

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

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

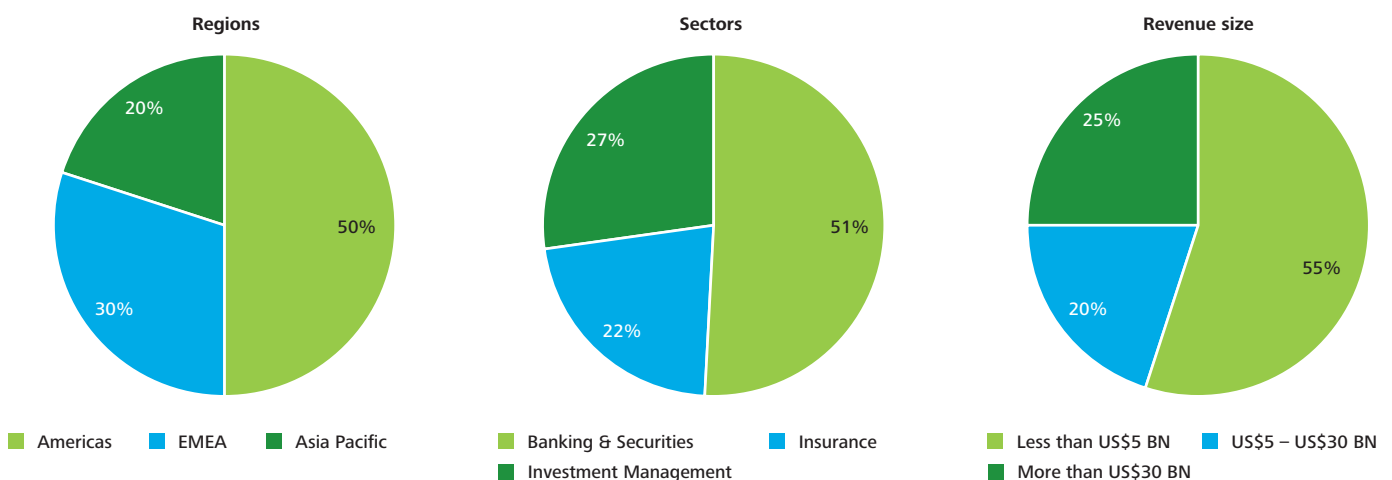
Recently Deloitte Touche Tohmatsu Limited surveyed 200 executives at banking, securities, insurance, and investment management firms around the world. A quarter of them worked for firms with more than US\$30 billion in revenue; most were in finance or operations. We asked what they thought was important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

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

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



Respondents



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



Innovation & new offerings

2 Digital transformation

3 Regulations

4 Talent needs



82% say that innovation is very or most important in their current environments.



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

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

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



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

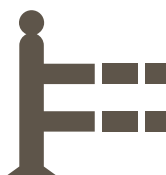


Respondents in Asia and Europe are **two times** more likely than those in the Americas to expect a lot more regulation.

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

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|-----------------------------------|-----|
| Talent retention | 90% |
| Right skill in the right location | 85% |
| Talent governance | 80% |
| Talent behavior | 75% |
| Access to a future pool of talent | 70% |
| Succession planning | 65% |
| Diversifying leadership teams | 60% |
| Work life balance | 55% |

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



Global contacts

Hong Kong

Chris Harvey

Deloitte Touche Tohmatsu Limited
Global Leader, Financial Services
+852 2852 6555
caharvey@deloitte.co.uk

United States

Bob O'Brien

Deloitte Touche Tohmatsu Limited
Global Leader, Real Estate
Chicago
+1 312 486 2717
robrien@deloitte.com

Cary Stier

Deloitte Touche Tohmatsu Limited
Global Leader, Investment Management
New York
+1 212 436 7371
cstier@deloitte.com

Neal Baumann

Deloitte Touche Tohmatsu Limited
Global Leader, Insurance
New York
+1 212 618 4105
nealbaumann@deloitte.com

James Reichbach

Deloitte Touche Tohmatsu Limited
Global Leader, Banking & Securities
New York
+1 212 436 5730
jreichbach@deloitte.com

Luxembourg

Benjamin Collette

Partner
Global Investment Management
Consulting Leader
+352 451 452 809
bcollette@deloitte.lu

Patrick Laurent

Partner
Technology & Enterprise Application
+352 451 454 170
palaurent@deloitte.lu

Martin Flaunet

Partner
Banking & Securities Leader
+352 45145 2334
mflaunet@deloitte.lu

Thierry Flamand

Partner
Insurance Leader
+352 45145 4920
tflamand@deloitte.lu

Johnny Yip

Partner
Investment Funds & Hedge Funds Leader
+352 451 452 489
jyiplanyan@deloitte.lu

Lou Kiesch

Partner
Regulatory Strategy
+352 451 452 456
lkiesch@deloitte.lu

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