

COMMENT: BDO 7p MODEL & Financial Services



GEBHARD ZEMKE

BDO's Head of the Global Financial services industry team outlines the BDO view on which of the 7ps he considers the most relevant to drive success in this industry

The financial services industry is a broad umbrella term covering many different areas, including banking, fintech, asset management and insurance. Each specific industry has faced challenges and weathered the storms created by COVID-19 based on its unique circumstances.

Asymmetrical impacts have hit some on revenue sources and costs. Some have seen rapidly changing customer needs, while others have grappled with unprecedented growth and customer acquisition opportunities.

However, certain factors and dynamics apply across all spaces. Heightened regulatory scrutiny, changing tax and auditory rules and new international initiatives - such as the OECD's proposed taxation of the digital economy - affect financial services companies. The same applies to increasing competition, pressure on existing business models and growing data and cybersecurity concerns.

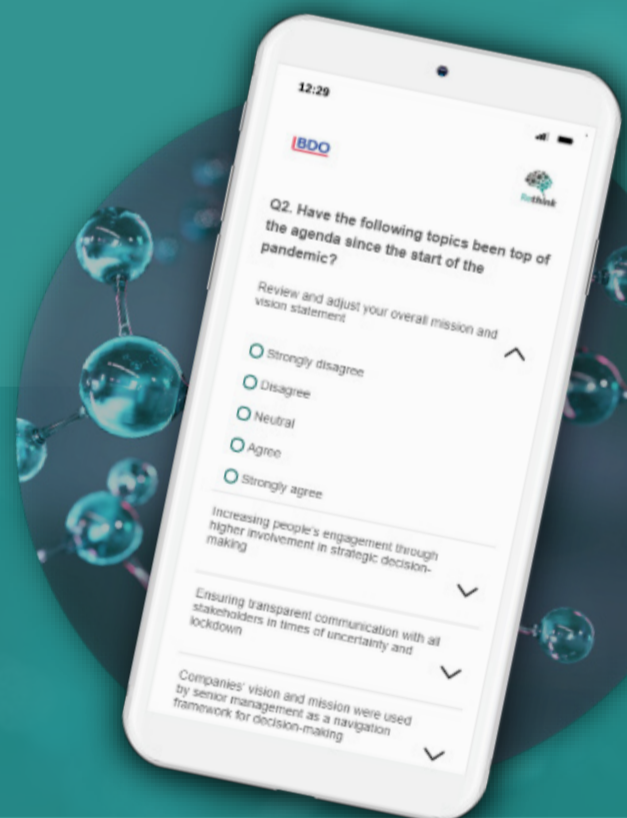
In an ever-changing business landscape, industry benchmarks and best practices are valuable tools. BDO's 7p model provides companies across the financial services industry with access to benchmarked, quantified information across a range of relevant topics - presented in a consolidated way.

Through this model, companies can build out proactive initiatives and compare their position and projects with what is happening elsewhere in their industry.

Areas they can gain insights into include:

- ▶ The impacts of regulatory reforms
- ▶ The consequences of increased focus on areas like sustainability
- ▶ How to react to and integrate disruptive technology
- ▶ Rolling out new service-delivery channels

The areas detailed above have defined much of the last year or so across many financial services companies.



Those whose **People** have upgraded and developed their professional skillsets in order to navigate the continually shifting business reality around them tend to have performed best. Furthermore, these companies have found ways of using digitization to their advantage.

Digitisation has also been at the core of changing **Processes**. Robotic process automation (RPA), machine learning and data analytics are helping financial companies streamline business operations and their organisational structures. Soon, other technologies like AI-powered virtual assistants will open new opportunities. Identifying where and when to invest in technology and developing new business processes, while simultaneously keeping a firm grasp of areas like regulatory changes, coincides with employees primarily working off-site through digital tools.

Changes to the **Place** of doing business and how we work are continuing across financial services. As companies look at near-future scenarios of 50% to 95% remote work, figuring out how to utilise existing real estate and interacting digitally with customers are top of mind. New data protection legislation like GDPR is being introduced across the world, and companies are being asked to balance data protection with the integration of new, user-friendly solutions. As a result, the focus on upgrading cybersecurity and transitioning to cloud-based IT solutions has increased.

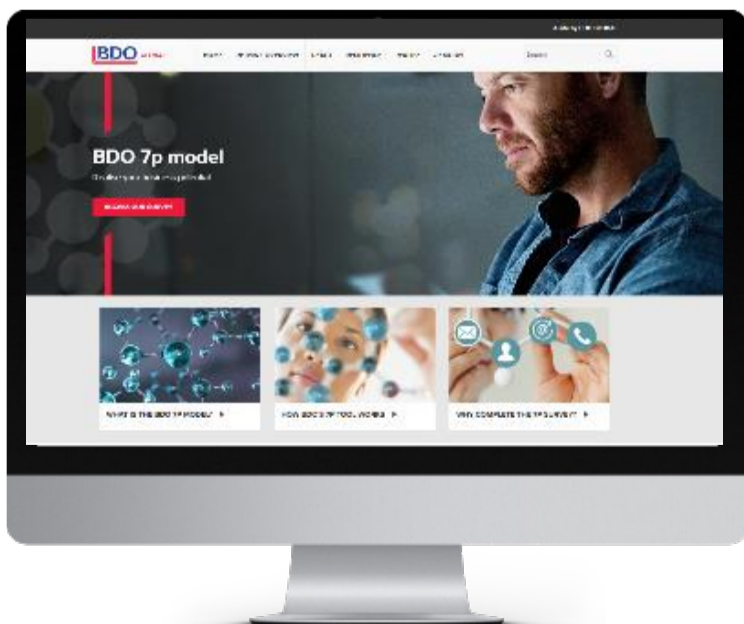
As the pandemic seems to subside and countries begin reopening, many of the changes described above will be here to stay - and new ones will appear. Financial service companies will be tasked with continually updating and upgrading their setups to handle the developing business landscape and navigate coming changes.

HOW CAN BDO HELP

BDO's worldwide expert financial services teams advise financial services companies on all aspects of their businesses and operations. Thanks to our presence in more than 160 countries, we have unique on-the-ground expertise to assist you wherever you are - or want to be - active.

BDO clients need to ensure that their businesses are well positioned in a post-COVID world.

The BDO 7p diagnostic model enables our clients to harness the power of data from our large client base to gain valuable perspective and exchange with their advisers as they set their strategic direction and navigate the ever-changing global business environment.



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