

# How to Trot When Others Trudge – Recession Forecast for Providers in Banking and Financial Services

October 2022: Complimentary Abstract / Table of Contents



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## Background of the research

### An introduction to the themes explored in this report

Recessionary trends and the predictions of impact of the oncoming recession have been in the news. At a global level, recession is characterized by slowdown or contraction of economic activities. The financial industry, an essential component of all economies, will face its fair share of challenges. A multitude of factors including, but not limited to, geopolitical tensions, labor shortage, and supply change shocks will run parallel to this recession. With a bunch of sanctions, followed by tensions in international trade, the segment will look for various alternatives in these troubled times. BFS BPS players will have to tread carefully and strategically to benefit from this situation.

In this report, we explore the expected impact that will be created by the impending recession on the overall BPS market and the different segments within BFS BPS from a service provider lens, and what methodology can be adopted by providers to navigate the recession. We focus on:

- The deteriorating global macro trends and demand indicators for global BPS
- Expected impact of recession on the broader BPS segment
- The impact of recession on each segment within BFS BPS
- A guide on navigating the recession

#### Scope of this report



**Geography**  
Global



**Industry**  
Banking and financial services



**Services**  
Business process services



**Use cases**  
Publicly available information and  
Everest Group resources

## Overview and abbreviated summary of key messages

This report contains our forecast of the possible impact of recession on business process services (BPS) industry and covers banking and financial services BPS in detail. This report also offers a strategic framework, which business process service providers can use to navigate through the same.

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

### The upcoming recession would be different

- Market indicators suggest an increased recession probability, with inflationary pressure impacting all major economies
- Decision-makers would have to tackle multiple disruptions like inflation, talent shortage, geopolitical tension and global supply chain disruption, that did not occur simultaneously in previous recessions
- However, forward-looking indicators such as revenue estimates and book-to-bill ratio, supports continuation of demand for outsourcing

### BPS positioned to remain comparatively resilient

- BPS industry growth continues to be elevated. Most enterprises still have a high ratio of insourcing, and this offers providers with a high growth potential, as enterprises look to cut cost and digital-infused BPS offers additional value with lower investments
- Due to the talent shortage the industry is experiencing right now, BPS provides an opportunity to access global talent and improve efficiency
- Notwithstanding correlation with the economy, the expected slowdown can create additional opportunities for the BPS industry

### Overall BFS BPS will remain strong, buoyed up by FCC

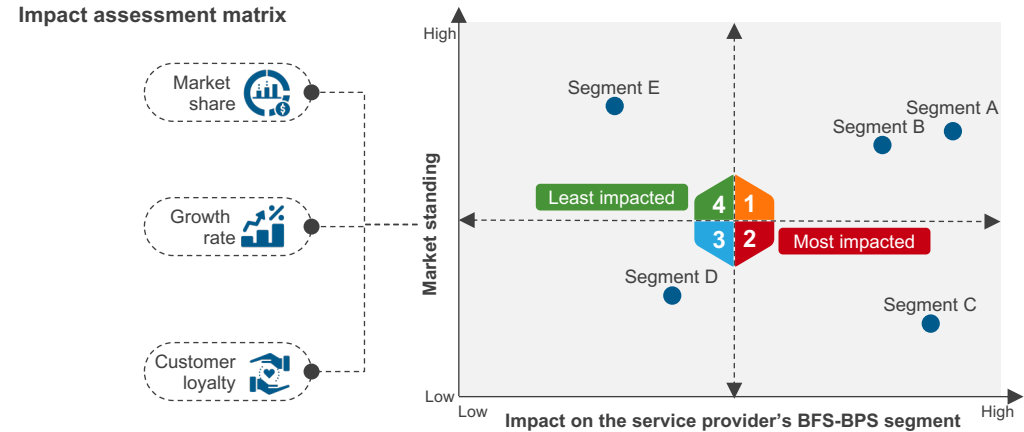
- The mortgage segment is expected to be most severely impacted and would not be conducive of any new ventures during the period of recession. Banking BPS would also be impacted to a moderate level when compared to previous year growth numbers and must be carefully navigated through during the recessionary times
- Capital markets BPS has a great untapped potential due to less penetration and high growth prospects across certain processes within the capital markets LoB. FCC will also continue to see robust growth and is expected to thrive in these uncertain times

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

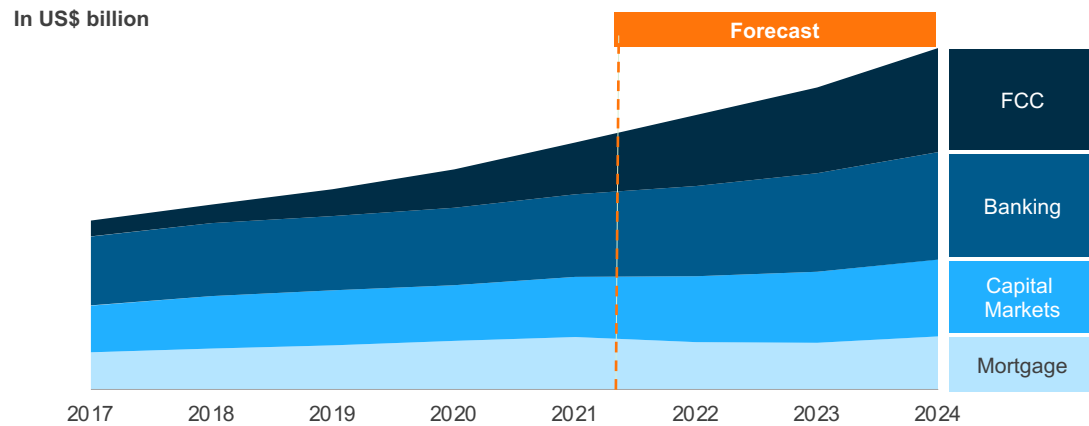
## Deteriorating macro indicators



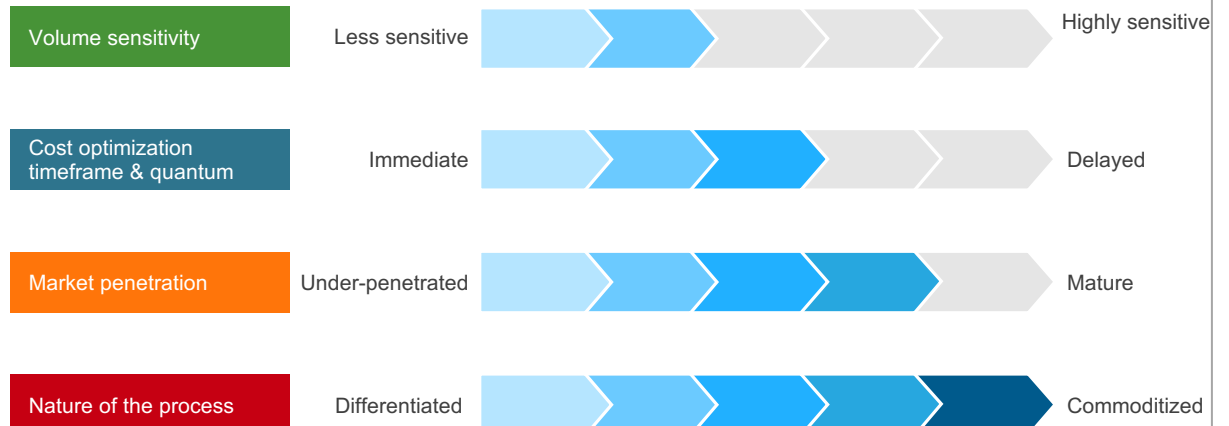
## Impact assessment matrix for BFS-BPS portfolio



## Segment wise market size estimation 2022-24



## Four parameters to analyze the impact of recession



# Research calendar

## Banking and Financial Services Business Process

Published Planned Current release

Reports title	Release date
Capital Markets Operations – Service Provider Compendium 2021	Q3 2021
Banking Operations – Services PEAK Matrix® Assessment 2022	Q4 2021
Mortgage Operations PEAK Matrix® Assessment 2022	Q1 2022
Banking Operations – Service Provider Compendium 2022	Q1 2022
Mortgage Operations - Service Provider Compendium 2022	Q2 2022
BPS Top 50 – 2022	Q2 2022
Financial Crime and Compliance (FCC) Operations – Services PEAK Matrix® Assessment 2022	Q2 2022
<b>How to Trot When Others Trudge – Recession Forecast for Providers in Banking and Financial Services</b>	<b>October 2022</b>
Financial Crime and Compliance (FCC) Operations Provider Compendium 2022	Q4 2022
Specialized Needs of Emerging Geographies in Banking, Mortgage, and Risk and Compliance	Q4 2022
ESG in Financial Services	Q4 2022
A New Hope Arises: Navigating the Risk and Regulatory Tightrope	Q4 2022
Will That Be Check or Card? A Digital Payments State of the Market	Q4 2022
Banking Operations – PEAK Matrix® Assessment 2023	Q1 2023
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