



The trajectory of transactions

Corporate development teams transform to drive bank growth

KPMG International

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Foreword



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Corporate development teams adapt amidst bank disruption, to deliver new value and support shifting priorities

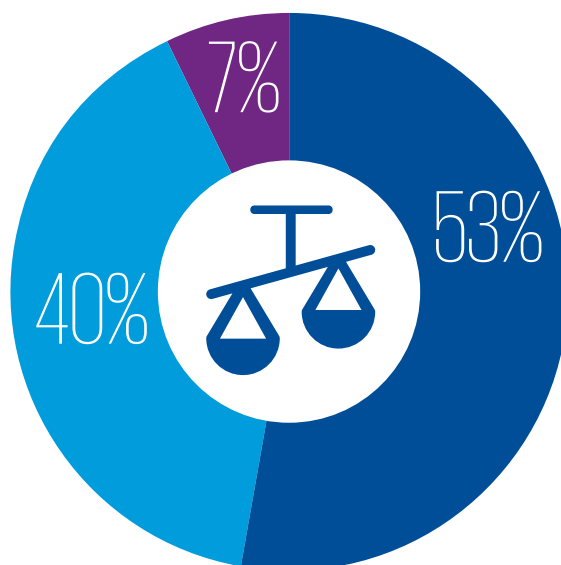
Over the past decade, the world's banking institutions have undergone dramatic change in the aftermath of the global financial crisis. Banks have faced unsteady markets and greater regulatory oversight as they have undergone a rebuilding process or strategic shift. They've done so in the midst of an improving economic environment, slower capital markets activity, and growing challenges and opportunities for their retail beachheads in the face of eroded customer trust and competitive disruption from fintech providers.

The work performed by corporate development teams closely mirrors the latest strategic direction among the global banks. These teams drive an organization's course corrections,

whether by 'tacking into the wind' in pursuit of ambitious M&A growth, or 'trimming their sails' for choppy seas ahead.

KPMG's Deal Advisory professionals have prepared this review of corporate development trends in the banking sector to offer a glimpse into the wheelhouses of these financial institutions. As a follow-up to a [similar study in 2015](#), KPMG professionals interviewed leaders of corporate development and M&A teams in a sampling of global, regional and local banking houses on five continents. To complement the survey data, findings were analyzed with a number of Financial Services [Deal Advisory](#) specialists from various KPMG member firms around the world.

Organizational standing of corporate development teams compared to 5 years ago



■ Higher ■ Same ■ Lower

Source: The trajectory of transactions, KPMG International, 2018

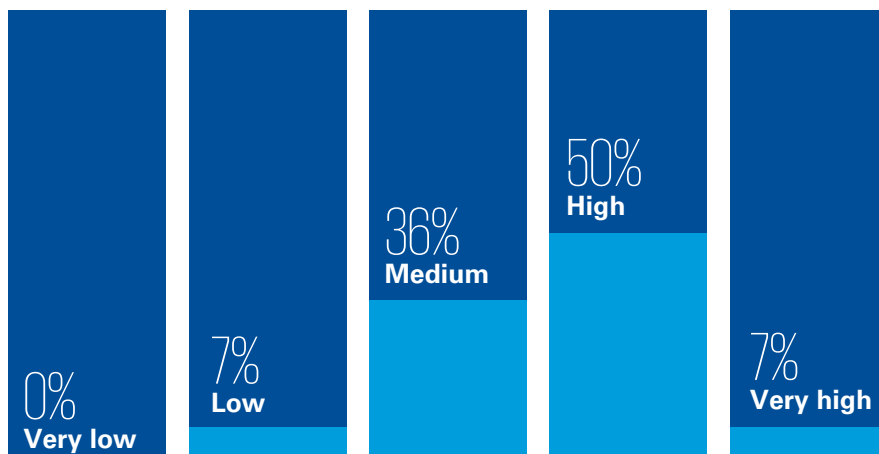
Key insights into the banks' appetite for growth have been unearthed, and the ways that corporate development teams are responding to senior management's imperatives. Among the standout findings: these days, there is no single, common path among the banks. Unlike during the pre-crisis years, when most banks seemed eager for growth across their businesses and geographies, today each institution has its individual DNA, and a distinct level of interest in growth — by organic or inorganic means, cost optimization, or portfolio balancing. Although there are definite, shared themes within regions, each bank team is immersed in diverse challenges, in addition to pursuing exciting opportunities.

Perhaps the clearest commonality among these groups: they are increasingly challenging themselves to better serve organizational demands. In cases where external deal-making is muted, they must find new ways to bring value to the c-suite, often by refocusing on internal transactions, transformation initiatives, selling non-core assets or becoming trusted advisors to the CEO and board. Where

banks remain bullish for inorganic growth, corporate development teams are delivering added benefit, and honing their capabilities, particularly in areas like [fintech](#) and [data and analytics](#). These scenarios provide a snapshot of the difficulties and opportunities for corporate development teams, as they guard or build upon their mandates, by evolving their staffing, methodologies, tools and technology. And, as the adjacent survey findings show, bank corporate development teams are making headway, in terms of raising their standing within the organization and increasing their influence over board decisions.

I hope the following discussion prompts good conversations about your own strategies for future success. As I cap off my own 32-year career in the corporate development sphere and hand over the reins to Giuseppe Latorre, KPMG's new Global Head of Financial Services Deal Advisory, I believe there has never been a more exciting time for deal-makers and strategists to disrupt themselves and continue to help their banks adapt to their fast-shifting, operating landscape.

Influence of corporate development teams over board-level decisions



Source: The trajectory of transactions, KPMG International, 2018

About the survey and report

As a follow-up to KPMG's 2015 report on the evolving role of corporate development in banking, KPMG set out to prepare a 2018 review of the deal-making practices and state of corporate development teams among the world's leading banks. The role of corporate development teams is evolving with focus on new areas such as fintech and data & analytics which we sought to understand through a survey aimed at corporate development/M&A heads of these banks and perspectives from KPMG's Financial Services Deal Advisory professionals.

As part of the survey, we interviewed the heads of corporate development/M&A teams of major banks across the globe to gain insights into the growth agenda of these banks, their M&A strategy, their view on fintech and data & analytics and the significance, skills and role of corporate development teams. In addition, we interviewed the Financial Services Deal Advisory teams within KPMG to get their views and insights.

The findings of this survey and these interviews are presented in the report, and all information within the publication is obtained from them.

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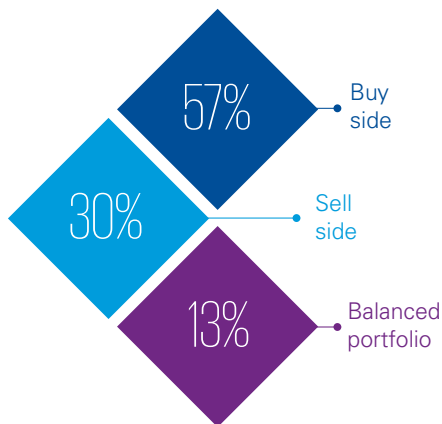


Challenging teams to drive transformation

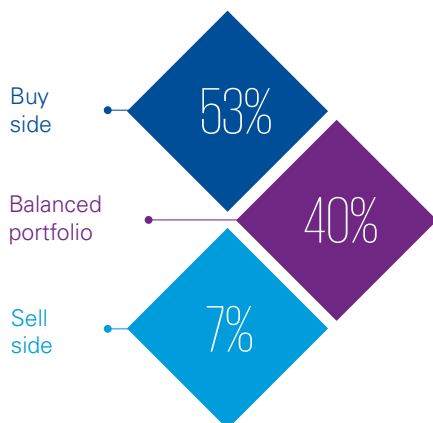
Today's operating landscape



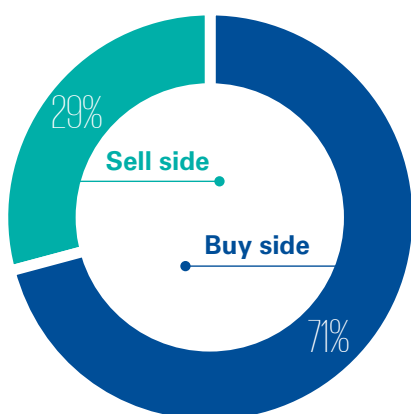
M&A phase — 5 years ago



M&A phase — current



Confidence in deal type



Appetite of banks around the world

Across geographies and sectors, captains of industry have expressed optimism about organizational growth over the next 3 years, and general bullishness for inorganic expansion. That said, discussions with bank corporate development teams reveal regional variations in the banks' ambitions, and the resulting impact on these groups. For instance, in aggregate, 80 percent of bank teams said they are planning buy-side deals in the next 3 years, and 68 percent anticipate sell-side deals. However, the Americas region shows the strongest activity and interest in buy-side deals, or balancing of their portfolios. A similar trend is seen in Asia as well, though the appetite is predominantly more to buy, while most banks in Europe appear to be entrenched in balancing existing portfolios versus acquisitions. This reflects the growing desire and appetite of banks to acquire again.

Overall, we see a shift from sell phase to balanced portfolio phase while the appetite to buy largely remains unchanged. There is a growing emphasis on re-balancing of portfolios with 40 percent banks currently in portfolio phase compared to just 13 percent 5 years back.

Fortunately, corporate development teams are often well-equipped to support internal transactions since they require familiar, well-polished skills, from project management to business plan preparation. However, global corporate development teams that did not previously possess as much experience on the sell side of the business may need to build up their own in-house expertise.

Organic growth is king, globally

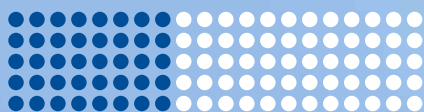
Among global banks included in the study, there is a widespread management philosophy that, 'organic growth is king', with a majority of those survey respondents stating that only 10 percent of their growth will be inorganic. There is notable regional variation though. While Asia Pacific and European banks articulated a preference for organic growth, North American banks are much more enthusiastic about the inorganic growth route, with their average share of growth through inorganic means being 50 percent.

Source: The trajectory of transactions, KPMG International, 2018

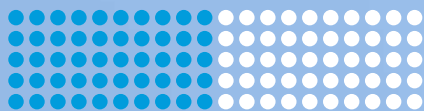


Average share of inorganic growth by region

Global 40%



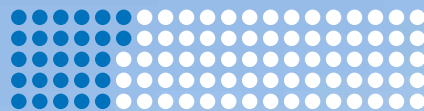
Americas 50%



Europe 43%



ASPAC 27%



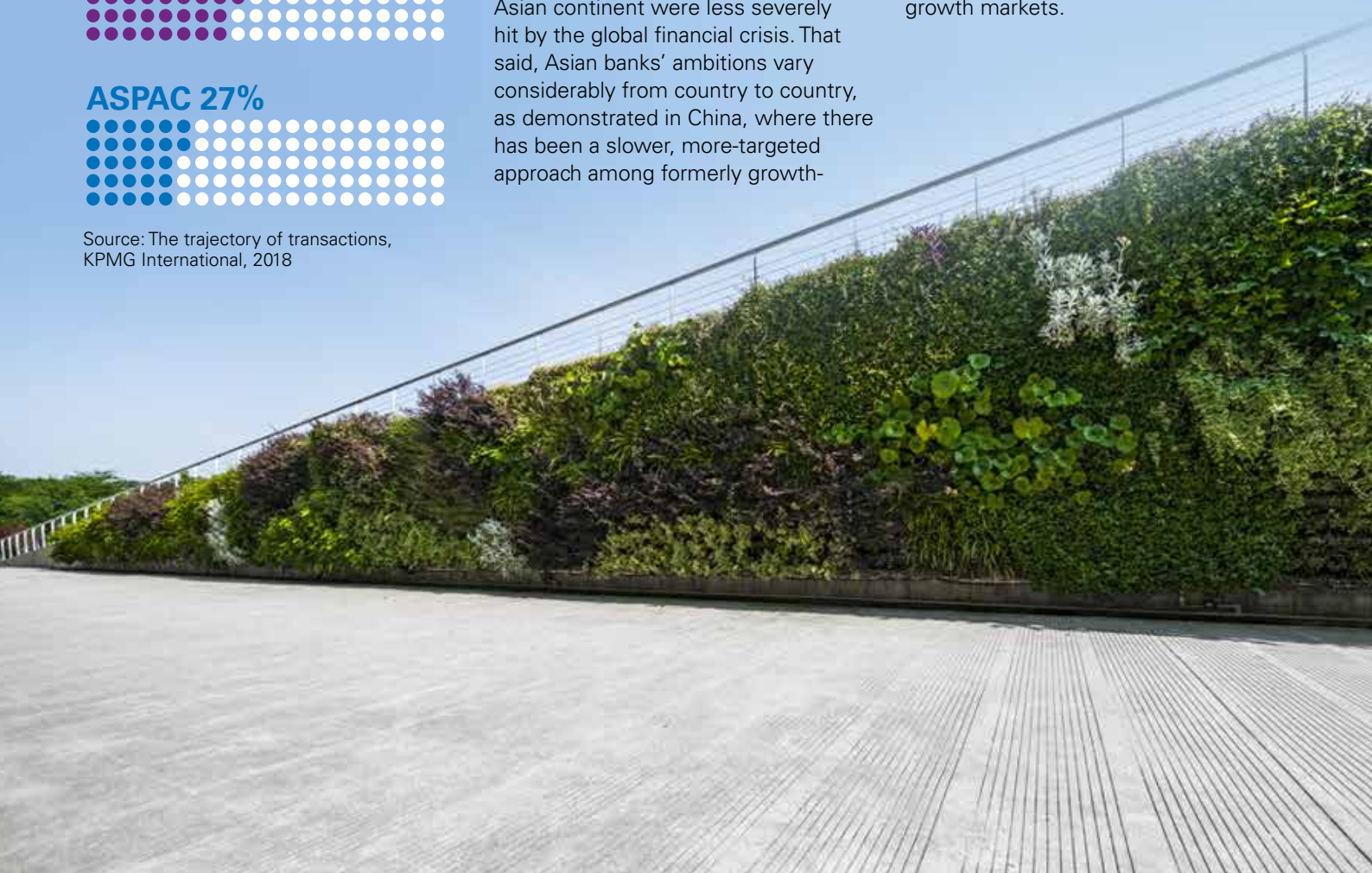
Source: The trajectory of transactions, KPMG International, 2018

This focus on organic growth is evident across much of Europe, where many banks continue to restructure their balance sheets following the crisis, to reduce underperforming loans and non-core assets. While there are 'shoots of growth' among the strong banks in the region, M&A activity remains slower than before the crisis. The integration of the European banking system — widely predicted a year ago — has not materialized, in part due to regulatory change and monetary policy on the continent.

Asian banks show similar caution, although there have been stronger growth signals, particularly among Japanese banks, since banks on the Asian continent were less severely hit by the global financial crisis. That said, Asian banks' ambitions vary considerably from country to country, as demonstrated in China, where there has been a slower, more-targeted approach among formerly growth-

oriented institutions. Their focus is more organic, either as they restructure their domestic operations for efficiency or develop their recently expanded overseas business lines and portfolios.

A similar focus on sustainable growth can be seen in South East Asia among regional banks. A case in point are the Australian banks that invested across the region, mainly through minority stakes, due to foreign indirect investment rules. Now, unable to gain significant control of these assets, some banks are deciding to exit those portfolios. In turn, various Korean, Chinese and Singapore banks are acquiring these assets, often to boost scale or synergies in select, high-growth markets.





If you talk to the CEO of any major bank, they will likely tell you that organic growth is the driver of their growth strategies. While inorganic growth is seen as a useful instrument, especially to kick-start a certain area, it depends on finding the right deals. It can be a challenge to find the right target, while honoring regulators' direction regarding capital and risk.

– Stuart Robertson
Former Global Financial Services Deal Advisory Lead
KPMG International

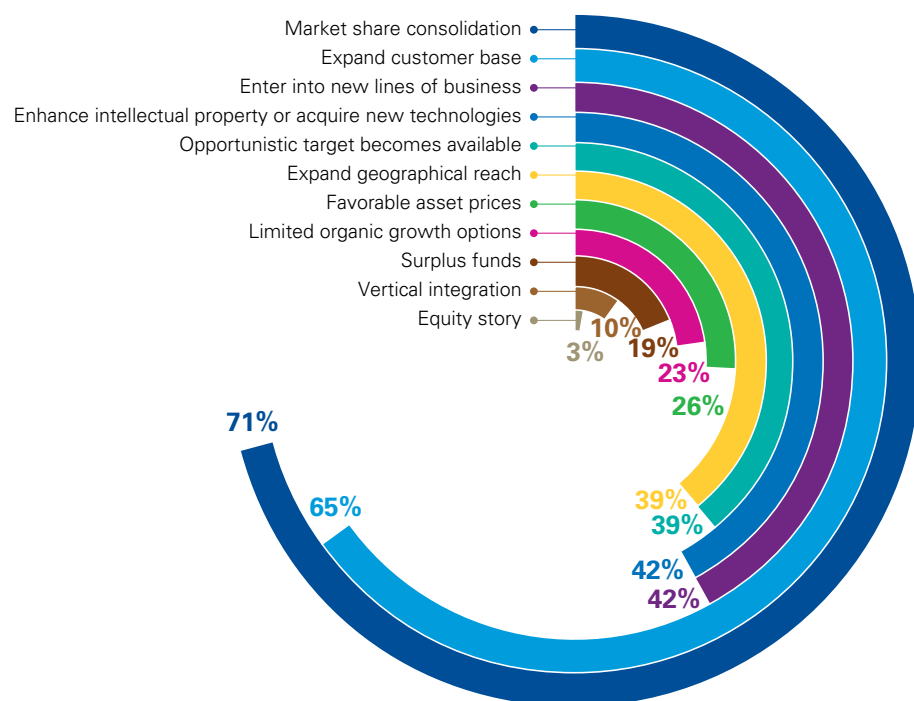
Pockets of inorganic potential

In contrast, the US market could be described as 'robust', with a wave of bank consolidation underway, both among smaller banks combining forces and a resurgence among regional banks building scale. More acquisitions are anticipated by the super-regional banks, many of whom suspended their inorganic strategies after new regulatory reporting requirements came into effect. With some of these reporting obligations shifting, or expected to shift, more banks may elect to grow beyond the US\$10-, US\$50- and US\$250 billion asset reporting thresholds.

US banks are also setting their sights beyond deposit-taking institutions, eagerly pursuing transactions to generate fee income with insurance brokerages, boutique investment banks, wealth management firms or other high-yielding asset classes.

Perhaps surprisingly, UK-based banks appear to share this growth-minded focus. While Brexit has made it difficult for the banks to determine where to invest until greater political clarity is reached, a number of UK banks are poised for new growth. Since many British banks went through the process of improving their post-2008 balance sheets earlier than other European banks, they are now at an advanced stage of improved profitability and focused on their core activities. The result is that these banks are more receptive to growing parts of their business again, whether in domestic pockets like consumer, commercial or SME lending, or key overseas markets. Their interest is also fuelled by a recognition that it has become difficult to cultivate organic domestic growth in the British Isles without either building their digital offerings or gaining scale, by acquiring the smaller challenger banks that appeared in recent years.

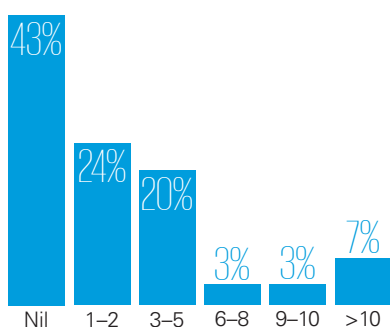
Reasons for M&A



Source: The trajectory of transactions, KPMG International, 2018

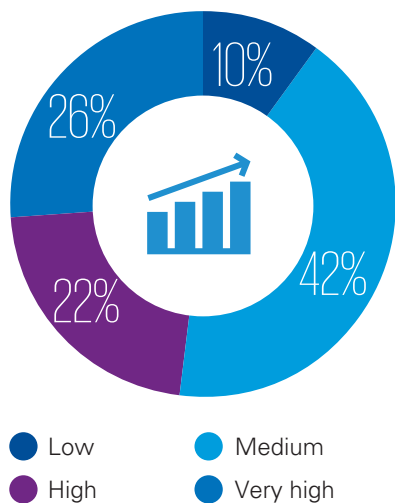


Fintech deals executed in the past 3 years



Source: The trajectory of transactions, KPMG International, 2018

Impact of fintech on growth strategy



Source: The trajectory of transactions, KPMG International, 2018

Deal-making in fintech to drive disruption

While there is much buzz about [fintech innovation](#) and its impact on traditional bank strategies, actual transaction volume appears concentrated, and aligned with regional economic conditions or individual bank ambitions. Globally, KPMG International's [M&A Predictor 2018](#) concluded that financial services firms performed a record number of deals in the technology sector in 2017, valued at more than US\$13b. In addition, among bank corporate development teams interviewed, the vast majority said they expect fintech will have a significant impact on their bank's growth strategy, with 49 percent indicating a high or very high impact.

However, 43 percent of corporate development teams surveyed globally reported that they had executed no fintech deals in the past 3 years. While banks in Europe and the Americas had been more active in fintech deals, banks in the Asia Pacific region were the least active in this area. These attitudes suggest that while corporate development teams anticipate the future importance of

fintech transactions, to date the role of their groups in furthering their bank's fintech agenda is often limited or nascent. While some banks may see fintech deals as risky, the value of these transactions is expected to be 50 percent higher than in 2017 — in the first half of 2018, the value was 300 percent higher than in the first half of 2017, according to KPMG International's [The Pulse of Fintech](#).

Certainly exceptions exist, particularly in Singapore, where many banks are entrenched in disrupting their business models with digital technology and B2C payment tools. The catch is that, instead of engaging the corporate development team in the hunt for new fintech assets, these banks are creating separate innovation and technology divisions, incubator hubs, or accelerator subsidiaries. Reporting to the CIO, these new digital groups are building partnerships and making digital investments for the bank — things that were traditionally done by corporate development teams. As a result, a new development pillar is forming, to help the bank source start-up and early-stage digital investments, often with a diminished role for the bank corporate development team.



Fintech transactions can be viewed as quite risky, and this requires corporate development teams to gain a fundamental understanding of the fintech agenda, and many are either tapping in-house technology teams for their expertise or finding external experts to help.

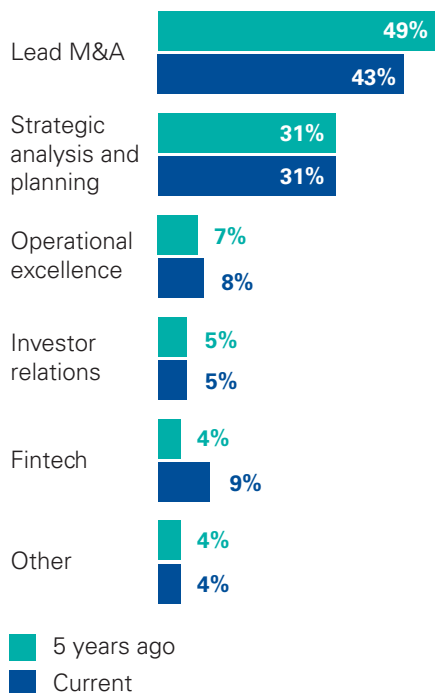
— **Giuseppe Latorre**
Global Financial Services Deal Advisory Lead
KPMG International

Snapshot of today's deal-makers



Resource split — Global

Current versus 5 years ago



Source: The trajectory of transactions, KPMG International, 2018

Current bank growth strategies have had a clear impact on corporate development teams. Whereas prior to the global financial crisis, most corporate development groups were fully engaged in a seemingly constant flow of external transactions, in the post-crisis environment they began to look at other areas of the bank, including strategic initiatives like reorganization and internal synergy realization.

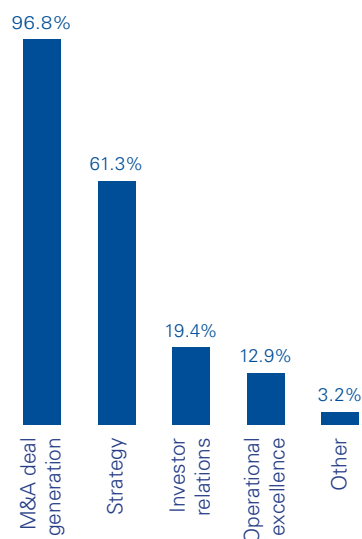
This shift in priorities is evident among survey respondents, where globally, bank corporate development departments are spending 43 percent of their time on M&A, versus 49 percent 5 years ago, and fintech activities have doubled from four percent to nine percent. In Europe, corporate development resources dedicated to strategic planning and fintech have risen noticeably as M&A involvement has declined, while in the Americas, the decline in M&A has been at behest of an increase in the share of fintech and operational excellence. In Asia, the split has largely remained the same with only fintech share increasing significantly.

In many ways, this shift has enriched these departments, since corporate development leaders are more involved in setting the strategic agenda and supporting CEOs, CFOs and boards in strategic initiatives. It also aligns with views gleaned from KPMG International's [2018 Global CEO Outlook](#), in which CEOs pointed to challenges they face in disruptive deal-making, including accessing meaningful data sources, managing timelines, and obtaining adequate expertise into new business models and sectors. This suggests an opportunity for corporate development teams to bring increased value to strategic decision-making in the corner office.

Fortunately, corporate development teams are often well-equipped to support internal transactions since they require familiar, well-polished skills, from project management to business plan preparation. However, global corporate development teams that did not previously possess as much experience on the sell-side of the business may need to build-up their own in-house expertise.



Key areas of activity



While M&A and strategy development remain the main activities of corporate development teams, many are delving into investor relations, operational excellence, business planning, and subsidiary and capital management.

Source: The trajectory of transactions, KPMG International, 2018

Corporate development teams grow their skills

Although on a global basis corporate development teams appear to maintain stable levels of staffing, a number of US banks have aggressively grown these departments in the past 18 months. Much of this hiring is focused on strengthening the teams' fundamental transactional skills, including their diligence capabilities, particularly if bank transactions had been limited over the past few years.

In Europe, a number of French banks are seen to be actively recruiting new talent into their corporate development teams, including people with operational and IT backgrounds. In contrast, some reduction can be seen in staffing complements among Asian banks, where cost pressures and strategy change may have driven banks to shrink their corporate development

teams or combine them in central regional offices. Globally, banks are also emphasizing training for current teams, especially on topics such as regulatory change and the complex and evolving payment systems. These internal development efforts may be the result of the banks' more cautious approach to acquisitions in recent years. Such conservatism among the banks has put added pressure on corporate development teams to answer in-depth questions from senior leadership. Now, not only are they asked, 'Is this the right price?' but they are challenged to answer questions such as, 'Can we anticipate the risk properly?' and 'Are we in a position to integrate this asset?' As a result, corporate development teams are anxious to build their expertise in emerging business priorities such as fintech or address gaps in their current capabilities.



These teams are under more pressure today than ever, to both shrink in response to cost pressures and do more to demonstrate their value. Corporate development teams are pushing to the top of the house as strategic advisors, but the top of the house is focused on disruption, and they have to adjust their skills to fill the gap. ”

— Stephen Bates
Partner, Financial Services
Deal Advisory,
KPMG in Singapore



Key skills for corporate development teams

Corporate development teams are taking different approaches to gain 'essential' skills or fill capability gaps

Skills	Essential	Present in team	Leveraged from other teams in organization	Outsourced
Strategic analysis and planning	81%	77%	35%	10%
Lead M&A, due diligence	97%	87%	26%	26%
Operational excellence	19%	16%	45%	13%
Information technology	16%	6%	77%	19%
Regulatory/legal	42%	42%	74%	61%
Investor relations	26%	16%	58%	6%
Data and analytics	42%	29%	55%	16%
Taxation	10%	13%	71%	45%
Accounting and finance	48%	52%	81%	42%
Project management	84%	74%	19%	6%
Distribution	13%	10%	35%	0%
Corporate governance	48%	45%	48%	0%
Risk management	19%	23%	74%	6%
Fintech	35%	35%	55%	13%
Treasury, capital and liquidity management	29%	39%	68%	6%
Human resources	10%	10%	68%	6%
Separation and integration	39%	32%	65%	26%

 <20%  20%–50%  >50%

Source: The trajectory of transactions, KPMG International, 2018

Best-in-class practices among deal-makers



Key elements of a best-in-class corporate development team

Survey respondents highlighted:

- expertise, experience and market knowledge to find high-quality targets
- clear strategy and coordination among bank departments and levels
- executional skills including due diligence and negotiation
- capacity to predict and ability to react
- ability to see the deal from end to end.

What are the distinguishing traits of a 'best-in-class' corporate development team, in the context of shifting bank priorities and the realities faced by these groups?

Posing the question to both clients and KPMG specialists, a consistent list was revealed of fundamental qualities that corporate development teams must possess to succeed. They described a balance of strong executional skills, solid expertise and experience, alongside a clear strategy, based on access to the CEO, market knowledge and coordination with different parts of the bank. Among survey participants, there was also a high level of satisfaction with the current structure of their internal corporate development teams, with 59 percent rating them as high or very high. The table does reveal regional variations, including Asia Pacific region banks, where satisfaction with their teams was slightly lower compared to Europe and Americas.

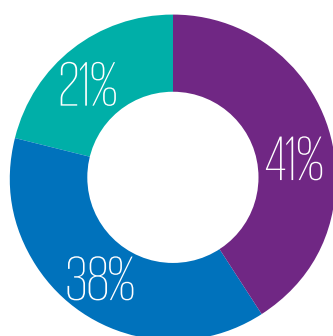
In an ideal scenario, the strategy and corporate development professionals are on one team, or with good linkage between these groups. In addition,

corporate development teams need good relationships within the lines of business where the best deals often percolate first. As such, business line representatives can greatly inform diligence or integration discussions if there are solid channels of communication.

Challenges can arise when a corporate development team shifts its focus, since most banks may already have well-established internal consulting or reorganization departments to advise senior management. However, this potential duplication can be resolved through careful coordination.

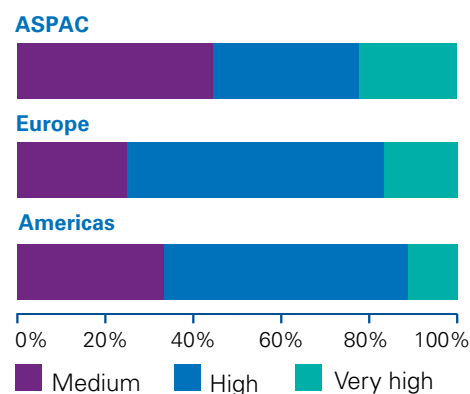
Similarly, the head of corporate development may need to take steps to retain and motivate department talent when their roles shift. Since these teams are usually composed of former investment bankers who often enjoy M&A deals, leaders need to help these individuals adapt in their roles, provide them with the new skills necessary and demonstrate that their career and promotional objectives are attainable.

Satisfaction with structure of corporate development team



Medium High Very high

Satisfaction with structure of corporate development team by region



Medium High Very high

Source: The trajectory of transactions, KPMG International, 2018



“

Many Chinese banks have formalized their processes to involve specialists from different departments who could contribute to transactions. While such working groups were common before, now KPMG professionals are seeing these teams receive instruction from the top, and they are more responsive, and given more responsibility, making them more committed to the success of the initiative.”

— Louis Ng
Partner, Financial Services
Deal Advisory,
KPMG China

Transformation steps planned or taken

With these perspectives on what constitutes a best-in-class team, clients were asked about their desired efforts, or actions completed to date, to enhance the effectiveness of their corporate development department.

Among the most frequent comments, respondents noted a desire for better coordination with other internal teams, the need to enhance their capabilities to support fintech and non-banking sector transactions, and greater recruitment and training to enable increased strategy and data and analytics (D&A) work.

Those banks that indicate they have already taken action to enhance team effectiveness most often indicated training to both enhance M&A capabilities and additional skillsets such as business planning, technology and digital knowledge, and portfolio divestment. A number of banks say they have taken steps to better position their group as a ‘trusted advisor’ to senior management.

Skill-sharing for innovation

While a number of banks are recruiting specialized talent onto their corporate development teams, in many cases it is more practical to improve collaboration between internal departments — including

skill and intelligence-sharing — to help bolster corporate development capabilities. For example, among Singapore’s technology-focused banks, many corporate development teams are building partnerships and internal working groups with their bank’s digital and innovation divisions. That way, rather than duplicating efforts, each team can borrow the other’s specialty, be it technology expertise or execution of transactions.

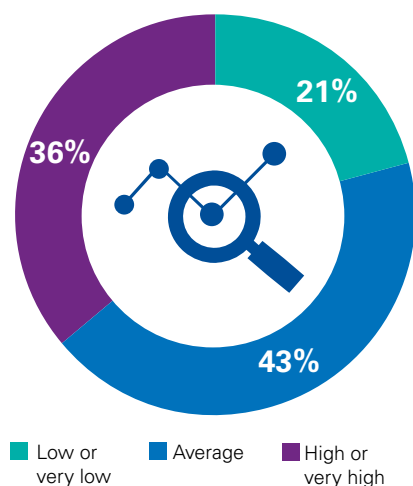
A number of US banks are making greater efforts to transfer talent to the corporate development team, either on a permanent or rotational basis, particularly finance, credit or back-office specialists from other departments who can share perspectives on the bank’s strategic requirements, or carefully scrutinize acquisition targets from their unique viewpoint.

Desire to dive into D&A

Upon examining the role of D&A techniques by corporate development teams, the survey revealed that more than half of global banks are leveraging D&A in their corporate development activities. However, nearly a quarter rated their department’s current maturity level of these strategies as ‘low or very low’. Less than half (43 percent) rate their D&A maturity as ‘average’ and only a third (36 percent) consider their D&A maturity level to be ‘high’.



Maturity level of D&A techniques



Source: The trajectory of transactions, KPMG International, 2018

According to client interviews, while these teams have made considerable use of D&A for risk analysis of an acquisition, many banks have yet to apply D&A to client and business analysis of their target assets. In some cases, there is uncertainty about the quality and quantity of information available in the buy-side process.

While many banks appreciate the potential to use D&A to perform greater target analysis and benchmarking of an asset against its market peer group with new key performance indicators, they must also carefully determine if these supplementary data are of adequate quality. They describe the often-perceived, added steps required to engage a data analyst to customize the tools and put the data in the right format. Then, they must comb through

these data for all the non-recurring and extraordinary items that could distort the analysis. As a result, they recognize the need to first clearly define what will be the value they wish to derive from more data. Otherwise, they fear the age-old scenario of ‘not seeing the forest for the trees’.

This perspective explains in part why many survey respondents indicate that they have mainly deployed D&A for financial analysis, valuation modelling and risk evaluation. While they are interested in applying D&A to better understand clients, channel performance and customer behavioral analysis, to date they are held back by lack of data, the volumes of unstructured data and absence of an in-house team to support their requirements.

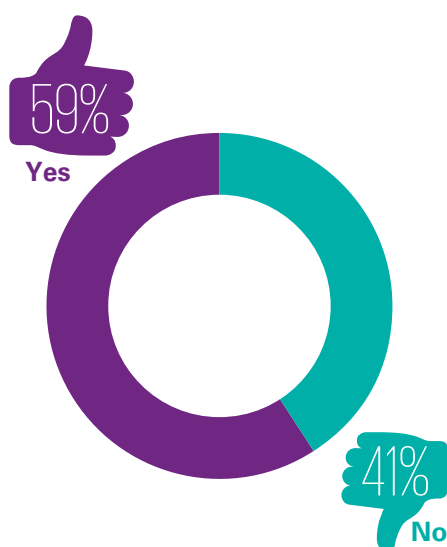


Today what defines a best-in-class corporate development team is not who does the biggest deals but who is able to deliver the smart deals — ones that fit exactly with strategy — and who is executing the right deals in a smart way. ”

— Raphael Jacquemard
Partner, Transaction Services, KPMG in France



Data and analytics being leveraged



Source: The trajectory of transactions, KPMG International, 2018

D&A to deliver deeper value in M&A

Despite the challenges, clients appreciate that the issues of applying D&A must be resolved in order to evolve and build upon their roles. For example, in markets with rising buy-side appetite, greater competition for deals means that today's buyers must accept higher prices and potentially higher risk. Better-informed diligence, resulting from more data, can provide a buyer with more confidence.

The banks also understand the prospects for D&A to help corporate development teams strengthen their ongoing target assessment. That's increasingly important, in light of banks' rising interest in fintech. Since traditional evaluation methods often fail to accurately highlight the underlying value of an early-stage fintech, corporate development teams realize that they need to adjust their metrics and value calculations, so they can evaluate the future commercial aspects of the business.

To manage the mountains of potential data, many corporate development teams recognize that their work could be more tech-enabled with third-party platforms, rather than building it themselves and customizing their tools for each asset. They could then access new insights much faster than if they performed the entire process with internal resources.

Increased D&A could also help corporate development teams clearly demonstrate their value to senior management. Corporate development teams could make greater use of D&A, in combination with a wider range of key performance indicators that better demonstrate the value added by completed transactions, including the profitability or synergies achieved post-deal. Admittedly, this is not an easy task, since the corporate development team is one part of the puzzle and there is shared responsibility among many departments for the success of a new asset.



It's critical to learn to deploy D&A at 'deal speed', so corporate development teams can be effective in today's environment. They understand that they need to do deals differently than they did historically. And this means a shift from conducting diligence purely on a risk-based approach, and transitioning to a value-based approach, to identify value and find how to unlock that value after the deal.

— **Tim Johnson**

Partner, Transaction Services,
KPMG in the US

Case studies



Case study: Uncovering the real drivers of profitability in a target branch network

KPMG in the US recently helped a North American consumer lender perform precise, buy-side due diligence, to aid negotiations and construct effective post-deal plans, for a competing firm with a similar branch network.

For the client, deal success depended on ensuring that the target had good overall profitability, a complementary branch network and the ability to consolidate locations to achieve synergies. To validate the client's deal thesis, KPMG in the US applied its proprietary D&A platform to analyze branch profitability and identify the reasons for variable branch performance.

The KPMG analysis went much deeper than standard diligence, since data was applied from the target, the client and third-party geospatial data sources to help the client better understand the links between location and profitability. The investigation actually revealed that the target's current strategy on branch success was misinformed, and the actual value drivers were identified for branch level profitability. This allowed the client to refocus their financial model on the real drivers of future profitability, and develop a clear path to successful branch integration, improvements, cross-selling and rationalization.

Case study: Validating the business case for a high valuation in a fast-paced auction

KPMG in the US provided crucial deal diligence to a financial services firm when it faced a time crunch to join an auction process for a coveted back-office service provider. Since there was intense competition for the asset, the deal team needed to make their investment committee comfortable with the significant valuation and multiple involved in their proposal.

To do so, KPMG in the US deployed its D&A platform to help ensure that the underlying fundamentals of the target business were sound, including a relatively inelastic pricing model and a sticky client base, and that the target possessed scalable technology, to increase profitability as future clients are onboarded.

In a very compressed timeframe, KPMG professionals analyzed a significant volume of data from different sources to understand the underlying drivers of the target's historical financial performance. The KPMG team concluded that the target's customer base was solid and they identified opportunities for go-forward pricing rationalization and strategies to increase market penetration. The analysis helped the client feel comfortable with their bid, by providing the investment committee with robust support documentation, and it positioned them for post-deal success with actionable opportunities to drive business growth.

Challenging teams to drive transformation



KPMG teams see how corporate development teams are challenging themselves to bring more value to their banks, by defining, executing and evaluating new strategies, and approaches to transactions, to enhance organizational performance and deliver lasting value to shareholders.”

— **Giuseppe Latorre**
Global Financial Services
Deal Advisory Lead
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On reflection of the research and interviews, it is apparent that no two banks have charted identical strategies going forward, nor do their corporate development teams share precisely parallel challenges or priorities. That said, while the banks craft diverse future visions, the investigation does highlight a number of recurring themes among corporate development groups.

Among these common threads, corporate development departments recognize the need to enhance their agility and flexibility in delivering their core services and, in many cases, sharpen their skills in high-demand services from sell-side strategy and execution to advice on internal transformation and business optimization. While they must master new approaches to help their bank form ties with third parties and external, they must also strengthen their internal relationship-building and forge greater connections with internal strategy, integration and operational teams, as well as the key business lines and the emerging digital groups that are driving business and operating model disruption.

Moving forward with impactful innovation

How can corporate development teams continue to overcome these challenges? In an environment where bank-wide cost control is an ongoing constraint — and corporate development teams are unable to make the desired investments in internal talent or technologies — answers may be found in the practices of those institutions that have strengthened their bank-wide collaboration and coordination of resources, skills and knowledge. For example, many clients have made cost-effective, targeted investments in D&A strategies, including third-party tools and templates, to

satisfy their heightened analytical demands — enabling them to identify and enumerate value creation opportunities, and enable more aggressive pricing and post-deal value capture — all at faster speeds.

In addition, many clients have conducted comprehensive department reviews, to identify enhancements to team structure and capabilities, resources and processes, and discover new techniques to optimize each element of a bank transaction. By doing so, they can better fulfill their immediate, essential mandates, and test and introduce fresh approaches to deliver new and relevant value to their institution.

Although such change and transformation cannot easily occur overnight, study of the challenges and opportunities faced by corporate development teams illustrates that, just as the global banks have embarked on new strategic journeys, corporate development teams must also embrace this spirit of innovation, adaptation, or even reinvention, so as to match their bank's drive for disruption. By doing so, they can retain their position, or become a crucial partner with senior management, in delivering sustainable, long-term success and growth for the banks.

Please reach out to your local KPMG representative to speak more about the strategies outlined in this report, and how you can further grow in this area.

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