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# A search for future growth centres

Expanding strategic foresight in banking




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## Strategic foresight in banking: a must

- The major role of a financial institution is to assess, transform, trade, and take on **risk**.
- **Structural changes** in the socio-economic environment make these tasks even more demanding.



Banks need systematic, global analysis of possible and likely futures for both

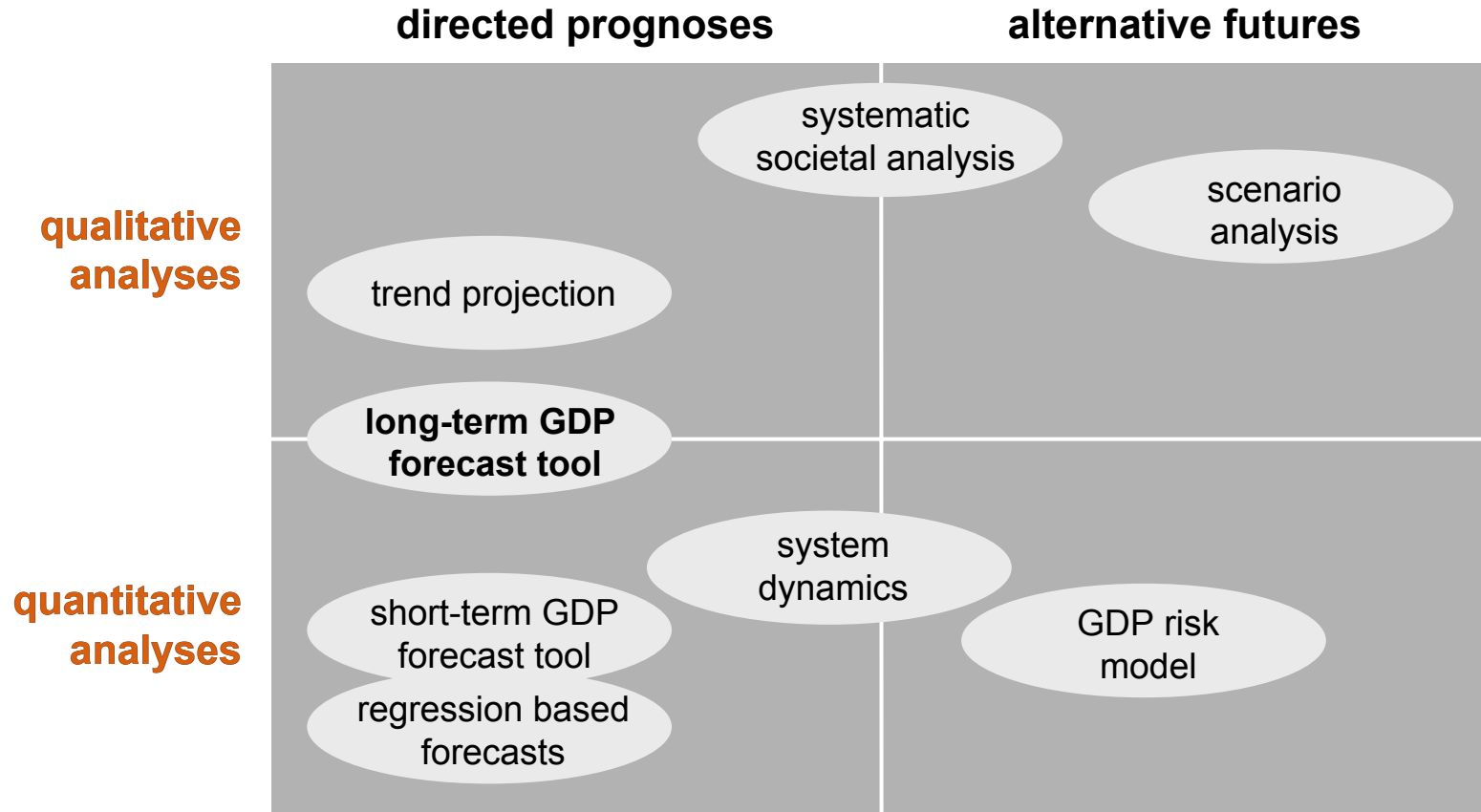
- successful day-to-day business
- and the development of sustainable long-term strategies.

## DB Research thinks ahead for Deutsche Bank

Deutsche Bank Research:

- **analyses** the economic, societal, political and technological **environment** of the group...
- ... with a **long-term** perspective and **interdisciplinary** scope
- contributes knowledge about the future to the **strategy** and **decision-making** processes of top management
- intensely communicates with **peers**, plays an active role in **public debate**, and **strengthens DB's brand**

# An array of methods for a broad set of questions




# “Future growth centres” – a DBR foresight project

## Objectives

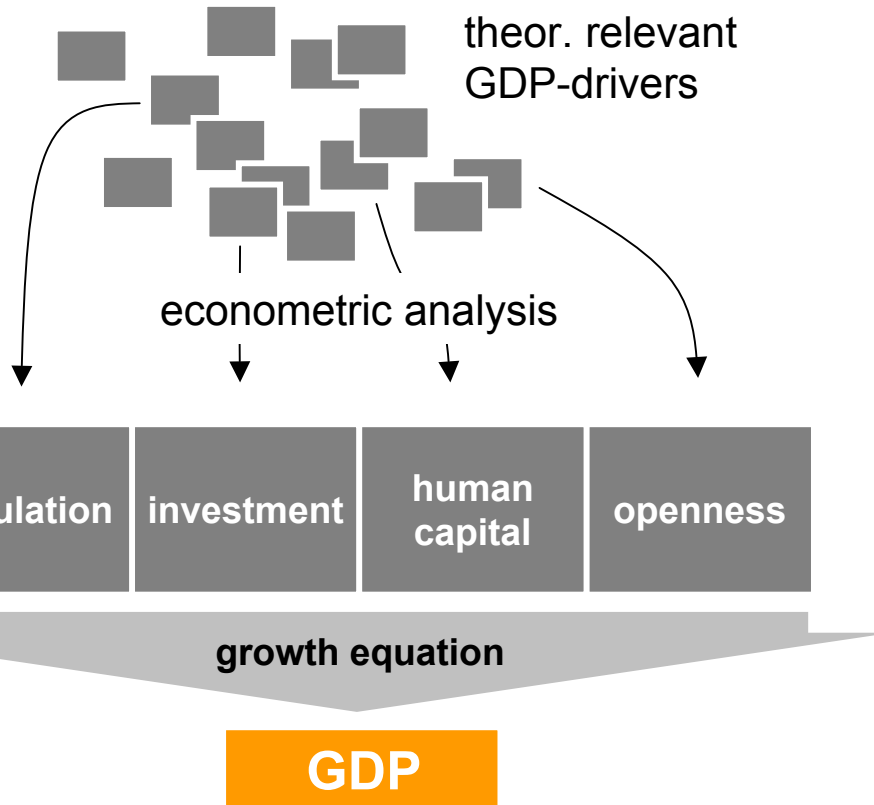
- identify future “star” economies  
*“best” combination of high GDP (gross domestic product) level and growth, for better strategic positioning of the bank and its clients*
- improve understanding of growth drivers
- far reaching and broad analysis  
*until 2020, for 35+ countries*

## Problems

- structural shifts neglected in traditional models
- problem intensifies due to time horizon

➔ new combination of  state-of-the-art **quantitative** analysis and **qualitative** trend analysis

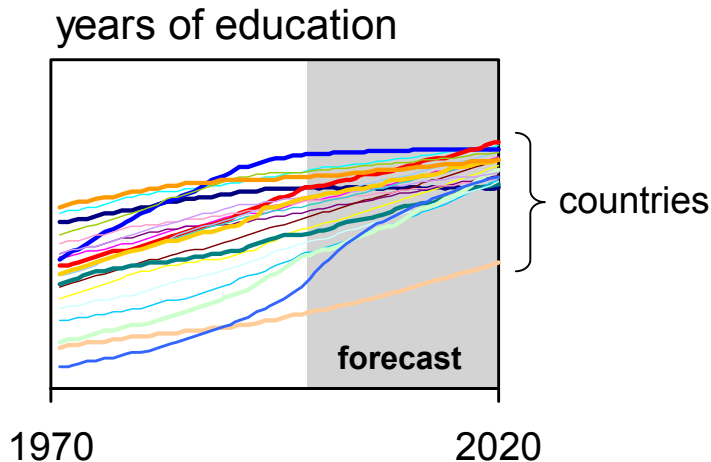
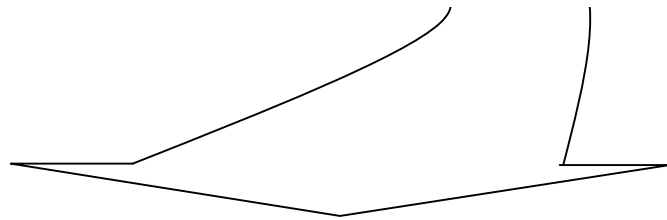
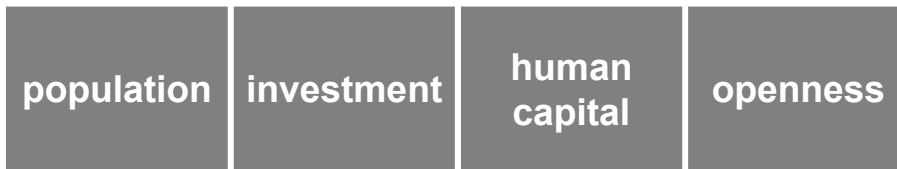
# The main GDP drivers – analysing historical data



- theoretical analysis  
*what should drive GDP?*
- data gathering (1960-2002)  
*for broad driver spectrum*
- econometric analysis  
*state-of-the-art quantitative tool*  
→ *relative importance of drivers*

main drivers  
&  
(empirical)  
growth equation

# The main GDP drivers – extrapolating historical data



- future values of main drivers needed, thus...
- ... extrapolation to 2020
- assumes past structures (*policies, markets, preferences etc.*) remain stable in the future



approximation too rough!



incorporation of structural shifts  
via *qualitative trends*

# Qualitative macro trends – driving the GDP drivers

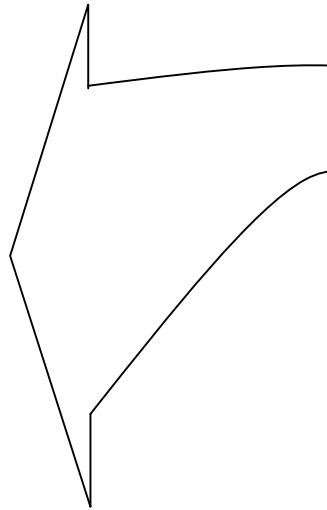
Individual and society

Organisational  
structures and markets

Institutions and policy  
framework

Innovation and  
technology

Natural resources

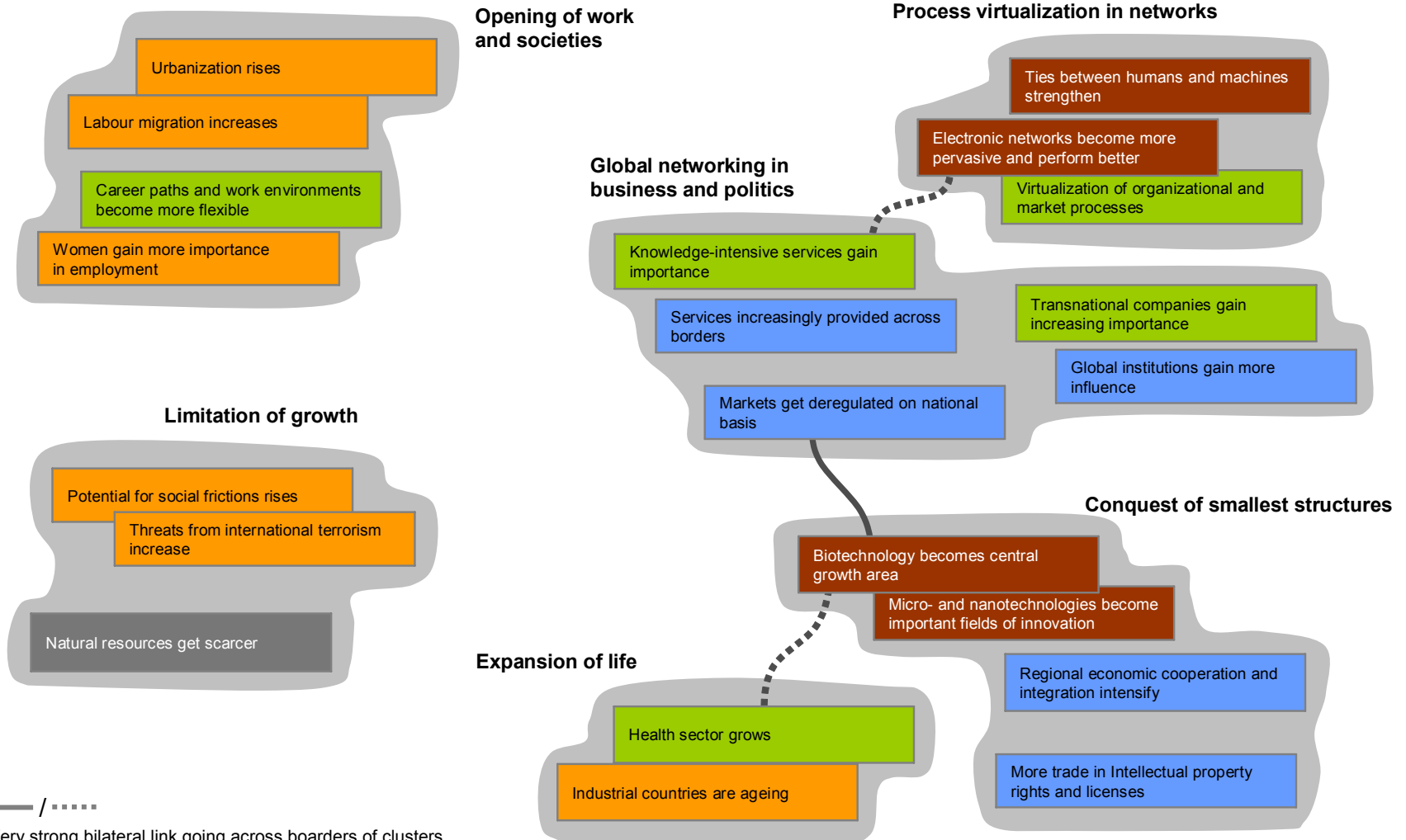


- thorough search for trends in broad spectrum of fields  
*own research, peers, academia etc.*
- separate analysis & selection  
*reliability, impact, relevance for topic*
- analysis of mutual impact  
*is trend A driving or constraining trend B? why?*

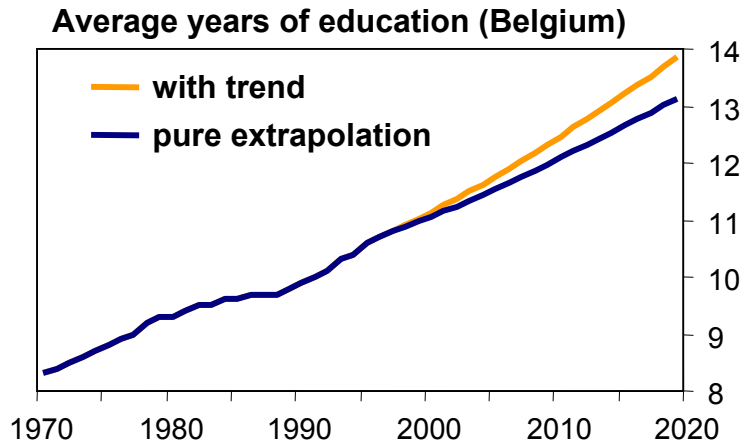
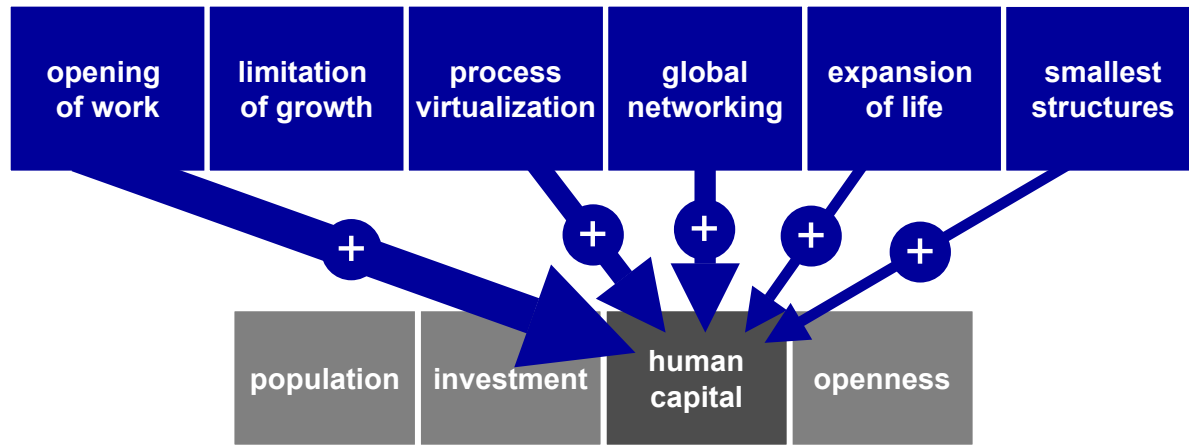


systematic generation  
of coherent *trend clusters*  
*better manageability, consistency*

# Qualitative macro trends – in coherent clusters

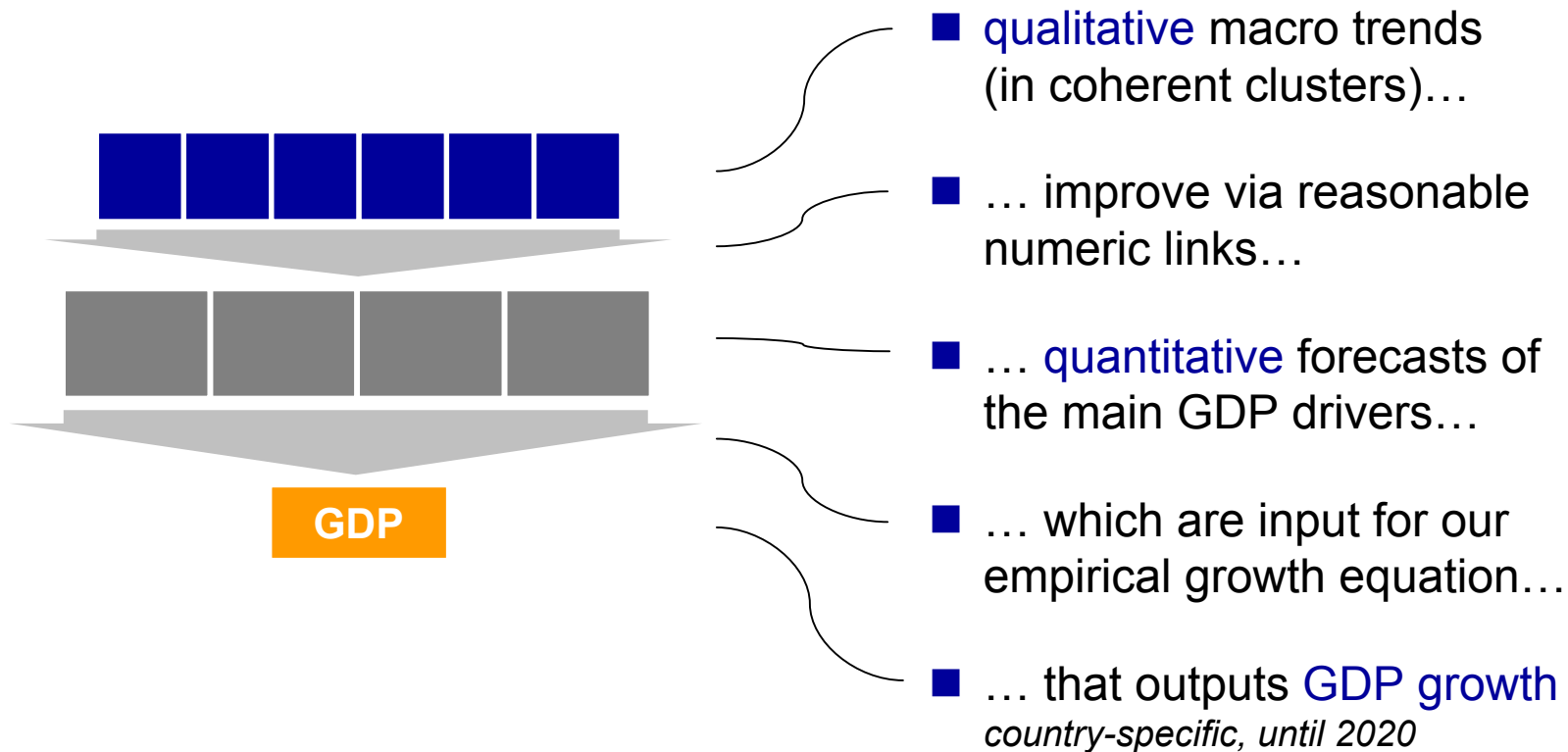


# Linking the two worlds – macro trends vs. GDP drivers

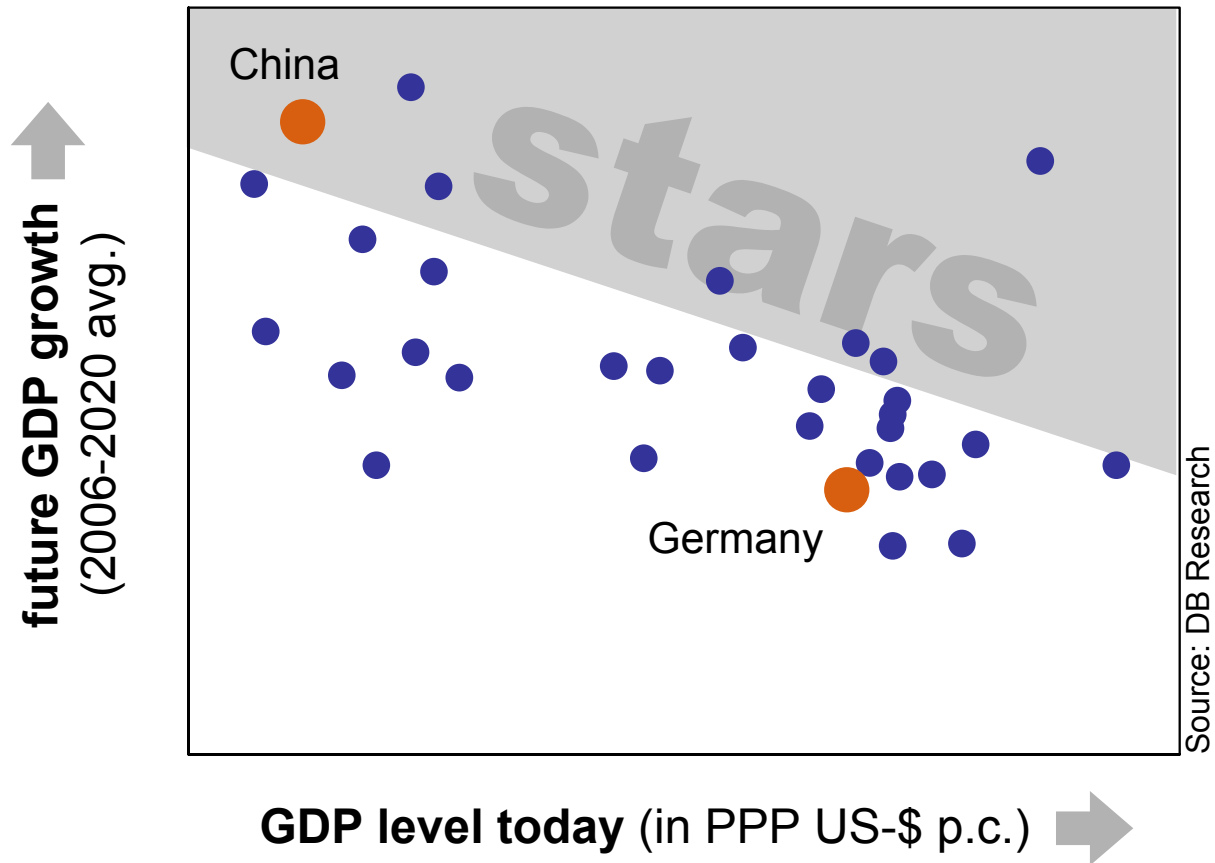


- theoretical consideration of interplay  
*macro trend cluster vs. GDP driver*
- analysis of reasonable numeric link  
*using inf. from cross-country variation*

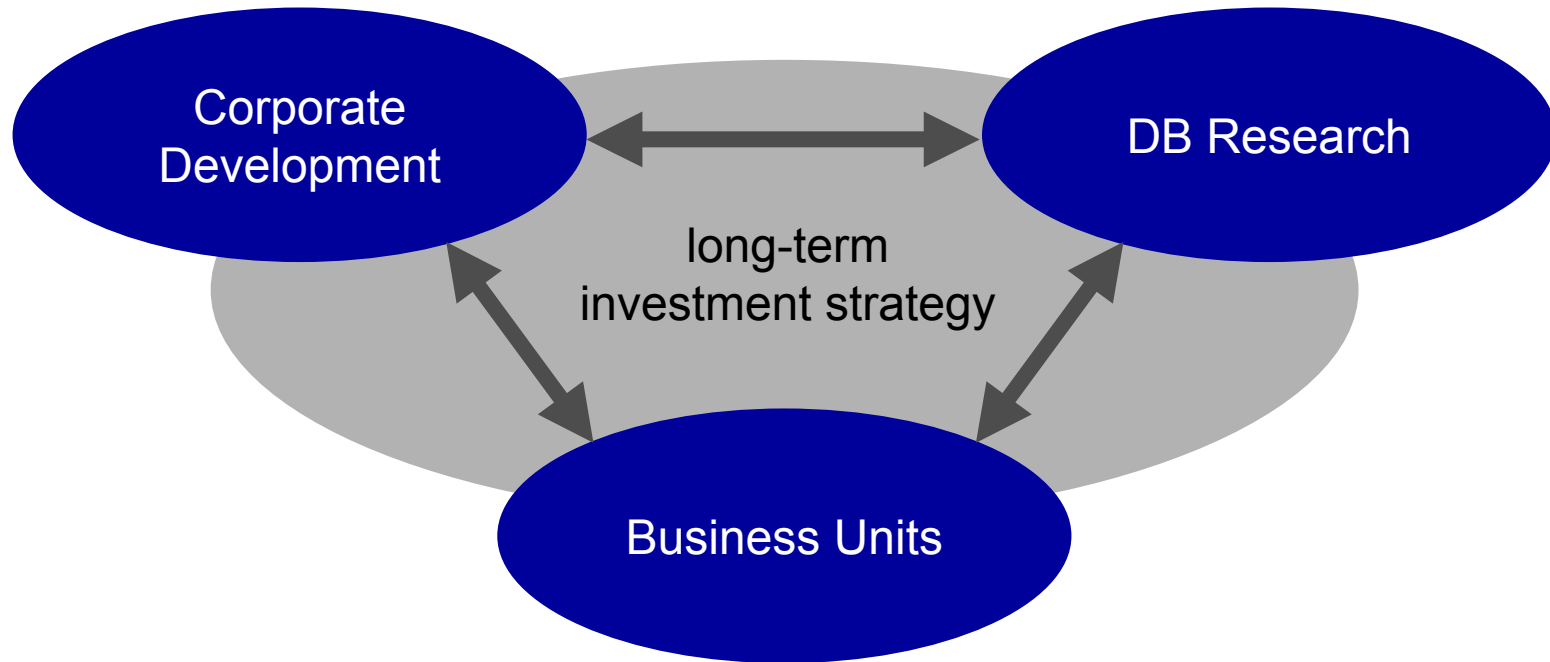
## Wrap-up – our model in a nutshell



## Star economies 2020 – some preliminary results



## Implementing our results – in cross-functional cooperation





Thank you for your attention.

Questions?

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