Video Communications & Investment Banking

Part 1: Restructuring in Response to Bank Break-up.

"Investment Banks are having to go beyond cost-cutting by adding value innovatively and in a commercially responsible way. Any institution that can adapt its operating model to incoming regulation will capture competitive advantage"

- Accenture Capital Markets Group

Introduction

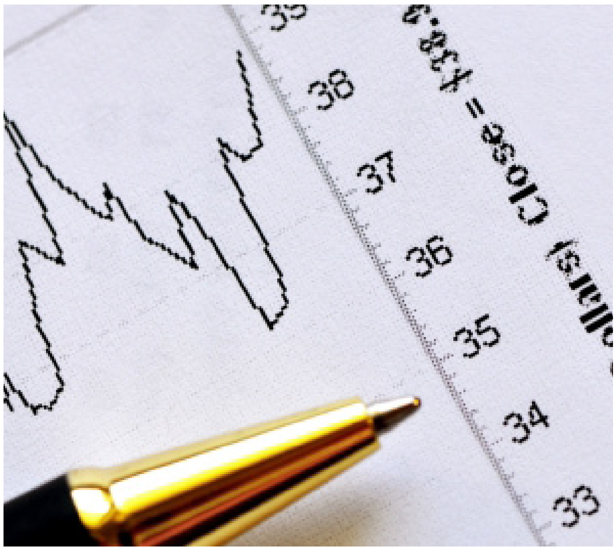
Since 2008, Accenture, the worlds' largest consulting firm based in Dublin, Republic of Ireland, has provided detailed information on the investment banking industry by surveying professionals in the financial & capital market, and defining the top ten challenges and most pressing issues that investment banks with look to face the coming year.

Our "Video & Investment Banking" series looks at the 10 investment bank challenges for 2014, the response to regulation and how investment banks can tackle these challenges head on, and in some cases, how video communication can be part of the solution.

2014: An uncertain economy?

Although the fate of the economy in the coming years is still rather uncertain, this years' Accenture report demonstrates hope that the economy is strengthening, uncertain economies such as Greece, Spain & Italy are looking more stable, and analysts agree that the outlook is more positive – than we have seen for a few years anyway.

Having said this, the challenges created within the financial crisis are by no means over; more challenges are predicted to arise before they are solved, and the long-term role of Quantitative Easing on the economy is still unclear. Wages are decreasing and businesses are still reluctant to spend. The report does lead us to believe, however, that the heavy restructuring that the banks have been focusing on since the economic downturn is resulting in change on the horizon. Of course, this restructuring brings us to the first of our investment banking challenges for 2014.



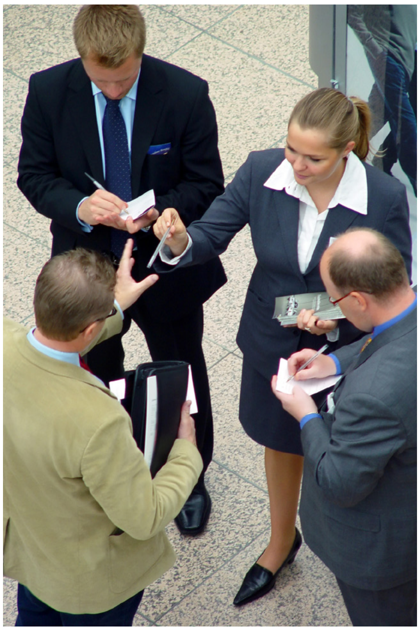
Restructuring in Response to Bank Break-Up

"Too-big-to-fail" has been a common phrase used across the financial industry and wider afield in recent years, where the failure of an organisation would be so disastrous across the economy that a government bailout is required to prevent it.

This idea has led to legislators & governments facing the challenge of limiting the scope of these hugely important organisations, and regulating activities perceived as risky or speculative – leading to investment banks taking the hardest hit. To achieve this regulation, whether following the UK's Independent Commission on Banking Report, the Volcker Rule or the European developed Liikanen Report, the result will be the division of the banks into multiple legal bodies.

There of course is no simple answer to how these financial institutions should face the break-up challenge, however all will need to consider a wide range of strategies and questions.

1. Changes will be complex, time consuming and costly. Can we empower a team of dedicated individuals with the required authority to challenge traditional or embedded ways of working?
2. How does the separation impact on customer experience?
3. What efficiencies are lost? What will differentiate us in a newly competitive landscape?
4. How is the business operated, supported & governed consistently once separate?



To answer these questions, each bank needs to heavily assess their current activities (are they a help or a hindrance) and look deeply at their ability to respond to restructuring. Of course, banks also need to understand that the changes required will be complex, time-consuming and costly. Solutions need to be put in place that are highly time & cost saving; when making & sharing business decisions, when enabling customers & employees to be quickly engaged & informed, and when looking for ways to set the organisation apart from its competition.

Many financial organisations are found to have neglected their efficiencies, stuck with very traditional ways of working and communicating, or have "on-going productivity issues that are easier to ignore". Banks would benefit from empowering a team of experienced, dedicated individuals with the authority to challenge ingrained & traditional means of working, where other staff may be reluctant to, and provide solutions to combat these inefficiencies with minimal possible disruption.

So how can financial institutions solve the challenge imposed upon them?

Although answers will vary for each investment bank or financial institution, it has been recognised that there is a vital requirement to ensure there is active and positive engagement with each of the legal bodies attempting to realign the industry. Those investment banks that have better engagement with decision makers, and achieve a full and ongoing understanding of the change taking place will be much better placed than those who fail to understand and develop over the coming months and years.

Secondly, organisations need to assess the options for time and cost savings throughout the business, and understand how they share key persons between separated divisions. There will be many ways of working already in place that are costly and time-consuming, but "it's the way we have always done it" so has never been challenged. In addition, there will be many ways of working i.e. that have never even been investigated or implemented for this same reason, and could prove to greatly increase efficiencies throughout the organisation.

Thirdly, businesses need to fully understand how they will continue to provide an ever improving customer service with these institutional changes taking place, and how the organisation can stay positive, both for customers and staff.

With a much more open view of the banking industry emerging since the economic crisis, customers are now more inclined to understand where and how their money is being invested, and decisions made by each will be based upon differentiation, quality and trust. Investment banks especially will need to engage more often, be personal and friendly and provide exemplary services, whilst ensuring the customer that their trust, and money, is in the correct bank.

How can video solutions can help banks to face these challenges?

Video Conferencing was a technology that was adopted early within the financial industry, due to the need for making fast decisions & rapid response to fluctuating markets. However, many organisations found that their investment was based upon an initial capital budget spend, and the adoption within the organisation has been slow. Video Conferencing - often sold as a way to replace travel - became implemented as a way to reduce travel budgets. However the multitude of additional, and often more important benefits in which the equipment can be utilised are now being recognised by those forward thinking organisations already investigating ways to improve efficiency, productivity and service delivery.

1 Active & Positive Engagement with, employees, legal bodies & decision makers

It has been recommended that financial organisations make every effort to ensure there is active and positive engagement with each of the legal bodies attempting to restructure and realign the financial industry. This positive engagement is only possible by developing relationships through regular discussions and sharing of information.

Technology provides a way for organisations to communicate other than via in-person meetings. Many organisations look at video communications as a way to replace these in-person meetings, however video is most beneficial when used as an additional tool, rather than as a replacement. Video Communication:

1. Greatly improves impact of linear and faceless communications i.e. email/post
2. Improves interpersonal relationships via face-to-face conversations rather than audio only conferences & phone calls
3. Increases the number of discussions and conversations held – Daily & weekly rather than monthly & quarterly

Active engagement via personal and face-to-face video solutions enables investment banks to have a better understanding of the complex changes taking place, and allows those who engage to be much better placed above competition for the future.

And engagement via video doesn't stop there. It has been proven that companies with higher employee engagement levels report notably better productivity & profitability. Employee Engagement with their organisation and decision makers is proven to drive business growth, and for decision makers to be able to visually communicate with them easily, and on a regular basis, means that engagement, and ultimately profitability within the organisation will be increased.

2 Share key personnel & experts

Whether a customer looking to discuss private equity funds with a subject matter expert, or the requirement for the detailed analysis of a prospect from an equity research division, key personnel need to be easily accessible and available to both customers & bank employees. The restructuring of an organisation can cause disruption of teams & specialists, and financial organisations need to address the issue of experts being located remotely and how this persons time will be managed.

The implementation of video solutions for remote experts is being widely adopted within the banking sector, and further afield. This virtual face-to-face interaction regardless of physical location enables an advisor to quickly gain and share information from experts whilst offering a superior customer experience.

With specialists now able to cover larger territories and meet more often with more prospects, efficiency, relationships and experience is greatly improved, therefore improving specialist utilisation and generating higher returns.

3 Increasing efficiency & productivity

Out of 5000 enterprise organisations surveyed in 2013, 94% now recognise improved efficiency as the most beneficial impact of video communication technology.

The implementation of video based solutions into your organisation reduces unproductive travel time and prevents meeting delays. It also allows for creating shorter and more structured meetings, especially in comparison to meetings held via audio conference.

Particularly important in the finance industry, where speedy decisions and the need for fast-paced access to experts and answers are a must, individuals are able to obtain information when it is convenient for them, and information is exchanged faster with cycles able to be completed much more quickly.

Many organisations within the finance sector and further afield have realised the real competitive advantage of using secure and professional video based communication solutions within their organisation. Without the need to travel or wait for an in-person meeting to take place, organisations are greatly increasing efficiency, and are able to attribute great productivity gains to their video conferencing investment.

4 Cost savings with regards to time & travel

According to a survey of British & European drivers, each commuter driving into London sat in traffic for an average 82 hours last year. In numbers, this is 10 x 8 hour working days, or 2 full working weeks lost by commuting. Commuting is also believe to be one of the biggest challenges related to employee retention, and is regularly attributed to high stress levels.

One of the long standing benefits of video conferencing implementation is the reduction in travel, saving greatly on time and money. On average, businesses reduce travel by 25-30%, with many organisations stating that they have decreased business travel costs by as much as 50%, by completely eliminating or hugely reducing the need to travel for recurring business meetings, training and executive presentations.

5 Customer Engagement & Improving Customer Service

71% of wealthy investors are found to be using online solutions to manage their investments, with over 50% using video communication in their personal lives. Surveys have also shown that 85% wealthy investors under 55 years old are keen to work with technology-enabled businesses, with over 65% of investors willing to move assets to financial firms offering video enabled access to their financial advisor.

However financial organisations have not yet been able to provide for this demand. In general, financial advisors have agreed that they are too busy with administrative and compliance tasks to meet with customers face-to-face, in addition to many advisors stating that their firm was not yet providing the technology required to virtually interact with clients successfully.

Professional video conferencing solutions enable financial institutions to be proactive in retaining distance customers, where face-to-face meetings are generally less frequent. It is important that a strong connection is made between the investor, adviser and the firm, and these connections can only be made via visual interaction.

With an investor able to immediately discuss their finances, wherever they choose, face-to-face with their manager or advisor, customer service is improved, relationships are better formed and information is shared more freely, thus greatly reducing the likelihood of that investor moving their assets to your competition.

More information?

These are just a handful of the many benefits that can be recognised by financial organisations implementing video communications. Our next paper, “Part 2: Restructuring in Response to Bank Break-up” will conitnue to look at the next of the Accentures top 10 challenge’s for Investment Banks, and help you recognise how video conferencing can really improve the way your business communicates.

Who are VideoCentric?

VideoCentric are the UK’s leading Video Conferencing Integrator, with the most experienced team of video solution designers, technical support and network engineers within the UK and Europe.

As an independent integrator and one of the only integrators accredited with every one of the world’s leading manufacturers, VideoCentric can provide an end-to-end solution, expertly designed, installed and supported for all your video communcations and video network needs.

VideoCentric have been supplying video conferencing equipment into the financial sector for over 10 years, and have designed tailored video solutions for small financial advisor firms to large multinational banking organisations, highly focused upon network security, resilience and quality.

Our award-winning support offers the highest levels of support available across the UK, and is managed by an in-house, dedicated, personal and friendly team. Give us a call today to find out more or to discuss your video conferencing requirements,.

Contact Details

VideoCentric Global HQ
Wokingham, Reading, UK
Tel: +44 (0118) 9798910

VideoCentric Scotland HQ
Edinburgh
Tel: +44 (0131) 4732351

Other UK Locations

VideoCentric London
Tel: +44 (020) 34113953

VideoCentric Manchester
Tel: +44 (0161) 6601128

VideoCentric Newcastle
Tel: +44 (0191) 4327559

VideoCentric Bristol
Tel: +44 (0117) 9117242

VideoCentric Glasgow
Tel: +44 (0141) 5305889

Global Sales & Support locations

Worldwide: Please contact VideoCentric HQ For sales/support in your global locations

sales@videocentric.co.uk

support@videocentric.co.uk

Personal video: firstname.lastname@videocentric.net

www.videocentric.co.uk