

CLASSIFICATION OF OUTSOURCING PHENOMENA IN FINANCIAL SERVICES

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Abstract

Financial service companies have developed a wide variety of outsourcing phenomena over the course of recent years. The goal of this paper is to conceptualize these phenomena to the extent that they can be specified in descriptive dimensions, thus making it possible to differentiate between different outsourcing scenarios. This classification will form the basis for the subsequent development of scenario-specific methods. Only then will it be possible for companies in the financial services sector to depart from their previous approach to outsourcing which up to now has largely been individual if not intuitive in many cases. Instead, they will be able to systematically analyze which outsourcing scenario applies to them, and adopt methods developed for the respective scenario while drawing on the experiences of other companies in comparable situations.

Based on interviews and the discussion of related work, a four dimensional framework and appropriate scales are proposed. Using references to the “outsourced components”, “outsourced activities”, “service individualization” and “degree of independence” dimensions, respectively, various current outsourcing phenomena are then classified.

Keywords: Sourcing, outsourcing, financial services, scenario classification.

1 INTRODUCTION

The financial performance of companies in the financial services sector has constantly deteriorated over the last few years, at least in the German-speaking countries. In addition to tougher market conditions, these problems are attributed to the fact that, in comparison with the manufacturing industry, the amount of in-house production performed by these companies is too high, i.e. they buy in too few product components (Lassig et al., 2003).

Outsourcing offers the possibility of transferring the creation of goods and/or services to outside companies and thus reducing the amount of in-house production. In this paper, outsourcing is understood to mean the medium- or long-term procurement of a service from an outside company. Originally, the term outsourcing always implied the procurement of a service which had previously been performed within the outsourcing organization. Current usage usually dispenses with this assumption (von Jouanne-Diedrich, 2004).

The financial services sector is well-suited to outsourcing for the following reasons (Winter, 2002):

- Financial services are information-based. These services are easier to source externally than material products because there is no physical goods flow to be coordinated with the information flow.
- In many fields of business in the financial services industry (e.g. retail banking or non-life business in the case of insurance) business processes are to be found which involve highly repetitive tasks and can therefore undoubtedly be standardized.

Swiss banks are set to reduce their amount of in-house production over the next few years by outsourcing parts of their value chains and concentrating to a greater extent on their core competencies (Bernet et al., 2004). Areas which the banks surveyed view as offering great outsourcing potential include the handling of payment transactions and securities as well as IT.

Today's insurance market also shows a higher than average level of in-house production since only around 10% of services are sourced from external service providers. According to (Ackermann et al., 2003), however, insurance companies will only start to increasingly outsource parts of their value chains in the next few years. The insurance companies surveyed see a high level of potential for outsourcing primarily in the area of IT as well as in the core processes customer service, damage management, asset management and marketing / sales.

This paper looks at the current trend toward reducing the amount of in-house production in the financial services sector. The goal of the paper is to conceptualize outsourcing phenomena which can be observed in practice to the extent that they can be specified in descriptive dimensions, thus making it possible to differentiate between different outsourcing scenarios. This classification will form the basis for the subsequent development of scenario-specific methods. Only then will it be possible for companies in the financial services sector to depart from their previous approach to outsourcing which up to now has largely been individual if not intuitive in many cases. Instead, they will be able to systematically analyze which outsourcing scenario applies to them, and adopt methods developed for the respective scenario while drawing on the experiences of other companies in comparable situations. Conceptualization will enable what currently appear to be very heterogeneous and individual outsourcing phenomena to be systematically communicated, explained and understood.

In accordance with the business engineering framework, conceptualization is performed at the business process and system layers (Österle and Winter, 2003). Following on from this introduction, the current trend toward business process outsourcing and offshore outsourcing is analyzed in Section 2. The framework for conceptualization is developed in Section 3. This is used as the basis for the description of current outsourcing phenomena in Section 4. These are illustrated using case examples from the financial services sector and classified according to the framework. Finally, Section 5

summarizes the main conclusions and the findings of the paper drawn from the conceptualization and provides a brief outlook for future developments.

2 TERMINOLOGY

In the early 1990s, companies concentrated first and foremost on outsourcing the operation of their IT infrastructures, such as e.g. hardware, database and network operation. The topic of **IT outsourcing** was the central focus of interest in practice and in science.

As a result of the increasing spread of the internet and the advent of **Application Service Providing (ASP)**, the late 1990s saw the development of a trend toward outsourcing entire applications. Such applications mainly involved standard software such as e.g. packages for Customer Relationship Management (CRM) or Enterprise Resource Planning (ERP) (Chen and Soliman, 2002) which are operated centrally and offered to a larger number of customers through the internet.

Against the background of the growing process orientation in businesses, the outsourcing of business processes has recently started to become increasingly important (Meyer and Schumacher, 2003, p. 170). This phenomenon is referred to as **Business Process Outsourcing (BPO)**. BPO is understood to mean the complete or partial outsourcing of a business process or enterprise function to an external service provider. For this purpose, the information technology supporting the business process is usually transferred to the service provider in its entirety (Fröschel, 1999, p. 458). However, the service provider not only takes on the IT support but also the business support and maintenance of the respective business process. The outsourcing usually focuses on business processes which do not belong to the enterprise's core business and which possess a high percentage of IT services. Examples of such business processes include payroll accounting, order processing or credit card payments.

The advance of information and communications technology has led to a situation where the time and place for service creation have lost their relevance. As a consequence, the value chain can be distributed over continents and time zones in order to reap the benefits of regional cost and quality advantages (Bongartz, 2003, S. 225). In the last few years there has therefore been a trend toward outsourcing services overseas, essentially to low-wage countries such as e.g. India and China. This phenomenon is referred to as **offshore outsourcing**.

3 PROPOSED FRAMEWORK

As a result of changes in the economic environment, a changed management view and different requirements on the part of outsourcing customers, a wide variety of outsourcing phenomena have developed over the course of recent years. In view of the fact that wide differences exist in the use of outsourcing from one industry to another, this article merely sets out to arrive at a conceptualization for financial service providers.

The main problem lies in limiting the scope to as few descriptive dimensions as possible which should at the same time explain the diversity of phenomena to maximum effect and be as mutually independent as possible. Conceptualization of the outsourcing phenomena will make it possible to achieve the following goals (Bailey, 1994):

- The phenomena will be precisely described, making them communicable and therefore explainable and understandable.
- The complexity will be reduced by limiting the scope to the main dimensions and attributes. However, information will be lost as a result.
- Similarities and differences between the individual outsourcing phenomena can be identified.
- Interdependencies and correlations between the individual outsourcing phenomena can be analyzed.

Identification of the dimensions and their attributes is performed on the one hand by analyzing outsourcing cases and on the other through bibliography research. In the case of the former, interviews were conducted with outsourcing managers, the outsourcing offers of established service providers evaluated and the latest reports on outsourcing contracts in the trade press analyzed. The interviews were conducted with outsourcing managers from six different financial service companies in Germany and Switzerland on the basis of a semi-structured questionnaire. The questionnaire was structured according to the three layers “strategy layer”, “process layer” and “system layer” of the business engineering framework (Österle and Winter, 2003). The interviews were recorded with a digital voice recorder and written down as report. The literature base consists of published books, articles and case studies. The consolidation of both sources of findings enables the identification of fundamental dimensions and attributes of outsourcing. This gives rise to a conceptualization according to which the outsourcing phenomena and cases can be classified.

Both in practice and in the literature, many dimensions have already been proposed which can be taken into account when making outsourcing decisions.

- Jahn et al. (2004) group together outsourced services, for example functionally according to IT infrastructure, application development and maintenance, administrative processes and business processes. In addition, they distinguish between customized solutions and shared services.
- Lancellotti et al. (2003) undertake a similar classification. For this purpose they use the term “outsourcing stack”. This consists of IT infrastructure, the applications and the respective business processes. The components of this “stack” can either be outsourced individually or as a bundle. The service provider may perform different activities for these components such as e.g. development, operation or maintenance.
- Fröschel (1999) differentiates between the service categories of IT outsourcing and business process outsourcing. The first category can comprise both the IT infrastructure and the applications. The second category relates to the outsourcing of business processes. Both categories can encompass different activities such as development, operation, maintenance, care, customization and further development.
- Another conceptualization of outsourcing phenomena is to be found in (Riedl, 2003). Here, the different phenomena are classified on the one hand according to the outsourcing of IT infrastructure, applications and business processes, and on the other according to the service individualization.
- Transfers of assets are frequently considered in the literature. Dibbern and Heinzl (2001), for example, distinguish between the procurement of a service from a legally independent entity and from profit centers with capital ties to the enterprise (e.g. subsidiary or joint venture).
- In a small number of sources a distinction is also to be found on the basis of geographical structure. Jahn et al. (2004, p. 17) differentiate, for example, between service creation which is either on site, onshore, near shore or offshore.
- Another aspect of outsourcing is service creation involving various service providers (Lacity and Hirschheim, 1995, Lacity and Willcocks, 2001). An enterprise can decide between procuring services from one service provider (single outsourcing) or from various service providers (multiple outsourcing).
- The term selective outsourcing describes the coverage of the outsourced services (Albright, 2003, Lacity and Hirschheim, 1995, Lacity and Willcocks, 2001). In contrast to total outsourcing, only a part of all services is procured from external service providers.

Consolidation of the various structuring approaches leads to a differentiation between the following four fundamental dimensions of outsourcing:

- Outsourced components
- Outsourced activities
- Service individualization
- Degree of independence

The dimension “outsourced components” describes what types of components of the business system are outsourced to an external service provider. The attributes of this dimension can be structured on the basis of the business engineering layers (Österle and Winter, 2003).

The dimension “outsourced activities” describes which activities in respect of the outsourced components are transferred to the service provider. The service provider can, for example, merely be responsible for operation and maintenance of the outsourced components or also for their design and development.

Moreover, the outsourcing service provider can customize their services to suit the requirements of a specific customer or provide standardized services for various customers (dimension “service individualization”). A distinction is therefore drawn between a customized solution (one-to-one approach) and a standard solution (one-to-many approach).

The fourth dimension “degree of independence” permits a differentiation between the creation of a spin-off into a subsidiary or joint venture and outsourcing to an external provider.

Figure 1 illustrates the resulting framework for the conceptualization of outsourcing phenomena on the basis of the four proposed dimensions which incorporate scales by way of example in each case.

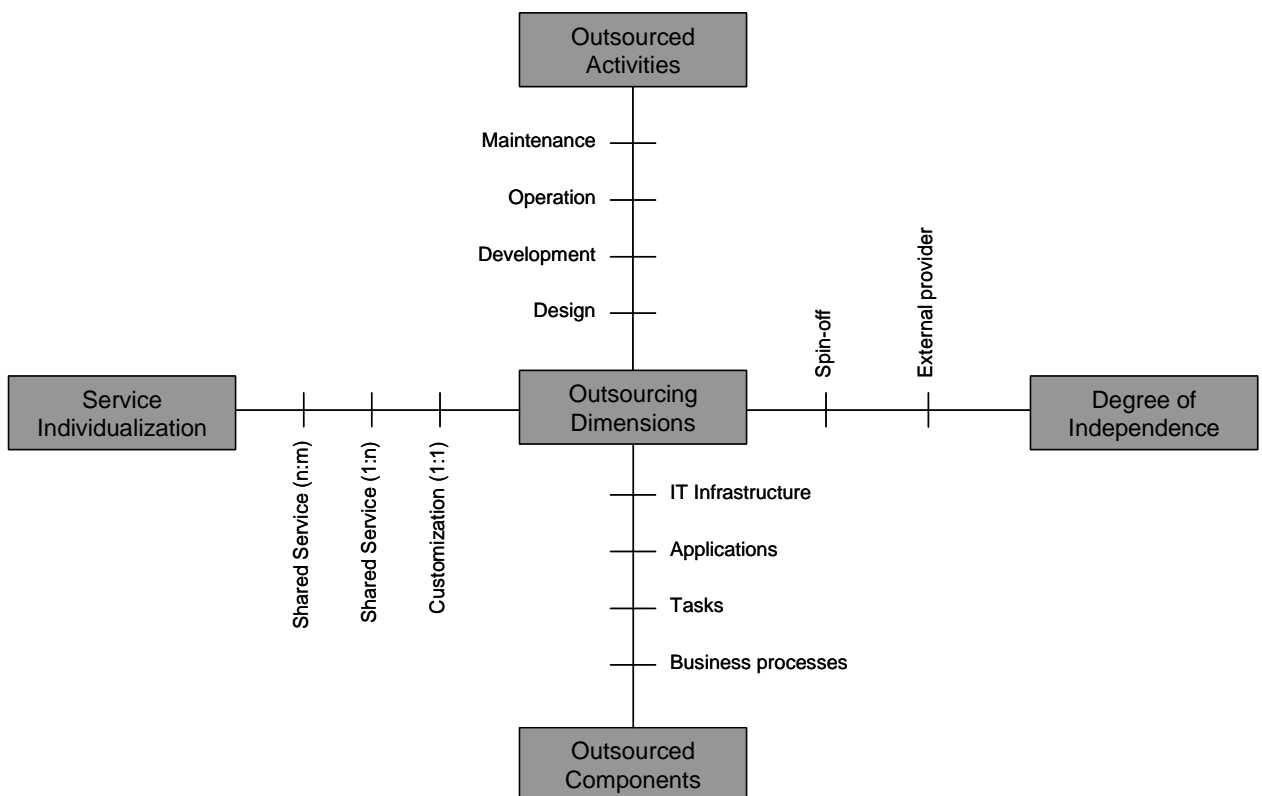


Figure 1. Framework for the conceptualization of outsourcing phenomena

Since the individual attributes of the dimensions can be combined at random, it can be assumed that the dimensions are to a large extent mutually independent. An outsourcing phenomenon can have one or more attributes in respect of the dimensions “outsourced activities” and “outsourced components”. In most cases, for example, an application will be outsourced along with the corresponding IT infrastructure, or a business process along with the supporting applications as well as the IT

infrastructure. Equally, under many outsourcing contracts the service provider is not just responsible for one but for various activities. The dimensions of the framework are described in more detail in the following sections.

3.1 Outsourced Components

At *system layer* (Österle and Winter, 2003) a distinction can be made between outsourcing the IT infrastructure and outsourcing applications. IT infrastructure includes amongst others the following hardware and software components:

- Networks and their components
- Centrally and decentrally operated servers
- Workplace devices (PC, printer, scanner, etc.)
- Operating systems, administration tools and database systems

Applications which perform specific functions are run on the components of the IT infrastructure. The applications can be outsourced to a service provider either independently of or together with the respective IT infrastructure. The outsourcing of IT infrastructure and applications can be grouped together under the term **IT outsourcing**.

At *process layer* (Österle and Winter, 2003) a distinction can be made between the outsourcing of individual tasks and/or subprocesses and the outsourcing of complete business processes. A business process consists of various tasks, the execution of which can be supported by applications. In the case of a business process, the supporting applications and IT components can also be outsourced to the service provider. If this is not the case, only the human resources and responsibility for execution of the process are transferred to the service provider. Instead of outsourcing entire processes it is also possible to outsource smaller, clearly defined tasks and/or parts of a process. The outsourcing of individual tasks and/or subprocesses and of complete business processes can be grouped together under the term **business outsourcing**.

3.2 Outsourced Activities

The individual phases and activities which the service provider can take on for the outsourced components at process and system levels represent another dimension of analysis. In practice, a distinction is generally drawn between the phases of design, development and operation/maintenance (Zarnekow et al., 2004, p. 6). The **design** phase comprises the global, entrepreneurial view of the use of IT. The individual activities of this phase are strategy development plus application and infrastructure design. The **development** phase concentrates on the design and implementation of applications and IT infrastructure as well as project management. Development can be subdivided into a “plan”, a “build” and a “run” phase (see for example (Balzert, 2000)). The **operation and maintenance** phase consists of the execution and the ongoing modification and/or customization of a system. The modifications can be simple changes such as correcting errors or farther-reaching changes such as the integration of new requirements or new technologies. Software maintenance is defined by ANSI/IEEE Standard 729-1983 as “the modification of a software product after delivery to correct faults, to improve performance or other attributes, or to adapt the product to a changed environment”. It is possible to differentiate between the following types of maintenance:

- Adaptive maintenance (adaptation to new environmental characteristics)
- Corrective maintenance (elimination of errors)
- Perfective maintenance (implementation of new requirements)

Operation and maintenance often include user support as well as crisis and disaster management.

3.3 Service Individualization

Service individualization depends on the extent to which the service is customized to suit the specific requirements of the outsourcing company. If the service is adapted to suit the company's specific environment, then this is an individual solution. The term usually used to denote this in the literature is customization or a **one-to-one approach (1:1)**. If a service is offered to various customers with a limited degree of customization, this is a standard solution, also referred to in the literature as a **one-to-many approach (1:n)**. New technologies, such as e.g. web services, will in future also enable a **many-to-many approach (n:m)**. In this case, an enterprise can procure services from external providers as well as offering its own services to other enterprises.

3.4 Degree of Independence

The fourth descriptive dimension is the chosen degree of independence. Two basic degrees of independence which are of interest for the discussion of sourcing can be differentiated: In the case of a **spin-off**, also frequently referred to as internal outsourcing or outsourcing in the wider sense, areas of responsibility are transferred to a legally independent entity (subsidiary, joint venture, capital investment). In addition to the transfer of functions there is also a transfer of assets. Economic and organizational dependence arises from capital links as well as management authority. A straight transfer of functions which does not involve a transfer of assets is referred to as (external) **outsourcing** (Heinzl, 1991, p. 29). The transfer of assets is relevant less for reasons of functional necessity but rather due to consequences resulting from labor, fiscal and commercial laws, financial reporting consolidation rules and the settlement of employee rights (Sommerlad, 2000 pp. 286ff) (Gerigk, 1997, pp. 8ff) (Brändli, 2001 p. 11).

3.5 Validation

In all the sources considered, approaches, solutions and cases are to be found which reference one or more attributes of the four dimensions. Table 1 shows an overview of the dimensions proposed implicitly or explicitly in the literature.

Dimension / Source	(Accenture, 2003)	(Albright, 2003)	(CSC, 2003)	(Dibbern and Heinzl, 2001)	(Fröschel, 1999)	(Gerigk, 1997)	(Jahn et al., 2004)	(Kaib, 2003)	(Lacity et al., 1996)	(Lacity and Hirschheim, 1995)	(Lacity and Willcocks 2001)	(Lancellotti et al., 2003)	(Riedl, 2003)	(Tamm, 2003)	(TDS, 2002)
Outsourced components	X		X	X	X	X	X	X	X	X	X	X	X	X	X
Outsourced activities	X	X	X	X	X	X	X		X	X	X	X	X	X	X
Service individualization	X		X				X						X		
Degree of independence	X			X		X		X			X			X	
Geographical structure							X								
Number service providers		X							X	X	X				
Coverage of outsourcing		X							X	X	X				

Table 1 Fundamental dimensions of outsourcing

The four dimensions described above are shown against a gray background. The other three dimensions are not proposed for the conceptualization of outsourcing phenomena as they only occur in individual sources and their inclusion would lead to a disproportionately high increase in complexity. Furthermore, the two dimensions “number of service providers” and “coverage of outsourcing” are often not well-defined and restricted in the literature. Even some authors have changed their notion in the course of their research (Lacity and Hirschheim, 1995, Lacity et al., 1996).

4 CLASSIFICATION OF OUTSOURCING CASES

Current outsourcing phenomena are described and conceptualized in this section on the basis of the framework proposed above. In addition, these are illustrated using case examples. Table 2 shows a summary of the outsourcing phenomena and cases described in this section in accordance with the four dimensions.

		Outsourced Components	Outsourced Activities	Individual-ization	Degree of Independence
IT Outsourcing	IT Infrastructure Outsourcing: Deutsche Bank and IBM	Networks, desktops, servers, database systems, operation systems	Development, operations, maintenance	1:1	Outsourcing and spin-off
	Shared Hosting: Winterthur and IBM	Networks, desktops, servers database systems, operation systems	Development, operations, maintenance	1:n	Outsourcing and spin-off
	Application Service Providing: Salesforce.com and Curo Financials	Applications and IT infrastructure	Operations, maintenance, license	1:n	Outsourcing
	Application Hosting: TDS and Cortal Consors	Applications and IT infrastructure	Operations, maintenance	1:1	Outsourcing
Business Outsourcing	Outtasking: PayNet	Individual, clearly definable tasks, incl. applications and IT infrastructure	Development, operations, maintenance	n:m	Outsourcing
	Business Process Outsourcing: Swiss Re and CSC	Business processes, (applications, IT infrastructure)	Operations and/or execution	1:1	Outsourcing and spin-off
	Processing Services: Postbank	Business processes, (applications, IT infrastructure)	Design, development, operations + maintenance	1:n	Outsourcing and spin-off

Table 2 Overview of outsourcing phenomena and cases

4.1 IT Outsourcing

In the case of **IT infrastructure outsourcing**, the service provider takes on the operation and maintenance of the service customer’s IT systems. The service provider is responsible for the customer’s computer and/or communications systems as well as their data center. In most cases, the service provider also takes on the company’s internal IT personnel. Long-term contracts of up to ten years and usually a very high order volume are characteristic of IT infrastructure outsourcing. The

services provided are very strongly adapted to the needs and requirements of the customer (one-to-one approach). The chosen degree of independence in the case of IT infrastructure outsourcing can be either spin-off or outsourcing. In many cases, the IT infrastructures are not outsourced to a legally independent, external service provider but spun off to form a subsidiary or capital investment. An example of IT infrastructure outsourcing is the contract which the Deutsche Bank concluded with IBM in 2002 (Donath, 2002).

Shared Hosting denotes the standardized provision of data center services by a specialized service provider for various customers (Riedl, 2003, p. 8). Unlike IT infrastructure outsourcing, the service individualization between service provider and customer is consequently low (one-to-many approach). In the technical literature the term “platform operations” is normally used for this form of outsourcing. Data center services are often spun off to a subsidiary or capital investment which also offers its services to third parties. At the level of the IT infrastructure, the Winterthur Group, for example, has already been practicing outsourcing for many years (Winterthur, 1999).

Another special form of IT outsourcing is **application service providing** (Kern et al., 2002). In this case, applications and the associated IT infrastructure are outsourced to an external service provider as part of a license agreement (Knolmayer, 2000, p. 443). This usually involves external outsourcing. The external service provider makes standard software with a low level of customizing capability available to various customers (one-to-many approach) and operates this in a central data center. The provider takes care of the license, operation and maintenance of the software, and is responsible for user service. The users access the application via the internet. The application is licensed to the customer and is usually paid for on a per user and per month basis. There are already a large number of ASP solution providers in the market. These include both pure ASP providers who market their own software as an ASP solution, and sales partnerships with established software manufacturers such as Microsoft, Peoplesoft and Siebel. The customer profile of ASP providers essentially consists of small and medium-sized businesses for whom own development and own operation of the application would not be commercially viable. The company Salesforce.com whose customer base includes small businesses in the financial services sector can be cited as a case example of application service providing. They offer their own, customizable online CRM solution (Customer Relationship Management) which can be used to organize and manage customer data (Salesforce.com, 2003).

In the case of **application hosting** a customized standard software is made available to a specific customer (one-to-one approach) and operated by the service provider in a central data center. The service provider is responsible for customization, operation, maintenance and user service. Contrary to the ASP approach, however, the customer possesses the software license and accesses the application via a Virtual Private Network (VPN) and a permanent line. In addition, the software is usually customized to suit the special requirements of the customer. The chosen degree of independence in this case is normally outsourcing. Cortal Consors, one of the leading online brokers and financial services specialists in Europe, has concluded an outsourcing contract with TDS, for example, a provider of application hosting for SAP systems (TDS, 2002).

4.2 Business Outsourcing

A new and as yet not fully mature form of outsourcing is the provision of **web services**. From a technical point of view, web services are self-descriptive software components which possess a functionality packaged behind standardized interfaces and are loosely linked (Alt et al., 2003, p. 66). From a business point of view, web services perform a clearly definable task in a business process (Alt et al., 2003, p. 66). This means that parts of a business process can be outsourced, i.e. procured externally. In this case, we therefore talk of **outtasking** and not business process outsourcing. Web services are reusable, largely automated and can be used individually or as a bundle. They thus allow the modularization and flexible grouping of subprocesses to form a complete process. Web services can be charged on a time and usage basis. An enterprise can develop their own web services and offer them through the central directory as well as using web services from other companies. This is

therefore a case of a standard solution with a many-to-many approach (n:m). PayNet AG, for example, operates an EBPP (Electronic Bill Presentment and Payment) network in Switzerland for electronic invoice handling (PayNet, 2004). This links billers with their customers (bill recipients) and their banks. The idea of PayNet is that the entire process from issuing the bill, through receipt, booking and authorization, to payment should be performed electronically and as far as possible automatically. The customers of the banks participating in the network can access, check and pay their bills electronically by means of e-banking. The participating banks who have integrated PayNet into their e-banking applications include amongst others Credit Suisse, UBS plus canton and regional banks. Participating billers include e.g. Cablecom, Orange and Swisscom.

As already explained in Section 2, **business process outsourcing** denotes the outsourcing of an entire business process or a complete enterprise function to an external service provider. The service provider takes on the full IT systems which support the business process. The activities of the service provider include both operation and maintenance of the IT systems, and management and execution of the business process. Service individualization between the service customer and the service provider is characteristic of BPO. The service offered is adapted to suit the company's specific environment (one-to-one approach). As a rule, the outsourcing of business processes results in a stronger business relationship between the service customer and the service provider than is the case with IT outsourcing and the other forms of business outsourcing. The dependence on the service provider, which also exists with the other forms of outsourcing, is increased. The "Life & Health" division of Swiss Re, for example, concluded a business process outsourcing contract with CSC (Computer Sciences Corporation) in December 2003 (CSC, 2003). This is one of the biggest BPO contracts in the area of financial services.

Processing services represent another phenomenon of business outsourcing. These involve the outsourcing of heavily automated business processes with a high level of standardization (Riedl, 2003). A feature of automated business processes is that they are extensively supported by IT. Unlike BPO, however, there is no service individualization between service customer and service provider. Processing services thus involve a one-to-many approach. Typical examples of processing services in the case of financial service providers are the handling of payment transactions, trading in securities and credit card payments. At the beginning of 2004, for example, Deutsche Bank and Dresdner Bank decided to entrust the handling of their payment transactions to Postbank.

5 CONCLUSIONS

Following the example of the manufacturing industry, the reduction in the amount of in-house production continues to advance among companies in the financial services sector. Financial services are information-based and therefore predestined for different outsourcing phenomena. The latest phenomena and cases of outsourcing among financial service providers were conceptualized on the basis of the following four basic dimensions of analysis:

- outsourced components,
- outsourced activities,
- service individualization and
- degree of independence.

For some, above all large enterprises in the financial services sector such as Deutsche Bank or the Winterthur Group, the decision to outsource their data centers to an external service provider in the form of an IT infrastructure outsourcing contract or a shared hosting contract was already taken some time ago. Application service providing and application hosting are outsourcing phenomena which are used in particular by small and medium-sized enterprises in the sector to transfer the development, operation and maintenance of applications and the associated IT infrastructure to an external service provider. Thus, they gain access to the very latest technologies without having to possess the necessary resources such as know-how and hardware themselves. In the future, web services will also

enable the outsourcing of clearly definable tasks in a business process. Here, we talk about outtasking rather than business process outsourcing. Companies can offer their in-house developed web services in special directories or procure web services from other companies. However, the future of web services is uncertain since the present standards have not succeeded in establishing themselves. As a result, there are only a small number of financial service providers who use this form of outsourcing. With the increasing process orientation in businesses, the outsourcing of complete business processes is growing in importance. Here, the focus is on business processes which do not belong to the core business of the outsourcing company. Heavily automated business processes with a high level of standardization such as for example payment transactions and trading in securities are increasingly being handled as a bundle by so-called transaction banks for various companies in order to take advantage of economies of scale. Some banks such as Postbank see their core competence in the efficient processing of transactions and therefore wish to establish themselves in the market as transaction banks. At the same time, financial service providers are also increasingly outsourcing less standardized and automated business processes to external service providers in individual BPO contracts in order to be able to concentrate on their core competencies such as customer centricity.

In conclusion, this paper has conceptualized outsourcing phenomena in the financial service sector to the extent that they can be specified in descriptive dimensions. This classification will form the basis for the differentiation between different outsourcing scenarios and for the subsequent development of scenario-specific methods. It can be said that in view of new requirements on the part of the financial service providers and new offerings from the outsourcing service providers, new phenomena and cases will arise in this sector in the future. In order to provide support for the decision-making process in practice it will be necessary to identify and analyze further dimensions and attributes of outsourcing. This could be a task for further research.

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