



Retail Banking BPO – State of the Market with PEAK Matrix™ Assessment 2016: Analytics and Innovation at the Forefront in Challenging Times

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Market Report – December 2016 – Preview Deck

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Background and scope of the research

Background of the research

The retail banking industry is in the midst of rapid change. Financial technology firms, or FinTechs, are beginning to pose a serious challenge to traditional players through their superior ease-of-use. While customers still prefer a human teller, retail banking branches have been experiencing closures in the United States and Europe. As the regulatory environment tightens, the compliance function is steadily gaining importance. In such a scenario, Business Process Outsourcing (BPO) has an important role to play. Service providers with robust analytics solutions can help banks eliminate inefficiencies, mitigate risk, and improve customer retention. They can help overhaul their IT infrastructure so that banks do not lose ground to FinTechs. With regulatory breaches liable to attract increasingly punitive fines, BPO service providers can provide banks with much-needed support in this area.

In this study, we investigate the state of retail banking BPO. We focus on:

- State of the market
- Market trends and solution characteristics across size and scope, Line of Business (LoB) adoption, regulatory reporting, technology model, and global sourcing
- Service provider landscape, which covers service providers' market share and presence across various geographies
- Service provider profile compendium, which includes major retail banking BPO service providers
- Future outlook, which discusses the issues likely to face capital markets in the future and possible solutions

Scope of study and sources of information

- Third-party retail banking BPO contracts; it does not include shared services or Global In-house Centers (GICs)
- Over 160 active retail banking BPO contracts signed as of December 2015
- Coverage across 19 retail banking BPO service providers: Accenture, Avaloq, Capgemini, Concentrix, EXL, Genpact, HCL, HP, Infosys, Mphasis, NIIT, Polaris, Intelenet, Sutherland Global Services, TCS, Tech Mahindra, Wipro, WNS, and Xchanging

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Overview and abbreviated summary of key messages

This report provides comprehensive coverage of capital markets BPO and analyzes it across various dimensions such as state of the market, buyer adoption trends, solution characteristics, service provider landscape, and future outlook

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

State of the market, buyer adoption trends

- The tightening regulatory environment has driven up the inclusion of regulatory support in retail banking BPO contracts
- While North America and the United Kingdom drive most of the revenue, Asia Pacific is increasingly becoming significant and accounts for more than one-fifth of the demand

Solution characteristics

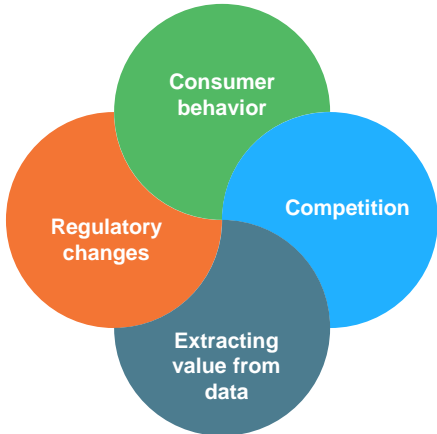
- Transaction processing and account servicing processes constitute almost half of the retail banking BPO
- Small banks require higher technology support from the service providers to up their game, thus resulting in a higher leverage of platform solutions by them

Service provider landscape and future outlook

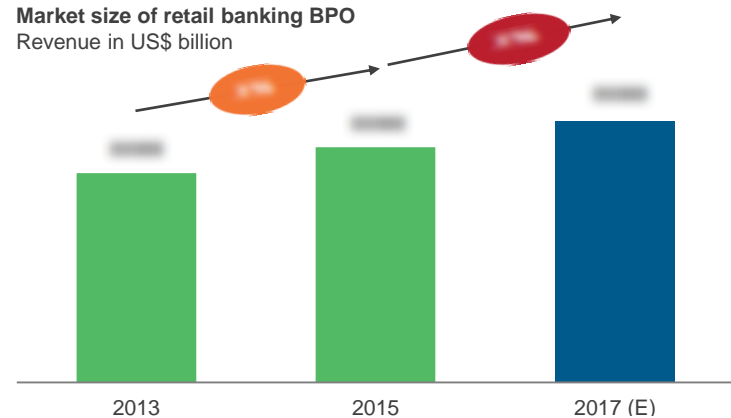
- A single service provider accounted for over 50% growth of the retail banking BPO market by revenue
- Advanced analytics capabilities will continue to increase in importance for both banks and service providers

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

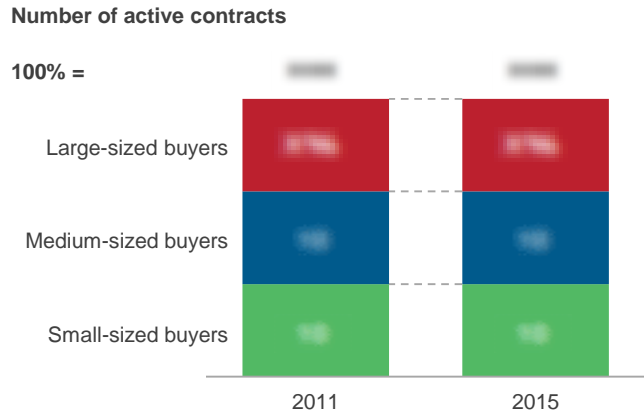
Four key factors affecting retail banking



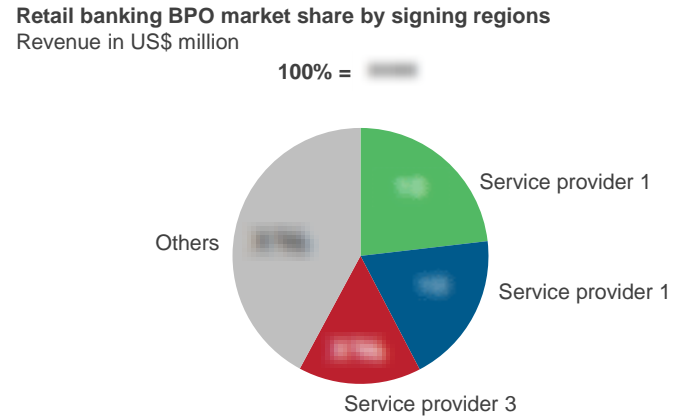
Retail banking BPO market size and growth



Distribution of contracts by buyer sizes



Retail banking BPO service provider landscape



Source: Everest Group (2016)

BFSI BPO research calendar for 2016

■ Published
 ■ Current

Topic	Release date
Risk Management – Looking Beyond the Transactions, Credit Leading the Way	March 2016
Banking BPO Service Provider Landscape with PEAK™ Matrix Assessment	June 2016
P&C Insurance BPO Service Provider Landscape with PEAK™ Matrix Assessment	June 2016
Capital Markets BPO Service Provider Landscape with PEAK™ Matrix Assessment	July 2016
L&P Insurance BPO Service Provider Landscape with PEAK™ Matrix Assessment	August 2016
P&C Insurance BPO Annual Report	September 2016
Banking BPO Annual Report 2016: Riding on the Digital wave and Advancing in Automation	September 2016
L&P Insurance BPO Service Provider Profile Compendium	November 2016
Capital Markets BPO Annual Report	November 2016
L&P Insurance BPO Annual Report	November 2016
Retail Banking BPO – State of the Market with PEAK Matrix™ Assessment 2016: Analytics and Innovation at the Forefront in Challenging Times	December 2016
Wealth Management BPO	Q4 2016
Banking BPO Service Provider Profile Compendium	Q4 2016
Capital Markets BPO Service Provider Profile Compendium	Q4 2016
P&C Insurance BPO Service Provider Profile Compendium	Q4 2016

Additional retail banking research references

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

1. **Banking BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016** ([EGR-2016-11-R-1807](#)); 2016. 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. **Banking BPO Annual Report 2016: Riding on the Digital Wave and Advancing in Automation** ([EGR-2016-11-R-1941](#)); 2016. This report assists key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics in the banking BPO market and identifying recent trends and future outlook. 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
3. **Banking BPO Service Provider Profile Compendium 2015** ([EGR-2015-11-R-1617](#)); 2015. The objective of this compendium is to provide key stakeholders a snapshot of the offerings and capabilities of 16 major banking BPO service providers. Specifically, the report allows service providers to compare their areas of strength and development with other service providers in the marketplace. It also helps existing and potential buyers of banking BPO services to assess the service providers on the capabilities that they desire

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