

ISSUE 05 · RESEARCH SERIES

SIG NAL

Decision Architecture
in Financial Services

01

Governance Designed for Stability

02

Decision Latency as a Cost

03

The Programme Board Problem

OPENING NOTE

The most expensive governance problem is the one institutions build themselves. Four years of layering oversight structures onto transformation programmes had produced an approval architecture that was working exactly as designed — and delivering exactly the wrong outcome.

The structures designed to manage transformation had become the primary constraint on it. Governance that was right for oversight had accumulated into an architecture that was wrong for delivery.

Institutions managing complex transformation portfolios discovered that the decision-making machinery could not keep pace with delivery requirements. Committee cycles measured in weeks. Approval layers measured in months. Escalation paths reaching the Executive Committee for decisions that should have been resolved at domain level.

This issue examines why compliance-oriented governance structures become execution constraints in transformation environments, what decision latency actually costs across a programme portfolio, and why oversight committees designed to protect transformation programmes are inadvertently preventing them from moving.

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ABOUT THIS PUBLICATION

Signal is a research series from Tumblehill Holdings, written for executives responsible for transformation execution in Caribbean and regional financial services institutions.

SECTION ONE

Governance Designed for Stability

Financial services governance structures are, by design, stability-oriented. They are built to prevent unauthorised change, ensure regulatory compliance, and manage risk. These are the right objectives for an institution in steady state. They are the wrong operating parameters for one in active transformation.

Most transformation governance structures are designed for control, not delivery. That distinction costs more than most institutions ever calculate — and it compounds across every initiative running simultaneously.

SECTION 01 · DECISION ARCHITECTURE

When Good Governance Becomes the Wrong Governance

The structural conflict between stability governance and transformation delivery

The governance frameworks institutions operate were built over decades of regulatory evolution, reflecting hard lessons from financial crises, audit failures, and operational incidents. They are not wrong. They are calibrated for the wrong environment when applied to active transformation delivery.

Stability governance is optimised for preventing unauthorised change and ensuring that changes which do occur are properly reviewed, approved, and documented. In a steady-state environment, this is exactly right. **In a transformation environment where change is the objective, this governance posture creates systematic friction at every step of the delivery process.**

The problem compounds because transformation programmes typically sit within existing governance structures rather than alongside them. Every decision passes through the same approval architecture that governs operational changes — regardless of whether its risk profile warrants that level of review.

Governance designed for stability is not wrong. Applying it to delivery without modification is wrong. The institution needs both — and most have only built one.

THE STRUCTURAL DISTINCTION

Stability Governance

Periodic review cycles. Sequential approval chains. Conservative risk thresholds. Optimised for preventing poorly-considered change. Correct for BAU operations.

Delivery Governance

Continuous decision cycles. Distributed decision rights. Risk-proportionate review. Optimised for enabling transformation delivery. Correct for active programmes.

The Governance Trap

Applying stability governance to delivery environments does not make transformation safer. It makes it slower — and slower transformation accumulates its own risks: cost overrun, vendor misalignment, staff attrition, and eroded board confidence.

THE REGULATORY GOVERNANCE SIGNAL

Governance expectations were increasingly being interpreted as requiring proportionality between oversight and delivery — though most institutions applied them uniformly instead.

SECTION 01 · DECISION ARCHITECTURE

What Delivery Governance Actually Requires

Improving delivery governance does not require dismantling oversight structures. It requires redesigning how those structures interact with the delivery environment — separating the oversight function from operational decision-making, and giving delivery teams the authority they need to move without unnecessary escalation.

THE FOUR GOVERNANCE REDESIGN MOVES

- **Clearer decision rights** — which decisions belong at which level, stated explicitly rather than discovered through escalation
- **Fewer approval layers for execution decisions** — operational decisions that do not carry material risk should not pass through the same approval chain as strategic ones
- **Explicit resolution ownership** — one named person accountable for each class of decision, with authority to resolve rather than just escalate
- **Hard separation of oversight from operations** — oversight committees review and govern; they do not approve operational decisions that belong at a lower level

THE OVERSIGHT VS. EXECUTION PRINCIPLE

An oversight body that is also making operational decisions does neither function well. When governance bodies overlap with operational decision-making, both the governance and the delivery suffer. The fix is not restructuring — it is redesigning how decisions move through the structure that exists.

THE GOVERNANCE PRINCIPLE

The governance structure that approved the transformation is rarely designed to deliver it. These are not failures of the structure — they are failures of application.

SECTION TWO

Decision Latency as a Cost

Decision latency — the time between an issue being identified and a binding resolution being reached — is the most consistently underpriced cost in Caribbean financial services transformation. Invisible in business cases, absent from risk registers, never reported as a programme variance. And yet it is the variable most strongly correlated with programme delay.

Governance latency is not a process inefficiency. It is a cost driver — as real as vendor fees and as compounding as interest. The difference is that institutions measure vendor fees and ignore governance latency. The compounding effect is identical.

SECTION 02 · DECISION ARCHITECTURE

The Invisible Cost of Slow Decisions

How governance latency compounds across transformation programmes

A single decision delayed by two weeks does not look expensive in isolation. In the context of a transformation programme with interdependent workstreams, vendor contracts on fixed timelines, and staff allocated against delivery schedules that cannot absorb the delay, that two weeks is a programme risk event.

Multiply that by the number of decisions a programme requires in a quarter and the accumulated cost of governance latency becomes the dominant programme variable.

The failure mode was consistent across institutions: programmes with strong technology designs, capable delivery teams, and adequate budgets were failing to deliver on schedule. The constraint was governance latency — accumulated across years of transformation activity, and never measured as such.

Execution delays are more strongly correlated with governance latency than with technology complexity. Improving delivery speed requires governing differently — not building differently.

Decision latency is not a process inefficiency. It is a primary execution constraint. Institutions that do not measure it do not manage it — and the compounding cost accumulates invisibly across every active programme.

HOW LATENCY COMPOUNDS

Project Timelines Extend

Each decision delay pushes dependent activities. Multiple concurrent delays produce timeline extensions that exceed the sum of their parts because interdependencies amplify impact.

Costs Increase Against Fixed Contracts

Vendor contracts priced on delivery schedules do not absorb institutional governance delays without cost adjustment. The cost is borne by the institution, not shared with the vendor.

Vendor Capacity Misaligns

Vendors plan resources against committed schedules. When institutional decisions delay delivery, vendor availability is no longer guaranteed. Re-mobilisation adds cost and further extends timelines.

Institutional Confidence Erodes

Repeated delays produce a narrative that transformation is inherently slow — when the reality is that governance is slow and transformation is the hostage.

SECTION 02 · DECISION ARCHITECTURE

Measuring Governance Velocity

Governance velocity — the rate at which decisions are made, resolved, and actioned — is measurable. Institutions that have never measured it consistently underestimate how much of their delivery delay it explains.

THE VELOCITY DIAGNOSTIC

- How long does it take to move from issue identification to a binding decision?
- How many governance forums does a single decision pass through before resolution?
- Who is explicitly accountable for resolving cross-functional blockers — not escalating them?
- What is the escalation path for a high-criticality issue, and what is the expected resolution time at each level?
- What percentage of programme delays last quarter were attributable to governance latency versus technical complexity?

If these questions cannot be answered clearly, governance velocity is already constraining execution — whether or not it has been named as such.

THE BUSINESS CASE IMPLICATION

If your business case assumes immediate adoption, uninterrupted execution, and full resource availability — your ROI is already overstated.

A credible business case prices governance delay as a cost variable, separates delivery timelines from benefit realisation timelines, and explicitly assesses internal decision-making capacity.

THE ESCALATION CALIBRATION

High-criticality issues: binding decision within 2 working days. Medium-criticality: within 5 days. Low-criticality: within 7 days. If these thresholds cannot be met consistently, the governance structure — not the delivery team — is the constraint.

SECTION THREE

The Programme Board Problem

Programme boards and steering committees were designed to protect transformation programmes — ensuring strategic alignment, managing risk, providing executive oversight. What they were also doing, across multiple Caribbean institutions, was slowing those programmes. Not through intent, but through structural drift: oversight bodies that had accumulated decision-making functions they were never designed to exercise.

An oversight body that makes operational decisions does neither function well. Protecting the programme and delivering the programme require different cadences, different decision authorities, and different accountability structures. Conflating them produces governance that is slow to protect and slow to deliver.

SECTION 03 · DECISION ARCHITECTURE

When Oversight Becomes the Bottleneck

The structural drift from oversight to operational decision-making

Programme steering committees typically began with a clear mandate: strategic oversight, risk governance, and executive sponsorship of transformation delivery. Over time, as programmes grew in complexity, a structural drift occurred.

Issues that should have been resolved at domain level were escalating to the steering committee because resolution authority had not been clearly assigned below it. Change requests that should have been approved by programme managers were reaching the committee because the approval threshold had not been defined. Operational decisions that needed to be made in days were waiting for the next monthly meeting.

The committee had not changed. The volume and nature of decisions arriving at it had — and the governance architecture did not adapt.

The result was an oversight body spending its time on operational decisions rather than strategic oversight — and a delivery function that could not move without committee approval for decisions that did not warrant it.

PATTERNS THAT INDICATE STRUCTURAL DRIFT

- **Multiple committees reviewing the same decision** at different governance levels, each adding latency without adding resolution
- **Escalations without clear ownership** — issues moving upward without a named resolution owner at any level
- **Information loops displacing decisions** — status updates replacing binding outcomes; meetings producing minutes, not mandates
- **Deferred decisions as permanent holding state** — "further analysis required" as a substitute for an accountable decision owner
- **Domain leads seeking committee approval** for operational decisions within their stated authority

These are not governance failures. They are velocity failures — produced by structures that have drifted from oversight into operations without anyone explicitly deciding they should.

SECTION 03 · DECISION ARCHITECTURE

Restoring the Distinction Between Oversight and Delivery

Restoring effective programme governance does not require restructuring the organisation or eliminating oversight bodies. It requires clarifying what each governance tier is for — and ensuring that decisions are made at the level where they belong.

THE GOVERNANCE TIER PRINCIPLE

Board / Executive Committee

Strategic direction. Major investment approval. Risk appetite. Portfolio-level programme status. Should never see operational decisions.

Programme Steering Committee

Programme-level risk and issue escalation. Cross-domain dependency management. Benefit realisation oversight. Should not be approving domain-level operational decisions.

Programme Manager

Cross-domain coordination. Issue and risk management. Schedule and resource integration. Operational decisions within agreed parameters.

Domain Leads

All domain-level operational decisions within scope and budget. Issues that cannot be resolved within domain boundaries escalate to Programme Manager — not to the Steering Committee directly.

THE RESTORATION PRINCIPLE

Every decision should be made at the lowest governance level with the authority and information to make it well. Escalation is for exception, not for routine.

Institutions that restore this discipline will find their oversight bodies more effective — because they are doing what they were designed to do — and their delivery functions faster — because they are no longer waiting for approval at the wrong level.

LOOKING AHEAD

2025 Focus Areas

Execution conditions shaping the year ahead

The governance restructuring work underway is converging with the most consequential technology decision institutions face: whether, when, and how to replace core banking systems that have become architectural constraints on every dimension of the transformation agenda. The governance architecture required to manage that decision must be in place before the vendor conversation begins.

THE CORE BANKING DECISION

Core banking replacement is the highest-risk transformation initiative a Caribbean financial institution can undertake. It is also, for many, no longer avoidable. AS/400 and legacy platform end-of-life timelines are creating hard constraints that cannot be managed through incremental modernisation indefinitely. The question is not whether to replace — it is whether the institution has the diagnostic maturity, governance architecture, and execution capacity to do it well.

AI ADOPTION PRESSURE

Board-level AI commitments are accelerating. The operational infrastructure required to deploy AI meaningfully — clean data, stable processes, capable staff, and governance for algorithmic decision-making — is not yet in place in most institutions. The gap between AI commitment and AI deployment will define a new execution challenge in 2025.

WHERE ATTENTION SHOULD CONCENTRATE

Governance Velocity Measurement

Before beginning core banking replacement, measure current governance velocity against the decision requirements of that programme. If the current architecture cannot support rapid resolution rates, it must be redesigned before the programme begins.

Execution as Discipline

The institutions that will execute core banking replacement and AI adoption successfully are those that have built execution as an organisational discipline — with its own governance, capacity, and accountability. This is not a programme management capability. It is an institutional one.

Capital Standards Readiness

Advancing capital adequacy implementation timelines carry operational infrastructure implications that must be assessed alongside the technology transformation agenda — not sequentially. Institutions that treat capital standards compliance as a finance function rather than an operational one will discover the integration point under pressure.

THE GOVERNANCE PROBLEM

Governance did not fail Caribbean transformation programmes in 2024. It succeeded — at the wrong objective. Execution is not the implementation phase of governance. It is what governance is for.

The governance structures that produced delivery drag were doing exactly what they were designed to do: prevent unauthorised change, ensure review, and maintain oversight. The problem was that these objectives, applied without modification to active delivery environments, created latency that compounded across every programme simultaneously.

The solution is not less governance. It is governance calibrated to the risk profile of the environment it is governing. The institutions that lead in 2025 will be those that have built delivery governance alongside stability governance — and that have given their execution functions the authority they need to move at the speed the strategy requires.

COMING NEXT · ISSUE 06 · 2025

Execution as Strategy — why the institutions that move ahead treat execution not as the implementation phase of strategy but as a discipline in its own right, with its own governance, capacity, and accountability.

Transformation Intelligence for Practitioners

Tumblehill Holdings is a research and institutional diagnostics advisory firm. We work with financial services organisations navigating technology transformation, governance reform, and operational modernisation.

Our frameworks — including the Theragnostic Adaptive Optimization (TAO) model and the Entropic Markov Model (EMM) — are designed for institutions where complexity is real, capacity is finite, and execution is the constraint.

Each issue of Signal examines one theme in depth, written from the inside of execution — not as observers, but as practitioners.

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