



News release

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PwC report: Over-regulation and cyber risk top CEOs list of threats to banks, capital markets

Hamilton, Bermuda – Banking and Capital Markets CEOs have a renewed sense of optimism about their growth, while recognising that the challenges are large, the risk of disruption very real, and the pace of change increasing.

A PwC survey of 175 Banking & Capital Markets (BCM) CEOs across 54 countries shows 92% are optimistic about their growth prospects over the next three years, despite growing concerns over global economic growth, with only 43% expecting global economic growth to improve over the next 12 months, which is down from 56% in 2014.

The survey shows concerns about **over-regulation** have grown from 80% in 2014 to 89% in 2015. And the top potential business threat to growth was **cyber risk**, with 79% of BCM CEOs reporting their concern. Other perceived threats include speed of technological change (68%) and the shift in consumer spending behaviour (63%).

The findings are from the report ‘**Achieving Success While Managing Disruption**’, which forms part of PwC’s 18th Global Survey of over 1,300 CEOs globally.

Tom Miller, Managing Director, Assurance at PwC Bermuda, said: “This year’s survey findings are consistent with the priorities for our Banking and Capital Markets clients in Bermuda – finding growth in a challenging environment, driving productivity, and getting ahead of risk and regulatory management.”

Digital transformation

The survey further shows that the threat from new market entrants was 53%, up significantly from 32% in 2014. Moreover, BCM CEOs expect new competition to emerge from other industry sectors including technology (47%), communications (33%) and other areas of financial services (31%).

“New market entrants are attempting to disrupt existing models, largely by better-serving customer needs at distinct points of the value chain,” said Robert Sullivan, PwC’s global Banking & Capital Markets leader. “For example, crowdfunding – offering new lending and deposit opportunities, payments innovation – making transactions more convenient. They are using technology to provide a



better customer experience at a lower cost, unencumbered by a legacy infrastructure or business models.”

Key digital imperatives include cybersecurity (93% - with 76% citing this as being ‘very important’, far higher than the industry average of 53%). Given recent high-profile security breaches, this is not surprising.

93% of BCM CEOs see mobile technologies as being critical (more than the cross industry average of 81%), enabling the move from traditional branch-based engagement models to seamless multichannel models, as consumers increasingly shift their activity to mobile devices.

Notes to Editors:

PwC’s report ‘**Achieving Success While Managing Disruption**’, is based on the response from 177 Banking & Capital Markets CEOs in 54 countries. To see the full results of PwC’s 18th Annual Global Survey, please visit www.pwc.com/ceosurvey

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