



**Financial Services BPO (FS BPO)  
Report: January 2011 – Preview Deck**

**Topic: Global Lending BPO Across Credit Cards,  
Consumer Loans, and Commercial Loans**

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## Background of the research

With increasing buyer maturity, industry-specific BPO offerings are a fast-emerging need in the BPO landscape. Financial Services BPO (FS BPO) is one of the well-established industry-specific BPO offerings. In the current economic scenario where financial services companies are reconsidering their cost base and lending portfolio, lending BPO across credit cards, consumer lending, and commercial lending is generating a lot of interest.

## In this research study, we analyze the global lending BPO market. We focus on:

- The market size and potential of the global lending BPO by business segment and function
- Adoption trends measured across buyer size and geography
- Prevalence of various sourcing models
- Maturity of lending BPO sub-functions across business segments
- The lending BPO service provider landscape across business segments

## Scope and methodology of this report:

- This report covers the global lending BPO market across credit cards, consumer lending (including mortgages), and commercial lending
- The coverage spans across third-party outsourcing and shared services/captives
- The analysis leverages the following sources of information
  - Financial information of ~6000 financial services organizations, each with an asset base of over US\$1 billion
  - Executive-level interviews with leading financial services organizations with a cumulative asset base of US\$3.5 trillion to understand their perspective on lending BPO market
  - Coverage across 30+ lending BPO service providers



<b>Topic</b>	<b>Page no.</b>
<b>Introduction</b>	<b>4</b>
■ Background, scope, and sources of information	5
■ Business segments in lending	6
■ Sourcing models	7
■ Lending value chains	8
<b>Summary of key messages</b>	<b>9</b>
<b>Section I: Market size and adoption</b>	<b>13</b>
■ Summary	14
■ Market size and penetration	15
■ Adoption across geographies	16
■ Adoption by buyer size	17
■ Adoption by business segments	18
■ Adoption by functions	18
<b>Section II: Sourcing models</b>	<b>19</b>
■ Summary	20
■ Types of sourcing models	21
■ Key drivers behind different sourcing models	22
■ Global sourcing	26



<b>Topic</b>	<b>Page no.</b>
<b>Section III: Service provider landscape</b>	<b>27</b>
■ Summary	28
■ Utility-based service providers	29
■ BPO-centric service providers	29
■ Service provider investments	33
<b>Appendix</b>	<b>34</b>
■ Market sizing methodology	35
■ Glossary of terms	36
■ Major upcoming research	37
■ References	38

# Overview and abbreviated summary of key messages

(page 1 of 2)

This research report analyzes the global lending BPO market across credit cards, consumer loans, and commercial loans. It focuses on the market size and potential of the global lending BPO, buyer adoption trends, prevalence of various sourcing models, maturity of lending BPO sub-functions across business segments, and the lending BPO service provider landscape across business segments.

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

### Market size and adoption

- The current global lending BPO market size is around US\$21-23 billion across shared service/captives and third-party outsourcing. This is only ~12% of the total estimated potential opportunity of around US\$190-194 billion
- Financial services organizations with assets between US\$10-500 billion will represent the most attractive segment for lending BPO going forward due to relatively limited outsourcing penetration and significant scale of operations for a viable outsourcing business case
- Account servicing accounts for nearly 80% of the lending BPO market given that it has fewer touch points with the clients and is more transaction intensive as compared to business acquisition

### Sourcing models

- There is a nearly 50-50 split between shared services and third-party providers in the lending BPO market
- Concerns around high perceived risk, loss of control, and complexity often leads organizations to source services in house through a shared-services model

# Overview and abbreviated summary of key messages

(page 2 of 2)



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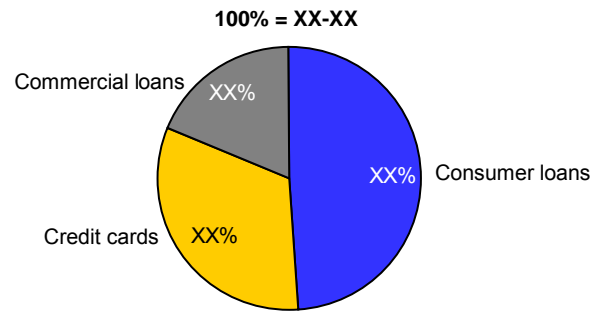
## Service provider landscape

- Lending BPO service providers can be categorized into BPO-centric and utility-based players
- Utility-based service providers (FIS, Fiserv, LPS, First Data and TSYS) dominate the lending BPO market with ~90% market share of the US\$11-12 billion lending BPO third-party market. However, the BPO-centric service providers (Genpact, HP, TCS, ACS etc.) are growing nearly three times faster

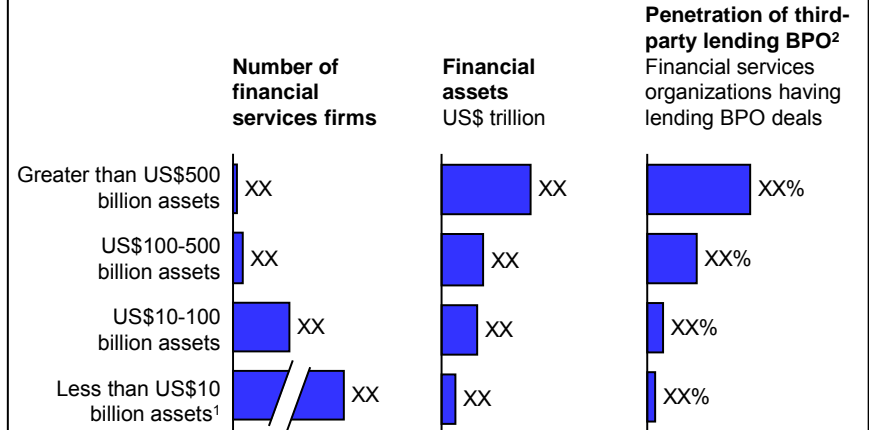
This study offers three distinct chapters providing a deep dive into key aspects of Lending BPO market; below are four charts to illustrate the depth of the report

### Market size across business segments

Market size of lending BPO across business segments  
US\$ billion

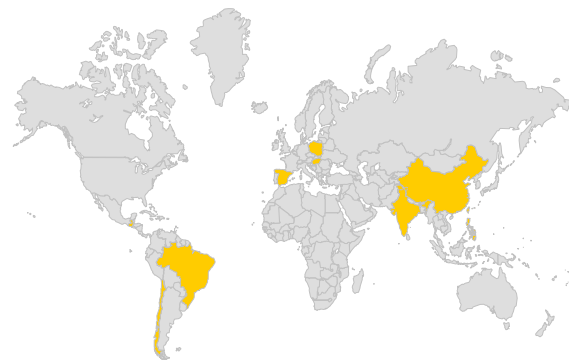


### Lending BPO penetration by organization size



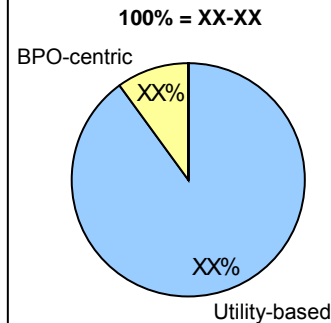
### Global sourcing leverage

Key offshore and nearshore lending BPO locations for third-party outsourcing

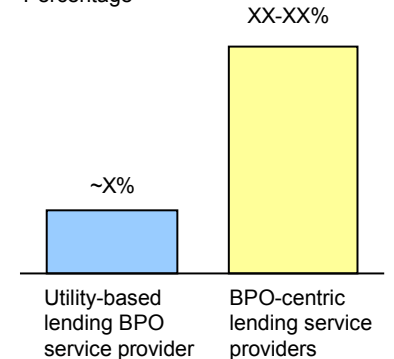


### Service provider share

Lending BPO third-party service provider market size by service provider model  
US\$ billion



2009 growth rate for lending BPO service providers  
Percentage



Source: Everest Research Institute (2011)

# Appendix: Additional FS BPO research recommendations



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

1. **BFSI Industry Trends** (ERI-2010-8-R-0482); 2010. This report provides deep-dive into transaction activity, captive developments, supplier market share, and key outsourcing transactions specific to a particular industry
2. **The Growing Maturity of Offshore Research and Analytics in Financial Services** (ERI-2010-5-R-0445); 2010. This report analyzes the evolution and maturity of the largest segment in the knowledge services market – research and analytics for financial services
3. **Impact of Regulatory Changes on Offshoring in Financial Services** (ERI-2009-8-R-0349); 2009. This report provides a fact-based view of the implications of the regulatory and legal provisions on offshoring by U.S. financial services companies. Specifically, the report focuses on the impact of the Troubled Asset Relief Program (TARP) and related regulations on offshoring activities. In addition, the report also provides a forward-looking perspective on potential regulations and associated implications for the offshoring industry
4. **PO in Financial Services: From Wall Street to Martin Place – Unlocking Value from the Savings Goldmine** (ERI-2009-1-R-0348); 2009. This research takes a look at the impact of the current financial turmoil on adoption of PO services by financial services and provides Everest's outlook for the market
5. **Global Sourcing in Banking, Capital Markets and Insurance** (ERI-2008-2-R-0267); 2008. This research examines the fundamentals of offshoring by financial institutions and provides adoption trends, market maturity and future opportunities in each of the three key financial services segments

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