

Nanyang Business School, NTU

BC3402: Information Systems in Financial Services

Tutorial 2: Impact of IT on Financial Sector

Question 1:

Read the following mini-case and answer the questions below.

DBS' IT Spend: 85 Percent Outsourced to 85 In-House (19 August 2019)

In 10 years, DBS has managed to profoundly transform its IT culture with IT spending shifting from 85 percent outsourced to 85 percent in-house. According to the bank's chief data and transformation officer, Paul Cobban, the key to this achievement is from close collaboration with its human resources department and stresses the key element is about exactly the expertise of this environment: people. "We've been lucky that we've had such a great relationship with our HR team on a number of counts," said Cobban.

"Clearly, transformation is about the people – and it surprises me how often people don't get that. So the HR team has been very progressive in their thinking, and in reinforcing that culture of change throughout the bank."

Traditional Training Doesn't Work

Cobban highlights that a critical part of the transformational journey is about encouraging new behavior, stressing that conventional learning methods do not yield results. "If you think, for example, about the amount of learning that it takes to take a company from being very analogue – as we were – to taking much greater advantage of the digital world, you'll see what a gigantic cultural change has been involved," he explained, in a report with HRM Asia.

"If you take a traditional training approach, you'll never get there. Instead, we've worked with our HR counterparts on creating a whole series – literally hundreds – of different experiments aimed at trying to find out how people like to learn and what's most effective. If you want to be a digital company, you've got to take control of your intellectual property; you need to hire the very best engineers, and if you take the traditional approaches, it's slow and ineffective, referring to the more than three-fold transition from outsourcing to insourcing IT capabilities."

Question:

- a) What do you think drive the changes to have IT moved in-house in DBS Bank?
- b) What are the common risks involved in IT outsourcing in the financial services industry? Which of the risks involved are only specific to the financial services sector?

- c) Do you agree that IT outsourcing in the financial services sector entails more risks than other industries? Why or why not?

Question 2

For this question refer to the case “Fintech and Finance Transformation: The Rise of Ant Financial Services”. Your answers should consider but not limited to the information provided in the article.

- a) What do you think are the factors that make Ant Financial so successful?
- b) Given that Ant Financial has provided numerous financial products and services, what do you think should be in their plans for future expansion?

Question 3

For this question, refer to the article “Flexible Value Structures in Banking”. Answer the following questions based on the case and your knowledge on outsourcing in the financial services sector.

- a) Briefly summarize the case and highlight the key issues raised in this article. (Note: Part (a) is only to be attempted by the group during the seminar)
- b) In what ways the value structure of the financial service sector is similar to and different from say the manufacturing industry? In what ways do these differences make it easier or more difficult to engage in business process outsourcing?