

Staying ahead of the pack How financial services firms are planning to win

What’s an innovative business? To the typical person, it’s a company in an industry like software technology, alternative energy, or biomedical engineering. Few would name one in financial services, an area of commerce with origins as old as the first currencies.

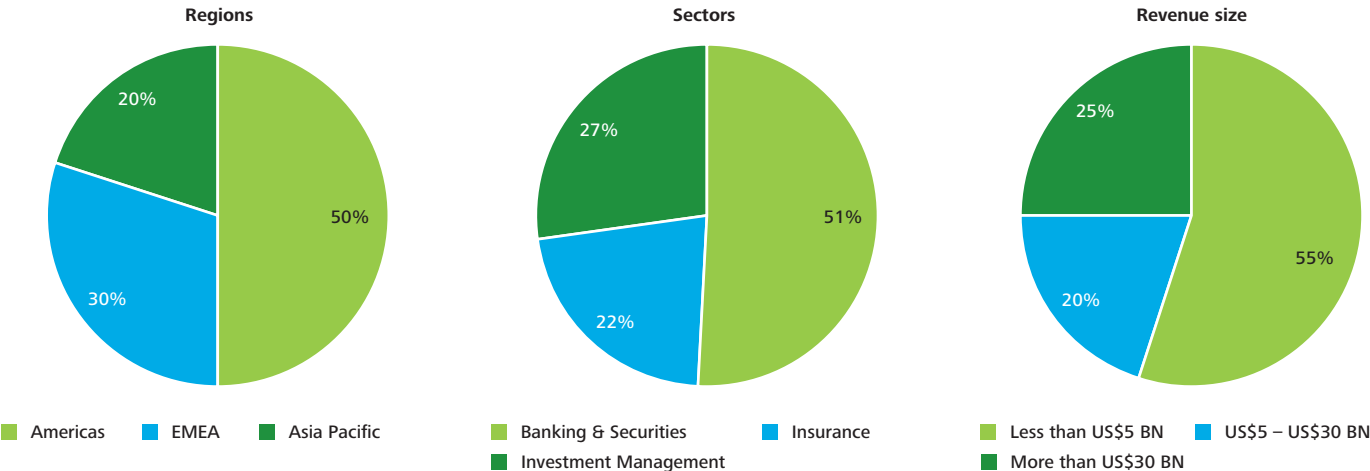
Recently Deloitte Touche Tohmatsu Limited surveyed 200 executives at banking, securities, insurance, and investment management firms around the world. A quarter of them worked for firms with more than US\$30 billion in revenue; most were in finance or operations. We asked what they thought was important to staying ahead of the competition in the next three to five years.

What we learned is that firms are quietly transforming their businesses in anticipation of new entrants and disruptive trends. Their response to regulation is both pragmatic and optimistic. They’re adopting new ways to attract and keep the best of a 21st century workforce. And they’re taking on digital initiatives across a spectrum of operational areas, with an eye to profitability, compliance, and a superior client experience.

In short, the survey revealed a dynamic financial services field, one deeply engaged in a high-stakes run for an early lead.



Respondents



Areas to ensure market success, ranked in order of priority:



Innovation & new offerings

2 Digital transformation

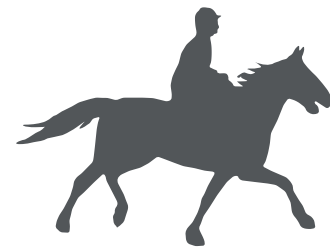
3 Regulations

4 Talent needs

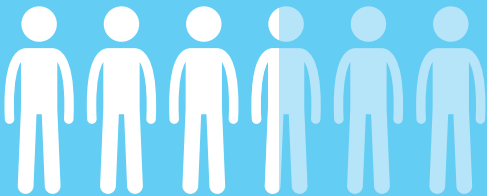


82%

say that innovation is very or most important in their current environments.



Most say **regulations** have not stifled growth; 57% say they've enabled growth.



Half expect much more regulation in the near future. Regardless of expectations, 69% are prepared for it.



Nearly **2/3** are seeing new entrants impact their industry segment.



Compared with insurance, respondents in banking are **50% more likely** to expect a major impact on their business from new entrants and disruptive trends.

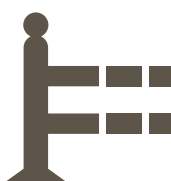
Respondents in Asia and Europe are **two times** more likely than those in the Americas to expect a lot more regulation.



Talent retention is very or most important to human capital strategy, say **90%** of respondents.



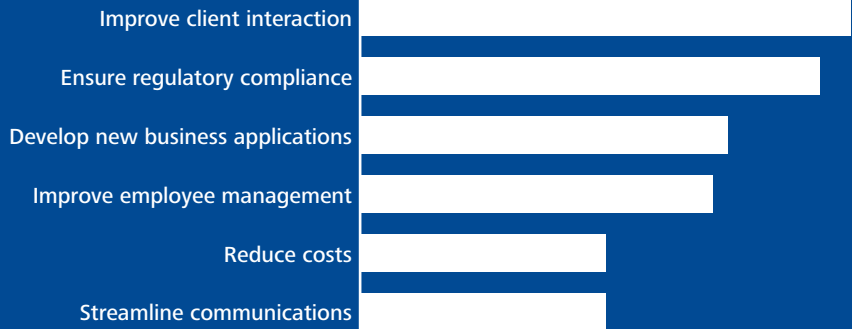
Creating opportunities for skilled employees to exhibit their talents is the **#1** way to improve internal mobility.





More than
6 out of 10
are innovating
in operations.

Firms are seeking an advantage via
digital transformation
... cost is the #1 challenge.



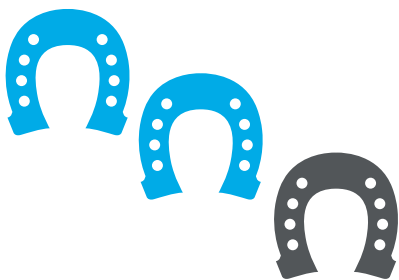
On average, respondents believe the
'Internet of Things' will have the
greatest industry impact – more than biometric security, mobile payments, or digital currencies.



opportunities
employees
talent is the
firms build
meritocracies.



More than **2/3**
use a formal structure to
balance meritocracy reward
systems with ethical
governance.



On a 5-point
scale, an ethical
governance
program ranks
4.5.



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