

Review of Final 2013 Insights

The . Insights Review

Financial Services Edition

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Featuring:

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

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

- Finance & Risk
- Operations & Change
- Strategic Analytics
- Technology

Contents

Financial Services: Industry Economic Context

General Strategic Interest ▶.....	4
-----------------------------------	---

Financial Services: Industry Categories

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

Financial Services: Functional Categories

Strategy & Transformation ▶.....	18
Corporate Finance / M&A ▶.....	19
Regulation, Public Affairs & Governance ▶.....	21
Human Capital ▶.....	23
Finance & Risk ▶.....	25
Operations & Change ▶.....	29
Strategic Analytics ▶.....	31
Technology ▶.....	32

Contributors

<i>The Insights Review</i> Team ▶.....	36
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About ICG ▶

An Introduction to Internal Consulting Group ▶.....	38
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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

“Leading in the 21st century: An Interview with Société Générale’s Frédéric Oudéa” – McKinsey

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

Picture-perfect copy for any CEO interview.

Stand out messages are: the way banking crises reinforce the need for CFO skills; the permanency of client satisfaction, employee satisfaction, operational efficiency, and communication as strategic pillars; and the hard-to-argue-with objective of growth with less risk.

Also includes a cute story on the ability of the bank to identify the exact same shared corporate value of team spirit after 50 years, despite the original being long forgotten.

“Countdown to 2015: Creating ASEAN Champions” – AT Kearney

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

A helpful reminder of just how large the ASEAN market is, and with the launch in just two years of the ASEAN Economic Community (AEC), this group of 10 countries is set to rival the power of markets as large as China, India, and the Eurozone, having a population of 600 million.

Also worth reading for the astonishing case studies, including: Malaysia’s CIMB on page 8 (a “right place, right time” growth story on the back of rapid south east Asian growth); and on page 10 the story of how Apple ‘stole’ the iPod user interface from a still-unknown Asian technology company.

This report is a collaboration between a large brand and marketing company and ATK, so is a blend of facts, figures and insights, and slightly annoying advertorial for brand strategy.

KAR – Best Practices in Relationship Management

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

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“The New Reality of GCC Banking” – Accenture

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

This insight ensures we are all across the acronym GCC or the Gulf Cooperation Council (Bahrain, Saudi Arabia, Kuwait, Oman, Qatar and United Arab Emirates).

The report highlights that growth post the crisis is still strong, but less than half pre-crisis figures. It then details a lot of traditional catch-up-to-the-West strategies reflecting the “government-like” state of evolution of business models.

“QE and Ultra-low Interest Rates: Distributional Effects & Risks” – McKinsey

[View PDF \(72 Pages\)](#)

A heartening look at the role played by central banks in prospering up their economies using ultra-low interest rates and non-traditional measures, such as quantitative easing. The headline finding is that most researchers believe these levers have been successful in avoiding deeper recessions (by 1-3% of GDP) and unemployment by 1%, and indeed suggested impacts may well understate the true benefits of these policies.

This report focuses on the pretty tough question of what the distributional effects of such policies are – including the net effect on households (down 630B), life insurance companies (struggling to meet policyholder expectations), governments (up 1.6 trillion), banks (Eurozone Banks down 230B, US Banks up 150B), asset holders (house prices up 15%) and the like.

As with most McKinsey Global Institute reports, the executive summary is the place to focus your attention. Then turn to section 5 of the main report for an initial analysis of the impact of the most likely scenarios on sectors and assets you are responsible for.

“2014 Banking Industry Outlook: Repositioning for Growth” – Deloitte

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

Two reports in one: Banking and Capital Markets. Capital Markets is reviewed in a later section.

It starts with a cute infographic, which in reality is a laundry list of ideas which may help any firm reposition for growth – these are always worth a skim in case you find something you like and haven’t seen before. For instance, we haven’t seen “Deploy capital management tools at the business and transaction level” previously.

The full report is structured into three sections under each of six focus areas (e.g. market structure, customer, finance etc.). The innocuous introduction section is followed by a “what is new in 2014” – which largely struggles to match its title – while each focus area closes with a simplified pictorial depiction. These are the highlight of the report: simple, straightforward ideas presented in a clear new graphical way.

If you have limited time, Figure 3 on page 10 is a standout, showing the historical ROE for American banks. Section 6 on agility from page 12 is the section with the most new thinking.

“Financial Transaction Tax” – PwC

[View PDF \(52 Pages\)](#)

Eleven smaller EU states have obtained approval from the EU to proceed with a standardized Tobin-style transaction tax.

Given the administrative, financial and unanticipated consequences burden on other participants, PwC has been commissioned to develop a comprehensive synthesis of the literature. It seems that stamp duty-only taxes (such as those in use in the UK and Australia) are relatively safe, but broad-based taxes, as evidenced by Sweden’s experience, have too many unintended consequences and do not deliver the stabilization benefits first posited by Keynes.

Drawing from 147 articles, this excellent analysis is a great starting point for anyone investigating.

“European Banking Barometer: 2H13” – EY

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

Some neat packaging by EY for their latest survey-based barometer of pan-European banking.

The highlights are a more positive overall outlook but a continued focus on regulation and compliance.

Highlighting the utility of this style of report, some surprises include: the UK banks are the only ones intending to loosen lending across all sectors (including construction and real estate); and an astonishing 73% rank Basel 3 as their most important initiative which hopefully reflects poor survey question design and/or respondent job type sample bias (not divulged in the report).

“CFO Signals™: 2013 Q3 Results: Adjusting to a “Fits and Starts” Economic Recovery” – Deloitte

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

This insight is to be commended for its structure and presentation. Not only does it have three clear and differentiated levels of findings (choose your preferred depth), the deepest findings use the most varied and effective range of chart formats we have seen for years.

Of use to internal consulting teams who need to teach others how to structure reports and to those seeking sample reports on how to ‘pulse check’ CFOs and other C-suites.

RETAIL & BUSINESS BANKING

“Cash Displacement: The Final Threshold” – AT Kearney

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

Even as other payment channels expand and simplify, cash continues to predominate in 30-50% of transactions across developed countries.

This concise and highly accessible article explains why further inroads will be difficult to achieve until today’s complex payments ecosystem – marked by a multifarious web of rent-seeking participants – is replaced by a zero-fee and open-source system, removing barriers for both consumers and merchants.

The authors argue that this objective will only be achieved through regulatory intervention, and existing participants will need to review their revenue models as transaction fees disappear.

A worthwhile read for those with an interest in the rapidly changing payments space.

“Banking in a Digital World” – AT Kearney

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

An outstanding contribution, this article presents a clear-sighted articulation of the key milestones, achievements and challenges faced by retail banks on digital banking journal.

The article describes the incremental steps taken by banks so far, and explains why these have not as yet been disruptive to existing business models. A number of case studies are included that showcase some of the better examples of digital innovation –personal finance tools, mobile apps, video chat functions, and channel integration.

More transformative changes lie ahead, including straight-through processing, big data and systems integration, and further value-chain disaggregation. The authors present a compelling vision of this next generation of technology-driven change and how it will transform the industry.

A must-read for all those working or advising within digital banking.

KAR – Digitisation of Retail Banking

A comprehensive review of recent strategic thinking around the impact of digitisation on retail banking • 138 pages

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“A Critical Balancing Act: US Retail Banking in the Digital Era” – Accenture

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

With the recent glut of articles delivered by global consulting firms on the digital challenge to retail banking, this contribution from Accenture doesn't offer fresh insights.

Instead, we see a rehash of now-familiar themes, including the migration of transactions to digital channels and the need for banks to revamp the traditional branch format.

Includes a survey of retail banking customers showing that almost 80% of customers expect to continue their frequency of branch visits over the next 5 years.

“Major Banks Analysis: Banking on a Better Future” – PwC

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

A concise survey of Australian retail banking industry performance. PwC's report contains useful tables and charts, as well as light commentary.

It highlights that the major banks have benefited from another strong year in 2013: growth of 9.5% in cash earnings and 4.3% in total income was delivered through solid loan growth, ongoing cost discipline, and strong improvement in bad debt expense. The outlook is for further benign conditions in 2014.

“Have We Reached the Tipping Point?” – EY

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

Another annual review of industry performance, EY's is stronger on commentary and contains more in-depth discussion of key trends and developments across net interest margin, funding, deposits, lending, wealth and Asian markets. There is also a useful overview of key regulatory development impacting on the sector.

The conclusions are similar – that Australia's retail banks performed strongly in 2013 despite constrained credit growth, largely due to improved asset quality and strong expense management. EY express cautious confidence that stronger top-line growth is returning to the sector.

“The New Customer-centric Mortgage Industry” – Accenture

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

The first part in a series of articles on key changes impacting the US home loan industry, Accenture highlight two key trends:

1. Increased regulatory pressures on US mortgage lenders to revise their credit processes so as to ensure an appropriate focus on consumer protection through responsible lending; and
2. Changing product mix, as lenders seek to capture growth in purchase money transactions, jumbo loans, and reverse mortgage facilities.

A worthwhile, quick read for retail lending executives across other developed markets.

“Customer Loyalty in Retail Banking: Global Edition 2013” **– Bain**

[View PDF \(52 Pages\)](#)

Bain have surveyed 200,000 customers across 27 countries to identify trends in customer loyalty and engagement, in a survey that will be of interest to product and marketing executives.

The key finding relates to “product win rates” – the share of products bought by customers at their primary bank (rather than at a new bank). Survey results indicate that, on average, 35% of new sales go to a competitor. However, results vary widely by bank.

The factors that most contribute towards customer loyalty are outlined in section 6 – unsurprisingly, fees and interest rates top the list.

“Reading the Payments Radar” **– Deloitte**

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

Skip directly to page 5, which presents a thorough summary of key mega-trends impacting the global payments industry. No example or case studies, but a good summary of the key discontinuities including regulatory change, alternative payments, and establishment of payment hubs.

The remainder of the paper largely serves as promotional puffery for Deloitte's Payments practice. Deloitte has even “helpfully” inserted a 2x2 chart mapping the capabilities of the global consulting firms in payments advisory, and presented a clear victory to ... Deloitte.

“Private Equity and the CEO: Partners in the Quest for Value” – BCG

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

Smart use of marketing meetings by BCG as they interview 40+ PE CEOs to understand what issues they have with their PE firms and vice versa.

The insight identifies different perspectives and starting points on key issues such as the CEO's vs. the PE firm's focus on strategy or operations, and provides some rudimentary guidelines and best practices. As the recommendations are revealed, you get the impression that this is common sense from a psychology or management course, and this article might just be making a mountain out of a molehill.

“2014 Banking and Capital Markets Outlooks” – Deloitte

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

A non-technical and easy-to-read insight that identifies – at a very general level – some of the key themes for 2014.

Presents the type of insight that might add a bullet point or two to your existing list after a careful scan. For instance, we thought the section on technology fragmentation contained the freshest material.

As with many Deloitte reports, the end notes provide a rich source of useful additional reading.

WEALTH & ASSET MANAGEMENT

“2013 Global Hedge Fund & Investor Survey” – EY

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

EY’s survey provides an informative overview of a maturing industry.

Generally though, the reader is struck by how this sector is grappling with challenges similar to those faced by other ‘mainstream’ sectors, namely: finding sustainable growth options, developing new solutions and distribution capabilities, improving operational efficiencies, and responding to regulatory changes.

Nonetheless, plenty of insights on how both hedge funds and their investors view the key trends and issues in this sector, which are well contrasted throughout the report.

“Leading the Way: Hedge Fund-backed Reinsurers Generate AUM & Permanent Capital for Asset Managers” – EY

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

EY reports on the emergence of hedge fund investments in reinsurance, albeit more as a guide to potential entrants.

The report outlines the benefits from investor and asset manager perspectives and sets out some considerations for a hedge fund in setting up a reinsurer.

Likely to only be of interest to hedge funds (and their investors) considering this strategy.

KAR – Commercial Insurance Innovation

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

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“The Next Generation of ETFs: Why Every Asset Manager Needs an ETF Strategy” – PwC

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

A comprehensive overview of the rapid growth and development of exchange traded funds (ETFs) over the last two decades, which also integrates this with wider trends reshaping the asset management industry.

Somewhat US centric, unsurprisingly given this is where ETFs were originally developed. Figure 1 (page 2) charts the development of ETFs well, to the current market explosion in ETF types.

The report argues the global ETF market is set for a new stage of growth and lays out some ideas on how best to compete in the new environment. A good starting point for all ETF market participants.

“The World’s 500 Largest Asset Managers: Year End 2012” – Towers Watson

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

Provides a 10-year overview (2002-2012) of trends in size, growth, manager type and domicile for the 500 largest asset managers.

A good summary of the long term trends playing out in asset management, including a chart (page 14) highlighting the ‘breakout’ growth of Blackrock over the five years to 2012.

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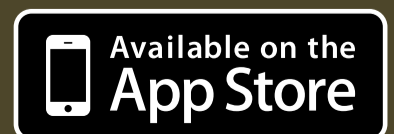
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INSURANCE

“Shaping the Future of Insurance Accounting” – PwC

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

An authoritative and clearly written account of PwC’s own submission to the IASB (International Accounting Standards Board) on the new standard for insurance contracts.

Most of the article deals with the challenges stemming from options and guarantees. For most internal consulting teams and executives, this article will only be of use as they think about the product design process and how to best structure products in line with expected accounting treatment.

“Profitable Growth for Life Insurers” – BCG

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

A well-written summary of the major challenges and threats facing the global life insurance industry – worth turning to for Exhibit 4 alone, which shows the stark distribution and developing economy opportunity from relative per capita expenditure on life premiums.

The article doesn’t present any solutions to these problems, especially that of regulators directly and indirectly pushing customers and manufacturers away from life insurance by capital imposts for basis risk. Instead, it suggests a portfolio review to ensure capital isn’t being invested in old businesses but new ones, and that insurers explore one of four business model archetypes (e.g. low cost provider) that will help incumbents to select their ideal long term sustainable positioning.

“The Quest for Telematics 4.0” – EY

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

A very handy executive summary of EY’s thinking in this space. While the evolution and ecosystem frameworks appear obvious, the ‘next move’ sections contain provocative insights on how dealers and car manufacturers will have to deal with greater customer connectivity and usage feedback, and how telecom providers will be able to access the only part of the consumer’s day that has until recently been free of broadband services. Fascinating material on how 88% of new cars by 2025 will integrate this technology.

“The Annuity Landscape” – EY

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

A drill down into five key trends in the largely variable annuity market in the US.

Although a shortlist article, if you are pressed for time, focus on Sections 2 and 4. Section 2: Hybrid Product details and explains the differences in the latest clutch of products by manufacturer. Section 4 explores and starts to solve the issues surrounding poor advisor sales of these products.

For regular readers, EY takes a novel approach on this insight and, rather than crediting 5 authors, asks each to write exclusively about one trend and provides for a short editorial commentary (and no doubt structuring of the insights).

“Building the Social Enterprise” – McKinsey

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

A very old-school style insight that simply profiles four case studies of the application of social media usage and uses these case studies as a call to action. Some internal consultants will find a modicum of inspiration and useful heuristics from the case studies – others will dismiss it as biased and inflated case sampling.

“Organizing for Change Through Social Technologies: McKinsey Global Survey Results” – McKinsey

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

McKinsey’s annual survey of over 2,500 executives on their organization’s application of social technologies. With adoption rates plateauing, McKinsey point to broad spectrum (fully networked) and more effective usage as imperatives to capture value from this investment. As you read the article, you get a very real sense that the authors are trying too hard to find something of value to say.

“Global Controlling Interest: Assessing the Global Market for Cross-border Corporate Control” – Accenture

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

In what appears to be an impressive piece of data crunching, the authors provide numerous tables on global cross-border M&A activity over the past decade. Given its increasing international relevance, we would like to have seen a lot more of the article dedicated to the “so what” to really bring the value of the data crunching to light.

“Battle for Dominance in the M&A Advisory Business” – Deloitte

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

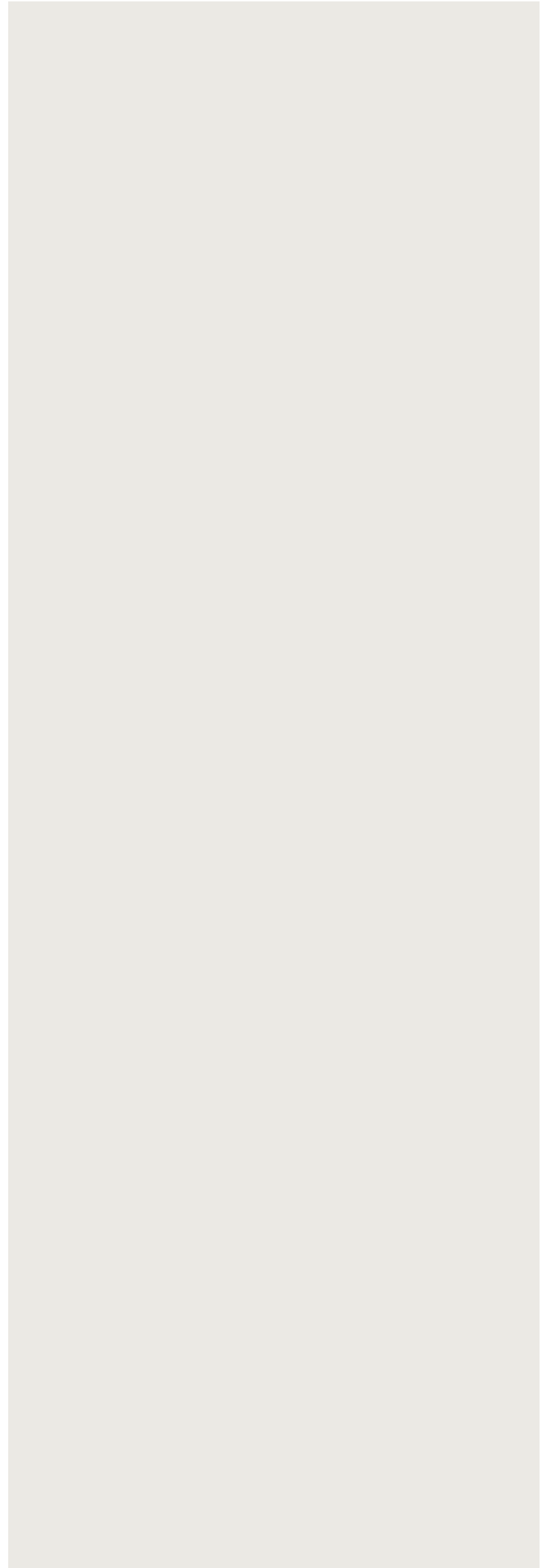
While providing a summary of the rise of the boutique investment bank over the past five years in the US M&A market, there are few, if any, takeaways that this reviewer found of value.

“Avoiding Blind Spots in Your Next Joint Venture” – McKinsey

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

The complexities of ownership contribute to JVs being, probably, the trickiest segment of the corporate merger continuum suffering similar – if not greater – issues in achieving success.

This article provides a valuable and concise checklist for managers entrusted with the delicate task of managing JV execution.



“Counterparty Credit Risk and Basel III: A Framework for Successful Implementation” – Accenture

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

This paper provides a technical overview of Accenture’s approach to implementing the new Basel III regulatory requirements related to counterparty credit risk (CCR). It reads at times like a technical sales document and is very formulaic.

It does, however, provide good background reading (albeit very technical) for any project manager or executive on how banks can structure a CCR IMM Basel III project and its key success factors.

“How Equivalent are the Quantitative Aspects of Swiss Solvency Test and Solvency II for Life Insurers?” – Milliman

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

This 48-page Milliman Research Report is a very detailed research paper comparing the quantitative aspects of Swiss Solvency Test and Solvency II for life insurers.

At times it reads like a post graduate, university-level thesis paper, but the level of research is very impressive and detailed for anyone interested in understanding the key differences in both requirements.

“How Global Tax Reforms Might Impact ETF Efficiency: a Look at the Implications for ETF Strategy and Structuring” – PwC

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

In this report, PwC examines the issues around governments seeking new measures to increase taxes and tax reporting that may affect ETFs' tax efficient investment product – to varying degrees – around the world.

The report provides high-level commentary on questions to think about in preparing and staying informed on a changing and complex tax environment.

Asset managers and investors should read this paper as a primer to be better informed of the rapidly changing tax environment and potential impact on ETFs.

“Culture for Sceptics” – Deloitte

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

This article tackles head-on the perception that culture is an ‘airy fairy’ topic not meriting serious discussion.

The authors do a nice job of articulating how culture is understood or digested by employees and why it matters. Importantly (on pages 4-6), the article lays out the five channels through which culture messages are transmitted, using a series of examples to illustrate each. This reviewer found these pages the most insightful.

The remainder of the article merits a quick skim as it touches on key cultural lessons and links culture with strategy, risk and remuneration.

“Trends Reshaping the Future of HR: Talent Management Meets the Science of Human Behavior” – Accenture

[View PDF \(22 Pages\)](#)

Yet another ‘Big Data’ article, but this time with a focus on talent management. The article begins with an overview of the various scientific fields producing actionable insights for organizations. We would call out pages 6 & 7 in particular as a (somewhat frightening) overview of how comprehensive a picture organizations with robust data analysis skills can paint of their employees.

Later in the article we read some of the key insights, some of which are a little ho-hum (“Too much choice can be paralyzing and a limit to change”) whilst others are a bit more surprising and/or helpful (“Forced ranking, including terminating the bottom five or ten per cent, results in an impressive 16 percentage point productivity improvement—but only for the first couple of years”).

The article finishes off with some musings around new HR roles that will emerge in the coming years.

“Culture’s Role in Enabling Organizational Change” – Booz

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

This article begins with the premise that almost half of major transformation programs fail, with one of biggest obstacles cited as “change fatigue”. The authors then link to culture, pointing it out as an underleveraged tool in enabling change.

A highlight of the article lies in pages 6 & 7, which make the point that organizations must only focus on a “critical few” initiatives in order to succeed in their transformation efforts; conversely, trying to do too much will negatively impact effectiveness.

Overall a moderately worthwhile article that is worth a skim, if only to remind yourself that focus and simplicity will always win the day.

“Diversity: the Decisive Next Growth Factor in CEE?” – Roland Berger

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

This 40-page PowerPoint-style presentation by Roland Berger makes the case for Diversity & Inclusion (D&I) using Central and Eastern European companies as a reference point. Given this geographic focus, it is worth noting that this article will be less relevant for the vast majority of our readers.

Pages 5-10 are a useful summary of some of the key D&I findings, as drawn from a literature review of 25 articles globally on the topic. A key insight for this reviewer is that combining different diversity dimensions is key to achieving some financial impact (see page 16).

Towards the end of the article, the case studies on pages 32-34 are worth a skim as they highlight real changes global companies have made through focusing on D&I.

FINANCE & RISK

“Building a Better Income Statement” – McKinsey

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

An entirely sensible and very short lobbying paper by junior McKinsey authors on how GAAP should be modified. The paper argues that GAAP's overly academic treatment of items like goodwill requires investors to restate earnings, so McKinsey suggest a remedy based on division to recurring operating income and non-operating income.

“2013 Q3 Global CFO Signals” – Deloitte

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

Mixed samples of CFOs (representing ~20%+ of listed equity valued from 17 countries) present their perspectives for the next quarter. Increasingly optimistic but concerned about uncertainty and straying too far offshore are the major themes. There is a page or two per country, so see if yours is among the 17 major economies represented.

KAR – Executive Team Best Practices

Executive Team Best Practices across a number of key topic areas • 93 pages.

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“Global Risk Management Survey: Eighth Survey” **– Deloitte**

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

This survey, based on 86 institutions, comes with a one-page infographic which sets a new standard for punchy text and graphic reporting of the latest evolution of the function of banking risk. The main messages from the full report are about elevation of importance: increased board focus; more CROs; more enterprise-level risk management; and specific areas for improvement such as compensation alignment.

Reinforcing the pragmatic and accessible nature of this insight, it contains a comprehensive set of definitions, explanations and benchmarks on progress. The report will be a valuable read for internal consultants wanting to get up to speed and for advanced practitioners to access the latest benchmarks.

“Hope for the Best, Plan for the Worst: a Survey of Financial Institution Preparedness” **– PwC**

[View PDF \(41 Pages\)](#)

With 33% of senior respondents believing a Greek exit is likely and 21% believing this will create a significant impact on their organizations, PwC provide helpful high-level road maps for those wanting to prepare themselves and polished advertorial for those who don't.

“Global Risk 2013–2014: Breaching the Next Banking Barrier” – BCG

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

BCG’s annual assessment of banking risk starts with a look at global sector performance, with key performance improvement suggestions. The first key message is that the American’s recapitalization is producing a faster recovery and leaving the Europeans behind (with their high cost structures) to create a three-speed world behind developing economies.

The report then helpfully clusters the major classes of new regulations into a strategic response framework for CROs. As well as practical implications and helpful ‘how to’ exhibits, the report also includes some startling benchmarks such as the increase in FTEs allocated to risk from 2.4 pre-crisis, to 3.4 during the crisis, and to 4.8 post-crisis.

An excellent insight for all seniors in the risk and finance functions.

“Developing a Strong Risk Appetite Program” – KPMG

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

A useful report that outlines the typical challenges associated with risk appetite programs and KPMG’s prescription for dealing with them. As most banks have struggled with such programs (even with external help), the report provides some useful lessons learned and guidelines to internal consultants supporting ongoing refinement efforts.

“2014 Hot Topics for Internal Audit in Financial Services” – Deloitte

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

A short and sweet précis of those topics and areas where internal audit is expected to deliver the most value to their clients this year. Partly inspired by the Institute of Chartered Internal Auditors, the material provides useful input to those reviewing the objectives or efficacy of an existing unit.

“Strategic Initiative Management: The PMO Imperative” – BCG

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

Looking further down the food chain, BCG partners with the Project Management Institute to deliver a capstone report in a four-part series. BCG's contribution predictably suggests that PMOs should be more strategic, and identifies four insights which will not surprise anyone already working in the field: ensure PMOs focus on critical initiatives; make sure that tracking processes are simple and not taxing; develop capabilities as you go; and foster the development of a change culture.

Nothing new here, but a worthwhile read for those newer to the PMO function.

“Using Operational Excellence to Boost Shareholder Returns” – BCG

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

The article starts with the depressing news that improvements to return on net assets (a proxy for operational excellence improvement) doesn't correlate with Total Shareholders Returns. After some arguments about blunt instruments and cutting off growth as well as costs – and unrealistic expectations that the market can see this level of granularity of performance lever – the article helpfully starts to describe a laundry list of higher hanging fruit. These include cross-functional initiatives, managing complexity trade-offs, after sales service opportunities such as maintenance, repair and overhaul (MRO), supply chain and operations, and excellence in support services.

With little more than a simple case study on each lever, this insight reminds internal consulting teams of some lesser-used excellence levers and that their application should be very well considered, as even the contemporary classic levers (such as Lean) have not reliably led to TSR benefits.

“Breaking Free of the Silo” **– BCG**

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

An excellent update on that most proven of business improvement levers: shared services. The report will prove as indispensable as ICG’s own *KAR (Knowledge Area Review)* on the topic, as teams turn to Exhibit 1 for an approach to tackle a shared services project, and exhibit 2 for a classic functional evolution trajectory.

The article covers the history of the field, the level of penetration by function, and also identifies some of the less obvious benefits such as standardized data directories, common performance standards, and professionalization of the functional discipline.

With sufficiently comprehensive depictions of each stage and key levers, this article provides an excellent foundation layer for all internal consulting teams seeking to deliver improvements in this space.

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

Article of the Month

“Digital: Blue Skies or a Perfect Storm for the Taxman?” **– Capgemini**

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

A fascinating and eye-opening look into the impact of digitisation on tax collection.

While Big Data tools use selected basket of good expenditure tracking in Italy to find people living beyond their means, the opportunities for increased fraud from skimming, zapping of cash receipts, digital currency, and other schemes is on the rise.

As well as drawing attention to some of the biggest threats, CapGemini also outline a phased approach to manage the problem.

KAR – Best Practices in Shared Services

Examined by function, benefits/pitfalls, best practices, trends and value creation sources • 128 pages.

AUD2,000 LOCAL LICENCE, AUD6,000 GLOBAL LICENCE

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“Elements for Successful Growth in Financial Services” – Deloitte

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

Financial Services firms of all stripes and sizes want to grow – but how? Deloitte points to innovation as the key to success in a market which has recovered from the GFC and where disruptive technologies are those making the difference.

Disappointingly, the piece takes the low road of aggregating survey-based executive feedback and presenting this as a substitute for genuine analysis and insight. While there is safety in running with the pack, this approach is generally a recipe for mediocrity.

“FICO: Best Practices to Prevent Data Breaches” – Fair Isaac

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

The premise here is that data breaches have become so common that people no longer care – they are suffering “breach fatigue” – yet that this very complacency contributes to the problem of lax security, making things worse.

Several methods of countering the threat are advanced, however the remedies are generally tuned to a time when companies kept their data onsite behind a firewall, on equipment they control, and administered through policies implemented by fiat over their employees.

Today’s data security challenges are more complicated, with the rise of BYO devices, virtual companies, partnering, consumer enterprise software, data sharing, ubiquitous cloud computing and rampant legal surveillance – which combine to make many of the recommended methods obsolete.

TECHNOLOGY

“Finding Your Digital Sweet Spot” – McKinsey

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

In a world awash with distribution-only examples (often with small but promising market shares), this insight makes the compelling case that we should look beyond digital distribution channels to an enterprise-wide, end-to-end application of digital transformation. Not surprisingly, the upside is substantial (20% to 200% upside with most in the 30-60% range). The insight itself is short and has little more to add.

“Backing up the Digital Front: Digitizing the Banking Back Office” – Capgemini

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

The 101 and some 201 of back office automation project process. Lots of basic building blocks here including sound bites, business cases, case studies and a qualitative framework for assessing investment prioritization. Most can skip to the helpful bibliography for deeper reading materials.

“Making the Case for Change: How to Create a Business Case for Core Banking Replacement” – Deloitte

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

We haven't seen this topic tackled before, so opened this insight with some excitement. However, it disappoints with rudimentary snippets from a sanitized client case study.

“Mobile Innovations Forecast” – PwC

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

Essential reading for all internal consultants. Figure 1 is by far the best compilation of all things mobile we have seen.

The article gives you a real sense of how a HAL-like digital assistant will use contextual knowledge to add value to our lives.

KAR – Digitisation of Business Banking

How does/could digitisation affect business banking? • 84 pages.

AUD2,000 LOCAL LICENCE, AUD6,000 GLOBAL LICENCE

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“Technology that Matters: Harnessing the Technology Wave in Banking” – Accenture

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

This insight takes Venkatraman and Henderson’s original IT-enabled business transformation framework and updates it for the digital age. Using a catalogue of Accenture’s own case studies, it delivers on a number of fronts including providing a compelling technology-led vision for a retail bank, and the latest IT strategy buzz words (e.g. Data Velocity, Active Defence for cyber security). A very solid insight.

“Banking on Digital” – Accenture

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

Simple but powerful frameworks for describing a digital-first business strategy for retail banking. The insight then describes the components of an integrated technology strategy with case studies from around the world.

A worthwhile read and checklist for anyone working in the space.

“The Trust Advantage: How to Win with Big Data” – BCG

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

An important reminder of the Johari Window to the thinking on the strategic application of Big Data technology. Drills down through multi-country survey data to establish that appropriate use of data for the benefit of customers can increase access to information that can create competitive advantage. Not a new insight to students of early psychology frameworks, but often forgotten as we work hard to exploit access to more and more data.

“Redefining IT in the Digital Era” – Booz

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

A text-only perspective paper that won't be worth the investment for most. Much of it is old news or obvious. It also jumps around in an annoying way that suggests it is a montage of components prepared by different authors rather than a cohesive, well-edited insight.

The Insights Review – FS Edition Team

Publication of this final edition of The Insights Review for 2013-published insights was delayed due to season breaks. Our first edition for 2014 – covering January Insights – will follow shortly. We thank our valued readers for their patience.

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

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