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ALTERNATIVE DELIVERY SYSTEMS FOR CONSUMER FINANCIAL SERVICES

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Abstract: This paper reviews and compares analytically the major types of delivery system for consumer financial services. Consumer loyalties, marketing services provided, and marketing efficiency considerations are discussed. Issues of management strategy and of public policy are explored.

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ALTERNATIVE DELIVERY SYSTEMS FOR CONSUMER FINANCIAL SERVICES

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Several quite different delivery systems for consumer financial services are observed to co-exist in the U.S. economy. Commercial banks and savings institutions do most of their business with consumers through their branch office systems. Securities brokers have regional offices, but face-to-face transactions are much rarer than in banking, and telecommunications networks carry most of the contactual and transaction load. Insurance companies approach and service their consumer clients either through agency arrangements or from branch offices staffed by their own employes. Card-based transaction systems (American Express, Visa, Mastercard and others) are in some cases appendages of other systems, but in the case of American Express the cardholder population is the main vehicle for all other activity.

Deregulation of banking and other financial services is causing significant shifts in the positions and operations of these delivery systems. Advances in payments technologies and in telecommunications and telemarketing are making it easier and cheaper to organize new delivery methods. Greater numbers of affluent households, with high net worth and high current income, constitute a rich market for increasingly sophisticated financial services, and these high-end households have the knowledge and self-confidence to demand more efficient and more complex services.

Employers have entered the game in a new way, seeing opportunities to provide to their workers a menu of useful and efficiently-design options in the financial services field as a peculiar type of fringe benefit -- one that is advantageous to the employee but is provided at zero or negligible cost to the employer! We will treat this type of arrangement separately from the major delivery systems.

To summarize, we identify the following types of delivery system for financial services:

1/ the agency-based system;

2/ the branch-unit-based system;

3/ the card-based system;

4/ the remote communication-based system (by telecommunications or by mail).

After we have explored properties of each type of system alone, we will make a few observations about the prospects for mixed, combined, or additive delivery systems for financial services.

These financial-services delivery systems are rooted in the history of the regulated financial industries in the U.S. and in the traditional separations between sub-industries that were brought about by regulation and by the traditional payments technologies. Now, both deregulation and changes in technologies are breaking down the old barriers between the sub-industries.

The Deregulation and Monetary Control Act of 1980 provided for phased removal of the ceilings on interest rates that banks and savings institutions could pay. The Garn-St. Germain Act of

1982 gave S&L's new business authorities, to engage in consumer and installment lending, and to widen their lending and investment activities beyond their very narrow traditional focus on residential mortgage financing. (See Balderston, 1985, Chapter 2, for a summary discussion of this.) The Tax Reform Act of 1986 brought about sweeping changes in the relative taxpayer advantages of various types of consumer assets and liabilities, thereby affecting insurance, securities brokerage, and real estate firms as well as banking and savings institutions.

It is therefore pertinent at this time to ask a number of questions about the future stability, viability, and expansion capability of each of these delivery systems.

A delivery system for financial services can be focussed on the consumer's needs for management of household <u>assets and cash inflows</u>, or for management of <u>liabilities and cash outflows</u>, or <u>both.</u> As we discuss delivery systems, we will have to take note of which side of the the financial intermediation process they deal with.

QUESTIONS CONCERNING THE FUTURE OF THE DELIVERY SYSTEMS

<u>Consumer loyalty to traditional patterns? How does consumer behavior differ across delivery systems? How do cross-selling opportunities differ across delivery systems?</u>

One critical question is: to what extent will consumer decisionmakers, who have been well-schooled to expect to obtain each type of financial services from a specific type of vendor, show a willingness to shift away from these patterns of loyalty and habit?

Marketing tasks emphasized?

Each delivery system performs a mix of marketing tasks in a characteristic way. The agency system in the insurance business emphasizes the personal initiative, persuasive selling ability, and service backup of the agent. The branch banking system relies upon customer calls to the place of business and is historically passive -- awaiting customer initiatives to which to respond. The cardholder system solicits actively to gain a cardholder population, seeks acceptance of its card as a retail payment medium, and provides large-scale clearing and account processing services both to retailers and to cardholders.

By examining the emphasized and the less-emphasized marketing services in more detail, we may obtain some clues as to the future niches of each of these delivery systems.

What efficiency characteristics does each delivery system have? What margins does it now require for survival? What do pending technological advances imply as to costs?

Each delivery system has a cost structure, including both fixed plant and equipment and labor requirements, that is quite different from the others. By examining main features of these cost structures and the reasons for them, we may hope to gauge relative survival power of these delivery systems as they come into sharper and more intimate competition with each other.

CONSUMER LOYALTIES

It has generally been reasonable to regard consumers as relatively sluggish in their movement from one vendor to another within any one financial services field, unless there was specific occasion for comparison shopping. An example of the latter occurs when a household searches the market to refinance a home mortgage or to obtain a new mortgage in connection with house purchase. In such an instance, the consumer -- often aggressively assisted by the real estate agent -- may be in contact with numerous lenders, seeking information about rates, borrower eligibility or qualification standards, and alternative types of mortgage instruments and terms.

One spectacular episode of the late 1970's does indicate that consumers can be "shiftable" on a massive scale, and quite quickly, if economic incentives are strong enough. As of 1974, money market mutual funds had approximately $2 billion in total assets, nationwide. By 1982, these funds had grown to total assets of more than $200 billion. This growth was so rapid, in fact, that the threat it presented to banks and savings institutions of loss of deposit balances forced them into supporting passage of the deregulation legislation of 1980. (This was the Deregulation and Monetary Control Act of 1980, US Congress. It provided for removal of regulatory ceilings on interest rates for various types of bank and savings institutions accounts, to be monitored by the Depository Institutions Deregulation Committee and phased out over no more than five years.)

The spur, of course, was an enormous spread between what the

MMMF's could pay to their unitholders over the restricted, regulated ceiling rates that the financial institutions were allowed to pay at that time.

A current research investigation, using the data-base of the Survey of Consumer Finances, 1983 and later 1986, will, we hope, throw new light on the existence of cross-elasticities of demand for financial services in the several important segments of the consumer market.

To summarize, consumers were historically tied to particular types of delivery systems for the different financial services, and they tended to be loyal to a particular vendor for substantial periods of time. With respect to checking and savings account services, convenience factors bulked large, partly because institutions could not compete in their interest-rate offers on most types and denominations of accounts. (Jumbo CD's were the exception.)

Thus, the consumer tended to utilize a particular delivery system for each financial service in the traditional framework. Each financial sub-industry was accustomed to regarding the product market it served as its exclusive "turf". Thus, the traditional line-up was:

Financial Service	Type of supplier
checking account	commercial bank
savings account	commercial bank, savings bank and S&L
brokerage account	securities firm
mutual fund shares	mutual fund
life insurance	insurance company

The shock of change was thus all the greater when cross-penetration of markets began in earnest in the late 1970's and early 1980's. Reverberations of this change still continue.

MARKETING SERVICES OFFERED BY DIFFERENT DELIVERY SYSTEMS

The consumer has needs for particular bundles of services in connection with asset management products, other bundles of services for liability management products, and still others for transactions management (or payment services) products. Our task here is to interpret what service bundles are likely to have priority for the consumer, and to assess which delivery systems can respond by providing those service bundles most effectively.

The consumer may place high value upon intensive performance of a particular marketing service for one financial product, and low value on that function for another. For example, transactional convenience and reliability is important to the consumer, and this is usually expressed in the desire to maintain both a checking account and a credit card for liability management; both of these perform liability-related functions in such a way as to produce the desired functional results to the consumer.

Professional advice about alternatives, on the other hand, has a high value in connection with the selection of one security or investment medium over another, in asset management. The securities brokerage salesperson serves this function for those consumers who pass the threshold of securities ownership, which is passed only by a small minority of households so far.

Insurance agents, real estate brokers, and mortgage brokers all, in their respective fields, also deliver professional advice about alternatives. (Of course, the advice may or may not be unbiased and totally dispassionate. That is another matter!)

Provision of essential persuasion is another marketing function that consumers value, at least in the sense that when it is applied to them, they do respond positively. This kind of persuasion can occur either in asset management or liability management. Traditionally, it was supposed that people would fail to buy as much life insurance protection (an asset) as they should unless nudged into doing so by an aggressive agent. To some extent, this question of the value of persuasion is a matter of piercing a psychological barrier (confronting death and the fear of death, in this case), but it may also be viewed quite differently by the sophisticated, as against the timid and naive, consumer. Thus, as consumers become more educated, more familiar with their own options, and more self-confident, they may put a reduced value upon the nudging of the persuasive salesperson.

EFFICIENCY CHARACTERISTICS

Each of the delivery systems has its own distinctive set-up cost or investment cost (sometimes measured in development time as well as dollars) and an incremental capital outlay per unit of additional capacity. Each system has a particular pattern of operating cost per unit of activity. Both the absolute sizes of the initial and incremental investment costs and the absolute size of average and marginal operating costs are of interest to us. In addition, however, we may gain some insight by examining the <u>ratio</u> of investment cost to marginal operating costs in each system, for that may help to indicate how close the system is to being a pure investment.

<u>Guesses about initial capital requirements</u>

Costs in the respective systems can be very crudely estimated as:

	Initial Investment	Incremental Investment	Marginal operating-cost
Agency-based	$10 million (system)	$25 thousand (per office)	$50-200/transaction
Branch-unit	$20 million (system)	$1 million (per branch)	$1-5/ transaction
Card-based	$40 million (system)	$10-100 (per cardholder)	$0.25-$1/transaction
Remote data	$5 million (system)	$10-50 (per customer)	$0.10-$1/transaction

The remote, non-personal communication type of delivery system has quite apparent advantages if these estimates are even approximately correct. There are, in fact, some predictions that such systems will drive out the others on cost-minimization grounds. (See Baxter, Cootner, and Scott, 1977.) Yet this has not happened so far, despite the seductive attraction of very low variable cost per transaction.

The "lead executive group" of each system can assess the possibilities for adding new products or services to that system. Cost analysis is not the only tool to be used. Rather, such new products may add to the pre-existing strengths of the system as marketer of the pre-existing products. Thus, both the incremental investment costs and the incremental operating costs need to be estimated.

Cross-selling opportunities, real and imagined.

Adding one or more new products to a delivery system, whether by "own entry and production" or by acquisition of an existing firm, is an exercise in demand management. By adding the product to others already offered through the system, the firm hopes that the sum of new direct revenue from the new product and of spill-over increases in revenue stimulated by complementarity will bring about profitable results and improved market position for the delivery system as a whole.

It is worth noting that firms controlling many delivery systems have made large, and (to the public observer) unrequited investments in merger and absorption of pre-existing firms and acquisition of some new financial products. The market premiums that have been paid will mean that the expanded system will have trouble meeting its goals. Mergers and acquisitions have been very expensive to the acquiring firm in numerous instances. Many seemed to be based on a drive for haste in establishing a market position and on the unsubstantiated hope that the combination of the new activity with pre-existing ones would produce cross-selling gains and other complementarities.

In their analysis of the special properties of service marketing systems, Carman and Langeard emphasized that the "core service" must be considered first, as its requirements of capacity and technology for effective performance, and its recognition in market positioning of the enterprise as a whole, produces the dominant base for the firm. (Carman and Langeard, 1980).

Thus, when the operators of a delivery system are contemplating the addition of another "product-line" or subset of services to the pre-existing array, one crucial question is whether the existing "core service" that dictates the technological and organizational character of the delivery system will accommodate easily the logistic and other support requirements of the additionial service. If the answer is affirmative, the increase in system overheads is not serious. But a second crucial question still remains: namely, will the added product-line generate incremental business volume favorable to the system?

To begin with, an acquired unit must at the very least hold to its previous growth trend if minimal returns to capital (excluding acquisition premium) are to be realized. But, in addition to this, the acquired unit should in principle gain reinforcement in its own business volume by reason of complementarities with the acquiring firm's other service offerings, and it should also produce spillover gains in the business volume of the previous product line of the acquiring firm. If neither of these beneficial effects occurs, then the rationale of the expansion can be said to fail.

An apparent case in point was Merrill Lynch's acquisition of a large real-estate brokerage operation. Merrill Lynch announced the acquisition with great fanfare, pointing out that the real-estate brokers could be expected to be in functionallyvalid contact with customers of the securities brokers, to provide new and additional services to these customers. In practice, Merrill Lynch found that the securities brokers were very resistant to sharing information about their clients' names and characteristics with the real estate people, and *vice versa*. The two sets of marketing activities never came together in a mutually supportive way. Merrill Lynch eventually announced that it would unwind the real estate brokerage acquisition by disposing of it to a corporate buyer.

In 1985-86, Metropolitan Life purchased the Century 21 real estate brokerage franchise. It remains to be seen whether synergies between it and Metropolitan's agency base will materialize. It appears quite plausible that a life insurance company will run into the same resistances between two sales forces that defeated the logic of the Merrill Lynch experiment.

The issues just discussed are, in essence, matters of the dynamic efficiency of a delivery system: that is, its ability to adapt in an effective way to an opportunity to exploit a change in product line and market presence. Carman pointed out that such dynamic efficiencies need to be evaluated separately from the static marketing efficiencies that can be estimated by means of a revenue-cost analysis at the margin of existing operations. (Carman and Uhl, 1973).

CENTRALITY AND EXCLUSIVITY IN MANAGEMENT CONTROL OF THE DELIVERY SYSTEM

Students of marketing channel systems have emphasized that a dominant firm has often found a basis of power to determine roles of the participants in the system, to control the business behavior, and to influence in ways favorable to it the overall outcomes of the channel system. (Stern and El-Ansary, 1982). A branch banking system, as one of our types of delivery system, can be classified unambiguously; the corporation owns the branches, the branch managers and other employes are subordinate in authority to headquarters executives, and there is no doubt of the latent capacity of the latter to exercise unilateral control to whatever extent they find desirable. Of course, the actual managerial styles of multiple-branch systems do vary considerably, and some top managements in fact use policies of operating decentralization, coupled with incentive compensation, to stimulate marketing initiatives by branch managers. Thus, the functional balance between centralization and decentralization depends on whether the top management wants to emphasize, say, very tight cost controls and standards of routine service response, or is more interested in stimulating greater market penetration via entrepreneurial initiatives of the branch managers.

Exclusive and non-exclusive relationships

At all events, the multiple-branch system does have the attribute of exclusivity, in that the headquarters management has full power to determine what array of products will be offered through the branch system. Traditionally, in fact, branch banking systems offered only those products that they produced and branded as their own. There is emerging evidence that some branch systems are now adapting to the idea of incorporating in their branches' product lines some complementary products that are supplied through joint venture arrangements with other producers of financial services. This may blur, to some extent, the presumption of exclusivity that ordinarily exists in branch systems.

Some agency systems also operate on the principle of exclusivity: that is, the insurance company signs the agent to an agency contract whereby the agent agrees not to market any product not supplied by the insurance company. The benefits of this to the insurance company are supposed to be that the agent puts full attention on generating business volume for the parent company's product line in that local territory, and the insurance company and agent, together, can gain a visible and clear-cut market presence by reason of the exclusive arrangement.

The agent then is completely dependent for a livelihood on the marketability of the parent company's products in that territory in sufficient volume to yield a viable income from commissions. As competition whittles away the available volumes and margins, the exclusive agent is likely to complain that he or she needs additional products to sell in order to meet the competition and maintain volume. This puts the parent company in the position of trying to add insurance or other financial products to its line, not necessarily because their addition is part of its own plans, but in order to keep the agent happy.

Other insurance companies do not insist on exclusive contracts with agents. Rather, a local insurance agent may place a given policy with that carrier which will meet the expressed needs of the agent's customer most advantageously. A general agent in the insurance business, then, has autonomous market power because the agent has cultivated and maintained a client base that is loyal to the agent, not to any particular insurance carrier.

From the standpoint of the insurance company itself, dealing with the general agent on a non-exclusive basis has both positive and negative aspects. On the positive side, the company need not take special responsibility for the overall financial health of the general agent; on any particular occasion, it can quote and sell a policy through the agent if that piece of business is profitable to it at the margin. If not, no sale. The insurance company incurs no overhead to support the agent and need not worry about other support costs beyond the costs of generating and servicing policy volume.

The negative side of general agency from the insurance company's point of view is, as one would expect, that the company cannot count on developing a powerful market presence. The general agent may, at any time, steer business away from any one insurance carrier and toward another, as a function of prices, policy terms and eligibilities, and the agent's own margins. This limits severely the feasibility of using a general agent system to establish and maintain market position, and the insurance company that has ambitions to gain and hold a visible market presence must typically try to do so by means of some other alternative relationships.

"Pre-emptive" and "non-pre-emptive" systems

The operator of a delivery system gains market power if the actions taken are _pre-emptive_, producing a preferred or monopoly position that others cannot invade and cannot easily duplicate. Regulatory agencies used to issue quite limited numbers of branch licences to institutions that applied for them, and they often had rules providing that, once a license was issued for a given location, no other could be issued within some stated distance from that location. Thus, the successful applicant for branch licenses not only gained the opportunity to cultivate a local market surrounding each approved branch; the institution also gained a (perhaps large, perhaps small) local monopoly and shelter from competitive intrusion.

Recent changes in geographical pre-emption

In banking and the savings and loan industry, localization of markets and firms was a long tradition, reinforced by "dual" regulation at both state and Federal levels. The McFadden Act (1928) provided that the Controller of the Currency would not allow a national bank to have branch units in a state beyond market areas for which that state permitted state banks to have branches. Implicit as well as explicit restraints preserved local market shelters for many thousands of financial institutions. This was, in effect, geographical pre-emption of markets, with governmental enforcement of quasi-monopolies.

The necessity to find well-capitalized and not necessarily local buyers for troubled banks and S&L's in the 1980's caused many changes in this historic pattern. New legislation to allow regional multi-state compacts and new willingness to contemplate the growth of very large multi-state financial firms is changing the map of these industries. Sears, Roebuck and Citicorp have developed sufficient multi-state presence such that they are now using national media advertising to proclaim and reinforce their market positions. Balkanization of the financial markets may soon be a quaint memory.

At the other extreme from geographical pre-emption, remote-communication delivery systems such as the mutual funds' mail-order marketing and the operations of money market mutual funds are inherently non-pre-emptive, for they use the common-carrier telecommunications network to which any potential competitor has access.

Employer-controlled delivery systems for financial services, discussed below, offer an intermediate case. The employer selects a restricted number of financial services to offer and a restricted number of vendors of each, and no unapproved vendor is allowed to use the employer's communications systems to solicit business from employes.

"Captive" providers

Finally, the automobile industry provides us with an interesting illustrative case of the marketing of financial and insurance services on a "captive" basis. The domestic automobile manufacturers historically required exclusivity in their dealer franchises, such that the dealer agreed not to market any other brand without permission, agreed to maintain parts stocks and service standards in accordance with the manufacturer's policies, etc.

Each of the auto manufacturers established an installment credit subsidiary in order to provide financing in support of the auto sales transaction. In due course, these subsidiaries have grown large and prosperous, using high credit ratings to secure their capital via commercial paper offerings in the credit markets. The auto manufacturer then has an interest in influencing, or requiring, its dealers to place the financing of sales deals exclusively through the captive finance subsidiary. This is a form of leveraging for additional business volume and margins over and beyond the revenue stream associated with the automobile sales volume itself.

Having been successful in operating its financing subsidiary, the Ford Motor Company acquired First Nationwide Savings and Loan Association (now First Nationwide Bank). This purchase of an expanding, multi-state, multi-billion dollar institution made Ford a significant and greatly-broadened player in the financial-services field.

<u>Alliances for mutual support</u>

K-Mart and First Nationwide have entered into an agreement whereby K-Mart will allow savings-institution branch units to be placed in its retail department stores. First Nationwide offers franchise agreements to savings institutions to join the First

Nationwide Network; these institutions are then eligible to place branch units in K-Mart stores.

This arrangement is an experiment in determining whether the customer flow in a K-Mart store is adaptable to the financial services provided by First Nationwide and its affiliates. As of Fall, 1987, new branch units were being placed in K-Mart stores at a rapid rate, and it was expected that there would be approximately one thousand of them by year-end 1987.

Sears, Roebuck & Co., already a broad-line financial-services firm, acquired the securities firm of Dean, Witter, Reynolds. It would seem unlikely that a Sears department store could be a good location for securities brokerage services, so that Sears must expect to achieve marketing complementarities by some means other than in-store placement of Dean Witter units.

THE SPECIAL CASE OF THE REMOTE-COMMUNICATION DELIVERY SYSTEM

Some no-load mutual funds, some insurance companies and some other financial-services firms seek to establish and maintain a customer base via public telecommunication networks and mail-order solicitation and servicing. These arrangements can be seen as a polar case precisely opposite to the high fixed costs and visible market presence of the multiple-branch system. The marketing overhead is low, and once a customer is secured, the transaction costs of customer service are also low because transacctions ride on the public networks that are priced in accordance with their great economies of large-scale operation.

To capture new customers, the remote provider may utilize either direct-mail and phone call solicitation to targeted prospects or media advertising with inquiry coupons. For the purchase of securities or of complex financial products, the customer must have attributes of unusual self-confidence and autonomy.

From the cost point of view, the remote provider provides a base point below the cost levels of all other delivery systems, and this will be an increasing challenge to those systems as consumers gain greater sophistication in their search for appropriate financial services.

EMPLOYER-PROVIDED FINANCIAL SERVICES

A curious variant of the "captive" market is now growing up. Major employers perceive opportunities to offer their employees useful employee benefits by screening and contracting for financial services products that can be offered to employees on an optional basis. This has long been customary for term life insurance, but now the product offers are proliferating rapidly into other areas. As a result, the producers of financial services have to confront a new type of delivery system, with a new mode of control and new control motives.

MIXED AND COMBINED DELIVERY SYSTEMS

Given the quite different demand-serving and technological properties of the delivery systems that we have discussed, it is not surprising that there are opportunities to create powerful combined delivery systems. Perhaps the most striking recent innovation in consumer financial services systems is the Merrill

Lynch Cash Management Account ("CMA"). The qualifying investor can open a Merrill Lynch brokerage account (minimum balance, $25,000) and can sign up for the Cash Management Account. The brokerage account is "swept" daily, and excess cash is transferred to a money market mutual fund controlled by Merrill Lynch. The investor also obtains a checking account linked to the CMA Money Fund, such that any check written on this account is immediately covered by transfer from the Money Fund to the investor's checking account at Merrill Lynch's bank. Merrill Lynch provides a lending facility to the investor up to a limit based on the total assets of the brokerage account and CMA Money Fund. Finally, the CMA account holder also receives a VISA card, and the monthly charges on the card are itemized in the monthly statement of the CMA brokerage account.

To summarize, this combined delivery system neatly joins the convenience of a checking account and a VISA card for cash transaction services, the earnings rate of a money fund on liquid assets, and the facilities of the brokerage account for securities transactions and monthly accounting statements.

Retail banking organizations, on a more prosaic level, now encourage "bank-by-mail" for deposits instead of expecting to serve their customers at the teller window. Branch personnel can splice the servicing of these mailed deposits into slack intervals in the business day, and the bank's <u>incremental</u> labor costs for this are therefore very low.

Automatic teller machines (ATM's) present a more complicated type of mixed delivery system. The user must own a checking account at a financial institution and is issued an access card.

The institution places ATM units at its branches (and sometimes at other strategic locations such as airport terminals). In addition, the institution may enter into a contract with a multi-bank ATM network (the "Plus" system is an example) so that the cardholder can have access to services at a large number of ATM's throughout the US. The great attraction is the cash-getting convenience, day or night, of the ATM network and access card. The bank keeps a happy customer, and it also <u>may</u> experience a decrease in retail transaction-servicing costs. The ATM is an investment of approximately $15,000, but it is generally estimated to break even, as against labor-intensive teller processing for cashing checks, if the ATM has a volume of at least 5,000 transactions per month.

<u>Two-tiered delivery systems</u>

The "savings broker" is another and quite different example of a mixed delivery system. This business applies the lessons of wholesale/retail relationships, for the savings broker accumulates and decumulates "lot-sizes" of the commodity -- in this case, money. The financial institution that desires to expand its deposit liabilities and cannot secure additional funds fast enough from its local markets can enter into a contract with the savings broker stipulating that it will pay a commission to the broker for each dollar of new CD money delivered to it. The broker is in contact with managers of pension funds, corporate treasurers, and large private investors. These place their funds in CD's with the assistance of the broker. The broker typically splits up the total amount to be placed so that each CD is within the deposit insurance limit of $100,000 per account, thereby preserving full deposit insurance coverage for the entire amount placed (and, in effect, "selling" deposit insurance coverage to the investor). This wholesale-level accumulation and decumulation of lot-sizes is an efficiency-increasing service to the liquid-assets market.

CONCLUSION

This recital of delivery system alternatives should have conveyed the richness of existing and emergent patterns. Given that these systems co-exist and will increasingly have to recognize their rivalries and interdependencies, it will be of great interest to observe how the financial-services marketplace evolves in the next decade.

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