



## **Deal or No Deal – How Real is Digital Adoption in Banks’ Sourcing Relationships**

Banking and Financial Services (BFS) – Business Process Services (BPS)  
Annual Report – August 2019: Complimentary Abstract / Table of Contents

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

# Table of contents

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Topic	Page no.
<b>Background and methodology</b>	<b>5</b>
<b>Key executive insights</b>	<b>9</b>
<b>Section I: Banking BPS – Market size and growth</b>	<b>10</b>
• Banking BPS   Market size and growth	11
• Banking BPS   LoBs Driving Growth	12
• Banking BPS   Buyer geography	13
<b>Section II: Banking BPS – Shifting buyers’ expectations</b>	<b>14</b>
• Focus on new contracts	14
• Focus on renewals	18
<b>Section III: Banking BPS – Other key characteristics</b>	<b>23</b>
• Adoption of analytics	25
• Adoption of automation	26
• Pricing models	27
• Global shoring	28
<b>Section IV: Future outlook</b>	<b>29</b>
• Where is the market headed?	30
<b>Appendix</b>	<b>31</b>
• Glossary of key terms	32
• Research calendar	33
• References	34

# Background of the research

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## Background of the research

The banking BPS market is currently evolving from mere cost arbitrage to providing more technology-enabled services. The focus of buyers is also shifting. They are striving to transform their operations digitally, and as a result, they are looking for support from service providers that can bring in the right digital capabilities along with the required domain expertise. The impact of changing buyer preference is also evident in various deal characteristics such as deal terms and the ACV of deals being signed.

The adoption of Robotic Process Automation (RPA) is rising rapidly, and as more buyers gain the confidence to increase the digital and cognitive components in their processes, the levels of automation are expected to further go up in the next few years. The pricing structure of deals is also evolving and moving away from a traditional arbitrage-driven FTE-based pricing to more output- and outcome-driven pricing models. This report comments on some of these industry trends and their implications on the banking BPS market.

## The scope and methodology of this report includes:

- Proprietary database of ~600 Banking BPS contracts (updated annually)
- Coverage of 30 banking BPS service providers including Accenture, Atos Syntel, Avaloq, Capgemini, CGI, Cognizant, Concentrix, Conduent, Conneqt, Datamatics, DXC, Equiniti, Exela, EXL, Firstsource, FIS, Genpact, HCL, IBM, Infosys, Mphasis, NIIT, NTT Data, Sutherland Global Services, TCS, Tech Mahindra, Teleperformance, Virtusa, Wipro, and WNS

# Overview and abbreviated summary of key messages (page 1 of 2)

This report examines the global banking BPS market. It provides detailed analysis of the market size and growth, solution characteristics, emerging trends, and the service provider landscape for the market. It will assist key stakeholders to understand the changing dynamics of the banking BPS market and identify the upcoming trends.

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

## Banking BPS market size and growth

- The banking BPS market presents a significant opportunity and is poised to grow at a steady pace of 8-12%.
- The market grew by ~US\$400 million in 2018, out of which around 70-80% was contributed by lending and retail banking
- With buyers increasingly seeking support in their digital transformation journey, new contract activity is starting to gain traction. However, a lot of these contracts a narrow scope and are small in size

## Banking BPS - Shifting buyers' expectations

- Growth in new contract activity is steady and is expected to pick up pace going forward, as more buyers seek support in their digital transformation journey
- A large number of new contracts are being driven by digital levers – RPA, analytics, and cognitive automation
- With a lot of digital-focused contracts being signed, the average size of new contracts is headed towards a decline and with a large number of buyers have chosen to continue with the incumbent service providers
- Incumbents, however, face the threat of changing buyer expectations; buyers now expect providers to go beyond cost impact and also deliver business and strategic impact
- Approximately US\$900 million in ACV will be up for renewal over the next three years and will need to be guarded well by the incumbents

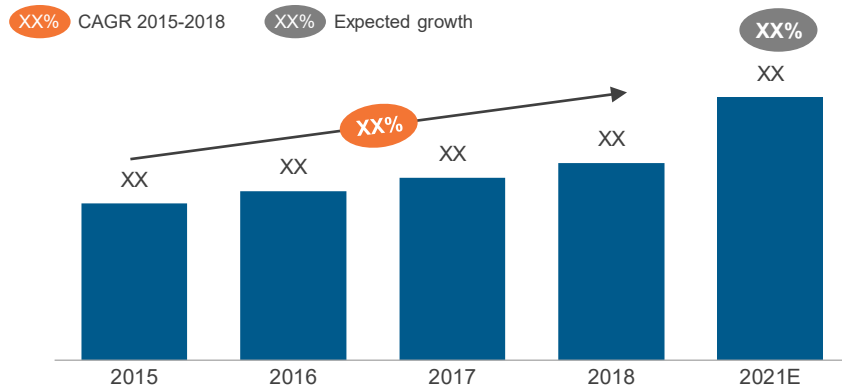
## Other key characteristics

- While banks are now utilizing the analytical insights generated to track and improve various business outcomes, a lot of analytics engagements are still project-based
- While RPA leverage in active contracts is on the rise, most of the current deployments are very small in scale
- New-age pricing models such as output- and outcome-based ones are fast becoming popular
- Banks have offshored/nearshored a significant portion of their operations work primarily to Global In-house Centers (GIC)s followed by the third-party service providers

# This study offers four distinct chapters providing a deep dive into key aspects of the banking BPS market; below are four charts to illustrate the depth of the report

## Banking BPS | Market Size

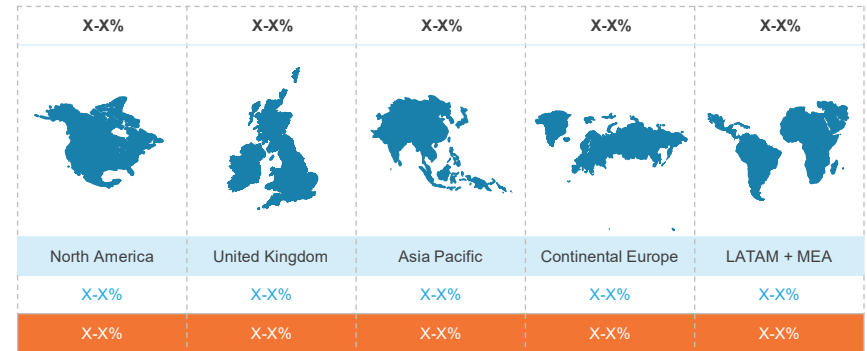
Market size of Banking BPS  
In US\$ billion



## Banking BPS | Buyer geography

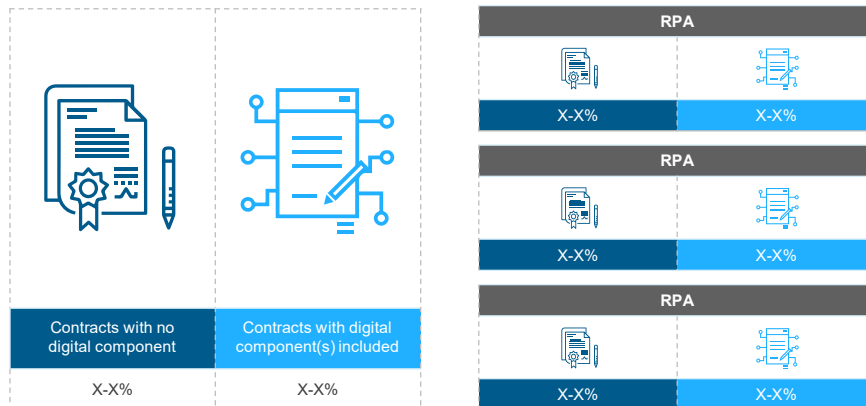
Banking BPS market size by buyer geography  
2018; Revenue in US\$ billion

XX% Share of revenue added in 2018    (X-X%) YoY growth rate in 2017-18



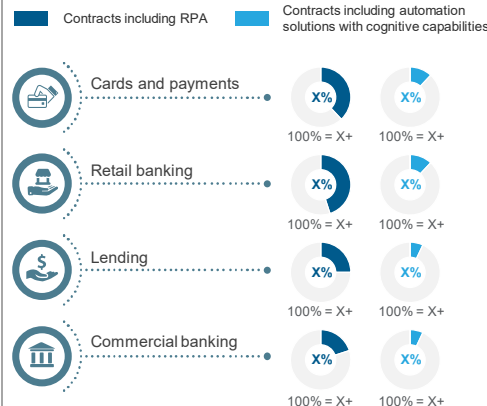
## Dissecting the new contract signing

Digital leverage across Banking BPS  
2018; Percentage of new contracts with digital components



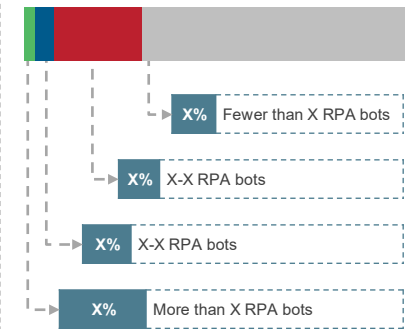
## Adoption of automation

Current automation adoption by LOB  
Percentage of contracts



## Scale of RPA

Share of clients with RPA deployments by number of RPA bots



# Research calendar – Banking and Financial Services (BFS) – Business Process Services (BPS)

Published
  Planned
  Current release

## Flagship BFS BPS reports

### Release date

Banking BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018.....	March 2018
Know Your Customer-Anti Money Laundering (KYC-AML) BPO – State of the Market with Services PEAK Matrix™ Assessment 2018.....	June 2018
Banking BPO Annual Report 2018: Digital Transformation or Digital Washing: Looking Beyond the Hype.....	July 2018
Banking BPO – Service Provider Profile Compendium 2018 .....	August 2018
Mortgage BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019.....	January 2019
Banking BPO Digital Capability Platform (DCP) – Service Provider Landscape with Solutions PEAK Matrix™ Assessment 2019 .....	March 2019
Mortgage BPO Annual Report 2019.....	May 2019
Mortgage BPS – Service Provider Profile Compendium 2019 .....	June 2019
Banking BPS – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019 .....	July 2019
AML/FCC – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019.....	Q3 2019

## Thematic BFS BPS reports

Trade Finance of the Future – A Blockchain Story.....	July 2017
Blockchain: Is it the Silver Bullet?.....	April 2018
Think Banks Have Gotten the Most Out of Automation - Think Again.....	February 2019
Next-generation of outsourcing – Moving From Services Delivery To Business Orchestration: BFS Enterprise Perspectives .....	July 2019
<b>Deal or No Deal – How Real is Digital Adoption in Banks’ Sourcing Relationships .....</b>	<b>August 2019</b>
Achieve the most out of our Analytics Spend – Analytics Success Stories in BFS.....	Q3 2019
The Truth about BPaaS – Report on Current Adoption and Future Direction of BPaaS Solutions.....	Q3 2019

Note: For a list of all BFS BPS reports published by us, please refer to our [website page](#)



# Additional BFS BPS 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. Banking BPO Annual Report 2018: Digital Transformation or Digital Washing: Looking Beyond the Hype** ([EGR-2018-27-R-2706](#)); 2018. This report helps key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics in the banking BPO market and identifying recent trends and the future outlook. Further, tries to investigate the levers of true digital transformation and identifies the difference between transformation and washing when it comes to digital.
- 2. Mortgage BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2019** ([EGR-2019-27-R-3026](#)); 2019. This report helps key stakeholders (buyers, service providers, and technology providers) understand the changing dynamics of the mortgage BPO space and identify the recent trends and future outlook. It provides comprehensive coverage of the global mortgage BPO space including detailed analysis of the state of the market, market trends and solution characteristics, service provider landscape, and the future outlook.
- 3. Banking BPO Digital Capability Platform (DCP) – Service Provider Landscape with Solutions PEAK Matrix™ Assessment 2019** ([EGR-2018-27-R-3115](#)); 2019. With almost every banking BPO service provider in the market trying to ride on the “digital” wave, it is a difficult proposition to evaluate and assess their digital capabilities against each other. The report seeks to accomplish this objective by examining the next-generation digital capabilities of these service providers, their ability to integrate different technology levers, and their impact on the banking BPO processes.

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

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## About Everest Group

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