overall.

While this is far from the first article on this topic - and it continues to add to the well informed argument, we see little in the way of real change.

“2015 Insurance M&A Outlook. Continuing Acceleration” – Deloitte

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

This US centric insight points to a set of macro-economic and industry specific factors that will assist or hinder Insurance industry M&A in the US, with the weight being towards assist. However, with the US in a materially different stage of many economic cycles and a fair level of attention to US centric regulation, much of the documents focus might not apply globally or to your region. Useful if you are thinking about buying a US insurance company, but at current multiples and with interest rates current and potential effect on market prices, it will be an interesting year for prices.

“Asset Management: M&A Insights” – PWC

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

Another US centric industry insight document, but for the Asset Management industry. Our comments are specific application remain relevant here.

A reasonable list of views on what will drive 2015 activity, however; while they remain hopeful for increased activity this year as any adviser would, there are headwinds.

“Gearing Up for Green Bonds” – KPMG

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

This article does come across as a bit of advert, That said, with global acceptance of green bonds increasing and a world that appears to be more aware of its environmental responsibilities it is a very useful entry level introduction document for any company interested in issuing debt capital and having the ability to consider a “green” issue.

“Evolving Banking Regulation – Part One: From Design to Implementation” – KPMG

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

An excellent overview of current and emerging banking regulatory landscape, although very much focused on the European market.

The article lays out the roadmap of various regulatory changes on pages 6 and 7, and highlights key regulatory hot spots by region on page 9.

This is an excellent priming article for any internal consultant working in banking, looking to get versed and up to speed with various regulatory developments.

The article lays out the drivers of change for key regulatory developments, including macro-prudential regulation, risk-weighted assets (RWAs), comprehensive assessment tests, supervision, and TLAC and MREL.

The article also highlights the impact of the regulatory changes on capital requirements, governance and supervision, as well as flow on impacts to costs management, pricing, data, technology and systems.

“Ten Key Points from the 2015 Comprehensive Capital Analysis & Review (“CCAR”)” – PwC

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

A solid summary of key insights from the latest FRB’s Comprehensive Capital Analysis and Review (CCAR) in the US.

Given the article is only 2 pages, it is a good read for anyone who wants to get a sense of where CCARs are at, and likely implications to capital requirement modelling and risk identification frameworks.

This article should be read in conjunction with its sister article on DFAST, which provides a key input into the CCAR.

“Ten Key Points From the Federal Reserve’s 2015 Dodd-Frank Act Stress Test (DFAST)” – PwC

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

A solid summary of key insights from the latest FRB’s Dodd-Frank Act Stress Test (DFAST) in the US.

Given the article is only 2 pages, it is a good read for anyone who wants to get a sense of where DFAST tests are at in the US, and should be read prior to its sister article on CCAR.

“How to Lead in Ambiguous Times” – Strategy&

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

An easy to read essay that helps the reader better understand effective leadership in a changing business environment of growing global geopolitical risks. The reader will find the article useful in providing a few key tips in managing such risk when considering doing business in China (for example) or entering a new market for the first time. Leaders often rush and don't do their homework here. Worth reading.

“Changing the Nature of Board Engagement” – McKinsey

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

A summary version of a Feb 2015 HBR blog on board engagement. Simply put McKinsey leveraging a previously published article. A quick summary focused on how to improve board engagement and where directors should focus their attention. It provided a few useful ideas on directors being engaged between board meetings and kept informed between regularly scheduled board meetings.

Some ideas may work for small boards but would be challenging for large boards of listed multinationals to implement. This article provides a high level perspectives only and ideas may not work for all boards. Reader should bear this in mind when reading article. Caveat Emptor.

HUMAN CAPITAL

“Global Human Capital Trends 2015” – Deloitte

[View PDF \(112 Pages\)](#)

As always, some heavy reading from Deloitte with their annual roundup of what is hot in the world of Human Capital and therefore, by definition, a ‘must-skim’ for serious HC executives and practitioners.

As expected, perennial topics such as leadership, L&D and culture & engagement feature with slight tweaks to the thinking and some new examples added for good measure. On the other hand, some relatively newer topics such as people data/analytics, machines as talent and ‘workforce on demand’ receive equal treatment and are worth an in-depth look.

For fans of the ICG model, the latter bodes particularly well as more and more companies realize the power (and value) that can be harnessed by using contingent & specialised workforces. Some useful tips from Deloitte on how to think about this; equally, feel free to contact an ICG Practice Leader for the latest practical insights on this key topic.

“Acquiring the Capabilities You Need to Go Digital” – McKinsey

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

A helpful piece from McKinsey for companies about to embark on a Digitisation pathway.

The article starts with a useful discussion on how sourcing digital capabilities is different from how traditional IT resources may have been sourced in the past and is likely to come from external sources (refer in particular to the excellent sidebar on page 4, ‘Picking the Right Digital Vendor’ which includes insights on contract design). The authors also look at some best practices and then take an internal view, helping companies understand where they might sit on the readiness spectrum.

All in all, a thought-provoking piece for executives or internal consultants about to make key digital decisions.

“Do Your Training Efforts Drive Performance?” – McKinsey

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

Possibly one of the shortest pieces McKinsey has ever produced, this article (quickly) builds upon last year’s notion that capability gaps need to be addressed through more effective training programs with this year’s insight that their impact needs to be measurable.

The key recommendation here is co-ownership, with HR guiding the ‘how’ and the business developing the ‘what’, coming together to build integrated programs that hit the mark. A few high level examples are given to illustrate the point and bolster this central idea.

ICG’s own experience in developing high impact training programs at many listed companies would echo this sentiment of taking the best from both worlds. HR practitioners with an ‘internal consulting’ mindset would do well to pro-actively take ideas to the business on how these types of courses could be structured.

“Stop Wasting Your Employees’ Time” – Strategy&

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

A short, thought-provoking piece from the Strategy& folks that attempts through the noise around smartphones leading to work-life imbalance as employees are constantly expected to be ‘on’. The author argues that the real issue is wasted employee time, stemming from overloading employees, poor decision making mechanisms and other ills.

Unfortunately, the article is light on concrete examples of what can be done differently. For instance, ‘tracking time as an expense’ is nice in theory but without a concrete roadmap to implement (aside from time-sheets or ABC methods one can only presume) the reader is left wanting more.

“Women in the Muslim World Taking the Fast Track to Change” – McKinsey

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

This short opinion piece forecasts the dramatic rise of women’s participation in the workforce across the MENA (Middle East and North Africa) region over the next 15 years.

Clearly, women’s voracious appetite for education is a major contributor to accelerating changes.

There are many other cultural, social and economic factors that are worth exploring. There are also consequences of the changing status of women that will provide enormous opportunities and challenges for businesses and innovation.

For example, as participation increases, the challenge will be moving women into senior leadership roles and positions. While a small percentage of women in the Middle East are CEOs of major corporations and extremely entrepreneurial, many women still struggle to succeed.

The great possibility lies in building on existing role models in both MENA countries and outside.

“Global Leadership and Talent Index. The Smart Way to Improve Capabilities & Create Value” – BCG

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

The Global Leadership and Talent Index (GLTI) is a precise, compact benchmarking tool that companies can use to see how they stack up globally.

How refreshing to find a straightforward 20 item measurement tool that offers research based diagnostic capability.

Companies that embrace this methodology are rewarded with a way to quantify their leadership and talent management capabilities.

The tool shows a company where it stands as well as outlines the steps to create an improvement plan with an agenda for becoming best in class.

Even more powerful is that the index prioritizes capabilities that matter most in relation to both revenue and profits. For example, the index shows which items relate most strongly to revenues and which relate most strongly to profits.

Take the guesswork out of your strategy and start using the GLTI today. Compare your company and get on board with global learning.

FINANCE & RISK

“Managing the People Side of Risk: Risk Culture Transformation” – McKinsey

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

This insight exposes McKinsey as still playing catch up in an important area of risk management. A text only insight filled with black and white anecdotal case studies and some general levers is not the best use of time by internal consulting teams or executives tasked with improving risk.

“Sightlines Quarterly: Digital Enterprise Risk Management: Winter 2015” – Promontory

[View PDF \(38 Pages\)](#)

A collection of insights from Promontory globally. Most focused on a specific jurisdiction so lower return for most readers. The exception is perhaps the last article which outlines two key focus areas for the UK's FCA which has morphed into a competition regulator that actively seeks to use competition to churn customers to lower cost or higher return products and secondly to the active use of behavioural economics tools to assess whether product distributors are using choice architectures and other levers in a way that is deemed appropriate.

“Delivering the Next-gen Customer Experience: How to Select the Right CRM” – PwC

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

This article reviews the importance and approach for financial institutions in selecting an appropriate Customer Relationship Management (CRM) solution. It is a particularly useful article for organizations with outdated IT-centric CRM systems as it recommends a clear three-pronged approach to CRM selection, allowing organizations to satisfy both technical and end-user needs in becoming truly customer-centric.

In the last five to ten years, shifting technologies together with rising customer expectations have led many financial institutions to adopt a fresh approach at implementing CRM platforms and next-gen technologies that support greater agility, synergies among business units and customer experience.

As the financial services industry becomes increasingly customer-focused, this article provides valuable insights into CRM selection by considering user and customer perspectives through clear headlines, info-graphics and relevant statistics.

TECHNOLOGY

“Digital Disruption: UK Banking Report” – Accenture

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

Does your Bank have Hard Wired Complexity? For most of us the answer is a resounding – Yes. The pressure for Digitisation comes from expectations around Cost Reduction, Customer Service and driving Revenue. This is a comprehensive report with a few insightful case studies quoted.

“The Digital Imperative” – BCG

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

The advice here is that using your old ‘hammer’ to make a digital change is just not going to cut it. An ‘agile’ approach is mandatory and getting to the heart of the company culture can make this sustainable.

To digitize your core business and not just deal with the peripherals, the Schneider Electric example of 145 call centres being consolidated to 45, really illustrates that this is a big step change, but these is always more to do.

“Agility is Within Reach” – Strategy&

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

In your struggle to be more agile, are you just ‘faux’ agility?

Your company has to both embrace Strategic Responsiveness and Organizational Flexibility. It’s likely that otherwise you have ‘faux’ agility, and can focus on a few strategic initiatives.

In essence, it is not sustainable....

To achieve an agile organization means we can detect new opportunities and shift into execution rapidly.

“IT Cost Reduction: Using New Technologies to Reduce Cost & Gain Agility” – Accenture

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

A good read with a decent model, one of the better articles that we’ve read on this subject. Accenture talk to 4 waves of IT Cost Reduction.

These don’t have to be tackled serially and is a great framework for any CIO looking to help them think through this challenge.

“Taking Shared-service Operations to the Next Level” **– BCG**

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

Perhaps one of the more disappointing articles from this think tank, the basic premise is most Shared Services Organisations under perform. According to BCG’s survey of 100 organisations, five critical areas for improvement were identified. The list would be familiar to anyone who has established an SSO, or negotiated an outsourcing contract. And that’s the big issue with this article ... while recommending increased focus on things like governance and service agreements, it fails to identify the structural issues of internal SSO’s vs. an external provider – inherent governance and motivation based on risk and reward, focus based on core mission, service levels based on commercial survival. The article holds some value to social engineers and as a check list for procurement departments and internal consultants looking for structural solutions to internal service issues.

“Enterprise Fraud Management: How Banks Need to Adapt” **– Capgemini**

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

In this article on battling digital fraud, CG outlines the case for increased attention, citing growing incidence and costs of fraud – both financial and reputational – as well as increasing complexities – channels, products, regulation, employees and their devices, geographic spread of operations.

The five trends actually boil down to three – centralized fraud operations, improved use of big data analytics integrated into real-time transactions, and next generation authentication – particularly linked to mobile access.

The article is accompanied by a helpful graphic that provides a framework and roadmap of the issues and general solutions. The article also provides some helpful examples of analytic techniques.

Companies are losing up to 5% of revenue in fraud, especially banking, financial services and manufacturing (also government) are the worst affected.

The article will be helpful for internal management consultants and general managers wondering about budget allocations to a new set of IT technologies and personnel in the fraud management arena.

STRATEGIC ANALYTICS

“Power to the New People Analytics” – McKinsey

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

I'd never be thinking about HR Analytics as being at the cutting edge, this I've had to re-evaluate after reading this article. HR is now starting to use Advanced HR Analytics for Talent management. That is instead of the traditional approach of 'personal relationships or decision making based on experience'.

And there are hard benefits, how does \$100m sound? A McKinsey client discovered that highly variable compensation levels were disturbing employees and driving high attrition.

Data analytics were able to address increased engagement and productivity of its employees!

Reviews of the World's Leading Financial Services Industry Insights

The Insights Review

Financial Services Edition

SPECIAL FEATURE

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The Best Insights from the Past 12 Months

“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.

“A 2015 Regulatory Challenge for Banks” – EY

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

There is a lot to like in this short and pithy article from a global brains trust at EY. It is designed for executives, it gets to the point quickly, it outlines what the key issues are (resolution, capital, and liquidity) and then sets out a CEO- and board-level response agenda with good and well-articulated initiatives. For those looking for a role model insight, this is it.

“Are Banks Prepared for a New Turning Point in the Retail Banking Landscape?” ***– Roland Berger***

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

A helpful insight that provides further evidence of Roland Berger’s continued ascendancy in the global consulting industry. This short article really makes two points: firstly, Roland Berger put a stake in the ground that the turning point is now here; and secondly, it introduces a checklist of strategic consideration presented in a very compelling and neat wheel framework (which already needs some refinement). However, for most internal consulting teams and executives in retail banking, this article provides a helpful reminder with more zeal and panache than the traditional PEST and 5 Forces frameworks.

“Consumerized Employee Experiences Can Boost Workforce Productivity” ***– Accenture***

[View PDF \(17 Pages\)](#)

A fascinating article that explores the simple idea of treating employees in the same way they are treated as consumers by global best-in-class companies. Put another way, Accenture argues for an ‘employee needs-based’ approach to managing shared services, rather than the typical functional silos that characterise most organizations we are familiar with.

From identifying ‘moments that matter’ and leveraging data and analytics through to providing cross-trained ‘enhanced advisors’ to ‘delight employees’, the authors provide several ideas and examples on how to more efficiently and effectively address common employee needs (such as travelling for business, requiring a new computer, or even taking approved time off) using principles of customer-centricity.

Excellent piece with some real thought-provoking case studies – a must read for any forward-thinking human capital practitioner.

OCTOBER 2014

“Evolution & Revolution: How Insurers Stay Relevant in a Digital Future” – BCG

[View PDF \(130 Pages\)](#)

A very substantial Blue Paper collaboration piece based on global analysis by the two firms’ insurance and IT practices, including 56 senior executive interviews across 12 countries. The main text (running to 30-plus pages) is supported by a formidable deep dive of a further 90 pages of excellent material. The executive summary provides a very good quick read to set the scene for the main text and the subsequent deep dive text.

A huge resource featuring excellent case studies, scenarios, and IT vendor profiles all linked in a cohesive way – a must-read for all senior executives involved in future-proofing their organizations.

SEPTEMBER 2014

“Kill Your Performance Ratings” – Strategy&

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

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

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

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

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

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

AUGUST 2014

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

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

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

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

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

Excellent work.

JULY 2014

“Accelerating the Digitization of Business Processes” – McKinsey

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

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

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

JUNE 2014

“Creating Value through Enterprise Risk Management” – *Milliman*

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

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

MAY 2014

“Leveraging Social Media Across the Insurance Lifecycle” – *Capgemini*

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

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

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

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

APRIL 2014

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

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

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

MARCH - FEBRUARY 2014

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

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

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

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

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David Moloney
ICG Practice Leader Financial Services

EDITOR

Andrew Wilson

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Andrew Boyes-Varley
ICG Practice Leader Strategy

Barry Johnston
ICG Practice Leader Wealth Management
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Chris Brideson
ICG Practice Leader Wealth Management
& Superannuation

Catherine Norton
ICG Subject Matter Expert

Damian Kernahan
ICG Practice Leader Customer Experience

David Gee
ICG Practice Leader Strategic IT

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ICG Practice Leader Corporate Governance

Jacek Noga
ICG Subject Matter Expert

John Morgan
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- Reviews of all published articles by the leading consulting firms – our ICG Insights Review.

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

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Internal Consulting Group Pty Ltd

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