Banking and Insurance Forum 2016

Utilizing shared service centers in the financial industry

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Shared Services:

Proven solutions with further development potential or obsolete due to digitization and automation?

Your challenges

Service Delivery Models are under pressure from both external and internal factors

External		Internal
Cost reduction pressures		Decentralized processes
Globalization		Multiple locations
Industry consolidation	**Service Delivery Model**	Change in business growth
Industry regulations		Inflexible cost structure
Mergers and acquisitions		Unrealized synergies

Past and Future

Focus and purpose of shared services will change dramatically in the future

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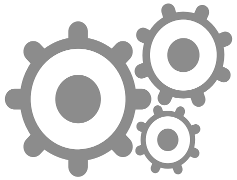
Past

Doing things better



- 30 years of history
- Focus on efficiency & effectiveness in shared services
- Proven solution

Future

Driving positive change

- End-to-end process integration
- Focus on creating value in the business
- Freeing up functional leaders for strategic initiatives

Trends

Five key trends will impact future service delivery in the financial industry

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1 › **Global Business Services**
Overarching Governance across functions and regions

2 › **Process Scope**
From transactional processing to analytical & strategic capabilities

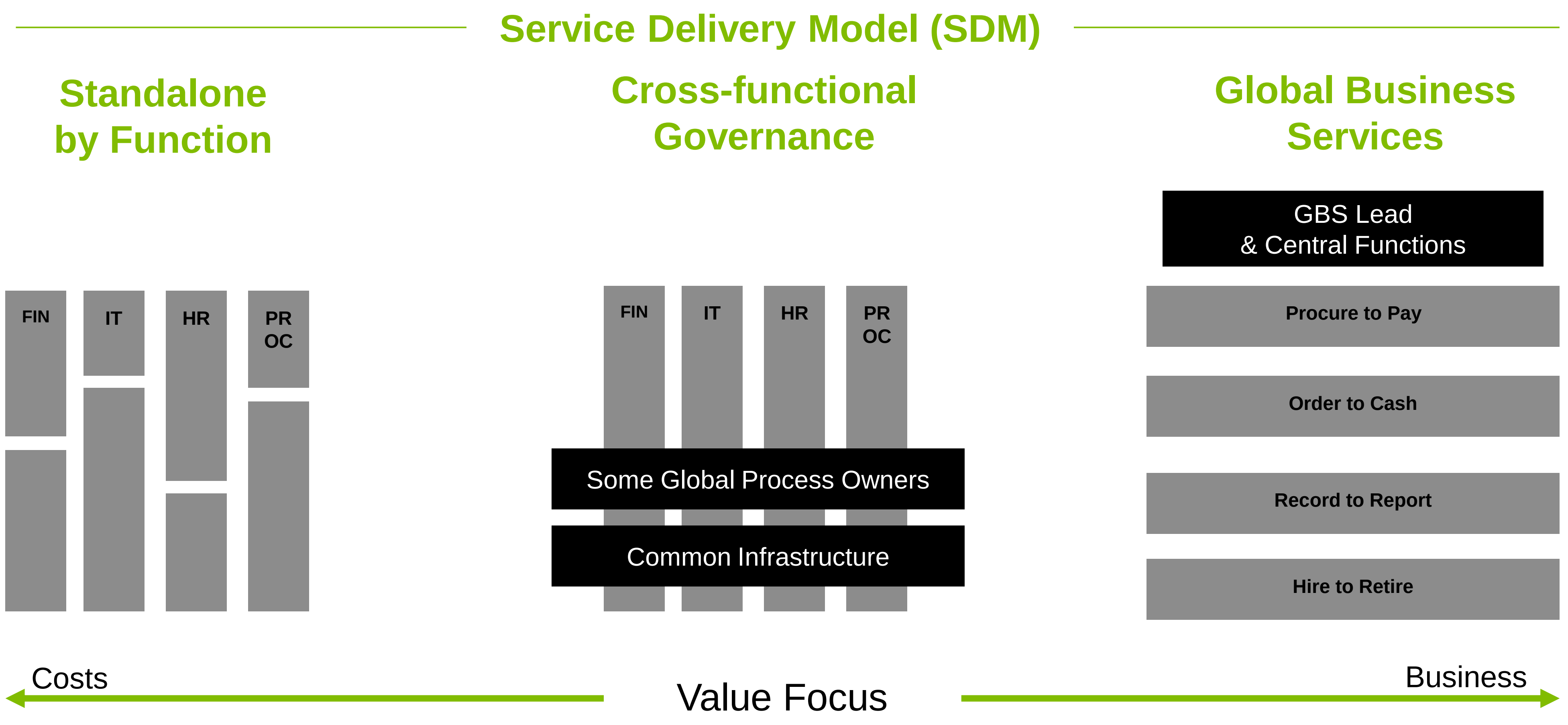
3 › **Team Extension**
Management control remains onshore

4 › **Hybrid Models**
Emergence of captive/ outsourcing models

5 › **Technology**
Robots are coming

Global Business Services

Leading companies determine their SDM considering firm strategy, business needs and functional maturity



Process Scope

Increasingly, decision support processes and strategic & analytical capabilities are bundled in SSC

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Finance

Transactional Processing

- Accounts Payable (84%)
- Fixed Assets (72%)
- General Accounting (72%)
- Travel & Expenses (70%)
- Cash Applications (65%)
- Collections (60%)
- Payroll (58%)
- Billing (52%)

Decision Support Processes

- Credit Management (53%)
- Internal Reporting (51%)
- Cash Management (51%)
- Cost Accounting (45%)
- Tax Filing (40%)

Strategic/ Analytical Capabilities

- Tax Reporting & Analysis (41%)
- Treasury (37%)
- External Fin. Reporting (37%)
- Legal Compliance Rep. (34%)
- Internal Audit (30%)
- Planning & Analysis (24%)
- Forecasting (23%)
- Budgeting (23%)

Source: Deloitte Shared Services Survey 2011 (Percentage in brackets refers to the % of respondent financial organizations citing the process as being performed in low-cost service centers)

Team Extension

Shift in process scope requires different collaboration between onshore and offshore teams

onshore

Finance Head

Fin. Operations | **Fin. Reporting** | **Reg. Reporting** | **Business Analysis**

Service Level Agreements

Team Extension

Fin. Operations | **Fin. Reporting** | **Reg. Reporting** | **Business Analysis**

offshore

Team Extension

- Management control remains onshore
- Joined talent selection, development and performance evaluation
- Offshore team with direct contact to internal and external stakeholders

Hybrid Models

After starting offshore journey with captive SSC first companies have developed hybrid models

Captive		Business Process		Process & Platform (company platform)		Process & Platform (provider platform)	
		Outsourcing					
Onshore	**Offshore** ***own staff and platform***	**Onshore**	**External Service Provider** ***external staff only***	**Onshore**	**External Service Provider** ***external staff, company platform***	**Onshore**	**External Service Provider** ***external staff, provider platform***
Labor Arbitrage, but full efficiencies missed in some cases		Increase of process efficiency harder without system ownership		Vendor scope to increase process and system efficiency		Service scope to be clearly defined, immature market	

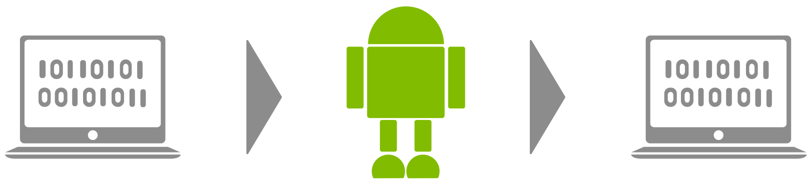
Technology

Disruptive technologies will help SSC/ GBS to drive process automation

Top Strategic Priorities for SSC/ GBS

**One solution:
Robotic Process Automation**

- Computer-coded software
- Programs that replace humans performing repetitive rule-based tasks
- Cross-functional and cross application macros



Source: Deloitte Shared Services Survey 2015

Making smarter connections
between service delivery capabilities
can have a business impact
that is greater than the sum of its parts.

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