

September 2020

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# The Financial Services Consulting Market in 2020

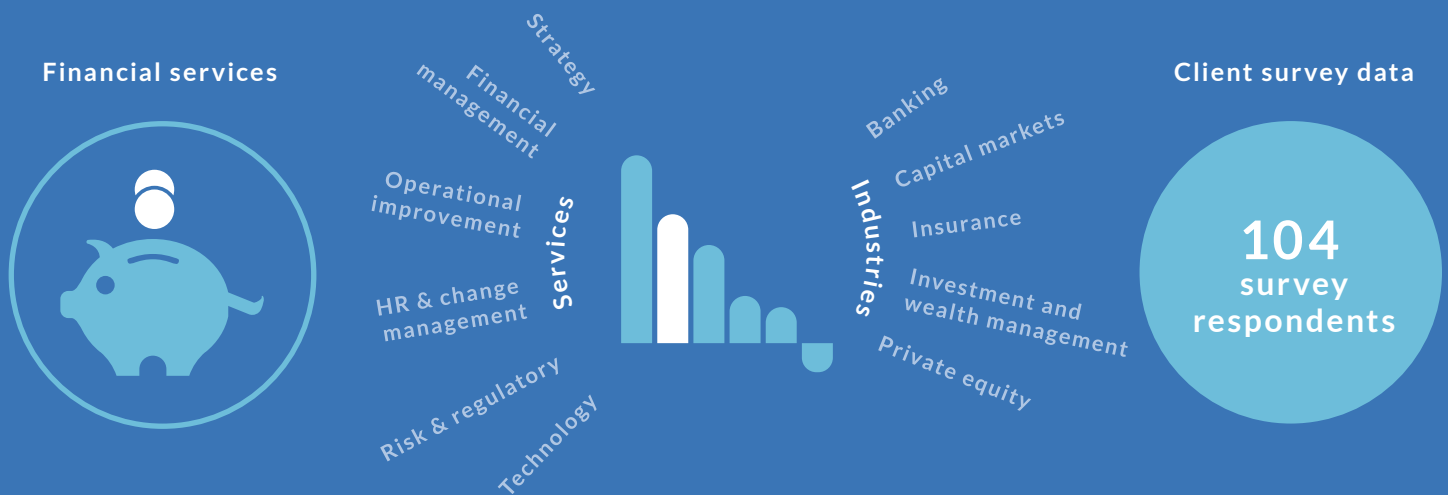
Market Trends Programme





## What's included in this report

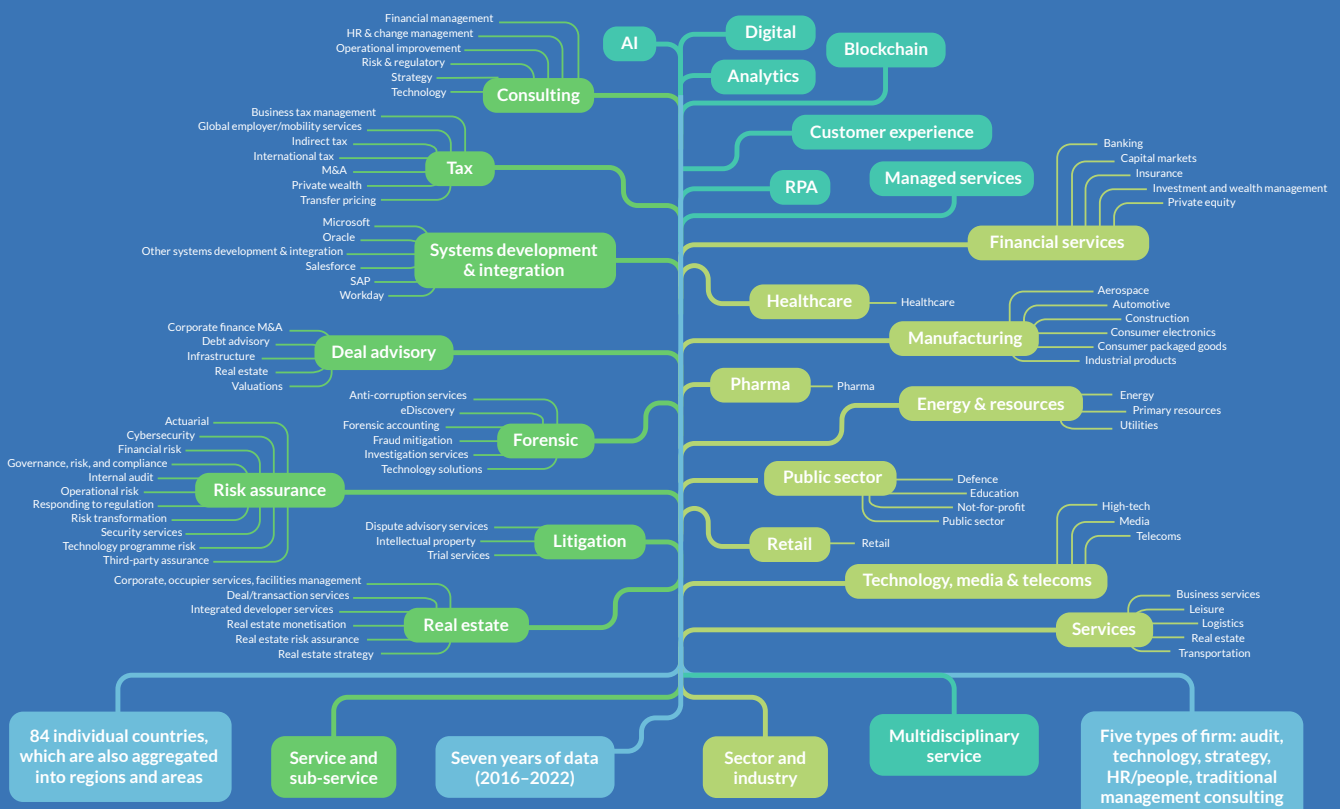
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter.



# 2018–2020

## What else we cover

Our highly flexible, multidimensional model provides firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.





# How we can help your firm to deal with what's happening now and prepare for what comes next

Even before COVID-19, the professional services industry was entering a period of change the likes of which it had never experienced. But the pace of that change is now being accelerated, as firms respond to the crisis and reimagine their future in a changed world. We're working side by side with them, using our experience, data, and deep sector knowledge to help them create effective strategies for extraordinary times.



## Real-time forecasting

Since mid-March, we've been supplementing our unique model of the global professional services sector with data collected from hundreds of consulting firms around the world. Our weekly updates have become the industry's satnav, providing up-to-date estimates of the likely impact of the crisis by region, sector, and service, which change as the market changes, helping consulting firms to adjust their strategy accordingly. But this publicly available data is for the market as a whole, and every firm faces a unique set of challenges. As you plan for the next 12-18 months, we can provide forecast data that's tailored to your business.



## Immediate market feedback

One of the biggest challenges facing consulting firms is uncertainty: How has client behaviour changed as a result of the crisis? Whether we're leveraging our own research carried out over the previous few weeks, or undertaking custom research around your services and markets, we can provide you with quantitative and qualitative feedback very quickly, enabling you to take quick and informed decisions.



## Client-led propositions

Past crises have shown that the speed with which a consulting firm adapts its services will determine its resilience—and that's truer than ever in the current environment, when clients' expectations around what's possible have radically shifted. They're looking to consulting firms to deliver better, faster solutions—and consulting firms will need to respond by being more precise about where they can add tangible value and more compelling in the way they articulate this. We've worked with many firms over the last decade helping them test their ideas with clients.

## About us



– **We're nerds:** We take a data-driven approach to helping firms take investment decisions. Since we started, we've invested millions in sophisticated, proprietary research techniques that give us unique insights into current and future trends.



– **We're experts:** We've been focusing exclusively on the professional services sector for more than a decade, and we keep our knowledge up to date by interviewing hundreds of senior partners in professional services firms around the world each year.



– **We're future-focused:** We undertake the largest regular quantitative surveys of the professional services sector anywhere in the world, and we're constantly talking to professional services firms' clients in order to understand how changes in their behaviour will reshape the industry in the future.



– **We're independent:** Our analysis and recommendations are derived from our data and experience. We don't recommend firms to clients, and we will never tell you what you want to hear just because you've paid us.



– **We're obsessed with value:** Our information and insights have underpinned some of the most strategic investment decisions made by professional services firms. That's because we know that, if we're going to have an impact, how we communicate is as important as what we communicate.



– **We're easy to work with:** We'll work with you as you want, whether that's providing you with off-the-shelf data or multi-country custom research. Because we want our work to add value, we charge for what you need. We don't run a meter and we don't have complicated licensing that limits who can read our material.



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## About this report

Our report draws on four main sources:

- Our global data model with 9.7 million data points
- Our interviews with senior management consultants from a range of consulting firms
- Our in-depth desk research on the market
- A sector-specific survey focusing on how different trends are affecting clients' organisations and their use of consulting

A detailed view of our methodology and more information about Source can be found below:

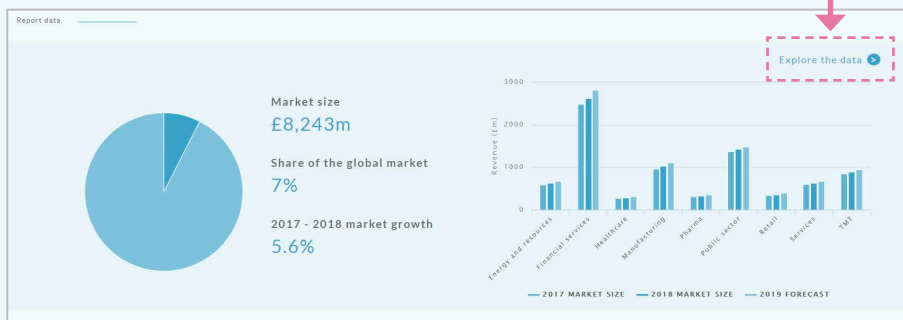
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## Explore the data

All of the market size data in this report is available to explore online through our global data model portal. You are able to interact with the data in more detail and create custom views of the market to suit your needs.

You can access the data via our reports page, as seen below:



 Explore the data

Our global data model is the biggest and most sophisticated model of the professional services industry available. It provides data on market size, growth rates, and forecasts across 29 industries, 12 service lines, 84 countries, and five firm types. It's the platform on which a growing number of professional services firms are basing their understanding of the market and their performance within it.



## Introduction

The COVID-19 pandemic has changed our lives, our communities, the global economy, and the consulting market, and its impact is likely to be felt for some considerable time to come. Against this backdrop, we wanted to develop a report that is as useful as possible in understanding the immediate impacts of the crisis while helping firms navigate a way forward.

Once the recovery starts, clients' needs will be dictated by the needs that were already there, coloured by recent events. Therefore, understanding both the situation before the crisis and the things that are changing right now will be essential for firms to support clients through the recovery. With this in mind, this report includes the following:

- Analysis of the consulting market in 2019, including key trends and analysis of demand by geography, industry, and service
- Insights from firms around demand drivers in 2019, and how this is being reshaped in 2020, as well as how they are organising themselves and approaching the market
- A link to our latest forecasts for 2020

Recognising how quickly the COVID-19 pandemic is reshaping the consulting market, we will also provide subscribers with regular, monthly updates during the second half of the year. This will include our latest thinking about the impacts of the crisis, together with global forecasts split by region and accompanied by high-level commentary.

We have drawn on key data sources in order to develop our analysis:

- We've built a bottom-up model of the global consulting market from the information we get from consulting firms and our own research, and we use this to size the industry and its growth rates. This is based on our global model, which contains detailed data about almost 1,600 firms plus higher-level estimates about a further 400,000 firms, all with more than 50 consultants apiece, in addition to comprehensive primary research carried out by Source analysts.
- We're very grateful for the input of a wide range of firms, who are helping us assess the impact of COVID-19 on the market by providing up-to-the-minute information that we are using on an ongoing basis to adjust our existing model of the industry.

For our latest global analysis of the effect of the COVID-19 pandemic on the consulting market, please [click here](#).

 **COVID-19 model**



# The financial services consulting market in 2019

## Financial services overview

2019 was, by most standards, a good year for consultants working in financial services: The market grew 6.9% over the course of the year to stand at US\$45,715m globally—making it by far the largest sector for management consultants. But this represents a marked slowing in the rate of growth compared with 2018, when the market grew by 9.3%. Indeed, 2019 was the first year for some time that the sector's consulting market experienced growth below 8%, and many will have felt a sense of the juggernaut slowing down somewhat.

The largest service line, technology, was still the fastest growing at 8.4%, but saw the greatest slowdown of any service compared with the previous year, when consultants notched up 11.9% growth. Similarly, operational improvement—the second-largest service line—saw slower growth: down from 9.3% in 2018 to 6.4% in 2019. Strategy, risk & regulatory, and HR & change management all saw slower growth too. In fact, the only service line to buck the trend was financial management, but only slightly—it grew by 4.1% in 2019 compared to 4% in 2018.

All industries saw relatively healthy growth during the year, with the insurance market growing the most, at 7.5%, and capital markets bringing up the rear on a still-respectable 5.3%. Banking and insurance clients remained the leaders in terms of digital transformation, but other industries continued to show growing interest in the benefits of digitisation. Concerns about the global economic outlook prompted lots of interest from clients in how consultants could help them to digitise the back office, save on costs, and become more efficient. But despite this interest, perhaps one of the signs of slowing growth was clients' keenness to cut up organisation-wide transformation programmes into smaller chunks that cost less at the outset and delivered tangible benefits sooner.

The risk & regulatory service line, despite seeing a slowing rate of growth, remained an important part of the market for consultants in 2019, with many clients seeking expertise as they expanded their operations into new markets. Pressure on the sector from scandals, such as with Danske Bank in 2018, meant regulators were cracking down hard; clients, as ever, were trying to balance compliance with cost, and invested in digital tools and processes to please both masters. Cybersecurity remained a major concern, with financial institutions coming under increasingly sophisticated attacks. With no client wanting to be the first to experience a major breach, consultants found themselves busy embedding cybersecurity technologies and processes into digital operational work.

So yes, it was a good year, but it wasn't necessarily as good a year as some consultants have described—some of the sentiment about 2019 that we hear feels at odds with the reality of the growth figures. It's almost definitely the benefit of hindsight talking, of course, because compared with what came next, 2019 was easy...



Clearly, 2020 is a totally different story from not just 2019, but the whole of the last decade. At the time of writing, we're forecasting a 12% contraction in the financial services consulting market this year.<sup>1</sup> Non-discretionary projects around risk and regulation, digital transformation, and other technology work have generally continued, while other areas deemed more discretionary (rightly or wrongly) like strategy, HR & change, and even financial management have been hit much harder. It's certainly not as bad as the situation for consultants in many other sectors (for example, energy & resources consultants are currently forecast to see a 26% contraction in their market this year), but the impact of the largest sector in the consulting market being unlikely to get back to where it was until some point in 2022 will be felt by most firms.

1 We refresh our forecasts every month. For the latest figures, please visit: <https://reports.sourceglobalresearch.com/portal/datamodel/data/75/overview/#Global>.





## Contributors

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of individuals who have contributed (excluding those consultants who wished to remain anonymous).

Name	Job title	Organisation
Dai Bedford	Global Banking and Capital Markets Advisory Leader	EY
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John Garvey	Global Financial Services Leader	PwC
Jill Jacques	Global Financial Services Lead and Partner	North Highland
Owen Jelf	Partner	Capco
Simon Kent	Partner and Global Head of Financial Services	Kearney
James Liddy	Chairman, Global Financial Services	KPMG
Sudeep Mukherjee	Senior VP EMEA and APAC Banking & Insurance Lead	Publicis Sapient
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## About the author

Alison is the Head of Client & Brand Insights at Source, overseeing all reports and custom work we deliver in this area. Alison has delivered brand benchmarking projects for several of the world's leading consulting firms, and frequently works on qualitative projects to help firms understand the nuances of how they're perceived by clients and how well they're positioned for the future. She's a regular contributor to the Source blog and speaks at events around the world about our work. Before Source, Alison was a consultant at Deloitte and Moorhouse in London.

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## Programme schedule for 2020

Reports 2020	Market Data & Analysis	Client & Brand Insights	Emerging Trends
January			
February	Forecasts for 2020 UK	UK	
March	GCC Benelux	GCC Nordics	The Future of Account Management
April	Nordics	Germany	
May	DACH France Southern Europe US	US France	
June	Eastern Europe & Russia Canada Australia India South America Japan South East Asia China	Financial Services Technology, Media & Telecoms	Sustainable Futures: Building Resilient Businesses
July	Mexico Africa	Energy & Resources Healthcare	
August	Global Risk & Cybersecurity Services	Perceptions of Risk Firms Perceptions of Tax Firms	
September	Financial Services	Perceptions of Audit Firms	Sustainable Futures: A Climate Transformed
October	Energy & Resources Healthcare & Pharma Global Tax Advisory		
November	Technology, Media & Telecoms Planning for Growth in 2021		The Consultant of Tomorrow
December			

Please note that with the purchase of all country Market Data & Analysis reports in 2020, you will also gain access to monthly updates regarding the impact COVID-19 is having on the consulting industry more widely.

### White Space

A powerful research tool that allows subscribers to keep up to date with the latest content being produced and maximise their return on investment. A series of reports that analyse the quality and effectiveness of thought leadership are published throughout the year.

## Our custom work

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We provide advice and custom research services to the world's most successful professional services firms, helping them to identify, and develop strategic responses to, their most pressing opportunities and challenges.

Among other things, our work includes:

- Deep market and competitor analysis
- Acquisition strategy
- Proposition strategy and development
- Brand and client sentiment analysis
- Thought leadership and content strategy, development, and review

For more information about any of these, please visit our website or get in touch.

## Source Global Research is a leading provider of information about the market for professional services.

Set up in 2007, Source serves the professional services industry with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

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