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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 their internal 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.

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To access this library please click here.

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ICG prepares The Insights Review for its professionals and their clients as an aid to their career effectiveness and development.

Each month, it is sent to over 100,000 financial services executives around the globe. It is also co-branded and sent to thousands of executives belonging to leading professional associations.

If your organization would benefit from redistributing, co-branding, or appropriate exposure in The Insights Review then please contact ICG’s at production@internalconsulting.com

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:

- ACC – The Association of Corporate Council
- Accenture
- AT Kearney
- Bain
- BCG
- Capgemini
- Deloitte
- Ernst & Young
- FMCG
- Huron Consulting Group
- IBM
- King & Wood Mallesons
- KPMG
- L.E.K. Consulting
- Macquarie University
- McKinsey & Company
- OC&C
- Oliver Wyman
- Parthenon
- Promontory
- PwC
- Roland Berger
- Strategy&
Message From the Editor

My topic this month is driving real customer outcomes whilst staying ahead of shareholder, employee, and regulator expectations. Many companies – especially in financial services – have been targeted by regulators for not responding quickly enough to ratcheting social expectations. ICG has developed a portfolio of new tools to help clients respond, including the idea of “Enterprise Outcome Plans” which take social responsibility reporting to a whole new level. Drawing from innovations such as Lloyd's Helping Britain Prosper Plan, ICG's Enterprise Outcome Plans provide the perfect path forward for your enterprise. For a copy, please contact your preferred ICG HUB or professional.

On this month’s reviews, May is always a strong month on the insight calendar and this year is no exception.

The major themes are agile, ecosystems, technology, and responding to disruption, including harnessing the power of AI. The latter is the topic of our ‘Article of the Month’:


Our hearty congratulations to ICG’s reviewer richard.dale@internalconsulting.com and of course to the original authors from McKinsey.

We hope you, like our 100,000 other readers of the TIR each month, will save time getting across the latest insights from around the world and share this edition with your team, your C-suite, and your board to ensure your enterprise gets the knowledge advantage that only ICG’s TIR can provide.

Happy ICGing!

David Moloney
Global Editor

About
David has enjoyed a stimulating career in the global financial services industry. Unusually for a consultant, he spent the first decade of his career working in banking from retail stores to helping the CEO with consulting firm led transformation projects. Transitioning to consulting via an MBA, he has spent more than two decades serving every segment of the industry in many countries. Importantly, as a global partner at two leading firms, he was well known for developing fresh firm and industry insights and in one firm, was directly responsible for leading the authorship of the most significant global reports for release at the World Economic Forum.
Cross-Industry Functional Topics

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“21st CEO Survey: The Anxious Optimist in the Corner Office”
– PwC

A neatly packaged summary of what 1300 CEOs around the world think about global, regional, and firm prospects, as well as the key issues they are facing. Slightly more optimism, especially in and around the US, are the key messages.

As we are big fans of real customer outcomes at ICG, we highlight a well-written closing letter from the global chairman at PwC, Bob Moritz, on how to drive local social progress.

“Eight Shifts That Will Take Your Strategy Into High Gear”
– McKinsey

A rehash of a previously reviewed insight on how to make the strategy process more agile. At its essence, this is a pithy summary of a new book that distills its lessons into eight key ideas. What is likable about this insight (and the book) is that it responds to the actual reality of strategic planning behaviour, rather than theoretical abstraction. Each key idea is explored in a paragraph or two, which makes for an easy read for internal consultants. For example, allocate resources to the strategy that will deliver real upside, (i.e. be less egalitarian). All very sensible. However, it needs strong endorsement from the CEO to the process (or an expensive bill from McKinsey to make it happen). We would of course suggest you DIY with your internal consulting team and a senior strategist from ICG who has read the book and incorporated your context to guide you.
Cross-Industry Functional Topics

Ecosystems, M&A and Integration

“2018 Global Banking M&A Trends” – KPMG

KPMG provides a good summary of M&A deal flow for the first part of 2018. Does the Big 4 accounting firm's report lift itself above similar reports of classic investment banks? Generally no, because the article is more descriptive and much less insightful than it could be given the pedigree of its authors. For example, we find only moderately interesting the perspective that global banks tend to do more partnering with and purchasing of Fintechs than investing in them – while spot on, this is hardly news. What the article does do is provide a comprehensive overview of deal activity in the industry this year. If someone is new and wants to get his/her head around what's happening, start here.

“Surge in Cross-Sector M&A” – KPMG

A n interesting perspective, but this reviewer's take is a little different from that of the article. In simple terms, a fool and his money are soon parted… non industry players owning financial service entities rarely prosper. Just ask Warren Buffet about investment banks, or look at the Cooperative Society in the UK (Groceries and Funeral Care) whose bank effectively imploded. The other issue is that financial intermediation business models are facing profound change – for example, the challenge arising from blockchain which does not require trusted intermediaries, so these firms may expend corporate treasure acquiring the capabilities they desire and then seeing everything change.
“GDPR: Retailers Prepare For Compliance” – Oliver Wyman

This timely and brief survey around General Data Protection Regulation (GDPR) was most likely prior to Mark Zuckerberg’s Congressional testimony around the Facebook/Cambridge Analytica debacle, but it serves as a high-level overview of concerns and perspectives in the retail industry, mostly around the impost of compliance. As retail has been rocked by Payment Card Industry (PCI) cyber security compliance issues and fraud the past four years (Target 70M, Home Depot 56M Card Holder Data records as examples), possibly more focus should have been given to the impacts of the lack of resilience, and the cost of non-compliance on customers. As good security and good privacy are related, retail executives should be reasonably positioned to achieve GDPR compliance – leveraging on lessons learned for PCI compliance – if they focus on customer.
“Will Artificial Intelligence Make You a Better Leader?”
– McKinsey

VIEW PDF (3 PAGES)

As we mentioned in last month’s The Insights Review, McKinsey’s Global Managing Partner and his co-authors are dripping out monthly insights promoting their new book “Talent Wins.” In this snippet, they describe four practices a CEO needs to hone to ensure his/her organisation can harness its talent in the best way – all of which we agree with and experience in our own clients. It is an insightful article, and a must read for any CEO or CHRO. However, we wonder why the headline was meant only as an attention grabber: the phrase “artificial intelligence” can be found solely in the title.

“A CEO’s Guide to Talent Management Today” – BCG

VIEW PDF (5 PAGES)

BCG’s article is on exactly the same topic as McKinsey’s – so it’s fun to compare the two approaches. While the title focuses on the CEO, the article spends considerable time on how senior leaders can bring along those managers further down in the organisation who have to communicate with, alleviate fears of, and inspire the front lines about how the world of work is changing (and, yes, people are afraid of artificial intelligence – BCG mentions it twice!). This reviewer recommends simply reading both and applying the insights of both well done articles.
In this excellent, practical article, BCG goes quite deep into the habits and practices of leaders to build effective teams. BCG’s ideas are not new, yet they are pithy, well put together, and can serve as a guideline for new leaders. The three examples are also insightful. Perhaps one aspect we would add to BCG’s current model is the requirement that leaders must establish clarity for the organisation and its teams – this barely receives explicit mention. Without true clarity of purpose that has been co-created with the organization’s people (a scary thought for many executives), even the best model around governance, agenda setting, norms, and progress tracking will not help move the needle beyond the usual turf wars. However, please don’t allow this criticism to distract from what is a good read.

VIEW PDF (9 PAGES)

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“People Data: How Far is Too Far?” – Deloitte

The title does not do justice to this comprehensive and well done human capital study. The teaser does focus on the nitty gritty of data management of people data and the balancing of needs between organisation and the expectations of the worker. The teaser rightly positions this topic across the C-suite; this even includes the Chief Marketing Officer, who is to ensure that the employer brand does not suffer due to a mismatch of expectations between employer and employee about how data is collected and used.

The main study includes a section on flexible workforce ecosystems, and is a must-read. ICG was built as a 21st century ecosystem, and we advise clients on building their flexible workforces – thus the reader will forgive us that this section piqued our interest. Overall, this excellent study is a long read, and we suggest the following: CHROs – read the entire report and continue leading the discussion with your C-suite peers on the trends espoused in the report. C-suite – read the teaser and skim the rest of the report when your CHRO invites you to the next workshop.
Executive Summary

- Consistently meeting customers’ basic needs is the proven way to outperform competition, and take the lead, in any marketplace.

- To do so, you need to respond to a highly competitive and complex omni-channel landscape, and avoid data overload and conflicting and confusing insights. Digital and competitor disruption provides additional challenges putting all revenue streams & budgets and resources are under constant pressure.

- CNS is a simple approach to understand your customers, and to determine the best course of action to delight them. Built on decades of deep CX expertise, and fused with the power of the latest AI technology, CNS is a solution that provides absolute and singular clarity about your customers’ needs and wants, how well front line teams are delivering, and how they need to continue.

- CNS provides actionable information to focus your resources to ensure the maximum positive impact on your customers and your business. As a result, you will experience increased sales and profit, through happier & more loyal customers and more engaged staff.

- The CNS approach enables you to measure ongoing execution and to monitor and report results. To do so, we have developed an innovative new metric, NetCNS, created by Stephen Hewett, an ICG Global Thought Leader.
“The “Bored” Risk Committee? Less Ticking Boxes, More Meaningful Oversight”
– Oliver Wyman

The article is comprehensive, but all a bit obvious. This reviewer, having worked for CROs over the years, does not agree with the implicit thesis in this article that risk committees are in crisis. Most work very well. The key risk skill is communication of risk, and in general for banks at least three issues drive bank failures: i) poor credit; ii) over concentrations; and iii) style drift (i.e. you don’t know what you are doing). All communications to risk committees should ultimately address these three matters, and in effect be structured in a way that it can be presented on one page, with everything else supporting that assessment. This is the task of risk and other control functions to communicate in this way, and risk committees will drive it, so that it is presented in a manner that can be easily understood. Therefore, whilst the article is correct in identifying what needs to be done to make a committee effective, this reviewer does not recognize the premise that these committees are in crisis or ineffective – far from it.
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Episode 003: Don’t Let Your Business Eat Your Agility

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**Magnus Penker**

Global Thought Leader: Innovation Management & Business Transformation

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Episode 001: How to meet customers’ needs by really listening

**Stephen Hewett**

Global Thought Leader: Customer Intimacy

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This article is worth reading. It explains the concept of litigation finance in good detail, arguing that it is a good way for companies to mitigate risk while monetizing claims that might not otherwise be pursued. Unsurprisingly, this kind of finance is most prevalent in the US, but with its increasing global popularity it behoves in-house counsel to familiarize themselves with the pros and cons. The table of tips on p.30 outlines a high-level list of things to consider when thinking through whether litigation finance is right for your matter and organisation.
This worthwhile article is really about the reinvention of marketing and the emergence of a new breed of CMO. It identifies the critical practices being employed by the most successful marketers, and suggests that a great CMO must be truly agile and almost experimental in how they continually converge their marketing strategy, data insights, and marketing tech stack development. The authors use case studies and global comparisons to demonstrate the ways in which classic marketing, data, and technology can be paired with a deep understanding of the customer context (segment, product use history, and customer journey/lifecycle) to deliver real RO-driving outcomes.
“The Internet of Things: A Technical Primer” – Deloitte

For anyone already across IoT, analytics, or robotics, this article from Deloitte won’t present much interest. But for those still unaware, this “primer” (as referred to by Bain itself) is a good introduction. Well constructed, it first provides a definition of the term IoT before diving into its benefits, challenges, and “how to”. Voluntarily high level, we could regret the absence of case study or lack concrete examples in this article. However, it is compensated by easy to understand tables and figures. We also particularly liked the thorough analysis of the problem presented from each IoT industry stakeholder’s point of view.

This article is well worth spending 10 mins on.

“Tackling AI’s Unintended Consequences” – Bain

Great tribute from Bain this month, whereby, for once, more diligence while embracing the latest technologies is being called out. In this article, the author, an advanced analytics partner in Silicon Valley, reflects on the unintended consequences of a pervasive AI after a trivial caresharing unwanted personal experience. To support his point, the author looks at the flip side of a technology-ruled world and lays out six risks that, if not tackled promptly, could very well plunge us into the 1984 novel... or any of those alarming movies Netflix feeds us, for that matter.

Although it is somehow always in the back of our mind, this article is a well-written reminder for all the tech junkies and internal consultants out there who, more often than not, are just blindsided by the ocean of possibilities of AI offers. Yet, are we still the owner of our judgment and critical thinking, or is Google or Siri?

Now, we recognize that it could also be an opportunistic article from Bain, given it was released the month following the Facebook/Cambridge scandal. But whatever the initiator, it is “refreshing” to read in today’s world of uber technology optimism. Highly recommended to everyone who wants to leave a better place for the next generation.
“Leading with Inner Agility” – McKinsey

The article offers sage advice for leaders embarking on major transformations. As is true of much advice, it is far easier to give than to take. The writers acknowledge the difficulty in leading under uncertainty and provide five recommendations to improve the odds of success. While there is nothing particularly new in the article, it does offer practical advice to assist leaders navigating through disruptive times and the pace of transformative change.

The advice centers on five concepts: accept uncertainty, don’t rush decisions, acknowledge your own ignorance, reframe questions and provide visible proactive leadership. These provide useful guidance to leaders tasked with running day-to-day operations while leading their organisations through uncertainty and transformation. Furthermore, they serve to eliminate some of the stress leaders face during complex challenges.

The article concludes with a couple of case studies that acknowledge the difficulties inherent in leading transformations, and challenges leaders to relax control, engage others, and strive to develop an inner agility. It serves as a valued reminder that people are at the heart of any change program. No journey is direct, and we must be prepared to adjust and support the team with empathy to achieve the ultimate goal.

“Agile at Scale” – Bain

The Bain article published in this month’s Harvard Business Review addresses the question of how to effectively scale an agile approach across an organisation. In the current world of ‘agile everything’, it acknowledges that all things should not be structured along agile lines. It goes further to explore how organisations can effectively blend agile and non-agile functions within the same organisation.

It is timely commentary considering the pervasive wave of agile initiatives, and provides useful guidance for corporate leadership. The piece begins with a history of the agile movement and where it can add the most value. Agile, as a management concept, began life in the world of IT and software development. It was designed to drive rapid, customer-centric innovation under uncertainty. It is most effective where innovation is paramount and least effective for more routine functions – hence it is good for developing new customer interfaces, not so good for preventive maintenance or month-end accounting.

The article’s greatest value is in helping organisations understand how to integrate agile and non-agile functions within a business. This is important as organisations need to understand when to deploy agile teams while ensuring integration with the overall business.
John LaVacca
ICG Practice Leader Operations

John LaVacca leads ICGs global Operations & Transformation practice. He assists senior executives develop strategies and shape programs to deliver transformational value. He has worked across industries, government and NFP for over sixty clients globally.

John's work includes the development of organizational strategies with a focus on accelerating growth, improving operational effectiveness and leveraging the benefits of technology enabled change. He has worked for clients in Asia, Europe and North America and led management consultancy services there and in the Middle East, Russia, Africa and Latin America. Past roles included Partner in a Big Four professional services firm, Vice President at a global tech company and several board positions.

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Executives who are considering digitization of their supply chains, and who are not yet fully convinced of the benefits of digitization, will benefit greatly from the case studies and statistics quoted in this article. Particularly noteworthy is the figure quoted from a recent Bain survey that 70% of executives expect digital innovation to have a significant impact on their supply chains during the next five years. Also noteworthy are the risks highlighted in the article – including the over-confidence bias, and missing the key inflection points in the journey towards building a strong customer base.

The rest of the article is adaptation of generic advice towards taking four steps to digital supply chains: 1) outline a future state, 2) gap analysis from the current state, 3) create options to close the gap, and 4) create a masterplan to execute your chosen option/s.

The first part of the article quotes new statistics on the importance of digital supply chains and the need to keep moving the bar higher and higher in the quest towards customer retention. But the second half of the article is just generic advice that is applicable for all business transformations and does not contain any new insight. Unfortunately, there are no new frameworks or thinking in this article. The best way to describe it is as a consulting 101 case study. Figure 2 of the article contains the best insight, as it shows how a large proportion of C-suites, as well as supply chain executives, find their supply chain reactive, opaque, and inflexible. The key insight that C-suite executives underestimate is that this level of reactivity and inflexibility should lead them to critically scrutinize supply chains once more.

This article will benefit internal consultants and executives who do not have much exposure to the application of supply chain thinking in their quest towards business transformations. While most CEOs and C-Level have had some exposure within supply chain by now, there is still a sizable minority (particularly from finance and marketing) who think of supply chain as moving boxes, or a black box. This article unwraps some of the mysteries of supply chain methodologies for them. For rest of the C-Level executives, and for all the supply chain insiders, there is very little that is new in this article.

The key strength of the article lies in its simple language and detailed explanation – which will be very useful for the new-to-function readers. However, that simplicity is also its greatest weakness, because for the bulk of readers, there may be nothing new in it.

Exhibit 2 represents the best insights of the article. It shows the key drivers of the lead time, and their variability is a good visual representation of the data – it might lead to quick absorption of this critical information.

Overall, this article seems a rather haphazard attempt to build a framework towards digital supply chain.
“Leaping Before the Platform Burns: the Increasing Necessity of Preemptive Innovation”
– BCG

A very high quality research report from McKinsey Global Institute. Even if you are only remotely interested in the applications of AI for business, it is highly recommended that you read at least the “In Brief” summary on page 3. However, reading the full 36 pages is rewarding.

The report is based on analyzing the utility of AI (the deep learning kind, using artificial neural networks and huge volumes of training data) in 400 use-cases McKinsey identified across functions and industries. This granular bottom-up approach leads to valuable insights, such as: AI significantly enhances traditional analytics, rather than creating lots of new applications; its greatest impact will be in business functions where there are lots of data captured for the AI to train on (e.g. marketing and sales, supply chain); utility increases with the quantity of data available and doesn’t plateau like traditional analytics; but getting, labeling, and updating sufficiently large volumes of data is the biggest barrier to adopting and using AI, and an area of concern for privacy regulators and society at large.
The headline of financial institutions not being able to avoid cryptocurrency exposures by simply avoiding direct involvement is a bit misleading, as the article focuses on the need to improve AML, sanctions and KYC approaches to deal with cryptocurrency risks. The article serves as a basic review of the risks in cryptocurrency transactions.

Part three in an ongoing series, this article posits that the scalability of bitcoin today will hinder its broader use and presents a few technical options which might address this. The article is written from an outsider’s view, whilst most cryptocurrencies and exchanges would suggest scalability issues have and are being addressed.
“General Data Protection Regulation (GDPR): Demanding New Privacy Rights & Obligations” – EY

This GDPR perspectives paper can provide boards and executives with an overview of key GDPR features and the implications for non-EU organisations. The Americas and EMIA authors don’t fully capture a global perspective, but still offer some key perspectives versus their geographies. Organisations should place GDPR on their agenda, but temper their actions and not rush into compliance mode. While the GDPR may in some cases trigger an immediate action, for most their existing regimes and local regulations may provide enough coverage for the short-term. Limited EU regulatory resources may be pointed at other, more critical targets, unless you are a true, global entity.

“When the Going Gets Tough, the Tough Get Going” – Oliver Wyman

All board, risk, and audit committee members, or risk executives, know that devising a cyber risk appetite statement is difficult, so the structured approach and examples could be good for stimulating discussion and helping provide input. As noted, putting cyber risk on par with other, more familiar risks like credit risk, market risk, and operational risk can help prioritize cybersecurity investments, both within cyber risk and across other risk types, and to align the institution’s cyber posture to its overall risk appetite. Ultimately, traditional risk-based approaches will not be enough for most boards and a focus on resilience vs risk-taking is required. Whereas a risk appetite statement is needed, especially by some regulators, most organisations are still working on getting the basics right – cyber governance, capability maturity, and full business engagement – and using critical resources to take action, which is really what is needed to “get going”.

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- Includes numerous case studies and examples of global companies
- References all exhibits to their original sources and lists further reading.

Popular titles include:

- Indirect Ancillary Revenues
- Transformation Leadership
- Virtualization in Financial Services
- Pricing in Retail Banking
- Impact of Telematics on Automotive Insurance
- Bank Cost Reduction Program
Industry-Specific Topics

In this Section:

Macro Financial Services | Retail & Business Banking
Corporate & Investment Banking / Institutional Markets
Wealth & Advice and Investments and Fund Management
General Insurance | Life Insurance
“Management Tools & Trends”
– Bain

Bain’s annual review of what is hot and not in management science across 15,000 respondents in 70 countries.

This report always feels like someone is making a mountain out of a molehill, with far too much analysis than is merited, so here are the best tidbits. If you want more, just click the link:

• There are three new topics in the top 25: Agile, Customer Journeys, and the Internet of Things (IOT)
• The top 3 tools are strategic management, customer relationship management, and benchmarking

The closing management trend section is of more interest and suggests reducing complexity, making the most of technology, corporate culture, a focus on customers, and watching costs at a time of growth are the things your peers are most worried about.

Could provide comfort to our more anxious readers, but feels like a ‘high opportunity cost of time’ insight to read and review.
“How can divesting fuel your future growth?” – EY

Report based on the findings from an astonishing 1000 interviews with executives around the world! Of these, 180 are in FS, so there is a small section at the front specifically for FS industry readers. Like most survey insights, it is full of percentages of respondents that answered self-serving questions that relate closely to EY’s service proposition. However, these reports can serve as a timely catalyst to review your portfolio (carve outs of middle- and back-offices, anyone?) and assess its relevance against recent technology and business model trends. This report is short and useful enough that it is recommended skim reading for internal consulting teams tasked with such activities, and also executives who are new to this area.
SHARE YOUR INSIGHTS

You are invited to forward your copy of The Insights Review (TIR) to your colleagues and friends, allowing them to access the same level of quality reviews that save you time each month – whilst also keeping you abreast of the latest thinking from the global management consulting industry.

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Despite the threat of digital disruption, incumbent banks are maintaining their dominant positions, and tech disruptors have to date captured only small slivers of market share. The longer-term threat remains, and incumbents will need to continue to evolve their business models and select from a range of digital growth strategies.

The article sets out the “super set” of these digital growth strategies. They certainly aren’t new ideas (e.g. move into adjacencies, create a financial supermarket, monetize your data, extend value across the customer journey) and there is an existing body of consulting literature on each. However, this provides a concise summary of each strategy, supported by up-to-date examples, that digital strategists may find useful.
“Not SOFR Away: LIBOR Transition Begins”
– Oliver Wyman

This is a follow-on article to the OW LIBOR piece entitled: Changing the World’s Most Important Number, reviewed in the March 2018 edition of TIR. While that was of broader relevance on the transitioning out of LIBOR, this is a more specific review on the Secured Overnight Funding Rate (SOFR), a new benchmark rate aimed as a replacement for USD LIBOR, published by the Federal Reserve Bank of New York.

“Technology Disruption & the Future of Wholesale Banking”
– EY

EY adds its voice and an illustration of its capabilities with specific offers of services in the domain of continued fintech disruption of wholesale banking. The paper is well set-out with a number of useful frameworks, and identifies the two most critical areas to expand the discussion, viz.: marketplace lenders and blockchain-based supply chains. The later construct was the mainstay of an article in last month’s TIR: A New Age for Trade and Supply Chain Finance by Bain.

There is not much new in the way of illustration of the issue or the approach to address it, but as noted above, internal consultants may find the frameworks useful in their client discussions on this topic.
“Global Wealth Managers: Dare to be Different” – Oliver Wyman

Long commentary about the state of the global wealth industry that ends up coming back to three strategic imperatives most of us are well aware of: the need to focus on competencies, talent, and data analytics. There is, however, much detail discussed to arrive at these imperatives, so readers may find some value in the frameworks used in each section.

There are at least two notable insights in this article, and this reviewer would sound one note of warning. The authors cite research showing that tax amnesties offered to HNWIs to declare their offshore funds have unearthed $600B of assets, yet little has been repatriated back to local jurisdictions. These assets, now “clean”, are mobile and becoming an attractive emerging target for global wealth managers. The authors also discuss research showing how revenue diversification efforts since the GFC will have limited impact on revenue protection in the next downturn. As the global bull run continues, wealth managers may wish to create their own stress-test scenarios in this area. And finally, the talent question around data analytics. The authors recommend elevating the quest for “highly sought-after data scientists" to CEO-level. It is certainly a significant challenge, however, our on-the-ground experience at ICG suggests that there are few people that have both deep domain experience in the wealth sector along with skills in advanced data analytics, and both are required to get the most value from data. Instead, we have found it far quicker to form teams of people that bring these skills collectively, which enables firms to move more rapidly up the analytics insight curve.

There is content in here for many readers, but most value will be gleaned by CFOs, heads of strategy, and internal consultants.
The reviewer liked this article and would recommend that executives use this as an aide memoir. Correctly, the article points out the need to treat employees as customers… that will motivate them to really represent the company in a positive way, which alas, in today’s market, is not often the experience that retail customers receive.

Transformation Leadership
KAR 027

110 pages
In-depth information, drawing on the best public-domain thinking and practice globally from consulting firms, academics and others.
While the insight contains some UK market sizing, it is relevant to almost all life insurance markets. This overly long article is a fusion of the famous SAGA case study of a broadening proposition to a single affinity/segment group (over 50s) and the current fascination with ecosystem-based journey plays. It includes some helpful packaging of what this idea might look like (Exhibit 4 and 8) and some of the business case fundamentals, so a useful resource for any internal consulting team or life insurance executive looking for bigger bet new revenue sources in their industry.

Footnote for internal consultants: Exhibit 10 is a nice way to conceptually depict the new approach to innovation based on broad but small innovation, with rapid scaling of those demonstrating success.
Articles of the Month
The Best Insights of the past 12 months

APRIL 2018

“Fintech Predictions 2018” – KPMG

The link is to just a one page summary of KPMG’s 10 predictions for 2018. For the commentary and statistics these predictions are based on, you need to read the much longer Pulse of Fintech Q4 2017 report. We regularly review these reports in TIR, and this latest one – and its predictions – suggests a continuation of the trends and developments mentioned in earlier reports. Congratulations to KPMG for continuing to invest in gathering and disseminating this comprehensive and consistent set of global fintech industry statistics each quarter, describing the activities of incumbents, startups, who’s investing in them, and who’s acquiring them.

MARCH 2018

“Labor 2030: The Collision of Demographics, Automation and Inequality” – Bain

Bain’s Macro Trends Group provides an extensive impact analysis of three converging trends: aging populations, the adoption of new automation technologies set to eliminate 20%-25% of jobs, and rising inequality. This contribution is a long read consisting of six chapters – three on the above trends, and one each on how this convergence unfolds in the 2020s with government’s inevitably increasing role in the marketplace, and implications for leadership teams navigating this new environment.

Bain makes one of the most compelling cases we have seen about this convergence, about the fact that automation is not just a fad trend, and about why senior leadership teams need to take this trend seriously – and do so now, not just in five years’ time. The impatient reader could quickly scroll to Chapter 6, where Bain provides implications for what this tangibly means for business.

We conclude that this is one of the best thought pieces of Q1 2018. It’s not a quick read, and not one filled with a convenient, practical to do list. Yet every CEO and CHRO should curl up with this, either next weekend or latest during the next reading vacation break.
“Delivering Through Diversity” – McKinsey

McKinsey promises to prove that financial performance is inextricably linked to gender and ethnic diversity. Drawing from more than 1,000 companies covering 12 countries, the article flat out proves not only that top team diversity positively impacts financial results but also that companies with top teams that are not diverse underperform their peer group by 29 percent. 29 percent! The article then provides sound advice about how to increase a company’s diversity.

All in all, this article is what a management article should be: fact-based, with advice that can be used. We recommend this article as a must-read for all C-suite and managers.

“How Diverse Leadership Teams Boost Innovation” – BCG

Competitor BCG has its own study and its own results. Yes, diversity leads to better results. But diversity also leads to more successful innovation. BCG thus manages to tie not just profitability, but also long-term performance (measured in innovation dollars) to diversity.

The article is more pithy and more focused than McKinsey’s longish piece, yet it is as worthwhile a read – for any CxO. Both consulting firms have shown the way to diversity – if your company lags behind, when will your shareholders come knocking?
The title is being polite. Once you get past the benign title, this entertaining and highly readable article asks CEOs the following question: Is it your fault that your company is full of jerks?

The article provides a nice seven-factor self-assessment and then five ways to tackle the problem. Highly insightful and entertaining at the same time – a recommended read for all, especially those who want to do something about how they affect others.

Another article imploring management to wake up to the digital disruption threat/opportunity for their business. Thankfully, this one is more helpful and describes 10 themes to analyze for potential disruption, possibly helping you generate new ideas similar to way Blue Ocean Strategy’s Six Paths Framework does. Each of the 10 themes is also illustrated with examples of disruptors and incumbents.

This is an excellent insight with some great case studies, and is our worthy winner of ‘Article of the Month’.

“Memo to the CEO: Are You the Source of Workplace Dysfunction?” – McKinsey

“10 Principles for Winning the Game of Digital Disruption” – PwC
**Articles of the Month**
The Best Insights of the past 12 months

**OCTOBER 2017**

**“Where is Technology Taking the Economy?”**  – McKinsey

First, a big thanks to W. Brian Arthur – independent professor – for bringing McKinsey and us (ICG readers) thought leadership on the highly talked about subject that is the socio-economical impact of the new industrial era.

What a refreshing and thorough article this is! The author goes beyond the common debate of whether or not the 4th revolution will destroy or create more jobs, instead positioning the debate on the need for adequate distribution of the production/productivity gain from this revolution. He makes reference to the universal revenue trial in the Scandinavian countries, and to John Keynes predictions back in the 1930s, and provides plenty of relevant examples.

Lastly, the author also reminds the politicians that if they don’t act on new social policies, they will most likely be forced by the people to do so – as has been the case throughout history.

A very interesting and compelling article that you will enjoy reading.

**SEPTEMBER 2017**

**“Build & Protect Firm Reputation”**  – Accenture

This is a great step-up article by Accenture in a field they are not famous for. Accessible and containing some excellent new material, this insight is well worth reading for executives and internal consultants needing to be across all the major frameworks required to manage conduct risk.

The headline here is that the aggregate misconduct bill across the industry over a 7 year period is a staggering US$300B!

Of more utility to internal consultants and their clients is a well-engineered reputation driver framework that highlights governance and community as the two key drivers that are directly related to conduct and behavior.

The insights include five thematic challenges for a conduct program, a powerful inherent conduct risk danger framework (that we haven’t seen before), some myth busters, and an approach framework and overview of three lines of defense that everyone should keep on their hard drive.
**Articles of the Month**

**The Best Insights of the past 12 months**

**JULY 2017**

“Technology Vision for Insurance 2017” – Accenture

**VIEW PDF (56 PAGES)**

Longish but very powerful must-read annual survey based review of how technology is reshaping insurance. It is brimming with cutting-edge case studies, thumbnail technology applications, and useful factoids. The last page of each section ends with startling predictions. The authors cover five main trends:

1. **AI is the new UI** (which observes that AI is hitting the front office and substituting for humans, or augmenting them, to give even better advice).
2. **Partnership models are evolving to powerful ecosystem plays.** A great summary of much of the platform material we have seen before, but adds the idea that voice activated platforms will lead.
3. **Workforce marketplace.** Outlines the role of the various liquid labor platforms within the insurance industry, with bold predictions for labor changes.
4. **Design for humans.** Summaries the way the insurance proposition is being embedded into the customer journey and augmented with new technology.
5. **Invent new industries and set new standards.** Describes how industry boundaries are blurring through ecosystems and how principal agent economics are being transformed with blockchain-like technologies supporting performance-based contracts.

Definitely worth a read for all internal consultants and all executives (insurance and other sectors), and a worthy winner of our ‘Article of the Month’ award.

**AUGUST 2017**

“Sizing the Prize: What’s the Real Value of AI for Your Business & How Can You Capitalize” – PwC

**VIEW PDF (24 PAGES)**

PwC examines the improvement potential of AI and how it can be applied to generate specific benefits. As with Accenture’s report also reviewed here, the authors define AI as systems that can sense their environment, think, learn, and act autonomously. PwC goes on to classify AI in four ways: process automation, human assistance, augmented intelligence, and autonomous actors.

The report focuses on the value that can be created, and outlines the economies and businesses with the greatest potential for improvement. PwC sees AI as a big game changer that possesses the greatest potential to transform operations and business models. The report cites specific opportunities to reduce cost through process automation, improved decision-making, and revenue growth driven by more personalization, innovation, and improved CX.

This is a high quality report from PwC, building on its extensive experience with global surveys. The report projects specific improvement potential for select economies and industries. Similar to the Accenture report, the value lies in raising awareness and as a call-to-action rather than the precise percentage improvement reported.


“Deep-tech start-ups” are built around unique, differentiated technologies that are hard to reproduce. They are different from start-ups that are merely technology-enabled. This distinction matters because their business and revenue models tend to be complicated, and investors thus evaluate them differently. BCG surveyed more than 400 deep-tech start-ups to understand their needs of preferred partners, such as venture capitalists, corporate VC funds, incubators and the like.

The article does a superb job explaining what it takes for an ecosystem of incubator, university, corporate support, VCs and the public sector to meet a deep-tech start-up’s thirst for funding, market access, technical and business knowledge, facilities access and – importantly – talent (see Accenture’s excellent study on the modern work force elsewhere in this edition of *TIR*).

BCG’s article is a particularly excellent read for the C-suite and platform executives of large corporates who seek to accelerate their innovation by collaborating with start-ups.

Have you ever wondered where overconfidence exhibited in financial markets comes from (e.g., from personal traits or from experience)? And is it selected by, or limited by, organizational design? Or, can psychological theories of strategic naiveté (which were developed to fit controlled laboratory experiments based on game theory), also help explain naiveté in financial decisions?

This excellent article aims to provide you with insights into biases that effect decision-making, both at a personal level as well as at a system level. It also shows you some ways to de-bias your decision-making.

It’s a great read for board members and Executive leadership across many industries, and especially financial institutions.

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**JUNE 2017**

“The Business Logic in Debiasing” – McKinsey

**APRIL - MAY 2017**

“What Deep-Tech Startups Want from Corporate Partners” – BCG
Candidate insights are compiled by an expert team of researchers. Reviews are written by partner-level subject matter experts from our industry and functional practices.

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