



News release

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PwC survey: Asset & Wealth Management CEOs confident about revenue growth, majority planning recruitment

Hamilton, Bermuda - Confidence in the 12 month and three year outlook for revenue growth in asset and wealth management has grown again, with almost two thirds (64%) of the industry planning recruitment.

PwC's report, **Asset & Wealth Management – A new era of growth, disruption and opportunity**, finds that 92% are confident or very confident about the growth outlook over the next 12 months, higher than the average across financial services sector (86%).

185 CEOs from 45 countries were surveyed for PwC's annual survey of the sector's CEO's views on the outlook for the industry, revealing an industry that's confident about its growth, yet shows signs it is slow to innovate and adapt to opportunities in the sector including technology. Interestingly, only 10% of Asset Wealth Management (AWM) CEOs plan to strengthen their digital capabilities, compared with 23% across Financial Services, despite two thirds of CEOs being concerned about the speed of technological change as a threat to growth.

The majority of business leaders (64%) in the sector plan to increase their workforce in the year ahead, higher than other segments in the Financial Services sector.

Amongst the key growth strategies identified:

- Strategic alliances, joint ventures, and mergers and acquisitions are amongst the corporate activities CEOs plan to drive profitability.
- 62% of AWM CEOs say it has become more difficult to gain and keep trust in the sector, reflecting a financial services wide concern about falling levels of trust in business.
- Only 27% of CEOs are looking to collaborate with entrepreneurs or startups - the results point to the sector's reluctance to innovate. By comparison, 31% of Banking CEOs and 37% of Insurance leaders plan to do so, where strategies including working with FinTech companies to develop new products and business models to transform their sectors.
- OECD economies are viewed as the most important for the sector's growth in 2017. This year's responses showed a big shift towards the US as a key market, with over half (54%) judging it to be the most important market outside their home market, vs 39% last year.
- Focusing on the financial centres that are most important for the sector's growth, CEOs put New York top. Beijing, ties with London for second, showing how China is emerging as a global wealth management centre as the number of wealthy Chinese expands every week.

Scott Watson-Brown, PwC Bermuda Asset and Wealth Management leader, comments:

“Confidence in the growth of the industry is high and CEOs are taking action to shape the future of their organisations. Although the survey shows signs of the AWM sector being slow to innovate and adapt, CEOs are acutely aware of the impact technology and their people strategy will have on their business. Alignment in these two areas will be imperative in unlocking the revenue growth that they foresee.”



CEOs five biggest concerns in the sector are the availability of key skills (71%), the speed of technological change (66%), changing customer behaviour (64%), lack of trust (61%) and cyber threats (59%).

Despite concern about technology's speed of change, CEOs believe it has had less of a transformative impact on the sector than other financial services areas, over the past twenty years. Just 53% believe technology has completely reshaped or significantly impacted competition in the sector, vs 74% of banking and capital market leaders. By contrast 77% of CEOs across financial services see technology doing the same again within five years, vs only 65% of AWM leaders.

Notes

1. 185 CEOs from 45 countries were surveyed between August and December 2016, as part of PwC's Global CEO Survey. For more information see www.pwc.com/ceosurvey.

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