EVOLUTION AND PERSPECTIVE FOR THE UNIVERSAL BANKING MODEL
A COMPETENCE-BASED APPROACH OF THE FRENCH CASE

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When one is reviewing mergers in the French banking industry (Crédit agricole-Indosuez, Société Générale-Crédit du nord) and in many occidental countries, as well as the interest of different foreign banks for institutions like Paribas or CIC, a reflection on the evolution of the universal banking model in France in the context of financial globalization is a topical subject.
Since the property crisis, the major banks have called for a refocus on their core business, a renoucement of large foreign networks, an externalization of certain banking functions, in short the comeback of specialization (Pastre, 1993).
This movement implied a break in the deregulation trend since 1984 to consider universal banking as the reference model. Many middle size and big banks had tried to diversify in new activities which eventually put a serious strain on their profitability.

The merging trend existing in France and other occidental countries is not however in contradiction with a marked trend to specialization of certain banking functions or certain businesses. This trend in fact shows the evolution of the universal banking model.

The study of this model in the traditional framework of financial and industrial economics don't allow us to fully understand the logic and the stakes of organizational evolution of universal banks.
A competence-based approach could lead to complementary interpretations of this model in relation to traditional paradigms and could allow us to justify the existence of these banks. This conceptual framework allows us to analyse the different businesses, and, by comparison, to identify transversal competencies (first section). This approach was developed for three French universal banks.

Due to the strategic processes which conduct these banks to develop their business portfolio, organizations evolve.
We note a heavy trend to specialization of some banking functions (production or distribution of certain products) and of certain back offices functions. Competence analysis in the context of the business value chain could allow us to understand the logic of this structural evolution and the competitive design of universal banks in the future (second section).

1- Economic and strategic foundations of universal banks

After reminding ourselves of the traditional paradigms of financial and industrial economics justifying the existence of universal banks, we will define the strategic foundations of this model.

1.1- Economic justifications of the existence of universal banks

A study of universal banking generally refers to three paradigms. Firstly, one can refer to industrial economics through the study of scale and scope economies and the X-efficiency of large banking firms. One can also analyse the bank like a business portfolio with reference to financial theory through an analysis of banking risks and the different determinants of balance sheet structure. Finally, it's possible to apply certain aspects of the agency theory or corporate governance by referring to contractual relationships to which banks are committed. The analysis therefore refers to the intermediation theory.

1.1.1- Universal banks and cost savings

Studying scale and scope economies in banks is a recurring subject in banking economics[1]. The question of existence of scale economies is at the centre of discussions on the optimal size of financial service firms. The current running to mergers leads us to believe that " big is beautiful". Nevertheless conclusions of more recent research point out that beyond five billions dollars of assets scale economies are not obvious. Moreover Saunders and Walter (1994) have underlined the low growth rate of large banks compared to that of small ones ; scale economies therefore having a negligible impact on the creation of shareholder value.

The study of scope economies, characterized by the existence of common costs, could be approached from two angles.

On the supply side, scope economies relate to cost-savings through sharing of overheads and improving technology through joint production of generically similar groups of services. Supply-side scope diseconomies may arise from such factors as inertia and lack of responsiveness and creativity that may come with increased firm size and bureaucratization or profit-attribution conflicts that increase costs or erode product quality in meeting client needs. They may be serious cultural differences across the organization that prevent efficient delivery of a broad range of financial services. Moreover various studies on the production function show the lack of sub-additivity of costs in this structure (Hunter, Timme and Yang, 1990). One can conclude that cost sharing doesn't seem to be the main « raison d'être » of universal banks.

On the demand side, scope economies could appear by cross-selling products to the same buyer (Walter, 1988). In this case savings depend on the strategic positioning of the universal bank in terms of customers, products and geographic area. The bank therefore needs to insure a good coordination between these three elements in order to develop cross-selling and customer loyalty. However demand-related scope diseconomies could arise, for example, through agency costs that may develop when the multi-product financial firm acts against the interest of the customer in the sale of one service in order to facilitate the sale of another.

Studies of scale and scope economies in financial services are unusually problematic. The nature of the empirical tests used, the form of the cost functions, the existence of unique optimum output levels, and the optimizing behavior of financial firms all present difficulties. Limited availability and conformity of data present serious empirical problems. Moreover the conclusion of any study that has detected (or failed to detect) scale and/or scope economies in a sample selection of financial institutions does not necessarily have general applicability (Walter, 1996).

This implies that instead of a cost analysis, the study of universal banks should be done in a profitability and a risks management perspective. This bring us back to the more general question of the X-efficiency of this banks. According to the results of Berger, Hancock and Humphrey (1993) the X-efficiency of large banks is better due to higher efficiency of factors. The following two paradigms consider the reasons for this efficiency.

[1] A. SAUNDERS points out about 25 works on this subject in Financial Institution Management, Second edition, Burr Ridge, III, Irwin, 1996.

1.1.2- Universal banks and risks analysis

Referring to strategic management, large banks could be compared to a business portfolio. Each business generate risks. With the diversification strategy developed by banks in the end of the 80's, specific risks of non banking activities rose.

Today risks management is a central preoccupation. For a universal bank this problem is most important because of the systemic risk that could be generated (White, 1986; Saunders and Walter, 1994).

Risks analysis related to a portfolio diversification is well studied by financial theory and the Capital Assets Pricing Model (Flannery and James, 1984; Sweeney and Warga, 1986). By analogy with portfolio analysis, the risk of a set of activities is compared to the risk of each activity and the correlation between activities. The lower the correlation between profitability of banking and non banking activities, the lower the risk for a universal bank risk. According Scannavino (1997) a large bank could accept scale and/or scope economies if it was less exposed to risks by its diversification strategy.

Empirical study leads us to believe that it's possible to reduce risks by diversification in non banking activities, particularly in the distribution of insurance products. This point tends to be confirmed by the development of insurance subsidiaries in banking groups.

1.1.3- Universal banks and intermediation theory

This paradigm considers relationships between universal banks and the rest of the economy in the perspective of a non efficiency of these banks in resources allocation (Benston, 1994). Universal banks are generally reproached for the neglect of small companies (Berger and Udell, 1995). This point leads us to consider banks-industry relationships.

Highly intermediate financial systems, characterized by narrow links between banks and companies, are supposed to encourage firms' long term strategies and to protect them in case of difficulties (Cable, 1985). When a bank is involved in a company it's possible to reduce costs of restructuration (mergers and acquisitions). Moreover, a bank's presence on the board of directors helps resolve agency problems between shareholders and managers.

In a profitability perspective, empirical studies have shown lower credit loss rate in diversified banks (Steinherr, 1996). Steinherr attributes this phenomenon to a better control of clients through the accumulation of private information which diversified banks may have. It allows banks to limit asymmetric information risks between lenders and borrowers.

Haubrich (1989) analyses customer relationships[2] as a way of controlling borrowers and so improving clients' scoring using all past information to evaluate their present risk. The more frequent the dealings with the customer, the higher the quality of information. In the same way, Webb (1992) underlines the better efficiency of credit contracts in customer relationship perspective.

Furthermore, the knowledge of private information gives banks a certain market power (Eber, 1993). Clients who possess many products of the same bank hesitate to change even if a competitor has a better product. The existence of switching costs could provide a competitive

[2] By customer relationships we mean the case of a client which use different services or subsidiaries of the same banking group for all its banking operations. This notion opposes the French concept of "banque à l'acte" which characterises a selective and limited relationship.

advantage for the universal bank. However in diversified banks there is always a risk of a conflict of interest between activities (Gnehm et Thalmann, 1989) which could attenuate the benefits of the competitive advantage.

The above paradigms allow us to tackle such problems as regulation, optimal size, risk analysis and thereby plead more or less in favor of the universal banking model. However interpreting the results of empirical studies is not easy task, as some problems remain unconsidered. A competence-based approach to the analysis of the universal banking model could allow us to clarify reasons for the existence (or non existence) of scale/scope economies or to clarify contractual relationships particularly the way in which the universal banking model evolves and the modification of the organizational structure which it entails.

1.2- Learning from an approach following a competence-based analysis of universal banks : The French case

Reasoning in terms of competencies is a characteristic example of more and more frequent interaction between strategic management, organization theory and economics. Authors like Teece (1990) or Williamson (1991) point out the necessity to complete the analysis of the firm as a contractual entity by using a competence-based approach. Using this approach to studying universal banks will help us to understand relationships between businesses and their economic consequences.

1.2.1- The case studies

The objective of the case studies was to identify similarities in competencies between the different businesses of large banks.
The concept of competence was defined by Grant (1991) to be " a capability of a set of resources to perform a task or a business". These resources are generally defined by tangible or intangible assets existing in a firm (Wernerfelt, 1984).
Different typologies were established in order to characterize competencies. Some make a distinction between basic, distinctive and core competencies. Others make a distinction between operational, functional or interfunctional competencies (Quélin, 1995; Grant, 1996). The first type are used because they show the importance of competencies for competitive advantage building. The concept of core competence expresses the fact that different businesses of a bank can be supported by the same strategic competence.

The major difficulty was to identify in the different cases what exactly a competence was and how to assess its strategic character. The different steps of the methodology used are described below.

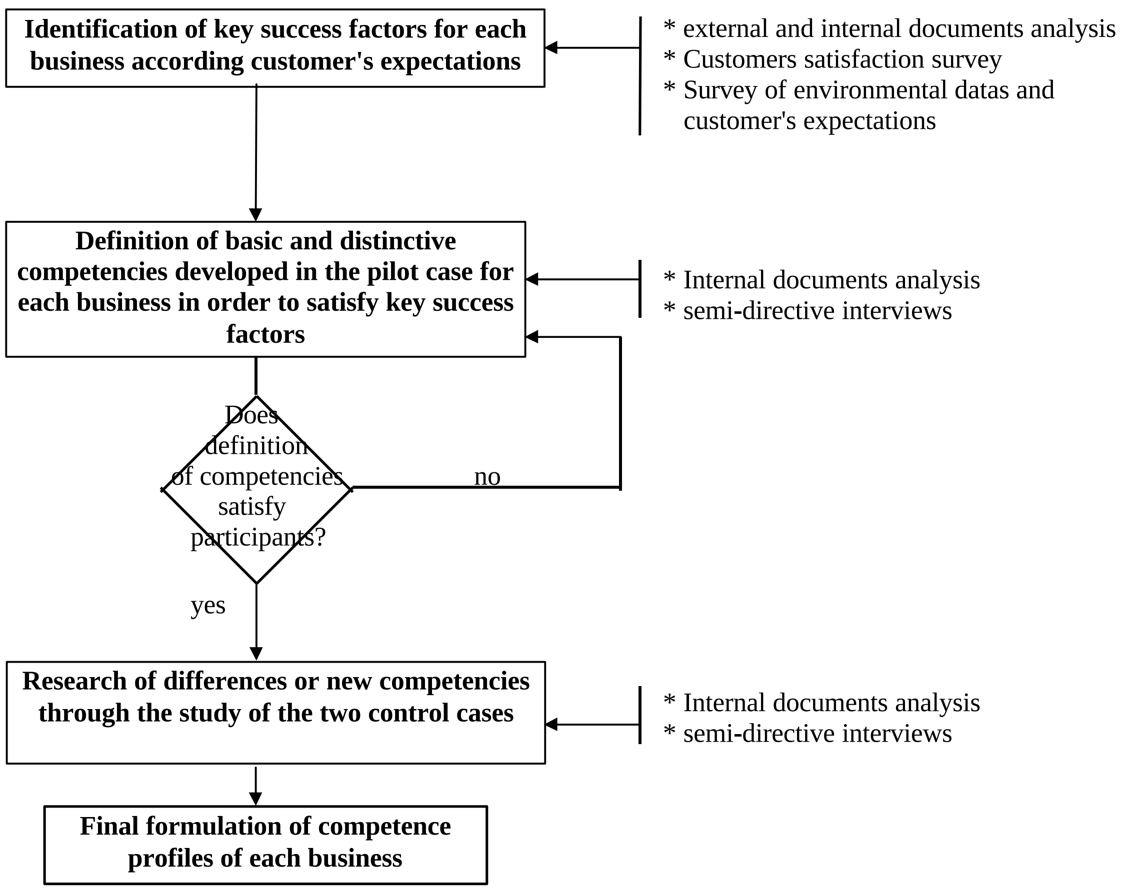
Competencies were identified within the context of each business of a universal bank. A typology of businesses (26 in total) was established in product/market terms using the lexical analysis of more than sixty annual reports of six large French banks and interviews of principal managers describing the activities of their bank (Stage 1)

The second stage consists of studying three cases successively(Crédit Agricole[3], Société Générale, National Bank of Paris). By semi-directive interviews we have built a competence

[3] Credit Agricole has been the pilot case

profile[4] as complete as possible for each business through an empirical saturation of qualitative datas stemming from the cases (for a summary of this stage see figure 1). The analysis of links between businesses has been based on these profiles.

Figure 1: Definition of competence profiles (Stage 2)



The last stage lead us to perform a lexical statistic study on competence profiles to identify similar competencies. To interpret the results new interviews were performed to verify the reality of associations given by the hierarchical classification .

Furthermore the factor analysis allows us to underline the main path of a universal bank's strategic development and to enrich the traditional paradigms of financial and industrial economics.

1.2.2- The development logic of universal banks

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[4] Example - appendix 1

Banks generally define their businesses in two ways. Most of the definitions refer to products and markets, but the more recent definitions illustrate the constitution of business systems which allow a global supply of clients.
This global supply is a characteristic of the universal banking model. Large banks try to "cultivate" their own clients rather than trying to gain many new ones at a high cost. This trend arises through two results of statistical analysis and supplementary interviews.

- The first logic which associates different businesses is found within the French concept of "bancassurance" (Lamarque, 1997). This logic is based on the division of competencies between retail banking and private individual insurance. Four core competencies have been identified : reputation and brand image, architectural and organizational design of distribution network, customer base size and data base quality, effectiveness in investment and management of collected funds.
These competencies were considered as potential sources of competitive advantage, on the banking side as well as on the insurance products distribution side.

Considering distribution network as a core competence of the two businesses brings a strategic justification to the cost saving paradigm of universal banks.
The main reason for developing a "bancassurance" strategy has been to make scope economies (Teece, 1982; Porter, 1985) through utilization of network to distribute more financial products allowing to write off distribution costs on many more operations.
On the short term the advantages seem significant which is not necessarily true in a long term strategic perspective. Banks have to develop other competencies for an improvement in competitively due to the existence of many specificity linked to insurance (culture, professional training).

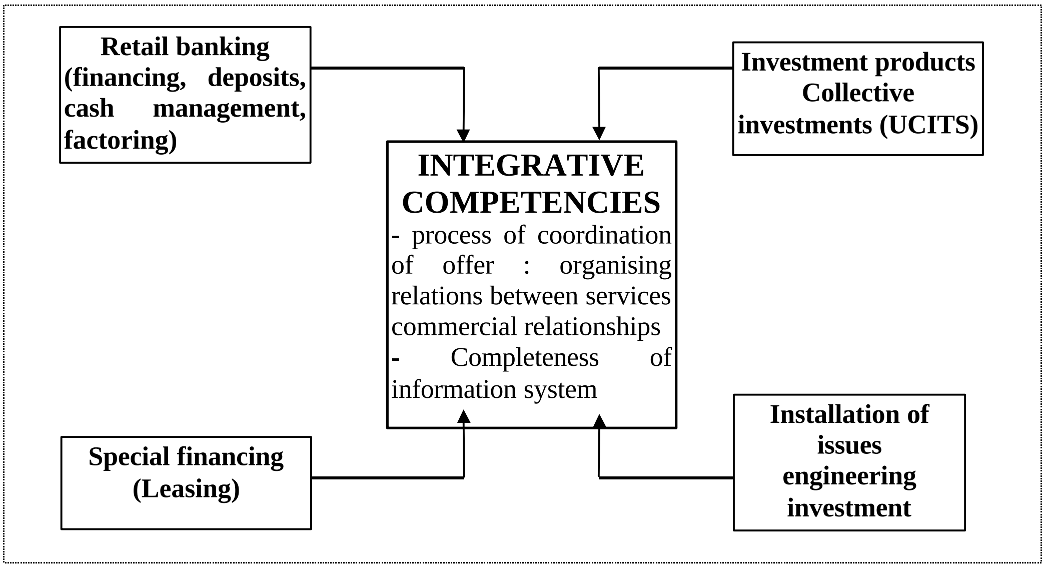
Regarding the results of insurance subsidiaries of the three case studies, after a three to five year period losing money, subsidiaries become profitable. Diseconomies related to product conception, professional training and above all back office organization are little by little compensated by distribution cost economies. Moreover we must take into account indirect profits generated by the sale of insurance products through increase in savings managed and development of client files.
Considering risks analysis in insurance products is different from banking. Empirical studies carried out on non banking diversification strategy show a possible risk reduction of the business portfolio.

- The aim of the second logic which associates businesses is to construct a global supply from traditional banking activities. There is no significant division of competencies between businesses but large banks try to create links between them in order to develop a coherent offer. It is through these links that banks develop competencies which allow them to achieve competitive advantage. Figure 2 illustrates this logic which exists in the three cases.

The service becomes more complex and it demand an integration of competencies and knowledge existing in different businesses. Henderson and Cockbrun (1994) made the same verification in pharmaceutical industry and highlighted the necessity to develop architectural competencies for integrating different activities or functions.

Figure 2: Building a global offer : the case of corporate banking

Corporate banking



These integrative competencies are essentially of an organizational and a human nature. They can be embodied by a manager, a department of the bank or a strategic asset. The role of managerial systems as well as values and norms in organizations have often been highlighted as integrative factors (Leonard-Barton, 1992).

However integrative competencies are very difficult to construct and to manage. Indeed, many businesses in a large bank have not close relationships but now global strategy throws this back into question.
The result is a necessary structuration of organization in order to build these competencies. Short-term costs therefore obscure possible benefits of these strategies and could lead to nasty criticism of universal banks.

On the long term positive effects are expected. Global offer strategies bring back to light the results of intermediation theory. Favourising large relationships with clients, universal banks could construct a better information and a relative market power. The results should be an improvement in risks control and a higher client profitability. Current low profitability illustrates the search of the most efficient organization.

<u>2- Specialization of banking functions and evolution of universal banking model</u>

Traditional approaches to the organization of universal banks organization generally distinguish four different structures. Business portfolio and value chain analysis show an evolution of these traditional structures and the development of new autonomous businesses.

2.1- Traditional structures of universal banks

Saunders and Walter (1994) make a distinction between four structures :

- A fully-integrated universal bank: It provides a broad range of financial services (banking, securities, insurance) under a single corporate structure supported by a single capita base

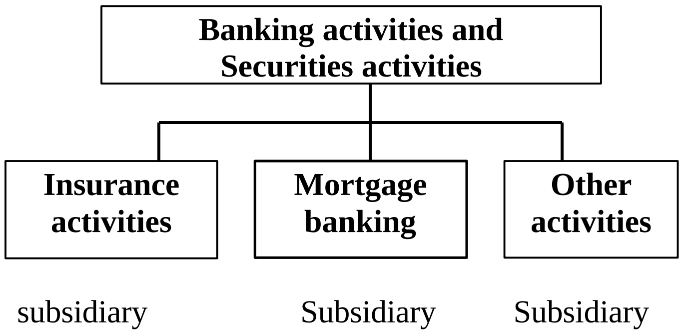
Figure 3 : Fully-integrated universal bank

banking activities	**Securities activities**	**Insurance activities**	**Other activities**

There are, at present, no instructive examples of this model.

- A partially integrated universal bank: it conducts both commercial and investment banking within the same entity, but undertakes insurance underwriting and distribution, as well as mortgage banking, asset management, lease financing, factoring, management consulting, and other specialized activities through separately-capitalized subsidiaries, either because such activities are separately regulated, or because they involve significant potential for exploitation of conflicts of interest, or a combination of such factors.

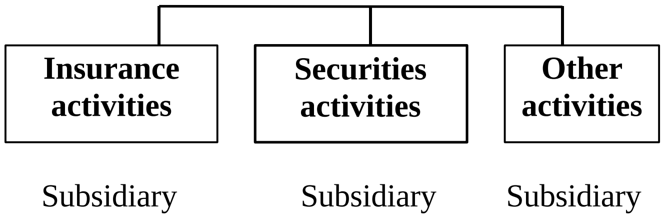
Figure 4 : Partially integrated universal bank



Most continental European countries seem to follow this model for example in Germany where a good example is the Deutsch bank. For a long time large French banks were very closed to this model but this is less true today.

- Lightly integrated universal bank : It describes commercial bank diversification strategy in other banking activities. Core businesses remain taking deposits and making commercial loans and the bank is the parent of subsidiaries engaged in a variety of other financial services ranging from investment banking to insurance.

Figure 5 : Lightly integrated universal bank



British banks (for example Barclays) and more and more French banks (like the three cases of this research) are beginning to follow this model. The trend is to create subsidiaries for many businesses for the same reasons as in the partially integrated model but also for economic and efficiency reasons.

- Conglomerates: the final universal bank structure involves creation of a holding company which controls affiliates engaged in commercial banking, investment banking, insurance, and possibly other types of financial and non financial businesses (for example JP Morgan). American regulation mandates this conglomerate form of organization, with the Glass-Steagall provisions of the banking act of 1933 requiring separation of banking and most types of securities activities. Each type of business must be carried out through separately-capitalized subsidiaries, and there are strict "firewalls" between them.

The specific structure that universal banks adopt are driven by regulatory considerations, by production-function characteristic of financial services, and by demand-side issues relating to market structure and client preference. Specialization of different activities appears to be inevitable for a better efficiency and to assess the desire of banks to become professional for each business, even in a universal bank.

This trend toward specialization in large financial service firms continues and the structures presented above must be adapted to the last organizational evolutions.

2.2- Ways for restructuring universal banks

After having recalled general driving forces of restructuring, we will show different configurations which emerged from the case studies.

2.2.1- Driving forces of restructuration

- Market globalization : globalization of the economy and a growing number of competitors call for the research of more original and higher quality products and also for a better fighting strategy. According to banks, this globalization leads not only to the creation of branches or agencies in many countries but also to the continuous use of financial markets.

- Higher transaction speed between economic agents: Banks and companies evolve in an unsteady environment with unexpected or sudden disruptions. To face these risks, organizations need more flexibility, more anticipation and reactive capabilities (Koenig, 1993).

- Growth of available resources: For banks, technology, management techniques, information networks and more professional training of human resources lead to internal evolution of universal

banks. Amongst these resources we must insist on information and communication technologies. They help to create or reconfigurate some management techniques, to create or develop new financial products. They give new distribution opportunities and lead sometimes to strategic alliance between banks and non bank companies. These technologies help disembody firms due to fewer time or physical constraints.
On a production function perspective, universal bank structure depends on the capability to exploit efficiencies, as well as scope and scale economies, at the product and process levels generated by these new technologies (Walter, 1996).

All these factors have had and still have restructuring effects on universal banks. Case studies allow us to identify clearly new restructuration logic.

2.2.2- Recent evolutions of universal bank structures

The tool used for illustrate these evolutions is the Porter value chain (1985). Case studies have consisted in identify businesses which were performed in single value chain and which today tend to be split up in specialized activities.

a) The case of financial banking

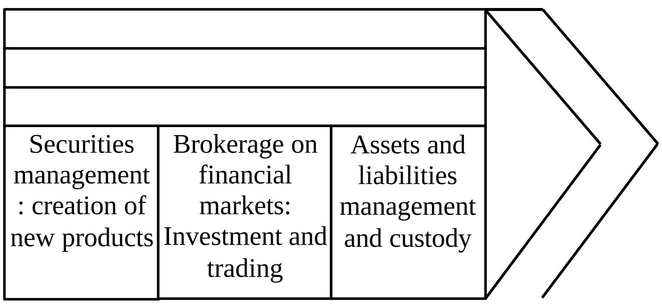
This business describes activities linked to banks and financial market relations. The value chain integrated a set of activities from securities management or stock issue arrangement to brokerage stock exchange transactions and custody. The three case studies show a disintegration of this value chain (figure 6).

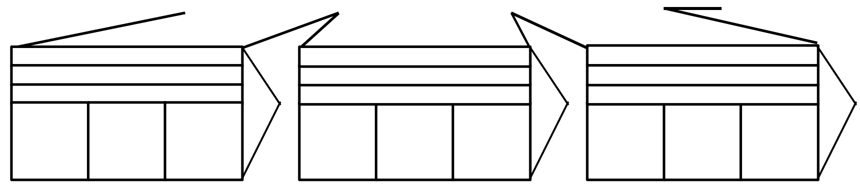
Each activity develop its own logic and becomes independent in order to become an autonomous business with its own value added and a better efficiency due to specialization. Specialization strategy allows a better management of fixed costs, a better control of financial and technical risks at lower costs, and highlights its professionalism in the business. Today each activity of financial banking has its own value chain.

Strategic decision which must be taken by managers, focuses on the choice of business which could be taken on by the bank. Decision is taken regarding competencies possessed for each business. Take custody for example. Sometimes this business is considered by some banks to be related to securities activities and could be subcontracted. On the other hand some banks consider custody as a strategic way of development and create and invest in a subsidiary.

Figure 6 : The disintegration of financial banking

financial banking
Value chain





b) Specialization of distribution function and of certain back office functions

After a 1995 Deloitte Touche Tohmatsu survey concerning the opinions of the directors of large banks, this tendency became more common. Three different forms of organization appeared, concerning certain operations of the value chain:

- The "product formulators" : organization concentrated on a unique product, with few variants. Competitive advantage comes from scale economies and from a large range of expertise. The study uses as an example the American bank Pasadena, which deals solely with mortgages and markets them through untraditional channels. Concentrating on this type of product, the bank has been able to invest considerably in automation and new technologies.

- The "customer gateways" : the competitive advantage of this type of organization is due to the fact the products are conceived by other parties and are then sold to an established clientele. Banking networks, agencies and those representing the parties negotiate the sale of financial products, according to the client's portfolio.

- The "industry servicers" : these can either be banks or new competitors, who supply back-office services (cheque clearing, statement printing fund management) to financial establishments, as well as providing interbank infrastructure and internal communication networks.

Statistical study of the competence profiles of the three case studies confirms the results of this study (Lamarque, 1996). The results of the factor analysis which are presented in the appendix bring to light two possible axes of reorganization; risk management and distribution. These two dimensions are most representative of the type of competencies handled by the establishments; they are the principal concerns of the interviewees.

- **Risk management** seems to be the "common denominator", whatever the business. It is an operation which supports all other value chain operations. Competencies assure that risk management is always an essential operation.

However, risk management is still a difficult operation. According to Mepuis and Schreiber (1988), it creates a "compromise between the need to react quickly in order to develop new products, new operations or new clients and the necessity to anticipate potential risks". This is especially true when considering risks linked to traditional operations (risk of compensation, transformation, liquidation), more recent risks (market risks) as well as risks which are difficult to evaluate and to control, such as organizational risks (human, technological, strategic decisions).

In concrete terms, this problem, which is a common concern for all businesses, concerns all areas of global risk control, such as assets and liabilities management (ALM). This implies that one can no longer consider ALM as an autonomous business. However, there do exist certain elements of risk management that can be specialized and eventually affiliated. One now considers the elaboration and marketing of scoring procedure by smaller, specialized units, for larger producers and credit distributors e.g. the insurance companies Zurich (Switzerland) and Gerlin (Germany) offer risk advice to companies.

- Distribution is also a possible route for restructuring. A more thorough study of the distribution strategy of the three cases shows the necessity, for each business and client segment, of a careful balance between a physical relation and an automated one.
It is therefore a question of defining and controlling an optimal relations system between the various parties concerned in the management of the "relational bank-transactional bank" couple which appears more and more often in managerial literature, as well as taking advantage of technological developments, in order to support the distribution function.

If these differences in the balance of relations/transactions exist between large banks, the have all acquired or developed competencies which allow their presence in both distribution modes. after the need to rationalize cost structure, the objective is to multiply sales opportunities (Easingwood and Storey, 1996).

In this context, can one really expect a specialization of the function? If the fact that the biggest contributors haven't yet made it a subsidiary is a sign of strong autonomy, several examples show that this interpretation, which stems from the results, remains justified.
Large distribution channels are widely present in the sale of credits or of privilege cards, for which the production and back-office are handled by specialized subsidiaries. this bank-distributor concept appears explicitly in one of the proposition of the Lambert report, which aims to give to post office network the capability of distributing certain products, which are not actually created by its own services. In fact, this idea of specialization and concentration on distribution was shown (in the interviews carried out for the case studies) to be a possible area for further development.

These thoughts, which are cause for discussion on competencies amongst bank managers, characterize the tendency that universal banks have to restructure the value chain. However, so far, this hasn't significantly occurred in France for the two operations activities that have been presented.

One should not underestimate the consequences of these evolutions. If in many cases, it seems that the restructuring of the value chain consists solely of affiliating certain areas of management or rearranging groups internally, it is in fact the consequence of much thought on the organization of the largets banks and their value production conditions.

Taking into account these evolutions, one should perhaps reconsider the traditional models which illustrate the different structure of universal banks. One is now beginning to think toward a restructuring of roles and relations at the heart of a number of operations which are carried out by specialized units; this lead to an increase in efficiency and the profitability of the ensemble. The

result expected is the definition of an integrated system of operations which owes its efficiency to the analysis and comparing of the competencies which are carried out by different units.
The impact of information technology and its consequences in terms of market globalization will magnify this phenomenon, creating many areas to connect the various parties involved.

The main strategic decisions that banks will have to take will concern the organization and coordination of these specialized units, which will either be a part of a group or perhaps a separate organization. In order to maintain a competitive edge, it will be necessary to conceive system of operations which is flexible and quick to adapt to market demands.

Conclusion

Banks have become aware of this unavoidable need for restructuring. This realization has shown itself through the affiliation of many areas of management (cash management, custody...) but also through an increase in the number of acquisitions and transfers.
This restructuring of the banking sector also implies the definition of an alliance strategy, involving units specialized in certain operations, due to the acquisition of competencies which would otherwise be impossible to develop. As an example, one can take the alliance between Credit Agricole and the Sofinco bank concerning the credit of consumer credit (this took place well before the merger with indosuez).

This collaboration seems to be much more than a simple case of subcontracting. If one wants to create a system which is capable of maximizing value production, it is advisable to consider, with one's allies, the definition of the production processes of financial services and back-office functions. This close collaboration should be made concrete by an agreement between partners to share the profits as well as the risks.

This trend towards specialization does not cause us to doubt the concept of universal bank, on the contrary, it helps them to develop specialization and professionalism to the greatest possible extent. They will also be able to carry on developing their strategies of global client approach.
On the other hand, this trend opens up the possibility for new organizations (which are not banks) or small, specialized banks to provide particular services for large banks, or even to directly exploit their own competencies to meet clients' demands.

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Appendix : Overall view of methodology and results

Methodology used to construct competence profiles is contained in a larger framework which defines banking businesses in terms of competencies, in order to identify links that they could have but also to identify the major activities of their value chains. The overall research framework is composed of four steps:

➊ Identification of the definition of different businesses practiced by universal banks through the discourse of professionals. Different definitions have been highlighted : someone refer to product or market (Retail banking, financing, cash management...) but others are defined in more transverse terms (financial product distribution, managing risks) which suppose relationships between businesses.

❷ Formulation of a conceptual framework allowing us to identify the capabilities in each business. Firstly we have defined key success factors through an external analysis of client expectations for each business. Then if a firm wants to compete for business, its competencies have to match key success factors. So it should be easier to define competencies according to key success factors. At this step, we tried to make a distinction between basic, distinctive and core capabilities.
Finally we have tried to adapt the Porter value chain to banking.

❸ This conceptual framework was applied successively to three French universal banks (Crédit Agricole, Société Générale, National Bank of Paris) through semi-directive interviews. The results was the construction of competence profiles through an empirical saturation process. Profiles issued from the first case (pilot case) were completed by information from the control cases.

Example of competence profile : Distribution of insurance products

Common competencies to different insurance activities

1 financial strength and stability : ability to pay out reimbursements
2 Evaluation of security demands according to socio-demographic characteristics and their evolution (single parents, pensioners)
3 Creation of a personalized or a standard offer depending on clients
4 Risk management : reinsurance and coinsurance of portfolio, assets and liabilities management
....

Once the definition profiles were approved by the interviewees, they then positioned each competence at the heart of the value chain.

❹ A statistical lexical analysis was carried out on the set of competence profiles. The aim of this analysis was to identify the businesses similarly defined in terms of competence, using traditional procedures of factor analysis of correspondance (FAC) and of hierarchical classification. In particular, the FAC allowed us to bring to light elements essential to all businesses, which represent certain operations of the value chain.
The results of the hierarchical classification also show the proximity (in business definition terms) of the retail bank to the distribution of insurance products.

The use of the SPAD program allowed certain manipulations of the textual data. This data was constructed from the competence profiles related to each business, each one composed of between 15 and 45 competence terms. These terms were then simplifies and the program produce a table, displaying businesses and the words which appeared most frequently in the textual data. The FAC was carried out from this table.

Additional interviews have been held to allow us to interpret somme results of the statistical analysis.

Main results of the factorial analysis of competence profiles

AXIS	VALUE	% of INERTIA	% CUMULATED
1	0.4542	7.04	7.04
2	0.4314	6.68	13.72
3	0.4013	6.22	19.94
4	0.3741	5.80	25.74
5	0.3292	5.10	30.84

Characteristic words

Axis 1

Positive coordinates	**Negative coordinates**
Evaluation risque participation relation gestionnaire	vente client

Axis 2

Positive coordinates	**Negative coordinates**
marché financier capital	facturation correcte risque sinistre assurance Score

Axis 3

Positive coordinates	**Negative coordinates**
carnetadresse information relation suivi	produit distribution reseau maîtrise efficacité