DOWNLOAD PDF THE CHANGING FACE OF IRISH BANKING

Chapter 1 : The Changing Face of Ireland | Irish America

The changing face of retail banking in Ireland In the first of a two part series, Derek Moriarty examines the changing landscape of Irish retail banking and says that faced with increasing competition from new entrants such as Northern Rock, banks will have to demonstrate radical new capabilities to profitably capture the growth opportunities.

Businesses and other organisations can gather detailed information on them for the purposes of advertising and criminals can use their information to commit fraud. Each regulation comes into force in , meaning consumers will have more choice over when and how companies collect data on them, as well as in how they pay for goods and services online. Join Our Free Newsletter. All emails include an unsubscribe link. You may opt-out at any time. PSD2 revolutionises transactions The second Payment Services Directive PSD2 will fundamentally change how consumers access their financial data as well as how, and with whom, they transact. But to promote competition in financial services and improve ease of use for consumers, PSD2 makes provision for data aggregators, which allow for a single view of accounts at multiple providers insurance companies, payments services, credit card issuers, mortgage lenders, etc. All account information, all financial products, and all transactions will be visible on a single dashboard. To make this possible, PSD2 will require banks and other financial service providers to open their data and payment initiation capabilities to third parties. In this way, PSD2 will open banking, offering consumers more freedom not only when it comes to accessing and sharing their financial data, but also for engaging in financial transactions. More freedom, more security This freedom, however, does not equate to less security. Quite the opposite will be the case, in fact. Multi-factor authentication, where at least two authentication factors from different groups are used the groups being something a consumer has, something they know and something they are , is commonly regarded as the industry standard in terms of SCA. When authenticating a transaction, the consumer will then have to provide at least two authentication factors from different groups. The opportunity for banks It would be easy for banks to have misgivings about these new regulations, but there is no need to fear. If implemented with security and user experience in mind, the changes introduced in accordance with the new regulations, especially SCA, could present an opportunity for a bank to instil customer trust, leading to an increase in the number and value of transactions even as fraud is effectively eliminated. Mobile-first strategy One way of providing an authentication measure that is simultaneously secure and less disruptive to the consumer, is by utilising the power and ubiquity of the mobile phone. Rather than requiring consumers to rely on one-time passwords or additional security tokens that are less secure as well as cumbersome, mobile phones can be used as one factor of authentication in a SCA implementation. Imagine a scenario where a consumer initiates a purchase online and, in order to verify that purchase, an authentication window pops up on their mobile phone. All the consumer need do is tap accept or reject on the device to verify the transaction. It is a quick and seamless interaction that leaves them feeling empowered and reassured. Banks that embrace the new regulations with a smart, innovative and customer-centric approach will reap all the rewards, from better customer satisfaction to lower fraud levels:

Chapter 2 : The changing face of Irish athletics - calendrierdelascience.com

Note: Citations are based on reference standards. However, formatting rules can vary widely between applications and fields of interest or study. The specific requirements or preferences of your reviewing publisher, classroom teacher, institution or organization should be applied.

As the techniques and objectives of criminals shift, so must those charged with thwarting them across the public and private sectors. However, tackling financial crime is no longer the responsibility of individual banks to solve on their own. This industry-wide problem relies on financial institutions working collaboratively on effective and efficient solutions in a resource constrained world. What role can intelligence sharing play in making financial crime compliance more effective? Over the last 30 years, financial crime has become an increasing concern for governments around the world, while banks have been doing their best to tackle this growing issue head on. Today, firms are often expected to satisfy regulators in multiple jurisdictions. They must demonstrate robust governance, effective risk procedures and adequate internal control mechanisms to manage their financial crime risk. Significant resources are also required to source, assess and maintain accurate data on counterparty relationships. This includes regular qualitative assessments to ensure the data is verified and kept continuously up-to-date. Against this backdrop it is clear that tackling financial crime should not be done in silos. KYC utilities allow banks to centralise and share information about themselves with the relevant counterparties, introducing efficiencies in the compliance process and reducing due diligence costs. Given the significant reliance banks have on each other through long-established customer trading relationships, this makes business sense. KYC utility platforms reduce duplicated efforts and deliver significant time and cost savings as well as helping to standardise a highly complex process. In addition, banks are increasingly sharing intelligence with law enforcement agencies. This enables them to build up an understanding of patterns of financial behavior that might be indicative of terrorist or criminal behaviour, and addresses the regulatory drive for increased transparency and, ultimately, a reduction in financial crime. Can good compliance drive good business? Some institutions see compliance as a crucial, but often burdensome, process for combating criminal activity and the illegal flow of money. However forward-thinking compliance professionals and CEOs also recognise that robust compliance procedures earn the trust of regulators and can transform their business prospects. By demonstrating that a strong compliance framework has been embedded, a bank can attract customers seeking legitimate channels for facilitating international payments and correspondent banking requirements. This is particularly pertinent in high-risk regions where de-risking has become a concern for local financial institutions and regulators, affecting their ability to access the global financial system. By demonstrating compliance and transparency, banks in higher risk markets can reduce the chance of being de-risked and position themselves as safe and reliable business partners. How can banks and other financial institutions reduce the impact of de-risking? De-risking has had the unintended consequence of driving institutions towards channels that are less transparent, more difficult to track, and attract greater risks. This can decrease transparency and potentially make it even harder to track and prevent money laundering and criminal activityâ€” the very thing that regulation is intended to prevent. To reduce the impact of de-risking, it is critical for banks and financial institutions to work together with regulators and customers. This approach supports robust and transparent compliance procedures that facilitate the international flow of legitimate payments, business and commerce. At the same time, it is crucial to maintain dialogue and awareness of industry practices, challenges and concerns, and work together to develop standardised solutions that can be adopted by a broad range of institutions. From our experience, the optimal route to achieving this is the use of industry-wide platform solutions based on collaboration, standardisation and transparency. How could utilities reduce compliance costs? The cost and complexity of regulatory compliance is increasing rapidly. Compared to pre-financial crisis spending levels, operating costs spent on compliance have increased dramatically. It is no longer efficient for institutions to tackle these issues on an individual basis. Many institutions are now partnering with third party utilities to combine common ideas and best practices with technological innovation. By working together, they are developing industry-wide solutions that can be adopted across a broad range of institutions. Is artificial intelligence AI clever enough for compliance? The technology and tools available to tackle financial crime continue to evolve and many institutions are exploring the potential of emerging technologies such as AI. Although AI remains in its infancy, financial institutions recognise its potential benefits. In our view, AI technology has the potential to be applied in a broad range of areas, from natural language in payment processing to strengthening the effectiveness of sanctions filters, and the automation of alert investigations for compliance systems. When developed and used appropriately, AI can provide business insights that can be used to drive innovation, improve the effectiveness and efficiency of processes, and mitigate compliance and fraud risks. Can robots help fight financial crime? As the flow of international transactions continues to increase rapidly, so too are the levels of information and data processing. It is a major challenge for humans to process all the data relating to counterparties, institutions, sanctions lists etc. This involves investment in people that have the skills to conduct robust, regular qualitative assessments. Due to the high volume of information involved, there is an inherent risk of instances of financial crime being inadvertently missed, or of human bias being injected into the process. Machines can play a key role in this regard, using their automation, intelligence and superior processing power to introduce greater efficiencies to compliance processes, particularly ones that are easy to standardise. This leaves humans free to focus on other areas that require deeper analysis and intuition and personnel skills, such as customer relationship management, or evaluating the risk associated with new clients or existing relationships.

Chapter 3 : The Changing Face of Branch Banking | DBS Bank

The changing face of retail banking in Ireland - strategies for profitable growth Derek Moriarty says that Irish banks are still only in the second stage of reaching profitable growth and have yet to capitalise on tailoring their customer offering further at a local level.

India, however, is still at the starting and other parts of the world are ahead in many ways. As for the BFSI industries, I am part of, different organizations are at different levels of exploring these technologies. In case of India, the first and foremost factor that pulls everyone here is the sheer size of the market. Even in times when ease of doing business was tough, this factor alone attracted scores of business to India. There is the overall thrust on digital in general and digital payments in particular by the current regime in Delhi. New private Indian banks have been known to be early movers when it comes to leveraging technology in general and Internet in particular. Indian banks and the technology push The balanced approach followed by Indian central bank, Reserve Bank of India, is another major factor in any new technology adoption in Indian banking sector. In the last few yearsâ€”especially during the governorship of Raghuram Rajan and his successor Urjit Patelâ€”RBI has taken a cautious but pragmatic view of embracing new technologies, often forcing technology adoption on banks through regulation, wherever it has seen scope to enhance customer experience and efficiency using a particular technology. It has used a mix of regulation, evangelism and even worked with the industry to make things easier and effective. The creation of National Payment Corporation of India NPCI which has significantly brought down the cost of electronic transactions is a case in point. It is not a coincidence that both these units have been actively involved in testing out blockchain as a proof of concept. It is a fact that India is a tech-hub. Apart from being a large technology outsourcing destination, India is also the home to vendors with a large core banking market share globally. Of late, India has also seen a lot of activity in the fintech arena. The country has become one of the global fintech hubs. While in many developed markets, fintechs and banks have enjoyed an uneasy relationship, in India, most progressive banks like ICICI Bank, Axis Bank and HDFC Bank have proactively gone to fintechs, creating contests and hackathons to get the best of innovations, sometimes even sharing their APIs with these fintechs. Simply put, BankChain is a community of banks for exploring, building and implementing blockchain solutions. BankChain is supported by Pune-based startup Primechain Technologies to create these solutions. Currently, it has 37 members and 8 live projects. RBS is also one of the founding members of the R3 blockchain partnership. That means almost all four of the top private banks in India are going deep into blockchain trials and implementation. In short, India is today a vibrant powerhouse of fintech. That willâ€”and the early signs only confirm the trendâ€”impact blockchain trials, rollout and deployment in a unique manner in India, making it a global learning testbed. Did you find this story helpful?

Chapter 4 : Article: Technology and the changing face of the banking industry â€” People Matters

The Changing Face of Ireland By Emmett O'Connell, Contributor April / May Immigration into the Republic of Ireland has begun to push the troubles in the Six Counties of British-occupied Ireland off the political agenda in Dublin.

Long familiar with the economic, social and political consequences of emigration from Ireland over the centuries of English rule, the Irish body-politic now faces increasing strains and stresses from the mounting flow of both legal and illegal immigration into the economically booming county Republic. Since the enlargement of the member European Union in by the admission of former Communist countries in Eastern Europe, plus Malta and Cyprus, a previous growing but manageable number of immigrants has turned into a veritable flood. The figures are stunning. From the date of accession of the 10 new member states January 1, , but free migration from May 1, to December 31, some , applications for work permits were issued in Dublin and the current figure is running at 12, per month. In this regard, Ireland passed the U. In addition to Eastern Europeans, a large number of Filipinos now make Ireland their home. The crumbling national health service, suffering from maladministration and plummeting standards since the disappearing religious nuns gave over control of many hospitals to state-appointed lay people more interested in pay, promotion and pensions than patients, has had to streamline normal immigration and regulations in order to recruit thousands of Filipino nurses to fill the gap. Tourists will note that there is scarcely a town or hamlet in Ireland without its Asian restaurant. The number of Chinese is expected to equal two percent of the population in the next census, all busy feeding an increasingly cosmopolitan consumer society. Altogether, , of the four million population are foreign born. For those who must sell their labor, however, there is a serious downside to this rosy picture. Competition in an open labor market of four million Irish and 75 million Eastern Europeans will inhibit pay and conditions for existing Irish workers outside the sheltered civil service. This was dramatically illustrated in the recent strike which brought Irish Continental Ferries to a complete standstill. An all-Eastern European crew and officers were recruited to replace their Irish counterparts. So large were the savings in wages, however, that the ferry company was able to offer a severance package generous enough to gain percent acceptance from the redundant Irish workers. The principle of out-sourcing existing Irish employment to Eastern Europe was established. Only the price was to be negotiated. The redundant workers cried all the way to the bank. Yet another aspect of the rapidly changing face of Irish society was brought into sharp focus when an archbishop of the Anglican Church of Ireland, once the last redoubt of Anglo-Irish influence, issued an appeal to the government requesting amnesty for illegal immigrant residents in the country for five years or more. It did not miss the attention of many, however, that one of the largest concentrations of illegal immigrants are from Nigeria, a former British colony. The challenge for Irish society today is to manage the seismic shift from a homogenous society, based on cultural and ancestral consanguinity, to one of diversity. It sounds simple, and has that politically correct warm and fuzzy feel to it, but few, if any, societies have been able to make that transition peacefully or without destroying much of the fabric that made it attractive to begin with. As the poet Yeats wrote:

Chapter 5 : The Changing Face of the Irish in Australia | Irish Australian Chamber of Commerce | IACC

The changing face of Irish athletics. calendrierdelascience.com The trend was unmistakeable, clear as day to see for those willing to look. In Tullamore at the start of the month, midway through the Irish.

Different topics, different opinions, getting louder, more vociferous and more entrenched as the night goes on. Banks are going to have to adjust to the biggest changes to their profitability model since the introduction of computers in the 70s and 80s. Revenue The increasing commoditisation of cornerstone retail banking products allied with market competition and disintermediation has led to a sustained trend of margin pressure across the industry. However, incumbent banks still have one major advantage; their large customer base. Successful banks of the future will find a way to maintain key customer relationships and build new revenue streams that are presently alien to most banks. Developing new revenue streams by allowing 3rd party access Allowing 3rd party product and service providers financial and non-financial access to the customer base will be important. Banks that succeed long-term will be able to deliver best in market innovation and services to their customers. Particularly when this is done in a way that truly delivers a more rounded and superior end-to-end customer experience. Build commercial arrangements with the 3rd party provider. By allowing access to a large customer base, while still acting as custodian to what can be delivered, banks can significantly drive revenue benefits and increase customer satisfaction. Proper utilisation and monetization of customer data Historically, banks have looked at customer data all wrong. Something that has to be stored in big servers on the outskirts of town because the regulator tells them they need to hang onto it for seven years or so. All the while some of the biggest companies in the world Google, Facebook et al. The definitive consumer behaviour â€" gold for advertisers. After all, it is their data! Costs Put simply, bank cost-to-income ratios are too high. And this gap is growing every year. Scale in banking has translated into complexity and over time those unwieldy IT legacy systems. However, there is a new wave of cloud-native solutions that are going to radically alter the cost base model by becoming up to ten times more efficient than incumbent banks. While incumbent banks can start to move towards cloud usage, existing bank systems are not built to fully optimise the cloud and take advantage of these benefits. They can be retrofitted to an extent, but they were never designed with the cloud in mind. Banks need to figure out how to achieve this new CTI or risk facing competition that can compete on lower price, but maintain a better margin and more profitability. And all of this can all be done while greatly improving the customer experience. The cost side is a bit trickier and those legacy systems are not helping, but there are increasingly cleverer ways to move away from legacy to smarter, more agile platforms. It will require strategic flexibility, but the ability to achieve lower cost-to-income ratios will be important. At Leveris we believe the solution lies in the use of a modern, modular, open API platform based in the cloud.

DOWNLOAD PDF THE CHANGING FACE OF IRISH BANKING

Chapter 6 : The changing face of financial crime compliance â€“ FinTech Futures

Technology and the changing face of the banking industry Jaspreet Bakshi, Director & Regional Head - HR People Services, India throws light on how technology is changing the face of Indian banking. There is a lot happening in the space of AI, BlockChain, Machine Learning in all sectors, both globally as well as in India.

Comments Grafton Street time-lapse. Eilee Murphy In the past 60 years, Ireland has undergone some astonishing changes. The country has weathered the troubles in the north, poverty, upheavals in politics, challenges to religious influence and cyclical emigration. Yet through periods of great prosperity and grinding economic depression, the essential character of the Irish people has remained unchanged. Ireland in Cork hurling manager Jimmy Barry-Murphy in his playing days. Some people had TV sets on which they were able to pick up broadcast signals from the BBC, but there was no Irish programming available. That would change in The government announces plans to build Cork Airport in Ballygarvan. Convicted murderer Michael Manning is the last person executed in the Republic of Ireland. Embassy is officially opened in Dublin. A Garda training center was opened in Tipperary. The country celebrated the 25th anniversary of commercial transatlantic flight. Author Brendan Behan Mar. Ireland in Sean MacBride, the son of Maj. There was a strong current of unease in the country, with the Northern Ireland Executive collapsing within five months of its inauguration. Bombings in Dublin and Monaghan kill 33 people and injure more. Powerscourt House in Enniskerry is destroyed by fire. The first Kilkenny Arts festival is held. Poet Austin Clarke Mar. Ireland in Singer Luke Kelly. With the economy in crisis due to high unemployment, young people start to emigrate in large numbers. President Ronald Reagan arrives for a state visit, and drops by his ancestral village of Ballyporeen, Co. Workers at the Henry Street branch of Dunnes Stores go on strike to protest the importation of fruit from South Africa. Folk singer and former Dubliners star Luke Kelly Jan. Anne Lovett, aged 15, whose death after giving birth in secret in a grotto in Granard, Co. Longford sparked a national discussion on sexual abuse Jan. World champion flyweight boxer Rinty Monaghan Mar. The Provisional IRA announce a complete cessation of military activity. Taoiseach Albert Reynolds resigns his office and is succeeded by John Bruton. Actress Saoirse Ronan April Trad musician and music collector Micho Russell Feb. The Celtic Tiger was roaring, and the booming economy attracted thousands of immigrants to the country for jobs in construction and service industries. Ireland takes over the presidency of the European Commission. The main topic of conversation is the introduction of the smoking ban that prohibits tobacco use in pubs, offices and restaurants. Irish-born aid worker Margaret Hassan is murdered by her captors in Iraq. Singer and actress Maureen Potter Apr. What were the seminal moments? Let us know what you think in the comment section, below.

Chapter 7 : calendrierdelascience.com - PSD2 - The Changing face of banking

The Changing Face of Branch Banking In numbers that far outstripped other regions, consumers in Asia are fast adopting mobile technologies in their daily lives. As an increasing number of consumers use their mobile devices to conduct banking transactions, many wondered if this is the death knell for the physical branch.

The changing face of retail banking in Ireland - strategies for profitable growth Derek Moriarty says that Irish banks are still only in the second stage of reaching profitable growth and have yet to capitalise on tailoring their customer offering further at a local level. This is the second of two articles focussing on strategies for profitable growth in Irish retail banks. The first article considered recent trends in Irish financial services, the market structure and economics, and areas for improved cost management. As discussed previously, significant cost cutting is underway in Irish banks e. However, there has been relatively little innovation in strategies for profitable growth. This article will address this issue and, in particular, will consider the role of the branch. We have observed three broad stages to profitable growth that vary in degree of sophistication and impact. There are overlaps between the stages and each one builds on the previous set of ideas and initiatives. Stage 1 - Quick wins to gain momentum There are a number of simple and effective measures that banks can take to enhance their offering. For instance, many are adopting a retail mindset in thinking about new ways to grow their business. Examples include enhanced customer service and longer opening hours. Other initiatives that support the move towards a retail focus revolve around the use of technology e. Recent entrants to the Polish market, Lukas Bank and Handlobank, quickly differentiated themselves from incumbent players by using innovative customer service strategies. The impact of these initiatives has largely been on customer satisfaction through longer opening hours etc. In addition, branch costs have been cut through increased automation and centralisation etc. This can also have a follow on impact on revenue generation, as branches become more conducive to browsing and purchasing. Irish banks have progressed through this stage, albeit employing less radical measures than American banks. Transaction processing has been centralised and most banks have extended opening hours recently. Stage 2 - Differentiation through tailoring the proposition Stage one initiatives by their nature are easy to replicate and cannot be relied upon for any sustainable competitive advantage. Therefore, as competition increases and customers become more sophisticated there is a need to differentiate in more innovative ways. How can banks react to this more challenging environment? Stage 2 involves gaining a deeper and richer understanding of the current and potential customer through segmenting the market on variables such as demographics, behaviors etc. Insight is gained into what products customers need, how they like to buy and where they like to buy, yielding actionable results for a more tailored offering, and enhanced format strategy. The main objective of segmentation is to win and retain the customer groups that contribute most to profits. Banks can then plan their strategic direction and effectively allocate marketing efforts across these segments. This enables more proactive and efficient targeting of segments to increase satisfaction and ultimately customer contribution and retention. In terms of product tailoring, UK banks have been adapting their offering to different segments for some time. They differentiate what are essentially generic products, such as mortgages and current accounts, by tweaking them with new features and fees e. Nat West offers various permutations of its current account to distinct customer segments based on needs. The New Zealand Bank offers a rural banking service to its rural customers. This is essentially a centrally based service with rural managers calling to customers as needed. This ensures that location is not a barrier to good account management. Branch format is being tailored to what suits the needs of the local catchment area. Retail banking in the US is quite sophisticated in this regard e. The company reports that customer satisfaction has risen dramatically in Atlanta where the stores are being tested. Here, tellers work a retail floor to help customers giving it the feel of a shopping experience. The staff wear headsets should they need to take a call while on the floor. The stores also sell toys, software etc in addition to regular financial products. There are no teller counters, no roped off lines and no assigned desks for employees. Format tailoring can increase customer satisfaction by offering a place to bank that meets needs e. It can also enhance the efficiency of the branch network by reducing costs, space etc. Overall, this stage will have a larger impact on revenue generation than Stage 1 as an increased focus on selling is applied in the most appropriate locations. Some incumbent banks have dabbled with tailoring formats such as introducing ATMs centres. Overall however, there is little evidence of segmentation being carried out on a sophisticated level by any of the incumbents. Stage 3 - Thinking nationally, acting locally While a richer understanding is gained of customers at an aggregate level in Stage 2, Stage 3 involves tailoring the customer offering further at a local level. These tend to perform better than those based only on behavioral information. Consumers generally live where they do because of their age, household and socio-economic circumstances. These factors influence their buying habits. Essentially, branches have a portfolio of corporate product and format offerings at their disposal but have responsibility over how and where these are deployed. Implicit in this strategy is greater input and decision making from the branch manager, utilising his local community understanding. This is contrary to the recent corporate agenda of branch closures and centralised decision-making. Indeed, evidence exists internationally of a swing back to greater control at a local level of certain issues e. The rationale for this move is that more empowered managers make more value creating decisions. In this stage, the branch is maintained and enhanced and seen as a source of competitive advantage. But how successful has this strategy been? In New York, North Fork Bank and Commerce Bank quickly grew market share and differentiated themselves by simply offering a branch service to the local community. While their established competitors were busy transforming themselves into investment banks and closing local branches, they entered the market and took the business in prime territories. Managers reported that they basically waited for local disgruntled customers to join up after other major banks closed local outlets. Wells Fargo has embraced decentralisation too and has actually added more to its middle management layer in California. One example that executives there like to cite as proof that local is better is a Spanish language advertising campaign that would seem obvious to anyone trying to target the growing Spanish speaking population in the area, but had not happened before at Wells. Increased delegation has led to radical new ownership structures in some instances e. How is this model of local responsibility different to before? There is a new culture of personal responsibility and entrepreneurial spirit allowing managers to take key decisions locally e. However at the same time managers have higher goals to achieve than before. Managers are not burdened with unnecessary central overheads that they may not even benefit from. Branch managers have increased visibility of corporate strategies and products and services available. Irish retail banks do not appear to have entered this stage yet. While some minor format renewal and product tailoring has begun Stage 2 , there has been minimum innovation to date in profitable growth strategies. Locally, the branch is still very much controlled at a corporate level, offering the same products and formats that other branches and competitors employ. As competition increases locally and from international entrants, increased focus on differentiation strategies is required - what makes customers want to do more business with your bank than any other? The successful players will be those that invest money in research, development and trial of new branch concepts. They will be increasingly able to capitalise on their experiences and commitment as they operate in a more dynamic and flexible environment, constantly adapting to customer needs as appropriate. Article appeared in the October issue.

Chapter 8 : The changing shape of Irish retail banking in a digital world | Financial Services Thought Galler

But, if anything, the arrival of Danske Bank into the Irish market with the acquisition of National Australia Bank's Irish subsidiaries National Irish Bank and Northern Bank will have been more.

The changing face of retail banking in Ireland In the first of a two part series, Derek Moriarty examines the changing landscape of Irish retail banking and says that faced with increasing competition from new entrants such as Northern Rock, banks will have to demonstrate radical new capabilities to profitably capture the growth opportunities likely to exist in the market. Irish retail banks have certainly had much to shout about. In recent years, they have capitalised on strong economic growth and a relatively benign competitive environment to significantly outperform European peers in terms of profitability and returns to shareholders. Increases in domestic consumer and corporate demand for financial services products have been driven by underlying Irish economic growth which has exceeded that of European counterparts by 5 per cent per annum over the last ten years. Recent evidence, however, would suggest that the tide is changing fast. Of much more concern to providers, however, is the potential step-change decline in profitability resulting from increased price-based competition in almost all retail banking product markets. This has come about from the entry of new, mostly foreign-based competitors offering headline prices below existing market levels. While these entrants have had varying degrees of success in building profitable footholds in Irish markets, the knock-on impact of their arrival has been to reduce market price levels significantly e. So can Irish banks maintain their track record of superior performance under these new circumstances? The market does not yet appear to be convinced. In our view, extending the performance track record of Irish financial services institutions will require them to demonstrate radical new capabilities to profitably capture the growth opportunities likely to exist in the market. The remainder of this article will discuss our approach to achieving the former of these objectives, while the concluding article in the next edition will present some thoughts on how to deliver the latter. First attempts made but need to dig deeper Irish financial services institutions are already down the road in thinking about cost reduction. We have observed a range of initiatives being undertaken by leading players including centralisation of activities, automation of transactions, branch rationalisation and so on down to reducing the number of newspaper subscriptions for staff! In addition we are seeing signs of more radical approaches being adopted. Over the recent past the shared services concept is being adopted by Irish financial institutions. Successful implementation of standardised processing is a critical first step for outsourcing. Clearly this is not a new concept, and institutions like Bank of Ireland have had long-standing outsourcing arrangements that cover basic administration processes indeed they act as an outsourcer themselves in the area of securities transactions processing. However it is our contention that the economics of profitable participation in the future Irish market environment will result in renewed focus in this area. We view initiatives of this type as potential vehicles to provide Irish institutions with sufficient operational scale with associated economies to enable them to profitably compete over time with foreign-based institutions leveraging large operational and administration capacity located outside Ireland. The recent announcement by AIB and Bank of Ireland to establish a joint venture to share IT infrastructure is a good example of this trend. Our view here is that Irish retail banks have large amounts of capital tied up in their extensive property portfolios, the productivity of which could be significantly improved through the adoption of new approaches to real estate management. These involve on the one hand adoption of a more needs-based approach to property which reflects the emerging location, channel and service preferences of customers, and on the other hand consideration of innovative financing arrangements which bring benefits in the form of reduced capital, improved tax efficiency better flexibility. We have observed such approaches being used by institutions such as Merrill Lynch and RBS outside Ireland to deliver real and substantial bottom-line benefits. Once again, the area of procurement is one which has been transformed in recent years - facilitated in particular by developments in technology which have on the one hand facilitated streamlining of procurement transaction processes and on the other improved transparency resulting in lower prices from preferred suppliers. Foreign-based financial services institutions like RBS have achieved cost savings of the order of 10 per cent per annum through the implementation of e-procurement solutions and our view is that this area remains one of untapped potential in this country. Costs need to be kept under constant review. The focus should be on both operational and strategic cost reduction. Operational Cost Reduction is achieved by targeting well-defined areas of expenditure for straightforward cost reviews. The result is a programme of cost reduction initiatives, which are progressed in parallel and which deliver results according to a planned timetable, creating a momentum and a culture of cost efficiency within the organisation. In conclusion, we expect the structural profitability of retail financial services markets in Ireland to be eroded going forward driven by price-based competition sparked by new entrants. We consider that one half of the equation for Irish financial services institutions to deliver sustainable profitable growth in this new market environment involves raising their games on cost. This includes the adoption of an ongoing culture of cost management and cost efficiency and increased receptiveness to ideas that challenge some long-held sacred cows with regard to cost and operating models. The other half of the equation involves identifying and exploiting new, more profitable revenue models and this will be the subject of our concluding article next month. Derek Moriarty is a partner in the business consulting practice of Andersen. Article appeared in the July issue.

Chapter 9 : The changing face of a bank's P&L - Leveris

The bank of the future will be centred on a single view of the customer, built on a flexible and extensible platform capable of offering new products and services that leverage the insight gained from two-way interactions with customers via digital channels.