



Topic: Banking and Financial Services (BFS) BPO Annual Report 2014 – Low on Growth, High on Regulations – BFS BPO Adapts to the “New Normal”

Banking, Financial Services, and Insurance (BFSI) Outsourcing
Annual Report – August 2014

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Background and scope of the research

Background of the research

- BFS BPO continues its good run to cross the US\$4 billion mark, growing at a CAGR of 15%. New contracts helped drive growth for capital markets BPO, while banking BPO remained largely stable with low terminations. While cost pressures have increased BPO adoption in Europe, an unstable macroeconomic climate had a downward effect on BPO adoption in the U.S. banking market.

In this study, we investigate the state of the BFS BPO market. We focus on:

- Market size and buyer adoption
- Banking BPO Solution characteristics across size and scope, LoB adoption, analytics and risk regulatory services trends, technology model, global sourcing, and pricing structures
- Capital Markets BPO Solution characteristics across size & scope, LoB adoption, regulatory reporting & risk management, technology model, global sourcing, and pricing structures
- BFS BPO service provider landscape, covering service providers' market share and areas of investments

Scope of study and sources of information

- Third-party BFS BPO contracts; it does not include shared services or Global In-House centers (GICs)
- Around 450 BFS BPO contracts signed as of 2013
- Coverage across 23 BFS BPO service providers including Cognizant, CSC, Dell, eClerx, EXL, Genpact, HCL, Hexaware, iGATE, Infosys, Mphasis, NIIT, Polaris, Serco, Sutherland Global Services, Syntel, TCS, Tech Mahindra, Viteos, Wipro, WNS, Xchanging, and Xerox

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Overview and abbreviated summary of key messages

This report provides a comprehensive coverage of the BFS BPO outsourcing market and analyzes it across various dimensions such as market overview, value proposition and key challenges, buyer adoption trends, solution characteristics, and service provider landscape

Some of the findings in this report, among others, are:

Market overview, value proposition and key challenges

- Third-party Business Process Services (BPS) in the BFS industry is a US\$4.1-4.2 billion market growing at ~15% CAGR
- Overall, BFS contract signings have been growing steadily. Extensions continue to be strong with terminations remaining at low levels

Banking BPO solution characteristics

- Macroeconomic factors led to a downturn in the mortgage market, thus driving down BPO adoption
- Regulatory concerns have led to some growth in the onshore presence, especially in lending

Capital markets BPO solution characteristics

- Increased BPO adoption from large-sized investment banks in the face of huge cost pressures
- TCV/ACV values and contract lengths continue to decline due to increased adoption from small- and medium-sized buyers

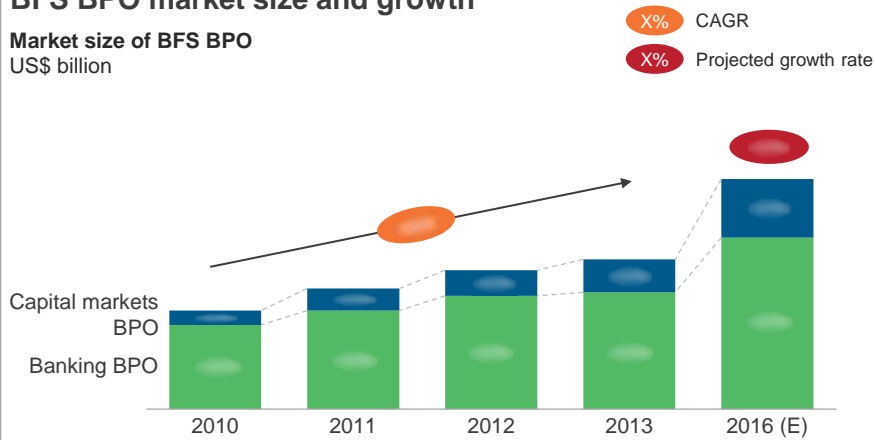
BFS BPO service provider landscape

- TCS and Genpact maintain their dominance in the BFS BPO space
- Emerging geographies, such as APAC, are less fragmented compared to more mature ones

This study offers four distinct chapters providing a deep dive into BFS BPO market; below are four charts to illustrate the depth of the report

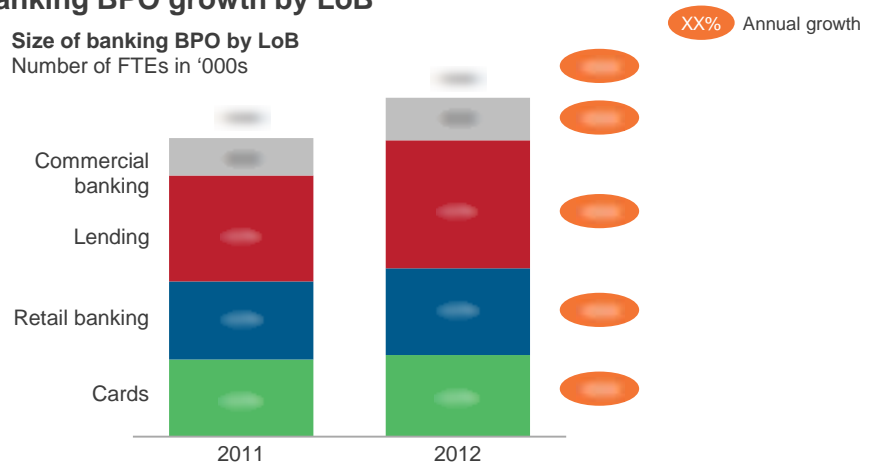
BFS BPO market size and growth

Market size of BFS BPO
US\$ billion



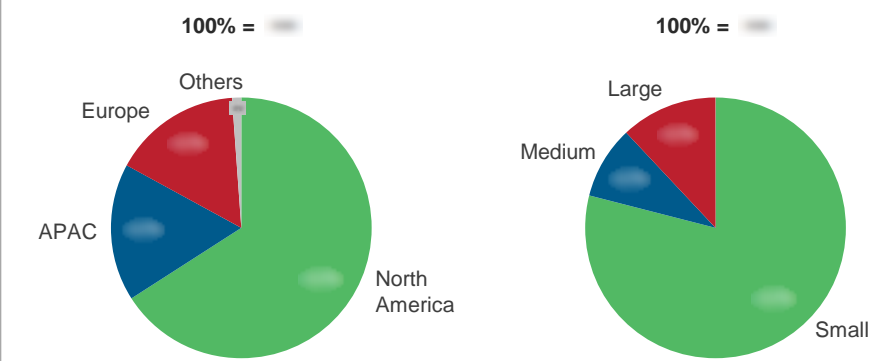
Banking BPO growth by LoB

Size of banking BPO by LoB
Number of FTEs in '000s



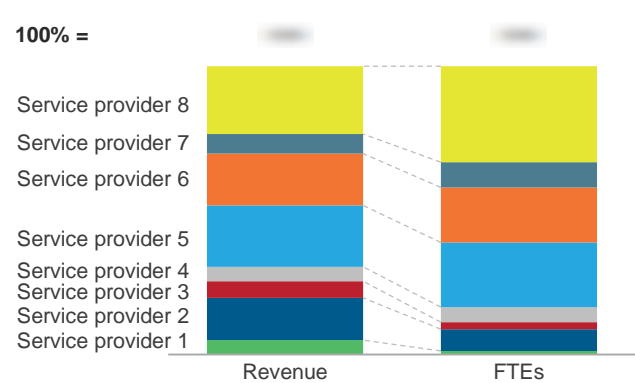
Capital markets BPO growth by LoB¹

Adoption of asset management BPO
Number of active contracts



BFS BPO service provider landscape

BFS BPO market share
2013; Revenue in US\$ billion; Number of FTEs in '000s



Source: Everest Group (2014)

BFSI BPO research calendar

Topic	Published	Current	Release date
Banking BPO – Service Provider Profile Compendium 2013			December-2013
Capital Markets BPO – Service Provider Landscape with PEAK Matrix Assessment 2013			December-2013
Insurance BPO – Annual Report 2013: In an Increasingly Volatile World, Insurance is Finding New Takers			December-2013
Insurance BPO – Service Provider Landscape with PEAK Matrix Assessment 2013			December-2013
Capital markets BPO – Service Provider Profile Compendium			February-2014
Insurance BPO – Service Provider Profile Compendium			March-2014
BFS BPO Annual Report 2014 - Low on Growth, High on Regulations – BFS BPO Adapts to the “New Normal”			August-2014
Insurance BPO – Annual Report 2014			Q3-2014
Banking BPO – Service Provider Landscape with PEAK Matrix Assessment 2014			Q3-2014
Capital Markets BPO – Service Provider Landscape with PEAK Matrix Assessment 2014			Q3-2014
Insurance BPO – Service Provider Landscape with PEAK Matrix Assessment 2014			Q3-2014
Healthcare payer BPO - PEAK Matrix Assessment & Service Provider Profile Compendium			Q3-2014
Banking BPO – Service Provider Profile Compendium 2014			Q4-2014
Capital Markets BPO – Service Provider Profile Compendium 2014			Q4-2014
Insurance BPO – Service Provider Profile Compendium 2014			Q4-2014

Additional BFSI BPO research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **A PEAK into the Leaders, Major Contenders, and Emerging Players of Banking BPO** ([EGR-2013-11-R-0946](#)) 2013: Banking BPO is the largest and the most mature market within BFSI BPO. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also discusses key emerging trends in the fast growing banking BPO market
2. **A PEAK into the Leaders, Major Contenders, and Emerging Players of Capital Markets BPO** ([EGR-2013-11-R-0992](#)) 2013: Capital markets BPO is the smallest segment of BFSI BPO, however, it continues to grow the fastest. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also discusses key emerging trends in the fast growing capital markets BPO market
3. **Banking BPO Service Provider Profile Compendium** ([EGR-2013-11-R-1005](#)); 2013: This report provides accurate, comprehensive, and fact-based snapshots of 17 major banking BPO service providers. Each profile includes the scale and scope, technology solutions, delivery locations, and Everest Group's assessment of the provider
4. **Capital Markets BPO Service Provider Profile Compendium** ([EGR-2014-11-R-1048](#)); 2014: This report provides accurate, comprehensive, and fact-based snapshots of 13 major capital markets BPO service providers. Each profile includes the scale and scope, technology solutions, delivery locations, and Everest Group's assessment of the provider

For more information on this and other research published by the Everest Group, please contact us:

Rajesh Ranjan, Partner:
Anupam Jain, Practice Director:
Manu Aggarwal, Senior Analyst:
FS BPO Team:

rajesh.ranjan@everestgrp.com
anupam.jain@everestgrp.com
manu.aggarwal@everestgrp.com
FSBPOresearch@everestgrp.com

Everest Group
Two Galleria Tower
13455 Noel Road, Suite 2100
Dallas, TX 75240

Phone: +1-214-451-3000
Email: info@everestgrp.com



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Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-647-557-3475

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Delhi

india@everestgrp.com
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