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APRIL 2020

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COVID 19

SPECIAL EDITION

The world's leading insights to help you navigate the global uncertainty

THE INSIGHTS REVIEW

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The Insights Review 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.

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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&

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THE INSIGHTS REVIEW

Message From FINSIA CEO,

Welcome to the latest COVID-19 special edition of The Insights Review which has dozens of open source articles and research from the world's top management consulting firms.

While I wouldn't want to detract from anyone's productivity while you're working from home I would encourage you to delve into some of the fascinating pieces over the next 32 pages. In these unprecedented times there is a little more time for some members to digest longer reads. Even those busy fighting the immediate fallout of this crisis will want to move to longer thinking on consequences and prepare themselves and perhaps their organisations for these.

In the The Heart of Resilient Leadership: Responding to COVID-19 by Deloitte, which itself is a 24-pager, talks about the fine line between the human needs now, the business imperative for survival and preparation for a post-crisis world.

There are five articles under ECG's Human Capital section which are worth noting, with interesting news on how we should be facing up to COVID-19.

Kearney's The New Normal has another look at what we should be doing while working from home. While I thought it was amusing they say we don't need a suit, but shouldn't be sitting in on video conference calls in my bathrobe, there are definitely serious issues under discussion.

The fact that e-commerce is booming but fraud is also going through the roof highlights the need to focus on cyber security - as we highlighted in InFinance a fortnight ago when we revealed the number of attacks reported to the ACCC's Scamwatch site rose from 94 to more than 1000 in less than a month.

Elsewhere, I found the sub heading for the Bain article on 'Banks in the Age of Covid - 19: Protect, Serve and Build Resilience' interesting.

It says 'Employees, customers and the balance sheet all need shoring up'.

Like many of the articles I have been reading, I don't think it makes enough of the fact that employees are also customers. They need to be given a sense of purpose, pride, community, belonging or whatever word you chose. Many of the articles I have seen speak of the need to adapt to deal with customers with empathy.

Quite frankly, that shouldn't be something that is impressed upon customer-facing staff if they have been properly trained in the first place.

As we stare down the barrel of the COVID-19 crisis, I'm convinced more than ever that the professionalism strategy FINSIA has undertaken is the key to restoring trust in financial services. Now and in the future.

It's been two years since FINSIA research showed banks would only win back customer trust - and keep their business - by showing they could act professionally - demonstrating they could be prudent custodians of other people's money.

When we start to see the light at the end of the tunnel, I hope we can all move on the proposal Financial Services Union national assistant secretary Nathan Rees put forward at a recent Summit " What we are after is a qualifications and skillset accreditation scheme that enables staff to move between banks that recognises their professionalism, experience and their qualifications," he said.

In the meantime, keep up to date with FINSIA's free weekly webinars and publications. There are also short courses focusing on fintech, AI, cyber security and green finance that are worth considering as well as our growing Chartered Banker program.

Chris Whitehead F FIN
CEO & Managing Director FINSIA

Chris Whitehead F FIN
CEO & Managing Director FINSIA

About

Chris was appointed FINSIA CEO in September 2016. He has been associated with the Australasian financial services industry for nearly 30 years.

Previously, he was CEO of CUA, Australia's largest customer-owned financial institution, Regional Director, Bank of Scotland and CEO, BankWest Retail Bank.

He has extensive experience as a non-executive director including in the payments, wealth management and insurance sectors.

Commencing his career in IT, Chris maintains a keen interest in the ongoing impact of technology on financial services.

THE INSIGHTS REVIEW

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Message From the Editor,

This month we turn our attention to a curated summary of everything you need to know to respond to the pandemic *from a commercial perspective*. If there are some key messages or take aways for us at ICG they are:

- Responding early and decisively is a 'no regrets' move
- Displaying empathy and recognizing that the office has been imposed on the home is critical to maintaining staff loyalty and productivity through the crisis and beyond
- It is the right time for right sizing again as pockets of inefficiency and ineffectiveness are exposed
- Doubling down on digital transformation is happening almost by default as workforces are visualized and offshoring capabilities are proving fragile
- Corporate cadence has slowed significantly for many – injecting highly visible and highly productive unbundled consultants is a sure fire way to 'gee up' the management team
- The 'next normal' may never come – ICG instead recognizes the concept of Transformation As usual (TAU) as a better approach to develop the new target operating model (TOM).

And finally, a point which cannot be overstated:

- Displaying the usual laser-sharp commercial focus risks being seen as either opportunism, or apathy to the unfolding tragedy. So while Churchill may have said "Never let a good crisis go to waste", we encourage adoption of what we would call 'mindful pragmatism'; the necessary solutions may be the same, but we would do well to elevate the human context in both our thinking and communications.

Here's to the next month bringing more clarity and confidence than the last.

David Moloney
Global Editor

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.

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THE INSIGHTS REVIEW

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Cross-Industry Functional Topics

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Strategy & Transformation | Ecosystems, M&A and Integration
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Finance & Controlling | Operations & Transformation
Payments & Open Banking | Cyber Security & Privacy | Career Transition

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Review by: David Moloney | ICG Global Practice Leader Financial Services | Contact

"COVID-19: Implications for Business" – McKinsey

VIEW PDF (26 PAGES)

A compendium of briefing notes from various partners on various aspects of the pandemic and its impact and appropriate responses. The result is quite a potpourri of articles with no consistent thread, but with sufficient ideas and insights to maintain interest throughout a quick skim.

"Beyond Coronavirus: The Path to the Next Normal" – McKinsey

VIEW PDF (8 PAGES)

Amusingly McKinsey have developed a 5-R acronym response to the crisis compared to BCG's 4 Rs. Resolve, Resilience, Return, Re-imagination, and Reform.

This is a relatively short and thoughtfully constructed – if somewhat flowery – approach to helping leaders think through the steps they need to take by no one less than the global managing partner of McKinsey. A useful read for internal consultants and their executive clients.

Review by: David Moloney | ICG Global Practice Leader Financial Services | Contact

"Beyond the Coronavirus Crisis: Prepare Now" – Bain

VIEW PDF (7 PAGES)

Some differentiated work from Bain loosely based on lessons learned from China's reaction to the SARS epidemic. While the Chinese analysis is interesting, the concluding CEO agenda items are not as authoritative as those found elsewhere.

"COVID-19 Crisis Response: Six Steps CEOs Should Take Right Now" – Kearney

VIEW PDF (7 PAGES)

Another quick and dirty reaction piece from a selection of ATK Partners. This insight adds two ideas to what we have seen elsewhere:

1. The notion of three economic scenarios: V shaped, U shaped, or L shaped.
2. The idea of using the downturn to put yourself into pole position for the rebound.

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Cross-Industry Functional Topics

Strategy & Transformation

Review by: David Moloney | ICG Global Practice Leader Financial Services | Contact

"How Will Things Be Different When It's All Over?" – BCG

VIEW PDF (8 PAGES)

A very well written and thoughtful approach to responding to the four Rs: Reaction, Rebound, Recession and Re-imagination. Critical to this article is some insights from emerging rebound data from China and six insightful key success factors; namely: an opportunity in adversity mindset, looking ahead rather than just responding to the crisis, picking up weaker but important signals from more granular data, de-averaging the portfolio, moving fast and transforming (ICG's Transformation As Usual (TAU) again).

A very worthwhile read.

"Six considerations in dealing with the impact of COVID-19" – KPMG

VIEW PDF (7 PAGES)

A super short but thoughtful list of areas to focus on from the senior team at KPMG. Covering Employees, Customers, Liquidity, Suppliers, Communications and Scenario Planning.

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Cross-Industry Functional Topics

Strategy & Transformation

Review by: David Moloney | ICG Global Practice Leader Financial Services | Contact

"Pandemic Planning as Part of an Overall Resilience Strategy" – KPMG

VIEW PDF (7 PAGES)

This insight packs a punch – it is a comprehensive but 'canned' to do/check list for CEOs and C-suites who can quickly customize for their own purposes. Nicely done without any unnecessary garnish.

"Three Scenarios For How Coronavirus May Affect Economies & Industries" – Roland Berger

VIEW PDF (7 PAGES)

Some initial and quite blunt scenario analyses of the impacts of the virus on China, Europe and North America which is further split by specific sectors such as automotive and pharmaceuticals without claiming the existence of a comprehensive database by sector. The three scenarios are points on a continuum from fast recovery to a global recession. Demonstrates how global Roland Berger's franchise has become. lr

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Cross-Industry Functional Topics

Ecosystems, M&A and Integration

Review by: Peter Dale | ICG Subject Matter Expert | Contact
Michael Roch | ICG Global Practice Leader | Contact

"COVID-19's Impact on Global M&A" – BCG

VIEW PDF (9 PAGES)

Interesting article by the expert consultants in M&A. The key point they make is that savvy deal-makers can thrive in this market, and this gives some ideas for executives what savvy might look like.

Cross-Industry Functional Topics

Leadership & Executive Development

Review by: Wade Azmy | ICG Global Practice Leader | Contact

"The Heart of Resilient Leadership: Responding to COVID-19" – Deloitte

VIEW PDF (24 PAGES)

If any good came out of the COVID-19 crisis, it is the overwhelming emphasis on the leadership role in the organization. This article from Deloitte Insights sheds some light on the fundamental leadership qualities of resilient leadership, or better described as some exhibited behaviors of resilient leadership.

The qualities discussed in this article focus on the human side, organization health, decision making, current and future narratives, and the new business models.

In summary, the writer trails a fine line between the human needs at the current juncture, the business imperative for survival and the preparedness for post-crisis, by identifying the possible levers available for leadership to navigate the crisis.

"Leadership in a Crisis: Responding to the Coronavirus Outbreak & Future Challenges" – McKinsey

VIEW PDF (11 PAGES)

This article from McKinsey is one of the best we have seen so far in the consulting literature. It highlights the key to crisis leadership in the early recognition of what is happening for leaders to mount an appropriate response.

Such a response could use the complexity and network theories to tackle the uncertainty that surrounds problem and decision-making tasks, where information is scattered across different organization entities. In the process, neither panic nor wishful thinking can lead to the desired outcomes; instead, the writer advocates two learnt behaviors; "deliberate calm" and "bounded optimism"– also, the cognitive behavioral rituals concerning how leaders stay connected with new information and actions.

The writer also emphasizes the human tragedy, and the ongoing need for empathy and communication to offer an optimistic and realistic outlook.

Cross-Industry Functional Topics

Leadership & Executive Development

Review by: Wade Azmy | ICG Global Practice Leader | Contact

"The Great Retooling: Adapting for Coronavirus & Beyond" – Bain

VIEW PDF (8 PAGES)

This article from Bain & Company covers the basic hygiene that a CEO should consider to avoid a significant collapse; we don't see it adding much value for large businesses but may be more useful for the SME marketplace.

"A CEO Plan for Coronavirus: Actions to Take Now" – Bain

VIEW PDF (7 PAGES)

Another article from Bain & Company, in this article, the writers move from setting the hygiene guidelines into formulating a blueprint for survival, addressing multiple scenarios based on the severity of the global impact on business.

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Cross-Industry Functional Topics

Leadership & Executive Development

Review by: Wade Azmy | ICG Global Practice Leader | Contact

"Coronavirus: How to Be the Leader Your People Need Right Now" – Bain

VIEW PDF (6 PAGES)

One more article from Bain & Company prescribes communication tactics for leaders to connect with their employees, and emphasize the frequency of the communication and the kind of simple messages that leaders put across to the organisation while driving for change. The article is relatively light in content.

"Real Leaders Are Forged in Crisis" – HBR

VIEW PDF (7 PAGES)

Based on research, this HBR article argues that real leaders are forged in crisis based on research.

The article summarizes what historical iconic leaders do in a crisis, moving people from fear to hope, from confusion to purpose, from chaos to learning, and energize themselves and others. The article presents what humanity needs in crisis in an easy to digest style. It is a quality reading and extremely relevant to the current COVID-19 crisis.

Review by: Peter Dale | ICG Subject Matter Expert | Contact

"When Leadership Matters Most" – BCG

VIEW PDF (5 PAGES)

This article from BCG Henderson Institute covers the common leadership culture traps and provides some guiding principles for leaders to pay attention to during a crisis.

The common traps represent the organization personality traits that manifest themselves in communication and organizational behaviors.

The guiding principles seem to be direct mitigation of the above, listed in a one-to-one basis as strategies to overcome the dysfunctional behaviors listed as traps. lr

Cross-Industry Functional Topics

Human Capital

Review by: Greg Barnier | ICG Practice Leader Human Capital | Contact

A note from the reviewer: All of the articles following provide thoughts on what leaders should be considering now in responding to the people issues arising from the CODIV-19 Pandemic. They are well worth an investment of reading time. What is missing is the need to understand the need to manage the unintended impacts arising from the imposition of the workplace into the home. For many, this has not been at the request of the employee. Leaders need to think differently about expectations for productivity and the impacts of the home environment (home schooling, carers responsibilities, relationship tensions as people are confined, etc.).

From a health and safety viewpoint, leaders need to consider the tensions of imposing the workplace on the home environment and the risks of feelings of isolation or disconnectedness for employees. Leaders also need to commence planning now for the eventual return to the workplace when the business is in recovery mode.

ICG is able to assist organizations to manage the current people issues and business recovery planning.

"A Blueprint for Remote Working: Lessons From China" – McKinsey

VIEW PDF (13 PAGES)

This article from the McKinsey team outlines eight remote working lessons learned from China. It is an easy read and provides examples in addition to the key insight. While many organizations may already be practicing the examples provided, all executives could take five minutes to read this one and consider if the insights could improve your connection with your people who are working remotely.

I found the two exhibits particularly useful as they map out the effectiveness of communication platforms (Exhibit 1) and technologies (Exhibit 2) for particular environments and purposes.

Cross-Industry Functional Topics

Human Capital

Review by: Greg Barnier | ICG Practice Leader Human Capital | Contact

"A New Normal: Leading Virtual Teams With Intention & Flexibility" – Kearney

VIEW PDF (7 PAGES)

This very short article from Kearney is well worth a read. I was researching this article last week and I connected with the insights it provides. There are practical tips for leaders managing virtual teams. It also provides an insight as to how these practices could be part of the new norm in workplace behaviors. Highly recommended. A good investment of reading time. I urge readers to consider how they may promote intention and flexibility a new organizational habit.

"Productivity in Uncertain Times through the Elastic Digital Workplace" – Accenture

VIEW PDF (19 PAGES)

In this article, Accenture identifies six dimensions (graphic on Page 7) leaders and organizations should consider to develop an elastic digital workplace. Some examples of how Accenture use these dimensions for their own workforce are also provided.

The three major foundations that all organizations should consider (Page 4) to protect your people and your productivity align with the writings of a number of renown HR authors who have been contributing to this field of knowledge over the last few weeks. Worth a read if you are not sure how to approach the current situation or as a reference as to what else you should consider.

Cross-Industry Functional Topics

Human Capital

Review by: Greg Barnier | ICG Practice Leader Human Capital | Contact

"People Priorities in Response to COVID-19" – BCG

VIEW PDF (14 PAGES)

BCG has compiled this article with a model for *"COVID-19 Responses for Seven Key People Topics"*. For time poor CEOs, CHROs and executives trying to work through a great deal of readings. It is well worth reviewing Exhibit 1 for the summary and then reading the whole article for more detail. The authors also highlight the need for short term workforce planning in Exhibit 2. This area is one that has not drawn the attention of many other authors at this time. This article is one that should be used as an easy to read reference tool.

"Socially Distanced, Collaboratively Close" – Bain

VIEW PDF (6 PAGES)

A short article from Bain & Company which proposes four things leaders could do to successfully co-create in a virtual environment. Worth a skim read to remind leaders on the essentials to keep remote workers engaged. Ir

Cross-Industry Functional Topics

Finance & Controlling

Reviews by: David Moloney | ICG Global Practice Leader Financial Services | Contact

"Is Your Finance Organization Ready to Navigate the Coronavirus?" – Bain

VIEW PDF (5 PAGES)

A useful laundry list or grab bag of ideas from Bain for finance teams in a crisis. In fact, reading through this totally unstructured list, you get a real feeling of being on the Zoom call when the ideas were first being almost randomly generated. Like all long lists, there is a good chance something will be additive to your thinking, but you also might worry what Bain might have added if that had taken the time to develop a more MECE (Mutually Exclusive and Collectively Exhaustive) framework. Most of the ideas are about being proactive in adding value around cash flow and working capital optimization, and investing effort in having a BCP (Business Continuity Plan) and a plan for surgical cost reduction in the face of a significant downturn ahead of time. Worth a skim for all internal consultants.

"The CFO's Role in Helping Companies Navigate the Coronavirus Crisis" – Mckinsey

VIEW PDF (6 PAGES)

This article is a shorter laundry list of ideas concatenated with previous thinking on best practice strategy. The laundry list has the nicely named idea of creating a cash war room. The strategy work is apparently based on how well some fared in previous down turns, and returns us to the big five ideas of Dynamically allocating capital, programmatic M&A, capital expenditure above peers, productivity breakthroughs and differentiation, of which capital expenditure and differentiation are less critical just now. McKinsey also talk about adopting a transformation mindset which sounds a lot like ICG's Transformation As Usual (TAU). lr

Reviews by: John LaVacca | ICG Global Practice Leader Operations & Transformation | Contact

"Responding to Coronavirus: The Minimum Viable Nerve Center" – Mckinsey

VIEW PDF (14 PAGES)

McKinsey provides timely and useful advice in this article for organizations looking to successfully navigate the Coronavirus crisis. They advocate for the establishment of a central integrated nerve centre to streamline decision making and expedite required actions. The article outlines an approach for coordinated top management led responses rather than a step-by-step guide.

McKinsey uses the term "integrated nerve centre" to describe the concentration of leadership skills and functional expertise to improve the odds of getting ahead of events and implementing positive actions. The emphasis is on accurate information and an unbiased view of the potential impacts to the company, customers and suppliers. The piece lays out a generic structure for nerve centres that include separate teams focused on customer engagement, workforce protection, supply chain stabilization and financial stress testing. In addition, they stress the importance of a C-suite led nerve centre integration team to manage a single source of the truth for issue resolution, ensuring adequate resourcing, coordinating remedial actions and aligning efforts.

Given the current broad impacts and uncertainty surrounding the Coronavirus the article is well worth a read. It provides a clear foundation for organizations to build their company specific responses and help them establish the capabilities required to navigate this crisis. lr

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Cross-Industry Functional Topics

Payments & Open Banking

Review by: Ryan McQueen | ICG Global Payments Practice Leader | Contact

"How Payments Can Adjust to the Coronavirus Pandemic: & Help the World Adapt" – Mckinsey

VIEW PDF (10 PAGES)

A good comparison of expected growth in global payments revenue based on forecasts put forth in 2019 versus the most recent forecast in March 2020. With an original forecast of 6% revenue growth in 2020, the new forecast is in the -2% to -4% range based on significantly reduced activity (lower volume of payments). Modeling is done at a global GDP level and nicely lays out scenarios where the virus is contained versus a prolonged economic recovery scenario. Excellent exhibit with both demand and supply chain level of disruption across a number of industries and a 10-point list of fundamental changes required going into the crisis and moving forward.

"Payments shifts with COVID-19" – Oliver Wyman

VIEW PDF (6 PAGES)

Short article which lays out what is happening in the payments space based on interviews and discussions with a number of clients. Very balanced view of the negative impacts (payments volumes), balanced with the dramatic shifts which are taking place at pace. A good, quick read.

Review by: Ryan McQueen | ICG Global Payments Practice Leader | Contact

"Behind the Scenes of Commerce, COVID-19 Hits the Payments Sector Hard" – Bain

VIEW ARTICLE

Very short analysis completed shows that the hardest hit sectors from COVID-19 including restaurants, transportation, tourism and retail, account for 2/3rds of payments volumes worldwide. E-commerce volumes haven't been spared in furniture and clothing categories and cross-border transactions are minimal. Good sharp information but no further insight from the article. lr

Cross-Industry Functional Topics

Cyber Security & Privacy

Review by: Mike Trovato | ICG Global Cyber Security & Privacy Practice Leader | Contact

"Managing the Cyber Risks of Remote Work" – BCG

VIEW PDF (12 PAGES)

At the point in time this article was published it was already too late for most organizations to manage privacy and security in their organization if everyone had to suddenly shift to remote work due to COVID-19. Fortunately because many organizations already support employees to bring their own devices or central manage the organization's data on employee devices, many organizations are not far from the reality of working from home already. For those that are not, this article may offer some basic operational and cyber hygiene guidance for the unprepared to triage some of the security risks. If nothing else, the crisis will be a wake-up call to engage in-house or consulting resources to do a cyber security health check. Regrettably, the authors did not approach the topic of privacy at all, which in a home environment must be handled differently, due to the lack of office probity, if sensitive information or money can be accessed online.

"Cybersecurity Tactics For the Coronavirus Pandemic" – Mckinsey

VIEW PDF (6 PAGES)

This article does a better job at explaining tactical security responses to the COVID-19 crisis, securing work-from-home arrangements at scale and supporting high levels of consumer-facing network traffic. It also hits the priorities better for the unprepared organization than the preceding one by BCG. But similar to BCG article, they skip over privacy as an issue and also miss the opportunity to do post hoc review and remediation for things that end up happening quickly, such as rapid on-boarding of new third party providers, for example additional delivery capability. I like the link to other COVID-19 resources, especially "Leadership in a crisis", as resilient leadership will be key to solving the cyber issues at this difficult time.

Cross-Industry Functional Topics

Career Transition

Review by: Mark Waterman | CEO of ICG Careers | Contact

"How to Make Your Teams Stronger in a Crisis" – Bain

VIEW PDF (5 PAGES)

Argues a compelling case that in times of crisis and the need for rapid response to change these four traits will make your teams stronger and make a significant difference to outcomes: trust and empower, share common goals, make decisions for the common good and foster a sense of belonging. Cites evidence that teams with high levels of these traits produce six times the revenue, profit and shareholder returns than comparable peer organizations. Debunks myths around these so-called "soft" traits and gives direct views on how to embed them in your teams now. lr

Industry-Specific Topics

In this Section:

Macro Financial Services | Retail & Business Banking

Corporate & Investment Banking

Wealth & Advice and Investment and Fund Management

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Industry-Specific Topics

Macro Financial Services

Reviews by: David Moloney | ICG Global Practice Leader Financial Services | Contact

"COVID-19 Potential Implications for the Banking & Capital Markets Sector" – Deloitte

VIEW PDF (20 PAGES)

This insight reads like an internal consulting teams' own efforts to develop a structured list of actions that need to be taken to protect a bank from the crisis. The end result is a well organized suite of actions organized by topics such as operational resilience and finance and business impacts. Ideas within topic are then elucidated under the headings: Developments, Questions, Answers.

A very sensible and structured approach that internal consulting teams could cut and paste and re-orient and add to as they build their own response strategy out.

"The Economic Impact of COVID-19 (Novel Coronavirus)" – Deloitte

VIEW PDF (2 PAGES)

A very short article that outlines four major scenarios which may be helpful to internal consulting teams:

1: The worst is Over;

2. Year of the Virus;

3. Global Pandemic Response; and

4. Financial Crisis.

The insight is so short that it misses the point that the fourth scenario could occur concurrently with the second or third.

Macro Financial Services

Reviews by: David Moloney | ICG Global Practice Leader Financial Services | Contact

"Banks in the Age of Covid-19: Protect, Serve & Build Resilience" – Bain

VIEW PDF (7 PAGES)

An unusual insight that throws a lot of mud at the wall in the hope that some of it will stick. The end result feels rushed, as in one section it talks to the need to put sanitizer in bank branches and in another the need to protect the banks liquidity position. The insight has a useful three dimensional exhibit for internal consulting teams which highlights industry impact and individual firm within industry impact and the risk reward profile of the bank as ultimately it is how generous banks are to the wrong customers that determines their financial viability post crisis.

Industry-Specific Topics

Retail & Business Banking

Reviews by: Julian Cappe | ICG Practice Leader Retail & Business Banking | Contact

"Leading a Consumer Bank Through the Coronavirus Pandemic" – Mckinsey

VIEW PDF (15 PAGES)

One of the better articles produced by McKinsey this month, this one explores the questions and issues that are likely to be foremost in the minds of senior banking leaders as they navigate their organizations through the crisis. These include: How should banks flex their operating model as the situation evolves? How do we support our customers and redefine our service proposition? How do we position ourselves to accelerate out of the downturn?

Each of these are important topics and well covered, and the final section will be of particular interest, as organizations need to position themselves for the recovery phase and the longer-term structural changes that may emerge. Key shifts are likely to include an acceleration towards digital channels, ongoing margin pressures, greater customer-centricity and new approaches to credit management.

"Leadership in the Time of Coronavirus: COVID-19 Response & Implications for Banks" – Mckinsey

VIEW PDF (15 PAGES)

This one can be largely skimmed, with content on workforce reorganization and customer service continuity covered in more depth elsewhere (including in the McKinsey article on consumer bank leadership immediately above).

The strongest section covers risk management and stress testing, in anticipating the impact of the crisis, on bank financial performance. Banks need to prepare for anticipated hits across all dimensions: revenue, expenses and loan losses.

Industry-Specific Topics

Retail & Business Banking

Reviews by: Julian Cappe | ICG Practice Leader Retail & Business Banking | Contact

"Addressing the Needs of Customers in Delinquency Impacted by the Coronavirus" – Mckinsey

VIEW PDF (8 PAGES)

A first-pass overview of options available to retail banks to modify their credit management strategies, as their customers undergo unexpected financial distress. The toolkit includes short-term payment restructuring, active credit line management, and budgeting tools.

At a time that lenders are struggling to balance their need to manage risk, while maintaining a social responsibility mindset towards supporting customers through hardship, this is a critically important topic. Those seeking depth of analysis will need to look elsewhere.

"Lessons from Asian Banks on Their Coronavirus Response" – Mckinsey

VIEW PDF (7 PAGES)

As the first-hit region, Asian banks have already responded quickly and decisively to the crisis. Key initial actions included forming executive-level response units, establishing working-from-home frameworks, strengthening liquidity positions and nudging customers towards digital channels.

This is a good summary, although has dated quickly as the crisis has become global and banks across most regions have already responded with equivalent measures and more. Ir

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Reviews by: Andrew Boyes-Varley | ICG Financial Services Practice Leader (UK) | Contact

"Private Equity & The New Reality of Coronavirus" – McKinsey

VIEW PDF (12 PAGES)

A brief article focused on the portfolio companies of PE funds, that contains two useful tools (lists) in this time of global uncertainty for all businesses. The first, is a checklist of questions to help prioritize the critical areas for (portfolio) companies to address. The second, is a 'playbook', organized into six sections, which suggest the actions to take from; initial coordination, through to recovery, and future growth.

A useful aide-memoire for all business leaders, to check what they are doing, against the considered advice from McKinsey. lr

Industry-Specific Topics

Wealth & Advice and Investment and Fund Management

Reviews by: Barry Johnston | ICG Practice Leader Wealth Management & Superannuation | Contact

"Wealth Management in Asia: Navigating the Impact of Coronavirus" – McKinsey

VIEW PDF (13 PAGES)

Welcome to payday for wealth firms who have embraced digital comms! COVID-19 has ended the tradition of face-to-face client meetings, challenging the industry to maintain its client growth numbers. For firms that are already set up in the digital space, the M&A opportunities of firms that aren't are real. McKinsey nominates this and three other priority areas for the industry – timely and important reading for internal consultants and industry executives.

"COVID-19 & the Investment Management Industry" – Deloitte

VIEW PDF (7 PAGES)

Deloitte believes that equity analysts were far too slow to pick up the serious impact of COVID-19 on companies they review, causing sub-optimal decisions across the industry. This article is positioned as a taster for future articles about the extent of the timeliness issue and steps that can be adopted to improve the situation. Skip this article and wait for the follow-ups. lr

REVIEWS OF THE WORLD'S LEADING INSIGHTS

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ARTICLES OF THE MONTH

THE BEST INSIGHTS OF THE PAST 12 MONTHS

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MARCH 2020

"Future of Finance: The Human Perspective" – KPMG

VIEW PDF (13 PAGES)

This paper is a valuable resource for CEOs, CFOs and CHROs looking to ensure that proposed finance transformation programs have the appropriate investment in people to ensure the programs success. The article is easy to read and covers the catalysts for a finance transformation and examines the key findings of a global survey and good practice case studies. This is more of a useful tool or resource rather than just another research paper. It includes questions for the reader with the ability to see instant results from all respondents to those questions. Figure 2 details a model for the shape of the finance function in the digital world.

A well prepared resource which would be a great investment of time to review!

DECEMBER/JANUARY/FEBRUARY 2019-2020

"How Can Your Growth Strategy Evolve Faster than the Market?" – EY

VIEW PDF (9 PAGES)

A helpful and novel insight from EY which appears to expose the IP they have acquired through a boutique acquisition.

The insight starts with a general introduction regarding how to define a strategic context and rightly emphasizes that innovation and technology can make traditional approaches obsolete. (Side note: ICG solves this issue by helping clients to build a strategic disruption radar capability that continually monitors and updates the most likely strategic consequences of new entrants, and innovations. This reviewer also personally recommends a summary analysis he calls "Who is winning and why? And, who is losing, and why?" as the best way to illuminate strategic choices that are working or not).

The rest of the insight focuses on a new industry portfolio tool which uses Relative Market Share (rather than absolute) and absolute return on sales. This approach nicely demonstrates the margin benefits that accrue from scale which will work well for commoditized industries; those industries with players targeting high margin segments will need other tools.

A helpful contribution and well worth a read by all our readers.

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NOVEMBER 2019

"Global Retail Banking 2019: The Race for Relevance and Scale" – BCG

VIEW PDF (32 PAGES)

An excellent article from BCG explores how digital disruption is reshaping retail banking value chains, resulting in a shift from vertical integration towards a platform-based or "stacked" industry structure. This is a transformative change, leading to the emergence of new business models.

For example, companies that develop leading customer interfaces can offer consumers a broad variety of financial and other services through ecosystems, without having to develop their own banking products and infrastructure. At each layer of the stack, technology enables the modularization of services and challenges the integrated universal-banking model.

Incumbent banks will need to develop new capabilities, and to carefully determine the business model they want to pursue in the emerging industry landscape – whether full-service, ecosystem-based, or product-only. The article includes a very useful taxonomy of the business model design choices available to incumbents and insurgents.

Well-presented, and highly readable.

OCTOBER 2019

"Retail Banking Distribution" – BCG

VIEW PDF (17 PAGES)

In recent years, we at *TIR* have seen many articles on the disruption of retail banking distribution. This article from BCG stands out in articulating a compelling view of the key trends that are driving change across banking distribution, and the key shifts that banks will need to make.

The trends explored include the expanding suite of channels, devices, and social networks that banks will need to leverage to connect with their customers, the blurring robo-human interface, and the ongoing drive towards mass personalization through use of customer data.

Achieving the shift will require profound transformation, and the article sets out some of the changes required. For example, banks will need to development automated-routing capabilities to choose the best delivery option for each interaction based on the customer potential and nature of the request. Banks will also look to increasingly establish extended ecosystems based on Open Banking and through enabling third-party APIs, as a way of extending their reach and accessing new capabilities.

Recommended reading for those working on digital disruption or channel strategy – and a worthy winner of our *Article of the Month*.

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SEPTEMBER 2019

"The Productivity Imperative in Insurance" – McKinsey

VIEW PDF (11 PAGES)

A good read for insurance executives, and in its way groundbreaking.

The author's main take out is the need to strategically invest, and secondly, reduce business complexity.

Worth reading more than once as it will provide executives with a blueprint to adjudge initiatives.

AUGUST 2019

"Breaking the Commodity Trap in Trade Finance" – BCG

VIEW PDF (6 PAGES)

Though the title suggests that the article is limited to international finance, it actually provides an excellent example as to how B2B companies can apply a systematic pricing approach when prices are negotiated by regional sales managers (RSMs) with extensive discretionary pricing leeway.

It leads readers through a three-step approach:

1. A quantitative analysis of existing data to identify the extent to which "field discretion" can account for price dispersion;
2. The implementation of new pricing models and guidance that is more aligned to evolving market conditions; and
3. The provision of robust pricing tools as well as coaching and training for an effective change in pricing discipline.

This will be of interest to senior-level sales, pricing, and finance executives responsible for overall profit maximization on a corporate level, where products have been viewed as commodities.

The article is relevant to a number of industries where rapid changes are occurring and latent profit potential opportunities need to be identified and exploited.

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JULY 2019

"Optimize Social Business Value" – BCG

VIEW PDF (8 PAGES)

Wow – a tremendous insight from BCG. Not just a reminder that purpose led strategy is on-trend, this is a wonderfully thoughtful and comprehensive framework-based approach to merging business sustainability and sustainable competitive advantage. The highlight is seven sustainable business innovation ideas that would create a wonderful basis for any internal consulting team tasked with exploring this issue.

It is a worthy joint winner of our *Article of the Month*, and is highly recommended for all readers.

"Does Digital Leadership Matter?" – Accenture

VIEW PDF (23 PAGES)

A long but very valuable insight from the most senior team at Accenture. The first message is the sobering news about the proportion of revenue that is going to non-traditional players. While the message is obviously self-serving (technology-enabled strategy wins), the analysis and logic are compelling. The writing also has an unusual edginess to it – as if the non consultant trained editor was overruled – which allows for many more thoughts and left-of-centre insights to be packed in. This makes this insight differentiated from the rest of the pack. It is well worth a read, and a deserving co-winner of our *Article of the Month*.

JUNE 2019

"Pursuing Cybersecurity Maturity at Financial Institutions" – Deloitte

VIEW PDF (15 PAGES)

This must-read, high quality paper is based on a survey fielded by the Financial Services Information Sharing and Analysis Center (FS-ISAC), in conjunction with Deloitte's Cyber Risk Services practice in the fall of 2018. It is clearly written and with excellent insights on resilience, cyber maturity, spending, and the "hidden game" that leaders with adaptive cybersecurity play.

This one will interest business unit leaders, CISOs, CIOs, and CROs, as well as board members interested in a business perspective vs. a lot of jargon and discussion around cyber hygiene and cyber threats.

Well done, Deloitte.

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ARTICLES OF THE MONTH

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MAY 2019

"Why Organizations Should Be Concerned About Privileged Accounts" – EY

NO LONGER AVAILABLE

Although it is often passed over as a key security topic, privileged account management (PAM) is getting increased attention from regulators worldwide due to several high profile attacks.

This quick read is ideal for board or executives interested in understanding key controls in this important area, and could be used by CISOs as an outline for a PAM improvement project in their organizations – provided that they also apply a risk lens on the business unit or process to be secured. Although this paper was developed within the Asia Pacific market, it would apply to any other; just replace the relevant country or state regulation for compliance purposes.

Ultimately, compliance should be a by-product of good privacy and security controls, as described here for PAM.

APRIL 2019

"Large-Scale M&A: Capturing Value Demands Flawless Integration" – Bain

VIEW PDF (21 PAGES)

As part of its larger private equity study, Bain focuses on what makes large-scale M&A successful when executed by mega-PE houses.

This article is a rare instance where the title under-promises and over-delivers. It is exceptionally well-written, engaging and useful.

It is a must-read for anyone involved in structuring, performing due diligence, or integrating M&A transactions, large and small.

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MARCH 2019

"AI Risk: The Newest Non-Financial Risk Every CRO Should Be Preparing For" – Oliver Wyman

VIEW PDF (2 PAGES)

In order to create a competitive advantage while increasing efficiency and customer experience, financial institutions seek to augment their operations with Artificial Intelligence (AI) technology. Examples of AI usage include customer onboarding processes, real-time fraud detection, and support in underwriting as well as pricing decisions.

However, according to Oliver Wyman's article, organizations are less prepared to manage risks incurred through the use of AI technology. Contrary to traditional risks which are well understood, risks associated with AI technology are composite and complex in nature, spanning multiple horizontal as well as vertical dimensions. Oliver Wyman suggests creating a separate risk category for AI technology which requires:

- Clear definition of risk appetite, operating model, and surrounding governance
- An inventory with all current and future AI endeavors
- Clear definition of 2nd line ownership including in descriptions of roles and responsibilities across all specialties, and
- Collaboration along the entire governance structure resulting in a risk-based, tiered management approach.

While some may consider AI risks as a future problem, due to the increased use of AI technology in today's environment associated risks need to be identified, assessed, and managed simultaneously. The article is therefore a recommended read for all risk executives across all three lines of defense and technology professionals.

JANUARY 2019

"The Five Trademarks of Agile Organizations" – McKinsey

VIEW PDF (22 PAGES)

This comprehensive McKinsey article will benefit anyone embarking on, or already on the road to, implementing agile ways of working. Its strength is in consolidating a number of insights into a framework for agile organizational success.

The 22-page piece leverages the experience of fifty of the firm's agile practitioners to identify five trademark elements for agile success.

The trademarks are supported by 23 specific practices that provide a useful level of detail for the reader. Exhibit 2 provides an excellent summary of the concept, trademarks, and practices covered in the article. Exhibit 3 adds a number of building blocks for agile organizations. There is also an attempt to provide a historical context for the move to agile, as well as four trends driving the need for change.

While much of this is existing knowledge, it provides a practical level of detail for the reader. The authors take a position that all five trademarks are required to achieve agile success, and that they must work together.

This is a worthy read and part of McKinsey's focus on agile transformation. It is also a good complement to their recent paper "*How to Create an Agile Organisation*".

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The Insights Review Team

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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THE INSIGHTS REVIEW

FINSIA Mission & Vision Statement

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Vision: Australasia's financial services industry is highly regarded for its professionalism and strong community outcomes.

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