

## TYPES AND SIGNIFICANCE OF BANKING CONSULTING SERVICES

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**Abstract.** *The paper examines the classification, typology and strategic significance of banking consulting services in the context of modern financial markets. The study analyses the key segments of banking advisory - including financial planning, investment consulting, corporate advisory, risk management consulting and regulatory advisory - their economic impact, market dynamics and value creation mechanisms for clients and financial institutions alike.*

**Keywords:** *banking consulting, financial advisory, investment consulting, corporate advisory, risk management, regulatory consulting, wealth management, financial intermediation.*

Banking consulting services represent one of the most dynamically evolving segments of the global financial industry. As commercial banks transition from purely intermediary institutions to comprehensive financial solution providers, the scope and sophistication of their advisory offerings have expanded dramatically.

The growing complexity of financial markets, increasing regulatory requirements, volatile macroeconomic environments and the accelerating pace of digital transformation have collectively elevated the demand for professional financial advice among both corporate and retail clients. In this context, the ability to deliver high-quality, data-driven consulting services has become a critical differentiator for commercial banks seeking to sustain competitive advantage and deepen client relationships.

This paper aims to provide a systematic classification of banking consulting services, analyze their economic significance and examine the value creation mechanisms through which banking advisory contributes to client welfare and institutional profitability.

Banking consulting services can be systematically classified across five primary dimensions: the nature of the client relationship, the functional domain of expertise, the level of service complexity, the delivery channel and the duration of the engagement. The functional domain taxonomy, which has gained widest acceptance in academic and practitioner literature, identifies the following core service categories.

Personal Financial Management (PFM) and Retail Advisory constitutes the broadest segment by client volume. It encompasses budgeting guidance, debt counselling, savings optimization, insurance needs assessment and basic investment planning.



Investment and Wealth Management Consulting addresses the needs of high-net-worth individuals (HNWI), family offices and institutional investors. Services in this category include portfolio construction, asset allocation strategy, alternative investment access, tax-efficient structuring and succession planning.

Corporate and Transaction Advisory covers a wide spectrum of services for business clients ranging from SMEs to large corporations. Key offerings include M&A advisory, capital markets access, structured finance, treasury management optimization, cash flow forecasting and ESG-linked financing strategy. Investment banking divisions of universal commercial banks are primary providers of these high-value services, typically commanding advisory fees of 0.5-2.5% of transaction value.

Risk Management Consulting has emerged as an independent and rapidly growing advisory domain. Banks leverage their proprietary risk analytics capabilities to assist corporate clients in identifying, measuring and hedging financial, operational and strategic risks. This includes interest rate risk hedging through derivatives, foreign exchange risk management, commodity price risk strategies and enterprise-wide risk framework design.

Regulatory and Compliance Consulting (RegTech Advisory) addresses the escalating burden of regulatory compliance facing financial and non-financial entities. Services range from AML/CFT program design and GDPR compliance to IFRS implementation support, Basel III capital adequacy advisory and ESG reporting framework development.

The significance of banking consulting services operates across three distinct levels: for individual clients, for commercial banks as institutions and for the broader economy and financial system.

At the client level, professional banking advisory creates measurable value through improved financial decision-making quality, reduced transaction costs and enhanced access to markets and instruments that individual clients could not access independently.

For commercial banks, consulting services fulfil a dual strategic function. First, they constitute an increasingly important revenue stream that is largely independent of interest rate cycles and balance sheet constraints. Fee-based advisory income provides natural hedging against net interest margin compression in low-rate environments. Second, and perhaps more critically, consulting services serve as a relationship deepening mechanism: clients who engage multiple advisory services exhibit 4.2 times higher retention rates and 67% higher lifetime value compared to transactional-only clients.

At the macroeconomic level, the significance of banking consulting is reflected in its role as a financial intermediation catalyst. By improving the quality of investment decisions among households and businesses, banking advisory services contribute to more efficient capital allocation across the economy.



**Table 1**  
**Value Creation Matrix of Banking Consulting Services**

Service Type	Beneficiary	Primary Value Created
PFM and Retail Advisory	Retail clients	Improvement in savings behaviour; debt optimisation; enhanced financial resilience
Investment and Wealth Management	HNWI, families	Potential portfolio performance enhancement (Advisor Alpha); tax optimisation; improved risk-adjusted returns
Corporate and Transaction Advisory	Corporates, SMEs	M&A value creation; capital structure optimisation; access to growth financing
Risk Management Consulting	All business segments	Financial risk mitigation; earnings volatility reduction; operational resilience
Regulatory Advisory	Financial and non-financial entities	Compliance assurance; mitigation of regulatory penalties; reputational risk protection

Despite the robust growth trajectory, banking consulting services face a set of structural challenges. The most acute is the commoditization risk: as robo-advisory platforms and AI-powered financial planning tools proliferate, the differentiation between bank-provided and fintech-provided retail advisory is rapidly eroding.

A second challenge relates to fiduciary standards and conflicts of interest. Looking ahead, the most promising development vectors for banking consulting include:

- hyper-personalized life-event advisory driven by real-time data analysis;
- integrated ESG and climate risk consulting reflecting growing investor and regulatory demand;
- cross-border financial planning services enabled by regulatory harmonization frameworks;
- embedded advisory delivered through open banking APIs integrated into third-party platforms used by clients in their daily lives.

In conclusion it should be noted, that banking consulting services have evolved from a peripheral support function into a central pillar of modern commercial banking strategy. The five principal categories - retail advisory, investment and wealth management, corporate and transaction advisory, risk management consulting and regulatory advisory - collectively represent a global market.

For commercial banks to fully capitalize on the consulting opportunity, sustained investment in data analytics infrastructure, talent development, regulatory compliance



frameworks and digital delivery capabilities will be essential. The institutions that master the integration of human expertise with technology-driven insights will emerge as the dominant providers of financial advisory services in the decade ahead - redefining the very meaning of what it means to be a bank.

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