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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