

June 2015

The . Insights Review

Financial Services Edition

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Featuring:

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

Strategy & Transformation
Corporate Finance / M&A
Regulation & Compliance
Corporate Governance
Human Capital
Diversity

Finance & Risk
Marketing & Customer Experience
Technology
Operations & Change

Contents

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Financial Services: Industry Economic Context

General Strategic Interest ▶.....	6
-----------------------------------	---

Financial Services: Industry Categories

Retail & Business Banking ▶.....	8
Corporate & Institutional Banking ▶.....	10
Wealth & Asset Management ▶.....	12
Insurance ▶.....	13
Life Insurance.....	16

Financial Services: Functional Categories

Strategy & Transformation ▶.....	17
Corporate Finance / M&A ▶.....	20
Regulation & Compliance ▶.....	21
Corporate Governance ▶.....	22
Human Capital ▶.....	23
Diversity ▶.....	24
Finance & Risk ▶.....	25
Marketing & Customer Experience ▶.....	27
Technology ▶.....	28
Operations & Change ▶.....	30

Special Feature

<i>The Best Insights from the Past 12 Months</i> ▶.....	32
---------------------------------------------------------	----

Contributors

<i>The Insights Review Team</i> ▶.....	39
----------------------------------------	----

About ICG ▶

An Introduction to Internal Consulting Group ▶.....	41
-----------------------------------------------------	----

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

Wow – this is one of our best Issues ever! The quality and quantity of insights is superb. Our global team of researchers and subject matter experts have found and reviewed the pick of the bunch for our readers.

BCG really shine in this issue and their best contribution is our worthy winner of article of the month: Borges' Map: Navigating a World of Digital Disruption.

Other articles of merit include:

- Accenture – “Digital Banking: Stretch Your Boundaries Toward the Everyday Bank”;
- AT Kearney – “Pay for Performance, but Does Your Payment Model Perform?”;
- BCG – “Borges' Map: Navigating a World of Digital Disruption”
(Article of the Month);
- BCG – “Insurance & Technology: The Disruptive Force of Insurance Ecosystems”;
- Deloitte – “The Radical Transformation of Diversity & Inclusion: The Millennial Influence”;
- KPMG – “The Game Changers: Challenger Banking Results May 2015”;
- McKinsey – “Growing by Adapting at Speed”;
- McKinsey – “Incumbents as Attackers: Brand-Driven Innovation”;
- McKinsey – “Unearthing Performance Pains to Boost Bank Value”;
- PwC – “An Objective Look at High-frequency Trading & Dark Pools”;
- PwC – “Group Capital Standards: Comparing the Different Proposals”;

- PwC – “Banks’ Small Business Imperative: New Strategies for Offering Digital Services to SMEs”;
- PwC – “Billionaires: Master Architects of Great Wealth & Lasting Legacies”;
- Roland Berger – “Internet of Things & Insurance”.

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

David Moloney

Global Editor

GENERAL STRATEGIC INTEREST

“The Game Changers: Challenger Banking Results May 2015” – KPMG

[View PDF \(23 Pages\)](#)

An excellent report on the state of play of the new and not-so-new entrants to the UK banking market – including challenger banks and non-banks. It analyses these entrants relative to the Big 5 incumbents through Porter’s competitive advantage framework of cost versus differentiation (via products, distribution, trusted brand and/or customer service culture). The first four pages present the results.

Challengers do better than the Big 5, but small niche-focussed challengers do much better. The next 19 easy-to-read pages discuss why, and the levers larger challengers can use to avoid converging to the low performance of the Big 5. These same levers are the legacy barriers to the Big 5 improving performance.

The report also speculates on the impacts of the next wave of digital challengers recently granted banking licences.

All these developments are relevant to the competitive dynamics of banking industries in other countries.

“Why Well-being Should Drive Growth Strategies. The 2015 Sustainable Economic Development” – BCG

[View PDF \(59 Pages\)](#)

Hats off to the BCG team – an excellent report that showcases the application of BCG’s capabilities to the significant challenge of sustainable global growth. As you read through the report, you can see all the hallmarks of a classic consulting approach which mixes hierarchical decomposition, derivation of a more robust empirical answer from a plethora of data inputs, and cogent analysis of the results with a deep-dive case study (Poland).

The report is great learning for internal consulting teams and may have some application for those working for regional or global banks, or those with a sustainability bent.

“Staying Ahead of the Pack: How Financial Services Firms are Planning to Win” – Deloitte

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

This appeals only because it showcases in just four pages everything that can be wrong with survey-driven insights. Not only is the sample a small hodgepodge of mid-level execs around the world, but the leading questions in the survey generated exactly the type of journalistic headlines that give the consulting industry a bad name.

“Borges’ Map: Navigating a World of Digital Disruption” – BCG

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

Scintillating stuff from two of BCG’s best. Beautifully written, though at times challenging and overly ornamented, the insight takes BCG’s prior 90-degree rotation of the value chain to industry stacks to a new level by proposing four archetypes within the stack. Oligopolies, Communities and Platforms won’t be as new to our readers as the infrastructure layer. What follows is a short description with some up-to-the-minute – if extreme, for effect – case studies and a four-step ‘implications for executives’ that will surely evolve as this new work is further road tested.

More experienced internal consultants and executives should read and enjoy this master-class material.

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

Article of the Month

RETAIL & BUSINESS BANKING

“Digital Banking: Stretch Your Boundaries Toward the Everyday Bank” – Accenture

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

This forward-looking article describes five technology trends driving change: deep personalization, device-driven outcomes, platform evolution, cognitive computing and adopting of digital technologies into the human workforce. Each of these will have a significant impact on retail banking, and banks will need to rapidly adapt.

The pick of these is the section on cognitive computing, which provides an intriguing glimpse of rapid advances in predictive analytics and machine learning in order to predict customer activity, and provide increasingly relevant customer outcomes.

Concise and well written, this will be of interest to consultants working on customer-centric transformation, or with a general interest in digital banking.

“The 2015 Retail Banking Radar: Time to Reinvent Your Banking Model” – AT Kearney

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

The main messages of AT Kearney’s 2015 Retail Banking Radar are that banks are only making the structural changes they need to slowly (and are hamstrung by continued low interest rates), slow economic growth, and potential deflation. What follows is some helpful if uninspiring analysis of regions in Europe and Africa and some high-level perspectives on trends such as regulation and digitization. With some well-trodden case study sentences and generic strategic options like M&A, you get a strong sense that the team pulled this together on top of their day jobs.

“Digital Services in Banking” – Capgemini

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

A comprehensive if not authoritative look at the role of digital services in banking. The insight covers a lot of territory and shares half a dozen frameworks, so most internal consultants might find one or two things they haven't seen before, or alternatively a better way of framing their own approach to digital. The area that impressed most was Exhibit 5 with the segregation of social media as an explicit channel (now up to 10% of bank usage).

However, the article is let down by too much advertorial and frameworks that most internal consulting teams could put together themselves.

“Banks’ Small Business Imperative: New Strategies for Offering Digital Services to SMEs” – PwC

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

A solid article that will be of interest to business banking executives. PwC decries the relative lack of digital banking offers for small businesses, pointing out the scarcity of web-based services, mobile apps, and end-to-end channel integration for business banking customers, especially as compared to retail customers. As a result, non-bank participants are starting to make inroads into certain sub-segments, including payments, lending, and FX.

As customer expectations increase, banks will need to respond, either through in-house services or via partnerships with startups, and PwC suggests a range of initial steps available to banks to commence the journey.

“Adapting to Digital Advances” – BCG

[View PDF \(25 Pages\)](#)

BCGs’ Annual Global Capital Markets review paints a picture of continuing challenge for this sector in its overview of key market developments. The rest of the report is dedicated to the message that it is time for the participants to act on digitalization, which can and will bring both great opportunities and further daunting challenges.

The Capital Markets Investment Banking (CMIB) firms are actually better placed to deal with these than the “fintechs” who have already made such an impact on the other sectors in the banking industry. These entrants are coming to the CMIB market place as niche entrants at multiple points along the value chain, which is no longer as impregnable as it used to be. The authors quote Steve Jobs to focus their readers minds on this imperative: “If you don’t cannibalize yourself, someone else will”.

Chapter Three: The New Digital Disruption is worth a read for investment banking leaders and their internal consultants – it stresses the need to act. It also identifies three digital species (value enhancers, paradigm shifters, and disrupters) and how to harness these to seize opportunities along the digital value chain via five innovation models as CMIB firms overhaul their business models.

“An Objective Look at High-frequency Trading & Dark Pools” – PwC

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

This article is what it says it is – a concise explanation of high-frequency trading and dark pools that does not have a hidden agenda, but is informative (at an introductory level) on these two interrelated topics. It is notable for this perspective as the information is not cluttered by a sales spin.

“Less is More: Leaner, Integrated IT Platforms for the New Capital Markets Arena” – PwC

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

Yet another article that draws attention to the need for capital markets firms to pay attention to their IT. It takes an architecture point of view and agitates for a shift to simpler, more integrated platforms. At its core, it identifies seven functional areas that will benefit from the implementation of simpler, more integrated applications.

The value nuggets in this article are the listed rationales by feature elements for each of the seven functions that would be helpful for CIOs/CTOs and their internal consultants when building compelling business cases for the required change.

“Billionaires: Master Architects of Great Wealth & Lasting Legacies” – PwC

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

This joint UBS/PwC review provides an overview of the billionaire segment of global wealth creation.

The review describes a ‘gilded age’ of great wealth creation (from the early 1980s onwards) built on the exploitation of major innovations in technology and finance, as well as the emergence of Asia’s new industrialists and business tycoons. As the review notes, 917 self-made billionaires have created fortunes of more than \$3.6 trillion during this period.

The review draws out the parallel to the first ‘gilded age’ for great wealth creation in the early 20th century (e.g. Carnegie, Rockefeller), particularly on how billionaires will leave a legacy of their choosing, through, for example, their philanthropic efforts. Bill Gate’s “Giving Pledge”, where more than 100 billionaires have pledged more than 50% of their wealth to philanthropic causes, is cited as an example.

Likely to be of interest to the select few providers of services to the UHNW (including philanthropy), as well as general readers curious about billionaires and the challenges great wealth brings.

“Evolution of the Mutual Fund Transfer Agent” – PwC

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

A short article from PwC on the changing role of transfer agents within the US mutual fund industry. It previews a promised future white paper on this topic.

The article discusses the operational, regulatory, and technology changes impacting the mutual fund industry and how the mutual fund transfer agent has evolved to take on more shareholder servicing and regulatory compliance activities.

Business advisers dealing with clients in the US mutual fund industry and familiar with this topic should note PwC’s coverage of this area, see if they agree with the general thrust of the article, and wait for the promised white paper.

INSURANCE

“Beyond Insurance: Embracing Innovation to Monetize Disruption” – Accenture

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

This paper is an attempt by Accenture to apply Strategy 101 to the insurance industry. It makes a well-known case that factors such as undifferentiated products, new competitors, and technological advances (e.g. driverless cars) will threaten existing business models and that insurers should innovate to survive. A few good innovation examples cancel out a few bad ones and in the end, the reader is not left any wiser – merely reminded that these are disruptive times for most industries and innovation is a key attribute not just to get ahead, but to survive.

“Stand on the Sidelines, or Boost Competitiveness?” – Accenture

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

This paper’s content mirrors much of the previous article (at left) and argues that for insurers, status quo will lead to a decline in revenues. The difference from the previous Accenture paper is that it attempts to quantify a net effect of embarking on a three-pronged innovative path: new products, cost reduction through digital technologies, and alternate revenue sources. An estimate of 15-30% increase in the top line and a 25-50% potential increase in profit has been estimated, but the article has no detail on how this has been worked out.

On the whole, only a marginally better paper than the previous one.

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“Insurance & Technology: The Disruptive Force of Insurance Ecosystems” – BCG

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

It was only a matter of time before consultants brought the term “Ecosystem” to the insurance industry. This is a well thought-out paper with many practical examples of not just what different ecosystem models in the industry will look like (three scenarios) in future, but also what elements of the insurance value chain will be under threat for traditional insurers. It lists traditional underwriting, claims, and distribution as most under threat and gives examples on how to reinvent. Finally, there is a very detailed discussion on how to compete in different types of eco systems to survive.

This is a well-researched paper with many illustrative examples that will force insurers to consider the rapidly-changing business landscape and prepare for the future. An excellent paper with breadth and depth.

“Internet of Things & Insurance” – Roland Berger

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

This is another very good paper that refers to “eco systems” but clearly gives examples of specific plays relating to motor, home, and health insurance. It calculates pay-offs by applying the internet of things (IOT) to developing specific opportunities in customization of products, prevention of risk, and customer relationship management. A payoff matrix is created by listing drivers and hurdles to argue that the maximum net benefit will be achieved by motor, followed by home and health. A very insightful and well-articulated paper – not only are options for the future listed, but Roland Berger have also bet on the most likely future scenarios.

LIFE INSURANCE

“How Discovery Keeps Innovating” – McKinsey

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

A nice little article on innovation in the health and life space by Discovery CEO, Adrian Gore (The Sunday Times' 'Business Leader of the Year – 2010, Member of the World Economic Forum's Global Health Advisory Board etc.). Adrian describes reversing thinking to move from a follower to a leader.

If you're interested in innovation and/or not yet across Discovery (South Africa's largest health insurer, who JVs in the Australasian region with AIA), this is well worth a read.

“Gain Advantage Through Analytics” – AT Kearney

[View PDF \(15 Pages\)](#)

An excerpt from Chapter 8 of AT Kearney’s recently released book, *Australia 2034, Luckier by Design* – nicely written for the ‘new to analytics, don’t know where to start, 101’ audience. The majority of internal consultants and their clients are better off looking elsewhere for advantage.

“Bury the Pilot Project & Build a Hothouse” – Bain

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

This insight outlines a Bain version of Lean that attacks end-to-end processes and complex issues less superficially and more holistically. Clients and internal consultants with expertise in Lean might object both because of the narrow methodological interpretation and because Bain’s own economic model needs large teams to survive, so the recommendation appears self-serving. We hope internal consultants don’t ignore it completely, but are emboldened to be more ambitious in their scope.

The second point is to avoid the Hawthorne-like effects of picking easy targets, and instead address a larger sample of more average cases where benefits are harder to realize – this has more merit, but again appears self-serving with the encouragement to ‘bite off more than you can chew’... and so hire 50 tug boats from Bain.

“The New CEO’s Guide to Transformation” – BCG

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

Useful tutorial and a high-level playbook internal consultants could patch together, however the insight quickly becomes cloying because of far too much advertorial.

Exhibit 5 has new content, but it is a pure laundry list of transformation types – with no list segmentation or framework development, this is uncharacteristically poor role modelling by BCG’s most senior ranks!

“Growing by Adapting at Speed” – McKinsey

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

Short, sharp and thoughtful – introduces two powerful ideas and provides ammunition for the marketing function. The first is bi-focal strategy: how to focus on short-term results and the right sized sandbox so you can manage the idea lifecycle through to implementation, while looking for the long-term disrupters you need to develop or respond to. The second is the rate of implemented innovation: presumably that which gets around innovation as gloss and garnish. And gets to a 3M % share of revenues from new products MIS.

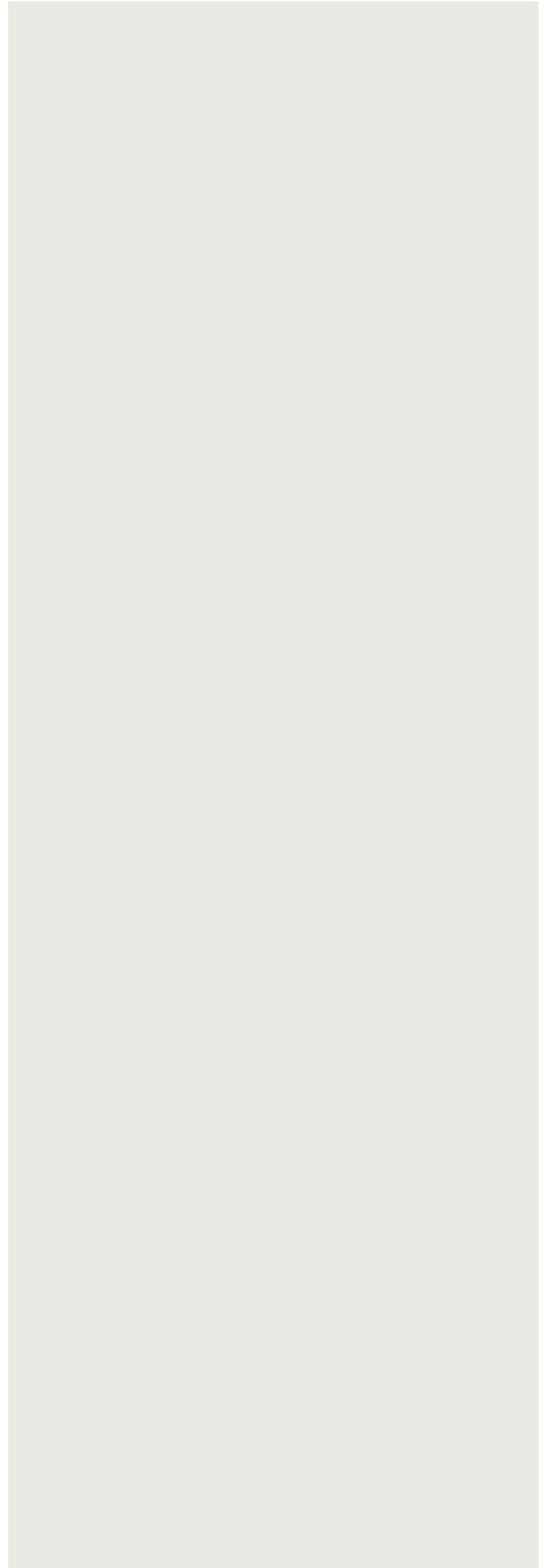
The theme in the article is marketing playing a bigger and more integrated role using tools like segment-level P&Ls. A high-ROI insight for all internal consultants.

“How Digital is Changing Strategy” – McKinsey

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

This article quickly identifies itself as from the keyboard (or more suitably, the voice recognition input) of the strategy leader of the digital practice rather than the digital leader of the strategy practice.

There are many richer and more useful insights for internal consultants.



“Corporate Treasury Insights 2015: As the Dust Settles” – BCG

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

A summary of findings from a global survey of 500 corporate treasurers and CFOs. Worth reading if you are a transaction bank wanting to retain corporate clients, or a corporate treasurer or CFO interested in your peers' priorities. It discusses the expanding remit of corporate treasurers and its implications for banks in terms of relationship management and expectations for more balance sheet support, sophisticated advice, a broader range of services (including data and analytics), and better integration. In particular, the increasing centralisation of treasury functions in global head office will require changes in how transaction banks manage and service relationships with multinational corporate clients, lest they be intermediated by bank-agnostic treasury management systems.

“Global Capital Confidence Barometer: M&A Surge Shows No Sign of Stopping at Any Time Soon” – EY

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

The first four pages are a short, high-level summary of EY's 12th annual “Capital Confidence Barometer”, an international survey of capital allocation priorities of 1600 executives in medium to large corporations across 18 industry sectors. It says the mood for M&A and deal volumes both continue to be bullish across all sectors.

The next 20 pages are worth reading if you're interested in the “technology sector” (by which EY means internet, software, cloud, IT hardware, services, semiconductors, and consumer electronics). These focus on the survey's findings from 197 executives in tech sector companies and their M&A activity and intentions. There are some interesting trends and turning points indicated, such as an increasing focus on investing for cost reduction and efficiency, compared to the growth emphasis of the last two years; also noted is the increasing use of M&A by large tech firms to pre-empt being disrupted by small, fast-growing ones.

Buried in the findings are several statistics that provide meat for bears who worry about a tech bubble, and how \$1B-plus private valuations of “unicorns” will ever be profitably realized.

REGULATION & COMPLIANCE

“Fifth Global IFRS Banking Survey. Finding Your Way” – Deloitte

[View PDF \(51 Pages\)](#)

A good, easy to read, PowerPoint-style summary of Deloitte’s survey findings of 59 major banks’ approaches to implementation of the anticipated IFRS 9 impairment/FASB CECL model requirements.

It makes for a quick and interesting read for any CRO tasked with, or any internal consultant looking to get a sense for industry-wide approach to, IFRS 9 implementation.

The survey covers areas such as key implementation rollout strategies and challenges, total anticipated budgets and phasing (current and changes over the last 12 months), governance model implications and anticipated impact on loan loss provisioning requirements.

“Group Capital Standards: Comparing the Different Proposals” – PwC

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

A short overview of different Insurance Capital Standard (ICS) proposals, including jurisdictional GAAP, revaluation, and cash flow.

The paper also outlines the proposals for the development of required capital based on one of three methods: factor, internal model, or stress.

A good overview paper for any CRO or an internal consultant looking to get up to speed with how the different ICS proposals will impact their own enforce or future businesses.

CORPORATE GOVERNANCE

“Risk & Opportunity in an Increasingly Digital World” – EY

[View PDF \(15 Pages\)](#)

A useful primer on key issues one should think about in the digital economy. It highlights the key risks directors should consider around cyber security, how the digital age is changing customer behaviors, and new opportunities for their organization. The paper does focus on the insurance industry, which has been slower at taking advantage of the digital economy. Recommended light reading for directors in the insurance industry covering key areas for consideration.

“Risk-based Capital & Governance in Asia-Pacific: Emerging Regulations” – EY

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

A 40-page paper that provides a brief summary on a number of Asian countries that are reviewing and changing their approach to insurance regulation and holistic risk management. In particular, they are introducing risk-based capital (RBC) or revisiting their existing RBC frameworks. A high-level overview that is useful reading for those organizations potentially impacted by these proposed changes.

HUMAN CAPITAL

“Pay for Performance, but Does Your Payment Model Perform?” – AT Kearney

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

A short and well-written insight which provides some useful applied science on the topic of paying for performance. Emphasizing employee segmentation, supply side access to substitutes, and implementation challenges, it will help internal consultants tasked with either reviewing the literature or sourcing better practice input into a new design.

“CEO Succession Starts with Developing Leaders” – McKinsey

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

The headlines suggest that two thirds of companies don't have an effective succession plan in place, so the news that only one CEO succession in three fails is a good outcome in a decision where as much art as science is applied.

This insight contains helpful ideas such as: conducting a strategy review on the business portfolio to develop the required CEO profile rather than searching for the ideal generalized CEO; the use of job rotation and detailed skill profiling to identify fill developmental gaps; and a bias towards the current CEO as the person best placed to ensure their successor is fit for the current and expected context for the business.

DIVERSITY

“The Radical Transformation of Diversity & Inclusion: The Millennial Influence” – Deloitte

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

Just when Baby Boomers thought they were getting corporate policies and organizational culture positively aligned with diversity, along come Millennials who are changing everything.

Millennials are leading organizations in radical new directions through a different interpretation and meaning of diversity. Millennials take differences in race, gender, ethnicity etc. for granted and are expanding the notion to go beyond these assumptions.

The departure from tradition is likened by the authors to the next level of diversity or “cognitive diversity,” which is the acknowledgement and celebration of the variety of beliefs, ideas and philosophies of each individual. Cognitive diversity shows itself through an inclusive culture, which for Millennials highlights individual passion, creativity, engagement, empowerment, collaboration, and authenticity.

Deloitte has teamed up with the Billie Jean King Leadership Institute (BJKLI) to produce compelling research that shows Millennials are making a shift from traditional diversity to an expanded model of diversity.

The article makes the business case that organizations should seriously attend to what Millennials want and how they are actively changing workplace cultures.

If you don't read this article, you will be missing out on some vital information regarding the redefinition of diversity and inclusion – especially the far-reaching impact of Millennials on the future of global competition and business outcomes.

“PwC’s 2014 Annual Corporate Directors Survey: The Gender Edition” – PwC

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

If you are looking for an analysis, interpretation, or recommendations to address the gender disparity in the boardroom, you will not find it in this article.

This PwC report provides another summary of data that has been gathered globally showing gender inequality in the makeup of public boards. The 85% male and 14% female respondents of the 863 public company directors accurately reflect real boardroom demographics.

Topics covered include diversity, renewal, decision making, risk, and oversight. The Gender Report edition provides no new information, but serves to confirm that there has been no significant change in the number of women directors over the last six years.

“Cutting Through the Complexity of Compliance” – Bain

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

When they get over the shock of seeing Bain move down the food chain to compliance, internal consultants will learn that involving customer experience and customer journey mapping teams will dramatically improve the implementation success of their efforts. However, the suggestion of clean sheeting (starting from scratch or zero basing) seems like another one of those Bain tactics to get clients to bite off more than they can chew and also allow Bain consultants to learn compliance on the job – as most would know nothing, or only just enough to do more damage than good.

To their credit, this is a solid attempt by Bain to diversify into a new revenue stream with a helpful operating model depiction and measurement metrics framework for internal consultants tasked with the job of reviewing or helping the internal team.

Ed's note: *We liked the phrase ‘across the organization’s seams’ – a nice alternative to ‘silos’.*

“Risk & Finance Integration” – Capgemini

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

Newer internal consultants will like the sharp graphics and basic frameworks. Those with more experience can spend their time more profitably elsewhere.

“Global Risk Management Survey” – Deloitte

[View PDF \(76 Pages\)](#)

A very long and detailed report based on Deloitte’s 9th Global Risk Management Survey. The key insights are not very surprising – increased focus on governance, universal emergence of the CRO, ERM becoming standard practice, progress against Basel III, increasing use of stress tests, more attention required on conduct risk and risk culture, increasing importance and cost of regulation, and continued challenges for risk data and technology systems.

The report also contains a good nine-page overview of the context around economic and business environments underpinning the regulatory changes, and contains good dedicated sections on regulations in banking, insurance and investment management industries.

Overall, a long but a solid read for any CRO or internal consultant specializing in risk.

“Risk Identification: What Have the Banks Been Missing?” – Oliver Wyman

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

Hard to spot the new ‘new’ in this insight as Oliver Wyman attempt to over-engineer stress testing to the next level of detail, without sharing any useful new approaches. They do, however, republish the most basic frequency vs impact framework and a template for describing risks to the regulator, which could be helpful for brand new internal consultants.

Our advice is to let the regulator know you have read the article and used a more comprehensive and better value approach from one of the Big Four.

“Incumbents as Attackers: Brand-driven Innovation” – McKinsey

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

McKinsey & Company supplies an in-depth review of how certain incumbent companies have harnessed an underused yet potent asset: their brands. In a time of stagnating markets, technological disruption, and rapid changes in consumer behavior, such companies have discovered growth by using their brand as a springboard to driving innovation within entirely new markets.

The case studies focusing on Disney’s (English-language schools in China), Virgin’s (retail bank branches in the UK) and BMW’s (car-sharing joint venture) innovation into new domains provide the most value within this article, breaking down each company’s utilisation of three fundamental success factors: distinctive brand equity and trust, strong relationships with customers, and access to data, capabilities and other institutional assets.

This article also highlights the importance of asking the right questions before extending a brand into new markets. By combining a step-by-step guide of questions and the introduction of customer experience-led qualitative research and rapid prototyping, it is an eye-opener for those who have yet to realize the importance of going beyond the basics of existing data sets, focus groups and surveys in order to check the fit between their proposed brand extension and their target consumers.

TECHNOLOGY

“Information Security: It’s All About Trust” – AT Kearney

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

Solid if rudimentary insight from AT Kearney as they provide an overly-packaged framework for the function of information security. They offer a basic benchmarking framework, but the article is really an advertorial for a branded benchmarking tool.

“Large-Scale IT Projects: From Nightmare to Value Creation” – BCG

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

Very standard fare from BCG on the need to break large, complex projects with a 1-in-10 chance of success into a change-assured series of releases, sometimes with agile development. Unfortunately, they don’t guide us when to use or not use an agile approach. A good introduction for those new to the field, fortunately there are many better sources for those internal consultants seeking a more comprehensive treatment.

“The Proactive CIO: Three Strategies for Engaging with the Board” – BCG

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

One way consulting firms appeal to functional heads is to make them feel that their function is more equal than others. This insight could equally be written for any function so needs to be read with some balance – that said, digital *will* be pivotal, so we recommend it to C-suites and their internal consultants. It has a sensible (if predictable) set of initiatives based on structure, advise and lead, that will no doubt have CIOs reaching out to BCG to help them look better and gain more budget from their boards.

It contains a helpful board scrutiny evolution framework that should make it into internal consultants' tool kits.

“Is Your Shared Services Organization Heading for Extinction?” – Accenture

[View PDF \(1 Page\)](#)

This article presents the idea of shared services undergoing a digital transformation akin to what many companies are attempting with their external customers, via integrated business services models. Here, the customer is at the center of evolving channel mix – moving to mobile, re-thought business processes and measures that take a customer view of success, and the application of data insights to heighten service relevance and quality. Taking these into a shared service environment is meant to deliver similar benefits to internal customers and suppliers, and may perhaps spill over to external customers.

The article fails to observe that most organizations are undergoing some level of digital transformation at present – or are dying – and so the projections of growth in shared services are a logical extension of what we see in the digitizing landscape. For instance, we see many firms investing in or revitalizing their ERP systems as a part of their digital journey, underpinning the shared services model. The article also fails to note how employee culture – including becoming digital natives – is important in bringing innovations to external customers and participating in the business process changes required to remove friction for customers. The article also fails to provide any real guidance as to how to make these changes, or any indicator of the difficulty and investment required to do so.

Internal consultants will enjoy the broad-brush view presented, but need to think deeply about their role in digital transformation and how best to serve their internal customers in making the leap.

“Unearthing Performance Pains to Boost Bank Value” – McKinsey

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

This article looks at the relative merits of various levers for improving banks' market-to-book ratios, working through the options and identifying those with the highest potential. Observing their impact on ROE, the article focuses in on improving deposits and reducing risk weighted assets. These are apparently common for all banks. There is then further discussion around levers for top-tier and lower tier performers.

The article provides a useful checklist for internal consultants looking to create and then prioritize an agenda for improved performance, though the thinness of proofs is unlikely to sway discussions with functional leads looking for budgets to employ anything other than the two key levers proposed.

“Why Capital Expenditures Need More CFO Attention” **– McKinsey**

View PDF (5 Pages)

This article uses a single, large oil company as an example from which to generate a series of recommended practices for improving the performance of a large project portfolio. The company’s situation is dealing with a massive decline in unit revenues which puts strains on cash flow and requires trade-offs in the capital budget. This then pits the engineers vs. the CFO’s office, who have not imposed standardized business case frameworks nor communized assumptions on future state pricing, costs of capital, etc. While recommending these ill be fixed, further changes include putting the PMO under the CFO’s control and instituting a bi-annual review of project portfolio scenarios, and greater involvement of the CFO’s office at various project stage gates.

While the article makes a number of good points about managing a large-scale portfolio of projects as well as individual projects, it’s neither a quick checklist of best practices nor a business story that might illustrate salutary lessons of poor coordination and financial governance – so internal consultants should grab a coffee, a pen and paper to work through the article and extract some useful kernels of wisdom. For more detailed “how-to” guidance, an alternative is ICG’s recently-released suite of [project management courseware](#).

One caution, the article mentions the potential to manage a large portfolio more dynamically, but is short on insights as to the organization, systems, and business processes required to get this right. It may therefore leave the impression that this is a simple shift in focus rather than a significant investment. It’s also not clear whether the suggested practices would have anticipated or dealt with a 50% drop in price which caused havoc with many a well-managed company.

“Make, Buy, or Cooperate: Right-sourcing the Value Chain in Banking” – Strategy&

View PDF (16 Pages)

The article has a focus on European banks, and draws a comparison of outsourcing maturity in this sector (low) with what automotive companies that have engineered over the past few decades. Strategy& identifies drivers such as cost focus, technology, and maturing outsource options, and goes on to identify various types of outsourcing structures and business models – from pure outsourcing to cooperative ventures between banks. The caution provided is for banks to consider their strategic needs and relationships as they consider which parts of their value chains to deal with, including front, middle, and back office components... with a warning not to enable current or potential competitors.

Internal consultants in other parts of the world may recognize these sector conditions as part of the evolving landscape for banks generally, but more importantly that the underlying drivers being experienced in Europe today – lower barriers to cooperation for banks and for their customers to operate across borders – are a precursor to industry consolidation. In this environment, outsourcing is both a survival tool for lower cost and improved agility, but also a way to feel out prospective merger partners and scale business models to prepare for the inevitable new world.

Reviews of the World's Leading Financial Services Industry Insights

The Insights Review

Financial Services Edition

SPECIAL FEATURE

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ICG



The Best Insights from the Past 12 Months

MAY 2015

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

View PDF (32 Pages)

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

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

APRIL 2015

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

View PDF (26 Pages)

This is an excellent article by BCG and a must read for corporate and business banking executives and their internal consultants. It sets out five waves of disruptive megatrends that are swamping these profit engines for the banks that own them.

The article goes on to make the case for eight - not new - actions that require urgent attention from those with the courage to chart a path to success. On review of these actions readers are highly likely to acknowledge their veracity, so it is worth reflecting that the Corporate Banking sector has been retarded by its traditional business models, which are no longer as fit for purpose as they once were.

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

MARCH 2015

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

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

An excellent overview of a rapidly emerging finance category predicts that the P2P lending market could grow from \$5 billion to \$150 billion in the US alone within the next 10 years, as it matures and expands into mortgage, business, and other asset classes. The article includes a useful overview of the P2P lending ecosystem, including the role of the various platform participants, the loan origination process flow, and the customer experience.

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

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

FEBRUARY 2015

“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.

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About ICG

The ICG Business Model

ICG is one of the world's fastest growing consulting and project services firms.

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

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

Open Architecture Platform

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

- **Professional Consultants:** Unbundled or team based Consulting, Project Services, Subject Matter Experts, and Strategy Support – from Analyst to Senior Partner (all selected via our unique Best Affiliate Forward – BAF® – process)
- **Products or methods:** The world's most powerful consulting products and methodologies accessible through a globally curated platform that ensures the right level of implementation support and accreditation to ensure success
- **Publications:** The world's most powerful library of unbundled consulting and project services IP to support your next project whether a new titles or drawn from our extensive library.
- **Training:** The world's leading training platform to upgrade your team's capabilities to the levels associated with the leading external brands
- **Unbundled Services:** Production, research, project support, event support and more to glue the above four planks together seamlessly with your team.

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Mission & Vision Statement

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

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

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

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