Challenge in change
The four trends that define insurance in 2020

Balancing act
Data sharing in financial services: Five techniques to enhance privacy and confidentiality

In conversation with Brian Hayes
CEO of Banking and Payments Federation Ireland

The cloud imperative
How banks can improve business agility through cloud-powered transformation
Insights for the Financial Services Industry in Ireland

Issue 3
In this issue

01
Foreword
Introduction from David Dalton, Partner and Head of Financial Services, Deloitte Ireland.

03
Challenge in change
The four trends that define insurance in 2020.

13
Balancing act
Data sharing in financial services: Five techniques to enhance privacy and confidentiality.

22
Banking: tech and effects
Q&A with Chris Skinner, CEO of The Finanser.

25
The cloud imperative
How banks can improve business agility through cloud-powered transformation.

35
In conversation with Brian Hayes
CEO of Banking and Payments Federation Ireland.

41
Crossing boundaries for profitable growth
2020 investment management outlook.

53
The champions league
An in-depth look at the winners of the inaugural Deloitte Financial Services Innovation Awards.

62
More perfect unions
Integrating to add value in asset management M&A.

73
Irish Financial Services Partner Team
Foreword

Welcome to the third edition of FinSight; a digest of the latest articles, perspectives and market developments from Deloitte professionals, as well as from experts and senior figures in the financial services industry.

As a new year approaches, it's fitting that this issue focuses very much on the future, a theme that recurs throughout many of the articles presented here. We publish the results of an exclusive survey into trends shaping the EMEA insurance market, featuring insights from 200 senior leaders. The survey identifies four factors that promise to have a profound effect on insurers in 2020 and beyond.

We go back to the future for a look at what's in store for investment managers. 2020 will be a year to cross boundaries; that is, to adopt new ways of working, achieve greater efficiencies and ensure sustained profitable growth.

This edition also includes a white paper that makes the case for 'thoughtful integration' as a way to improve enterprise value in asset management firms – either through M&A or combining legacy businesses.

Our article on cloud computing technology, which is a fundamental building block for much of the innovation we see today right across the financial services sector, takes a forensic look at how the cloud enables banks to become more agile, and ultimately, to transform their organisations.

On the subject of banks, I wish to thank Brian Hayes, who generously gave some time to tell us why he accepted the challenge of being CEO at the Banking & Payments Federation Ireland, after more than two decades in political life. He also shared his views on the likely changes coming to the banking sector in Ireland.

On a similar theme, the future of banking is the focus of a conversation with Chris Skinner. A well-known and independent commentator on the financial markets and fintech, he brings valuable perspective to the ways in which technology is affecting change in financial services providers.
For the past five years, Deloitte has worked with the World Economic Forum to gauge some of these forces of change. One of the outcomes of this trend is a growing need to share data, but while there is a lot of value for financial firms in doing so, they must ensure they are protecting consumer privacy at the same time. In this edition, we publish an article that proposes five ways that financial firms can strike the right balance between these two often competing obligations.

Finally, we take a closer look at the winners of the inaugural Deloitte Financial Services Innovation Awards which was held recently. We created these awards to recognise fresh thinking and technology applications being developed here in Ireland's financial services sector. I was fortunate to have been part of the judging panel, and we chose the winners in a variety of categories for the ways in which they address pain points that have impacted financial services providers and their customers, or in how they have taken a brand-new approach to areas such as training and compliance. In this article, the winning CEOs, founders and project leaders reveal the origins of those innovative ideas that look set to have a significant impact on the sector in the years ahead.

I hope you enjoy this third edition of FinSight and that you find the articles interesting and thought-provoking.

Kind regards,
David Dalton

For more information visit Deloitte.ie/Financial-Services
Challenge in change
The four trends that define insurance in 2020

Our exclusive survey of the EMEA insurance market finds that there are four clear fronts on which leading insurers need to fight if they don't wish to be left behind.

Jordi Montalbo
EMEA FSI Insurance Leader, Deloitte

David Rush
EMEA FSI Insurance Leader, Deloitte UK
The insurance industry stands on the precipice of profound change. And this disruption is not just digital. Demanding customers, new competitors and a changing set of challenges are transforming the industry. Consumer expectations are shifting as they apply their experience of other sectors – particularly online retail – to insurance. The arrival of more nimble competitors, either in the form of InsurTech platforms or technology giants, is increasing the pressure on incumbent insurers. Meanwhile, moves towards a more service-driven business model may prove challenging for traditional firms.

For those able to move quickly and smartly, change will bring significant opportunity. While it is not yet clear what form the shake-out will take, our exclusive survey of 200 executives in the EMEA region has identified four interlocking trends that could separate the winners from the losers.

Methodology

The report is based on a survey of 200 CEOs, CFOs, CRO and CTOs in the EMEA region. 75 respondents represent Property and Casualty (P&C) insurers, 75 represent Life Insurance and Annuity (L&A) and 50 represent Reinsurance/Global Speciality. The survey included a combination of qualitative and quantitative questions, and all interviews were conducted over the telephone by appointment. Results were analysed and collated by FT Remark and Deloitte, and all responses are anonymised and presented in aggregate.
1. New world, new customers, new solutions

Customers are the disruptive force in the insurance industry. In an age of immediacy, constant change and overwhelming choice where loyalty is no longer a given, the industry has to extend beyond its core products and services if it is to retain its customer base.

“Insurers have to figure out how to offer customers products and services that are relevant to them at a time when they need them. These might be unrelated to the day to day but are about creating a more desirable experience that drives up frequency and quality of interaction. The technology clearly exists to help them do this given the many non-insurance examples. Unlike new technology-based start-ups, incumbent insurers already have millions of customers to work with to build engaging propositions that create stickiness.”

Andy Masters, Partner, Deloitte

Insurers believe that

62%

of consumers regard the non-insurance products the most important factor when choosing an insurer.

What’s the most effective way to maintain customer loyalty?

57%

believe it’s access to friendly and knowledgeable staff for assistance.

45%

The main challenge to growth over the past three years has been regulatory/legal obstacles. However, now believe that rapidly evolving customer needs and expectations will be the top challenge for this period.
The most disruptive force in the industry
Customers make a business. And insurers clearly understand that their customer proposition needs to change and adapt to new demands in a digital era. Our survey bears this out. Nearly half of all respondents feel that changing customer needs will be the top challenge for the next three years.

Consumers are increasingly searching for ways to make their lives easier through streamlined applications and claims processes. They are seeking out cover and related services that suit their lifestyles or are tailored to their businesses. The emergence of pay-per-mile car insurance models; the rise of robo-advisers that allow customers to choose the make-up of their life and pension investment portfolio; the development of blockchain-enabled smart contracts; and the provision of services around products such as cyber insurance, are just the start of wholesale changes across the value chain.

However, if they are to maintain customer loyalty (and move away from simply competing on price), insurers will need to step up their efforts around rewarding those that choose to stay. And, while there remains a need for knowledgeable staff, few customers actually interact with their insurance company and younger generations prefer to communicate online. The key to customer retention is likely to be offering non-insurance products, which add value and are an extension of core insurance products – as stated by almost two thirds of executives.

“As we’ve learned over the years, in-depth awareness of your product and of customer requirements and working on feedback enhances the relationship with customers. The additional services and even perks create the extra nudge that you need to complete the proposal.”

CFO from Property & Casualty, Norway
2. A different roadmap for growth
The traditional approach of selling protective products is nowhere near enough for the insurer of the future. Growth will come from new service-based models, innovative products and a greater focus on prevention.

“Customers are increasingly looking for frictionless services across the board. Insurance is some way behind, but those that are investing more in technology and offering the market an easy and complete experience that offers clear solutions to customer problems are in a good position. It starts with, for example, home protection and maintenance, but there’s a whole blue ocean of opportunities for add-ons that insurers could provide themselves or through partnerships.”

Olivier de Groote, Partner, Deloitte

By 2024

33% of premium volume will come from brand new propositions.

In 3 years, this will rise to 61% of insurers generate over 30% of business from service-based offerings over product-based. 61% of the industry feel that China will see the fastest growth over the next 3 years.
Prevention better than cure?
Insurance is shifting from its traditional roots of providing customers with a product that protects against loss towards an increasingly proactive, preventative focus. Firms are starting to offer a range of services, from roadside assistance to cyber education, but our survey shows they have their sights set on providing far more.

Much of this will be tech-enabled, with the development of sensors to keep homes safe and well-maintained, data collection capability through the Internet of Things that will help, for example, keep pets and livestock away from the vets, through to predictive technologies that could have the power to forewarn customers about the potential for future loss.

Already, we are seeing a shift away from the traditional protection model towards technology-enabled preventative services. And our survey shows that insurers have begun to change their offerings to customers: nearly a quarter of premium volume now comes from propositions that were not offered five years ago. Further change is on the horizon – in five years’ time, a third of premium volume is expected to come from propositions that are not offered today.

Changing customers – challenge or opportunity?
But with this new growth agenda will come challenges. Following a period of significant regulatory change, insurers have clearly faced hurdles in reaching compliance with new rules and capital adequacy requirements, yet this is set to recede in the industry’s view.

Instead, the rapid evolution of customer expectations and, allied to this, the industry’s slow adaptation to digital disruption will come to the fore in the near future. Yet those that frame the shift in customer expectations as an opportunity as opposed to an issue, building their organisations and capabilities around what customers want, will be the success stories of tomorrow.

“We will see a significant shift towards services among insurers as they seek to engage customers with offerings that add value. Insurance will be embedded in a range of valuable services that will help customers live their lives or run their businesses – it will no longer be the grudge purchase it sometimes is.”

Clive Buesnel, Vice Chairman & UK Head of Insurance at Deloitte

“Additional services are appealing to customers. It shows you are paying attention and appreciate your customers. The policies are designed by paying close attention to details without discounting any aspects that would be important to the customer.”

CFO from Property & Casualty, Norway
3. The negotiating table beckons
Incumbent firms can no longer rely on organic growth or internal innovation. The winners will be those that can forge alliances with innovative start-ups; ally with InsurTech; and consolidate with their peers. A rapidly changing industry will require unprecedented deal-making skills.

“M&A activity will centre around core markets and products but will also be used, either via acquisition or partnership, to access technologies that enable improvements within the industry. This could include distribution, new products, underwriting capabilities or claims process improvements. However, the successful integration of newly acquired assets will be crucial in determining the success of this strategy.”

Ian Sparshott, Partner, Deloitte

72% believe M&A will drive at least 50% of industry growth, within the next 5 years.

52% expect to complete 2 or more M&A deals in the next 3 years.

49% think the need to expand their offering in products & services is the top driver for M&A.
Advancing through acquisitions and alliances

M&A and alliances have been central to insurers’ growth plans over recent years and this looks set to continue for the foreseeable future. This is borne out by our survey findings: 94% agree that M&A will be part of their organisation’s growth strategy in both the next year and long term, while 81% have firm plans for a partnership or alliance in an existing market, and 44% for expansion in a new market.

Insurers are using M&A to expand product and service offerings, increase client bases in existing markets and to gain access to new technologies and transform business models. They are also turning to alliances to help them reach new customers and keep pace with technological change.

The scramble for innovation will see M&A, as well as looser alliances such as partnerships and joint ventures, continue to feature significantly in particular as insurers seek new capabilities around technology solutions in front, middle and back offices.

InsurTechs, many of which have been backed by insurance incumbents seeking a window on new developments in the market, are growing to become businesses of scale. These will increasingly become targets for deals or partnerships over the next few years, either for their customer-centric platforms or for the solutions they offer insurers to smooth the path to digital transformation within their organisation.

“InsurTechs have the upper hand when it comes to providing personalised policies and present more advanced aspects which are intriguing to customers, hence the challenge to our core business. Over the next three years, we need to step up and work on strategies to work with and, in some cases, combat the new players in the market, and move forward.”

Head of Risk Management from Reinsurance, Germany
4. Digital disruption – practical not theoretical
Disruption from new technologies is a given. It winds its way through all other trends. But acknowledging it and acting on it are very different propositions. Insurance companies need to know how to deploy the right technology for the right purpose or they risk being left behind.

“Insurers will need to adopt an ecosystem approach that involves partnerships and outsourcing, as well as in-house teams. It will take a lot of effort to transition from a legacy position to flexible, open architecture. Indeed, we may well see some insurers create greenfield operations from which to grow future business rather than attempt to transform what’s there.”

Andy Lees, Partner, Deloitte
Taking a holistic approach to tech

Insurers may be bullish about the industry’s progress on adopting and using technology, but it is clear that it is trailing behind many other sectors. Insurance has not yet seen disruption on a large scale, but this is coming and among those likely to spot opportunity to create easy-to-understand, flexible and customer-centric insurance models are the technology giants that are already entering other heavily-regulated spaces, such as banking, and have unparalleled customer analysis capability.

Insurers will need to move far more quickly to create truly digital organisations if they are to compete in a market that is set for rapid transformation. And they will need to use the right technology in the right way or risk being left in the dirt by digital natives.

Our survey reveals that, over the next three years, insurers are planning investment into a number of areas. Top of the list is cloud technology. This is to be expected, given that cloud underpins further advances towards creating more digital organisations, building an infrastructure from which organisations can move forward with data analytics and other forms of technology.

Indeed, insurers appear to have already made significant investment in advanced analytics. Indeed, 95% of respondents said that their company’s use of advanced analytics had increased over the past three years.

However, these new technologies cannot work in silos and insurers need to take a holistic approach to technological transformation which includes (among other key factors) bringing the whole organisation on board; using customer preferences and needs as a starting point; and creating a platform-based model that can offer customers a range of products and services, including own label and those from other providers.

“New technologies and faster adoption of these by insurance companies is the key driving factor towards success and growth. There was doubt as to how it would merge with existing services, but the enhancements have been phenomenal. Customers are served more quickly by way of applications and multiple platforms.”

Head of Risk Management from Property and Casualty, Netherlands

This article is sourced from
A demanding future - The four trends that define insurance in 2020
Deloitte.co.uk
Balancing act

Data sharing in financial services: Five techniques to enhance privacy and confidentiality

Ishani Majumdar
Senior Consultant, Omnia AI, Deloitte Canada

Hemanth Soni
Senior Consultant, Monitor Deloitte, Deloitte Canada
In financial services, data sharing is fraught with tension. On the one hand, it can help fight transaction fraud, deliver more personalised advice to customers, and detect the buildup of systemic risks. On the other hand, customers are increasingly wary about how their data is stored and used—and, as reforms like the EU’s General Data Protection Regulation and the UK’s Open Banking show, regulators are inclined to agree.

That, in a nutshell, highlights the competing obligations surrounding privacy: there’s value in sharing data, but protecting privacy and confidentiality is a critical responsibility of any financial institution.

In this article, we explore five techniques to enhance privacy and confidentiality in financial services data sharing.
Privacy enhancing techniques
This report explores five key “privacy enhancing techniques”:

**Differential privacy**
Where noise is added to a dataset so that it is impossible to reverse-engineer the individual inputs.

**Federated analysis**
Where parties share the insights from the analysis of their data without sharing the data itself.

**Homomorphic encryption**
Where data is encrypted before sharing, such that it can be analysed but not decoded into the original information.

**Zero-knowledge proofs**
Where users can prove their knowledge of a value without revealing the value itself.

**Secure multiparty computation**
Where data analysis is spread across multiple parties such that no individual party can see the complete set of inputs.

The report also provides a high-level overview of how each technique works, the types of data sharing problems they can be used to solve, and the subsectors of financial services in which they are most immediately applicable.
A common belief is that anonymising personally identifiable information (PII) is enough to protect customers’ privacy, but this isn’t always the case.

To understand why, suppose John Doe shares his bank account data with a personal financial advisory app. This app makes it easier for customers to manage their spending and compare it with similar customers. John asks the app to compare what he spends in bars annually with the average for his demographic. The app returns an aggregate response: “Males aged 25-29 in this zip code generally spend $5,750 a year in bars.”

However, suppose a bad actor wanted to find out how much John is spending in bars. The bad actor could accomplish this by, for example, changing their own address to fit within John’s demographic. By then querying the system again knowing some of the inputs (i.e., their own) and cross-referencing with other data (e.g., census data), this third party could breach John’s privacy and deduce his bar spend.

To prevent this kind of breach, the system can add noise to its calculation of the average, using differential privacy to measure how much noise is necessary to achieve the desired level of privacy. For instance, it could replace one customer’s spend with a random number, changing the reported average enough to make it impossible to reverse-engineer the inputs while producing a useful statistic for honest users.

Differential privacy holds particular promise for retail banks, insurers, payment service providers and other institutions that maintain sensitive personal data. The technique can enable these institutions to aggregate and analyse sensitive data without risking the privacy of the customers they serve.

### Without differential privacy:

A third party knows the spend of several others and the group average.

- 4K
- 7K
- 6K
- 5.5K
- 6K
- 6K

The third party can find out John’s spend.

### With differential privacy:

One of the inputs is removed and replaced with a random figure.

- 4K
- 7K
- 6K
- 5.5K
- 6K
- 6K

The shared “group average” is noisy, making it impossible to reverse-engineer John’s spend.
Federated analysis

Sometimes, the data needed to make a decision is scattered across multiple sources (e.g., identifying fraud networks spread across multiple banks). It can be more efficient to combine the data into a single database for easier analysis, but this may not always be possible. If the data is internal but split across jurisdictions, for instance, privacy restrictions may prevent its transfer. And if the data is shared across institutions, customers may object to releasing their private information and institutions may worry about how third parties would handle the data, particularly if they happen to be competitors.

One way to address these issues is to analyse each dataset separately and build several independent models, then combine these intermediate decisioning models into a single aggregated system—a technique known as federated analysis. For example, consider several insurance companies seeking to detect fraud across their systems. They can independently analyse their data, then share only their insights with each other. This allows them to benefit from one another’s learnings without threatening the privacy of their customers.

This technique is already embedded into other organisations’ analytical systems. For example, large technology companies use federated analysis (and other privacy enhancing techniques) to power the “next word” recommendations built into the keyboards on their mobile phone operating systems.

Federated analysis is a way for financial institutions to break down key barriers to getting insights from multiple private datasets. For instance, federated analysis could encourage greater use of connected devices that promote responsible behaviour among insurance customers (think auto and fitness trackers), in part by assuring those customers that their sensitive data never leaves their phones. Meanwhile, insurers could still capture the aggregate insights from their customers’ data. In sectors like payments and insurance, federated analysis can also boost security by letting rival institutions participate in a common fraud detection network that doesn’t expose their internal data.

**With federated analysis:**

<table>
<thead>
<tr>
<th>Insurer A</th>
<th>Insurer B</th>
<th>Insurer C</th>
</tr>
</thead>
<tbody>
<tr>
<td>🟦 🟦 🟦 🟦</td>
<td>🟦 🟦 🟦 🟦</td>
<td>🟦 🟦 🟦 🟦</td>
</tr>
</tbody>
</table>

- The person named “John McScammer” has committed fraud in the past.
- Owners of green cars are more likely to commit registration fraud.
- Drivers living in the 12345 postal code are more likely to commit claims fraud.

**Shared fraud detection engine:**

- The person named “John McScammer” has committed fraud in the past.
- Owners of green cars are more likely to commit registration fraud.
- Drivers living in the 12345 postal code are more likely to commit claims fraud.
Homomorphic encryption
Sometimes a financial institution, or one of its customers, would like to engage a third party for data analysis. The third party might have complementary data or proprietary analytics the institution doesn’t have. However, the data steward or owner may lack permission to transfer the data or have concerns about keeping the data safe.

Homomorphic encryption (HE) can bridge this gap by encrypting data so that it can be analysed without knowing the underlying information. With HE, it isn’t necessary to decrypt the data first. Neither can anyone other than the intended party read the results of the analysis.

Consider a situation where John Doe would like to see if his medical history reveals any potential health risks. His health insurance provider has a technology services unit with the capabilities to run such an analysis, but John Doe wants to maintain the confidentiality of his health records.

Without homomorphic encryption:
John places his health records in a box, ships them to the company, which analyses them to produce a report and ships it back to John.

Data could be maliciously accessed in transportation.

Data could be maliciously accessed by the company itself or an external bad actor who gains access to the office.

With homomorphic encryption:
John’s health records are homomorphically encrypted prior to sharing, making it difficult for anyone but him to see the data or the results of any subsequent analysis.

Data is secure during transportation.

The company conducts its analysis without being able to see the underlying data at any point.

With HE, John Doe can encrypt the data and send it to his insurer while holding on to the key. The technology unit can run the data through its models without having to know what is in the records or the results, then return both to John Doe to unlock and read.

HE is potentially useful to any financial institution interested in analysing sensitive data on the cloud or via third-party capabilities. Today, these options are limited due to concerns about data breaches, localisation requirements, and privacy regulation. But that could change with HE solutions that provide a practical way to keep data encrypted and safe from prying eyes, even while it’s in use.
Zero-knowledge proofs
Many customers would rather not reveal more than is absolutely necessary to complete a transaction, lest the information be used against them. For instance, let’s say John must show a landlord he can afford to rent an apartment. But John doesn’t want the landlord to know that he makes a lot more than the required minimum and risk the landlord raising the rent at the first available opportunity.

John’s bank can help by using a technique called zero-knowledge proof (ZKP). With ZKP, the bank uses a mathematical proof to verify to the landlord that John earns enough to afford the rent, without revealing his actual income. Because it’s automated, John can qualify himself quickly, without getting bank personnel involved.

Institutions large and small are increasingly using ZKP in payments, infrastructure, self-sovereign digital identity solutions, and more. This use is driving a broader shift toward “zero-knowledge architectures,” where institutions design their data systems to be able to access only the minimum information necessary for their given tasks and maintain the privacy of all other data.
Secure multiparty computation

Secure multiparty computation (SMC) allows institutions to jointly analyse data without any one institution being able to access the complete dataset. This allows multiple institutions with sensitive information to work together to create value without risking their confidential information.

Consider the following example: A hedge fund seeks to purchase data from a third-party data provider to improve the quality of its trading models. The hedge fund wants to know that the data would actually be helpful before making the purchase. At the same time, the third party is hesitant to share their data before payment. Traditionally, the two firms would share a historical dataset (which may not be representative of the present-day performance) or a small sample set (which may be difficult to integrate into the hedge fund's models and accurately represent the value of the data).

SMC can be used to combine these two sensitive aspects—the hedge fund's models and the provider's data—and compute the value of the data, without either party being able to access the other's confidential information. This way, the hedge fund can make a more informed decision about whether to buy the data without the two parties having to trust each other. Meanwhile, each party can independently audit the SMC system to ensure it's protecting the privacy of the input data.

In short, SMC is an enabling technique for situations where multiple institutions each hold part of the answer to a common problem, but none of them wants others to access their own data. One sector where this is notably relevant is capital markets, due to the amount of proprietary data that can inform trading and investment. And like federated analysis, SMC can enable the development of fraud detection networks across institutions.
Taking privacy to the next level
Financial institutions have a long history of weighing the utility of data sharing with the obligation to maintain privacy and confidentiality. Now, five relatively nascent technologies have the potential to fundamentally alter these dynamics.

What they have in common is an ability to allow institutions, customers, and regulators to analyse data and distribute the resulting insights without having to share the underlying data itself. This way, they can greatly reduce the risks associated with data sharing. The result? New ways for financial institutions to address their biggest, most pressing problems in a way that is acceptable to customers, regulators, and societies at large.

This article is derived from The Next Generation of Data-Sharing in Financial Services: Using Privacy Enhancing Techniques to Unlock New Value, prepared by the World Economic Forum in collaboration with Deloitte. Deloitte.com
Banking: tech and effects

Q&A with Chris Skinner, CEO of The Finanser.
In your opinion, what is the single biggest technology trend to disrupt financial services in 2020?
Artificial Intelligence. Yes, it’s been around a while and yes, it’s not new, but it still has huge potential to unleash advantages that are, as yet, untapped. Most banks, for example, talk about AI as chatbots. A chatbot is about as intelligent as my dog. In fact, less than that: about as intelligent as my favourite tree, the Oak. It’s been around a long time, but doesn’t talk or think like us. It’s primitive compared to what we will see. AI will reach a level soon where banks could run their operations with a third of the people and twice the effectiveness because it can embrace compliance and regulation automatically, service and deal with customers with empathy, and alert and deal with risks pre-emptively. That’s where the disruption will come from because the banks that realise this will have a real upper hand over the banks that think AI is just chatbots.

How do you see the relationship between fintechs and large financial services organisations developing in the coming years?
Most relationships between fintechs and big banks is an inequitable deal. The fintech needs the bank and the bank feels they don’t need the fintech. That will change as banks mature in their thinking. Today, many banks are sniffing around the fintech world trying to find out how they think, what they do, the way they work and whether there’s anything there worth copying. Tomorrow, banks will spend far more time investing in fintechs, and mentoring and working with them. This will be driven by Open Banking and the fear of new competition from challenger banks and their ilk.

You’ve said when it comes to banking leadership - that banks have all the ‘fin’ but not enough ‘tech’. Can you elaborate?
It is quite clear that banks do not take technology seriously enough. Nearly every bank board, leadership team, management and C-level that I meet have really good people who...
understand money and finance, but hardly anyone who understands technology and engineering. If you now think we live in the age of the digital bank, then half the bank should be digital. Not just at the operational level, but at the leadership level. I've only met a few banks that have that balance and leadership, and they're called challenger banks.

You argue that big tech giants won't become big banks, what do you see happening?
Big tech wants profit and focus upon things that drive more commerce on their platform. Making it easy to pay or easy to expand commerce on their platform is their focus. That's why Amazon Pay, Google Pay and Facebook Pay are all happening and then it expands into lending and credit. Today, PayPal and Amazon are some of the largest lenders in the world. But that's not banking. That's payments and lending. If a big tech giant wanted to get into full-service banking, they would land in a water of heavy regulation that would bog them down. It would be like quicksand for a big tech giant. All of their innovation, speed and vision would be stifled and cut. As a result, any big tech giant that wants to do banking will partner with a bank, rather than becoming a bank themselves.

How is technology changing financial advice?
It's getting much better. For the average person – not your high net worth individual but the average Joe or Jane on the main street – they now have access to financial advice that they never had access to before. They can get investment advice from robo-advisors, credit advice from comparison sites, financial advice from bank chatbots and more. None of this was accessible when the average person dealt with the average bank on the main street. All they had then was access to an advisor who knew little and would try and sell you whatever was in their bag. That's why the UK's PPI scandal happened. Today, consumers are much better equipped to deal with technology thanks to technology and, specifically, thanks to the internet.

You believe the traditional bank branch is here to stay, why?
Even with my answer above, money is still a disturbingly difficult part of our lives. It controls and can ruin our lives if we don't have enough of it. If you cannot pay your bills, your taxes, your rent, it can be soul-destroying. Money controls our lives. Bearing in mind the import of that statement, if you start to get money, you may not know how to control it. You may feel out of control or want help to keep it under control. As you deal with big money decisions, it can be frightening. Getting your first income; thinking about your first savings; dealing with buying your first home; looking to make more money through investment; all of these things can be deeply disturbing when you've never had to deal with these things before. Therefore, the role of a physical contact with a real human will remain important for most people forever, as money is a psychologically disturbing part of our lives. You need a counsellor for that. It's not about advice. It's about peace of mind. That's why branches will always be important, so that you can deal with a real person in a physical place.

“"We live in the age of the digital bank, then half the bank should be digital. Not just at the operational level, but at the leadership level.”

Chris Skinner blogs daily at thefinanser.com
The cloud imperative

How banks can improve business agility through cloud-powered transformation

An imperative vision for financial services is emerging as the industry readies itself for a world of brash new competitors, demanding customers, open data, constant innovation, increasing regulatory demands, and growing margin pressures.

Rob Galaski
Global Leader,
Banking & Capital Markets,
Consulting, Deloitte Canada

Steve Rayment
Partner, Consulting,
Deloitte Australia

René Theunissen
Partner, Consulting,
Deloitte Netherlands

Stephen Marshall
Partner, Consulting,
Deloitte UK

Linda Pawczuk
Principal, Consulting,
Deloitte Consulting LLP
Cloud is a vision grounded in real-time decision-making, reduced friction, innovative products, and tailored customer experiences across platforms—and the race is on to deliver on it. Banks and other financial services organisations face an urgent need to evolve and transform into nimbler, faster-moving organisations. The future demands far greater business agility to win—and cloud technology is essential to achieving it.

Cloud isn’t simply something technology teams worry about when they want to access on-demand storage and computing power. It’s a platform that acts as a foundation for greater business agility and continuous evolution. It enables organisations to respond quickly to changing business conditions, use data more effectively, and achieve exponential productivity gains. Embracing cloud today will be key to remaining competitive tomorrow.

Cloud is growing fast
The public cloud computing market has grown continuously for the past decade. In 2013, the cloud market was US$58 billion. By 2018 it had grown to US$130 billion and by 2022, it’s expected to reach US$317 billion.1,2

By the end of 2019, over 30 percent of technology providers’ new software investments will have shifted from cloud-first to cloud-only.

The business agility imperative

Business agility—which we define as an organisation’s ability to respond to and capitalise on its changing operating environment—will be a critical source of competitive advantage in the future. We look at business agility across a number of aspects:

**Customer agility**
An organisation’s ability to deliver customer-facing features and experiences faster and more responsively, significantly improving time to market.

**Data agility**
An organisation’s ability to access internal, third-party, and publicly available data, understand it, and use it to gain insights that can guide strategic and tactical business decisions as well as foster innovation, taking into account the increasing importance of data privacy, data protection, transparency in data usage, and data security.

**Partnership agility**
An organisation’s capacity to team up with new business partners and third parties, integrating systems and operations rapidly to capitalise on the power of the ecosystem to get results.

**Asset agility**
An organisation’s ability to make optimum use of internal and external hardware and software assets, using a modular approach to rapidly recombine assets as required to help support business development needs.

The business agility of financial institutions across these aspects has traditionally been shaped by technology constraints: large monolithic systems, limited software release cycles, waterfall development scheduling, and infrastructure procurement lead times. Cloud enables organisations to transcend these constraints, achieving a far greater level of agility that can be used to reimagine and transform how the business operates.
The foundational platform for achieving business agility
Cloud is more than technology infrastructure. It’s a vital part of a set of capabilities that work in concert to increase business agility across all four aspects. It provides a dramatically simplified technology environment designed to support and realise the value of developments and advances such as:

**Customer-centric design**
This enables organisations to use design thinking and a customer-centric perspective to develop and deliver new products and services.

**Continuous delivery**
This is an approach to project execution that combines agile and software development-IT operations (DevOps) methodologies to accelerate progress and delivery, in which multidisciplinary teams use automated tools to analyse data or develop new functionalities iteratively over a series of short, focused sprints. Product owners serve as a bridge between the customer and the development teams, so that customer feedback and behaviour is an integral part of the continuous development process.

**Consistent funding and persistent teams**
This enables organisations to use design thinking and a customer-centric perspective to develop and deliver new products and services.

**Interoperability and open application programming interfaces (APIs)**
These allow large, cumbersome systems to be broken down into smaller, simpler micro-services that can be quickly rearranged and reassembled into new configurations to meet needs as they arise.
Cloud changes how you change
Financial institutions can use cloud to change both how they operate and how they respond to change. Where and how to invest in cloud will be different for each organisation, shaped by which agility aspects are most relevant to its business strategy.

Customer agility with cloud
Cloud better enables organisations to move fast to respond to changes in customer demands before the competition does. Using cloud to power smaller, more iterative, and more rapid releases significantly improves speed to market. This helps banks get new products and services into market quickly, deliver exceptional customer experiences, and unlock new revenue streams driven by emerging customer needs.

Partnership agility with cloud
Cloud will play a pivotal role in ensuring banks and other financial institutions are ready for open banking, as global financial regulators move to allow—if not mandate—financial institutions to share data. This data exchange is made easier by using cloud, as banks use open APIs to quickly establish new partnerships and grant data access to trusted third parties. These new, cloud-based ecosystems will enable connected organisations to build on each other’s innovations in new ways, rapidly iterating within the partnership and drastically accelerating the pace of industry change.

Case study
Atom Bank: delivering an exceptional customer experience
Customer engagement and personalisation are key to Atom Bank’s brand strategy: the organisation focuses on providing customers with a best-in-class, highly customisable user experience. The mobile-only bank allows its clients to tailor their mobile experience and interactions to suit their needs and preferences—even to the point of choosing a colour palette and preferred logo. The bank is highly responsive to customer feedback, and every product and app feature is beta-tested with real Atom Bank customers. In case of any issues, customers can connect to the contact centre directly through the app, reducing the need for additional authentication and cutting wait times. Real-time machine learning and AI are also used; their self-help chatbot learns from the contact centre’s assistance how to resolve customer concerns more quickly to deliver an exceptional user experience.

Case study
BBVA’s Open Marketplace: maximising the power of partnerships
Open Marketplace by BBVA is a matchmaking platform that enables fintech startups to connect and collaborate with BBVA’s business units to develop smarter, more innovative, and more timely solutions for business needs. When there’s a match, Open Marketplace provides a platform for the parties to interact, formalise their relationship, and use the virtual co-working space to support real-time development and foster speed and transparency. Open Marketplace is a great way for BBVA’s business units to capitalise on a pool of highly talented entrepreneurs to validate and develop multiple proofs of concept and solutions outside of the constraints of conventional banking. The platform already has 150 members and is expanding rapidly.
Data agility with cloud
Cloud is essential for turning data into a true business asset. The massive data sets banks and other financial institutions use are only truly manageable over the cloud—private data centres aren’t up to the task. Cloud providers are investing in AI and machine-learning capabilities at a huge scale, and their platforms’ built-in advanced capabilities allow organisations to quickly develop applications and significantly accelerate the generation of insights that deliver profitable growth, detect potential fraud, and more. With cloud, data becomes more portable, accessible, and usable than ever before.

Asset agility with cloud
Over the years, financial institutions have spent enormous sums on technology infrastructure that’s difficult, costly, and time-consuming to change. Cloud enables banks to scale up or down as needed to deal with fluctuating demands rather than invest in their own costly equipment, thus offering greater agility and significant savings. Cloud also saves banks the cost and trouble of system upgrades, because the cloud providers themselves deal with this in the background. Cloud applications strive to be plug-and-play: they’re flexible, expandable, and can easily connect to general ledgers and other foundational assets. Moreover, cloud provides a way for organisations to break down complex processes into smaller, more modular components that can be used in new ways to achieve results faster. This assembly model helps banks turn what used to be fixed costs into variable expenses and free up underutilised capital for new, more productive, and more profitable purposes.

Case study
HSBC: increasing data agility and improving AML risk management
Ensuring a consistent approach to managing customer anti-money-laundering (AML) risk across borders is a challenge for many multinational financial institutions. HSBC also has struggled to ensure a consistent approach to managing its customer AML risks, and this has resulted in significant fines. AML is data-intensive, drawing on disparate customer and transaction systems across the bank to assess and understand risk. To address the challenge, HSBC turned to cloud. The bank takes advantage of machine-learning capabilities to analyse the banking behaviour of more than 38 million customers for AML purposes and to identify customers who require closer scrutiny. This automates a process traditionally done by the bank’s financial crime staff. The cloud-based analysis is more comprehensive, since it cross-references customer actions from multiple data sources, transactions, and networks to identify suspicious activities. HSBC now envisions a future in which it shares information about potential AML risks with other banks to improve the efficiency and effectiveness of AML efforts across the industry.

Case study
Cloud helps National Australia Bank (NAB) improve asset agility and speed to market
NAB has set aggressive plans to move to cloud-based systems and refocus its workforce around digital capabilities. It’s already dramatically changing how it functions as it seeks to set itself up for the artificial-intelligence era of automated processes. Two years ago, NAB announced a three-to-five-year plan to boost technology spending by $1.5 billion while slashing its workforce by 12 percent (6,000 employees). It was a controversial plan, designed to help NAB face down emerging competition from fintech startups and global technology giants. NAB’s QuickBiz, an unsecured small-business lending product, was developed and launched in about 14 weeks, an example of how it used cloud-native services to deploy new products much more quickly than previously possible.³
Agility assessment framework
In determining how your organisation should focus its cloud investments, it’s important to base your decisions on your business strategy and priorities. For example: If delivering a highly flexible customer experience is critical for your bank—like it is for Atom Bank—you’ll want to concentrate investment on initiatives that drive customer agility. If lowering your operational and tech delivery costs are important—it is at NAB—then you need to prioritise your investments in asset agility.
<table>
<thead>
<tr>
<th>Metrics</th>
<th>Traditional thinking</th>
<th>Testing in pockets</th>
<th>Scaling new techniques</th>
<th>Regional industry leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Legacy approaches, processes, and systems to continue business as usual</td>
<td>Adopting techniques that enable business agility at speeds comparable to most large organisations</td>
<td>Invested in testing and exploring techniques that enable business agility</td>
<td>Organisation focused on business agility, seen as the regional leader in a particular agility domain</td>
</tr>
</tbody>
</table>
| Customer agility |  • Time to market  
  • Degree of personalisation  
  • Time to onboard new partnership relationship  
  • Marketplace reach (internal or external)  
  • Comprehensiveness of usable data set  
  • Monetisation of data assets  
  • Level of automated decision-making  
  • Ease of re-use of IT assets  
  • Speed of integration with technology vendors  
  • Operational efficiency |  • Limited ability to introduce new products and features based on customer needs  
  • Rudimentary capability to offer personalised offers or customer experience  
  • No external marketplace activity  
  • Limited and siloed data connectivity across the organisation, limited business intelligence and operational decision-making  
  • Use of traditional technology, line-of-business-focused solutions with limited ability to customise economically |  • Ability to introduce new products and features every quarter based on direct customer feedback  
  • Reactive ability to provide personalised offers, financial advice, and customer experience  
  • Some products and services sold through a third-party channel (through someone else’s marketplace)  
  • Establishing a proprietary marketplace exclusive to own customers; strategic partnerships in place (for selling other products)  
  • Ability to augment internal data with external data for specific niche areas; limited/experimental use of automated decision-making  
  • Ability to use predictive analysis, real-time customer spend and location, and other data to provide real-time financial advice, personalised offers, and customer experience |  • Ability to introduce new products and features monthly, with some customers acting as beta-testers  
  • Strong pattern recognition and predictive analytics capabilities to provide proactive financial advice, personalised offers, and customer experience  
  • Curating an exclusive marketplace for own customers; actively participating in multiple marketplaces  
  • Active programmes to roll out solutions are mature; limited lag from agreement to implementation  
  • Use data as a clear competitive advantage  
  • Active programmes to roll out intelligent automation models  |  • Customer-focused organisation with an ability to customise user experience, provide personalised products, offers, and features as well as financial advice proactively, seamlessly, and in real-time, based on customer needs  
  • Curating an exclusive marketplace for own customers; actively participating in multiple marketplaces  
  • Partnership interoperability solutions are a strategic asset for the business; partners can onboard themselves  
  • Organisation owns and operates the dominant marketplace in the region  
  • Organisation’s real-time decision-making and data-monetisation abilities are world-class  
  • Highly automated organisation employing a combination of intelligent automation and business automation to enable straight-through processing |  • Customer-focused organisation with an ability to customise user experience, provide personalised products, offers, and features as well as financial advice proactively, seamlessly, and in real-time, based on customer needs  
  • Curating an exclusive marketplace for own customers; actively participating in multiple marketplaces  
  • Partnership interoperability solutions are a strategic asset for the business; partners can onboard themselves  
  • Organisation owns and operates the dominant marketplace in the region  
  • Organisation’s real-time decision-making and data-monetisation abilities are world-class  
  • Highly automated organisation employing a combination of intelligent automation and business automation to enable straight-through processing |
|              |                                                                                       |                                                                                     |                                                                                       |                                                                                           |
Don’t take no for an answer
Financial services leaders eager to launch their organisation’s cloud transformation can quickly encounter concerns, objections, skepticism, and apprehension, especially when it involves sensitive customer and financial data. Executives must be prepared to not take no for an answer and to persevere in their efforts to move forward with cloud. The typical concerns—and the answers to them—are:

Security
Putting the workload into cloud doesn’t require security trade-offs. In fact, enterprises benefit from the security that’s built into cloud itself. According to Gartner, public cloud infrastructure-as-a-service (IaaS) workloads will encounter 60 percent fewer security incidents than those in traditional data centres. Automating infrastructure processes and controls tends to remove the potential for human error, which is typically a key factor in successful cybersecurity attacks.

Governance
Adopting cloud requires a delicate balance between managing risk, identity, and access control, and managing the delegation of rights and access to services while optimising costs for these services. Banks must decide how decisions specific to cloud solutions will be made—who is able to request cloud services, who is able to access cloud services, what approvals are required, how to keep users accountable for usage costs, and so on. Implementing the right controls and ensuring structured governance with continuous monitoring and improvement is important for aligning cloud investments with business objectives. Governance needs to be on corporate level, just under the board, to fully enable scaling.

Data privacy
Adopting cloud does raise challenges in terms of new, evolving, and often competing privacy regulations in multiple jurisdictions, in addition to changing cybersecurity threats. To successfully use cloud, banks will need to understand the roles they and their cloud providers play in protecting data, the applicable jurisdictional privacy laws related to data storage and processing, and the key encryption technologies and tools available.

Talent
Cloud also involves transforming human capital. It requires a skilled, business technology-proficient workforce able to function in flat, nimble teams and equipped with an understanding of cloud’s underlying technologies and their benefits and risks. Organisations in many industries are now investing in the skilled talent they need to successfully execute cloud transformations.

Business case
Cloud represents a large-scale business transformation and as such requires significant investment. Banks and other financial services organisations can use a variety of strategies, from partnerships and joint ventures to managed service arrangements and other deal structures. Some organisations can even self-fund their cloud transformation by monetising their existing data, infrastructure, operational, or other assets.
Cloud: The future of banking, the driver of business agility
It’s clear that banking’s future is in cloud. Financial institutions have spent far too much time and money running ever-larger data centres and maintaining large, unwieldy legacy systems—technology that has constrained banks’ ability to change and adapt. Cloud provides a way forward, a way for banks to break free from the constraints of old technology, increase their business agility, and get back to the business of banking. The investments required to harness cloud’s potential are significant, as are the implications for talent strategies and ways of working. But investing in cloud is fundamental to ensuring your organisation can compete in the years to come.

This article is sourced from The cloud imperative: How banks can improve business agility through cloud-powered transformation. Deloitte.com
In conversation with Brian Hayes

CEO of Banking and Payments Federation Ireland.
What made you decide to leave politics to take up the position of CEO at BPFI?
Three reasons: firstly I turned 50 in August and I said I’d be out of politics by the age of 50. Secondly, I’ve been involved in financial services at a public policy level for the past ten years. I spent four years in the department of finance as minister of state and spent a lot of that period in ECOFIN Eurogroup council meetings and I got quite interested in the whole EU decision making process around financial services post-crash. And when I went on the ECON committee, that’s really what I did in parliament for the last eight years.

The bank came to me a year and a half ago and asked would I be interested in this role. Why am I doing it? It’s a big challenge. Everyone knows the legacy of the banks and the way that they are inextricably connected with Ireland’s collapse at the time. They needed a strong personality to be a front of house spokesperson for the industry and try to get their side of the story across in a difficult environment in terms of media and PR.

And the third reason was personal reasons: my family lived with me for five years in Brussels and then went home, and I didn’t want to be living out of a suitcase three nights a week with adolescent kids. So really it was age, the challenge, and then personal reasons with the kids.

Give an overview of the BPFI, its membership and remit?
It’s the industry body for the banks, it’s made up of over 100 members, some of them small, some of them big, from the retail Irish domestic banks to the international banks, to the fintechs that are emerging, to the payments providers and service companies who are associates to our members as well. It’s very much a strong ecosystem of the voice of banking and payments in Ireland. It has morphed into kind of a new organisation in recent years because of the inclusion of payments, fintechs and the inclusion of the
international banks. Traditionally it would have just been the domestic banks and while they have a very prominent position understandably in the organisation, it’s a much broader canvas.

We believe Ireland needs to become a good place to run a competitive and sustainable, economically profitable banking model. Ireland can’t become an outlier in that regard. We need to be aware of the challenges that the industry faces in the negative interest rate environment that is certainly there at the moment, and also the challenge of getting NPL rates down to more European normal rates. We do lots of things for our members in terms of advocating for them, speaking for them, making sure that stakeholders – be it the Department of Finance, the Central Bank of Ireland, the SSM – are aware of our position.

What are your ambitions for the new role and what key achievements are you working towards?

We’ve just gone through a very rigorous three-year plan process where we’ve had to internally look with our board members and all stakeholders at the future of the organisation, the role it plays for the domestic banks and the international banks and payment services companies to make sure we’ve the right offering.

My vision, really, is that our predominant position as the voice of banking, payments and fintech in Ireland will be recognised. We will have played a key role in helping to restore credibility to the industry. And also that the BPFI will be an engine for the future of the industry; working hard with our members, with stakeholders in seeing a really strong strategic development of the business within the industry. I think we’re recognised as a very strong voice within the financial services sector at home and abroad, but I think the area we need to be much clearer on, is what we can do to help and drive collaboration within the industry into the future. I believe passionately in that. I think Ireland’s too small and the sector is too small. We have to work together as banks and payment provider companies in a totally transformed digital world. That is a big part of my business plan for the BPFI into the future.

What do you see as the biggest issue confronting Ireland’s financial services industry right now?

I think the biggest issue for the sector is one of credibility. We have a very strong offering; we’re not a Frankfurt or Paris or London, but we certainly are at the level of an Amsterdam or a Luxembourg, and we’ve got to continue to advocate strongly for our position within the European Union as a sector. And that means we’ve got to regulate in a proportionate and risk-free way. We’ve got to mark ourselves against other similarly sized countries in terms of how we are doing on a regulatory and supervisory level.

One of the biggest inherent problems for the banking sector in Ireland is the huge amount of trapped capital that exists within Irish banks. It’s really absurd, when you consider that for every €1,000 we lend in Ireland, we’ve got to keep €50 in reserve for capital. Across similar pillar banks in the EU, it’s €15, so that trapped capital, as a consequence of the model that the SSM has, makes it difficult for Irish banks to really compete with other banks.

“One of the biggest inherent problems for the banking sector in Ireland is the huge amount of trapped capital that exists within Irish banks.”
And I think we need to get, over a period of time, to a level playing field with other similarly sized peers, across other similarly sized EU countries. I think that would help the position of the banks; it would help credit formation in Ireland which is still quite dull as a consequence of the crash. People are holding on to cash, they’re not seeing new credit formation taking out new debt. Despite the improvement, it’s nowhere near where one would expect given the scale of upturn in the economy in the last number of years. I think some of that is around the amount of capital the banks have to hold in Ireland.

How optimistic are you of achieving that goal?
Over time I think we can. Ireland is a risky place to do banking; we know that. If you have a house on your balance sheet and it takes you twice the length of time to get that asset back through a repossession as it would in other countries, that’s a risky offering for a country. We also need to ask ourselves the question: why are more banks not coming into Ireland to open up shop? I think they look at the environment here and they see a risky place to do banking. So we’ve got to be aware of all these issues feeding into our narrative on Irish banking, and over a period of time, try to correct them with public policy makers and regulators.

What does a more competitive banking environment mean from the BPFI’s perspective?
As the industry voice, BPFI is passionate about more competition, more innovation, and new entrants. With competition comes a better offering and that keeps everyone on their toes in terms of what they’re offering consumers – once that competition is done in a fair way with other banks. But we’re not going to get there if the rules in Ireland are seen to be a substantial outlier from other Eurozone countries.

You took part in the judging panel for the Deloitte Financial Services Innovation Awards. How was that experience through the lens of your role at the BPFI?
It showcased very strong talent across all sectors of financial services in Ireland, from big players to medium-sized and really small players. I think it shows there’s a strong appetite for innovation right across financial services. What you’re beginning to see more and more of from the banking world, and it was there in the submissions before us, was a much closer connectivity between fintechs and banks, working on solutions in house or outsourced. And I think that is a super model for the future. I was really inspired by all of the innovative nominations that we saw, and I think we’re going to see more of them.

What more can Irish banks do to continue innovating, and what do you think it could lead to?
If I’m on the board of a bank, these are the questions I should be posing anyway in terms of upstream or downstream threats. If you look at the Minister’s plans, Finance for Ireland 2025, a third of the 100 or so actions relate to the BPFI and the role we play as payments service companies and banks - the work that we have to do in terms of the Fintech Foresight Group, the Fintech Foundry, and the work that we’re doing with the Institute of Management on new courses which take a whole-of-bank approach in terms of digitalisation and innovation.

And it’s going to depend on the trade bodies: BPFI, Insurance Ireland, Funds Ireland, and IBEC, to work more together in delivering that plan and I’m
well up to that over the next four or five years. We have a chance to make Ireland a fintech hub if we get the conditions right.

**What needs to happen to make that goal a reality?**
There are five things that need to happen: one is better regulation around sandboxing and how we stress-test new ideas as they emerge in the market. That requires a regulatory leap of faith which can be difficult but there are examples of where that's worked in the UK and Amsterdam, particularly on the sandboxing side.

Secondly, we need a better approach to tax, risk taking and how we treat entrepreneurs. There were some good things in the recent budget; more to do there.

Education is the third item. I spoke to a very senior banker recently who runs a large international bank here in Dublin, who said to me: ‘within eight years, 50 per cent of the people working in our bank worldwide will come from a tech background and not a banking background’. So education is crucial in making sure that we have a pipeline of graduates with an engineering, computing, tech background which can migrate into a bank and work through the financial services industry.

Fourth, we need to retain talent and make sure that we can attract talent which is always a challenge. People can move anywhere in the world, and there are a lot of issues like housing that we've got to get right.

And the fifth issue is collaboration. If the big techs and social media companies and the big banks are working together in a more collaborative way, the landscape for innovation is so much better.

BPFI’s recent conference, ‘Banking on Sustainability’, considered the impact of climate change for the financial services sector in Ireland. What were some of the insights from the event?
How we transition to a carbon-free or carbon-neutral society is predicated on the availability of capital. That transition can’t happen without the banks. They are the intermediaries for businesses, for communities, for countries, for individuals, in how we go forward.
You're beginning to see a lot of interesting things in the Irish market; green bonds, interesting savings and investment products which are exclusively under ESG factors and sustainable finance mandates doing very well in terms of annual returns. You're beginning to see the ultimate ‘green’ mortgage product coming on the market. That means two things: one, you're less risky to the bank for lending because you'll have less money to spend on fossil fuel over the life of the mortgage. Secondly it means that the asset underlying the balance sheet of the bank for the purpose of provisioning is less risky because it is a green product.

One of the big drivers in the banking industry is our own staff. Six out of ten people working in the Irish banks weren’t there ten years ago. The demographic is much younger, more diverse, and they’re pushing hard for the Csuites and executive committees to be aware of our collective responsibilities on sustainable finance. Not just the whole regulatory mountain that’s coming from the European Union, but actually, physically arguing for, advocating for, a much greater variety of products in this area. A lot of those issues were front and centre in the debate. It was a fascinating conference.

Finally, how does leading a financial services representative body compare to your previous life as a politician?

They’re similar enough in some respects in that a politician and the head of a trade body is a bit like being in the security council of the United Nations: everyone has the power of veto at the same time! You’re conscious of the diplomacy that goes on. But they’re very different. I’m doing this because I believe in it. I believe it’s really important that we get the banks to a better place.

I’ll put it this way: the Irish banks don’t have a right to be heard but the distinction I would make is: the Irish people have a right to hear the arguments that the banks make. There’s a difference. Much of the commentary on banks has been uber-populist in recent years. The tracker mortgage scandal was a real low point and something we apologise for again and again. But the basic rules of banking don’t change much across the Eurozone system. There has to be an understanding of why things are happening: why our mortgage rates are higher; why it’s difficult to get possession of secured assets or repossession vis-à-vis other countries, all of these things. We have to find a way of explaining that to people.

When you strip aside some of the noisier voices, there’s an opportunity for the middle ground of people to hear your argument. I’m very conscious that I have a big responsibility on behalf of the industry to tell their side of the story in an environment that’s difficult for banking in Ireland. I’m not here to defend banks, I’m here to argue for an industry and its place in modern Ireland – and I make the distinction between one and the other.

An interview conducted with Brian Hayes, CEO Banking and Payments Federation Ireland, November 2019

“BPFI is passionate about more competition, more innovation, and new entrants.”
Crossing boundaries for profitable growth

2020 investment management outlook

Doug Dannemiller
Investment management research leader,
Deloitte Center for Financial Services

Sean Collins
Manager,
Deloitte Center for Financial Services
For investment managers, 2020 is a year to cross boundaries: embracing new ways of operating and new technology to achieve growth, improve efficiencies and enhance client experience. This article explores the outlook for investment management in the coming year, highlighting the ways that firms can realise growth and transform their operations to ensure long-term success.

The changes facing many investment management firms are significant. Internally, long-standing operating models may need transformation to keep up with the competition, and digital-enabled customisation is becoming a client expectation. Externally, firms may discover finding investors in new demographic segments or geographies is the most effective path to asset growth. Investors are adjusting their portfolio allocations in search of total return. In the retail market, this adjustment includes an expanding eye toward alternative investments.

In 2020, many investment management firms are highly motivated to cross boundaries in search of profitable growth. Crossing boundaries often means leaving the comfort zone and performing new activities or doing standard activities in dramatically new ways. Success can be found crossing boundaries with purpose: by modernising business operations and by upgrading technology infrastructure to reimagine growth, operational efficiencies, and client experiences. All these changes are intended to delight investors with revitalised capabilities.

In spite of the overall steady industry growth, the pressures faced by long-only investment managers, PE managers, and hedge funds have remained constant for the past several years. The cumulative effect of fee pressure, a shift to passive investments, and concentration of success in gathering assets is driving many firms to continue to take bolder actions to find growth, operate efficiently, and engage customers. In 2020, many alternative and long-only investment managers alike could cross boundaries and leave their comfort zones.
Figure 1. Over the last decade, assets have moved into passive funds while private equity continues to outperform US funds asset growth and performance, 2009–18

Methodology for performance and AUM chart:
1. US passive funds: Passive domestic funds comprise AUMs for 1940 Act Index ETFs (domestic and global equity, bonds, and commodity) and index mutual funds (domestic and global equity, and hybrid and bond) sourced from ICI Factbook. S&P 500 Index has been used as the proxy for passive fund performance. S&P 500 Index returns have been sourced from one-year performance for S&P 500 provided in SPIVA Year-End US Scorecard reports for the years 2009–2018.
2. US active funds: Active domestic AUM comprises actively managed mutual funds (domestic and global equity, and hybrid and bond) and 1940 Act Actively Managed ETFs sourced from ICI Factbook 2019. US Domestic Active Funds (Equal Weighted) returns have been sourced from one-year performance for all domestic funds provided in SPIVA Year-End US Scorecard reports for the years 2009–2018.
3. US private capital: US private capital AUM and performance data has been sourced from Prequin. AUM is the sum of unrealised value and dry powder. Performance looks at one-year rolling returns.

Note: The size of the bubble indicates 2018 AUM of the asset class in US$ trillions.
Finding growth with markets and products

Let’s analyse growth through the lens of a two-by-two growth matrix. The four categories are based on the degree to which new markets or products are developed. Using this framework, the four quadrants are: market development, diversification, market expansion, and product development (figure 2). Investment management firms find different paths to success, and many will follow one or more that lead to growth in new areas or through enhanced capabilities. Each quadrant of the matrix presents different challenges to overcome. This section digs deeper to better understand the paths investment managers are expected to take to find growth in 2020.

### Figure 2. Making the right growth choices: Investment managers make their growth choices for both the short- and long-term horizons

Market and product development growth alternatives

#### Market development
- Tilt toward Asia
- Alternatives going mainstream
- Customer solutions enabled by technology

#### Market expansion
- Improvements in data analytics and technology
- Enhancements in customer experience

#### Diversification
- Mergers and acquisitions
- Vertical integration

#### Product development
- Permanent capital pools
- Opportunity zone funds
- Rise of thematic funds

---

Source: Deloitte Center for Financial Services analysis.
Diversification: Offering new products in new markets

Investment managers continue to rely on mergers and acquisitions (M&A) to diversify product offerings and geographic presence. Over the last five years, achieving scale and adding new capabilities were the key objectives for most investment manager M&A. In fact, M&A transactions between investment managers touched a high in 2018. Deal activity continues to remain strong from a bolt-on capabilities perspective, while merger-of-equals transactions are slower to transpire. Even when M&A are the right strategic choice for both firms, desired results are often not achieved due to suboptimal postmerger integration. From a geographic diversification perspective, most European firms have been looking to expand into Asia, while many US-based investment managers have focused on increasing their presence in both Europe and Asia. Firms in North America and Europe account for 80 percent of M&A activity within the investment management industry and are driving continued high levels of activity (figure 3). This trend highlights the importance of inorganic growth in these mature markets to boost scale and broaden product lines into new asset classes.

Figure 3. The need for scale is clearly visible in North America, which accounts for half of the entire or majority stake acquisition deals for investment managers in 2019

Investment management industry M&A activity by geography, number of M&A deals

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>Europe</th>
<th>Asia</th>
<th>Australia</th>
<th>RoW</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>164</td>
<td>134</td>
<td>54</td>
<td>28</td>
<td>14</td>
<td>394</td>
</tr>
<tr>
<td>2015</td>
<td>192</td>
<td>174</td>
<td>59</td>
<td>24</td>
<td>29</td>
<td>478</td>
</tr>
<tr>
<td>2016</td>
<td>182</td>
<td>191</td>
<td>60</td>
<td>23</td>
<td>19</td>
<td>475</td>
</tr>
<tr>
<td>2017</td>
<td>214</td>
<td>171</td>
<td>52</td>
<td>25</td>
<td>19</td>
<td>476</td>
</tr>
<tr>
<td>2018</td>
<td>216</td>
<td>150</td>
<td>53</td>
<td>11</td>
<td>19</td>
<td>449</td>
</tr>
<tr>
<td>2018*</td>
<td>117</td>
<td>81</td>
<td>29</td>
<td>11</td>
<td>6</td>
<td>244</td>
</tr>
<tr>
<td>2019</td>
<td>136</td>
<td>81</td>
<td>30</td>
<td>21</td>
<td>4</td>
<td>272</td>
</tr>
</tbody>
</table>

*Indicates deals through July of each year.

Note: RoW (rest of world) includes South America and Africa.
Source: Deloitte Center for Financial Services analysis of M&A data sourced from S&P Global Market Intelligence.

2. Ibid.
3. Analysis of M&A data sourced from SNL database.
Product development: Creating new products for existing markets
Many investment managers are crossing traditional industry boundaries to develop new products and reimagine others. Change is being seen across different product categories, from mutual funds and ETFs to alternatives. In the mutual fund and ETF category, products focusing on sustainability, market volatility, and megatrends are being launched. These new funds are a significant departure from funds defined by investment market capitalisation, growth or value orientation, and geographic region. The new approach seems to resonate with most investor goals and emotions. In Europe, 168 new sustainable funds were launched in the first half of 2019, on track to exceed 305 sustainable offerings introduced last year.4

Market expansion: Finding new growth with existing products and markets
Many existing active portfolios have fallen short in their effort to provide alpha. On average, active portfolio performance has trailed passive counterparts for the past nine years, and the gap appears to be widening.5 For these products, and active management as a whole, to turn the tide, they need credible revitalisation of their investment processes.

AI and alternative data have been used by many investment managers to augment investment decision processes. Even PE firms, which typically have long-term strategies, have started adopting alternative data for sourcing deals and conducting due diligence, following hedge fund and long-only managers. Adopting and using insights from alternative data sets for managing and transforming portfolio companies can be a game changer for many PE firms.

Market development: Bringing existing products and services to new investors
Finding new markets and investors for existing products is an important component of profitable growth for investment management firms. Investment managers can find new market opportunities by exploring new geographies, scanning (or driving) regulatory changes, and by deploying new technologies.

Asia is one such target for investment managers, which accounts for 62 percent of the world’s millennials as well as 63 percent of the world’s aging workforce (aged between 50 and 60 years as of 2019).6 Investment managers, including PE firms, are aiming to provide investment solutions for these two varied investor segments. The estimated opportunity for public funds in China will surpass US$2.6 trillion AUM in 2020.7

On the regulatory front, supporting capital formation, innovation, and levelling the playing field between large and small investment advisers is a focus. In addition, allowing retail investors to gain access to alternative investments is a market development opportunity.

Technology can be used to develop solutions that address the liquidity and control concerns of embedding alternative investments in portfolios across varied client segments. Platforms, coupled with investment advice and risk controls, may be important ingredients in a coming change that opens access to alternative investments.

5. Data sourced from S&P Global Market Intelligence.
Creating operational efficiencies
Operational transformation: path to greater efficiency
Successful operational transformation may appear elusive, but even so it should be attempted to achieve profitable growth.\(^8\) Firms that achieve their goals most often transform people, processes, and technology in coordination.\(^9\) Casey Quirk, a Deloitte business, conducted a study of more than 95 investment managers headquartered in North America, Europe, and Asia Pacific, that shows that just 25 percent of investment management firms surveyed are able to grow profits and margins simultaneously.\(^10\)

These successful firms employ an elevated level of technology spend as a percentage of revenue compared to counterparts with shrinking margins (figure 4). The best positioned firms also have higher revenue per full time equivalent (FTE) than the others. These results imply that some firms are more adept at rightsizing their operations using technology and outsourcing noncore functions than their competitors.

Successful firms in 2020 and beyond will likely design their investment analysis and decision-making process, the core investment operating engine, to incorporate the most recent data. These dynamic data-driven insights can provide portfolio managers and analysts with investment decision support. Finally, delivering customised portfolio information to investors at scale rounds out the common tenets of the successful firms.

With the growing adoption of digital technologies, many firms are shifting to a “save-to-transform” mindset that marries cost-cutting with strategic enablement.\(^11\) The save-to-transform approach includes technology as a key priority in addition to cost, growth, and talent. For example, firms following this approach with regard to distribution tend to invest in technologies that help reduce distribution costs while providing innovative delivery models that meet the growing demand for personalised investment experiences.\(^12\)

Similarly, firms are focusing on implementing cognitive technologies such as AI and machine learning and robotic process automation to facilitate digital enablement, a key element of save-to-transform.\(^13\) The adoption of the save-to-transform mindset by investment management firms is expected to increase dramatically in 2020 because of the benefits beyond traditional cost reduction strategies.

Adopting and using insights from alternative data sets for managing and transforming portfolio companies can be a game changer for many PE firms.
Managing risks: Winning by not losing and crossing boundaries confidently

Investment managers appear up to the challenge of augmenting their risk management practices to support operational transformation. Deloitte’s global cost survey of executives directly involved in cost management decision-making shows that the number of investment management firms taking steps to control risk trails the number transforming their operations by only a few percentage points.

The percentage of firms surveyed that are implementing operational transformations range from 37 to 51 percent by project type, and between 34 and 40 percent for risk management-related actions (figure 5).

Leading operational transformation practices could combine growth enablement and operational efficiency. In today’s environment, with many firms working overtime to achieve operational efficiencies, how well risks are managed and mitigated can mean the difference between success and failure. Investment management firms are in a tight squeeze. A single

An operational mistake can jeopardise a firm’s profit and reputation, while at the same time failure to implement true change may generate strategic risk. This situation calls for firms to assess and modernise the three lines of defense (LOD) as operations are transformed. Using Deloitte’s strategic choices framework (figure 6), firms can enhance the three LOD on a prioritised basis to match their overall growth strategy and their current level of capability to manage risk.

In 2020, successful firms are expected to execute on the additive or offensive risk management playbook, represented by the top half. The catalyst and strategist roles of risk management enable firms to more confidently plan for the future and execute operating model changes. These roles enable proactive change. For example, the catalyst activities in risk management may identify that both retail and institutional investors are using a higher percentage of low-cost index investments in their portfolios. The strategist function in risk management has a seat at the table in formulating the response for the firm.

Modernisation of risk management is expected to go hand in hand with operational transformation for firms crossing boundaries to find profitable growth throughout 2020. Firms with a modern risk management framework are likely to adapt their processes and controls to manage the new risks that using alternative data carries. This example highlights how risk management can be a strategic enabler, and a partner for growth, when the risk management approach is modern and robust.

**Figure 5. Investment management firms are combining operational transformation and risk management to improve competitive advantage**

- **Operational transformation**
  - Change business configuration—divest underperforming assets; adjust number of products/services, geographies, customers, etc.  
    - In process of implementation: 37%  
    - Not implemented but planned: 25%
  - Implement specific automation or cognitive technologies  
    - In process of implementation: 51%  
    - Not implemented but planned: 9%
  - Outsource/offshore business processes to low-cost service providers  
    - In process of implementation: 45%  
    - Not implemented but planned: 14%
  - Increase centralisation—integrate business units and functions into the corporate center  
    - In process of implementation: 38%  
    - Not implemented but planned: 15%

- **Manage risks**
  - Streamline business processes  
    - In process of implementation: 40%  
    - Not implemented but planned: 14%
  - Streamline organisation structure—increase spans of control; modify reporting relationships  
    - In process of implementation: 37%  
    - Not implemented but planned: 12%
  - Improve policy compliance  
    - In process of implementation: 34%  
    - Not implemented but planned: 15%

Source: Deloitte’s 2019 Global Cost Survey.
Figure 6. Strategic choices framework

Driving value
The opportunity to use risk as an advantage. Understand the implications to make strategic decisions that lead to a higher level of performance.

Strategist
- Strategic choices and pathways
- Digitisation
- Ecosystems
- Trade (e.g., Brexit, NAFTA)
- Sustainability
- Immigration

Operator
- Culture
- Financial
- Operational
- Compliance
- Third party
- Pricing schemes
- Business model
- Product platforms
- Terrorism
- Cyberattack
- Natural disasters

Steward
- Unexpected events
- Industry

Risks from the strategy
The basic risks that a compliance programme typically focuses on—the table stakes.

Risks to the strategy and mission
“Megatrends” that will impact your business.

Proactively protecting value
Risks that you must respond to or you will impair your business and competitive position.

Tech-savvy firms provide seamless digital user experience and anticipate their needs to offer exactly what they want. Consumers also expect similar seamless and personalised experiences from investment managers.

The firms that are expected to be most efficient in 2030 are planting the seeds today that will help them to be successful. These firms will likely have modular operations linked through a common framework of processing power and data. As new markets, products, and processes are developed, automated operational transformation technology can connect the various people, process, and technology layers to model the operation. At the same time, they can implement algorithms to monitor risks and record operational results. In this future world, risk management should be baked into operations with the same level of depth as human resources or finance.

**Figure 8. Client experience incorporates attitude and capability**

**Doing the basics well**
- Timeliness, accuracy, and quality of reporting
- Accessibility of information and data
- Coordination across client touchpoints

**Operational friction**
- Speed of operations
- Accuracy of operations

**Attentiveness**
- Responding to data/information requests quickly
- Proactively sharing data/information
- Resolving issues quickly

**Partnership approach**
- Offering solutions and bespoke relationships
- Strategic (broad) partnership
- Manager-client knowledge transfer

**Clarity of purpose and communication**
- Explanation of portfolios, products, and processes
- Articulation of edge or point of differentiation
- Transparency of fee structure

**Long-termism**
- Sales approach
- Longevity of client-manager relationships
- Transparency of relationship

**Know me**
- Know my end investors (and show me)
- Know my business (and show me)
- Senior-level client-manager relationships

Customer experience and engagement

Consumers across the globe are more mobile, read more product reviews, and buy more online than ever before. Tech-savvy firms provide seamless digital user experience and anticipate their needs to offer exactly what they want. Consumers also expect similar seamless and personalised experiences from investment managers. As a result, customer experience (CX) has become an important factor in the evaluation of investment managers by their customers.

According to a survey of retail and institutional investors conducted by Casey Quirk, a Deloitte business, 76 percent of participants stated CX was a contributing factor to manager terminations. In a world where performance is not the only contributor to differentiation, creating a delightful CX at every touchpoint can help firms retain customer assets—and it is within every organisation’s capability. In order to do so, however, CX needs to be a strategic priority for firms to cross the boundary from siloed approaches to a truly holistic customer-centric enterprise-wide solution.

As investment managers work to improve CX, they can focus on seven common drivers of investment management CX (figure 8). These drivers are based on the perspectives gained through more than a dozen in-depth interviews with clients of investment management firms in the United Kingdom (including wealth managers, insurers, and pension funds).

By 2030, two important aspects of CX are expected to definitely change. The technology available to serve customers should advance dramatically, since the rate of technological advancement is accelerating. The customers being served represent the second change. In 2030, millennials will likely be well on their way to becoming the age segment with the largest investable wealth, and they will be working in decision-making roles in client firms. Millennials are expected to soon be setting the expectations for both retail and institutional client service. With these changes on their way, the standard for excellence in customer experience today could be outdated in 2030. Firms that fail to make progress on all seven drivers of customer experience could lose ground to both competitors and customer expectations.

2020: Thriving in new territory

In 2020, the battle for profitable growth is more likely to intensify than dissipate. Investment management firms that develop and execute upon strategies that not only push the boundaries but cross them will likely lead the pack. Even strategies to grow in current markets with current products require revitalisation. Firms that have command of data and processing and keep client relationships at the forefront as they seek to expand their business, run operations with a “save-to-transform” mindset, and delight customers may attract a greater share of asset inflows. Even though risks abound in current market conditions, opportunities for growth exist for those who embrace a holistic approach.

This article is sourced from 2020 investment management outlook: Crossing boundaries for profitable growth, a report published by the Deloitte Center for Financial Services.

Deloitte.com
The champions league
An in-depth look at the winners of the inaugural Deloitte Financial Services Innovation Awards
aced with a wave of disruptive new entrants looking to encroach on its territory using technology, the financial services sector is embracing innovation in order to adapt to a fast-changing environment. And adapt it must: as Jack Welch, the former CEO of General Electric said, “when the rate of change on the outside exceeds the rate of change on the inside, the end is near”.

In little over three decades, Ireland has grown into a global financial services hub: 20 of the world’s top 25 financial services companies, 17 of the top 20 global banks and 11 of the world’s top 15 insurance companies have a presence here. All told, there are more than 400 financial services companies in Ireland, employing over 40,000 people.

Ireland also hosts some of the biggest names in technology, and the sector employs more than 105,000 people. Between 2016 and 2018, Dublin attracted the seventh highest number of tech start-up foreign direct investment projects globally, according to FDI Intelligence.

These two sectors are converging, and it’s leading to unprecedented levels of innovation. To recognise and celebrate this effect, this year Deloitte held its inaugural Financial Services Innovation Awards programme, in partnership with Financial Services Ireland and Banking and Payments Federation Ireland.

“The financial services industry is changing, and changing rapidly. New entrants, new technologies, and changing customer expectations are driving financial services companies to evolve how their businesses and processes work. As a result, we are seeing some very strong innovations, collaborations and technology applications that are transforming the industry and bringing customer centricity to the forefront of agendas,” says David Dalton, Partner and Head of Financial Services at Deloitte Ireland.

Explaining the rationale for creating the awards, he added: “We’re seeing a level of innovation in the financial services industry and an ecosystem in Ireland not seen before, and this is establishing Ireland as a league hub for innovation internationally. We think those pioneering this innovation should be recognised, not only to showcase the strength of the financial services industry in Ireland in the global marketplace, but also to highlight the potential for learning across the industry for the benefit of all. It’s about recognising ideas, rewarding innovation and making an impact.”

David Dalton was one of the six-person judging panel that also included Julie Sinnamon, CEO of Enterprise Ireland; Brian Hayes, CEO of the BPI; Joe Duffy, Chair of FSI Executive Board and Country Executive for BNY Mellon in Ireland; Ciaran Hancock, Business Editor with The Irish Times; and Mai Santamaria, Head of the Financial Advisory Team at the Department of Finance. More than 100 submissions were received for the awards, which comprised of nine categories, including an overall winner. In this article, we take a closer look at the winners in each category and hear directly from them about what made their ideas resonate not only with the judges, but with the market and their customers.

“It’s about recognising ideas, rewarding innovation and making an impact.”

David Dalton, Partner and Head of Financial Services, Deloitte
Pictured at the launch of the awards were members of the judging panel (L-R): Ciarán Hancock, Business Editor, Irish Times; Brian Hayes, CEO, Banking & Payments Federation Ireland; Julie Sinnamon, CEO, Enterprise Ireland; David Dalton, Partner and Head of Financial Services, Deloitte Ireland; Mai Santamaria, Head of Financial Advisory team, Department of Finance; and Joe Duffy, Chairperson, Executive Board, Financial Services Ireland.

Product or Service and Overall Winner
TransferMate won both the overall award and the Product or Service category for its Global Invoice Connect product. This is an international receivables product for businesses looking for a more efficient solution for receiving payments from their global customers. It addresses three pain points for businesses by reducing complexity in the global payments system, lowering the forex costs and streamlining the accounts receivable process.

Sinead Fitzmaurice, TransferMate’s CEO, explains the concept as follows: “Traditionally, banks could only offer payers the ability to make global payments through a wire transfer, which uses a network of other banks to transfer funds to the final destination and requires payers to know a significant amount of information about the beneficiary and the beneficiary’s bank. Payers often incur foreign exchange charges when converting currency to satisfy an invoice and the fees imposed by each bank in the payment chain reduces the principal amount of the transfer. In addition, any misstep in payment instructions
can lead to delays and discrepancies in the amount received by the invoicing business which in turn places a burden on accounts staff who have to manually reconcile payments and resolve errors. So, we wanted to build a B2B platform that would eliminate the chain of banks, allowing for reduced cost and greater reconciliation."

If the theory sounds easy, the practice proved more of a challenge. The platform was four years in development, due partly to the need to align a “regulation highway” that would make the process of B2B global payments as frictionless as possible across more than 162 countries, 134 currencies, and a variety of legal and regulatory frameworks. TransferMate collaborated with Wells Fargo to bring Global Invoice Connect to the market, and it officially launched in May 2019.

Its existence reflects a changed world where cross-border business is open to all businesses, says Terry Clune, Taxback Group founder who started TransferMate in 2010. “Businesses of all sizes are connecting with suppliers, customers, vendors, and services around the world, and expect to send and receive money across borders with the same transparency and speed as their domestic payments,” he says.

**Operations**
The Institute of Banking was awarded in this category for its innovation in middle and back-office operations which improved organisational efficiencies and reduced operating costs. The Institute provides specialist education and lifelong learning to financial services professionals. 9,800 of them studying in 2018 alone.

IoB developed an innovative education platform for financial services that uses blockchain technology, in collaboration with Bank of Ireland, AIB, Ulster Bank and Deloitte. Called EdQ, it supports the verification, tracking, direct access to and management of regulatory and other professional designations, education qualifications and lifelong learning credentials, according to Kevin Gallen, the Institute’s deputy chief executive. The platform is the first of its kind in Europe.

For banks and financial services firms, the new platform will automate a substantial amount of manual processing, reducing costs. It will also mitigate operational and regulatory risk, including compliance with the Central Bank of Ireland’s Minimum Competency Code and Fitness and Probity regimes. A pilot was successfully completed at the end of July and full roll out of the new platform is planned for summer 2020. Including the banks, the new platform will support more than 1,500 firms and 30,000 individuals across Ireland.

“Ultimately for us in IoB, it’s all about helping those who work in financial services to sustain a career, and for the industry to retain and attract the best talent in banking, investment funds and international financial services – whilst ensuring the highest professional standards for the benefit of customers who are served by our industry,” he says.

**Customer Experience**
Xtremepush, the winner in the customer experience category, saw first-hand the opportunity for banks to organise their data effectively and improve how they interact with customers. “Through no-one’s fault, banks have unfortunately found themselves with a jumble of disconnected data silos. It’s frustrating and leads to irrelevant communications and operational and regulatory risk, including compliance with the Central Bank of Ireland’s Minimum Competency Code and Fitness and Probity regimes. A pilot was successfully completed at the end of July and full roll out of the new platform is planned for summer 2020. Including the banks, the new platform will support more than 1,500 firms and 30,000 individuals across Ireland.

“Ultimately for us in IoB, it’s all about helping those who work in financial services to sustain a career, and for the industry to retain and attract the best talent in banking, investment funds and international financial services – whilst ensuring the highest professional standards for the benefit of customers who are served by our industry,” he says.

**Businesses of all sizes are connecting with suppliers, customers, vendors, and services around the world, and expect to send and receive money across borders with the same transparency and speed as their domestic payments.”**

Terry Clune, Executive Chairman and Founder, TransferMate
that over time erode the relationship between them and their customers,” says Xtremepush CEO Tommy Kearns. Examples of where it can go wrong include sending emails promoting first-time mortgages to customers who already have one. Or card-linked offers for nappies being sent to single men in their 20s. “These are genuine examples! When your data is cluttered and unusable, then all you can do is send the same generic content to every customer. That’s just not good enough anymore,” says Kearns.

Xtremepush provides a central repository for data, giving banks a single view of the customer across all digital campaigns. It also combines all messaging channels into one platform, avoiding a series of single-point systems that make it hard to deliver a good customer experience.

For growing numbers of businesses, customer experience looks set to be a key battleground in the future. “Customer experience is vital. It’s one of the biggest competitive differentiators right now in all sectors, but especially in banking. The consumer has so many choices nowadays compared to 15 or even five years ago,” says Kearns.

The 2019 winners of the Deloitte Financial Services Innovation Awards, pictured (L-R): Joe Dunphy, Fenergo; Sinead Fitzmaurice, TransferMate; Terry Clune, TransferMate; David Dalton, Deloitte; Denis McCarthy, Fexco; Harry Goddard, Deloitte; Mary O’Dea, The Institute of Banking; Rob Neale, Fexco; Helen Cahill, InvoiceFair; Phoebe Toale, AQMetrics; Susan Moran, Xtremepush; and Carole Donaghy, Ulster Bank.
The danger for incumbent banks isn’t losing customers per se, as most consumers will keep using their established banks for saving and receiving salaries. “However, because of the superior user experience, and the added service-bundling benefits on offer too, they are transferring discretionary income to their neo-banking app and purchasing through that. And when this happens, traditional banks lose the transactional data, the raw material needed to influence their customers towards business goals and drive revenue,” he says.

**RegTech**

A joint winner of the RegTech award, AQMetrics was formed in 2012 to help asset service providers and investment managers address outdated and inefficient ways of managing risk and compliance. CEO Geraldine Gibson-Dautun, says the company’s innovation lies in how it embeds explainable artificial intelligence (XAI) into its rules engine and workflow. “Financial services end users are more and more sophisticated year on year. CX has been at the heart of everything at AQMetrics from inception seven years ago.

However, it is most evident that customers’ curiosity towards CX has grown significantly in the past two to three years,” she says.

The other winner, Fenergo, creates innovative solutions that enable financial institutions to streamline Know Your Customer (KYC) and Anti-money Laundering (AML) compliance processes, while creating frictionless, digital client onboarding experiences. “This award is a testament to how Fenergo leads the market when it comes to addressing regulatory pressures and providing global compliance, across all jurisdictions,” says Joe Dunphy, Global Head of Strategy and Corporate Development.

**Learning**

Ulster Bank won the learning award, having expanded its staff innovation programme to providing not just a classroom-based offering, but a more experiential learning experience. For its newest iteration of the programme, the bank asked employees to submit ideas for a new business or volunteer to be part of a team to develop these new ideas.

From over 70 applicants in the first year, the bank chose 15 ‘intrapreneurs’ who would work in five groups of three to develop a new product or service. The incubation programme lasts for 13 weeks, during which time the applicants leave their regular day jobs and are based at Dogpatch Labs, the technology incubator hub in Dublin. Dogpatch has been a partner of Ulster Bank since 2015 and the choice of venue is deliberate, to help immerse the bank staff in the startup ecosystem.

“It’s about getting staff to think and work like entrepreneurs. We know that entrepreneurs are typically creative and come up with great ideas, are resilient, and not afraid to fail. Those are the skills we want to build in our staff for the future,” says Neil Doyle, Innovation Consultant at Ulster Bank.

The incubation programme culminates in a five-minute pitch to the Bank’s Executive Committee, like a founder would give to a venture capitalist. Of the five ideas in the 2018 programme, Ulster Bank granted two teams further funding to build a minimum viable product.

“We know that entrepreneurs are typically creative and come up with great ideas, are resilient, and not afraid to fail. Those are the skills we want to build in our staff for the future.”

**Neil Doyle, Innovation Consultant, Ulster Bank**
One is an app called Farm Assistant that’s designed to store, upload and save all documents about running a farm. Currently in pilot with a selection of customers, it can help farmers when they need to submit paperwork to apply for grants, subsidies or a loan from Ulster Bank. The second product due to pilot soon is a website called Growth Hub, which is essentially “The Skyscanner for SME lending” that connects small companies with alternative funding sources.

Whether an idea becomes a product or not, the learning and development aspect of the programme remains essential, adds Doyle.

“The people on the programme come from a diverse range of roles such as Finance, Risk, Retail Banking... you can be put in a completely different workspace where you learn and develop skills that you didn’t even know you had. Even if an idea isn’t funded, the skills that the programme teaches them, like problem solving, presenting, and developing ideas in agile ways, are critical skills that we want our staff to have.” Proof the programme works is clear: more than 50% of the people who took part have since moved into new roles or been promoted.

**Social or Sustainable Entrepreneurship**

A winner in the social or sustainable entrepreneurship category, Fexco developed a mobile app called EasyDebit that is deployed in the Philippines to provide virtual ATM services. It meets a pressing social need since access to cash is very difficult because there are just 20,000 ATMs spread across a nation that spans 2,000 inhabited islands.

Anyone operating a business can apply to become an accredited provider; now fuel stations, pharmacies and even schools offer cash-out services to their local communities. Instead of making half-day round trips to the nearest bank machine, people can easily withdraw cash close to where they live.

The idea was conceived by an Irish Filipino who is now chair of Fexco Philippines. Fexco was the first to market in the Philippines and the first disruptor to combine an MPOS pinpad with a mobile app to complete the transaction. Since going live in 2017, the app has processed transactions for over 100,000 cardholders totalling more than 2bn pesos (around €35m).

“It’s making a real impact to people’s lives. It gives more convenient access to cash, and it’s better for merchants,” says Rob Neale, innovation product manager at Fexco. Winning the award has helped to progress conversations with banks in the region, he adds. It’s also a source of pride for Fexco’s developers in Ireland and its local 25-strong team in the Philippines. “It’s a valuable recognition and endorsement of what we’re trying to do to deliver change for good in the country.”

InvoiceFair was awarded in the Most Disruptive FinTech category at the Deloitte Financial Services Innovation Awards in September. Pictured (L-R): David Dalton, Partner and Head of Financial Services, Deloitte Ireland; Helen Cahill, CEO, InvoiceFair; and Peter Brady, CFO, InvoiceFair.
Most Disruptive FinTech

Although InvoiceFair won in the category of fintech disruptor, CEO Helen Cahill prefers to think of the company in different terms. “I don’t know if we see ourselves as a disruptor – more a catalyst for growth. We sincerely feel we are changing the game for SMEs.”

InvoiceFair was set up to address the problem when small companies sell goods or services to large blue-chip multinationals, only to face long credit terms and potentially squeezed cash flow. In the past, they would have approached traditional funders whose risk appetite to provide advance funds was limited. That’s a marked contrast to markets like the US, where more than 60% of SMEs get funding from alternative sources.

InvoiceFair’s platform connects SMEs with a pool of institutional funders that eliminates both concentration risk and geographic risk. SMEs sell their receivables, invoices or purchase orders and the funders advance 90% of the value of the contract. Since InvoiceFair started trading in May 2015, it has funded more than €400 million worth of receivables.

The service has proved especially useful for export-focused SMEs that are looking to diversify beyond the Irish and UK markets, but who couldn’t access funding in the past to let them do this. “The pool of funding that we can connect SMEs with is interested in buying receivables and future receivables. That audience doesn’t discriminate by country once the credit quality of the receivable is good, such as if the customer is a large multinational,” Cahill explains.

Cahill believes winning this award will help to raise InvoiceFair’s profile even further. “There’s nothing like advocacy and credibility when you are promoting something that’s slightly new and different. Deloitte is a name that carries huge weight and credibility, and we would see it as a significant milestone.”

Leadership

Fexco CEO Denis McCarthy was an appropriate winner of the inaugural award that was created to recognise an individual who has significantly contributed to innovation in the financial services industry.

His response reveals much about his own approach to leadership. “Fexco has always been an innovative company ever since its inception, and from our earliest days we were a multi-product company. All I’m doing is building on that legacy of being entrepreneurial and trying new things,” he says. “I think that Ireland is a very entrepreneurial country and for Fexco and me personally to be recognised was a real honour.”

McCarthy describes his leadership style as “involved”. He likes to take part in the very earliest stages of product development and talking to customers to see if an idea has potential. Travelling on the same journey as the team, taking part in presentations, and leading by example are key, he says.

His background as founder of Annadale Technologies and Aviso gave McCarthy a vital grounding in leading the development of new products, and he says the experience shaped his thinking on innovation. “I learned that things never work out the way you think they’re going to. The journey you travel, and the strength of your team is a critical factor in making things a success.”

“The secret is not being afraid of getting things wrong, and not expecting things to go right 100% of the time. It’s about tolerance of ambiguity.”

Denis McCarthy, CEO, Fexco
Recalling his time at Annadale, which he founded in 2004, McCarthy says very few products were successful in the way the team initially anticipated. A flexible mindset is key, he believes. “Things always take some turns, so if you’re adaptable you take that on board. The secret is not being afraid of getting things wrong, and not expecting things to go right 100% of the time. It’s about tolerance of ambiguity,” he adds.

It’s also important for leaders to recognise that moment a project needs to change direction in order to survive. “Every success we’ve had has had a pivot or right turn,” he says. Equally, he says leaders need to guard against the instinct to double down on a project when the signs don’t point to a breakthrough. “Everyone is susceptible to chasing something because they’ve already invested money or time in it. That can be hard to fight against, but it’s really important that you do it.”

Looking ahead
Change looks set to be a feature of the financial services landscape for some time to come: a perfect storm of increased competition and tighter regulation, together with technologies such as AI, automation and blockchain, means that the sector will be looking out for further opportunities to innovate. With Ireland’s mix of financial services companies and technology providers, the conditions are in place to become a hub of fintech activity.

Reflecting on the inaugural awards, Deloitte’s David Dalton said: “The calibre of winners this year reflects the wide range of opportunities to do things differently in financial services. All of the winners showed that industry is ripe for innovation, and there are many unmet needs in the industry that legacy technology can’t address. I am sure that next year’s awards will continue to reflect the wide range of ideas, execution, and cutting-edge technology that Ireland’s financial services sector has proved it can produce.”

For more information on the Deloitte Financial Services Innovation Awards, visit Deloitte.ie/fsia
More perfect unions

Integrating to add value in asset management M&A

Matthew J. Baker
Manager, Casey Quirk

Jeannette Martin
Principal, Deloitte Consulting

Jeffrey B. Stakel
Principal, Casey Quirk
Competition in the global asset management industry continues to intensify. Less lucrative economics are reshaping the operating environment. A shrinking number of firms with strong competitive advantages are seizing business from an oversupply of weaker, undifferentiated vendors with deteriorating prospects.

Thoughtful integration—either through mergers or acquisitions, or even between legacy business units developed organically within an asset management firm—can become a primary catalyst for improving enterprise value. This white paper explores examples of effective integration opportunities based on three primary conclusions:

- **Serial industry M&A has not realised substantial cost savings,** often because of misguided efforts to keep investment teams, distribution groups, brands or technology systems separate following a transaction. Clients have not rewarded such efforts with extra revenue to outweigh the duplicate expenses.

- **These duplicate costs typically reside in four primary areas:** organisational leadership, distribution strategy, enterprise and investment operations, and technology. Better integration efforts in these areas free up capital to invest in necessary cross-enterprise changes.

- **Effective integration requires a plan,** including dedicated resources, a future-state strategy that defines competitive advantage, and well-designed metrics and incentives that help define and make the difficult decisions often required.

Data cited in this paper and its figures, unless otherwise indicated, comes from several Casey Quirk research initiatives, including the Performance Intelligence financial benchmarking survey of asset managers, jointly conducted across the United States and Europe with compensation consultants at McLagan, a unit of Aon.

**The Curse of Legacy Costs**

While transactions between asset managers have risen toward an apparent cyclical high in 2018, M&A has defined the industry for the past two decades, mostly because of its legacy economics:

- Low barriers to entry and a reliance on unique human capital created a wide range of targets, all of which generated high cash flow thanks to ad valorem pricing and a growing industry.

- Investment performance track records provided a form of brand equity that was difficult and time-consuming to replicate through organic competition.

- Strong organic growth in industry fundamentals supported rising multiples, providing opportunities for financial engineering.

- High margins throughout the industry obviated the need to explain cost-related synergies in transactions. They also encouraged a portfolio approach to corporate development—spreading risk across bets on capabilities—rather than a strategic plan.

Changing industry economics, however, have removed much of the air cover that stronger tailwinds provided asset management M&A transactions in the past:

- Organic growth is shrinking, as institutional retirement plans unwind and individuals fail to match the savings gap.

- Fee pressure is unrelenting, because of a rise in passive investing and clients repricing the value of a wide array of undifferentiated asset management products.

- Fixed costs are increasing, as expense growth shifts to technology-driven competitive advantages such as data, digital delivery, and operating process improvement.

Many of these same dynamics encouraged professionals to break away from larger firms and start new enterprises, impeding the consolidation such transaction activity usually implies.
As these shifting competitive dynamics pressure profit margins, asset managers are turning to M&A as a way to defend their franchises, further raising interest in M&A. Yet there is little apparent correlation between a firm’s assets under management and profitability.

Asset managers are turning to M&A as a way to defend their franchises.
Many asset managers have avoided functional integration based on several arguments:

- Appeal of distinctly branded, autonomous boutiques among professional buyers
- Distribution relationship continuity and niche product expertise
- Execution risk inherent in migrating or connecting technology platforms
- Joint executive leadership to mitigate cultural disruption

The benefits of such well-intentioned arguments have proved difficult to quantify—particularly in a marketplace driven by more customisation, multi-asset investing, brand-conscious individuals, and a less channelised path to distribution. The costs of such logic, however, are more visible. Comparing the general ledgers of asset managers shows that firms that embraced integration:

- Enjoy positive organic growth rates, as measured by net new flows, versus peers who were less integrated and had negative growth rates
- Provide shareholders 20% more profits
- Spend more on investment talent
- Cost roughly 8.5% less to operate
Comparative Economics of Asset Managers by Level of Integration, 2017

The lattermost point is particularly important, as it reveals that legacy duplicate costs, built through decades of serial acquisition globally, amount to roughly $6 to $8 billion of annual run-rate expenses for the asset management industry.

“True integration will yield competitive advantages, but it requires tough decisions to realise the value of the combined organisations.”

Jeff Stakel, Principal, Casey Quirk

Notes: Sample includes U.S. and European firms. Excludes firms with less than $150 billion in AUM; integrated firms identified based on business model, brand integration, investment team integration, distribution team integration, and leadership integration. Firms are considered integrated if they have never made a substantial acquisition, or if they meet three or more of the integrated firm criteria.

Source: 2017 Casey Quirk Performance Intelligence Survey
Four Core Integration Levers

Focusing integration efforts on four core functions can unlock significant value: on average, as much as 1% to 2.5% of revenues for each of the highlighted functions.

Key Synergy Drivers, 2017 (% of revenue)

1. **Organisational Leadership**
   - Less integrated asset managers tend to have, on average, nearly twice the number of C-level executives employed by more fully integrated peers—usually resulting from a conscious decision to retain legacy executives. Many multi-affiliate asset managers insist on maintaining all key leadership following acquisitions, fearful that doing otherwise would upset clients or repel talent. Recent mergers of equals also relied on co-leadership structures. Architects of such mergers often argue that not only would a co-leadership structure prevent a legacy CEO from blocking a deal, but also it would telegraph to clients and employees that the transaction would preserve all elements of existing cultures.

   Such leadership structures, however, have proved unwieldy. Governance can become too complex. Legacy cultures can become entrenched and territorial, rather than oriented toward change. Talent costs often balloon from the mistaken belief that enough key executives would voluntarily depart and eventually right-size the leadership group. Complex governance structures also hinder growth as it becomes harder to align on limited set of strategic priorities that will help differentiate the organisation.
2. Distribution Strategy
Less integrated asset managers, in general, have a higher proportion of their distribution officers in sales roles, reflecting legacy considerations. Affiliates within multi-boutique organisations usually are reluctant to relinquish dedicated sales officers who understand and promote their specific strategies, and all asset managers dislike disrupting client-facing talent and their relationships with asset owners and intermediaries.

Some of the headcount and cost reduction in distribution among well-integrated firms occurs from removing redundancies. But such firms also realise that integration creates an opportunity to reprioritise sales resources. Effective integrators aim to better leverage the distribution headcount they have.

3. Enterprise and Investment Operations
Integrated asset management firms spend less than their peers across investment operations, middle and back-office systems and enterprise operations (legal, finance, compliance, risk management, internal audit, and human resources). Much of their efficiency stems from two key differences with less integrated firms:

- Lower outsourcing costs. Non-integrated firms spend more on outsourced systems and services, reflecting more complicated business models: multiple trading desks, diverse portfolio management requirements and platforms, and siloed reference and product data that support highly distinct (and sometimes competing) investment strategies. In addition, integrated firms have pricing leverage with outsourcing firms thanks to their consolidated model. This also simplifies governance and oversight.
- Lower shared services costs. Integrated asset management firms are able to leverage enterprise shared services. This results in lower headcount, less technology expense and fewer duplicative and consolidating activities. These firms also have a more simplified control environment; a more centralised legal, compliance, and internal audit functions across fewer registered investment advisers and entities requiring separate disclosures and reporting. Integrated firms save a full point of margin, on average, in legal and compliance costs alone.

4. Technology
Most merging asset managers trumpet systems integration as a value driver. In reality, cost synergies from combining technology investments are more elusive:

- Many asset managers already have spent significant effort squeezing technology costs through outsourcing and rationalisation efforts.
- Efforts to rationalise or decommission platforms are more difficult and take longer than anticipated because of linkages with multiple associated systems, end-user computing tools, customised applications, different operating processes and complex data.
- Execution risk scares executives away from tackling large integration projects, fearing that botched or longer-than-expected work will create negative headlines and jeopardise client relationships.

Such concerns have merit. Firmwide systems integration or joint outsourcing efforts are complicated exercises, and undertaking them without experienced practitioners or a clear target model can be perilous. Effective integrators, however, have realised that the majority of technology cost savings from merging asset management operations come from six specific areas:

01. Market data
02. Hardware, primarily networks and data centers
03. Client relationship management tools
04. Cyber and disaster recovery programmes
05. HR and finance enterprise systems
06. Investment systems including order management and trade processing
**Effective Integration Programmes**

Functional integration in asset management often reflected a “do no harm” mentality. A well-founded fear of compromising culture or investment capability meant that organisations favoured using a lighter touch on integration planning and execution: calling little attention to it, avoiding dedicated integration management resources, and slowing or stopping efforts at the first signs of resistance. Cost synergies typically reflected top-down estimates, not bottom-up planning. Thick profits and strong organic growth insulated firms from making areas measurable progress. Consequently, many firms de-emphasised integration as a growth option. As the duplicate costs of poor or slow post-merger integration begin to bite into shrinking margins, more firms must consider the benefits of effective integration programmes—particularly following sizable deals. Thoughtful integration programmes minimise the cultural and human capital risks of combinations while simultaneously taking steps to ensure progressive, successful execution.

**Best Practices Among Effective Integration Programmes for Asset Managers**

<table>
<thead>
<tr>
<th>Legacy Integration Challenges</th>
<th>Future Success Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vision</strong></td>
<td><strong>Actionable Future-State Strategy:</strong> A future-state strategy detailing how integration creates enterprise value, and brings clear and measurable benefits to both investors and shareholders</td>
</tr>
<tr>
<td><strong>Overlap</strong></td>
<td><strong>Thorough Financial Plan:</strong> A financial plan that identifies enhancements to investments, distribution and technology that will drive revenue, maximise cost synergies and identify the best opportunities to reinvest capital</td>
</tr>
<tr>
<td><strong>Change Management</strong></td>
<td><strong>Robust PMO:</strong> A strong project management office to enact governance, decision-making and clear protocols, track progress on key metrics, and drive a change management plan</td>
</tr>
<tr>
<td><strong>Disruption</strong></td>
<td><strong>Defined Accountability:</strong> Clear roles and responsibilities to drive change and execution, avoiding co-heads and dual roles</td>
</tr>
<tr>
<td><strong>Organisational Model</strong></td>
<td><strong>Comprehensive Communication Plan:</strong> A thorough and well-structured communication plan with clear accountability and aligned with the future state strategy</td>
</tr>
</tbody>
</table>

Source: Casey Quirk
Conclusion
Asset management remains a talent-driven business, and integration may not be the best answer in many cases. Investment teams prize autonomy and view their approaches to portfolio construction and trading as extensions of highly proprietary intellectual property—particularly for capacity constrained strategies. Certain legacy brands have loyal client followings and may suffer from integration or absorption. And maintaining elements of a partnership culture that appeal to high performers may justify some separate functions. Even putting aside execution risk, there are often strategic reasons to maintain multiple legacy elements of operating models within asset managers. Ever-increasing pressure on industry economics, however, make getting deeper and wider integration right within and between asset management businesses. Duplicate costs that do not clearly and directly result in competitive advantage deserve scrutiny, despite the checkered history of integration efforts throughout the industry’s history. Leaders of asset management businesses can improve integration prospects—therefore driving higher organic growth and better efficiency—with careful planning and strategic decision making at the functional level, rather than emotional or risk-avoiding compromises solely at the enterprise level. With the right amount of forethought, asset management firms can unlock, not damage, value through selective integration.

This article is sourced from More Perfect Unions - Integrating to Add Value in Asset Management M&A Deloitte.com
A special thank you to the following authors

David Dalton
Partner and Head of Financial Services, Deloitte Ireland LLP

Jordi Montalbo
EMEA FSI Insurance Leader, Deloitte

David Rush
EMEA FSI Insurance Leader, Deloitte UK

Ishani Majumdar
Senior Consultant, Omnia AI, Deloitte Canada

Hemanth Soni
Senior Consultant, Monitor Deloitte, Deloitte Canada

Rob Galaski
Global Leader, Banking & Capital Markets, Consulting, Deloitte Canada

Stephen Marshall
Partner, Consulting, Deloitte UK

Linda Pawczuk
Principal, Consulting, Deloitte Consulting LLP

Steve Rayment
Partner, Consulting, Deloitte Australia

René Theunissen
Partner, Consulting, Deloitte Netherlands

Doug Dannemiller
Investment management research leader, Deloitte Center for Financial Services

Sean Collins
Manager, Deloitte Center for Financial Services

Matthew J. Baker
Manager, Casey Quirk

Jeannette Martin
Principal, Deloitte Consulting

Jeffrey B. Stakel
Principal, Casey Quirk
We live in a world where climate, social and environmental concerns are increasing at all levels in society. The financial services industry has an opportunity to accelerate the transition to a more sustainable and responsible economy. At Deloitte, we help our clients meet these challenges. To future proof your business and help save the environment, get in touch.

Deloitte.ie
Irish Financial Services Partner Team

David Dalton
Partner and Head of Financial Services
Deloitte Ireland LLP
ddalton@deloitte.ie
+353 1 407 4801

Sean Smith
Banking Lead
Risk Advisory
seansmith1@deloitte.ie
+353 1 417 2306

Donal Lehane
Insurance Lead Consulting
dlehane@deloitte.ie
+353 1 417 2807

Brian Forrester
Investment Management Lead
Audit and Assurance
bforrester@deloitte.ie
+353 1 417 2614

John Doddy
Real Estate Lead
Financial Advisory
jdoddy@deloitte.ie
+353 1 417 2594

Pieter Burger
Aviation Finance Lead
Tax and Legal
piburger@deloitte.ie
+353 1 417 2446
Irish Financial Services Partner Team

David Reynolds
Banking
Consulting
davidreynolds@deloitte.ie
+353 1 417 5729

John McCarroll
Banking
Audit and Assurance
jmccarroll@deloitte.ie
+353 1 417 2533

David Kinsella
Banking
Risk Advisory
davkinsella@deloitte.ie
+353 1 417 2529

Sinead Moore
Banking
Audit and Assurance
simoore@deloitte.ie
+353 1 417 2979

Ciaran McGovern
Banking
Consulting
cmcgovern@deloitte.ie
+353 1 417 3030

Ciara Regan
Insurance
Audit and Assurance
cregan@deloitte.ie
+353 1 407 4856

Conor Hynes
Insurance
Tax and Legal
chynes@deloitte.ie
+353 1 417 2205

Glenn Gillard
Insurance
Audit and Assurance
ggillard@deloitte.ie
+353 1 417 2802

Eimear McCarthy
Insurance
Audit and Assurance
emccarthy@deloitte.ie
+353 1 417 2685

Matthew Foley
Investment
Management
Audit and Assurance
mfoley@deloitte.ie
+353 1 417 3861

Niamh Geraghty
Investment
Management
Audit and Assurance
ngeraghty@deloitte.ie
+353 1 417 2649

Brian Jackson
Investment
Management
Audit and Assurance
brijackson@deloitte.ie
+353 1 417 2975

Christian MacManus
Investment
Management
Audit and Assurance
chmacmanus@deloitte.ie
+353 1 417 8567

Darren Griffin
Investment
Management
Audit and Assurance
dagriffin@deloitte.ie
+353 1 417 2376

Laura Wadding
Investment
Management
Risk Advisory
lwadding@deloitte.ie
+353 1 417 2934

Brian O’Callaghan
Aviation Finance
Audit and Assurance
bocallaghan@deloitte.ie
+353 1 417 2475
Irish Financial Services Partner Team

**Matthew Dolan**  
Aviation Finance Tax & Legal  
mdolan@deloitte.ie  
+353 1 407 4765

**Michael Flynn**  
Head of Energy, Resources & Industrials  
micflyn@delaoti.ie  
+353 1 417 2515

**Michael Hartwell**  
Head of Audit Audit and Assurance  
mhartwell@delaoti.ie  
+353 1 417 2303

**Colm McDonnell**  
Head of Risk Advisory  
cmcdonnell@delaoti.ie  
+353 1 417 2348

**Deirdre Power**  
Head of Financial Services Tax Tax and Legal  
depower@delaoti.ie  
+353 1 417 2448

**Daniel Gaffney**  
Digital Finance Consulting  
dgaffney@delaoti.ie  
+353 1 417 2349

**David Conway**  
Deloitte Digital Consulting  
daconway@delaoti.ie  
+353 1 417 2853

**Martin Reilly**  
Head of Financial Advisory  
mreilly@delaoti.ie  
+353 1 417 2212

**David Conway**  
Deloitte Digital Consulting  
daconway@delaoti.ie  
+353 1 417 2853

**Yvonne Byrne**  
Deloitte Digital Consulting  
ybyrne@delaoti.ie  
+353 1 417 2713

**Valarie Daunt**  
Human Capital Consulting  
vdaunt@delaoti.ie  
+353 1 417 8633
Financial Services Innovation Awards 2019

Overall Winner TransferMate

Product or Service
TransferMate

Customer Experience
Xtremepush

RegTech
Fenergo
AQMetrics

Learning
Ulster Bank

Operations
The Institute of Banking

Most Disruptive FinTech
InvoiceFair

Social or Sustainable Entrepreneurship
Fexco

Leadership
Denis McCarthy

Congratulations to all the winners
For more information, please visit Deloitte.ie/FSIA