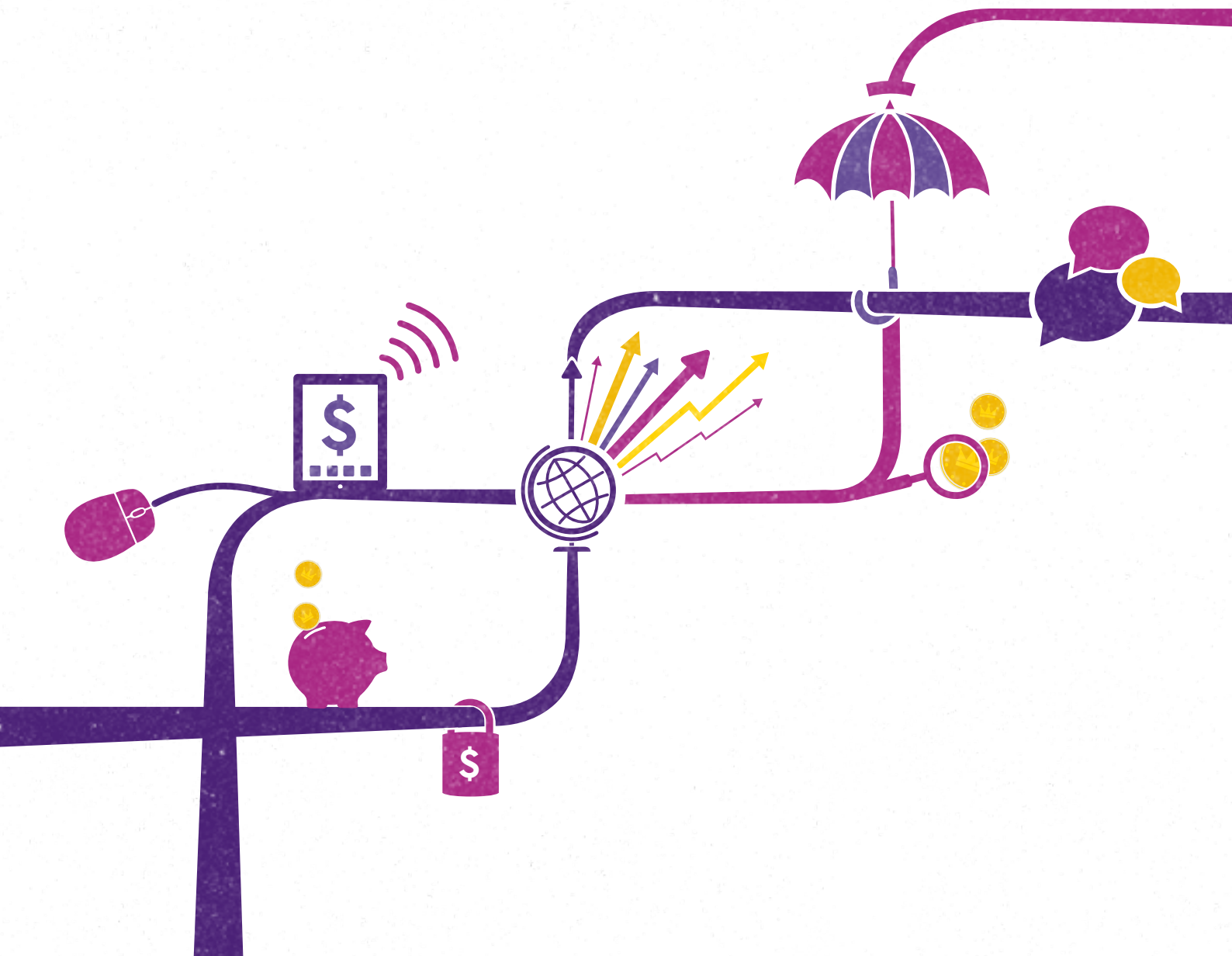




Grant Thornton

An instinct for growth™

Our global capabilities:
Financial Services



Financial Services: opportunities through disruption

The financial services industry has been through turbulence and continues to face significant challenges, increasing regulatory pressures and ongoing structural reform. Optimism in world economies is slowly increasing, but the financial crisis has had a lasting impact. The industry, often complex structurally and operationally, is addressing how it is governed and operates; the suitability of the products and services it offers, and the level of transparency and assurances it delivers. Doing so is considered essential to preventing future crises of this nature.

Vital to many world economies, the financial services industry needs to address its reputation and regain the trust it needs from both public and private bodies to operate effectively. The trick will be translating the challenges the industry faces into opportunities. Grant Thornton's network of member firms provides the valuable knowledge and insight necessary for dynamic businesses to adapt to and grow with these changes.

Global industry trends

Regulation

As a result of the financial crisis there has been a global movement to strengthen the enforcement of existing regulations and to create new rules that increase the scrutiny and transparency on firms' activities, restrict certain activities and potentially break up the largest financial institutions. This focus on ensuring regulation prevents future crises has, and will continue to, drive change and significant costs within the industry.

Global regulations such as Basel II-III are expected to continue to impact the industry in the coming years. Dodd-Frank, for example, has affected almost every part of the financial services industry in the US. New regulation is a change for the industry that appears to be long-term, if not permanent, and presents a challenge which must be addressed and adapted to in order to operate successfully.

Projected global revenues of over **\$500m** in financial services during 2014



Transparency of costs, fees and compliance

Consumer protection rules are demanding transparency of fees, costs and services throughout the industry. Complying with the need to capture, sort and report on activities such as making changes to legal structures and business models — including establishing parallel vehicles or re-domiciling funds from other parts of the world — all lead to increased costs. Being able to provide more transparency and explain increased fees to a firms' investors and consumers is key in order to meet new industry standards.

How to achieve growth

Financial services businesses face the constant challenge of how to grow both their customer base and revenues. This is especially critical as the industry faces increased costs and a fierce competitive landscape, with alternative vehicles and new suppliers entering the market in banking, insurance and funds. For businesses that have been able to adapt quickly to the demands and opportunities presented by increasingly sophisticated customers, global market variations and technology driven channels to market, opportunities have arisen. This has encouraged many businesses to be more innovative in the way they operate and to look at more efficient ways to achieve and maintain growth.

Increased competition

The crisis has resulted in a number of regulations aimed at preventing institutions leveraging debt across their business units and ensuring they focus on delivering core services they know, understand and can risk manage. Coupled with this “retraction to core services” are new regulations aimed at increasing the number of non-traditional competitors in the market and making it easier for customers to switch between service providers. Given the focus on ‘core services’ and ‘the customer’, those businesses aware of their new competitive landscape, their customers’ expectations, price sensitivity and regulatory obligations will thrive.

Risk management

Risk management has become an area of increased focus in recent years as it is vital that businesses’ design and run the necessary infrastructure to capture, monitor and make effective decisions based on the risks they hold. Effective enterprise-wide risk management frameworks are a must for all firms operating in the industry, which means the process of identifying and managing risk needs to be addressed. It is key that those operating in the industry ensure effective risk management becomes embedded into their business’s DNA, rather than as stand-alone functions with suppressed abilities to drive necessary change.

Technology/online banking

Technology is a significant internal and external driver in the financial services industry. Not only is it allowing new market entrants to offer products direct to consumers, it is providing customers with vastly improved competitor comparisons and is actually driving changes in the way people want to access, manage and alter their financial investments, products and money. E-banking alone has created many advantages such as expanding a business’s global reach, providing more channels to market for new entrants, giving customers 24-hour access and cutting transaction costs for banks. Similarly though, it also presents challenges such as ensuring the security and monitoring of platforms and the sensitive data they hold.

Data

Managing and utilising the vast array of data firms hold, gather and generate presents both a cost and opportunity. On one hand, the technologies needed to capture, mine, interpret and store the data safely and securely are expensive and often fledgling. The upside of doing so, however, is an ability to create tailored products for individual customers, or customer groups. Providing what customers want is both a service differentiator and a way of improving margins; those firms able to understand and develop a ‘Big Data’ solution are likely to win.



Our solutions

We have worked with leading global, national and local financial institutions around the globe, delivering audit, tax and advisory services to the asset management, banking & securities and insurance sectors. From exploring the strategic options available to you as a business or shareholder, to complying with global and local regulations and helping to implement chosen

solutions, we provide a truly integrated offering across all financial services sectors. But above the technical expertise you would expect, Grant Thornton people provide pragmatic and commercially viable advice which enables our clients to grow and our member firms to build lasting relationships around the world.

Issue	How we help	Benefit to you
Regulation	Regulatory interpretation, impact analysis and compliance Governance and risk management Reducing the cost of compliance Review of non-compliance	Ensuring compliance with regulations Embedding compliance into operations Resolving non-compliance
Risk management	Understanding and modelling all internal and external risks Operational re-design to ensure effective risk management Embedding risk management into operations and culture	Understanding and modelling risks Effective monitoring of exposure
Transformations	Implementing the strategic vision Business, operational and financial transformation Product development and distribution Post deal transformation/integration	Reduce costs Improve/realise efficiencies Grow revenues Delivered strategic vision
Growing revenue and customer retention	Understanding customers New product design New market and market entry reviews M&A services, valuations, post deal integration	Revenue growth Customer retention Market share growth Enter new markets
Data	Data management and modelling IT and data security Data compliance	Capture, storage and analysis of data Cost reduction Regulatory compliance
Audit	Banking, security, insurance, asset management and private equity firm audits Internal audit Test controls ISAE 3402	Meeting statutory, fiduciary and stakeholder requirements
Failure/fraud investigation	Identifying fraudulent activity Identifying and implementing preventative measures Expert analysis and investigations	Fraud management Fraud resolution Litigation support
Tax	Global tax planning Tax compliance Tax advice	Efficient international tax structure Cost effective tax solutions

Our clients

Grant Thornton member firms provide a full range of audit, tax and advisory services to financial services clients, as well as a diverse range of clients across all industries and ownership structures. The breadth of our client base allows us to gain valuable insight from the complexities of companies, as well as the nuances facing much smaller clients with very different needs and issues.

Providing assurance, advisory and tax services to 7 out of 12 top global banks



Providing services for

ABN AMRO

AIG Chartis

AXA

Barclays

Bank of America

Bank of Communications

Citigroup

Credit Suisse

Deutsche Bank

HSBC

JP Morgan

Munich Re

Nomura

Royal Bank of Scotland

State Street

Standard Chartered

A global team

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward-looking advice.

Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions. More than 38,500 Grant Thornton people across over 130 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work.

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