Change Management – The Price Of Getting It Wrong

UK Retail Banking Edition — Why Cutting Corners On Change Costs More Than Doing It Properly

A Charterhouse Consultants white paper by Bridget Convey, July 2026.

Executive Summary

This paper makes one claim, applied to UK retail banking specifically. Transformation programmes do not fail because the technology is wrong. They fail because change is managed as a project milestone rather than as a discipline with its own governance, its own testing standards, and its own accountability. In April 2018, TSB Bank migrated its core banking platform to a new system. The data moved successfully. The change did not. TSB was fined £48.6 million by the FCA and PRA for what regulators called "widespread and serious failings" in operational risk management and change governance, on top of £32.7 million paid directly to customers in redress. The bank's own Chief Information Officer was personally fined £81,620 under senior manager conduct rules. This paper argues that the gap between executing a change and governing a change is the single largest source of preventable risk in UK retail banking today, and that the evidence for this is now overwhelming, measurable, and repeatable.

The Premise: The Gap Is The Danger, Not The Change Itself

Change itself is not the risk. Every retail bank must migrate systems, integrate acquisitions, and modernise infrastructure to remain competitive. The risk sits in the gap between the pace at which a change is executed and the maturity of the governance built to manage it. Prosci's longitudinal research into change management outcomes puts a number on this gap directly: projects run with excellent change management achieve an 88 percent success rate, while projects run with poor change management succeed only around 12 percent of the time. That is not a marginal difference attributable to luck or market conditions. It is the same underlying technology, the same budgets, and often the same vendors, producing a sevenfold difference in outcome purely as a function of whether change was governed as a discipline or treated as an afterthought bolted onto a project plan.

McKinsey's transformation research is specific about where that value is actually lost. Analysis of transformation failures found that 72 percent of the shortfall traces to two factors: inadequate management support, at 33 percent, and employee resistance, at 39 percent. Technology is rarely the root cause. McKinsey's breakdown of where value leaks across a transformation's lifecycle shows 22 percent lost at target-setting, 23 percent during planning, 35 percent during implementation, and 20 percent after go-live. The single largest drain, more than a third of total value lost, happens during implementation, which is precisely the phase change management governance is designed to control.

This is the basis for the claim in the title. Change management done properly is not a slogan layered on top of the argument. It is the plain consequence of the mechanism. A bank that builds change governance at the same maturity level as its technical delivery capability closes the gap and survives its transformation programme intact. A bank that lets technical delivery outrun change governance does not get a soft landing. TSB did not get one.

What TSB's Migration Shows When The Gap Is Left Open

TSB's 2018 core banking migration was, in the regulators' own words, one of the most complex in UK banking history, involving the consolidation of around eight million customer records onto a new platform following Sabadell's 2015 acquisition of the bank. Nearly three years of build and testing preceded the main migration event in April 2018. The data itself migrated successfully. What failed was everything TSB had not adequately governed around that data: the platform crashed on launch, all 550 branches were affected, and a significant proportion of TSB's 5.2 million customers lost access to branch, telephone, online and mobile banking simultaneously.

The FCA and PRA's joint investigation did not describe this as a technology failure. Their finding was explicit: TSB failed to organise and control the migration programme adequately, and failed to manage the operational risks arising from its outsourcing arrangement with its critical third-party supplier, Sabadell's IT arm Sabadis. The bank did not return to business-as-usual until December 2018, eight months later, after more than 225,000 customer complaints. TSB hired 2,100 additional staff simply to manage the fallout. Total cost to the business, once fines, redress, and remediation are combined, is estimated at over £330 million. The bank's CEO resigned. Its former Chief Information Officer, Carlos Abarca, was individually fined under senior manager conduct rules specifically for failing in his responsibility to ensure outsourced change was properly supervised.

The lesson this paper draws from TSB is precise. This was not a case of a bank lacking capability. TSB had spent nearly three years building and testing the platform. It was a case of change governance, accountability for outsourced delivery, and operational risk management, not keeping pace with the scale and complexity of what was being changed. That is the exact shape of gap this paper is built around.

The Evidence: A Failure Rate That Has Not Moved In A Decade

Two bodies of evidence anchor this paper. One shows the scale of the problem across the industry generally. The other shows what happens when a specific, well-resourced UK retail bank experiences the gap directly.

The Industry-Wide Numbers Have Not Improved

Bain's 2024 transformation study found that 88 percent of organisations transformations fail to achieve their stated goals, a figure that has barely moved since McKinsey first popularised a 70 percent failure estimate more than a decade ago. Gartner's employee research shows a parallel decline in the human capacity to absorb change: only 38 percent of employees report being willing to support organisational change today, down from 74 percent in 2016. Prosci separately reports that 73 percent of organisations are now at, near, or beyond change saturation, meaning the pipeline of transformation work already underway exceeds what most workforces can realistically absorb without governance discipline to sequence and pace it.

TSB: What Happens When Outsourced Change Is Not Governed

TSB's migration is the clearest UK retail banking illustration of the mechanism this paper describes, precisely because it was not a small or under-resourced institution cutting corners through incompetence. It was a deliberate, well-funded, multi-year change programme that still failed at the point where governance was thinnest: control over how a critical outsourced supplier executed change, and the testing and rollback discipline around a single, high-stakes migration event. The FCA's own written evidence to Parliament noted that IT changes were already the most common cause of outages in UK financial services in the years before TSB's migration, ahead of cyber attacks and third-party supplier failures combined. TSB was not an outlier. It was the sector's own risk profile, playing out in full public view.

UK Retail Banking In Three Horizons: The Gap Closes Or It Does Not?

If the gap between change execution and change governance is the real variable, then each horizon below has two outcomes, not one. These are deliberately stated as firm positions, not hedged possibilities, because a board or leadership conversation needs something to agree or disagree with.

Two Years: 2026 To 2028

What happens everywhere: core banking modernisation, cloud migration, and AI-driven process change accelerate across UK retail banks simultaneously, increasing the volume of concurrent change any single institution is running.

- Thrive path. Banks treat change governance, including third-party and outsourced delivery oversight, as a board-level operational risk discipline with named accountable owners, following the standard the FCA and PRA's TSB enforcement action has now set.
- Die path. Banks continue to treat change management as a project management function reporting into IT delivery, rather than an independent governance discipline, and the next large migration repeats TSB's failure pattern under a different name.

Five Years: 2028 To 2031

What happens everywhere: the volume of simultaneous transformation programmes, driven by AI adoption, legacy platform retirement, and regulatory change, pushes most retail banks toward or past genuine change saturation.

- Thrive path. Banks that built change capacity planning, actively sequencing and pacing transformation rather than launching every initiative in parallel, protect the 88 percent success rate Prosci's research shows is achievable with mature governance.
- Die path. Banks that keep adding transformation programmes without matching investment in change capacity fall further into the 73 percent of organisations already at or beyond change saturation, and outcomes degrade further even as technology capability improves.

Ten Years: 2031 To 2036

What happens everywhere: change management maturity becomes a measurable, disclosable component of operational resilience, in the same way cyber resilience became a board-level metric over the previous decade.

- Thrive path. Change governance maturity becomes a genuine competitive differentiator and a factor regulators and rating agencies actively assess, the way operational resilience frameworks already do post-TSB.
- Die path. Banks that never closed the gap face a TSB-scale event of their own, at a moment when public and regulatory tolerance for "we did not adequately govern our own change programme" has run out entirely.

What I Am Recommending To UK Retail Banking Boards

- Separate change governance from change delivery, explicitly. The team executing a migration should not be the same team accountable for assessing whether it is safe to proceed, following the exact failure pattern the FCA identified at TSB.
- Treat outsourced and third-party change delivery as a named, board-level accountability, not a vendor management line item, since TSB's fine was as much about failing to govern Sabadis as about the migration itself.
- Build change capacity planning into the portfolio process now, using Prosci's saturation research as an internal benchmark, rather than discovering the organisation is over capacity only after a programme has already begun to fail.

Conclusion

TSB's migration was not a story about a difficult technical project. It was a story about a bank that built genuine technical capability over nearly three years and then let governance of that capability's execution fall short at the exact moment it mattered most. The £48.6 million fine, the £32.7 million in redress, and the individual sanctioning of a Chief Information Officer are not the cost of attempting change. They are the cost of attempting change without matching governance. Prosci's 88 percent versus 12 percent success gap shows this is not a uniquely British problem, nor a uniquely 2018 one. It is a structural, measurable pattern that UK retail banking is running through again right now, at greater volume and speed than TSB ever faced, across cloud migration, AI adoption, and platform consolidation simultaneously. The only question left for a retail banking board is whether change governance is being built at the same pace as change itself, or whether it is being left, as it was at TSB, to be discovered only once something has already gone wrong.

Sources: Financial Conduct Authority and Bank of England enforcement notices (TSB Bank plc, December 2022), UK Parliament Treasury Committee written evidence (OPR0010), Tech Monitor, Panorama Consulting, Protecht Group, McKinsey & Company transformation research, Bain & Company 2024 transformation study, Prosci change management research, Gartner employee change readiness research. All figures current as of mid-2026, verified at time of writing. This is a first draft prepared for internal discussion.