

### Save-to-transform as a catalyst for embracing digital disruption

#### Cost management practices and trends in the banking sector

Deloitte's 2019 Global Cost Survey, also informed by 118 executive respondents in the banking sector, provides an up-to-date view of cost management practices and trends shaping the future of business in financial services globally. It also takes a detailed look at how the latest digital technologies and cost management strategies are acting as a catalyst for transformation in a world being actively redefined by digital disruption.

**Cost reduction efforts are slightly more prevalent in banking than globally across industries**  
**(72%)** of banking respondents plan to undertake cost reduction initiatives over the next 24 months, slightly higher than the global average **(71%)**.

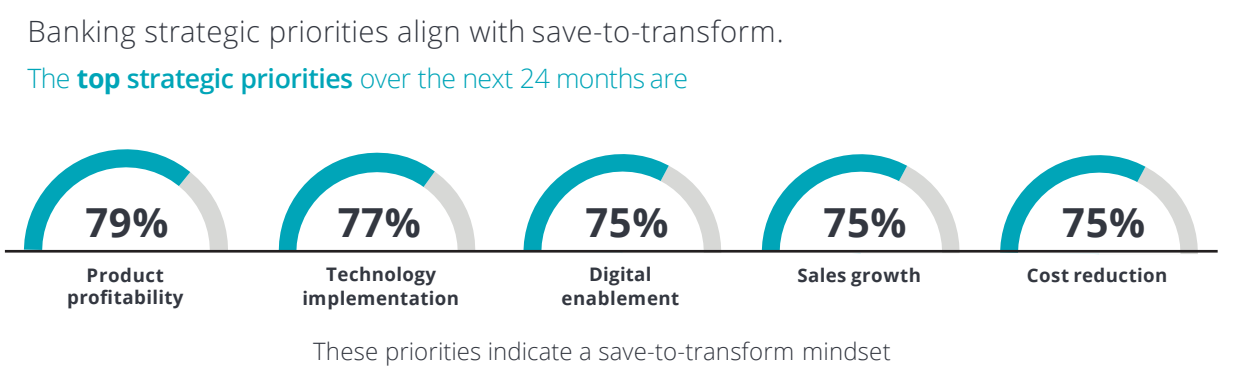
**Banks are more positive than average about growth (89%)**  
of banking respondents had a positive revenue outlook—higher than the global average **(86%)** across all industries over the next 24 months.

**The save-to-transform mindset is even more prevalent in banking than globally**  
The save-to-transform mindset is characterized by a simultaneous strategic focus on sales growth, cost reduction, product profitability, technology implementation, and digital enablement. Compared to the global respondent pool across industries, banking respondents report higher priority levels in all those areas.

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**Cost management maturity in banking resembles the global average across industries**  
**(34%)** of banking respondents nearly match the global average **(35%)** of having a high cost maturity rating. However, maturity ratings vary widely by region in banking.

**Technology implementation challenges are the top barrier to successful cost reduction both in banking (62%) and globally (65%) across industries.**



#### Top external risks

**64%** Cybersecurity **vs.** **62%** Global **88%** US

Followed by digital disruption and credit risks in the banking sector. Cybersecurity and digital disruption are the two top-rated risks globally across industries.

#### Top internal risks

**23%** report having a lack of recruitment, development and retention of required talent to support business initiatives, along with the reliability of information systems to support business processes and decisions.

**vs.** **25%** globally for talent, and **26%** globally for information systems

**Banking cost reduction targets are comparable to global targets.**  
**71%** of banking respondents have overall cost reduction targets above **10%** (Global **68%** and US **69%** across all industries).

**52%** of US banks have the lowest percentage of cost targets above 10%, much lower than the global average of **68%**.

**Cost program failure rates are very high.**  
The average failure rate for banking cost programs is **80%**, compared to **81%** globally. The failure rate is the lowest in the US at **64%**.

**Top lessons learned in banking and globally across industries**

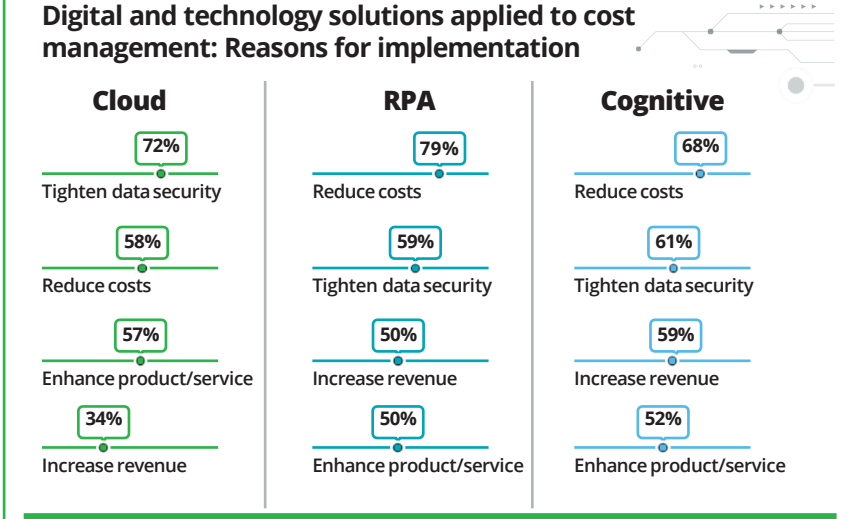
- No. 1** invest in technology improvements to enable data availability, reliability and decision making processes
- No. 2** design a solid tracking/reporting process
- No. 3** access, validate and adjust targets reasonably to reflect reality throughout the implementation phase

**Investment in growth areas is the top driver of cost reduction.**  
In banking, future and past drivers of cost reduction center around investment in growth areas (**72%** in the next 24 months vs. **64%** over the past 24 months), followed by intensified competition among peer group (**69%** in the next 24 months).

**Tactical and strategic cost actions are more balanced in banking.**  
Over the past 24 months, the banking sector has focused almost equally on strategic and tactical cost actions. This differs a bit from the global pattern across industries, which was somewhat more tactical in focus. Looking ahead, banks expect to continue implementing tactical and strategic cost actions almost equally over the next 24 months.

**Contact us**

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**Implementation of digital technologies when a digital leader is designated**

Banks with a designated digital leader achieve much higher levels of technology implementation (+**275%**), which is higher than the global average (+**118%**).

The difference in digital leader impact for banking versus the global average is highest for cloud (+**260%** in banking versus +**77%** globally across industries).

**The save-to-transform playbook**

Shifting from save-to-grow into a save-to-transform mode means that in addition to cost, growth, and talent, technology is a key focus area. Companies in this mode continue to focus on cost reduction as a way to fund their growth strategies. However, they also invest in IT and digital technologies that can transform the business and help it survive and thrive in a world of digital disruption.

Companies today should continue capitalizing on current economic strength while being vigilant and prepared for future economic weakness through a save-to-transform mindset, which can provide more agility and a more flexible business model.

**Reach out to learn more or visit:** [www.deloitte.com/us/globalcost](http://www.deloitte.com/us/globalcost)

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