Outsourcing in the financial services industry: A study of outsourcing strategies and their effects on performance, reputation and on relationships.

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Abstract

Title: Outsourcing in the financial services industry: A study of outsourcing strategies and their effects on performance, reputation and on relationships.

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The aim of this research was to conduct an in-depth review of the prevalent outsourcing strategies within the financial services industry and the benefits and challenges of each strategy. The research analyses how outsourcing effects companies' performance, reputation and relationships and discusses whether outsourcing is beneficial to a company's shareholders, to its staff and to the industry in the long-term.

The increasing competition and greater access to labour markets in low-cost locations has increasingly seen financial service providers outsourcing business processes and functions as a business strategy in order to reduce costs, find new efficiencies and increase shareholder value according to Fill and Visser (2000).

The research provided an overview of outsourcing practises at an industry level and addresses whether or not these practises are beneficial to those affected by it. The research has shown that the practise of outsourcing is beneficial to performance if managed correctly and has assisted companies in growing their businesses.

However, the research also shows that changes in how the industry operates has had negative effects on staff. Their team structures and individual roles are changing and there is uncertainty around the future of their positions within their companies.

The research also discusses the future of the financial services industry in Ireland with respect to outsourcing. The research emphasised the requirement for companies and individuals to adapt to changes in order to continue to have a future in the industry.

The research recommends a rough framework for how companies can implement a successful outsourcing programme. The second recommendation is for the financial services industry to review the ongoing trend of outsourcing and analyse the long-term implications to the industry. In order for Ireland to remain relevant into the future, Ireland must ensure that the infrastructure is in place to continue to support outsourcing relationships.

Submission of Thesis and Dissertation

National College of Ireland

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Chapter 1 “Introduction”

Financial services is a highly competitive sector, which is dominated by large multi-national corporations that operate globally (Dad & Iqbal, 2013). The increasing competition and greater access to labour markets in low-cost locations has increasingly seen financial service providers outsourcing business processes and functions as a business strategy in order to reduce costs, find new efficiencies and increase shareholder value according to Fill and Visser (2000).

The literature on the subject is focused on the reasons why there has been a shift towards the use of outsourcing by organisations, the historical trends of outsourcing and focuses on how and why India in particular has become a key outsourcing location (Kotlarsky, et al., 2009).

Due to the competitive nature of the financial services industry, literature is limited in discussing individual organisation’s strategies and the outcomes of those strategies. This research will address this by providing an overview of outsourcing practises at an industry level and addresses whether or not these practises are beneficial to those affected by it.

There can be a perception of outsourcing as purely a cost-cutting exercise and that the effect of delegating functions to low-cost locations is detrimental to performance and service quality (Quinn, 2013). The literature on the subject does little to address this perception so the research addresses this topic with experienced financial services professionals and finds that there are several driving factors other than cost behind the recent shift towards using outsourcing.

1.1 Research Aim

The aim of this research was to conduct an in-depth review of the prevalent outsourcing strategies within the financial services industry and the benefits and challenges of each strategy. The research also analyses how outsourcing effects companies' performance, reputation and relationships and asks if outsourcing is beneficial to a company's shareholders, to its staff and to the industry in the long-term.

1.2 Research Questions

The research addresses three questions that are not widely discussed in the literature and will benefit from primary research with experts in the industry.

Research question 1:

"Does outsourcing have implications for companies' performance levels and relationships?

Research question 2:

"Are the existing outsourcing models within the financial services sector sustainable in today's changing business environment?"

Research question 3:

"Will outsourcing be beneficial to the financial services sector in Ireland in the long-term?"

1.3 Structure

The paper first conducts a comprehensive review of existing literature by discussing the material available on the subject of outsourcing. The paper then discusses the research questions. These have been designed to address research gaps in the existing literature. The paper identifies these gaps by identifying current trends in the market that warrant detailed discussion. This study therefore aims to contribute to research on the subject in the future. The paper will then discuss the research methodology used to address the research questions with particular focus on the participants and why they have been chosen to contribute. The next section will provide an analysis of the research findings followed by a discussion of how the research will contribute to the literature on the subject and ultimately address the research questions. The final section will provide conclusions and recommendations.

Chapter 2 “Literature review”

2.1 Introduction

This literature review was designed to assess the research available on the topic of outsourcing in the financial services industry. “Outsourcing refers to benefit from the services provided by another firm and offshore outsourcing means to benefit from an outside vendor in a different location in the world” (Ang & Inkpen, 2008). For the purposes of this research, the term outsourcing will refer to any instance where an organisation delegates activities to another party.

The literature reviewed here highlights that outsourcing is a relatively new concept within financial services, but is limited in its research into the long-term results and effects of the practise.

Justification of the author’s choice of the topic of a study of outsourcing strategies in financial services and their effects on performance, reputation and on relationships comes from previous professional exposure to the outsourcing process. The ongoing trend of outsourcing prompted the author to enquire if the long-term effects on performance, reputation and on relationships are enhanced or diminished. Studies on this topic are rare.

The author also enquired whether there was a long-term strategy in place for sustaining outsourcing models and to plan for the resultant changes in the financial services industry in Ireland. There was no industry guidance on the subject and the general feeling was that continued outsourcing would result in changes in how the industry operates within Ireland and that more and more individual’s roles in Ireland will be outsourced to lower cost locations. This aspect of outsourcing has not been given much attention in the literature.

A thorough literature review was undertaken and several studies were accessed. The accessed studies were predominantly qualitative studies; however some quantitative articles were also assessed. After an extensive review of the literature the five main themes that emerged on the subject were:

- The differing models of outsourcing in the industry
- The types of functions that firms outsource and the locations used.
- The benefits and concerns associated with outsourcing
- The impact of outsourcing
- The regulatory focus on outsourcing.

These themes will be synthesized in this literature review. Following the review of the literature, the research will highlight the implications for firms and professionals within the industry and discuss areas for research that have been identified along with some gaps in the literature (Galvan, 2006).

2.2 Background

Outsourcing originated as a strategy on a small scale in the high-tech manufacturing sector in the 1950s, but it was not until the 1980s when the practise became more widely used by organizations (Hätönen, et al., 2009). Bardhan & Kroll (2003) noted that the 1990s saw an increase in the outsourcing of services based functions. IT organisations were the first to adopt the model and financial services organisations followed aided by the growing levels of education and infrastructure in emerging markets.

Quinn (2013) noted that the modern knowledge and service-based economy offers companies excellent opportunity to increase their profits by outsourcing knowledge-based systems. By being more flexible and more integrated globally, they can enable the company to innovate and to stay current by using global knowledge sources (Amiti & Wei, 2005). By implementing outsourcing strategies, the research has seen that companies in the financial services industry have been able to functionalise their service models by delegating the more functional aspects of their service offering to low cost locations. This enables the staff in the parent location to use resources for more specialized and strategic activities (Brainard & Riker, 1997).

2.3 Outsourcing Models

The early outsourcing models in the financial services industry involved the parent company offshoring functions to a third party vendor (Feenstra & Hanson, 1996). The literature shows many examples of where this model had a detrimental effect of the quality of service (Ennew et al. 2011). This model provided large cost savings for the company but led to problems due to misalignment of the parent and vendor's goals and an over-emphasis on cost savings by the parent. The overall performance of the companies suffered and their reputation was ultimately damaged. This resulted in damage to relationships with clients and customers.

Karmarkar (2004) noted that firms that use simple processes to deliver standardised services can benefit greatly from outsourcing all or some of these services. However, a key strategy is the requirement to provide end-to-end services without the dysfunction and additional management required by working with third parties.

Captive centres became the prevalent model. Captive centres are wholly owned subsidiaries of the parent company located in offshore locations (Oshri, et al., 2008). The establishment of captive centres lead to the parent company having a broader focus on value-add activities and gave the staff in the outsourced location more scope to develop careers with the company. This had a positive effect on attrition, productivity and morale (Oshri, 2013).

Captive centre models allow the parent company to implement controls to ensure that performance is maintained in addition to cost savings being made (Koller & Stehrer, 2008). The greater governance over the delegate location provides comfort to management, clients and customers that the service levels are being maintained and that an efficient service model is being utilised. This model is also easier for the company to alter and adapt to business requirements in the future (Amiti & Wei, 2005)

2.4 Building Successful Relationships

The success of an outsourcing strategy is largely dependent on the strength of the client-vendor relationship (Dad and Iqbal, 2013). Successful relationships are built on the idea that both parties should be satisfied with the relationship and the interaction between the two parties, not just the client (Bharadwai & Saxena, 2009). McIvor, et al. (2009) notes that applying outsourcing relationship management techniques can be challenging notably in aligning goals, gathering complete information and due to inadequate performance management systems. However, cost analysis and benchmarking can aid improved performance, and reduce costs. Performance management techniques can also be employed to remove inefficiencies from processes both prior to and during the outsourcing relationship (Crosby, 2002).

2.5 Functions Outsourced

Once organisations have decided to proceed with an outsourcing model, a key decision will be which functions they choose to outsource. Manning et al. (2008) opine that any function that is operationally non-strategic and not a core function should be outsourced to enable the organisation to focus on value-adding core functions. The ideal proposed model is where functions that interact with clients and customers remain the responsibility of staff in the parent company. The functions that are outsourced are invisible to the client and they can take comfort that this allows the staff in the parent company to concentrate on performing core functions (Brainard & Riker, 1997).

It has been noted in the literature however, that the trends of what is being outsourced is changing with organisations also considering the outsourcing of core processes in an effort to maintain competitive advantage (Mehta et al. 2006). Park and Wu (2009) contribute by contesting that core functions that don’t contribute to the organisation’s profits should also be outsourced. The research will question if outsourcing functions that are visible to clients and customers is detrimental to performance levels and to relationships.

2.6 Outsourcing Locations

India has historically been the most utilised country for the purposes of outsourcing services in financial services. Reasons for its popularity include its attractive taxation laws, high levels of education and English language proficiency in addition to its low labour costs (Neil, 2013).

Following over 20 years of outsourcing in India, it has been forecast by Kotlarsky et al. (2009) that India may struggle to compete with some emerging nations that offer greater cost reduction as India's economy and inflation rates continue to grow. These nations include China, Poland and several others across Eastern Europe, Asia, Africa and Central and South America. Organisations that invest heavily in staff and infrastructure in locations such as India can begin to see diminishing cost savings as the economies of outsourced locations grow (Mankiw & Swagel, 2006). The literature is lacking in this respect so the research will discuss if this model is sustainable given the ever-changing economic conditions.

2.7 Impact of Outsourcing

Gaitonde (2007) highlights that the long-term impact of outsourcing is that services that are being provided cheaply in developing countries will become more costly as the level of experience, the level of expectations of employees and the saturation of the labour market increases. Conversely, in Ireland, the lack of graduate level opportunities in financial services will need to be addressed if all non-core functions are taken out of Ireland. Ireland has built a stellar reputation for providing full financial service support to clients and has a large workforce of qualified individuals from graduate level up to executives with over 20 years' experience.

When researching the long-term impact of outsourcing on the industry in Ireland, the research will ask how Ireland will continue to produce experienced individuals if all graduate level positions are taken out of Ireland. Ireland will also need to ensure that the required skills are in place for positions in governance and remote management to support the outsourced functions (Harrison & McMillan, 2006).

Given the lack of employees with experience of working with non-core functions in the long-term, there will also be a lack of professionals with the required experience to manage the outsourced functions from Ireland. (Sako, 2006).

2.8 Regulatory Focus

There is an increasing focus on outsourcing by financial institutions from regulators globally (Meyerson, et al., 2013). Stringent regulatory guidelines are continuously issued that provide guidance on managing the risk associated with contracting third party vendors that are often based in less regulated jurisdictions than the parent (Levis, et al., 2014). Companies who don’t comply are subject to heavy penalties and can even be prevented from trading in certain cases (El-Rahman, 2009).

These factors have an increasing bearing on what outsourcing model the organisation employs. Early offshoring models whereby the parent would contract with a third party gave the parent scope to end the contract if required and gave a perceived lack of responsibility of the parent to control the behaviour of the vendor. Recent regulations have ensured that the parent must be fully responsible for any action the vendor performs on their behalf (Colombo, 2011).

Employing a captive centre model allows the parent to have greater visibility and control of the outsourced functions controls and procedures and so makes it easier to provide comfort to regulators of their adherence to guidelines (Koller & Stehrer, 2008). The research addresses this issue as there is limited coverage in the literature regarding the organisations' treatment of exposure to such operational and financial risk.

2.9 Benefits

Outsourcing strategies began as purely a cost saving exercise but has since evolved to an approach in which cost is often a secondary consideration. (Hätönen, et al., 2009). Access to new labour markets provided firms with several benefits:

> **Cost advantages**: Costs are usually the primary motivation behind outsourcing (Narayanan, 2009). The direct savings in labour cost can alone justify outsourcing functions to a 3rd party.
>
> **Focus on core competencies**: A "core" competency is one which offers the company competitive advantage over its competitors. Time spent on non-core functions only serve to decrease the company's competitive advantage, so companies often chose to outsource them (Dad & Iqbal, 2013).
>
> **Quality and Capability**: Companies can outsource functions in which they don't have expertise in. This saves the company needing to employ, train and maintain staff to perform these functions (Amiti & Wei, 2005).

Access to Global talent: Outsourcing to companies in different geographical locations offers companies the capability to operate in different time zones and thus improve overall business performance levels (Gupta, 2009).

2.10 Concerns

Berger, et al. (1999) have shown that outsourcing can improve profit efficiency and diversify the organisation's risks, but on average has been seen to provide little cost efficiency improvement and can cause potential costs from increases in systemic risk and expansion of the financial footprint of the organisation.

Some of the key concerns organisations face when deciding to adopt an outsourcing model are:

- Alienating employees in the parent company. Harrison & McMillan (2006) describe how uncertainty of the future of the company or industry affects employee morale, staff retention and performance levels.

- Gaining the confidence of clients about the outsourcing model. Currie, et al., (2008) describe the difficulty clients and customers have accepting that outsourcing is not purely a cost cutting exercise and that quality of service is not negatively affected.

- Perception of exploiting the vendors by paying low salaries and not providing adequate working conditions has shown that large organisations have a history of mistreating and underpaying staff in developing countries. Companies must go to additional effort to ensure that clients are comfortable with the governance and controls are in place to monitor the outsourced relationship (Chan et al. 2006).

- Cultural difficulties. Dad & Iqbal (2013) discuss how business communication, work-life balance, business etiquette, etc. can be challenging to adopt by outsourced location's staff.

- Loss of control and security issues – Swatrz (2004) note that operating with large sums of money in countries where staff are being paid low wages can increase the requirement for greater security measures and monitoring costs. The threat of intellectual property theft has been shown to be a major concern in developing countries (Herath & Kishore, 2009).

- As discussed above, the loss of core knowledge in the parent company also needs to be addressed.

2.11 Summary

The literature review has shown the risks and benefits of outsourcing and detailed the prevalent models within the financial services sector. Bradbury (2005) noted that in order for organisation to successfully implement an outsourcing strategy, they need to understand that the changing economic and political environment and have sufficient controls in place to monitor and react to this. However, the literature often doesn't address how firms can outsource successfully (Kremic et al. 2006). The research will discuss if a captive centre model has proved to be successful in the financial services industry and if the model is sustainable in the long-term.

The literature review has discussed how outsourcing can affect company's performance and also its reputation and relationships with clients and with its staff. Jones (2009) discusses how many companies mistakenly only focus on the bottom line and ignore the people affected by outsourcing. The research will further address how companies outsourcing strategy can affect its staff, the company and the financial services industry.

The literature doesn't address the long-term effects of outsourcing on incumbent country's industry so the research will establish if wide-scale outsourcing of services can be beneficial to Ireland in the long-term.

Chapter 3 “Research Questions”

The objective of this research is to address some aspects of outsourcing that are not widely discussed in the literature and will benefit from primary research with experts in the industry. It should be noted that since outsourcing is a relatively new phenomenon, there are many other areas on the subject that are not addressed by the literature but this paper will focus on the below questions:

Research question 1:

“Does outsourcing have implications for companies’ performance levels and relationships?

- When addressing this question, the research will ask if there are challenges associated with the implementation and management of outsourced functions and if these have a negative effect on overall performance. The research will also ask if the cost benefits outweigh the effect of these challenges.
- The research will also address how relationships with clients, customers and existing staff are affected by outsourcing and whether this can affect the reputation of the company.

Research question 2:

“Are the existing outsourcing models within the financial services sector sustainable in today’s changing business environment?”

- When addressing this question, the research will analyse the current trends of outsourcing strategies in the industry and ask if these strategies are suitable to remain in place in the long-run.

Research question 3:

"Will outsourcing be beneficial to the financial services sector in Ireland in the long-term?"

- Ireland has been a hub for the financial services sector since the 1990's. When addressing the above question, the research will ask how outsourcing will affect the industry in Ireland if all non-core functions are outsourced to lower-cost locations. The industry experience of individuals in Ireland is a major factor in why financial services providers locate their bases in Ireland. The research will ask if this competitive advantage will be diminished in the long-term if most graduate level positions in the industry are outsourced (Dixon, 2012).

Chapter 4 "Research Methodology"

The findings from the literature review and research questions drove the methodology. In line with previous literature (Kavanagh, 2014; Clott, 2007), the research methodology undertaken was a study by qualitative methods in the form of interviews. The interview type was a semi-structured interview, with open-ended questions on the key topics and probing questions to follow up (Spinks & Reid, 2008:10). This approach is consistent with previous literature, which used interviews to assess organisation's outsourcing models and their motivation and justification for using those models.

An interview study will particularly allow an opportunity to probe and gain a greater understanding into what the current issues surrounding outsourcing. This is seen as the best method in which to understand an issue from the individual's point of view, and to gain an understanding of process and past events (Spinks & Reid, 2008:2), thereby gathering "rich" data and creating a good platform for the analysis that ensues.

The set of questions in the interview was based on a theoretical framework, which was the result of research of previous studies. A theme sheet was also drafted based on the literature. This was referred to during interviews to ascertain participant's views on certain themes, in addition to addressing the scheduled questions. The interviews were recorded and notes were taken. The different roles and experience of the participants produced varied opinions on the subject of outsourcing. However, analysis of the recordings and notes showed several common themes which are discussed in the analysis section.

4.1 Sample

The sample population incorporated representatives at various positions along the value chain within the financial services industry. Previous literature had focused on outsourcing within a single organisation (Kavanagh, 2014) or a single country (Kinkel, 2014). The research questions in this case study called for a broader perspective that would benefit from the insight and experience of individuals with experience of outsourcing from varying perspectives. Participants were selected to include private wealth managers, independent directors of financial service providers' boards, senior contacts in some of the largest financial service providers in Dublin and senior representatives in some of the largest auditing and legal firms in Dublin.

In contrast to previous literature, the broad spectrum of information gathered from interviews resulted in a more holistic view of opinions on outsourcing within the industry. The access to these individuals promised high-quality data.

The participants were selected based on their experience and position within the financial services industry. It was essential to obtain opinions from diverse backgrounds but to maintain focus on addressing the research questions.

Participant	Title	Company	Role
A	Head of Service Delivery, EMEA and Director	Financial Service Provider 1, Dublin	Responsible for over 1,000 staff in Ireland and over 2,000 staff in outsourced locations.
B	Head of Client Services, EMEA	Financial Service Provider 1, Dublin	Responsible for over 150 clients – which all have staff in onshore and outsourced locations.

C	Head of Outsourcing Management	Financial Service Provider 2, Dublin	Responsible for ongoing monitoring of staffing, governance and service levels in outsourced locations.
D	Director	Independent Fund Director, Dublin	Independent director on the board of 20 alternative fund structures.
E	Head of Service Provider Management	Wealth Management Firm 2, London	Responsible for oversight of 9 service providers.
F	Senior Manager	Financial Service Provider 3, Dublin	Responsible for team of 40 staff based in Asia.
G	Group Manager, Accounting.	Financial Service Provider 4, Dublin	Responsible for daily operations for hedge fund clients. Performs oversight on functions performed by staff in Europe, Asia and North America.
H	Partner	Auditing firm, Dublin	Responsible for audit, tax and advisory needs of firms hedge fund clients.

Participant A is Head of Service Delivery in EMEA for one of Dublin's largest financial service providers (Company 1). He is responsible for over 3,000 staff, 2,000 of which are in roles that have been outsourced to locations such as India, Poland, Singapore, China and USA. He is one of the key stakeholders in deciding the organisation's location strategy and has been instrumental in communicating the organisation's transformation programme to clients and staff. He is also on the board of directors of the organisation so is directly responsible for governance and corporate social responsibility of the organisation in all locations. This individual was chosen to participate to give an insight into the decision making process and the considerations that are made when outsourcing.

Participant B is Head of Client Services in EMEA for Company 1. She oversees over 150 alternative investment clients. Since 2008, each of these clients has been subject to the organisations transformation programme, a part of which has meant the outsourcing of roles previously performed in Ireland to outsourced locations. She has significant experience in managing these changes and was chosen for this study to gain some insight into the positive and negative effects on client relationships of an outsourced service relationship.

Participant C is Head of Outsourcing Management for a competing financial service provider in Dublin (Company 2). Their organisation have only begun delegating roles to outsourced locations since 2012. Participant C is the project manager for all outsourcing activity within the organisation and has recently opened an office in India with 50 staff. This involved relocating to India for 6 months. He was chosen to participate to provide a different perspective from Participant A and B and a focus on day to day operations of business in outsourced locations.

Participant D is an independent non-executive fund director on the board of 20 alternative fund structures. She is responsible for the fiduciary, statutory and regulatory requirements of these structures. She was chosen for this study as she has significant exposure to the corporate governance involved in setting up and maintaining outsourced relationships in financial services.

Participant E is Head of Service Provider Management for a large London wealth management firm. His firm manages funds with AUM of around $80 billion. In order to manage these funds, the organisation outsources most of their back-office and middle-office functions to organisation such as Company 1 and 2. In total they have 9 service providers and his team is responsible for overseeing the outsourced relationships and ensuring that service levels are up to expected standards. He has presented the organisations outsourcing model to the UK financial regulator for their approval on several occasion and is responsible for due diligence on all outsourced relationships and their respective locations. His experience will provide a view from the perspective of the client to Participants 1, 2 and 3.

Participant F is a Senior Manager for another financial service provider in Dublin (Company 3). He managed a team of 30 staff in Dublin until 2007. The team's functions have gradually been outsourced to a team in India since then and he is now the only remaining member of the team based in Ireland. His role is now to provide oversight of the team's deliverables.

Participant G is a Group Manager in the Accounting department of another financial service provider in Dublin (Company 4). His team is responsible for daily operations for their hedge fund clients. The is predominantly based in Dublin but back-office functions are performed by staff in Europe, Asia and North America which means they can provide 24 hour staff coverage. Participant's F and G were chosen to participate to provide their experience of the changes in service models in the industry in recent years.

Participant H is a partner in a leading Dublin audit firm and is responsible for the audit, tax and advisory needs of the firm's hedge fund clients. She has over 30 years' experience in the industry and was chosen to participate to provide insight into the audit and regulatory requirements of outsourcing arrangements and in particular if they are observed as closely as operations that are wholly based in Ireland.

4.2 Interviews

In line with previous research on the subject, it was decided that the names of the participants and their organisations would remain anonymous. Due to the competitive nature of the industry, access may not have been granted without anonymity. This created an environment where participants could provide full disclosure on the subject (Mohiuddin & Zhan, 2010). It was also agreed that recordings of the interviews would be made for note-taking purposes but not published.

The interview questions were drafted and reviewed by three colleagues of the author. It was noted that the questions must direct the participants to discuss the themes addressed by the research questions so some questions were redrafted before being finalised.

Interviews were all face-to-face as all participants are located in Dublin or London with interview times ranging from an hour to two hours per person. Some follow up questions were discussed with Participants 1 and 2 after all interviews had taken place. Ten interviews were planned but it was felt that sufficient information had been collected from the first eight interviews.

A theme sheet was also drafted based on the literature. This was referred to during interviews to ascertain participant's views on certain themes. The scheduled questions were designed to steer the conversation in a particular direction but the theme sheet allowed the interviewer to move between topics naturally and take notes without interrupting the flow of the conversation, Saunders et al. (2003) recommends this approach in her research.

As above, some notes were taken but the primary form of data collection was the recordings of the interviews. This also allowed for the conversation to flow more naturally. The recordings were reviewed and key extracts have been included in the Findings chapter. The research was designed to compare and contrast strategic and operational outlooks on outsourcing and sought to gain insights from various actors within the value chain.

4.3 Limitations

Bias - The interviewer is an employee of Company 1 and although the research was approved by senior management and all names and companies have been kept anonymous, the interviewer was not in a position to show disapproval for company policy or to overtly question the motivations behind company strategy. The interviewer also has professional relationships with each of the interviewees so bias cannot be excluded. The standardised research questions, interview questions and key themes provided a structure to the interviews that ensured conversations weren't led by interviewees.

Sample size – the sample size of eight participants provides a limited view of the industry. The sample was also limited to individuals with whom the interviewer has a professional relationship so represent a limited segment of the financial services industry.

Research method – only one research method was chosen. Some quantitative research could have provided a more tangible set of findings.

4.4 Summary

In summary, the study used qualitative research methods in the form of semi-structured interviews. This is line with existing literature. Participants were chosen based on their industry experience and varied positions along the value chain. Details of all participants and interviews remain confidential so there are no ethical issues to be addressed.

Chapter 5 "Research Findings"

Interviews were conducted with eight participants with varying levels of experience within the financial service industry. Interviews were structured to address several key themes that were identified in the literature.

This chapter provides details of the discussions against each theme during the interviews. The details and trends that emerged will assist in discussing the research questions.

The literature focuses on the history of outsourcing and on describing and assessing the different outsourcing models that exist. The interviews addressed these items for historical context but questions were more focused on the effects and long-term implications of outsourcing. The key themes that were discussed about outsourcing were:

- Effects on performance levels
- Effects on company reputation
- Effects on relationships with clients and staff
- Sustainability of existing outsourcing models
- Effects on the Irish financial services industry

Results against themes

5.1 Theme 1 – Effects on performance levels

The literature focuses on the various outsourcing models and how companies should structure their outsourcing strategy to not only cut costs, but to maximise performance levels (Brainard & Riker, 1997). Participant C is the project manager for all outsourcing activity within his organisation and has recently opened an office in India with 50 staff. He discussed the challenge of maintaining performance levels under a captive centre model.

"There were significant challenges in transitioning functions from Dublin to India without letting performance levels drop. The Dublin team were eager to hand over the work completely once the India team were on-board but there was a long period of training required to get the India team up to speed on BAU processes. This led to increases in errors and timeliness issues. We learned that we needed to keep both teams working on the account full-time until the team in India were fully up to speed. Before the Dublin team stopped working on these functions, we needed to ensure that the necessary controls and risk monitoring procedures were in place.
Since then, performance levels have been excellent. The accuracy and timeliness KPIs for the team in India are actually higher than they were for the Dublin team previously. We attribute this to the highly functionalised teams there and the enhanced oversight model." Participant C

Participant F manages a team in a competitor company of Participant C. He is based in Dublin and manages a team of 30 who are all based in overseas locations.

"My role is now purely to monitor performance of the staff in India. Initially, the roles were outsourced to a 3rd party vendor in 2007 and we had major performance issues. We had SLAs and KPIs in place but they were rarely met. As manager of the team, I was accountable for our performance but I had no control under that model. Clients were furious and they knew that we were powerless to improve things the

way things were. It lasted about a year and the work was brought back to Dublin before we outsourced to the captive centre in 2008. Under this model, the staff have a direct reporting line to me, I do their performance appraisals and decide their bonuses and salary increases so the accountability makes a massive difference. They have a dotted line to a manager based in India so if I ever have issues contacting them, I can reach out to him. There are always challenges and my role is very different than it used to be but the team's performance is very good". Participant F.

Participant E is directly responsible for overseeing performance levels of financial service providers from the client's perspective. He discussed how he views the performance of providers under outsourcing models.

"We were cautious when a trend of outsourcing started to emerge about 10 years ago with our providers. They were proposing to perform certain tasks in low-cost locations but were promising that service levels would be unaffected, in some cases that they would improve. We of course understand that banks need to lower costs but we would not accept a lower level of service given that our fees didn't decrease. We were satisfied for the most part that plans were in place to monitor performance closely and if necessary re-shore activities back to Europe. We did have lots of issues with some providers. Errors spiked and communication was non-existent. We terminated relationships with some providers in this period where they didn't seem capable of adapting. Some providers got it right though and outsourcing has been a major success. For our two largest providers, we have 24 hour staff coverage on 3 continents. I have visited and done due diligence on their outsourced locations and

the governance is great. Our key senior contacts are still in Dublin and everything is managed from there. Our day to day contacts in Dublin are also more available to us as they're not spending all day doing reconciliations or data entry." Participant E.

5.2 Theme 2 – Effects on reputation

As Participant E discussed above, a poorly executed outsourcing model can result in the loss of business and permanent reputational damage. The effects on companies' reputations are not widely discussed in the literature. Participant A is one of the key stakeholders in deciding his organisation's location strategy and has been instrumental in communicating the organisation's transformation programme to clients and staff. He discussed the impact of outsourcing on his company's reputation.

"We were relatively late to the party when it came to outsourcing but have outsourced over 2,000 roles to locations globally since 2008. I suppose we had learned from others mistakes and put a highly controlled structure in place. As a result, we have had very few major problems and the project has been a great success and has enhanced our reputation immeasurably. Before the transformation, we were a one-stop shop. It worked well but was limiting to some of our clients who needed us to be more expansive. We can now cover them worldwide, 24 hours a day across any product and any asset class. We did all this while decreasing our cost base and increasing our overall staffing levels. At this stage, any company not using a global model is doing their reputation damage." Participant A.

Participant H has extensive experience of monitoring outsourcing relationships over the last 15 years. She discussed the perceptions that are associated with outsourcing and how they are not as relevant in financial services as in other industries (Grossman & Helpman, 2003).

"Outsourcing is the norm now in financial services, it is accepted and wide-scale. In consumer industries, the public have understandable frustrations related to poor customer service or IT support received from Irish companies who have outsourced to companies in Asia or elsewhere. They typically don't have the communication skills that people expect and this can ruin the company's reputation with customers. However, in financial services, the governance and regulation associated with using outsourced locations is such that companies can't cut too many corners. The outsourced locations are usually invisible to the clients and their customers so as long as the performance levels are good, there is no negative reputational impact." Participant H.

5.3 Theme 3 – Effects on client relationships

The literature has shown that outsourcing can have an effect on client-vendor relationships (De Liniere, 2013). Participant B is responsible for managing her company's client relationships and has overseen the outsourcing of roles previously performed for their clients in Ireland to outsourced locations. She discussed the effects on their client relationships.

"When we propose outsourcing to clients, there is usually reluctance and a bit of a battle to get the proposal approved by the client. They are generally reluctant to

adopt major changes if not absolutely necessary so we did need to sell it to some of them. Most clients understand that a company the size of ours needs to use a global operating model in order to operate efficiently. We did lose some clients over it but to be honest, we didn't lose sleep over clients that were not willing to adapt with us. The model works well and the changes were necessary so I don't think our client relationships have suffered." Participant B.

Participant D is an independent non-executive fund director on the board of 20 alternative fund structures. She also discussed impact on client relationships.

"Basically, if outsourcing is done right, clients will be happy and relationships continue. I have seen outsourcing go so badly on so many occasions though. Financial service providers need to be very aware of what they are getting into. When outsourcing first appeared, I think it was seen by some as a magic fix that would cut costs and rescue struggling operations. Most who had this outlook failed. Planning is obviously key." Participant D.

5.4 Theme 4 – Effects on staff relationships

The literature does not focus greatly on how people within the company, i.e. the staff, are affected by outsourcing. Participant G is manager of a team that is based in Dublin that has staff members in outsourced locations in in Europe, Asia and North America. He discussed how outsourcing has affected his staff's relationship with the company.

“In the short-term, outsourcing arrangements are good news for my team. The staff in outsourced locations enables us to achieve daily deliverables much faster than Dublin alone could. We have people working 24 hours a day so when we get into the office every morning, a lot of the back-office work; trade entry, reconciliations, cash processing, etc. has been done so we can concentrate on more high-level tasks. Generally though, there is a feeling of unease within the Dublin group as more and more of our functions are outsourced. There is a sense that our roles will become obsolete in time so our relationship with the company is a tentative one. We have seen salaries stagnate as the preference is to fill roles in outsourced locations rather than in Ireland so staff turnover has increased steadily. When people do leave the Dublin team, they are usually replaced in a cheaper location. It’s fair to say that motivation and morale in the team is very low as the team don’t see the potential to develop their careers any further here.” Participant G.

Participant A discussed the concern that staff in Ireland have shown.

The market is constantly changing and I understand staff member’s concern for their careers. We have had redundancies in Ireland and we closed our office in Cork in 2014. The business needs to evolve as the market does or it will not survive. Unfortunately there are casualties to the process but the staff that do remain with us in Ireland are very valuable to us and have every opportunity to continue to develop careers with the company.

Participant F discussed his team’s relationship with the company post-outsourcing.

"Staff at manager level find it quite frustrating. There are additional reporting lines, complex relationships and an increase in red tape generally when dealing with outsourced locations. It feels a lot more like babysitting than managing a team sometimes. The teams in India have very functionalised roles, their jobs are simple but it can take them a long time to respond to queries. There's less accountability when you're not in the office with them to ask what's taking so long. It's a very different role than managing a team in Dublin and not one that I would have signed up for when I took this job. The staff there are on low wages so move jobs a lot. Even in my own team, there's new names every couple of weeks and there's no real way to control it. They have no loyalty to the company and the company has no loyalty to them so it's difficult to build lasting relationships there." Participant F.

5.5 Theme 5 – Outsourcing model sustainability

The literature has shown that the most widely used model in the financial services industry is the captive centre model. This is where clients contract with Irish companies who use branches of their company in low cost locations to perform back-office functions.

Participant G discussed his views on the sustainability of the model operationally in the long-term.

"Yes, the integration of IT systems, increase in automation of processes and the improved communication infrastructure means that operationally service location is largely location agnostic."

Participant C provided a view from the business perspective.

"It is a costly process to setup a captive centre in a new location and develop the staff and infrastructure there. In the short-term there is significant cost savings to make the process worthwhile. In the long-term however, and we are beginning to see this trend with India already, the economic conditions and the wage levels will increase to a point where there is no longer value in operating there. It remains to be seen if companies will adjust their service model to accommodate the changes or if they will find other locations to setup to reduce costs again.

Participant D provided his perspective on this.

"The captive centre model is a sustainable one as it provides sufficient control to the parent company to monitor the outsourced locations and ensure that service levels are maintained. However, the efficiency of the model calls into question whether Ireland's role in the model is necessary in the long-term. Currently, wealth managers have setup registered Irish products to take advantage of Irish tax laws. This requires oversight and certain function to be carried out in Ireland. However, Ireland is no longer a cheap place to do business and increased regulation in Europe could prove to be a deterrent for funds to base themselves here in the future. Ireland's comparative advantage was our infrastructure, links to Europe and the US and our workforce. Given the improvements in technology, mobility of data and the proven efficiency of workforces in developing countries, we may see a shift away from Ireland as a favoured location for wealth managers." Participant D.

5.6 Theme 6 – Effects on the Irish financial services industry

As Participant D discussed above, there are questions about how the trend of outsourcing will affect the financial services industry in Ireland in the long-term. The literature doesn't adequately discuss the long-term strategy for a location that outsources a large number of its operational roles to other locations. Participant E discussed this from the client's perspective.

"From our perspective, outsourcing is beneficial to the industry in Ireland. It enables them to do more work with fewer resources based in high-cost locations. We have significantly increased the amount of business we have sent to our Irish providers since they have outsourced functions. They can handle the higher trade volumes and associated workload. Obviously this means we pay them much higher fees."

Participant A agreed with this perspective.

"We have seen increases in fee revenue and massive increases in assets under administration since undergoing our transformation programme. Our service levels have improved, our cost base has decreased and our share price is up so from a business perspective, this can only be good for the industry here." Participant A.

Participant B provided some alternative views.

"At a macro level, outsourcing has been positive for the company and for clients but despite the positive numbers provided by senior management, uncertainty within Ireland is a concern. We have had a hiring freeze for over a year. Any leaving staff

have been replaced in lower cost locations and staff in operational roles are concerned that there will be very few operational roles available if they leave or are forced to leave." Participant B.

Participant F showed similar concern for the long-term future of the market in Ireland.

"It's difficult to imagine what the Irish market will look like in 10 years. The way the service providers are structuring themselves at the moment is to provide oversight and management to outsourced locations with little operational activity occurring in Ireland. This is all well and good now and these roles have the potential to create a lot of employment here. In 10 years though, who will provide that oversight and management? As a country, we will not produce experience financial services professionals as we have for the past 25 years. You would have to question if wealth managers will have the same willingness to locate here then." Participant F.

5.7 Conclusion

This chapter provided details of the interviews that addressed the five key themes that were identified in the literature. The details and trends that emerged will be discussed and recommendations made based upon the research in an effort to address the research questions.

Chapter 6 "Discussion"

The discussion chapter will review the key learnings from the research and discuss how these learnings can address the research questions. Three core findings were found by conducting this research.

6.1 Core finding 1 – Outsourcing models and management

When addressing the question of whether outsourcing has implications for companies' performance levels, the research has found that the answer is yes. Any change to companies' service model will impact upon their performance.

The research has provided several instances of where outsourcing affected companies performance negatively. The participants identified that the issues were generally caused by poor planning, insufficient training of staff in both locations, inadequate governance and poor management at senior levels. The research has shown that the outsourcing model chosen and the manner in which the transition is managed is key to ensuring that performance is not adversely affected.

The primary driver of outsourcing for companies is cost reduction (Mankiw & Swagel, 2006) and the cheapest way to reduce costs is to outsource functions to a low-cost third party and reduce headcount in higher cost locations. The research has shown that this short sighted approach has many hidden costs such as extra monitoring of third parties, legal and regulatory oversight, contract management and administrative costs. In addition to hidden costs, the loss of control of the outsourced functions has been shown to have a significant negative impact on performance levels. Poor performance has been shown to damage the companies' reputation and its relationships with its clients. The research has shown that following this approach has lost company's clients and money in the long run despite short-term cost savings.

The research has shown that captive centres have become the most widely used model in financial services. Captive centre is where a company outsources functions to a wholly-owned subsidiary located in an offshore location. This model provides the company with the ability to control its performance levels across all locations (Koller & Stehrer, 2008).

The importance of management's role is crucial if outsourcing is to become a positive step (Kotter, 1990). The research highlights that outsourcing will only be successful if management:

- Treat outsourcing as a long-term strategy, not a quick fix.
- Engage all stakeholders to ensure the transition is planned and implemented smoothly.
- Ensure stringent governance and risk management systems are in place to monitor the outsourced locations.
- Ensure staff in both locations are fully informed on what is expected of them and that they have the necessary support and training to perform as expected.
- Keep clients and staff at all levels involved in feedback and decision making.
- Provide support to staff at all levels so assist where their roles have changed.

The research has shown that when an efficient model is put in place and is managed correctly that operationally, outsourcing can be beneficial to companies and can provide a better service to its clients. This can have a positive effect on the company's performance, reputation and to the company's relationships with its clients.

6.2 Core finding 2 – Relationships with staff

As above, the research has found that outsourcing can only be successful in the long term if staff are engaged and involved in the process at all stages. The changing service models in financial services has impacted staff in several ways. The first is that the number of operational staff has reduced greatly in Ireland as these roles have been outsourced to low-cost locations. Through redundancies and attrition, teams in Ireland have got smaller. There is concern among the remaining operational staff that their positions could also be outsourced in the future. This has obviously created tension and uncertainty in the market.

The roles of many of those who remain in Ireland has changed also with many taking on oversight roles to monitor and signoff off on work done in outsourced locations. The research has shown that many staff are not adequately prepared and trained for these aspects of their roles and this can result in poor performance and in disillusioned staff that don't have comfort around their role and how it fits in to the future strategy of the company.

The relationship between the company and the staff in the outsourced locations is another aspect that is not widely discussed in the literature and was raised during the interviews. The functionalised structure of the teams in these locations can mean that management don't have much interaction with staff in order to develop relationships. Participant F also noted that since wages are so low, staff turnover is very high. While operationally this may not be a major issue, culturally it creates a divide between the staff and the company. Participant F noted that, “They have no loyalty to the company and the company has no loyalty to them so it’s difficult to build lasting relationships there”.

6.3 Core finding 3 – Future of outsourcing in Ireland

As mentioned above, there are concerns among financial services staff in Ireland that the outsourcing trend will continue and their roles will be changed further or even become obsolete. This is no surprise as the research has shown that senior management and clients have found outsourcing to be successful for the business and for efficiency of service. The creation of oversight and monitoring responsibilities will create some roles for staff who are willing to adapt to the new environment.

Currently, there is an abundance of experience financial service professionals in Ireland to fill these roles, especially since some of their operational roles have been outsourced. The research has raised the question of who in Ireland will have the necessary operational experience to fill these roles in the long-term if operational jobs do not exist in Ireland. Graduates in Ireland will not have the option of working in operations so the research suggests that education within financial services will need to adapt to prepare graduates for roles in oversight, monitoring and compliance.

Further to the above point, the research also shows that the success of outsourcing could bring into question in the long-term whether Ireland is still suitable as an operational centre for financial services. Ireland’s financial services industry grew in the 1990’s as the country had excellent infrastructure and links to Europe and the US. The workforce was educated and was English speaking. The country also had favourable tax laws for companies looking to setup in Ireland. Some participants have questioned if these comparative advantages still exist given the success of operations in developing countries. The expensive cost base in Ireland and the increasing regulatory scrutiny (Colombo, 2011) could also encourage financial service providers to move their primary operational facilities away from Ireland.

6.4 Other findings

There are a number of findings from the research not discussed in the above discussion chapter. These findings are less significant to the research questions but are worthy of further research.

Governance models and compliance with regulation (Colombo, 2011) are subjects that were raised by some of the participants. These are complex subjects and play an increasing role in monitoring financial services operations and outsourcing relationships. Increases in regulation have played a major role in shaping changes in financial services industry since the financial crisis of 2008. Wealth managers require additional assistance from financial service providers in order to comply with regulations. This is creating a new source of employment in Ireland and is another avenue that operational staff in Ireland can move towards in the absence of operational roles.

Focus on cost reduction is another finding that would warrant further research (Anderson et al. 2004). Financial service providers are outsourcing more primarily in order to lower their cost base but the research has shown that they are taking further measures to lower costs also. Participants noted that some providers have frozen wage increases, stopped paying any bonuses, clamped down on expenses and performed profitability reviews on all clients and all functions that they perform. Some have even cut stationary expenses, canteen supplies and Christmas parties. This drastic reduction in expenditure serves as an indicator that financial service providers in Ireland are not performing as they would expect to. This subject would benefit from further research.

6.5 Limitations

In addition to the further research mentioned above, the research could benefit from a more extensive review of the core findings with a larger sample size. The participants were all chosen for their extensive experience on the subject but a larger cross section of individuals from the industry could provide some alternative views. Further research should include interviews with staff at middle management and entry level positions. The participants here were all at senior management level and while that provided strong access to opinions on strategy and decision making, the opinions of the staff directly affected by outsourcing would be beneficial to the research.

6.6 Discussion conclusion

The research provided three key findings that address the research questions. The first was an analysis of the outsourcing models that are prevalent in the financial services industry. It was noted that captive centres have been seen to be most effective but described how outsourcing needs to be managed in order to be successful.

The second finding described how outsourcing affects relationships between the company and its staff. It was highlighted that although outsourcing can be successful operationally, the trend of continued outsourcing roles from Ireland to low-cost locations has had a damaging effect on staff as their roles have either changed or could be changed in the future. This uncertainty among staff was very evident during the interviews.

The relationships between staff in the outsourced locations and the company were also discussed. It was noted that the relationships are not as strong as with staff in Ireland and that this could have long-term implications if further operations are to be outsourced to those locations.

The third finding was in relation to the future of outsourcing in Ireland. It was discussed how oversight and monitoring roles have and will become more prevalent in Ireland and that staff will need to adjust to this change. It was also discussed however, whether Ireland would continue to produce professionals capable of doing these jobs if there are no longer operational positions here. Another finding was discussed that questioned if Ireland would continue to be an attractive location in the long term as a location for financial services providers. This subject was discussed but could warrant further research.

Other than the three key findings, topics of cost reduction, governance and increased regulation were also discussed as findings of the research that require further discussion.

Chapter 7 "Conclusions & Recommendations"

The increasing competition and greater access to labour markets in low-cost locations has increasingly seen financial service providers outsourcing business processes and functions as a business strategy in order to reduce costs, find new efficiencies and increase shareholder value according to Fill and Visser (2000).

The literature review focused on the reasons why there has been a shift towards the use of outsourcing by organisations, the historical trends of outsourcing and focuses on how and why India in particular has become a key outsourcing location (Kotlarsky, et al., 2009).

Due to the competitive nature of the financial services industry, literature was limited in discussing individual organisation's strategies and the outcomes of those strategies. This research has addressed this by providing an overview of outsourcing practises at an industry level and addressing whether or not these practises are beneficial to those affected by it.

The research has shown that captive centre models have been shown to be most successful and have become the prevalent model the in financial services industry. The practise of outsourcing has been shown to be beneficial to performance if managed correctly and has assisted the companies to expand their service offering and grow their businesses.

However, we have also seen that the changes in how the industry operated has had negative effects on staff in the parent location. Their team structures and individual roles are changing and there is uncertainty around the future of their positions within the company. The research has also shown that staff in outsourced location also feel isolated and expendable from the parent company.

The research also discussed the future of the financial services industry in Ireland with respect to outsourcing. It was widely agreed among participants that the structure of how financial services are provided has changed in Ireland and will continue to do so. The research emphasised the requirement for companies and individuals to adapt to these changes in order to continue to have a future in the industry.

The research also raised some concerns that the changing environment could mean that the financial services providers could in the long-run perform less and less functions in Ireland.

7.1 Aim

The aim of this research was to conduct an in-depth review of the prevalent outsourcing strategies within the financial services industry and the benefits and challenges of each strategy. The research also analysed how outsourcing effects companies' performance, reputation and relationships and discusses whether outsourcing is beneficial to a company's shareholders, to its staff and to the industry in the long-term.

7.2 Themes

A literature review was conducted and five key themes were identified. In addressing the research questions, each theme was discussed during the interviews. The key themes that were discussed about outsourcing were:

- Effects on performance levels
- Effects on company reputation
- Effects on relationships with clients and staff
- Sustainability of existing outsourcing models
- Effects on the Irish financial services industry

7.3 Recommendations

The research identified two key recommendations. The first was the importance of companies identifying and implementing the most efficient outsourcing model for their situation and ensuring that the process is managed correctly. The research showed that poor management can impact performance, reputation, client relationships and staff relationships. The six steps noted in the discussion chapter provide a rough framework for companies to implement a successful outsourcing programme.

- Treat outsourcing as a long-term strategy, not a quick fix.
- Engage all stakeholders to ensure the transition is planned and implemented smoothly.
- Ensure stringent governance and risk management systems are in place to monitor the outsourced locations.

- Ensure staff in both locations are fully informed on what is expected of them and that they have the necessary support and training to perform as expected.
- Keep clients and staff at all levels involved in feedback and decision making.
- Provide support to staff at all levels to assist where their roles have changed.

The second key recommendation is for the financial services industry to review the ongoing trend of outsourcing and analyse the long-term implications to the industry. The industry must prove that the workforce and infrastructure here are still competitive advantages over other locations.

The CBI (Central Bank of Ireland) or the IFIA (Irish Funds Industry Association) would be best placed to conduct a review that should be circulated and discussed with all key players in the industry. In order for Ireland to remain relevant into the future, Ireland must ensure that the infrastructure is in place to continue to support outsourcing relationships.

This would involve industry wide training to improve understanding of oversight, compliance and monitoring roles. It would be suggested that educational and employment bodies also strive to understand the changes in the industry and adjust their priorities accordingly so that Ireland can continue to provide the professionals required to support outsourcing relationships.

Staff in the financial services industry need assurance that their skills are still relevant and required. Only when the industry provide some guidance on how it sees

the future of financial services in Ireland will this be possible. Companies can then aim to work within that framework and can include all staff in achieving that goal.
In conclusion, further research on outsourcing and the impact it has is highly recommended. As mentioned in the discussion chapter, the research could benefit from a more extensive review of the core findings with a larger sample size and from a larger cross section of individuals from the industry. This will result in a more comprehensive review of the research questions.

It should also be noted that as outsourcing is a relatively new phenomenon, the literature on the subject is quite limited and the environment is constantly changing so the future of outsourcing and its effects are difficult to predict.

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Theme sheet template

Theme	Participant comments
Outsourcing models	
Functions outsourced	
Outsourcing locations	
Benefits	
Concerns	
Impact on staff	
Impact of performance	
Impact on relationships	
Regulatory focus	
Impact on Irish industry	
Future of Irish industry	

Sample questionnaire

Question	Notes
Summarise your experience of outsourcing	
What do you see as the key motivation to conduct outsourcing?	
What outsourcing models or aspects of companies outsourcing policies contribute to positive performance	
What outsourcing models or aspects of companies outsourcing policies contribute to negative performance	
Has it been your experience that the additional internal relationships associated with outsourcing and monitoring of those can negatively performance?	
What steps do company's need to take to ensure performance is not negatively affected by the introduction of outsourcing models?	
Does outsourcing impact companies' reputations?	
Do you believe companies reputations are considered when implementing an outsourcing model?	
Can not outsourcing have a negative effect on a company's reputation?	
Does public perception that outsourcing equates to poor customer service hold true in financial services?	
What steps do company's need to take to ensure their reputation is not negatively affected by the introduction of outsourcing models?	
Describe typical client reaction to the introduction of outsourcing.	

What are key points in maintaining positive client relationships when service model is changing to an outsourced model?	
Describe how staff in parent location has been affected by outsourcing.	
Have the changes in their roles impacted them positively or negatively?	
Are staff in outsourced locations treated and considered as equal to the team members in Ireland?	
Do the additional internal contact and associated reporting lines create a lack of accountability internally?	
Has your company reduced staff in Ireland due to outsourcing? If so, have remaining staff shown concern for their futures in the company?	
Is the existing outsourcing model used in your company sustainable? If not, why not?	
How is increasing regulation in the industry having an impact on outsourcing relationships?	
What is your opinion on what would make your company's outsourcing model more sustainable in the long-run?	
In what ways do you believe outsourcing is positive for the Irish industry?	
In what ways do you believe outsourcing is negative for the Irish industry?	
What does the Irish industry need to do to ensure its future growth in the financial services industry?	