Why firms do what they must, not what they need

The ideas exist;

the problem is getting them to move.

A Marceau Partners point of view

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The paradox

Financial institutions are not short of ideas. Their people see where clients are going, where margins are leaking and where technology could change the game.

Yet by our estimate, around three quarters of change budgets go to projects imposed by regulators. Only a quarter goes to what the business itself needs. The ideas exist; the problem is getting them to move.

Why good ideas stall

Five forces keep firms doing what they must rather than what they need.

- **Mandatory work always wins the queue.** Regulatory projects arrive with a date, a penalty and the board's attention. Discretionary projects have none of these, so they slip one quarter at a time. Nobody decides to abandon them; they simply never reach the top of the list.
- **The risks are not symmetrical.** No executive has lost their job for delivering a compliance programme. A bold initiative that fails is visible and carries a name, while the opportunity never pursued leaves no trace. Organisations respond rationally by choosing the safe, invisible path.
- **Ideas stay ideas.** Most proposals are never seriously tested with clients, staff, competitors and experts. Their assumptions stay hidden and the full operating model is never costed. Half-formed ideas lose every budget debate against fully specified mandatory work.
- **Many can say no; nobody owns yes.** Risk, compliance, finance, technology and the business each hold a veto. Each objection is reasonable on its own; together they stop the project. Without deliberate work to build commitment, inertia is the default outcome.
- **The change machine is built for obligation.** A decade of regulation has shaped governance, delivery teams and technology roadmaps around mandatory programmes. The same machinery is then asked to deliver innovation, with the same pace, caution and cost. Change becomes slow and expensive, which confirms the belief that change is slow and expensive.

Why daring now matters more than compliance

In today's environment, doing only what is required has become the riskier strategy.

- **The threat is real even when results look strong.** Headline results can mask a deeper erosion. Non-bank competitors, many of them technology firms, are pushing prices down on flow business and cutting return on equity where it matters most. Compliance protects the licence; it does not protect the franchise.
- **The cost of change has collapsed.** AI and modern engineering now let firms build, test and deploy in weeks what used to take years. The old reason for waiting, that change is too costly and too slow, is disappearing. Firms that act now build an advantage that compounds; firms that wait inherit a gap that widens.
- **Compliance does not differentiate.** Every firm must meet the same rules. Doing only what is required means competing on nothing, and clients, talent and investors notice.

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- **Waiting is itself a decision.** Every quarter of delay has a price. It is paid in margin lost to competitors, in talented people who leave for firms that move, and in options that close.

Daring is not recklessness

The alternative to timid compliance is not blind ambition. It is disciplined daring, and it follows five steps.

1. **Really?** Test the idea rigorously, from every angle, with every assumption visible.
2. **And?** Value it honestly in an integrated business case.
3. **Now?** Challenge the wait, set a timeframe and hold to it.
4. **Unlock.** Align and commit the people who must carry it.
5. **Perform.** Deliver to high-performance standards.

The firms that lead the next decade will not be those with the best ideas. They will be those that move on them.

Really? And? Now? Unlock. Perform. That's the Shift.

The three-quarters / one-quarter split is a Marceau Partners estimate. Read more at marceaupartners.uk

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