

February 2015

The . Insights Review

Financial Services Edition

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I C G



Featuring:

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

Strategy & Transformation
Corporate Finance / M&A
Regulation & Compliance
Corporate Governance
Human Capital
Leadership & Exec. Development

Women at Work
Finance & Risk
Marketing & Customer Experience
Technology
Operations & Change
Strategic Analytics

Contents

Financial Services: Industry Economic Context

General Strategic Interest ▶.....	5
-----------------------------------	---

Financial Services: Industry Categories

Retail & Business Banking ▶.....	6
Payments ▶.....	7
Corporate & Institutional Banking ▶.....	8
Wealth & Asset Management ▶.....	9
Insurance ▶.....	11
Insurance P&C ▶.....	13

Financial Services: Functional Categories

Strategy & Transformation ▶.....	16
Corporate Finance / M&A ▶.....	17
Regulation & Compliance ▶.....	18
Corporate Governance ▶.....	19
Leadership & Executive Development ▶.....	20
Women at Work ▶.....	22
Finance & Risk ▶.....	23
Marketing & Customer Experience ▶.....	24
Technology ▶.....	25
Operations & Change ▶.....	26
Strategic Analytics ▶.....	27

Special Feature

<i>The Best Insights from the Past 12 Months</i> ▶.....	28
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Contributors

<i>The Insights Review Team</i> ▶.....	35
--	----

About ICG ▶

An Introduction to Internal Consulting Group ▶.....	37
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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

Welcome to the February issue of *The Insights Review*. With the year back in full swing, we had an excellent suite of valuable insights to review for our readers.

We are certain many articles will help internal consultants and their executive clients improve their internal efforts, and hope our editorial team's efforts can make you even more efficient as you get straight to the most critical points and insights from across the global consulting industry.

We would like to congratulate EY and their impressive brains trust for winning this February's '*Article of the Month*' with "A 2015 Regulatory Challenge for Banks".

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

“Managing Complexity: The State of the Financial Services Industry 2015” – Oliver Wyman

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

Oliver Wyman has given up analyzing the state of financial services, although not on the title of its annual report; instead, we are offered a consulting product platform push – this one suggesting an investment of at least \$10M to reduce the cost of complexity.

While the storytelling doesn't have the polish of its peers, there are some true-to-character empirical analyses worth adding to internal consultant tool kits – especially Exhibit 3, which shows the stark difference in productivity reform in the financial services industry, and Exhibit 8, which highlights the relatively high frequency and small scale of FS M&A activity compared to other industries.

Other charts reinforce well-known insights with 'shock value' analysis – such as product proliferation on Exhibit 9 – which might prove helpful to push home a business case.

Oliver Wyman acknowledge that reducing complexity is the first step and big part of the answer, but don't attempt to help with the prescription. Instead, they attack the cost of living with complexity with 5 levers which include self-knowledge (more EVA and RAROC from Oliver Wyman), advanced analytics (centralised pattern recognition and AI experts – an idea we haven't seen elsewhere for more than a decade), standardised IT platforms, delegated decision-making, and building a culture that aligns conduct to reduce operational risk (another source of complexity).

We suggest readers capture these charts and skim (at best) because the prose is repetitive, unnecessarily loquacious “big banks serve men, women, young, old customers...”, and weak in logic “banks become too big not to fail when transaction economics favour external suppliers rather than internal”.

“Global Banking Outlook 2015: Transforming Banking for the Next Generation” – EY

[View PDF \(40 Pages\)](#)

We like to witness new buzzwords and catchphrases, and this report has one: “a new mediocre era in banking”.

The report starts in a promising fashion – left two-thirds of the exhibit on page 3 is a powerfully simple way to convey the need for transformation around four major pivot points.

However, lack of alignment to a segment of banks spoils the story as the ensuing laundry lists under each pivot point will come across as a mixed bag for any reader. Some are old chestnuts – like accessing emerging markets (witness CBA in Africa) – but some also offer fresher thinking such as burgeoning private public infrastructure projects.

“A New Digital IT Blueprint for the Everyday Bank” – Accenture

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

Accenture describes the key pathways under which banks may enhance their IT footprint so as to better engage their customers. This is a topic of critical relevance to banking executives and consultants as financial institutions contemplate the journey ahead. The article is written for non-specialists, and takes care to demystify and explain a number of concepts and terms that relate to the financial services IT ecosystem. Offering a larger-than-usual quotient of visual frameworks to support the text, the cornerstone is Accenture’s digital IT blueprint model, a purpose-built framework which outlines the critical elements of a digital banking model, including both front-end and back-end components, enabler functions and a number of governance elements.

“2015 Retail Banking Trends” – Deloitte

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

With a specific focus on the US, Deloitte’s outlook describes an industry that is entering a new phase in its recovery journey. Having restored capital levels and remediated compliance issues, banks are now sharply focused on boosting profitability through both revenue growth and cost reduction. The report identifies seven focus areas for the year ahead. These include payments transformation, data management, and cybersecurity, as well as continuing focus on balance sheet efficiency, compliance and risk management. Interestingly Deloitte predicts an increase in M&A activity across the sector, driven by growth demands and increased regulatory costs.

PAYMENTS

“2015 Payments Industry Trends” – Strategy&

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

A short, U.S.-centric piece by Strategy& (formerly Booz & Co), detailing their top four payments industry trends for 2015.

Topped and tailed with references to recent U.S. data card breaches, the report provides a slightly different perspectives on stored card credentials – but fails to talk explicitly about tokenization, the role big data can provide in supporting enriched reward programs, and the need for compelling consumer propositions to ensure the successful take-up of mobile wallets.

Innovations in credit underwriting through alternative creditworthiness assessments and crowdfunding are also highlighted.

Once past the layman’s introduction, it is well worth a quick skim.

“Dark Pools & Toxicity Assessment” – EY

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

This EY article throws some light on the existence of dark pools – for those who have not heard of these, that is about as much as you will get from it. If your interest is piqued in this subject, your reviewer recommends reading *Flash Boys* by Michael Lewis. In this highly entertaining and enlightening book, Lewis provides an in-depth insight into the murky realms that are dark pools.

For those in the know, or more specifically in the business of running dark pools, this article is aimed at them as a marketing tool with menace, i.e. the subtext is a thinly-veiled threat that the regulators are coming, and customers are too (but not in a good way). It suggests that before they do, dark pool operators should undertake an independent controls review by... guess who?

“Self-service in Wealth Management” – Capgemini

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

An article about the impact of digital technologies on the wealth industry and how firms are only just now beginning to invest in this area. Cap Gemini discusses how the reasons for the slow adoption of technology have been overtaken by the rising expectations from clients that firms must offer a range of digital services to stay competitive. Third-party research is used extensively to support their assertions of the importance of digital, and they back it up with numerous case studies. Overall there is not a lot new in this article that hasn't been captured elsewhere, but it is a good starting point for mid-senior level managers and consultants who are looking for a quick way to bring themselves up to date with the latest in digital technologies in wealth.

“2015 Mutual Fund Outlook” – Deloitte

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

Deloitte's annual survey of mutual funds paints a picture of an industry that remains on a strong growth trajectory.

The report draws out four focus areas that will shape the industry's outlook: distribution and technology, product revenue, governance and conflicts, and operational innovation.

There is a good discussion of each focus area, with interesting points made about increasing use of data analytics in distribution and examples provided for the next wave of investment innovation.

Industry executives should skim to pick up anything that is new, or at least compare against their own views on the industry outlook and strategic priorities.

“2015 Private Wealth Outlook” – Deloitte

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

An annual report by Deloitte into an increasingly common wealth management structure: the family office. This article describes their views of the most important focus areas for family offices for 2015. They suggest that institutionalization will continue, with an increased focus on technology, governance, and risk management all built around a mission statement agreed by family members. It does read somewhat like a “Family Office Structures 101” class, but given that there are few publications by the mainstream consulting firms into the family office industry, this may prove valuable reading for those with an interest in this space.

“ETF 2020: Preparing for a New Horizon” – PwC

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

PwC provide a useful guide to Exchange Traded Funds (ETFs), which now hold over \$2.6 trillion in assets globally.

PwC describe the growing range and complexity of ETFs as the industry applies increasing sophistication in responding to investor needs. The report then profiles developments in regional markets and highlights significant regulatory drivers shaping product and distribution innovation, such as MaFID II in Europe.

A somewhat generic discussion of strategic challenges impacting the ETF growth outlook follows, with a checklist of suggestions for formulating ETF strategies.

The ETF market is projected to continue its rapid growth trajectory, so investment management executives would do well to study this report carefully and consider their response.

INSURANCE

“2015 Life Insurance & Annuity Industry Outlook” – Deloitte

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

Solid stuff from Deloitte’s annual report. It is US-focused but holds general interest because it exploits what might be called ‘iconized strategy’ (icons for each strategic thrust) and relabels the Big Data challenge as information fluency.

Sensible high-level suggestions will suit less experienced internal consultants and newer executives.

“Big Data Analytics in Life Insurance” – Capgemini

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

Ignoring the slow first few pages, this is a standout insight from CapGemini. Exhibit 1 conveniently collates some quotable quotes from a Big Data roundtable: 90% of the world’s data was collected in the last 2 years. Exhibit 2 is very interesting, the first attempt we have seen to create an industry feedback loop using the Internet of Things – essential for all internal consultants in the field.

The second half of the insight addresses implementation and build questions and again excels with contributions to the field of Big Data which would be generally applicable outside life insurance. Well worth a read.

“Retail Life Insurance Industry at a Crossroads” – EY

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

Based on a US sample of unpublished scale and scope, this report presents the aggregated findings in a light and easy-to-access form. The main messages, however, are likely known by most readers (e.g. product simplification and private equity will disrupt) and can be gleaned more efficiently from the executive summary alone.

INSURANCE P&C

“Perspectives in Insurance” – BCG

[View PDF \(39 Pages\)](#)

The overall publication covers a good deal of topics with the feature article *“A Roadmap for Winning as Insurance Goes Digital”* covers a good deal of previously reviewed topics but does set out a well-researched approach. Most articles are life assurance growth focussed, with the Lean 2.0 piece *previously reviewed by ICG*. A new piece on the current role of London as the major reinsurance market globally – with risks and opportunities – is a well-written expose. Because of the nature of the perspectives, it makes for a good read – in bite size topics – for executives, operational managers, and internal consultants.

“2015 Property & Casualty Insurance Outlook” – Deloitte

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

The second overview from Deloitte based on a classic backward scan, score of predictions, and a forward view based on four key tenets: achieving information fluency, overcoming regulatory challenges, upgrading capital management, and getting ahead of climate change. Whilst each section is well covered in other reviews, the focus on the need for insurers to focus on bigger-picture elements and adopt a more strategic risk management approach is interesting. Whilst more relevant to internal consultants, the strategic emphasis makes for a shorter executive read also.

“Global Insurance CFO Survey” – EY

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

A good length read focussing on the way to 2020 and the strategic imperatives for CFOs and finance functions over that period. Key messages around the chestnut of ‘being better business partners’ are supplemented by consideration of the challenges around supporting decision-making and assisting with delivery of growth. In addition, the challenges of appropriate technology and right skills sets add to the roadmap for insurance finance teams. Some good coverage of current costs of the transactional aspects of roles and the difficulties in delivering actuarial and data analytics round out the article. A good refresher for all finance executives in insurers.

“Top Issues: The Insurance Industry in 2015” – PwC

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

The first of four high-level overview articles this month focussing on trends and strategic drivers. This article follows the well-tested PwC approach and, with a US focus, talks to the regular regulatory and tax topics, touching on deals (again with a US focus) but adding a good strategic section on automated driver assistance systems (ADAS) which is a good read.

The insight also contains interesting sections on analytics with usual content, and also on turning “climate change” into “culture change” – which is perhaps the best part of the article as it reinforces the dependency on people for all other outcomes in the insurance world. A good read for both executives and internal consultants alike.

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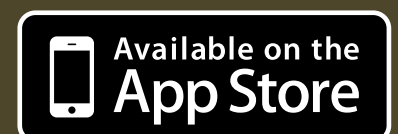
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“Cracking the Culture Code: How Organizations Get Where They Want to Go” – AT Kearney

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

Last month we highlighted Roland Berger’s article on [“*How Successful CSOs Transform their Organizations*”](#) as a must-read for senior internal consultants. Roland Berger drew a distinction between two bookends of effective internal consultants: those who influence the way their organizations “think” (strategy developers) and those who influence what their organizations “do” (strategy implementers). This article by AT Kearney is a helpful read for those internal consultants aspiring to be the latter.

Cultivating corporate culture and sustainable behavioral change to realize strategy are often not natural areas of strength for most internal consultants. However, as readers of this article will note, the same analytical prowess effective internal consultants bring to technical evaluations of value pools and competitive advantage is exactly what is sorely needed to shape specific actions to create high-performing corporate cultures that can execute on their strategic objectives.

Figure 2 is a neat alignment of cascading questions to help internal consultants make a cogent contribution to their organization’s dialogue on culture and strategic execution.

A helpfully-timed reinforcement of the need for ICG’s recently-launched [“*Strategic Execution Barometer*”](#).

“The Single Supervisory Mechanism: Think Strategy, not Just Compliance” – Bain

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

A concise “call to action” for internal consultants to support their organizations in seeing reacting to regulatory changes as more than launching compliance projects. Rather, learning to anticipate the broader, far-reaching implications new regulatory regimes will have on strategic (business portfolios) and operational decision-making will be essential.

While the subject matter is focused from the European banking context, given the global nature of many of the reforms, pages 2-4 are worthy of quick skim and consideration by internal consultants in all markets.

“The Redefined No of the CFO” – Strategy&

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

This is another article on the major changes to the CFO role and the ever-expanding skill set required to operate in the role successfully.

In this article, we liked the five key capabilities outlined – and subsequently discussed – that current and prospective CFOs require to effectively perform to the new set of measurement criteria, together with useful tips around how incumbents can expand their capabilities and role.

REGULATION & COMPLIANCE

“Forward Look: Top Regulatory Trends For 2015 in Banking” – Deloitte

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

A typical shotgun or laundry list style report designed to be a catch-all of ten major trends in the US market, which provides something for all. It neatly aligns about a page of content for each topic, and will be a useful reference for internal consulting teams. Includes some early material on newer trends such as cyber security and vendor risk management.

“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.

A deserving winner of our ‘Article of the Month’.

Article of the Month

“Risk-based Capital & Governance in Asia-Pacific” **– EY**

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

This EY white paper focus on the Asia-Pacific region where a number of countries are reviewing and undergoing changes in their approach to insurance regulation and holistic risk management – critical elements in effective governance.

Many of these changes are being driven by local market nuances, such as characteristics of the insurance products being sold and maturity of the insurers who operate in the various jurisdictions.

The authors argue that insurers in Asia-Pacific should draw upon the experiences and challenges in more developed markets to establish an approach that considers regulation, economic nuances, and the purchasing behavior of policyholders.

A solid, mid-length, recommended read.

“Decoding Leadership: What Really Matters” – McKinsey

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

In this short insight from McKinsey, we see a reinforcement of the relationship between good leadership and shareholder returns.

However, the author argues that the lack of consensus among academics and practitioners around effective leadership development activities means CEOs are not encouraged to invest in such programs.

The article also raises the question of how contextual leadership is, and discusses the need for standard leadership approaches versus setting priorities for leaders around their key processes.

Using insights from McKinsey’s Health Index, it examines leadership behaviors to find four (out of the twenty displayed) that have a positive correlation with high-quality leadership teams: be supportive, operate with strong results orientation, seek different perspectives, and solve problems effectively.

While inviting further debate about context and leaders’ individual characteristics, it is this reviewer’s perspective that it falls short of reasonable coverage of context.

“Bringing Out the Best in People” – McKinsey

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

The article investigates how service organizations strive to meet rising customer expectations and customer interactions, which have both increased due to technology and social media. The importance of building the right capability to deal with the demands in a reactive but effective manner, and produce a proactive agenda that benefits the business on the long run, requires clear understanding of the key success factors that support the capability to last.

The author argues the importance of capability building to address the variability of service delivery, understand customer needs, identify new opportunities, and create value.

The article also highlights the need to identify, build, and scale up the required capability as a prerequisite for transformation, and identifies four key success factors in support of the transformation: engage every level of the organization, create excitement and pride, apply a range of learning techniques, and institutionalize through HR.

While the engagement process that facilitates action and collaborative learning during capability building activity can lead to both transformation outcomes and ongoing process improvements, the authors fail to address the crucial challenge of how HR can embed and reward the capability learning skills into their core processes.

“Building Capabilities for Performance” – McKinsey

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

This article is based on a survey examining how effective companies focus on building capabilities that are linked to business performance – a focus which has evolved over time, while the methods of building capabilities have not.

The survey highlights on-the-job-teaching as the most common method for skills development and highlights capability building as a strategic priority across the globe. It also highlights leadership skills and functional capabilities as the most important to business performance, which equates to shifting resources towards the development of the frontline employees.

The survey highlights on-the-job teaching, classroom training and coaching as traditional methods still in place to serve these developmental needs, with less focus on experiential or digital interventions or other alternative approaches. There is clear evidence that successful capability builders are reporting employee engagement and process/functional integration and linking these to business targets.

The author argues three key strategies to develop sustainable capabilities: systematic diagnosis to address capability gaps, the design and learning delivery to fit individual needs, and the alignment to business targets. Worthwhile reading for the extrapolation of these points.

WOMEN AT WORK

“Fostering Women Leaders: A Fitness Test for Your Top Team” – McKinsey

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

Lareina Yee gives a succinct pragmatic action plan for CEOs and executive management teams who want to reduce the gender gap in senior leadership positions. The article goes beyond the identification of women’s representation and participation at work.

The five focus questions provide essential touch-points and lead to the creation of an easily decipherable scorecard any company can use. From the answers, readers can develop a matrix of measures to match each of the five focus areas.

The outcome will help reduce the gender gap. Start using it today.

“Why Diversity Matters” – McKinsey

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

This short piece cuts to the chase: diversity brings higher returns.

Based on research from 366 public companies across industries in Canada, Latin America, the United Kingdom and the United States, data reveals:

1. Ethnically diverse companies are 35% more likely to outperform their median industry standards; and
2. Gender diverse companies are 15% more likely to outperform in their industry.

The two findings leave us with one clear directive to companies: take full advantage of opportunity from diverse leadership teams.

“Remaking Finance & Risk for the Everyday Bank” – Accenture

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

This paper explores the role of the “Everyday Bank” (we’re not sure we love this terminology) in an increasingly digitized, data-rich, instant 24x7x52-access world.

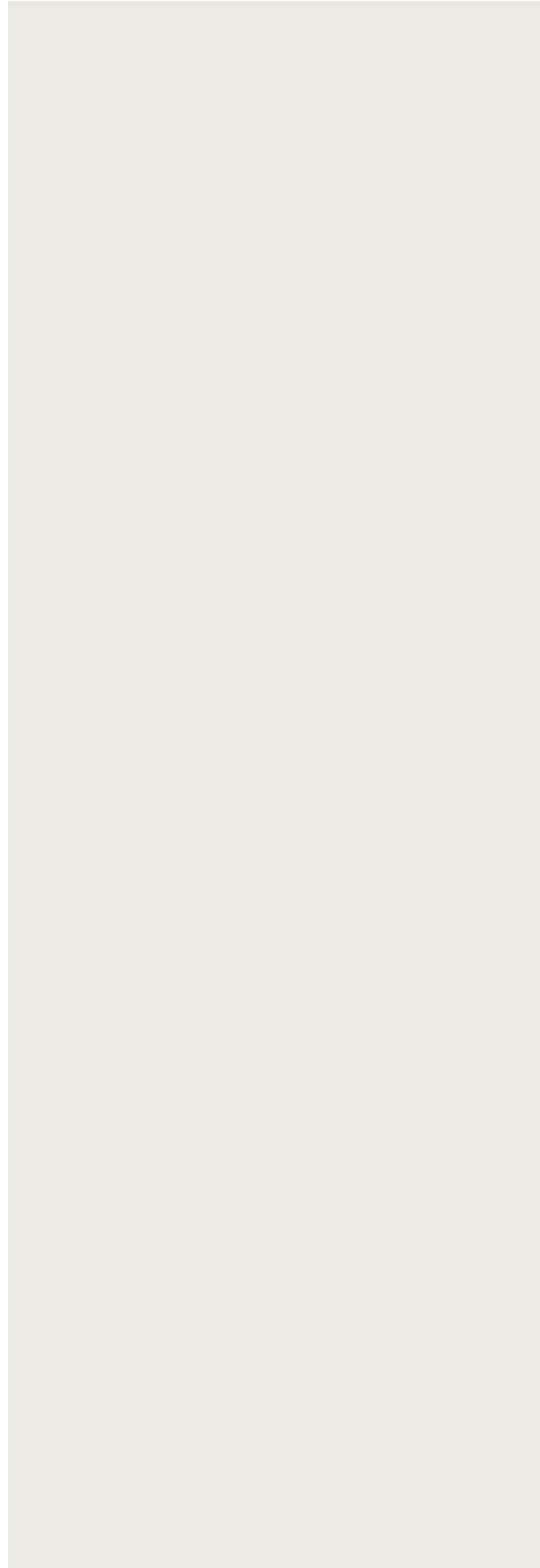
Particular focus is placed on the key role envisaged for the finance and risk function (F&R) in enabling this strategic vision with six specific capabilities proposed, and some thinking regarding key enablers of these capabilities is put forward.

While not particularly revolutionary, it is a good read for senior management in F&R teams – including CFOs and CROs, as they contemplate how best to rise to the evolving needs of their organizations.

“Transforming the Business Through Social Tools” – McKinsey

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

With social media tools plateauing in use, McKinsey’s survey looks hard for new things to say. This report confirms the obvious and points to newer areas such as product R&D and demand planning as untapped areas of potential for those wishing to invest to capture these higher-hanging and trickier-to-get-at fruit.



TECHNOLOGY

“Front-office Viewpoint – the Investment Division: Can Technology Drive Transformational Change?” – EY

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

Asset managers are under increasing pressure to transform their front office. There are models that use a software as a service (SAAS) model, and this will drive a very different approach and discussion.

Let's remember that while transformation includes a major technology piece, it is not all about tech. However, if we go down this path, we can gain in terms of driving simplicity and focus, and also drive down costs. Moreover, we have to look at this as problem statement at an enterprise level and not just at the investment division alone. What awaits is a reward which could take the form of having a global, scalable, and cost-efficient business model.

***“From Headquarters to Ahead-
quarters: Key Findings of the
Study Corporate Headquarters
2014” – Roland Berger***

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

This is RB’s seventh report on Corporate Headquarters’ (CHQ) value and role. While it presents some useful guideposts and trends, the article overworks the same findings a number of times and ways; readers are best to focus on a few key pages at the beginning for the most salient messages.

Given study contributors are mostly drawn from European companies, it is unsurprising that the value of CHQ’s is being questioned, and that there has been relative downsizing. CHQ roles are divided in this study into two broad groupings – “Fundamental Capabilities” (like financing, M&A, governance, corporate comms) and “Value Adding Capabilities” (providing strategic direction, ensuring execution, providing top talent, etc.). Page 7 provides a nice snapshot into this. While some might argue the split, its not surprising that top performing companies perceive the core activities are done better... while most perceived the “Value Add” capabilities were weaker than desirable.

In general, CHQ’s are under more scrutiny to deliver value, and are leveraging outsourcing to deliver scale and value – particularly in IT, HR, and finance. There is also a move towards decentralization, with digital tools used to set and apply standards for functions best performed closer to the customer. The action plans suggested are less compelling than the directional findings – they are much too broad to be helpful and mostly generic. An improvement would have been sample KPIs for these functions. However, executives and internal consultants will find the definition of functions and rankings do provide a good scorecard for those managing the CHQ budget.

***“A New Normal in Consumer
Debt Collections & Recoveries:
Focusing on Compliance While
Delivering Results” – PwC***

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

Scare tactics centering on the threat of masses of new compliance burdens enforced by eager regulators do seem to be something of a favourite business development tool for big consulting firms. That being said, the recommendation that collectors consider acting now to get ahead of evolving regulatory expectations and make changes on their own schedules – rather than one dictated by a regulatory agency – is worthy of careful consideration.

Although focused on the United States regulatory environment, this paper is nevertheless a worthwhile read for credit risk managers in other geographies. Following an outline of some of the key regulatory developments regarding debt collection in the United States, the paper goes on to explore six leading practices in consumer debt collection to achieve meaningful improvements in profitability while staying ahead of a potential compliance curve.

While it is recommended that the full paper is worth a once over (it is only 19 pages of well-structured content, including covering pages), Figures 3 (execution options across the collections life cycle) and 5 (key considerations by asset class) are good dive-in points for a quick snapshot.

STRATEGIC ANALYTICS

“Getting Big Impact From Big Data” – McKinsey

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

Chicken or egg? The Big Data technology is progressing fast and outstripping our corporate ability to actually take advantage of these tools. This includes gaps in our management ranks, structure, culture and even how we do job design. To be able to work effectively with Big Data, we need to understand the actual impact that this will have – and it is more than we anticipate.

A short and worthwhile read.

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

JANUARY 2015 – DECEMBER 2014

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

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

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

NOVEMBER 2015

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

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

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

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

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

OCTOBER 2014

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

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

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

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

SEPTEMBER 2014

“Kill Your Performance Ratings” – Strategy&

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

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

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

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

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

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

AUGUST 2014

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

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

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

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

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

Excellent work.

JULY 2014

“Accelerating the Digitization of Business Processes” – McKinsey

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

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

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

JUNE 2014

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

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

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

MAY 2014

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

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

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

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

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

APRIL 2014

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

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

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

MARCH – FEBRUARY 2014

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

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

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

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

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

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

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

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

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

“Digital Payments Transformation: From Transaction to Interaction” – Accenture

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

An ambitious 36-page article that opens with a very comprehensive review of key trends reshaping the payments landscape, as well as the emergence of overlapping digital ecosystems centered around consumers, retailers, traditional FIs, or other more dynamic clusters. This is a high-stakes battle with significant prizes available to the winners, although there have been few mass adoption success stories to date (Starbucks and taxi apps are cited as rare examples).

In the following section, Accenture describe how a future-state payments landscape will differ from current card-based systems, and note that banks that lag are at high risk of disintermediation. The authors conclude with a thoughtful review of the most important actions for banks and FIs to incorporate into a digital payments strategy, including the potential for generating revenue through offering their payment interfaces externally to retailers and third parties.

This is an impressive paper, and will provide a number of useful insights to consultants operating across payments and digital technologies.

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Financial Services Edition

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