

April 2016

The . Insights Review

Financial Services Edition

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ICG



Featuring:

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

Wealth & Asset Management
General Insurance
Life Insurance
Strategy & Transformation
Corporate Finance / M&A

Corporate Governance
Human Capital
Diversity
Technology
Operations & Change

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About this Report

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

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

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

Access to Full Reports

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

Links are current at time of publication.

Insight Sources

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

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

A Message From the Editor

A key month for digital insights! This edition of *The Insights Review* has an unusual concentration of thinking on this critical theme and for those who are super keen – please jump to the digital-rich strategy section.

Our Article of the Month is a deserving winner for its thoroughness and utility to internal consultants in the insurance industry.

World Insurance Report 2016 – Capgemini

However, we would like to cheekily suggest you also look at one of two McKinsey articles that strongly advocates the ICG platform-based approach to unbundled consulting. Thank you, McKinsey.

Managing Talent in a Digital Age – McKinsey

Once again, we hope ICG's *The Insights Review* saves you lots of time and gets you to the insights you need as quickly as possible.

David Moloney

Global Editor

GENERAL STRATEGIC INTEREST

“Market Utilities in Financial Services” – Strategy&

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

A timely reminder that in a slow-growing, margin-shrinking environment, one of the next forms of low hanging fruit is utilities that can save costs through shared scale and improve market outcomes by controlling access to scarce resources or specific assets. This insight is wordy – and would benefit from more of the applied science of extended enterprise and joint ventures – but provides a starting point for most internal consultants. Of particular use is the idea that most companies will ultimately access or own a portfolio of these, and Exhibit 4 includes a map of US capital markets oriented utilities, which is a great starting point for building the equivalent in your own market.

“Corporate Disruptors: How Business is Turning the World’s Greatest Challenges Into Opportunities” – Accenture

[View PDF \(183 Pages\)](#)

Compelling material from the Young Leaders Group at the WEF. The long report has a useful executive summary which indicates that the UN’s original goals have been superseded by 17 Sustainable Development Goals (SDGs) for corporates. These allow the organizations to turn their weaker corporate responsibility program into something much more powerful: corporate social opportunity. Example goals include quality education, and gender equality and climate action. Structured as a template, drilling down into each of the 17 areas with a depiction of the issue, opportunity, targets and case study of a recognized global player already gaining advantage from pursuing the SGD. This insight should hold appeal for internal consultants wanting a much broader picture of organizational purpose along with innovative ways of aligning corporate responsibility with real economic opportunity.

“The Pulse of Fintech, 2015 in Review” – KPMG

[View PDF \(85 Pages\)](#)

A comprehensive and data-rich review of Fintech venture capital deals in 2015 using data sourced from CB Insights and compared with data from 2014. An excellent overview with deals and trends segmented for North America, Europe and Asia, as well as by Fintech category. KPMG would have paid a lot for this data and they have done a good job presenting it. Well worth downloading as a reference.

“Exploding Digital Flows in a Deeply Connected World” – McKinsey

[View Podcast](#)

Some McKinsey directors having a high altitude macroeconomics discussion about their latest report on the increasing importance of data and data services in world trade flows. The kind of topic that probably plays well in the corridors and plenums of Davos, but of limited practical value to busy executives trying to ride these mega trends.

“Blurred Lines: How FinTech is Shaping Financial Services” **– PwC**

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

A good complement to the KPMG Fintech deals survey reviewed earlier. In their survey, PwC take the incumbents' perspective and discuss the trends in Fintech disruption vectors and ways incumbents could anticipate, defend, engage, emulate, and counter-attack. A well-written addition to the sea of Fintech commentary and worth reading for either insight or as a recap.

“Divide & Conquer: A Guide to Winning SME Banking Strategies” – Bain

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

In the years since the financial crisis, the larger banks have remained wary of embracing the small business banking sector across many developed economies due to higher default rates and cost to serve. This stance that has allowed more nimble competitors to aggressively compete against the industry incumbents.

Bain argues that rather than retreat from the sector, incumbents should evolve their models through an approach that relies much more heavily on segmentation, and carefully designed product and service offerings to each of the differentiated segments.

The article walks through a classical framework of strategy formulation as applied to the business banking sector: define your ambition, where to play, and how to win. Each area poses clear choices and considerations around core competencies in product, distribution, operations, and risk management. A highlight is the analysis on the critical role of client segmentation in developing a winning SME approach, and the clear choices to be made around segment prioritization and focus.

For strategic consultants with an interest in the sector, this is a must-read.

“Future of European Consumer Finance” – Roland Berger

[View PDF \(61 Pages\)](#)

Roland Berger’ 60-page slide deck contains insights from its recent review of European banking executives, covering market growth, industry structure, market trends, and business transformation.

On market structure, the most interesting findings were that a very high proportion of executives expect consolidation in their national markets in the near future, and that nearly 70% of respondents think that internet players will be a high-level threat within the same timeframe.

The highlight of the report is the section on business transformation, which covers three key focuses revealed to be the highest priority for survey respondents: digitisation of operations, omni-channel journey mapping, and B2B2C extension from point-of-sale.

Time-poor consultants will find that a quick browse is sufficient to locate the most relevant and interesting morsels.

“Moneyball’ in Commercial Lending: From Art to Science in Pricing” – BCG

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

In a strong month for business banking insights, BCG provides a concise and highly readable perspective on pricing in commercial lending – an area where statistical science has yet to make significant inroads, and where pricing is still more art than science.

The article covers the most common pricing approaches including cost-plus, market benchmark, and relationship pricing, and describes the benefits and shortcomings of each before outlining a preferred approach whereby data insight can help to unlock the individual price sensitivity of commercial borrowers.

Implementation is addressed, and the article usefully describes a range of change management tools to enable banking relationship managers to overcome their natural tendency to overestimate their client’s price sensitivity.

PAYMENTS

“Blockchain Solution Portfolio” – PwC

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

An advertorial from PwC showcasing their firm’s professional services to support clients identify and evaluate potential blockchain solutions. Other than an understanding of the firm’s capabilities in this area, it provides no worthwhile insights into this rapidly evolving technology. Anyone interested in the subject would be better to turn to Professor David Lee, one of ICG’s Global Thought Leaders and his Handbook of Digital Currency.

“Visa & Accenture Partner to Let Customers, Merchants & Financial Institutions Motor on Toward the Future of Commerce” – Accenture

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

Another advertorial, this time from Accenture, that says even less than the last piece. Accenture announce they have partnered with Visa “to envision the future of the connected car, one that embeds commerce into the Internet of Things”. They go on to say this has generated lots of media attention, but report nothing else of value to the reader.

“Wholesale Banks & Asset Managers Learning to Live with Less Liquidity” – Oliver Wyman

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

This is a blue paper – so described by the authors, Morgan Stanley and Oliver Wyman. So the first insight is to answer the question “what is a blue paper?” As distinct from a white paper, it is a more technically-oriented document written for readers with a level of expertise by authors with even more expertise (and keen to display it). As such, it is not designed to be easily accessible to time-poor executives, but the value or the Devil (depending on your perspective) is to be found in the detail.

Your reviewer would draw the attention of CIB executives and internal consultants to the implications identified from the reduction of liquidity to the reshaping of the operating model for CIB.

“Trade Finance: The Landscape is Changing: Are You?” – Accenture

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

A thin article by Accenture, in both senses of the word. Essentially, it is just a reminder that they know about trade finance, but no new insights are to be gleaned from this paper (unless you are a new internal consultant to the topic).

“2015 Mutual Fund Developments: Look Back to See What’s Ahead” – PwC

[View PDF \(35 Pages\)](#)

If there was any doubt about the popularity of passive fund strategies, it was removed in 2015 when passive funds attracted \$300B inflows against \$128B outflows for active funds. This is one of several data points in this article from PwC that discusses the mutual fund market within a global context of changing regulations, reporting requirements, and tax laws. At 68 pages, it’s a long and heavy read, but finance heads, compliance managers, and in-house lawyers will find a comprehensive global wrap-up of the myriad of changes facing the industry. Skip straight to the executive summary on pages 4-5 if you want the highlights, but the value here lies in the detail.

“Global Funds Distribution 2016” – PwC

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

This is a two-pager from PwC showing the global fund distribution hot-spots. It may be of interest to the marketing teams of the top 50 asset managers, but it’s ultimately a flyer for PwC’s distribution support capabilities. Bring your magnifying glasses if you intend to read it – 2 point font size doesn’t even print well in A3. Or better still, skip it altogether.

“Wealth Management in the Digital Age” – Capgemini

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

Another article about the impact of digital on the HNW end of the wealth industry. It offers readers two key takeaways that can be covered briefly here. The first is research about an emerging correlation between propensity of adviser departure and availability of digital advisory support tools – a factor likely to increase over time. In the war to attract and retain advisory talent, this factor could end up being one of the primary reasons to accelerate plans for digital adoption. The second is an attempt to quantify the implications of inaction, with the authors raising the concept of “digital attrition” (which they claim could result in wealth firms losing 56% of their net income). Unlikely of course – firms would act well before this happened – but an interesting sequence of implications to contemplate. Beyond these two points, there is little here that hasn’t been mentioned elsewhere.

GENERAL INSURANCE

“All in Insurance: Hype or Reality?” – PwC

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

A short context-setting article out of PwC’s US practice, drawing together a number of strands on a rarely syndicated topic with a wide reach.

Coverage includes the internet of things, digital distribution opportunities, risk selection and assessment, and a 2016 view of claims adjusting opportunities. Once covered, a classic consulting roadmap sets out the usual way forward for internal consulting teams.

The risk selection section covers what PwC see as potentially the most profound impact AI can bring to the insurance market. This will be of interest to executives and internal consultants alike, given margin squeeze continues to bite in low-interest times. Your reviewer personally likes the opportunities in claims adjusting.

Certainly worth a read, this insight poses some excellent questions...

“World Insurance Report 2016” – Capgemini

[View PDF \(56 Pages\)](#)

A data-rich, 54-page production with 30 pages of report supported by a wealth of country snapshots as appendices – from Australia to the United States – with the authors working closely with EFMA as research supporters.

The two-chapter report condenses a massive 15,000-plus ‘voice of customer’ survey looking at motivations, habits, preferences, and behaviors across 30 countries and synthesizes the outputs into two bold and interlocking summations. 1. "Gen Y experience suppresses global improvement in customer experience"; and 2. "Connected technologies threaten traditional insurance models". The proposition for readers being that Gen Y and the Internet of Things present a potent mix for insurers. Probably hard to disagree with this – but the article does flesh out both sides of this view in some detail and gives a 'currency check' by market.

Bringing in themes and views on many related articles over the last 12 months (mainly the multitude of digitalization pieces), your reviewer considers this a must read for anyone looking at the future dynamics of consumer insurance.

This larger insight is a worthy winner of our ‘Article of the Month’.

Article of the Month

LIFE INSURANCE

“Death by a Thousand Cuts: Insurance in a Low Interest Environment” – Deloitte

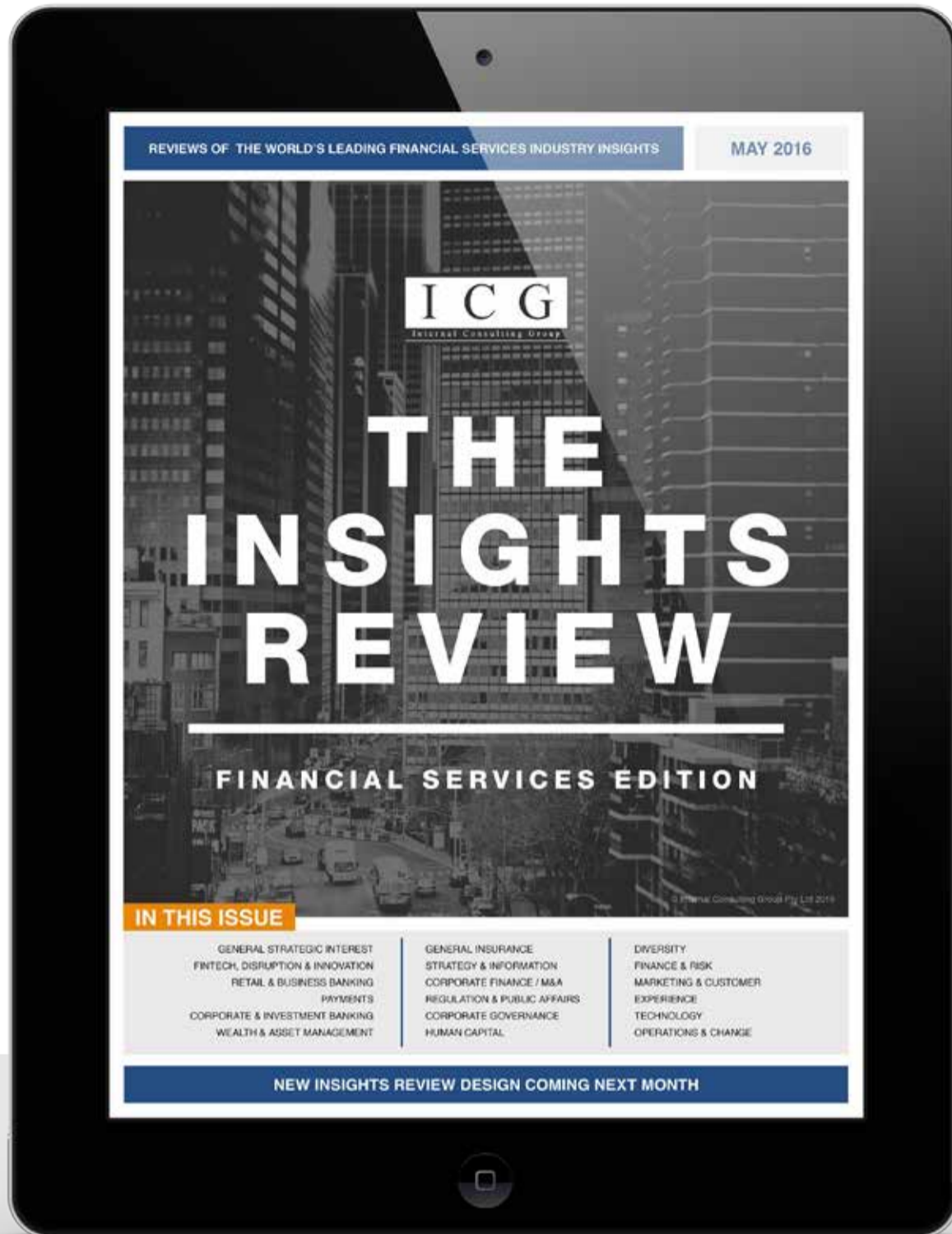
[View PDF \(4 Pages\)](#)

A short insight that presents a useful strawman of strategies for a life insurance company in a low interest rate environment. While based on the Swiss market, the strategy maps on page 3 could be useful tool for most internal consultants working at life insurance companies.

“Leading US Life Insurance Provider Consolidates Delivery Model on Journey to High Performance” – Accenture

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

Not an insight, instead blatant advertorial by Accenture – to be missed.



NEW LOOK NEXT MONTH

ICG is proud to announce a bold new look TIR for our growing global audience of readers, commencing with our next issue. You'll enjoy the same quality of reviews from our expert panel in a more modern, vibrant format.

“The Economic Essentials of Digital Strategy” – McKinsey

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

A must read article for large and medium corporates alike. Your reviewer liked the article along several dimensions:

1. Provides a simple and easy to understand supply-demand framework aptly suited to provoke deep thinking in a world of digital transitions;
2. Good smattering of example cases, sans bubble charts, pivot tables, scatter diagrams etc., to drive home each point thus making the read a delight;
3. Resonates well with our own ICG operational model, which put into practice all aspects of the framework already – 4 years ago!
4. The one phrase in the article “**software eats the world**” is so profound and thought-provoking that it is enough to turn any traditional business on its head.

The framework, divided into two halves, speaks to how digitization can disrupt business when it fundamentally affects the dynamics of supply and demand. The upper half deals with issues related to leveraging hitherto unmet demand and supply opportunities that have always existed but now stand exposed on account of the pervasiveness of all things digital. The lower half deals with how changes in supply and demand provide the pathways to crafting ‘*new value propositions and reimaged business systems with hyperscale platforms powering the new ecosystem*’.

The article is written in the modern day language using phrases such as ‘unbundled solutions’, ‘leveraging the power of the crowd’, ‘hyperscale platforms’ and so on. This helps bring the new vocabulary to the readers.

I would urge every C-suite in the financial industry to read this article and initiate their own discussions internally around the way they are currently handling

– and would like to improve upon – each half of the framework within the operations of their own organizations.

The diagnostics tool, and the questions posed along with the framework, provide a solid starting point for any internal consulting team to develop deep insights into the ways they should plot and plan each move as they transition into the digital world... where every turn might hold new surprises.

“Plan D: Digital All the Way” – Roland Berger

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

Even though a bit of a tedious read, one can’t fault the content, the issues raised, and the proposed approach. The article makes a strong case for those financial services organizations that do not have digital transition programs to urgently initiate comprehensive, end-to-end digital restructuring. Plan D provides a good roadmap for such organizations to grasp the bull by the horns and start taking urgent actions towards making that digital transition happen.

The three “digital wringers” are particularly worth the attention of senior management, and will help them to be fully comfortable with the risks of taking faster decisions around the opportunities that changing customer behavior, emerging intermediaries, and a lagging regulator provide.

The article emphasizes the importance of ensuring client perspectives are always prioritized. It builds a compelling case for end-to-end restructuring and highlights some of the pitfalls of just digitalizing, for example, the front-end.

The article would have been well served if it had further cautioned that even the drivers of change mentioned in the article are quickly being surpassed by even more bleeding edge technologies, such as blockchain-distributed ledger. Several large financial corporations and fintech companies have invested significant capital towards exploiting the blockchain and are preparing for an even newer wave of digital disruptions.

“PwC Private Equity/Venture Capital 2015 Review & 2016 Outlook” – PwC

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

Slides presenting a high-level survey of trends in Asia, from a China comparison perspective, in funds being raised, investments, and exits across the venture capital and private equity spectrum. The trends in exits is worth noting, with trade sales down and IPOs up. While regional VC and PE industry associations produce similar annual surveys, using data from their member funds, the PwC survey may be casting a wider net, picking up activity by other types of investors besides fund managers. Worth a quick slide turn to see the main trends, but the key one is growth.

“M&A in Australia’s Insurance Sector Positioned for Growth” – Deloitte

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

Focused on the Australian market, this article is a good read and provides discussion material for strategic planners and C-suites, especially if you are on a long flight along with some colleagues. Very much a fact-based document, it is hard to disagree with recorded events – but what makes the article interesting are some of the thought-provoking views from the authors.

The article speaks of the need to find newer growth paths and, of course, M&As are one option. The authors note several activities/events that might trigger a transaction or deal making, and their views are worth noting. One such view is the growing trend of Fintech related M&A's.

“2016 Insurance M&A Outlook a Year of Continuing Exuberance” – Deloitte

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

This article focuses on the global M&A outlook for the insurance industry during 2016. It provides strategic planners, C-suite and Board members enough fodder to hold meaningful discussions around their M&A ambitions and strategies.

The articles' approach is based on the mantra of hindsight + insight will provide a good basis for foresight. This approach has served the article well and gives good credence to the author's view that 2016 will see acceleration in M&A activity in the industry.

One of the hindsights that the article relies on is that the year 2015 was marked by an impressive volume of reverse deal flow, as acquirers from Asia, particularly China and Japan, invested in mature markets across Europe and the US.

Several drivers for continued momentum in M&A transactions are highlighted. In some instances, it would appear that the writing is on the wall and will play-out along the lines the authors envisage. For example, the urgency to factor in the growing influence of Fintech companies will lead to increases in transaction volume in that area. E&Y, another big consultancy, has also recently published their views on insurance M&A 2016 and they too observe that 'technology will transform all elements of the insurance value chain'.

More importantly, the underlying market fundamentals are not expected to change in the short-term (as noted by KPMG in their musings on insurance M&A 2016) and, accordingly, the trends that started to emerge over the last 12 months will continue or accelerate throughout 2016.

Overall a good article to read and will surely spawn stimulated discussions amongst the strategic planners and C-suite.

CORPORATE GOVERNANCE

“Corporate Governance & the Brazilian Capital Market” – KPMG

[View PDF \(73 Pages\)](#)

An 80+ page report that provides results of in-depth analysis covering Brazilian companies' corporate governance practices and approaches. The report is based on information disclosed in the Registration Statements of 227 companies.

A useful read if you enjoy statistical analysis covering Brazilian corporate governance, otherwise one to skip.

“Key Regulatory Challenges” – KPMG

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

A very brief overview of the key regulatory challenges and issues facing the insurance industry. A quick read that provides a high level list but requires further analysis or research to be helpful.

“Regulatory & Public Policy Pulse” – EY

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

A high-level overview of recent regulatory and public policy developments facing UK business in the areas of reporting, auditing, and governance. The newsletter provides insights at this level, but at times reads like an EY sales or marketing brochure.



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I C G

HUMAN CAPITAL

“Leading in the Digital Age” – McKinsey

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

A wide-ranging ramble among some professors and a McKinsey senior on the changing role of leaders in a world beset by digital disruption. Good general fireside chat – but not a priority for executives nor their internal consultants.

“Managing Talent in a Digital Age” – McKinsey

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

A fascinating article because McKinsey takes a look at online talent platforms... and reveals that they would dramatically increase the output of their own workers if they moved to embrace a model more like ICG's! Exhibit 1 indicates a 9% output increase and a cost reduction of 7% (by way of comparison, ICG typically reduces its client costs by 30% or more).

The article also identifies some of the more technically advanced and sophisticated niche players in each step of the find, on-board, and use lifecycle of employment.

In the fine print, McKinsey admits the insight is a short abstract from an older McKinsey Global Institute paper from 2015.

DIVERSITY

“Getting to Equal: How Digital is Helping Close the Gender Gap at Work” – Accenture

[View PDF \(30 Pages\)](#)

Accenture has created a Digital Fluency model to assess progress towards gender equality.

At first glance, it seems an interesting proposition. However, it soon gets complicated and confusing in its connections.

For example, the definition of digital fluency is never clearly spelled out, making it difficult to validate any claims that are made. “Digital fluency” basically refers to a number of things including the use of digital technologies (smartphones, wearables, virtual learning, webcams etc.) as well as with education, and whether companies were intending to increase numbers of women in senior management roles.

This data has been combined with data about internet usage in each country to create a Digital Fluency Score.

The key finding that the model shows is that the higher a nation’s Digital Fluency score among women, the higher rates of gender equality in the workplace.

“Breaking Down the Gender Challenge” – McKinsey

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

From data collected in 2015 from 30,000 employees in North America, the McKinsey authors identified three main problems in advancing women in leadership roles – basically the beginning, the middle, and the end!

Women face problems because they are (1) unable to enter the workforce and (2) once in, they get stuck in the middle and (3) having lasted, they get locked out of the top.

These three “pipeline patterns” indicate focal points that need to be constantly reviewed. The article suggests questions that companies should ask to identify where they are in the pipeline and what actions they should take.

TECHNOLOGY

“Realizing the Potential of the Intelligent Business Cloud” – Accenture

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

Yes – hybrid Cloud is the answer. This article reads like a sales brochure would for one of the major vendors. Nothing they say is incorrect, the only issue is that you should already know, and as a result there are no new insights in this piece.

“PwC Software Robotics” – PwC

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

Robotics is the latest ‘buzzword’. It is true that there are still efficiency gains that can be realized from automation and straight-through processing.

The insight gained from this short article can be simply expressed as:

Cost 3:1 (Off-shore FTE: Robotic FTE)

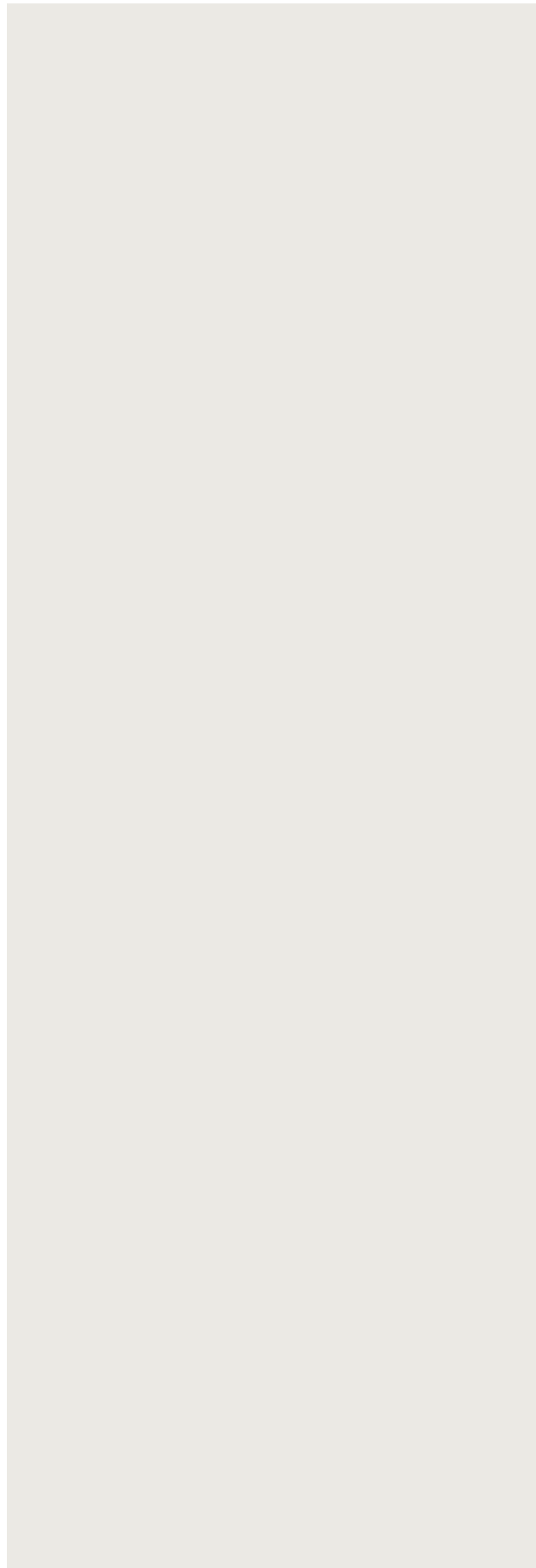
That then makes it a pretty simple business case to consider – is it worth an investment or not?

“Mastering Multi-Speed IT in Banking: Understanding How to Shift to the Right Gear at the Right Time to Achieve the Right Outcome” – Accenture

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

Well written and relevant. Multi-speed is a reality that most CIOs have to face, however it is neither a desired outcome nor one that sits comfortably.

Given this scenario, the advice and counsel that Accenture provide is exactly the correct approach that will advance your enterprise.



“Making Collaboration Across Functions a Reality” – McKinsey

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

Reader beware! McKinsey has identified a fundamental problem facing large, multi-national organizations: overly complex business processes and organization structures yielding poor customer service and lack of accountability. Part of the prescription makes sense – simplifying processes where possible. However, another – implementing complex matrix organizations with multiple individuals responsible for the same P&L with an overlay of functionally-responsible process owners – has the potential to exacerbate the problems.

Internal consultants may want to refer to Jeroen DeFlanders’ work on Strategy Execution – a key tenant being strategy must be made understandable by all who are expected to implement it, including the business processes and collaborations required.

Reviews of the World's Leading Financial Services Industry Insights

The Insights Review

Financial Services Edition

SPECIAL FEATURE

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The Best Insights from the Past 12 Months

MARCH 2016

“Blockchain-Enabled Distributed Ledgers: Are Investment Banks Ready?” – Accenture[View PDF \(8 Pages\)](#)

Excellent article by Accenture, hones in on the CIB as the sector to lead the charge to redefine the operations and economies of the financial services industry via the development of blockchain technology. As such, this is an article of relevance to all in financial services and not only those interested in CIB.

In the context of capital markets the benefits of blockchain technology are clear and appealing and include:

- Faster settlement times that are user optimized
- Lower collateral requirements and counterparty risk
- Improved contractual term performance
- Greater transparency for regulatory reporting
- Better capital optimization.

However, the challenges are myriad and in the topic areas of: privacy, security, scalability, latency, implementation and governance. Notwithstanding these, a timeline is posited with 2016-17 the period for early adopters.

As the title probes, “Are Investment Banks ready?”.

MARCH 2016

“Is Gender Diversity Profitable? Evidence from a Global Survey” – IIE[View PDF \(35 Pages\)](#)

The Peterson Institute for International Economics has sponsored global research into gender diversity. The authors present a compelling case for scrutinising the benefits of gender diversity.

In their Working Paper Series which surveys 22,000 companies from 91 countries worldwide, they challenge the assumption that gender diversity automatically equates to improved business performance.

Their findings reveal a complex picture of global comparisons worth examining in detail. For example, they find no impact of board gender quotas on business performance. However, they do find significant payoffs of policies that facilitate women rising through the corporate ranks that contribute to women's leadership roles.

If you want to educate yourself about statistically significant issues in the gender diversity conversation globally, then you should read this article carefully.

FEBRUARY 2016

“Revealing the Chief Strategist’s Hidden Value” – Roland Berger

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

Roland Berger continues to impress with this authoritative and nicely produced JV insight with the University of St Gallen.

Drilling into the role description and measurement metrics of the chief strategy officer, Roland Berger finds more coordination and use of externals than you might expect – along with very poor means to measure effectiveness of people who are in the role for very short tenures. The report also includes some basic benchmarking data on size of internal strategy teams.

A shame the authors didn’t look at how best practice strategy teams and their clients are augmenting their own capabilities with fit-for-purpose unbundled components from the global ICG platform.

DECEMBER 2015 – JANUARY 2016

“Beyond Bitcoin: Blockchain is Coming to Disrupt your Industry” – Deloitte

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

A billion dollars in venture capital has flowed to more than 120 blockchain-related start-ups, with half that amount invested in the last 12 months.

This is just one of the insights in a very interesting article about developments in blockchain, which covers not only the potential impact for traditional payments, but also touches on some of the potential applications across multiple industries as diverse as Telecommunications, Healthcare and Energy.

A worthwhile and thought-provoking read for almost every reader of *The Insights Review*.

“Tomorrow Never Dies: The Art of Staying on Top” – BCG[View PDF \(9 Pages\)](#)

A timely, important, and ‘in-character’ refresh of Henderson’s original BCG-founding framework.

The key insight is that in the 60s you could use market share scale to gain cost advantage. In 2016, you can’t afford to just milk large cows; the most rewarded companies are ones that milk cows and find new stars at the same time.

The advice to internal consulting teams reads like a laundry list driven more by the availability of archetypal case studies than a collectively exhaustive suite of actions, and includes:

- Portfolio component strategy needs to be aligned to its specific sector maturity level;
- You need a good star-search program (emergent test, learn, and expand)
- Our favorite: explore ways large incumbents can use their considerable resources to shape industry evolution and set the rules of the game, especially in new ecosystem plays;
- The need to milk and star-search at the same time – be ‘ambidextrous’; and
- One which is fuzzy but is a mix of how leaders tell a complex strategy story with some coherence and the way they help staff deal with the mild confusion of all of the above simultaneously.

Exhibit 4 is a stand out strategy framework and one to add to every internal consultant’s tool kit.

A must read for internal strategy teams.

“European Motor Study: Ready for the Customers’ Switch?” – Deloitte[View PDF \(30 Pages\)](#)

Whilst European focused – which is a massive combined market for motor insurance – this is one of the best pieces around customer behaviors, with rich case studies, seen for some time.

Whilst the perennial digitalization messages and the need for focus and execution are also referenced, the power of this article is the richness of demographic and behavioral study. Telematics and other well-covered motor topics are not a focus here.

The context of market sizes for countries, the marginal profitability, and the low growth rates set the scene and highlight the need for differentiation of offerings (particularly given the greater propensity of customers to shift) alongside a need for sharper delivery focus.

A great read for Internal consultants and C-suite alike, given the status of motor business in most (European) countries.

OCTOBER 2015

“Global Payments 2015: Listening to the Customer’s Voice” – BCG[View PDF \(31 Pages\)](#)

The best payments article we have reviewed in 2015, an excellent and insightful report produced by BCG with support from SWIFT.

The multi-faceted report starts by focusing on global transactional banking revenues predicting that they will grow from USD1.1 trillion in 2014 to nearly USD2 trillion by 2024, with growth driven by a combination of account, transaction, and non-transaction card revenues.

Once past the revenue analysis, there is a comprehensive regional review of market dynamics (pages 7 to 10) that provides a thoughtful digest of developments across the globe – including some great insights into what is happening in China and India.

The report also references a 5,500 consumer survey conducted in France, Germany, the United Kingdom, and U.S. that seeks to identify barriers to digital adoption.

Finally, pages 19-25 focus on Wholesale Transaction Banking developments, rarely reported with this level of insight and advice.

SEPTEMBER 2015

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

Water is critical to life – after 4-5 days without it, you will die. Your reviewer contends that liquidity – please excuse the pun – is as important to our financial markets and by extension, economy, today. If you are reading this, then you should at least scan the executive summary of the comprehensive, academically-styled report by PwC, as this matters to you.

Whether you are a senior policy setter or a junior financial services practitioner, you will find value and insight in this document. It is likely that the former will find more of pertinence in the chapters on the *Drivers of Future Financial Markets Liquidity* (Chapter 5) and Policy considerations (Chapter 6), while the latter will do so in Chapter 2, entitled *What is liquidity?*

An extract from the report’s synopsis underlines the importance of your attention to this topic: “Thus, the study concludes that current and future market liquidity is a subject of concern for market participants. It further finds that there are grounds for a review of the calibration of the reforms to date and the ongoing regulatory agenda, in order to properly understand and consider the effects of regulatory initiatives on market liquidity by asset class, and to consider whether upcoming regulatory initiatives could likely exacerbate the trends in liquidity.”

AUGUST 2015

“Technology Vision for Insurance 2015. Digital Insurance Era: Stretch Your Boundaries”
– Accenture

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

Like the preceding Bain article, this 40-page report is another must-read for executives and internal consultants alike.

This is the best view your review has seen of the interlocking pieces currently seen as ‘digital’ in insurance.

The article talks to five key themes:

- The internet of me;
- Outcome economy;
- The Platform (R)evolution;
- The Intelligent Enterprise;
- Workforce Reimagined.

The themes are all well-developed at the strategic level. Detailed views on short- and medium-term plans to embrace and deliver are then set out in a well-ordered and challenging way.

Supporting all of the above are insightful case studies, examples, and compelling research findings showing how much traction is already being made by the companies that ‘get it’ in the insurance world, moving from ‘me’ to ‘we’.

A compelling piece from the well-established technology laboratories within Accenture.

JULY 2015

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

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

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

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

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

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

JUNE 2015

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

View PDF (32 Pages)

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

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

Highly recommended for all internal consultants and leaders.

MAY 2015

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

View PDF (26 Pages)

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

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

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

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

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

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If any aspect of this publication could be improved, please contact:

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About ICG

The ICG Business Model

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

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

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

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- **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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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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The .
Insights
Review
Financial Services Edition

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