

May-June 2013

# The Insights Review

## Financial Services Edition

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I C G



Featuring:

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

- Corporate Finance/M&A/PE
- Human Capital
- Finance & Risk
- Marketing & Customer Experience

- Technology
- Strategic Analytics
- Operations & Change

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# An Opening Note

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

We aim to provide *The Insights Review* in a highly convenient and easy-to-read format, and to offer you a valuable return on the time you invest in reading it.

If for any reason you are having trouble navigating the content, we firstly suggest you view the Help Guide at the bottom of the screen (denoted by the HELP\* icon – see below).

If this does not resolve the issue – or if you notice any other issues with the app – we welcome you to contact us [here](#) so that we may provide a prompt solution.

We also appreciate positive feedback and reviews on the App Store, and hope that the quality of our content and usability of the app inspires you to do so.

***Welcome to The Insights Review – Financial Services Edition***  
**by Internal Consulting Group.**

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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
- Booz & Co
- Capgemini
- Deloitte, Touche & Tohmatsu
- Ernst & Young
- FMCG
- IBM
- KPMG
- McKinsey & Company
- Oliver Wyman
- Promontory
- PWC
- Roland Berger

## GENERAL STRATEGIC INTEREST

### ***“Elements for Successful Growth in Financial Services” – Deloitte***

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

Great title and lifecycle structure, however the content disappoints. Outsourcing a global survey of 200 cross-subsector executives with questionable seniority is always risky. Interestingly, growth inclinations are reported using an Ansoff Matrix structure, however any reference is studiously avoided, no doubt due to PWC adopting this framework for its branding.

Some selected highlights include: the higher prioritization of reputation impact over any other priority when accessing growth strategies; that only 20% of respondents believe new regulations will prevent growth in the near or long term, while 30% believe they will help growth; and the broad support for new business models for accessing the right talent at the right time, for the right purpose (ICG-like models).

A disappointing end to a run of much higher quality articles from Deloitte.

### ***“Leading Global Banking Practices” – EY***

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

A rushed re-packaging of some African Banking Market Analysis slides with a text-only rehash of the ten key points from EYs stronger recent Global Banking Outlook report. This latter section may have some well-articulated points which can be re-used, for example: “Assessing new product opportunities in the context of public perception, shareholder benefit and reputational risk should become the norm” – this may be helpful to those that are yet to embrace the idea that products need to create sustainable outcomes for customers as well as providers (thereby avoiding reputation risk in the first place).

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

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

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## ***“Outlook for Financial Services” – EY***

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

Builds off last month’s report released with a more sector- and fact-based approach.

For those looking for a high quality update on Euro-Zone banking, insurance or asset management, – or a breakdown of these by major country – look no further.

Chart 3: Eurozone Non-performing Bank Loans depicts the most encouraging reversal of trend that we have seen from Europe for some time. Similarly, the growth projections for insurance premiums and multi-assets are extremely encouraging.

## ***“Reworking the Global Financial Architecture: is Universal Banking the Best Way Forward?” – EY***

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

Hats off to EY for creating a new journal for our industry – one supported by industry heavyweights and a supergroup of relevant academics.

This first article re-badges a recent academic article and asks the key question: do externalities rooted in scale and scope inevitably produce “privatization of returns and socialization of risks?”

The article starts with a relatively in-depth historical analysis of separation regulation (Glass-Steagall and those that followed) and follows with a much lighter look at the performance of this regulation. Interestingly, the article finds little or no evidence that separation would have avoided the Great Depression deposit run on US banks; that crisis was instead caused by the unwillingness of the central banks to provide liquidity, not poor behaviour by the banks.

Our readers will likely focus on two key takeaways:

1. The detailed history which provides a helpful reminder of why the global investment banking industry is one that is almost totally US-dominated (due to a captive domestic market and the benefits of global learning and competition); and
2. The conclusion that internalizing the costs of systemic risk through regulation (Basel III) and relying on market forces is a likely better course of action than ring fencing and points to some recent evidence in the form of business reshaping by UBS and similar thinking by others.

A longish and academically written article that is ultimately satisfying for those inclined.

The paper also highlights the key role US investment banks played in acceleration of the equity and corporate bond markets.

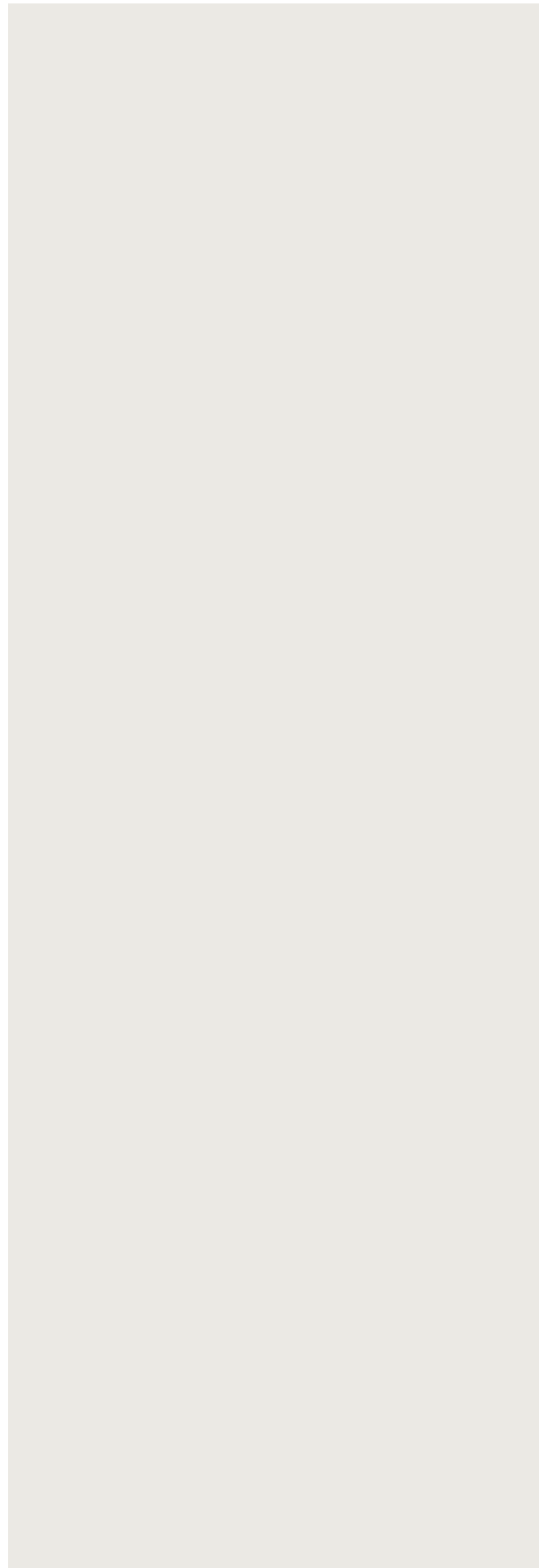
## ***“A New Trend Line for Global Banking” – McKinsey***

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

At just two pages, McKinsey’s shortest insight bravely asserts a single scenario for the world’s banking system: Global Banking Revenues remain at 5% of nominal GDP (after cost of risk).

The doldrums are explained in developing economies by low or falling penetration and the inability of outliers like Brazil to make a difference. Fresh winds might come from higher interest rates and product innovation.

Worth the time required for such a short piece.



### ***“Delivering Digital Satisfaction: U.S. Consumers Raise the Ante” – BCG***

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

BCG have surveyed over 3000 US consumers in order to identify key drivers of online satisfaction across 16 different industries.

An article worth reading, if only for the astonishing insight that of the industries reviewed, the banking sector was seen as the leader in digital satisfaction, and by a considerable margin – even ahead of retail and media sectors. Key drivers of satisfaction in online banking included ready access to information, and transacting business with ease – areas which have been the subject of considerable investment from the sector.

Of less surprise is that there is significant further pent-up demand for digital interaction in banking (as in all segments), as close to 45% of respondents wanted to do more digitally.

### ***“Trends in Retail Banking Channels: Meeting Changing Clients Preferences” – Capgemini***

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

This article presents a high-level snapshot of some of the more notable trends relating to retail banking channel management, including:

- Drive to shift transaction volumes to digital and self-service channels;
- New types of transactions increasingly available through mobile channels (e.g. deposits);
- Increased focus on social media; and
- Increased focus on multi-channel integration.

If you are looking for a basic primer, this article will serve. If you require critical analysis, fresh insights, data or case studies, you will best find it elsewhere.

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

A comprehensive review of recent strategic thinking around the impact of digitisation on retail banking • 126 pages

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## ***“Building Society Update” – Deloitte***

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

This article describes the current state of health of the UK mutual and building society sector.

It is pleasing to hear that many mutuals have thrived in recent years, through continuing to drive growth and refocus on customer touchpoints while major UK banks have been deleveraging.

The sector appears to be punching above its weight. The outlook for the year ahead is less clear, with uncertainty across both the economic and regulatory environment.

Of local interest only is the lengthy following section describing current regulatory developments and the need for UK building societies to review their compliance and control frameworks.

## ***“Mobile Banking: Making it Compelling, Competitive and Cost Effective” – EY***

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

A strong article that packs a large number of insights into a few short pages, outlining a number of the complexities facing banks as they develop their mobile services offerings.

Key challenges explored include:

- The fine balance between meeting user expectation for continuous innovation vs. ensuring a stable, secure transacting environment;
- New servicing and back-office procedures to support the digital ecosystem;
- The pressure to move quickly or else face intensifying competition from challengers and new entrants;
- The need to manage vast volumes of data derived across touch-points; and
- The requirement for faster IT developmental cycles.

A brief but highly worthwhile read.

## *Article of the Month*

## ***“Driving Value and Adoption of Mobile Payments: Consumers Want More” – Accenture***

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

This article reports on the key findings of a survey of 4000 adults in North America to understand how consumers could be encouraged to make mobile payments, and the reasons for the gap between smartphone users' awareness of mobile payments versus their adoption of this payment method.

Accenture concludes it is not simply about presenting consumers with the opportunity to use mobile payments because consumers first want to be reassured about the security, privacy, convenience and value of using a mobile phone to make payments. As blogger Felix Salmon from Reuters recently commented, the existing payment methods are “good enough” for markets such as North America where there are “literally billions of cards already” and mobile payments don't yet offer something superior or any incentive to make the switch.

## ***“The Future of Bank Branches: Coordinating Physical with Digital” – Capgemini***

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

Another article that re-assesses the role of the bank branch in light of the digital revolution and comes to the conclusion that branch networks will remain relevant but transform in nature, as they increasingly focus on relationship-based and complex financial needs. No fresh insights, however a good summary of current thinking that will be of use to consultants looking at channel strategy.

The highlight is the description of alternative future-state branch formats: “The Shop”, “The Lounge”, “The Pharmacy” and “The Digital Pod” with case studies for each.

## ***“World Retail Banking Report 2013” – Capgemini & Efma***

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

This lengthy article contains 3 separate reports. Each covers a different theme without a unifying thread.

The first report presents findings of Capgemini’s survey of 18,000 banking customers across 35 countries in order to determine the Customer Experience Index. Interestingly, although customer experience improved in 2012 across most countries surveyed, this did not translate into loyalty – around 50% of respondents expressed some doubt as to whether they would stay with their primary bank.

The second report relates to the evolution of mobile banking, and identifies that although banks have developed mobile capabilities that improve the customer experience (Australia’s Commonwealth Bank is one of those profiled), they have yet to develop mobile capabilities that address the sales and marketing aspects of customer-centricity.

If you are pressed for time, the final report is probably the pick of the article, describing the unrealised potential for banks to use customer data in order to generate actionable customer-level insights and strengthen satisfaction and loyalty.

## ***“Mobile Payments: Is Trust the Key to Consumer Uptake?” – PWC***

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

In this article focused on the Canadian market, PWC highlights trust as the major challenge when convincing consumers to use mobile payments.

PWC’s research finds that consumers are not comfortable trusting entities other than banks with their financial data and therefore banks need to play an active role in the development of standards in the mobile payments ecosystem.

PWC assert that banks “have never had to trust someone else’s systems to carry out their customers’ payment transactions” – this is inaccurate and gives the article a slightly alarmist feel. However, this weakness aside, the article goes on to provide solid examples of how banks can address consumers’ trust concerns and would be of interest for those focused on security risk within payments.

One interesting, but quite separate point, is that banks will rely on merchants to encourage the adoption of the new mobile payments channel, and could take the opportunity to offer merchants more value-added services in return. Examples include benchmarking or trend analysis, particularly for smaller merchants who cannot afford to do such analysis themselves.

### ***“Global Wealth 2013: Maintaining Momentum in a Complex World” – BCG***

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

BCG, in their thirteenth annual report on the global wealth management industry, present a comprehensive and data-rich profile, with some thought-provoking commentary on key trends shaping the industry over the next five years.

The report continues the story from the 2012 report of ‘rebound’ in the post-crisis era, draws out the industry divide between ‘old world’ and ‘new world’ economies, and presents (Exhibit 7 on page 15) an interesting benchmarking of growth, productivity and efficiency for wealth management institutions and banks across the geographic regions.

The report makes much about the increasingly complex market and operating environment in the post-crisis era for wealth managers everywhere, and lists no less than ten critical steps that wealth managers must take in response. Developing new IT and big-data capabilities to support business agility, information dissemination, and interacting with clients and advisers using social media stand out as some of the more challenging actions.

Wealth management CEOs and heads of private banking groups will benefit from the industry overview, but will still be left with the challenge of determining priorities across the report’s wide-ranging recommendations.

## INSURANCE

### ***“For Insurance Companies, the Day of Digital Reckoning” – Bain***

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

This article examines the fact that over the last few years, the major P&C insurers have embarked upon operational transformation initiatives – although less progress has been made in improving customer interactions and less still on digital innovations.

Bain argue that continuous, customer-focused innovation is crucial in fast-moving industries such as technology (as the Kodak experience shows) but is equally important for the insurance industry.

The article is worth a read for its considered outlook on the potential for change as well as the challenges which are likely to accompany it.

### ***“Beyond Price: The Rise of Customer-Centric Marketing in Insurance” – McKinsey***

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

This study investigates the marketing spending and capabilities of US auto insurers. Many of the lessons are also relevant to the same organisations in other countries, including: the focus on acquisition over retention, the challenges of effective utilisation of digital interactions made during the consideration phase, and how to upgrade marketing capabilities.

Ultimately, it is a statement on the opportunities for better marketing: how to address the consumers in different segments who require targeted messages across different channels in their buying process.

A somewhat (and perhaps necessarily) lengthy read, but worth the time for those faced with such challenges.

## **KAR – Commercial Insurance Innovation**

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

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## ***“Competitive Advantage in Claims Management” – BCG***

[View Interactive Case Study](#)

For many insurers, developing and marketing new products to meet evolving customer needs is the primary focus.

BCG discuss the fact that the claims process all too frequently misses out on the same level of attention. The claims process is vitally important, they argue, not only because it is the primary driver of an insurer’s costs, but because it represents the essential experience and moment of truth for consumers. As such, the claims experience can either cancel out or reinforce an insurer’s brand equity – a valid point well-argued by the authors, making this a useful reminder to those already working on improving claims processes to keep at it, and a wake-up call to others to start giving it due focus or suffer the consequences.

### ***“Founder’s Mentality<sup>sm</sup>: The Paths to Great Repeatable Models<sup>®</sup>” – Bain***

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

This article is an interesting and rapid overview of issues relating to a company’s growth and the ability to maintain an entrepreneurial spirit as a company grows.

Bain’s observations on the topic are well-structured and thoughtful.

A good read for strategy and growth practitioners.

### ***“Designing the Corporate Center: How to Turn Strategy into Structure” – BCG***

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

The topic of establishing a clear parenting advantage as a source of value creation is critical to multi business units corporations.

The article proposes an excellent framework to discuss different types of governance structure.

An excellent and highly recommended read for strategy consultants advising CEOs and boards of large-scale companies.

## ***“Making Great Decisions” – McKinsey***

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

The topic of effective decision-making is relevant to executives and consultants at all levels.

This contribution from McKinsey discussed the benefits of different approaches through interviews with executives and academics. Whilst the article might not be breaking new ground, it is a good read to support readers in assessing different styles and approaches to decision-making and its impact on an organizational culture.

## ***“The Ingenious Enterprise: Competing Amid Rising Complexity” – BCG***

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

This BCG contribution tackles the issue of complexity management in growing organisations.

It relates to a few case examples and abstracts some lessons learnt on how to balance growth and complexity.

A moderately interesting contribution with good references to online companies, although probably material more suited to aficionados of Google, Facebook and the like.



### ***“M&A Deal Evaluation: Challenging Metrics Myths” – AT Kearney***

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

This article challenges the value of EPS impact as a key measure (for listed companies) for assessing M&A opportunities.

While we agree with the authors' position and found this article informative with some useful frameworks, we would have liked to have seen more data to support the core hypothesis that EPS accretion/dilution metrics empirically have no correlation with value creation.

### ***“Valuing Financial Services Firms” – EY***

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

Quite a long article, but then it does go into quite some detail on the individual aspects that affect valuations of financial services firms.

A good “ready reckoner” for those not well versed in valuing financial services firms.

### ***“Trends Reshaping the Future of HR: HR Drives the Agile Organization” – Accenture***

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

One of a broader series on HR trends, this article explores the concept of organizational agility (defined by Accenture as: Agility = Adaptability + Speed + Execution) in detail.

The authors do a nice job clearly distinguishing agile vs. traditional business practices along a number of dimensions, which then provides a platform to elaborate on the various elements (e.g. foster mobility, broker talent flow, apply analytics, develop learning organisation) required to drive agility and what HR needs to do to support it.

It's worth noting that a seminal point in the article also resonates strongly with ICG's 'adhocracy' ethos – that of a 'pull' talent model, whereby highly skilled talent with relevant skills and experience are assembled and reassembled into project teams to address various business challenges, regardless of hierarchy or location.

### ***“Restoring Trust: How to Unlock the True Potential of Your Organization” – AT Kearney***

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

This article attempts to prove out the (somewhat self-evident) case for creating trust-based organizations. It starts on weak footing, as the authors cite a study measuring the 'financial returns' of 200 companies, half of whom have 'low trust' and the other half simply labelled as 'better', suggesting the latter to be better performers.

Luckily, the article improves by giving slightly more concrete evidence – using Lion Nathan as an example – where high trust can create an environment where employees are encouraged to take calculated risks and occasionally fail.

Overall, whilst the article does an adequate job of articulating the symptoms of companies where trust is absent vs. the four values that can build trust and unlock a company's potential, the omission of a more detailed case study to drive the point home is a key gap which undermines its credibility.

## ***“Seizing Back the People Agenda” – PWC***

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

A high level summary of the most pressing human capital issues facing financial services organisations today, followed by PwC’s take on the ‘four pillars’ required to reshape businesses and sharpen competitive relevance (Culture, Capability, Connectivity and Cost).

The section ‘Moving onto the front foot’ touches on many of the key topics this reviewer would expect to see – including influencing the cultural dynamic, implementing new employee value propositions and using predictive analytics – however, it is unfortunately light on detail.

Filled largely with more questions than answers, this article is a useful thought-starter on tabling the human capital agenda but surprisingly (given its page count) falls short of providing sufficiently actionable steps or examples to help executives implement its suggestions.

## ***“Leaders Everywhere: A Conversation with Gary Hamel” – McKinsey***

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

A short read or video (your choice), this piece is a nice reminder that the demands of leadership have intensified over time and that we are asking more of our top people than ever before. The implication is therefore that leadership needs to be ‘syndicated’ down throughout an organisation.

The most interesting point for this reviewer was Hamel’s suggestion that whilst we have now embraced 360-degree feedback, we now need to embrace 360-degree compensation – whereby an individual’s compensation is correlated with how much value they deliver, not where they sit in the company hierarchy. This in turn will drive true innovation and organizational adaptability, he believes.

He also makes the point that the journey will be evolutionary, not revolutionary, and talks about the small steps that companies like Whole Foods have taken in order to embed this concept of “Leaders Everywhere” throughout an organization.

## ***“Health, Wellbeing and Productivity Survey 2012/2013” – Towers Watson***

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

This is a short article sharing the results of a UK survey conducted by Towers Watson on health, wellbeing and productivity.

Interestingly, whilst 2/3 of companies surveyed plan to increase their spend in these areas, very few will apply an ROI lens to quantify the value ultimately delivered through various programs. Equally, there seems to be a lack of overall strategic direction behind these programs – which is worrisome.

To be honest, this is less of an article and more of a smattering of statistics followed by a sales pitch to encourage executives to worry about these topic areas – and of course call in an expensive traditional consultancy to advise!

At best, the article serves as a reminder of

- a. How bad organizations are in general in addressing health and wellbeing, then
- b. Some of the key programmes and metrics human capital leaders should have on their agenda.

### ***“The Art of Risk Management” – BCG***

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

At last, a risk management article that talks in common sense terms. BCG provide 10 principles of risk management that every CRO should keep in their top drawer and reference daily.

BCG’s hypothesis is that developing a risk management mindset for the broader organization is better than a highly technical approach in isolation. That hypothesis is supported by a call to keep things simple as that will help motivate employees to create a risk-aware culture and deliver meaningful information into the ERM system.

BCG provide a depiction of an integrated risk management system that can be simplified to: Understand, Plan, Act. With the thought line that strategic risks hurt companies more than unexpected financial risks (a simple message that is forgotten by many risk managers tied up with complex risk evaluation and reporting) there is a need to plan and, more importantly, to act.

### ***“Navigating Risk” – Roland Berger***

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

This article is written as an advertisement for the authors, with multiple references to seemingly complex assignments performed for clients. If you look beyond the self-referencing, there are a few important messages.

Roland Berger extoll the virtues of integrating risk and capital management within a strategy process. This is manna from heaven for the more technically-minded risk managers, suggesting that simulation and stress-testing have a role in determining target risk appetite and consequential business strategy.

The article also identifies that a problem exists with operational risk practices overburdened with information but weak on interpretation and forward looking perspectives – this is a message that financial institutions and regulators alike should heed, and to challenge whether their operational risk practices have been over-engineered in pursuit of meaningful inputs into capital models.

## ***“The Cultural Revolution in Risk Management” – EY***

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

EY tackle the imponderable issue of risk-taking culture and behaviour. The article suggests it has sought to address a wide range of new ideas within a short span, however it is unclear what is truly new other than their proposal to influence behaviour in the ex ante stage of performance management (and remuneration assessment) through articulating risk competency and accountabilities in role profiles.

EY call for linking risk appetite to strategy and behaviour and for resourcing the risk function – presumably to measure culture.

The article finishes on a note observing that it will realistically take time (even a generational shift) for change to occur. This is a soft end to an article that promised solutions – that conclusion provides an excuse for senior management and boards alike to say that culture is all too hard and they have no data to work with; it also allows that time to be fruitful for consultants doing longitudinal studies to track progress over time!

## ***“Fund Transfer Pricing for Deposits and Loans, Foundation and Advanced” – EY***

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

You don't expect a lot of technical detail from the Big 4 accounting firms as a rule, but I'm pleased to say that this article – part of the first volume of EY's Journal of Financial Perspectives – disproves the rule.

FTP is changing rapidly to encourage banking front-line units to price in liquidity and funding risk and charge appropriately for product optionality. Surprisingly, not a single new textbook has been printed on this subject in the last decade. This material covers at least the basics, and while it's available elsewhere, it is hard to find. If equations don't faze you and the subject matter is pertinent, this may act as a useful primer.

Most banks are probably beyond the techniques outlined here – it would be useful if EY were to follow up in a few issues' time with more advanced material.

In the meantime, we heartily recommend you peruse the whole journal. Keep it up, EY.

## ***“Liquidity Transfer Pricing: Current Challenges and a Way Forward” – Accenture***

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

We had perhaps a little too much fun last issue on the subject of Accenture’s comprehensive library of stock fish photos. We can only urge you to push past the glossy colour and into the detail of this article, which covers, in reasonable depth, current and emerging practice around liquidity risk pricing and management.

No equations here, but it covers, for example, the types of models typically used to assess each component of liquidity transfer price for typical banking products.

Another recommended read – and with two articles on funds transfer pricing in one edition of *The Insights Review*, do we detect the start of a trend?

## ***“Perspectives: Own Risk Solvency Assessment for IORPs” – Towers Watson***

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

Solvency II makes for heavy weather reading at the best of times, with 5-letter acronyms fairly dripping off the page. This earnest effort from Towers Watson is no different – its authors seem desperate to make the case that Solvency II-style risk management is overkill for the pensions industry, yet it seems unlikely by their own admission that this is actually what CEIOPS intends.

Surely risk management requirements should not be reduced for defined contributions schemes, or schemes that are employer-sponsored rather than stand-alone? Yet that seems to be the view taken here.

It all adds up to strangely unsatisfying reading, without anything new to offer, and in any case overtaken for most Australian readers by APRA’s similar initiative for Australian superannuation.

## ***“Performance Risk Management” – EY***

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

Value-based management has been around, at least as measured by corporate good intentions, since the turn of the century. EY produce, it has to be said, a short primer on the subject. It includes a look at how ERM needs to evolve to meet its requirements, its elegance disguising the fact that it says nothing new.

One key observation missed, in the opinion of this reviewer, is that to be managed, performance must first be measured. Forward looking balance sheet models – driven by views of key emerging risks and drivers – remains a pipe-dream for many firms.

While spelling out the need, this PowerPoint offers only a glimpse at the path forward.

## ***“The Evolution of Model Risk Management” – PwC***

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

A very worthwhile take on how to apply a 3-lines-of-defence risk management methodology to model governance, courtesy of the US Dodd-Frank and CPA proposals. PwC spend less time worrying about the scope of the regulatory proposal and more about the resultant outcomes for model management, and the paper reads all the better for it.

Two major conclusions are reached – firstly that model development cycle should be managed to reduce residual model risk, and secondly, that existing ‘traffic light’ scorecard-based approaches to model validation are on the way out. This is due to the fact that all models have residual risks and limitations which must be communicated to users, and users must themselves place the emphasis on greater sophistication and understanding.



## ***“Missing Ingredients in Risk Management” – Promontory***

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

A short article with a simple message: culture has been missing and it can be managed.

Promontory suggest that being accepted by colleagues in a positive culture reinforcing environment is a stronger approach than a remuneration based one. This needs to occur at the first line of defence where the risk takers are resident.

Unfortunately the article is short on the mechanics of how to achieve this beyond the proposition that management should espouse and model values that staff will embrace.

### ***“Taking a Fresh Look at Customer Segmentation: Winning the Lotto” – Accenture***

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

Accenture looks at the challenges facing marketers wanting to deliver an effective customer segmentation strategy. The article provides useful insights into a technology that handles infinite numbers of attributes, and factors in the business objectives at the start of a project to ensure that the resulting segmentation solution is aligned to those objectives. Leveraging artificial intelligence technology, next-generation customer segmentation is now a reality.

This article provides practical case studies and is a good thought-starter for those seeking a fresh perspective on customer segmentation.

### ***“The Coming Era of ‘On-demand’ Marketing” – McKinsey***

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

This article highlights the importance that digital marketing will have in coming years. It explains that, as a result of technology evolutions, consumers' expectations will increase in four distinctive areas:

1. Now – interact anywhere, at anytime;
2. Can I – do more things in a valuable and effective way;
3. For me – tailor and personalize experiences; and
4. Simply – easy to use

With the use of clear examples, the report explains how the integration between social media, physical activities and technology will be done. In addition, it sets some strategies for in-company effort coordination that will help answer customers with demanding expectations. Under this subject, it cleverly explores the understanding of customer data from the macro to the micro level.

## ***“Efficiency and Effectiveness in Digital Advertising” – BCG***

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

Google commissioned BCG to find the answer on how agencies can improve their digital campaign efficiency. Using lean methodology, BCG mapped and measured the complex processes of 24 European digital campaigns.

BCG found those agencies that embraced complexity and fixed the pain points along their campaign management process enjoyed staff time savings of up to 33% in their campaign operations.

This is a must-read article for those grappling with the myriad layers of complexity in digital marketing operations.

## ***“Through the Looking Glass the Transformative Potential of Mobile Technologies” – BCG***

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

Everyone knows that mobile is here to stay as the primary method of going online. This article further explores mobiles as representing a new universe of connectivity that is social, local, personal and always on.

The article gives insights on how mobile development goes beyond developed countries and sectors, having a technological, social and economic effect that obliges government and companies' to treat mobile as an unavoidable commitment.

With a clear exposure on how mobile models take shape, BCG raises the main differences between the collaborative Japanese style, competitive US model, and “greenfield” model existent in developing countries. It concludes this section by highlighting the consistency of mobile goals around the world.

A mobile health check-up agenda, at the end of the article, allows companies to analyze if they have the necessary business capabilities to overcome the challenges that mobile represents and keep up with this rapid pace of innovation.

## TECHNOLOGY

### ***“Aligning and Rationalizing Your Business Applications: How to Simplify the IT Portfolio and Reduce Costs in Financial Services” – Booz***

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

Booz paint a grim picture of stagnating and decreasing efficiencies in the financial services sector, and use this picture to create the case for simplification of banks' IT application portfolios. The authors then come up with pragmatic high-level suggestions for application rationalisation approaches.

An easy read and good starting point for a management discussion, but not really anything new or exciting.

### ***“How to Get Started with Big Data” – BCG***

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

BCG conclude that the time to attack the big data problem has never been better. Cost of data storage infrastructure has decreased steadily, storage cost reduced dramatically, and technical talent is readily available. They discuss different implementation approaches and ways of getting started with the topic.

A very worthwhile read for technologists and also the wider business audience.

## **KAR – Best Practices in Shared Services**

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**I C G**

## ***“Digital Transformation Review: N° 04 May 2013” – Capgemini***

[View PDF \(64 Pages\)](#)

This 4th edition of Capgemini’s digital transformation review is comprehensive, including six insightful and interesting case studies and interviews with old world and new world digital business unit leaders who share perspectives and relevant insights of digital transformation initiatives.

The report also includes the key findings of a recent global MIT/Capgemini study which focuses on the importance of employee engagement as a success factor for digital transformations.

An interesting weekend read, giving some unusual and new perspectives on a challenging topic for many executives.

## ***“Disruptive Technologies: Advances that will Transform Life, Business, and the Global Economy” – McKinsey***

[View PDF \(176 Pages\)](#)

McKinsey’s research arm MGI takes things seriously. This 176-page research paper (or 30 page executive summary for the time poor of us) contains fascinating qualitative and quantitative perspectives on adoption rate and impact of major disruptive technologies.

A wealth of interesting research with well-designed trend and correlation graphics. Sit back, relax and skim through this report – the findings could give you some very worthwhile insights and hints on new disruptions, and even better on new opportunities for your business.

## ***“The Do-or-die Questions Boards Should Ask About Technology” – McKinsey***

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

A must-read for IT executives and business leaders alike.

Technology spend is increasing in almost all industries despite general cost pressures. You want to make sure to do the right things, do it the right way, and talk about it in the right way...

## ***“The New CIO’s Quick-start Manual” – Bain***

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

An easy must-read for CIOs and IT senior executives.

Bain capture the key questions for incoming (and also existing CIOs) to assess the core fact base of their operations, set appropriate expectations with stakeholders, and tackle the highest priority initiatives first as part of their re-alignment with the business.

## ***“IT Advantage, April 2013”*** **– BCG**

[View PDF \(31 Pages\)](#)

Dreischmeier’s team has again come up with a worthwhile compilation of global research and IT leader interviews.

The Australian audience of this edition of ICG’s *The Insights Review* will surely appreciate the interview with Telstra’s CIO Patrick Eldridge on progress and KPIs of Telstra’s IT transformation.

### ***“The Looming Global Analytics Talent Mismatch in Banking” – Accenture***

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

A crisis is looming in the banking sector, say Accenture – too much opportunity in the new digital economy and not enough people to execute against the promising vision. The case is made solidly, drawing upon research from both the supply and demand sides of the human resources equation.

Useful for corporate human resources planners and policymakers with a longer-term view of the global PSTS labour economy.

### ***“How Advanced Analytics are Redefining Banking” – McKinsey***

[Watch Video](#)

This worthwhile McKinsey piece is delivered as video, making it easy to absorb even as you check email and generally remain productive. Expect to see a lot more of this style of delivery.

The content itself is well worth the time, exploring several case studies of strong relevance. Just one example is the way Gini scores for correctness in credit risk models can be boosted from the low-40% range into the 70% range by leveraging recent advances in predictive analytics – making consumer credit scores now a lot more accurate.

Solid content delivered in an easy-to-consume format.



### ***“Management Tools and Trends” – Bain***

[View PDF \(68 Pages\)](#)

An extensive anthology of some 25 executive decision-making tools, methodologies and recent management trends popular since the 1980s. The topics range widely: from mission and vision statements through to strategy setting, competencies (alliances, supply chain management, total quality management... naming only a few) to zero-based budgeting. Each topic is structured and arrayed in a simple and easy to read two pages précis providing a summary and guidance to further reading.

### ***“Results Delivery: Managing the Highs and Lows of Change” – Bain***

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

The '15 Questions you should ask about your change journey' are a must-read for any leader of major organizational change.

A charming re-write of many preceding and more insightful articles on the topic of change. The paper does a good job of characterizing the emotional states and 'biases' that leaders and stakeholders of organizational change will exhibit. It takes an admirable and 'socratic' angle to helping readers by assisting them to ask critical questions which ensure their change journey has the necessary winning conditions in place.

## ***“Creating an Internal Change Capability: What’s the Right Organizational Model?”*** **– Accenture**

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

This paper is useful for those beginning the journey of building a change management function within a large company.

The short lays out the dimensions of potential organisation choices, but doesn’t provide much insight on how to choose amongst them.

## ***“Corporate Headquarters”*** **– Roland Berger**

[View PDF \(27 Pages\)](#)

A survey-based brochure for corporate centre restructuring.

While the paper rehashes concepts and ideas about the role of the corporate center in a large international company, it does so on the back of a very fresh and interesting framework on the core ‘value-adding’ capabilities of the corporate center:

1. Provide Strategic Direction
2. Manage Complexity
3. Strengthen Innovation
4. Work in Global Networks (*Support Collaboration*)
5. Ensure Execution.

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# About ICG

## The ICG Business Model

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

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

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.

## Products & Services

ICG offers the following menu of services to our local and global clients:

- Unbundled Consulting, Project Services and Strategy Support – from Analyst to Senior Partner (all selected via our unique Best Affiliate Forward – BAF® – process)
- Unbundled Subject Matter Expertise – from one hour to many months
- Unbundled Production Services – complex graphics, presentations, formatting
- Unbundled Research Services – desktop reviews to detailed drill downs
- Unbundled IP and Methodology to support your projects – from templates to full how-to manuals
- Project Services and Benefits Realization – team configuration from 1 to 100 through to full program management, under your brand, or ours (or both)
- Capability Building – consulting training and benchmark-driven improvement of your internal consulting and project services
- Synthesis of domain knowledge in any topic area – our unique Knowledge Area Reviews (KARs)
- Reviews of all published articles by the leading consulting firms – our ICG Insights Review.

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## Mission & Vision Statement

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

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

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

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