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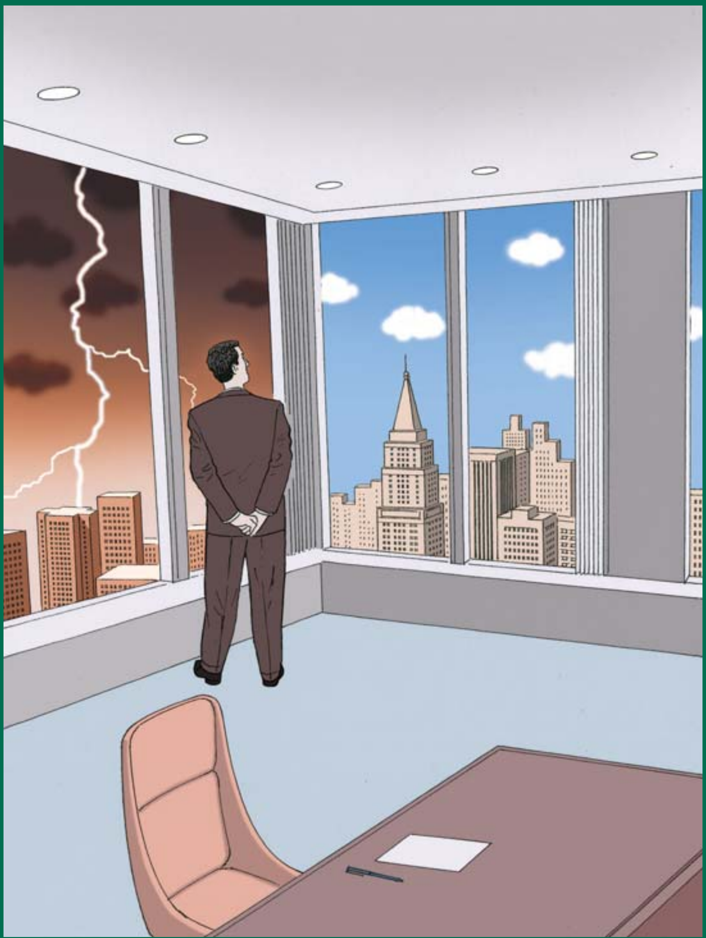
REPORT

Global Corporate Banking 2010

Crisis as Opportunity



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Crisis as Opportunity

Global Corporate Banking 2010

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Executive Summary

The publication of Crisis as Opportunity, *BCG's fourth report on the global corporate-banking industry, comes at a time when the priority of many corporate-banking leaders is shifting from damage control to finding ways to capitalize on opportunities created by the global financial crisis.*

The downturn has obviously been painful for the corporate banking business. And difficulties stemming from slow economic growth in some countries, the financial distress of clients, and lagging corporate loan losses—which can peak months or years after economic recovery begins—will continue.

Nonetheless, the crisis has so far been surprisingly good to many corporate-banking business units. Many of the participants in our global benchmarking exercise conducted in early 2010 reported rising economic profit from the end of 2007 through 2009, even in countries that were particularly hard-hit by the so-called Great Recession. This improvement was mostly attributable to significant increases in lending margins (which will likely fade as the financial sector and real economy build on the progress they showed in the first quarter of 2010). Also, in many cases, loan losses have not thus far been as bad as originally feared.

Yet one thing is certain: we are entering a new competitive environment as banks try to seize the opportunities created by the crisis. Success will often come at the expense of weaker rivals. Moreover, a key factor will be the strength of the parent bank's balance sheet in supporting the growth ambitions of the corporate banking business unit. But having a strong balance sheet will not be enough to succeed.

Indeed, the most successful corporate banks over the next few years will not necessarily be those that have best survived the crisis or even those that enjoy modestly higher margins in the near term. The winners will be those that actually leverage the market dynamics brought on by the downturn to their advantage, internalizing the lessons and sharpening their strategies, processes, and value propositions for the long haul. This report focuses on the steps that corporate banks must take to rise to this challenge.

As in the past, our report draws on BCG's Global Corporate-Banking Benchmarking Database, covering more than 100 financial institutions around the world. The database tracks global trends and helps identify the best practices of the most sophisticated corporate banks operating in the most challenging markets.

In the postcrisis era, corporate banks must fully grasp the trends that will weigh heaviest on their industry. The most powerful forces (or "megatrends") are the continuing process of globalization, the shifting economic and industry structures of the new economy, and technological progress. In addition to these interconnected forces, banks must also grapple with the harsh fallout from the crisis and with the evolving, stricter regulatory environment. All of these dynamics will determine how corporate banks navigate the next decade.

- The effects of "globalization 2.0" on corporate banks will be significant. Even relatively small companies will participate, often as part of intricate, far-reaching supply chains. Growing enterprises, such as those based in Brazil, Russia, India, and China (the BRIC countries), will need a full range of sophisticated banking services. The potential revenues to be gained from these trends will be sizable, but capturing them will require a nimble and creative approach.

- Five key aspects of the new economy will exert the greatest impact on corporate banks: increasing competitive intensity, industry-specific banking needs, ongoing consolidation, closer supply-chain integration, and the search for top talent.

- Despite continuing advances in technology, very few corporate banks have the platforms in place to ensure leading functionality and connectivity for clients, as well as efficient and effective sales-to-service processes. These shortcomings result from a variety of factors, including investment limits and the low priority of the corporate banking unit compared with the bank's (usually larger) retail business unit. Corporate banks must reverse this trend in order to become market leaders.

The financial crisis has had a devastating effect on many banks overall, but its impact on corporate banking business units has been more nuanced. There have been winners and losers.

- About one-third of business units in BCG's Global Corporate-Banking Benchmarking Database increased their economic profit between the end of 2007 and the end of 2009. Even as sister business units wrote down mortgage-backed securities or suffered severe consumer-lending losses, many corporate banks successfully repriced corporate loans, attracted new loan and deposit volume, and increased investment-banking and risk-management sales. Top performers enjoyed a profit surge.

- For the broader group of survey participants—comprising "typical" corporate banks—the crisis has brought a difficult operating environment. Assuming a rough long-term pretax capital hurdle rate of 12 percent, their economic profit is still well below 2007 levels. But it rebounded in 2009 from the lows of 2008.

- In terms of segment performance, in 2009, corporate banking business units serving the micro segment had by far the highest average return on regulatory capital, followed by small- and mid-cap (at roughly the same level) and then by large-cap business units. The large-cap segment was the toughest environment overall in which to create value.

After reviewing the experiences of top performers during the crisis and speaking with senior corporate-banking executives, BCG has identified a number of axioms that corporate banks would do well to remember.

- These axioms include: keep risk at the top of the agenda, manage your businesses to maintain a balanced portfolio with an "over the cycle" point of view, be extra cautious in forays outside of home markets, and above all, cultivate deep client relationships.

- Our research with corporate banking clients indicates that many are reviewing their banking relationships, seeking to "diversify their portfolio" with multiple banks. Clients are also more conscious of the need to choose banks with strong balance sheets and reputations, so that they will not become collateral damage in a bank's next liquidity crunch.

The regulatory response to the crisis remains a work in progress. But it is virtually certain that a climate of greater conservatism and risk avoidance will prevail and that new regulations will have a material impact on the corporate banking industry. Reporting requirements will become increasingly onerous—placing another burden on finance and risk analysts serving the corporate banking business unit, as well as on front-line sales staff.

- There are four interconnected issues whose regulation will significantly affect corporate banking: risk measurement (including risk-weighted assets, or RWA), capitalization, leverage ratio, and liquidity risk. The impact of changes in these areas will vary by product and segment.

- It will be critical for corporate banking executives to monitor developments and ensure that their banks retain the flexibility to respond to regulatory changes as they become finalized.

The postcrisis era will witness the emergence of the *blue-chip corporate bank.*

- These banks will be the jewels in the portfolios of leading universal financial institutions. They will generate steady long-term profit growth thanks to superior business models, excellent risk-management capabilities, and an overall approach that focuses on building a value-creating corporate-banking franchise.

- BCG's case work and benchmarking efforts have identified five core priorities of the blue-chip corporate bank that leading institutions are already embracing: building premium client relationships, creating a culture of risk awareness and accountability, enhancing transaction banking capabilities, forging the next-generation operating model, and developing end-to-end transparency and a high-performance organization.

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Megatrends Shaping the Corporate Banking Landscape

Regardless of one's views on what will happen next as the global financial crisis evolves, it is clear that corporate banking executives face an altered landscape. Only one thing is beyond doubt: amid a rapidly changing global economy, corporate banks must adapt and forge insightful, long-term strategies if they hope to gain competitive advantage.

Specifically, corporate banks must react to sweeping trends that are affecting how companies do business all over the world. For example, many erstwhile emerging economies have moved into the mainstream. More and more companies—not just large multinationals—are increasingly integrated into domestic and global supply chains and are looking to their banks for "financial supply chain" solutions to assist them. Technological advances continue at a rapid pace.

Corporate banks must also fully grasp the trends that will weigh heaviest on their industry. The most powerful forces (or "megatrends") are the continuing process of globalization, the shifting economic and industry structures of the new economy, and technological progress. In addition to these interconnected forces, banks must grapple with the harsh fallout from the crisis and with the evolving, stricter regulatory environment. All of these dynamics will determine how corporate banks navigate the next decade.

Globalization 2.0

Some pundits claim that the crisis will curtail globalization. They argue that factors such as protectionist policies in countries with high unemployment, impoverished consumers, and government resistance to offshoring will rein it in.

In our view, however, although market dynamics such as those leading up to 2007 may never return, we are still likely to see the emergence of "globalization 2.0." For example, BCG forecasts that the share of global GDP generated in the Asia-Pacific region will rise to almost 40 percent by 2020, from around 30 percent in 2010. Roughly as much foreign direct investment is now flowing from emerging markets into mature ones as in the other direction—upending a multiyear trend. The number of companies from Brazil, Russia, India, and China (the BRIC countries) in the Fortune 500 has more than doubled, from 27 companies in 2005 to 58 in 2009. In terms of market capitalization, four of the top ten banks in the world are now based in Asia-Pacific.[1]

The effects of globalization 2.0 on corporate banks will be significant. On the client side, more and more companies will be internationally active. Even relatively small companies will participate, often as part of intricate, far-reaching supply chains. Growing enterprises such as those based in the BRIC countries will need a full range of banking services as they sell automobiles, computers, and myriad other goods in the United States, Europe, and elsewhere. The potential revenues to be gained from these trends will be sizable, but capturing them will require a nimble and creative approach. For example, exactly what kind of innovative financial-supply-chain services are needed? And how might the sales forces of domestic European or U.S. banks capture the business of BRIC multinationals expanding abroad?

1. See *After the Storm: Creating Value in Banking 2010,* BCG report, February 2010.

Globalization 2.0 will also affect the competitive landscape in corporate banking. For example, some new competitors may potentially emerge from the BRIC countries to replicate in banking what aggressive companies such as Haier, ArcelorMittal, and Embraer have achieved in industries as diverse as appliances, steel, and aircraft manufacturing. As BRIC banks follow their clients into established markets, their rivalries with both local and global-titan banks will unquestionably heat up.

On the operational side, banks will face increasing choices about how to internationalize their back offices, which they must do in order to capture scale and seamlessly serve multicountry clients. For example, they can create "international product factories" that serve clients in multiple countries. They can also emulate many retail banks and pursue more offshoring and outsourcing solutions, although political and regulatory considerations may block this path to some degree.

No large corporate bank will be immune to the effects of globalization.

Ultimately, no large corporate bank will be immune to the effects of ongoing globalization. And growth-oriented banks will be tempted by the rapidly developing economies. BCG estimates that over 40 percent of total global revenue growth in corporate banking between 2009 and 2019 will come from the BRIC nations.

Still, banks must tread carefully if they wish to capitalize on this opportunity. Corporate banking is in many ways a local business with significant barriers to entry, especially in the small- and mid-cap segments. There are numerous examples of banks whose forays into international markets have ended in costly failure. These episodes, in addition to regulatory pressure and capital scarcity, may result in fewer banks embarking on foreign growth sprees. Rather than pursue credit-led expansion and take on local players with superior local knowledge, some institutions may find that focusing on their existing client bases is a clearer, less risky path to growth.

The New Economy

The coming years will be highly challenging for companies in virtually all industrial sectors—as well as for the banks that serve them. Five key trends will exert the greatest impact.

Increasing Competitive Intensity. The International Monetary Fund's (IMF's) April 2010 *World Economic Outlook* report predicts economic growth in the euro zone and Japan of just 1 to 2 percent through 2015, with that of the United States being marginally higher at 2.4 to 3.1 percent. Amid such relatively modest economic expansion, the race for clients, market share, and profits will be more frenzied than ever. The chief implication for corporate banks is that clients will be increasingly sensitive about margins and fees. Weaker competitors will start to compete on prices, and clients will pressure incumbent banks to lower theirs, forcing these banks to become more efficient. But clients will also be more open to banking solutions (such as industry-specialized payment solutions) that help them cut costs and compete more effectively.

Industry-Specific Banking Needs. Some industries are sweet spots for corporate banks because of their relatively rapid growth rates and specific product needs. Such dynamics are often present in industries experiencing a long-term shift from manufacturing to services, and thus from credit-heavy banking relationships to a greater mix of transactions and deposits. Take health care as an example. BCG's research indicates that in the United States, health care companies earning revenues from $10 million to $500 million grew at 17 percent annually from 2002 through 2007. This was a much faster rate than that of most other industries, and these companies generated a more attractive mix of corporate banking revenues than the average client. Yet our 2009 benchmarking data show that some banks have been much more successful than their peers at penetrating these growth industries.

Ongoing Consolidation. Continuing globalization and increasing competitive intensity will continue to spur consolidation in many industries. Corporate banks that want to serve top companies as well as up-and-coming midmarket ones will need investment banking capabilities. In addition, cross-border consolidation should increase the number of clients that look to their banks for multicountry solutions across payments and trade finance.

Closer Supply-Chain Integration. The trend we have seen in recent years toward deeper integration along supply chains will continue, although it will undoubtedly be affected by other global trends, such as rising energy costs (which will increase transportation costs). As companies integrate with their business partners more closely (both domestically and across borders), they will be looking for parallel financial-supply-chain services from their banks.

The Search for Top Talent. BCG's case work with corporate banking clients around the world has consistently identified talent management as a growing area of concern. Competition for top talent—such as senior relationship managers (RMs), bad-loan workout specialists, and investment bankers who are experienced in priority emerging markets—is hotter than ever. Banks will also need managers with skills in such areas as leveraging new IT capabilities and optimizing end-to-end loan processes. As banks reenter a growth mode and the baby-boom generation begins to retire, finding the talent needed to navigate a large corporate bank through the evolving megatrends will be more challenging than ever. Corporate banks must meet this challenge by forging a clear strategy for talent acquisition, management, and retention.

Advancing Technology

Despite continuing advances in technology, very few corporate banks have the platforms in place to ensure leading functionality and connectivity for clients, as well as efficient and effective sales-to-service processes. These shortcomings result from a variety of factors, including investment limits and the low priority of the corporate banking unit compared with the bank's (usually larger) retail business unit.

Indeed, while many retail institutions have powerful customer-information platforms, numerous corporate banks still have disjointed management-information systems in which applications for core businesses such as cash management and trade finance exist on different platforms—and contain different client information that is difficult to compare. At some corporate banks, extensive manual processes are required to extract data from more than 20 different systems to create a "full wallet" view of any individual client. Moreover, complex legacy sales tools hinder sales force productivity. Lending processes remain paper intensive. The result can be a long, error-prone experience for clients.

However, in this age of ubiquitous connectivity, expanding bandwidth, and massive computing power, corporate banking clients themselves continue to invest in better financial systems. Companies of every size are trying to connect more seamlessly with their banks, whether through more sophisticated online data-transfer functions for small and midsize clients or through deeper integration with large corporate enterprise-resource-planning systems. This growing client need will have important implications for banks trying to increase share in transaction banking. Indeed, customers are looking for a variety of benefits: better ease of use (to reduce the amount of internal training that they need to provide), greater breadth in the products and services they can access through self-service portals, better integration and customization, and improved two-way communication.

Companies of all sizes are trying to connect more seamlessly with their banks.

Moreover, banks that can build deep, rich, real-time data and analytics capabilities will be able to develop a holistic view of each client relationship—including product utilization patterns and risk, liquidity, and capital factors. Such banks will be able to significantly improve product targeting, pricing, and risk management. They will also improve client targeting through techniques such as client clustering.

Banks will continue to build more electronic platforms that automate core processes involving account opening, lending, and transaction banking on an end-to-end basis from the customer to the back office. Automation and algorithms that catch and correct data-entry errors will result in higher rates of straight-through processing, greater client satisfaction, and lower costs. In areas where human processing is still required, advances in data storage and imaging technology will allow greater use of centralized and offshored processing centers, as well as skills-based routing techniques.

In addition, advances in automated decision intelligence will allow more sophisticated treatment of loan applications and fraud detection, as well as improve ongoing client monitoring and collections. Banks will, of course, need to remember that reliance on models and automated tools can be dangerous if it replaces human judgment in critical areas. But advanced intelligence engines hold promise both as cost savers in simple decisions such as micro and small-business loans and as electronic aids to prioritization that can help staff focus on the right client files and risk decisions.

Fallout from the Crisis

The financial crisis has had a devastating effect on many banks overall. But its impact on corporate banking business units has been more nuanced. There have been winners and losers.

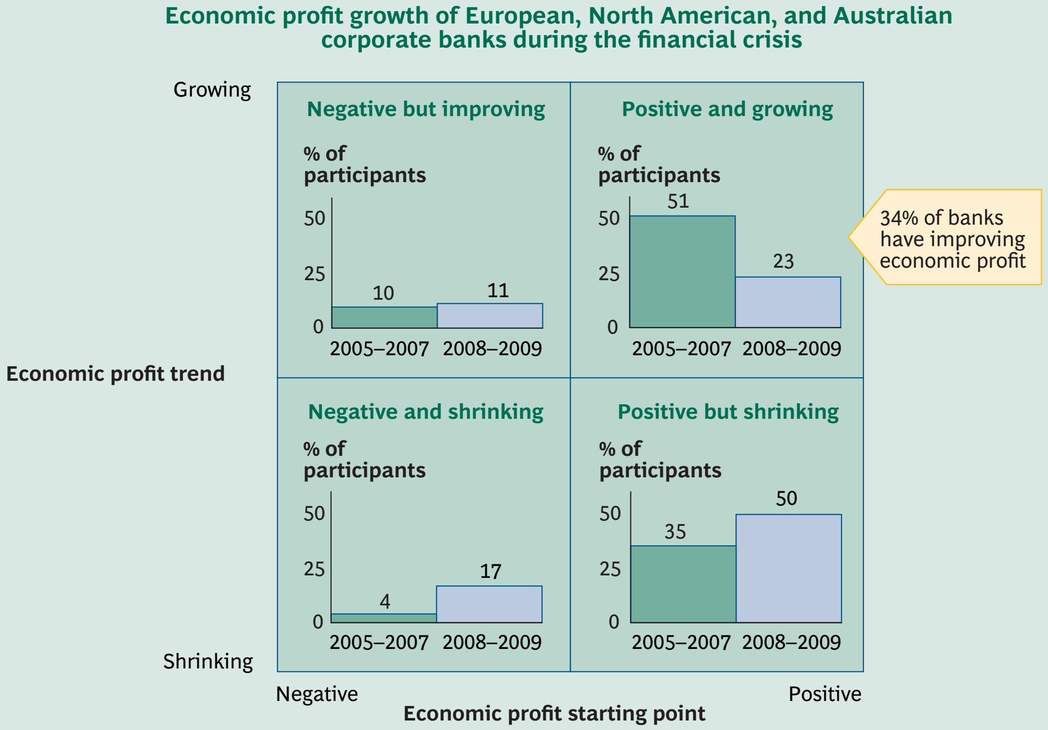
In fact, many of the participating business units in BCG's Global Corporate-Banking Benchmarking Database managed to improve their economic profit in the course of the crisis. Even as sister business units wrote down mortgage-backed securities or suffered severe consumer-lending losses, many corporate banks successfully repriced corporate loans, attracted new loan and deposit volume, and increased investment-banking and risk-management sales.

At numerous banks, these achievements have been more than enough to offset rising corporate loan losses, at least at this point in the credit cycle. Loan volumes and margins spiked early in the crisis, although they started to fade somewhat in the first quarter of this year in many countries. Transaction payment volumes plummeted and, given extremely low short-term interest rates, so did deposit margins. Yet investment banking, risk management, and other fee revenues have been buoyant, if volatile, in many areas. Despite higher loan losses overall and continued cost pressure, the net result that we see for top performers is a surge in economic profit. About one-third of corporate banks improved their economic profit from the end of 2007 to the end of 2009.[2] (See Exhibit 1.)

For the broader group of our survey participants, however—comprising "typical" corporate banks—the crisis has

2. This refers to benchmarking participants based in developed markets. In emerging markets, a higher proportion of benchmarking participants showed improving economic profit.

Exhibit 1. About One-Third of Corporate Banks Improved Their Economic Profit from the End of 2007 Through 2009



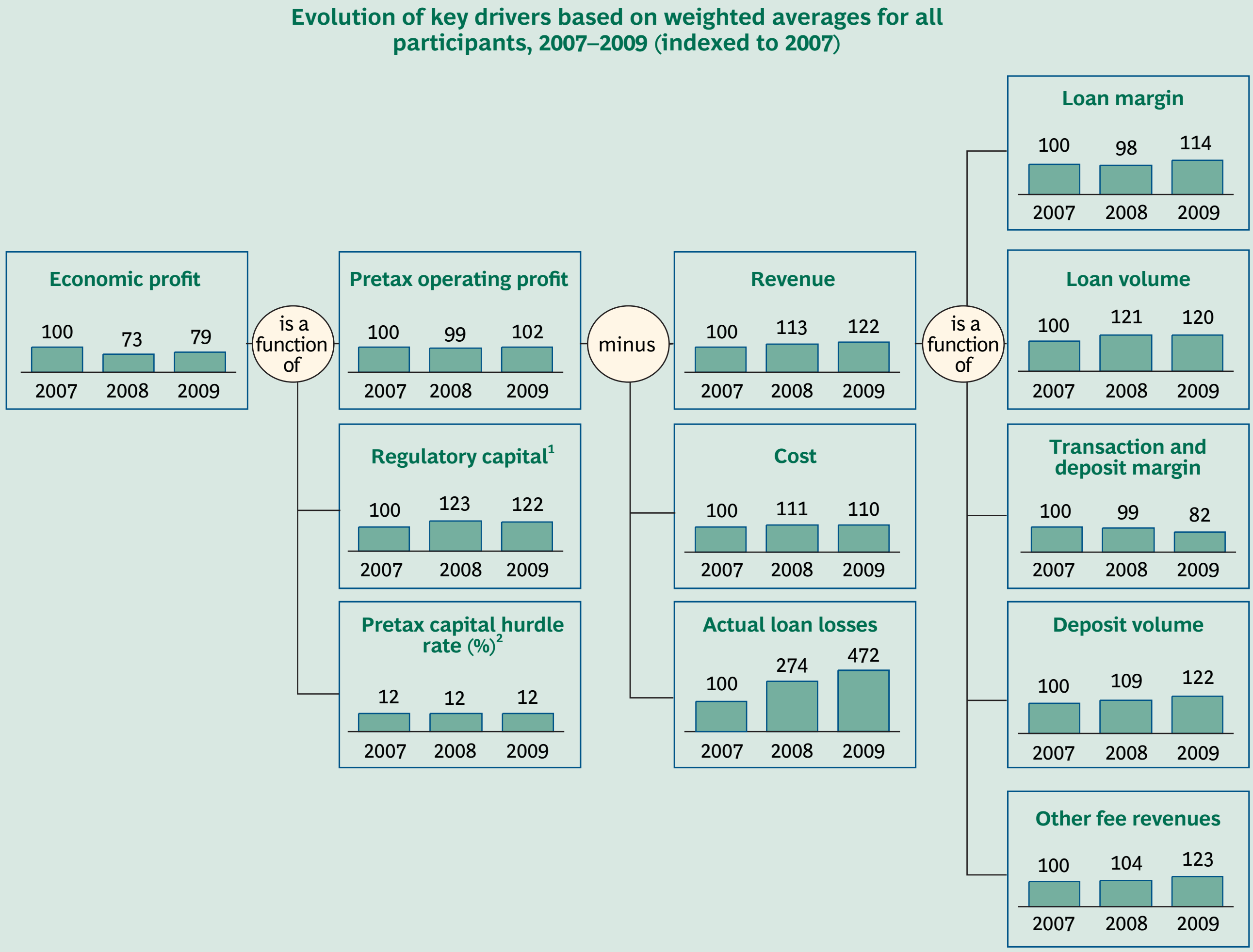
Source: BCG Global Corporate-Banking Benchmarking Database.
Note: Economic profit calculated based on regulatory capital of 8 percent of Basel II RWA, using a long-run pretax capital hurdle rate of 12 percent.

brought a difficult operating environment. Assuming a rough long-term pretax capital hurdle rate of 12 percent, their economic profit is still well below 2007 levels. Nonetheless, it rebounded in 2009 from the lows of 2008. (See Exhibit 2.) Going forward, of course, scarcer capital and changes to capital regulations will likely drive rises in hurdle rates, which will negatively affect economic profit.

In terms of segment performance, in 2009, corporate banking business units serving the micro segment had by far the highest average return on regulatory capital, followed by small- and mid-cap (at roughly the same level) and then by large-cap business units. Let's take a closer look at the segments.

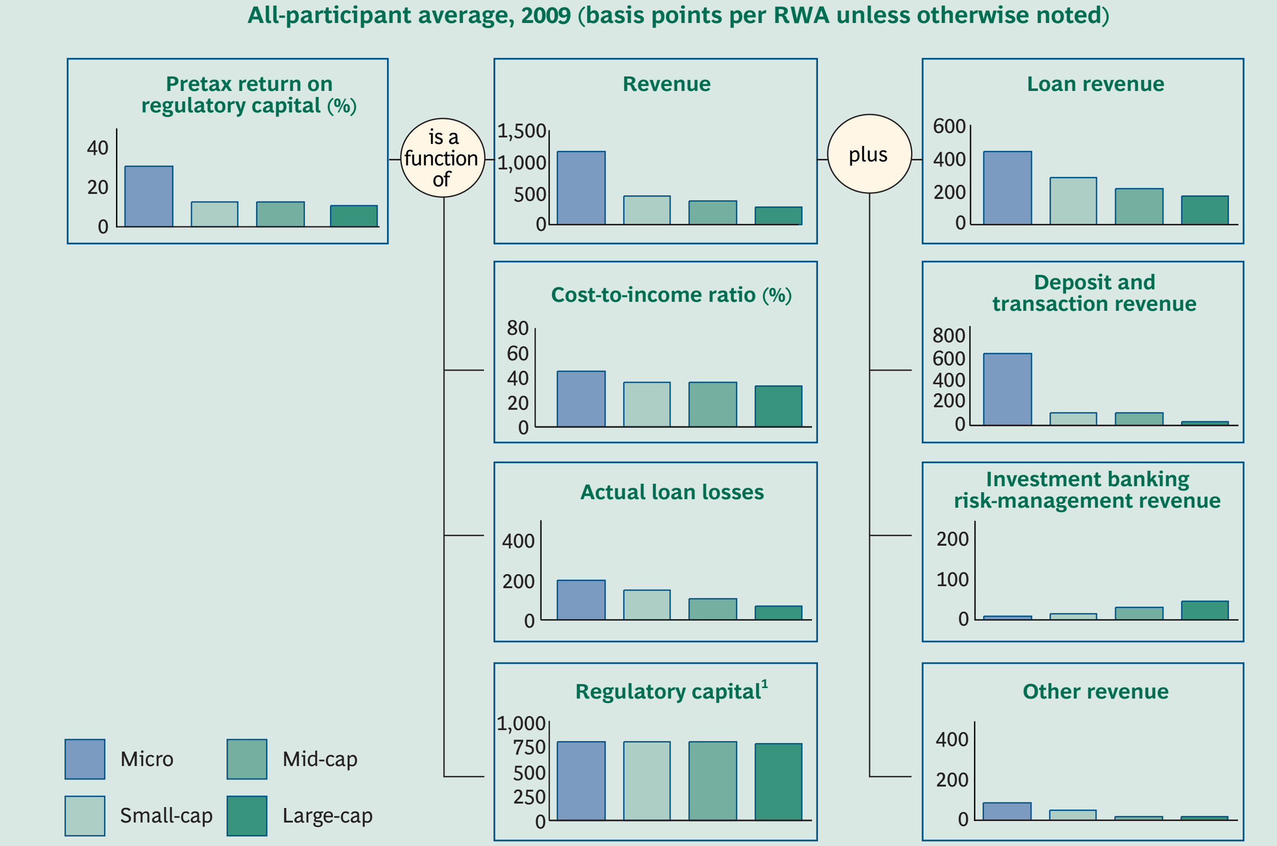
The Micro Segment (Serving Clients with Less Than $2 Million in Annual Sales Revenue). It is clear that micro segments can generate very high profitability. This is often driven by "transaction champion" strategies in which more than 70 percent of revenues come from transaction fees and deposit products. (See Exhibit 3.) Combined with scale economies from leveraging the retail bank's branches and back office, this dynamic enables most small-business segments to ride out even sharp rises

Exhibit 2. The Typical Corporate Bank Saw Economic Profit Rebound in 2009



Source: BCG Global Corporate-Banking Benchmarking Database.
Note: This analysis excludes a small number of participants with severe loan-loss crises (i.e., loan losses greater than 80 percent of their 2009 revenue).
[1]Defined as 8 percent of Basel II RWA.
[2]Assumed long-run pretax capital hurdle rate of 12 percent used for all years.

Exhibit 3. High Deposit and Transaction Revenues Have Lifted the Micro Segment



Source: BCG Global Corporate-Banking Benchmarking Database.
[1]Defined as 8 percent of Basel II RWA.

in loan losses, which are quite common when recessions hit small business. However, some segments in hard-hit countries have seen losses that exceed 1,000 basis points, driving them into the red.

The Small-Cap Segment (Serving Clients with $2 Million to $25 Million in Annual Sales Revenue). The tale is similar in the small-cap space, where transaction champion models have proven highly resilient during the crisis. It is especially critical to manage small-cap costs and productivity in a disciplined way in both the RM organization and the back office. Cost cutting has been a priority in the small-cap segment, with many of our survey participants reporting cost reductions in absolute terms despite growing revenues. Redirecting small-business clients into branch channels, streamlining credit processes, and reducing unproductive sales resources were all themes in 2009.

The Mid-Cap Segment (Serving Clients with More Than $25 Million to $250 Million in Annual Sales Revenue). Mid-cap business units can get caught in between the inherent profitability of the small-cap transaction-dominant business and the fee-rich large-cap space. They have had less generous pricing and smaller deposit volumes (compared with loans) than small-cap units. At the same time, they have seen smaller margin increases than large-cap units, while suffering higher loan losses and lower revenues from investment banking and risk management products. Mid-cap business units also face the challenge of clients demanding relatively large loans when the data and analytics on these companies can sometimes be sparse. So while mid-cap units have enjoyed margin and volume improvements overall, it has been quite difficult to create value in this segment during the crisis.

The Large-Cap Segment (Serving Clients with More Than $250 Million in Annual Sales Revenue). The large-cap segment has been the toughest environment overall in which to create value. However, the performance gap between typical large- and mid-cap units has narrowed during the crisis. This is due to a relatively large increase in credit margins in the large-cap segment. A key factor is the fact that these lenders in many cases had extremely low lending margins before the crisis. Some executives we interviewed even described these thin margins as "irrational."

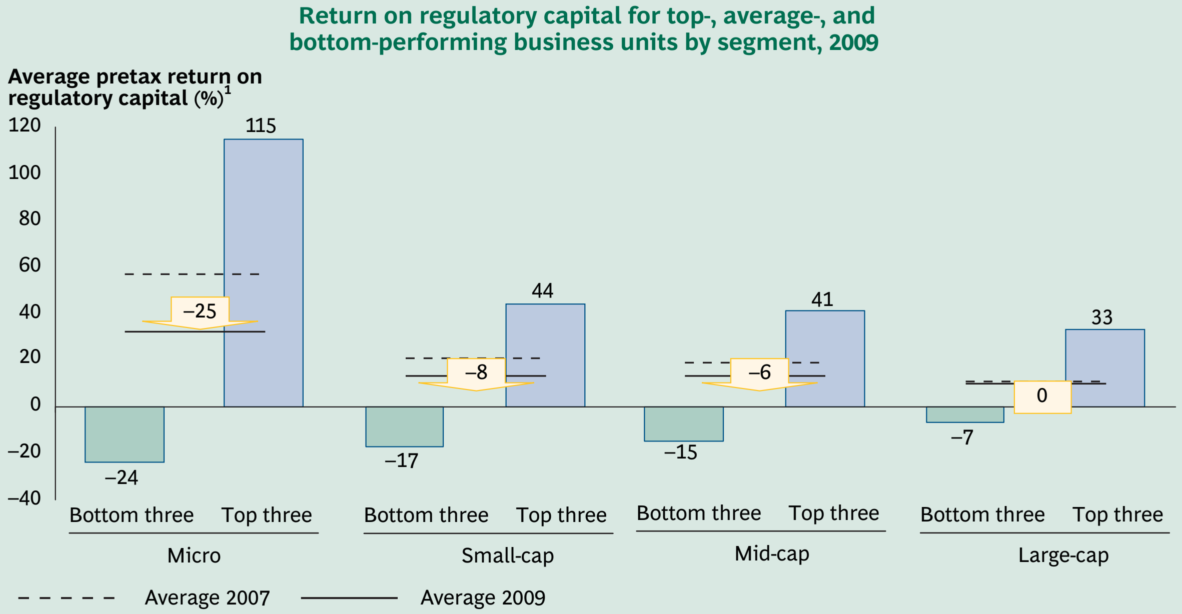
In our 2007 survey, multiple business units had total credit revenue per risk-weighted asset (RWA) well below 100 basis points, a level inconsistent with value creation on a standalone basis. In this year's survey, many large-cap participants reported margin increases since 2007 of this amount or even more, effectively doubling their lending margins.

Large-cap bankers have also succeeded in increasing sales of investment banking and risk management products, with half of our participants increasing revenues in these areas by more than 20 percent annually from 2007 through 2009.

Differences Within Segments. Despite these general trends, it is worth noting that within each segment there were wide differences in performance among individual banks in 2009. (See Exhibit 4.) These differences were more pronounced than in previous surveys because the crisis has more sharply divided top from bottom performers. Moreover, these variations were not the result of different economic conditions in different countries. We found multiple cases of business units in the same segment and country with return on regulatory capital differences exceeding 20 percentage points.

Regional Views. Important variations also emerged among regions. In Western Europe, for example, revenue growth partly cushioned the blow of rising loan losses, at least for some banks. By contrast, our discussions with corporate banking executives revealed widespread worries about macroeconomic stability and a possible dou-

Exhibit 4. There Were Wide Variations in Performance Within Segments in 2009



Source: BCG Global Corporate-Banking Benchmarking Database.
[1]Defined as 8 percent of Basel II RWA.

ble-dip recession. Some banks in Western Europe suffered particularly severe loan losses from excessive exposure to sectors like real estate or shipping, or too much concentration in hard-hit markets like Spain.

In Central and Eastern Europe, banks also saw revenue growth of 15 percent or more, on average. Yet severe loan losses had a crippling effect on many business units, jumping by more than 250 basis points of RWA at multiple players from 2007 through 2009.

In the United States, the speed and severity of loan losses, especially in commercial real estate, were a surprise to many. Some banks suffered losses in 2009 that wiped out their pretax profits of the previous several years or more. We also found that U.S. banks with highly sophisticated product offerings across cash management and other fee-based products weathered the storm better, while smaller banks that were more dependent on both lending and deposit-spread revenue suffered. How successful these stronger banks will be at picking up strategic relationships from damaged rivals will be a key issue going forward.

Meanwhile, Canadian banks and their Australian counterparts came through the crisis in excellent condition. Some posted margin increases of over 100 basis points, with loan losses staying below 25 basis points. Their success was partly due to relatively strong national economies, but other factors—such as a sustained focus on the core commercial-banking business (instead of driving for growth in riskier sectors) and conservative risk-management practices—suggest that choices by senior management also played a major role.

In Latin America—particularly in the region's leading market, Brazil—the outlook for corporate banking is quite favorable. After facing sizable loan losses and reduced liquidity, Brazilian corporate banks are aggressively returning to loan growth. Most key players are focusing their efforts on the mid-cap segment. Capital markets should develop in line with Brazil's generally favorable macroeconomic outlook, offering investment banking opportunities. Transaction banking will continue to play an extremely important role, leveraging the sophistication and innovative electronic capabilities of the Brazilian payments system.

Many corporate banks have not properly factored risk into their pricing.

The Asia-Pacific region, in general, was relatively sheltered from the crisis despite the exposure of many companies (and their banks) to trade with Europe and the United States. IMF data suggest that overall economic growth in the region—excluding Japan, Taiwan, Singapore, Hong Kong, and South Korea—did not dip below 6 percent from 2007 through 2009.

Observers continue to monitor issues relating to macroeconomic stability in some countries in the region, and specific sectors (especially export-dependent companies) may pose loan-loss challenges to banks. But the growth outlook in Asia- Pacific remains relatively optimistic. Our interviews with executives at both local and international banks in the region confirm that many institutions are once again looking for growth.

The Lessons of the Crisis

After reviewing the experiences of top performers during the crisis and speaking with senior corporate-banking executives, BCG has identified a number of axioms that banks would do well to remember.

The first is to *always keep risk at the top of the agenda.* Corporate banks should fully factor risk, as well as liquidity and capital management, into their long-term strategies, operational planning, and day-to-day management. This fundamental rule was neglected by many of the lowest-performing corporate banks.

Indeed, too many bankers focused on revenue and market share—not factoring in the "real" costs of risk, liquidity, and capital—when making lending and pricing decisions. Our 2008 corporate-banking report noted that from 2005 through 2007, at what turned out to be the peak of a very positive run of economic growth, only about half of corporate banks were generating positive (and rising) economic profit. The economic climate hid the fact that the revenue growth of many banks was the result of more loans to relatively risky clients. Seen today through a prism of realistic liquidity premiums, risk costs, and capital charges, it is clear that many of these deals destroyed value. Generally speaking, many corporate banks have not properly factored risk into their pricing. (See Exhibit 5.)

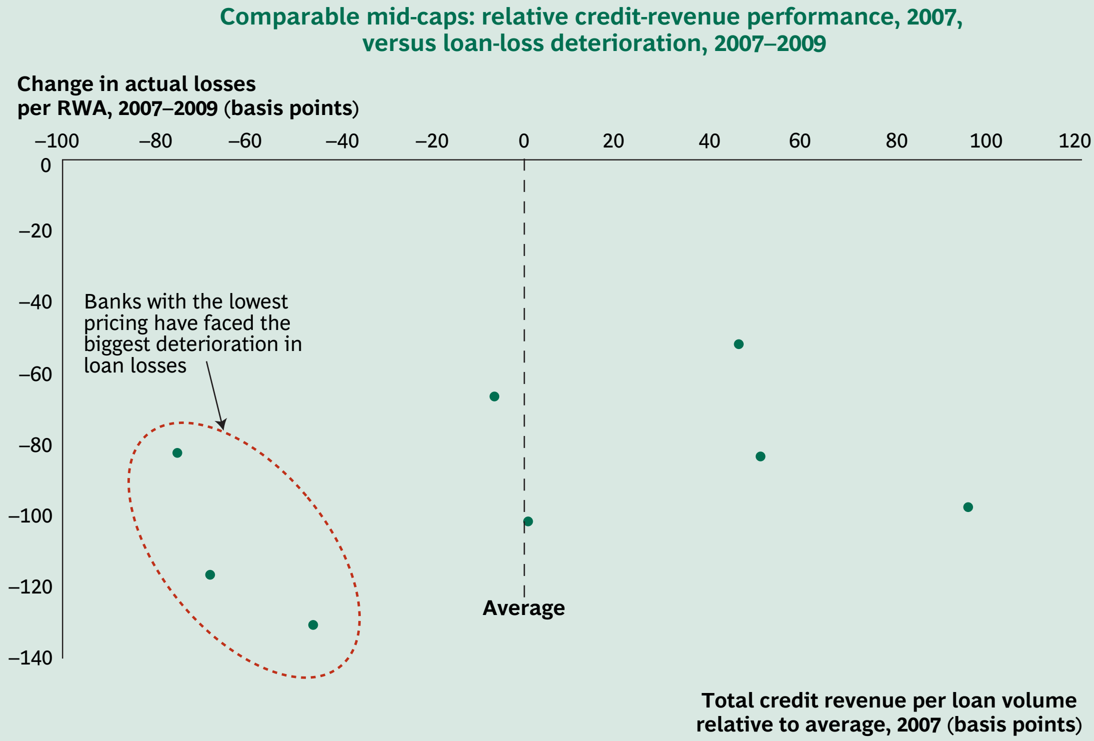
A second lesson is that *corporate banks should manage their businesses like a portfolio,* with an "over the cycle" point of view. Businesses such as commercial real estate and equipment finance can be profitable, but banks must be disciplined enough to monitor the growth of such businesses, especially during "good" years. It is also critical not to let one or two sectors that appear to be highly lucrative grow too large in the portfolio. A collapse in these areas can create painful loan losses as well as eliminate a significant portion of the bank's overall revenue stream.

International or "out of footprint" expansion provides another lesson: *corporate banks must be extra cautious outside their home markets.* It has always been extremely difficult to leverage a successful business model in one country into a new environment. Credit-led expansion, in particular, can be dangerous, especially if competitors have either superior knowledge of client risks or better capabilities in valuing and managing collateral. It is all too easy for a new entrant to end up with the clients rejected by entrenched local banks that have superior market knowledge and a less urgent need to quickly acquire clients to cover the costs of a newly expanded sales force. This is a lesson that banks must keep in mind as they consider how to take advantage of the rapid growth in corporate banking in rapidly developing economies.

Finally, and most important in the long run, *corporate banks must cultivate deep client relationships.* A salient point, one that some institutions have had to learn the hard way during the crisis, is that reputational risk is real. For example, selling clients inappropriate financial instruments can result not only in costly litigation but also in long-term damage to a bank's franchise. Somewhat less severe damage can result from cutting credit lines with long-standing clients or dramatically raising margins.

Our research with corporate banking clients indicates that many are reviewing their banking relationships, seeking to "diversify their portfolio" with multiple banks. Clients are also more conscious of the need to choose

Exhibit 5. Many Corporate Banks Have Not Properly Factored Risk into Their Pricing



Source: BCG Corporate-Banking Benchmarking Database.

banks with strong balance sheets and reputations in order to avoid becoming collateral damage in a bank's next liquidity crunch. Of course, corporate banking clients are also more aware of the liquidity and risk challenges that banks face. Many understand that banks extending credit need to cross-sell to be viable, and that the low lending rates of 2006 are not likely to return. Whether this new understanding withstands a return to more normal economic-growth conditions, or clients and their banks return to the heady precrisis mindset of low margins and high risk tolerances, remains to be seen.

The New-Normal Regulatory Environment

The regulatory response to the crisis remains a work in progress. But it is virtually certain that a climate of greater conservatism and risk avoidance will prevail and that new regulations will have a material impact on the corporate banking industry. Reporting requirements will become increasingly onerous—placing another burden on finance and risk analysts serving the corporate banking business unit, as well as on frontline sales staff.

The regulatory agenda covers a vast array of highly complex and interrelated issues. They range, for example, from Basel III topics such as redesigned rules on RWA methodology, capital adequacy, leverage ratios, and liquidity risk, to areas such as "financial crisis responsibility fees," inappropriate incentives, and central counterparty requirements for derivatives.

It will be critical for corporate banking executives to monitor developments and ensure that their banks retain the flexibility to respond to regulatory changes as they become finalized. In the coming months, bankers will need to think two moves ahead to be ready for possible actions by regulators.

More specifically, there are four interconnected factors whose regulation will significantly affect corporate banking: risk measurement (including RWA), capitalization, leverage ratio, and liquidity risk. The impact of changes in these areas will vary by product and segment.

New RWA definitions will hit RWA-intensive products hard, including client-driven trading businesses (which will also be affected by rule changes related to counterparty risk). Loan classes with sporadic heavy losses, such as those to large corporations, may also be severely affected.

Higher capitalization requirements will result in scarcer and therefore more expensive capital. Not only will corporate banks have to compete with sister business units for capital, but higher hurdle rates at many banks will mean that corporate units will have to work harder to generate economic profit from their client bases.

The regulatory response to the crisis remains a work in progress.

Leverage requirements, depending on how they are structured, will have an impact on high-leverage businesses such as real estate and government finance, as well as on contingent liabilities and undrawn credit lines. The impact on products such as asset-based lending and small-business loans guaranteed by governments, where regulations may not fully recognize the low-risk nature of the lending, will also have to be carefully watched.

Rules on liquidity risk will make transaction banking and its pools of deposits attractive, although details on the treatment of "sticky" core corporate deposits will have an effect on internal transfer pricing and therefore on transaction banking economics.

Finally, new central counterparty rules may have an impact on sales of derivatives to mid- and large-cap business units. Capital requirements for standard products should decline, but corporate banks will also face greater pricing transparency and potential disintermediation from electronic platforms. Customized products—which will likely face significantly higher capital requirements—will become much more costly to provide.

Overall, upcoming regulatory changes are sure to increase the cost of providing financial services to corporate clients. It remains to be seen which banks will be most successful at passing these extra costs on to their clients. Doing so will require rigorous data and analytics to incorporate true risk, liquidity, and capital costs into product pricing. It will also require strong sales and communications skills with clients, and discipline in competing with banks that continue to price below their true cost levels.

The Blue-Chip Corporate Bank

How Top Institutions Are Positioning Themselves to Win

Strong economic growth and low loan losses allowed many corporate banks to post strong profits in the years leading up to the crisis. But the gap between top and bottom performers from 2007 through 2009 was extremely wide. Given the megatrends in play and the new-normal economic and regulatory environments, we expect this gap not to narrow but to increase in the coming years. BCG's benchmarking data show that the gap between top and bottom performers is so large that even a period of lower loan losses and recovering economic growth would not allow low-performing banks to come close to the top performers in terms of overall profitability.

Indeed, in our view, the postcrisis era will witness the emergence of the *blue-chip corporate bank.* Such banks will be the jewels in the portfolios of leading universal financial institutions. They will generate steady long-term profit growth thanks to superior business models, excellent risk-management capabilities, and an overall approach that focuses on building a value-creating corporate-banking franchise. By this we mean a balanced business that focuses on deep and profitable client relationships rather than growth in burgeoning (but risky) products or sectors. Blue-chip banks will show greater discipline in responding to economic recovery, while their bottom-quartile competitors may well return to aggressive deal making. Already in the first quarter of 2010 we saw falling lending margins as well as easier and longer loan terms in some markets, trends that are reminiscent of 2006 and the circumstances that preceded the crisis.

In the course of our case work and benchmarking efforts, we have identified five core priorities of the blue-chip corporate bank that leading institutions are already embracing for the postcrisis era. Let's examine each one.

Building Premium Client Relationships

Banks that outperformed both before and during the crisis tend to share three characteristics in their distribution models.

First, their overall philosophy is driven by the development of deep client relationships as opposed to a focus on sales at any cost. Their sales capabilities are still very high, but they place a premium on understanding the client and the client's industry and providing superior service, expert advice, and solutions that help the client succeed. At a limited number of banks, we are seeing top performers put a much greater emphasis on the corporate "client experience"—defining what the target client experience is, training their RMs and client service teams on how to deliver it, and tracking client perceptions of how RMs and client service teams are succeeding.

Blue-chip banks also possess the analytics capability to identify those client clusters with the highest long-term profit potential. Such banks have the richest mix of stable, fee-based cash-management services, enabling the credit needed for the relationship to be provided on a sustainable, risk-adjusted basis. Analytical insights can be used both by senior managers for strategic planning and by individual RMs or client service teams to better understand their clients' needs and revenue potential.

Finally, blue-chip banks have rigorous relationship-management, sales, and service processes. These feature structured and standardized client-planning methods, strong teaming with product specialists, intense performance reviews and coaching, and transparent data about sales pipelines and client service team performance. A few top banks have also implemented structured client feedback to ensure that RMs and client service teams are not just selling to clients but also bringing them the full relationship value of the bank. The result of this approach is a superior client experience that generates loyalty—which, in turn, translates into deep wallet penetration of the most attractive clients in each segment.

Creating a Culture of Risk Awareness and Accountability

As the financial crisis has evolved, attention has shifted from banks' initial losses in subprime and related securities to more traditional asset classes, including corporate loans, commercial real estate, and specialty finance activities that bolstered revenue growth during the boom years. Many banks in Europe and the United States, for example, focused on fast-growing commercial-real-estate markets instead of "bread and butter" corporate-client relationships, sometimes ending up with greater exposure to commercial real estate than to all of their core clients combined.

During the crisis, some banks' transformation from assumed profitability to a state of extreme distress was rapid and stunning. Moreover, banks that were already showing high exposure to bad loans tended to get hit the hardest. Even worse, the banks with the riskiest portfolios did not end up being compensated for that risk by sufficient additional revenue.

The revelation to the market—and to the banking industry itself, to some degree—was that precious few financial institutions had a true awareness of the need for rigorous risk management. In fact, practices that often paid off handsomely in the short term—such as pushing large loans to large corporate clients, concentrating on construction and other real-estate loans, and competing on loan margins—fostered a culture of daring in which those who threw caution to the wind were seen as great sales people rather than as reckless.[3]

Moreover, chief risk officers at many banks did not have sufficient levers to influence credit allocation and pricing decisions. Compensation schemes were too closely linked to top-line performance only, with no adjustments for risk, liquidity, capital, and operating costs. Many banks mistakenly believed that their strong performance amid rapidly growing markets constituted proof that their risk-management practices were adequate. There was often a misplaced confidence that the boom would continue indefinitely, as well as a glaring lack of expertise concerning corporate-lending risk assessment, liquidity pricing, the transfer of funding costs, and monitoring mechanisms needed to identify failing loans early.

The risk function needs to get out of its ghetto.

Blue-chip players create a culture of risk awareness and accountability at every level. The first line of defense lies with the front office—as opposed to having the front office push on the accelerator when the risk department tries to step on the brakes. The overall risk-management function regarding standards, infrastructure, and methodologies is centralized, but every individual in every department is held responsible for any activity that involves risk.

In our conversations with blue-chip banking executives, one of the most common words used was *discipline.* These banks are prepared to lose market share rather than slash margins or end up with an unbalanced portfolio of assets and businesses. Before the crisis, executives at more than one high-performing bank told us about deals they had left to more aggressive international banks or commercial financing companies because they thought the risk-adjusted pricing was too low. Now, having navigated the crisis with strong financial performance, these blue-chip banks are using their balance sheets to grow—maintaining their discipline—while less careful banks retrench.

Overall, to build a strong risk culture, there are five basic measures that corporate banks can take.

Maintain the strong independence of risk control functions. The risk function needs to get out of its ghetto. What's needed is a culture of true risk management—not just risk reporting and upward delegation. Risk managers must be properly compensated and recognized and their independence from the front office guaranteed. They must also be encouraged to be proactive. As one risk specialist observed, "Risk functions need to go looking for trouble rather than waiting for trouble to find them."

3. See *Risk and Reward: What Banks Should Do About Evolving Financial Regulations,* BCG White Paper, March 2010.

Ensure senior-management competence in risk management. Those banks that have best weathered the current crisis typically possess a wealth of accumulated experience in risk management across sales, product development, and general management functions. They also tend to set aside time for thoughtful consideration of risk trends and scenarios, with a premium placed on business judgment rather than having the risk analysts slice and dice the risk data into lengthy and complex reports that go unread.

> Even deals with prestige clients must be openly scrutinized.

Adopt incentives that take risk management performance into account. The key issue is not bonus levels alone but the need to explicitly link bonuses to risk-adjusted performance over a sufficient period of time. Some banks rewarded RMs purely on the basis of loan volumes and revenues rather than long-term economic profit.

Encourage healthy debate. Deals, especially the most complex ones, must be discussed in depth. Even deals with prestige clients brought in by top-performing RMs must be openly scrutinized. The role of risk committees in fostering such discussions is essential, as is the role of senior risk specialists. The latter are critical to productive thought partnering with sales and other executives. Banks whose risk analysts are junior staff limited to generating reports not only are missing a significant opportunity but are putting the organization at undue risk.

Improve risk data and analytics. Banks must invest to improve their data gathering, reporting, and analytics on their clients. Outside observers are often startled to learn that some well-known corporate banks struggle to compile holistic relationship risk data on major clients, to match risk department data with finance department data on loans, or to quickly identify deteriorating loans for handling by their special loans groups.

Enhancing Transaction Banking Capabilities

The crisis has highlighted the attractiveness of transaction banking. It is a business that can provide reliable (and growing) fee and spread revenues, rich deposit volumes—critical to reducing reliance on wholesale funding markets—and high profitability over the economic cycle. Previous BCG corporate-banking reports have documented the tendency of transaction champion models to outperform. This finding has held true during the crisis. (See Exhibit 6). Moreover, our benchmarking revealed stark differences among competitors in areas such as deposit volume generation, revenue generation, and client penetration of transaction banking products. (See Exhibit 7.)

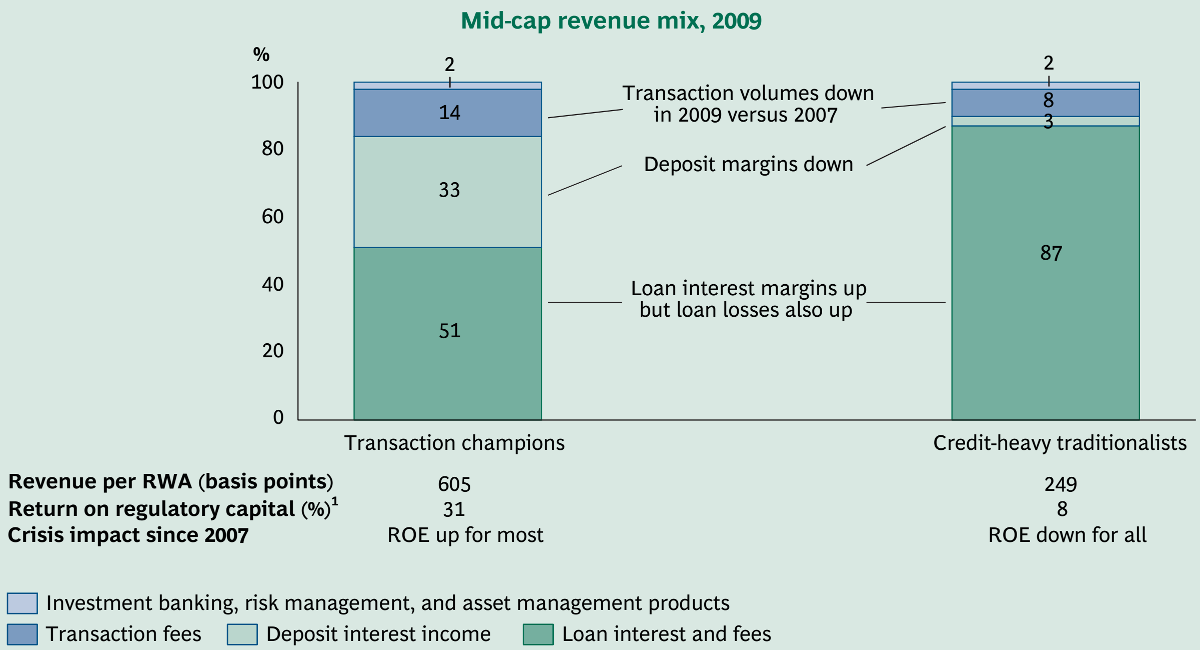
To win at transaction banking in the post-crisis era, institutions will certainly need solid product capabilities—but even more important is a true sales and service mentality. They will also need effective delivery and operating models.

Blue-chip corporate banks will improve their capabilities by moving beyond traditional product-centric cultures to more solution-oriented ones. A prime element of this transition is the gradual building of financial-supply-chain offerings that provide an integrated set of services ranging from new products (such as e-invoicing) and value adds (such as working-capital optimization and liquidity management) to traditional payment services. Products will span the supply chain, serving both sides of the transaction—as illustrated by financing based on the buyer's credit rating that actually finances the buyer's supplier.

Moreover, leading corporate banks will strengthen their online-access capabilities. Larger clients will increasingly access their bank's services through their own enterprise-resource-planning systems, allowing for far greater functionality and the deepening of relationships at the same time. Smaller companies will use e-portals that offer banking clients quick and easy access to a broad array of products and services, free up human resources for more value-added activities, reduce errors, and improve the client experience.

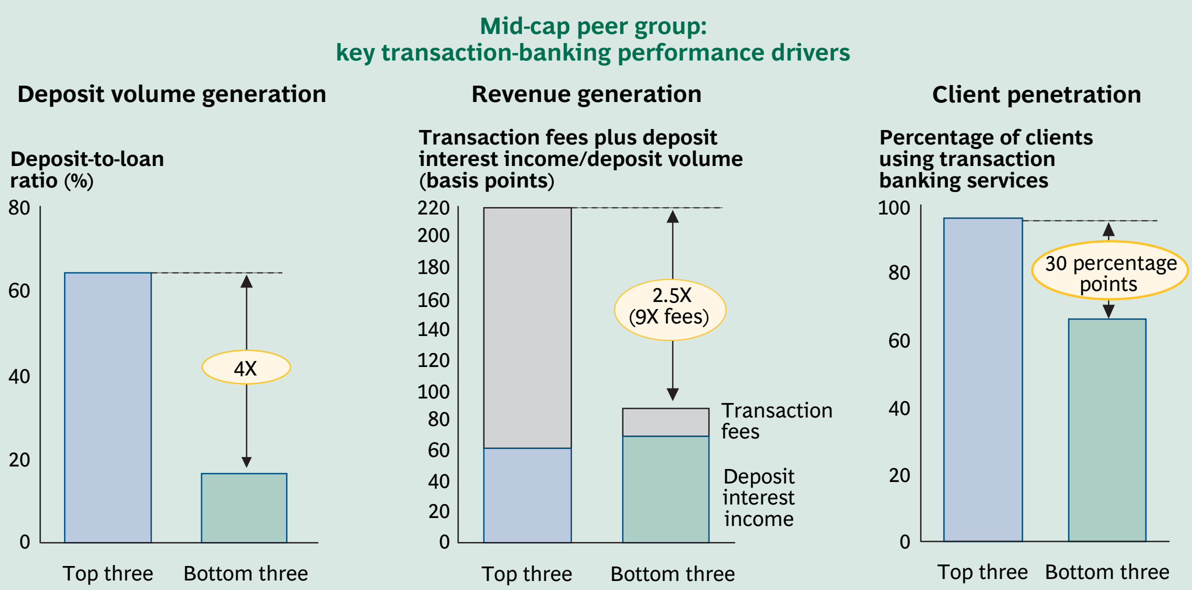
E-portals not only migrate transaction volume from costly branch and call-center channels but also enable what we call *customer-initiated cross-selling.* A client using an e-portal finds it easy to access added functionality—for example, to lock in a forward exchange rate or sign up for a cash-flow forecasting service. And as clients become more dependent on their banks' online products and services, they will find it much more onerous to change their bank-

Exhibit 6. Transaction Champions Tend to Outperform, Even in a Climate of Depressed Deposit-Interest Margins



Source: BCG Global Corporate-Banking Benchmarking Database.
[1]Based on the worst three-year average of actual or expected loan losses.

Exhibit 7. In Transaction Banking, There Are Major Performance Gaps Between Competitors



Source: BCG Corporate-Banking Benchmarking Database.

ing relationship. But building a superior e-portal and cost-efficient back-end systems requires significant, continuous investment.

Finally, to state the obvious, developing a winning transaction-banking value proposition for clients is not easy. It requires a long-term commitment to building product platforms, optimizing operational processes, and embedding the concept of the balanced product suite in the sales force. In addition, it is worth stressing that merely developing product capabilities is not enough—the sales force must be fully engaged and capable of selling the products to clients. Banks that focused on these elements of their business before the crisis are now enjoying the dividends, generating the profits needed for further investment to make it even more difficult for latecomers to attack the market effectively.

Building a superior e-portal requires significant, continuing investment.

Forging the Next-Generation Operating Model

Now more than ever, corporate banks need to overcome the old-fashioned view that theirs is a purely "face to face" business, requiring minimal investment in process and technology. We have seen seriously outdated legacy IT systems at some major institutions. In order to win in the postcrisis era, corporate banks need to be proactive about remodeling their business processes and IT architecture.

The difficulty is that corporate banking back offices are often small compared with their retail-banking equivalents and can take longer to recover significant one-time IT investments, resulting in more challenging project economics. Consequently, corporate banking divisions sometimes get short shrift when IT and reengineering investments are decided each year.

Blue-chip corporate banks take a long-term view of the critical operations and IT enablers that support their success. They continually implement projects to enhance effectiveness and efficiency, taking a holistic "end to end" perspective on their operating model, from the client through the sales force to the back office. They also involve IT and operations specialists in their management teams and strategy discussions, so that there is positive feedback between strategy formulation and what is (and is not) possible on the IT and operations fronts.

A key element of this interaction is often the articulation of a shared *target operating model,* based on a clear and quantified view of the desired client experience for the relevant client segment. This experience must be linked to the bank's business strategy—whether it is trying to be, for example, an "easy and convenient" transaction bank for small businesses or a "fast and flexible lender" for larger clients with more sophisticated needs.

Specific initiatives may vary by segment, product, and bank, but they generally have common themes, such as the following:

- Reducing redundant tasks and related errors that affect the customer experience, particularly in cash management and lending processes
- Moving operational work to central contact centers or online platforms to allow the sales force to concentrate on selling products and managing relationships
- Improving data capture and quality, as well as analytics, in order to improve client insight
- Simplifying, standardizing, and automating core processes as much as possible (which requires careful consideration of what should be standard and what should be customized when it can add value for clients)
- Leveraging scale in operational activities and enabling significant cost reduction
- Capturing cross-border opportunities in order to build scale and seek lower factor costs (such as by offshoring or creating multicountry product factories)

In the course of our client work, we have seen some leading corporate banks develop product factories where operations and IT platforms serve customers in multiple countries. We have also witnessed the evolution of lean credit processes that segment loans according to their complexity. This allows applications to be handled more efficiently through clean, quick, risk-appropriate decision processes, appropriately differentiated according to small-cap, mid-cap, and more complex loans.

Overall, next-generation operating models will need to fulfill broader sets of requirements than in the past, addressing not only costs along the value chain but also customer satisfaction and perception. The customer view on operational excellence will increasingly be a key driver of banks' profitability levels.

Developing End-to-End Transparency and a High-Performance Organization

Many corporate banks claim to be working on initiatives such as those discussed above. But corporate banking is a highly complex business. It is no cakewalk to accomplish true change across organizational boundaries or along the value chain. Nor is it easy to build the underlying data and analytics capability or to attract the sales and managerial talent required to make a large, extremely complicated system hum along efficiently.

In our experience, two key attributes drive the ability of high-performing banks to tie these complex elements together into a powerful corporate-banking business model: end-to-end transparency and a high-performance organization.

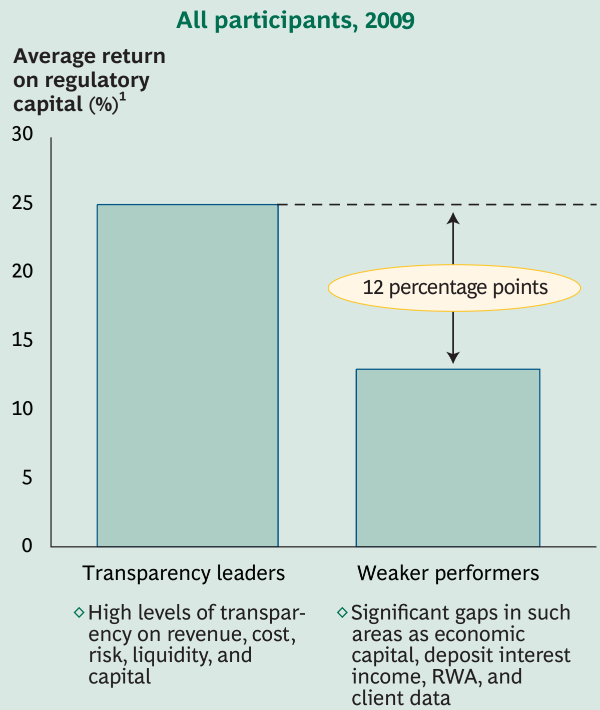
End-to-End Transparency. Given the amount of data tracking and monitoring that goes on in banks, it may surprise those in other domains that corporate banks often struggle to measure the true profitability of individual clients. Even views by product, channel, or region can be difficult to obtain. Indeed, although it is relatively easy to track overall loan volumes, revenues, and accounting profit, some banks continue to struggle with primitive liquidity-pricing methodologies and inaccurate cost allocations. It is a tall challenge to achieve the highly granular knowledge of the risk and capital requirements of different products and clients that is needed to arrive at an accurate calculation of economic profit, or to gather and maintain the multiyear data needed to assess trends in client profitability, client experience, or RM productivity.

Furthermore, on an operational basis, our case work shows that many banks find it daunting to produce the critical management metrics needed to track, for example, their own sales-force productivity, turnaround times for loan applications, and costs per transaction in cash management.

However, the benefits of end-to-end transparency are significant. Banks with strong capabilities in tracking and reporting on a segment-specific basis across revenue, costs, loan volume, RWA, and economic capital—as well as in tracking and reporting client, product, and sales force data—tend to significantly outperform banks with weaker capabilities. (See Exhibit 8.)

Blue-chip corporate banks, where the mantra is often "what gets measured gets done," are moving in this direction. We believe that the ongoing improvements in cheaper computing power and the constant availability of electronic data are bringing the industry to a tipping point where leading banks will transform how they are managed. Consider the following questions, which many corporate banks have difficulty answering, but which are increasingly discussed at leading banks:

Exhibit 8. Performance Is Strongly Linked to the Quality and Transparency of Data and Reporting



Source: BCG Global Corporate-Banking Benchmarking Database.
[1]Defined as 8 percent of Basel II RWA.

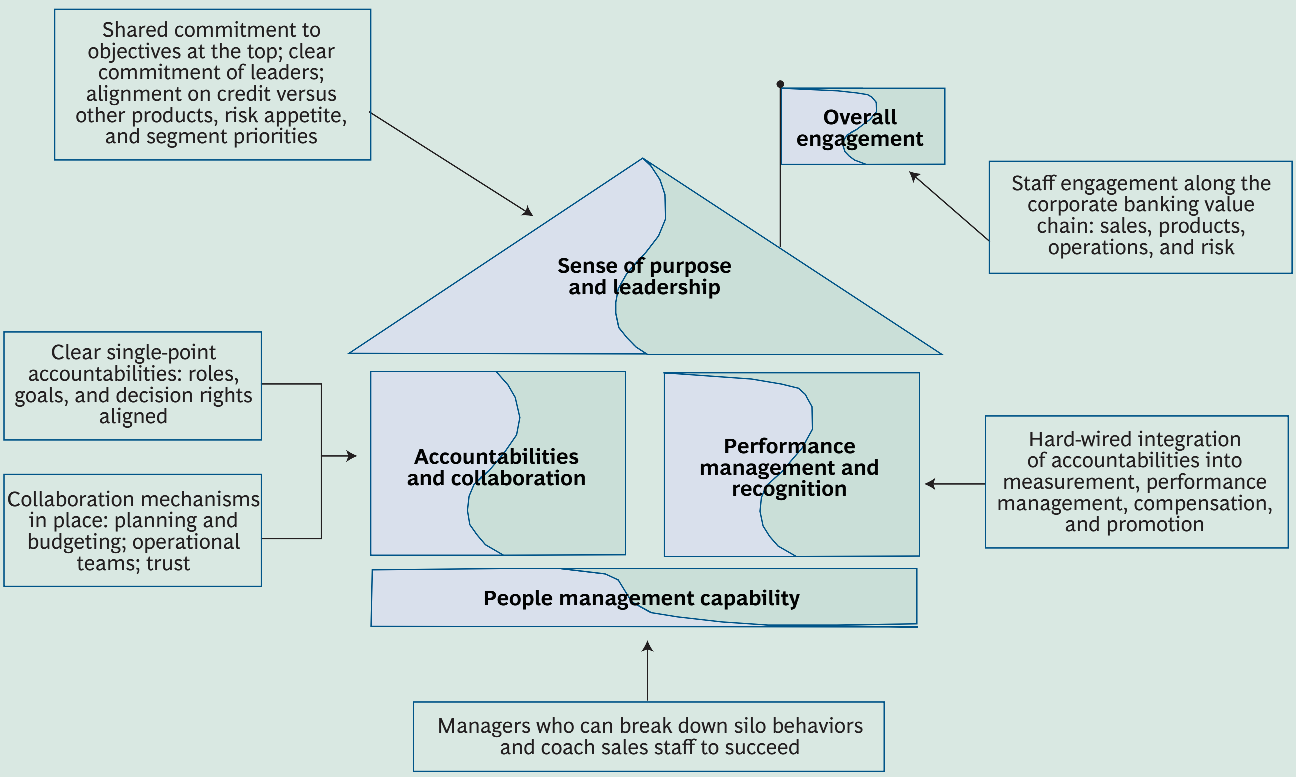
- Which client clusters buy the most profitable products, factoring in true liquidity, risk, and capital costs?
- How do any client's purchases from the bank compare with those of similar clients, and are there specific opportunities to cross-sell?
- How do pricing options affect the profitability of any deal—and the RM's compensation?
- What sort of feedback from monitoring and workouts needs to be factored into new loan decisions?
- How long is the bank's average turnaround time for a loan application, and which types of loans tend to get bottlenecked?
- Which clients are the riskiest, and which consume the most capital relative to their value to the bank?

As the postcrisis corporate-banking industry evolves, answers to such questions will gradually move from the realm of arduous, one-time finance-department studies to that of routine, real-time accuracy. Institutions on the cutting edge of this development will gain a keen advantage over their slow-moving rivals.

A High-Performance Organization. Corporate banks are remarkably complex organizations on multiple dimensions: different client segments and distribution models; varied products; complex, multisilo value chains—all often spread across far-flung locations.

BCG has developed a framework for a high-performance organization in corporate banking. (See Exhibit 9.) In brief, to achieve true organizational excellence, corporate banking leaders need to think holistically about a wide range of levers. Just focusing on organization charts and incentives, which is where many start, is not enough.

Exhibit 9. BCG Has Developed a Framework for a High-Performance Organization in Corporate Banking



Source: BCG analysis.

Our framework has five key elements that provide a powerful lens through which to review the organizational alignment of both the overall business model and the specific teams and processes within it:

- *A Sense of Purpose and Leadership:* Is there a shared commitment to a clearly defined strategy, with specific financial and client objectives? Or, as we have seen at multiple banks, is the sales force focused on loan volume while the transaction banking division works in isolation on cash management sales and the CFO asks about economic profit?

- *Accountabilities and Collaboration:* Are there clear roles defined for all members of the team regarding both individual and shared accountabilities? Or, for example, is it unclear what the respective roles of the RM, portfolio-monitoring, and special-loans teams are with respect to "watch list" clients?

- *Performance Management and Recognition:* Is outperformance on strategic objectives celebrated? Are the financial and operational metrics clearly understood and aligned with incentives? Is there a rigorous process in place for productive coaching and performance-management discussions?

- *People Management Capability:* Is there a climate of high expectations? Do managers have the capabilities to both coach their staffs effectively and work collaboratively with colleagues along the value chain in order to optimize outcomes for both client and shareholder?

- *Overall Engagement:* Finally, in an era when talent management will be ever more important, are employees in every role engaged and aligned with the organization's objectives?

These are difficult challenges that cannot be dealt with all at once or by a small, centralized team. They must be tackled on an ongoing basis throughout the organization, from the senior executive team to the frontline. Our client experience shows that banks that think deeply and often about these issues build an organization that is highly capable of delivering value to clients and handily surpassing competitors.

Conclusion

Asymmetric Competition and How the Leaders Will Deepen Their Advantage

In the boom years from 2004 to 2007, most corporate banks grew robustly. Amid surging economies, low loan losses, and readily available cheap capital, it did not really matter whether a bank had top- or bottom-quartile capabilities in products, cost management, or risk management. All that mattered were workable sales processes.

But the crisis rudely awakened legions of banks. While some successfully navigated the crisis, others suddenly found themselves with devastating loan losses, client portfolios whose quality profiles had deteriorated overnight, and revenues that relied excessively on rapidly weakening sectors.

Today, looking ahead to the less exuberant business environment that will characterize the next five to ten years, we will likely see a continuation of the recent pattern—high-capability corporate banks widening the performance gap between themselves and the rest of the field. Behind this dynamic is a virtuous cycle for leading banks—and a vicious one for weaker institutions—that the crisis has fueled. Simply put, when a strong bank puts into play a focused, highly trained, and motivated sales force—along with sharply calculated risk-based pricing and a comprehensive transaction-banking offering—it captures the best clients. And it generates the profits needed for further investments in products and other capabilities, deepening the advantage. Meanwhile, its pricing acuity forces bad clients to weaker banks, which often end up with higher (and sometimes crippling) loan losses—all of which helps reinforce and perpetuate the cycle.

Taken as a whole, these dynamics will significantly benefit blue-chip banks and inflict varying degrees of damage on lower-tier institutions. The former group will attract a premium franchise of first-rate clients that provide a steady and increasingly diversified stream of revenues from capital-light products. At the same time, these blue-chip banks will be able to trim costs and place themselves in a better position for the next down-cycle. Lower-tier banks will suffer from relatively weak profitability even in good market years. They will end up with a lower-quality client base and alarming losses during recessions. And they will not contribute much to total shareholder return—instead contributing all too much to enterprise risk levels and to capitalization and funding troubles.

Furthermore, the corporate bank is just one part of any universal bank's portfolio. As blue-chip corporate-bank leaders are fêted as champions at the CEO's off-site gathering—and given virtually as much capital, funding, and IT resources as they want in order to further increase the economic profit of the business—lower-tier corporate banks will often be treated as scapegoats.

Taking the long view, we offer the following concluding thoughts. Major financial upheavals such as the one we have witnessed over the past 24 to 36 months—dire as they may seem for a time—present opportunities, not just threats, to institutions that develop the most robust business models and the most creative strategies. Leading institutions use highly uncertain times to their advantage, gaining market share and a competitive edge over slower-moving rivals that simply try to endure crises and hope for the best. The leaders seize the moment to begin the process of becoming a truly blue-chip player. In the end, corporate banks can largely control their own destinies by determining which type of institution they aspire to be.

For Further Reading

The Boston Consulting Group publishes other reports and articles that may be of interest to senior financial executives. Recent examples include:

Regaining Lost Ground: Global Wealth 2010
A report by The Boston Consulting Group, June 2010

Life Insurance in Asia: New Realities and Emerging Opportunities
A White Paper by The Boston Consulting Group, April 2010

Building a High-Powered Branch Network in Retail Banking
A White Paper by The Boston Consulting Group, March 2010

Risk and Reward: What Banks Should Do About Evolving Financial Regulations
A White Paper by The Boston Consulting Group, March 2010

After the Storm: Creating Value in Banking 2010
A report by The Boston Consulting Group, February 2010

Leveraging Consumer Insights in Insurance
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Retail Banking: Winning Strategies and Business Models Revisited
A White Paper by The Boston Consulting Group, January 2010

The Near-Perfect Retail Bank
A White Paper by The Boston Consulting Group, November 2009

Come Out a Winner in Retail Banking
A White Paper by The Boston Consulting Group, September 2009

Value Creation in Insurance: Laying a Foundation for Successful M&A
A White Paper by The Boston Consulting Group, September 2009

Weathering the Storm: Global Payments 2009
A report by The Boston Consulting Group, March 2009

Note to the Reader

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