



ValueNotes releases report on Banking and Financial Services Offshoring

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According to estimates by Pune-based outsourcing research firm ValueNotes, India is the preferred BPO destination for offshoring banking and financial services (BFS), earning \$1.83 billion in revenues and employing 125,000 persons in 2005-06.

PR9.NET July 20, 2006 - Pune, India - With growth rates of 30 to 35%, India's revenue is likely to reach \$6.5 billion by FY2011, but this is still a fraction of the "offshoreable" market potential. Arun Jethmalani, CEO of ValueNotes says, "Growth in Indian offshore revenues from the BFS vertical will outpace overall BPO growth, driven by expansion into higher value services, especially research and analytics".

Almost 50% of the world's biggest banks in terms of asset size already have significant presence in India. The smaller, regional banks are also expected to take to offshoring in a big way in future. The need to manage increasingly complex global operations in a cost-effective manner, and added workload due to regulatory compliance such as SOX, Spitzer's Settlement ruling and Basel II norms are major offshoring drivers.

The offshore vendor landscape is made up of:

- Captives of MNC banks and financial institutions such as Morgan Stanley, JP Morgan, Goldman Sachs, Lehman Brothers, TSB Lloyds, Scope International

- Among third party players are:

- o Large multi-service companies like Genpact, EXL Service, WNS;
- o Multi-service BPOs with IT parents such as Wipro BPO, Progeon, Mphasis BPO and iGate;
- o Large KPOs such as Evalueserve, OPI and Integreon

Large players and niche specialists are best positioned to exploit the large opportunity.

Other findings indicate that

- Companies are able to achieve overall cost savings in the range of 30-40%.
- The employee strength of India-based banking and financial services vendors is expected to cross 400,000 by FY2011.
- Within the BFS vertical, the highest growth will be seen in "Research & Analytics", though on a small base.
- The Indian vendor space is set to witness aggressive M&A activity; niche players in the research and analytics segment will be attractive acquisition targets.

Ribhu Ranjan, ValueNotes analyst and co-author of the report "Banking and Financial Services Offshoring: From Transaction Processing To Analytics", expects that going forward, regional and mid-tier financial firms the world over will adopt a multi-location, multi-vendor offshoring model, signaling a preference for global sourcing.

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About ValueNotes Database

ValueNotes Database is a leading provider of business intelligence and research, with expertise across selected domains and types of customer needs. Working with clients across the globe we have significant understanding of international markets.

The ValueNotes Outsourcing Practice is one of the largest information providers on the outsourcing industry. Our Outsourcing Practice uses a comprehensive, analytical framework providing fresh insights into the fast emerging and yet, complex outsourcing space. We extensively track the outsourcing space in-depth through a regular analysis of news and events and continuous primary research and contact with the industry.

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