



## **BFS Risk and Compliance IT Service Provider Compendium 2020**

Banking & Financial Services (BFS) – IT Services (ITS)

Market Report – July 2020: Complimentary Abstract / Table of Contents

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- Workshops

## Custom research capabilities

- 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

## Membership information

- This report is included in the following research program(s)
  - [Banking & Financial Services \(BFS\) - IT Services \(ITS\)](#)
- If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at [info@everestgrp.com](mailto:info@everestgrp.com)

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# Our research methodology leverages proprietary datasets, primary sources of information, and diverse market touchpoints to deliver fact-based intelligence

- Proprietary database of IT services contracts of major IT service providers with BFS risk and compliance IT services in scope of work (updated annually)
- The database tracks the following elements of each contract:
  - Buyer details including size and signing region
  - Contract details including service provider, contract type, TCV & ACV, service provider FTEs, start & end dates, duration, and delivery locations
  - Scope details including share of individual buyer locations being served in each contract, Line of Business (LOB) served, and pricing model employed

- Proprietary database of IT service providers (updated annually)
- The database tracks the following for each service provider:
  - Revenue and number of FTEs
  - Number of clients
  - FTE split by different lines of business
  - Revenue split by region
  - Location and size of delivery centers
  - Technology solutions developed

- **Service provider briefings**
  - Vision and strategy
  - Annual performance and future outlook
  - Key strengths and improvement areas
  - Emerging areas of investment

- **Buyer reference interviews, ongoing buyer surveys, and interactions**
  - Drivers and challenges for adopting BFS risk and compliance IT services
  - Assessment of service provider performance
  - Emerging priorities
  - Lessons learnt and best practices

## Service providers assessed<sup>1</sup>



<sup>1</sup> Assessments for Accenture, Atos, CGI, Deloitte, DXC Technology, EY, IBM, KPMG, PwC, Synechron, and Tech Mahindra excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete

Note: The source of all content is Everest Group unless otherwise specified

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected will only be presented back to the industry in an aggregated fashion

# Background of the research

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- Banking and Financial Services (BFS) firms are witnessing regulatory changes across cybersecurity, data privacy, enterprise risk, financial crime, and financial risk management. The industry has not witnessed such drastic changes since the Volker reforms and Dodd Frank Act, post the 2008 economic crisis. As the BFS industry deals with the pandemic induced crisis, enterprises need to prepare a resilient, scalable, agile, and flexible risk management and regulatory reporting architecture that can adapt to the needs of the post-COVID 19 world
- Firms face challenges in transforming their risk and compliance functions because of legacy IT systems and infrastructure, that act as roadblocks in using modern technologies such as AI- and big data analytics-driven risk assessment and leveraging real-time insights to manage and control risk scenarios
- Service providers are investing in building solutions and partnerships with technology vendors to help BFS firms better manage their risk and compliance function. This is accomplished by leveraging API-driven data warehouse, agile risk assessment models, and cloud-based platforms. Consulting-led change management across IT and operations is enabling service providers to help clients achieve the desired business outcomes from their risk and compliance transformation initiatives

In this report, we have provided detailed profiles of 26 leading service providers that provide risk and compliance IT services to BFS firms. These service providers were positioned on Everest Group's proprietary PEAK Matrix® to identify Leaders, Major Contenders, Aspirants and Star Performers

## Scope of this report

- **Services:** Risk and compliance IT Services
- **Industry:** Banking and Financial Services (BFS)
- **Geography:** Global
- **Service providers:** Accenture, Atos, Birlasoft, Capgemini, CGI, Cognizant, Deloitte, DXC Technology, EY, Happiest Minds, HCL Technologies, IBM, Infosys, KPMG, LTI, Mphasis, NSEIT, NTT DATA, PwC, Sopra Steria, Synechron, TCS, Tech Mahindra, Virtusa, Wipro, and Zensar Technologies

# The report has detailed profiles of 26 leading service providers that provide BFS risk and compliance IT services

## Service provider profile

Illustrative example

**Vision for risk and compliance IT services practice:** To help financial services firms strengthen profitability and operations, actively manage regulatory pressure and issues, resolve challenges, and seize the opportunities in a digitally transformed industry.

### Risk and compliance IT services revenue<sup>1</sup>



### Number of active clients for risk and compliance IT services<sup>1</sup>



### Risk and compliance IT services mix in BFS:<sup>1</sup>

High (>25%) Moderate (10-25%) Low (<10%)

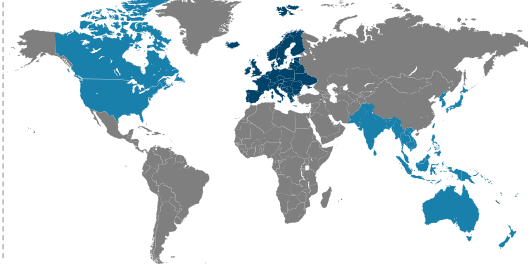
#### By services scope



#### By buyer size



#### By geography



## Key investments

### Proprietary IP/solutions/frameworks/accelerators/tools developed internally to deliver risk and compliance IT services to BFS customers across the following themes

Name	Details
Name 1	Helps detect anomaly and cyber threats to deliver strong security intelligence across industries
GDPR intelligent solution	Identifies, validates, and generates reliability score for large amounts of data throughout the whole life cycle of data used for risk assessment
Financial crime analytics utility	Secure data analytics-as-a-service platform based on analytics and ML capabilities
Name 2	Enterprise cloud solutions to migrate, develop, and manage applications on the AWS Cloud and deliver faster results
Compliance-as-a-Service(CaaS) offering	Uses the SynOps operating engine to combine data, applied intelligence, digital technologies, and talent to combat financial crime and ensure compliance

### Key partnerships/alliances/M&As/JVs leveraged to deliver risk and compliance IT services to BFS customers

Name	Type of investment (year)	Details of investment
Company 1	Acquisition (year)	To provide private banking and wealth management services for clients globally
Company 2	Partnership (year)	To develop AI capability and address challenges in AML, credit risk, and customer insights
Company 3	Partnership (year)	To provide compliance, risk management, fraud reduction, and data governance solutions
Company 4	Partnership	To provide trading, risk management, and processing solutions for banks, asset managers, and hedge funds

## Client success stories

### Case study 1: Development of a risk management portal for an Italian bank

Business challenge	<ul style="list-style-type: none"> <li>To develop a risk management portal for managing wealth and funds by using every data in detail and building in-house parameters to calculate Value at Risk (VaR)</li> </ul>
Solution	<ul style="list-style-type: none"> <li>Consolidated the program management office with internal coordinator of the bank to have shared control over the project</li> <li>Observed, monitored, and participated in organization's operational meetings</li> <li>Collected issues raised by users, formulated the issue log, and notified owners to adhere to the due date of resolution</li> </ul>
Impact	<ul style="list-style-type: none"> <li>Improved method to calculate VaR resulted in low outsourcing costs</li> <li>Achieved greater control to manage market risk for wealth managers by XX% coverage of client portfolios under risk management controls</li> </ul>

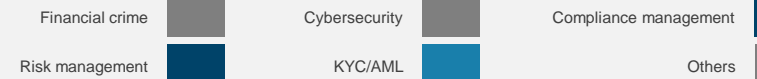
### Case study 2: Establishment of anti-money laundering controls for a US bank

Business challenge	<ul style="list-style-type: none"> <li>Lack of robust quality assurance in the AML control process</li> <li>High risk of breach in regulatory requirements</li> <li>Boost AML controls to manage risk and ensure regulatory compliance</li> </ul>
Solution	<ul style="list-style-type: none"> <li>Identified lag between bank's AML controls and compliance regulation</li> <li>Designed Quality Assurance (QA) program for AML risk teams and executed regular audits to track suspicious accounts</li> <li>Implemented Compliance-as-a-Service offering (CaaS) for QA</li> </ul>
Impact	<ul style="list-style-type: none"> <li>Scored quality ratings of ~XX% from XX% towards AML and QA support</li> <li>Ceased ~XXX AML control failures with bank's front-office and compliance team</li> <li>Reduction in risk of non-compliance and future financial crime loss</li> </ul>

High (>40%) Medium (25-40%) Low (<25%)



### Prevalence of case studies across business segments



## Key investments

## Everest Group's remarks on service providers

Illustrative example

Measure of capability: ● High ○ Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
●	●	●	●	●	●	●	●	●

### Strengths

- Service provider has globally witnessed steady growth in revenue, driven by its consulting-led GTM strategy along with the acquisition of XXXX, a financial services risk assurance and advisory firm
- Industry-leading global delivery presence with high percentage of resources trained and certified on third-party risk and compliance platforms helped Service provider scale its risk and compliance IT services business
- Investments in solutions and frameworks for all major regulatory changes including Money Market Fund Reform, GDPR, IFRS 9, MiFID II, and BCBS 239 have helped it cover a wide spectrum of client demand themes

### Areas of improvement

- Lacks targeted solution and service offerings for BFS clients of different sizes
- With increased emphasis on consulting-led services, Service provider is losing wallet share across smaller engagements involving testing and maintenance pieces of work within risk and compliance for BFS firms
- Clients need Service provider to enhance data management capabilities to expand its risk analytics expertise
- Lags peers in demonstrating success proof-points across major geographies for cloud-enablement of client's risk and compliance function

# Research calendar – BFS IT services

Published
  Planned
  Current release

## Flagship BFS IT services reports

Release date

Application and Digital Services in Banking – Services Peak Matrix™ Assessment 2020: IT Modernization to Enable Digital .....	November 2019
Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020: Beating the Slowdown with Data .....	December 2019
Open Banking IT Services: Moving Beyond Compliance to a Platform-based Operating Model of Ecosystem Orchestration and Value Creation – Services PEAK Matrix® Assessment 2020 .....	May 2020
BFS Risk and Compliance IT Services PEAK Matrix® Assessment 2020: Building Cloud-based Data Infrastructure for Intelligent Real-time Controls .....	June 2020
<b>BFS Risk and Compliance IT Service Provider Compendium 2020 .....</b>	<b>July 2020</b>
Open Banking IT Services – Service Provider Compendium 2020 .....	Q3 2020
Banking IT Services – State of the Market Report 2020 .....	Q3 2020
Capital Markets IT Services – State of the Market Report 2020 .....	Q3 2020
Lending Technology State of the Market Report 2020 .....	Q3 2020
BFS IT Services – Deal Trends Report 2020 .....	Q3 2020

## Thematic BFS IT services reports

Establishing a Strategic Business Case for IT Automation in BFS .....	November 2019
Financial Risk Management Platforms Assessment and Vendor Profiles .....	March 2020
Assessing the Trade Life Cycle Management Technology Platform Landscape .....	March 2020
State of the Market for Third-Party Enterprise Platforms in Banking and Financial Services: Ecosystem Collaboration for Modernization at Speed and Scale .....	April 2020
BigTechs in BFSI Industry: The Theory of Co-existence for Market Expansion .....	Q3 2020

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



## Additional BFS IT services research references

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

- 1. Financial Risk Management Platforms Assessment and Vendor Profiles 2020 – Cloud-enabled Modern Data Infrastructure for Intelligent Real-time Risk Management** ([EGR-2020-31-R-3632](#)); 2020. In this research, we analyze 10 leading FRM technology platform vendors, focusing on their vision, capabilities, investments, and market impact. Our assessment is based on Everest Group's proprietary transaction intelligence database, public disclosures, and discussions with enterprises, technology vendors, and service providers
- 2. Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020: Beating the Slowdown with Data** ([EGR-2019-31-R-3459](#)); 2019. In this research, we analyzed the capabilities of 27 leading IT application service providers specific to the global capital markets sector. These providers were mapped on the Everest Group PEAK Matrix™, which is a composite index of a range of distinct metrics related to each provider's vision & capability and market impact
- 3. Application and Digital Services in Banking – Services PEAK Matrix™ Assessment 2020: IT Modernization to Enable Digital** ([EGR-2019-31-R-3448](#)); 2019. In this research, we analyzed the capabilities of 27 leading IT application service providers specific to the global capital markets sector. These providers were mapped on the Everest Group PEAK Matrix™, which is a composite index of a range of distinct metrics related to each provider's vision & capability and market impact

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