



News release

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Pages 2

PwC survey of Banking & Capital Markets CEOs lifts the lid on the huge challenges facing banks globally

A PwC survey of 176 Banking & Capital Markets (BCM) CEOs across 62 countries reveals the huge challenges facing banks globally.

Challenges with the global economy, poor business performance, heightened risks such as cyber, ongoing regulatory burdens and seizing the opportunity from emergent technology all mean the pressure on banking CEOs has **not been greater since the financial crisis**.

Findings from the report '**Creating a platform for competitive regeneration**', which forms part of PwC's 19th Global Survey of over 1,400 CEOs globally, highlight how some long-established business models are struggling to sustain competitive relevance in the wake of these developments.

Technology is transforming customer expectations, lowering barriers to market entry and opening up **growing competition from FinTech entrants**. Almost every BCM CEO believes it is the trend most likely to transform customer, regulator and other key stakeholder expectations over the next five years

"Our survey shows banking CEOs see customer relationship management systems (80%), data analytics (75%) and social media communications and engagement (56%) as the top three areas of technology that will yield the greatest returns in terms of engagement with wider stakeholders," said **Scott Watson-Brown, PwC Bermuda Asset Management leader**.

"For CEOs, driving delivery of technology and innovation will be critical in delivering the choice, service and pricing bank customers want. The winners will be those organisations that move their businesses with purpose, speed and focus."

Matthew Clarke, PwC Bermuda Asset Management director, comments: "What is clear from the survey findings is how fast and effectively the market leaders are turning disruption into an opportunity. They're capitalising on the value of technology and creativity of their people to tap into new value chains and transform operational speed and cost."

CEOs are also seeking out new sources of data and gathering the broad array of talent needed to enhance customer experiences and outcomes. Individually and through industry bodies, they're also playing a prominent role in supporting public policy priorities in areas ranging from promoting sustainability to advising clients, suppliers and other stakeholders on cyber risk management.



BCM CEOs see over-regulation (87%), geopolitical uncertainty (81%) and exchange rate volatility (76%) as really impacting their banks. The combination of higher capital charges, liquidity demands and compliance costs is forcing many to abandon what had once been profitable mainstays in their business.

More than 66% plan further cost cutting initiatives over the next twelve months. Restructuring across the market will continue with more than 10% of BCM CEOs indicating they plan to sell a majority interest in a business or exit a significant market over the next 12 months.

64% of Banking and Capital Markets CEOs plan significant changes in the way they define and manage risk in response to customer and stakeholder expectations. The scope of risk management is broadening to adapt to fundamental changes in markets, business models and transactions. The key differentiator is being able to see risk coming, contain it early and adapt quickly.

New technology development from Robo advice, Blockchain to Artificial Intelligence should help banks foster a more informed, engaged relationship with customers but it will also cause radical changes to, and cost savings in, operational processes. While recognition of the prize is obvious from the CEOs surveyed, some banks are already acting fast on this while others, seem barely to have started.

72% of BCM CEOs view the limited availability of key skills as a threat to growth. The impact of technology requires more people with both banking and digital skills. Few as yet possess these hybrid capabilities. Competition to attract them isn't just coming from traditional peers, but also FinTech start-ups and technology groups looking to develop their presence within the BCM and wider financial services market.

Stakeholders are demanding more from banks, not just in the value they deliver to them individually, but also in their contribution to society as a whole. In response, **30% of industry leaders say their organisation has changed its purpose in the past three years to take account of its broader impact on society.** A further 12% are considering this.

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Notes to Editors:

PwC's report '**Creating a platform for competitive regeneration**', is based on the response from 176 Banking & Capital Markets CEOs in 62 countries. To see the full results of PwC's 19th Annual Global Survey, please visit www.pwc.com/ceosurvey

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