Banking BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016

BFSI BPO

Market Report: June 2016 – Preview Deck

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- Benchmarking | Pricing, delivery model, skill portfolio

- Peer analysis | Scope, sourcing models, locations

- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool

- Tracking services | Service providers, locations, risk

- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Subscription information

- The full report is included in the following subscription(s)
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- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services

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1   Banking, financial services, and insurance

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Background and methodology of the research

Background of the research

The Banking BPO landscape is undergoing a significant shift with Robotic Process Automation (RPA) disrupting the norm. The impact of RPA is higher in rule-based transactional activities especially in lines of businesses such as cards and retail. As more and more transactional activities get automated, service providers are looking for new avenues of growth such as more judgment-intensive offerings and utility-driven solutions.

Buyers are now looking towards service providers to deliver more than just cost savings. The service providers' role has been broadened from a cost-reducing entity to an enabler of transformation through technology and innovation.

Leading service providers are reacting to this changed demand by increasing their investments in RPA initiatives. Moreover, the service providers need to take a more consultative approach and move up the value chain by emphasizing on the value addition they can bring. At the same time, buyers need to push the service providers more aggressively to implement RPA offerings sooner than later and identify other strategic areas which they can outsource.

Scope and methodology

In this research, we analyze the global banking BPO service provider landscape. We focus on:
- Relative positioning of 24 service providers on Everest Group's PEAK Matrix for banking BPO
- Analysis of service providers' market share
- Service provider comments

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Overview and abbreviated summary of key messages

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 includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas

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

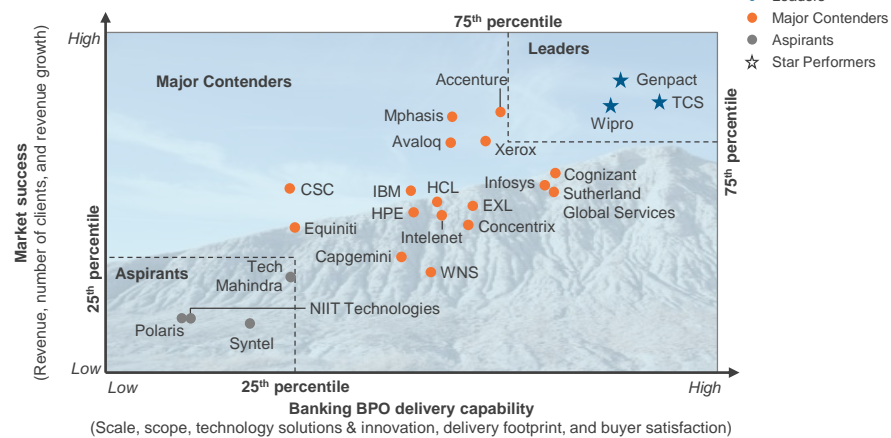|	
Everest Group PEAK Matrix for banking BPO	• Everest Group classifies 24 banking BPO service providers on Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into the three categories of Leaders, Major Contenders, and Aspirants • Genpact, TCS, and Wipro are the Leaders. Accenture, Avaloq, Capgemini, Cognizant, Concentrix, CSC, Equiniti, EXL, HCL, HPE, IBM, Infosys, Intelenet, Mphasis, Sutherland Global Services, Tech Mahindra, WNS, and Xerox emerged as Major Contenders, whereas NIIT Technologies, Polaris, and Syntel are the Aspirants on Everest Group banking BPO PEAK Matrix for 2016 • Genpact, TCS, and Wipro are the "Star Performers" based on their strong forward and upward movement on the PEAK Matrix
Key insights on banking BPO market shares	• TCS is the largest banking BPO provider by revenue, while Xerox has the highest number of clients • CSC, EXL, and Wipro witnessed a service line growth of over 15% by revenue • Genpact and TCS have a dominating presence across most banking BPO lines of businesses (LoBs) • While lending is the most competitive segment, competitive intensity among retail banking and cards LoBs has also started to increase • Genpact and TCS are the largest market players in all geographies except Continental Europe, which is dominated by Avaloq

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EGR-2016-11-PD-1807

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This study offers three distinct chapters providing a deep dive into key aspects of the banking BPO service provider landscape; below are four charts to illustrate the depth of the report

Banking BPO PEAK Matrix 2016

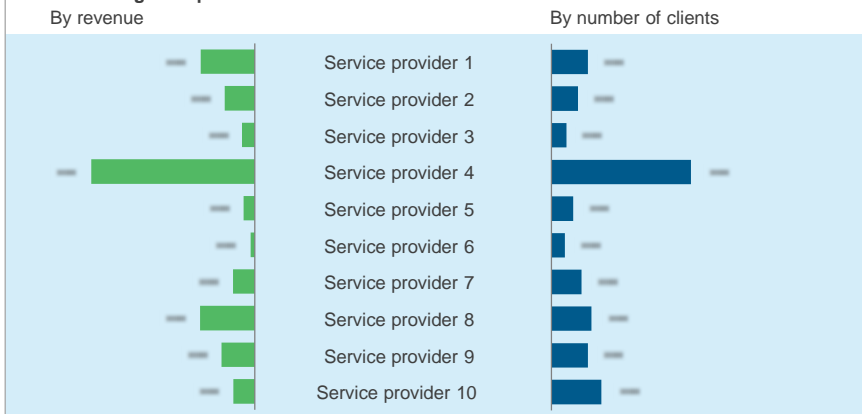Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for Banking BPO

- ● Leaders
- ● Major Contenders
- ● Aspirants
- ☆ Star Performers

Chart: Market success (Revenue, number of clients, and revenue growth) vs. Banking BPO delivery capability (Scale, scope, technology solutions & innovation, delivery footprint, and buyer satisfaction). Axes from Low to High with 25th and 75th percentile markers.

Labels: Leaders, Major Contenders, Aspirants. Providers plotted include Accenture, Genpact, TCS, Wipro, Mphasis, Avaloq, Xerox, CSC, IBM, HCL, HPE, EXL, Infosys, Cognizant, Sutherland Global Services, Concentrix, Intelenet, Equiniti, Capgemini, WNS, Tech Mahindra, NIIT Technologies, Polaris, Syntel.

Capability assessment

Legend: ● Best in Class · Very High · High · Medium High · Medium · Medium Low · Low · Not Matured

☐ Leaders ☐ Major Contenders ☐ Aspirants

| Service provider | Delivery capability | | | | | | Market success |
	Scale	Scope	Technology solutions & innovation	Delivery footprint	Buyer satisfaction	Overall	
Service provider 1	◑	●	●	●	◑	●	●
Service provider 2	●	●	●	●	●	●	●
Service provider 3	◑	◔	●	◔	●	◑	●
Service provider 4	●	◑	●	◔	●	◑	◑
Service provider 5	●	◑	◑	◑	◑	◑	●
Service provider 6	◑	◑	◑	●	◑	◔	◑
Service provider 7	●	◑	◑	●	◔	◑	◑
Service provider 8	◕	◑	◑	●	●	●	◑
Service provider 9	◑	◑	◑	●	●	◑	◑
Service provider 10	◑	◑	◑	◔	◑	◑	◔

Market success

Global banking BPO provider market share

By revenue · By number of clients

Bar chart comparing market share by revenue and by number of clients for Service provider 1 through Service provider 10.

Everest Group's remarks on service providers

Everest Group's remarks on service providers

Provider	Strengths	Areas of improvement

Company A Logo

Strengths:
- With appreciable service line growth on top of high service line revenue and good client base, XXX has a high market success and is a Major Contender on the banking BPO PEAK Matrix
- It is leading the technology-led BPO offerings with a holistic suite of technology capabilities including end-to-end integrated platform solutions, delivering a high STP rate and automation
- It has focused offerings in high-growth areas such as analytics, regulatory compliance services, risk management support, and BPSDA
- It has a high overall buyer satisfaction rating, with relationship management, innovation, and operational stability highlighted as key strength areas

Areas of improvement:
- Though it has started to witness some traction from the Asia Pacific market following the launch of its BPO center in YYY, it is primarily dependent on Continental Europe as its buyer geography, and has a long way to go in establishing a global presence
- It has an onshore-based delivery model and does not leverage low-cost nearshore or offshore delivery locations, resulting in a high cost structure
- Buyers expect XXX to proactively improve quality of solutions and constantly evaluate for cost savings

Company B Logo

Strengths:
- With significant service line growth, on top of good revenue and client base, XXX has achieved appreciable market success. This, in conjunction with good delivery capabilities, has ensured its position among Major Contenders on the banking BPO PEAK Matrix
- It has significant technology capabilities and is investing consistently in developing innovative technology solutions to better serve the growing needs of buyers. This is aligned with its strategic focus towards developing non-linear assets for growth to diversify into global markets
- It has significant mortgage processing capabilities and significant presence in emerging areas such as automation, analytics, and risk management to assist client delivery
- It has an optimal delivery footprint with healthy balance of FTEs across a number of centers in offshore, nearshore, and onshore locations

Areas of improvement:
- XXX's capabilities continue to be primarily limited to the mortgage BPO space on the back of its acquisition of YYY, and there is significant headroom for developing capabilities in other banking BPO LoBs
- Though it has been witnessing continued traction from UK, it still has a very high dependence on the North American market as a buyer geography, and needs to diversify into global markets
- Technology capabilities are primarily limited to point solutions in the mortgage space and it should think about developing end-to-end technology solutions across LoBs as well as increasing the leverage of technology in the contracts

Everest Group RESEARCH

BFSI BPO research calendar

Topic	Release date
P&C Insurance BPO – Service Provider Profile Compendium 2015	January 2016
Life and Pensions BPO Service Provider Profile Compendium 2015	February 2016
Risk Management – Looking Beyond the Transactions, Credit Leading the Way	March 2016
Banking BPO Service Provider Landscape with PEAK™ Matrix Assessment	June 2016
Capital Markets BPO Service Provider Landscape with PEAK™ Matrix Assessment	Q2 2016
P&C Insurance BPO Service Provider Landscape with PEAK™ Matrix Assessment	Q2 2016
L&P Insurance BPO Service Provider Landscape with PEAK™ Matrix Assessment	Q3 2016
Wealth Management BPO	Q3 2016
Banking BPO Annual Report	Q3 2016
Capital Markets BPO Annual Report	Q3 2016
L&P Insurance BPO Annual Report	Q3 2016
P&C Insurance BPO Annual Report	Q3 2016
Retail Banking BPO Service Provider Landscape with PEAK™ Matrix Assessment	Q4 2016
Banking BPO Service Provider Profile Compendium	Q4 2016
Capital Markets BPO Service Provider Profile Compendium	Q4 2016
L&P Insurance BPO Service Provider Profile Compendium	Q4 2016
P&C Insurance BPO Service Provider Profile Compendium	Q4 2016

Additional BFSI BPO research references

The following documents are recommended for additional insight into 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. **Risk Management - Looking Beyond the Transactions, Credit Leading the Way** (EGR-2016-11-R-1632); 2016. This study helps analyze the structure of various risk categories for major banks and financial institutions around the world. Against this backdrop, this study also provides an overview of the sourcing landscape for risk management functions with a key focus on third-party BPO service providers and their maturity levels across various risk categories

2. **Banking BPO Service Provider Profile Compendium 2015** (EGR-2015-11-R-1617); 2015. The banking BPO service provider profile compendium provides accurate, comprehensive, and fact-based snapshots of 16 service providers. Each service provider profile shows a comprehensive picture of the provider's service suite, scale of operations, technology solutions & innovation, delivery footprint, and buyer satisfaction along with Everest Group's assessment of the provider. The report also provides insights into the global banking BPO service provider landscape

3. **Banking BPO Annual Report 2015 – Heavy on Technology, Low on People – Future of Banking BPO** (EGR-2015-11-R-1466); 2015. This report assists key stakeholders (buyers, service providers, and technology providers) understand the changing dynamics of the banking BPO market and help them identify the trends and outlook for future. In this backdrop, this report provides comprehensive coverage of the global banking BPO market including detailed analysis of market size & growth, buyer adoption trends, solution characteristics, and service provider landscape

4. **Mortgage BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2015** (EGR-2015-11-R-1449); 2015. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also provides concise and fact-based snapshots of 13 major mortgage BPO service providers

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About Everest Group

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