Banking and capital markets trends 2020: Laying the foundations for growth

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PwC’s 23rd Annual Global CEO Survey shows that the confidence of banking and capital markets (BCM) CEOs about their organisation’s growth prospects over the coming year has dipped markedly, even before the coronavirus pandemic. Three-year confidence is also low, but stronger than the 12-month outlook. These findings are broadly in line with sentiment among business leaders in the survey as a whole.

Source: PwC, 23rd Annual Global CEO Survey
Base: Banking and capital markets respondents (2020=312; 2019=235; 2018=188)
From customer experiences to outcomes

Customer experiences are BCM CEOs’ number one priority for the coming year. But customer outcomes are now the real differentiator. A more collaborative open architecture model could help firms chart a course for growth over the turbulent period ahead by enabling them to offer best-in-class products and services from inside and outside their portfolios.

Question
Which of the following opportunities in the financial services industry will you be prioritising and/or investing in over the next 12 months?

Customer experiences (including user interfaces): 72%
Cybersecurity: 49%
Core technology transformation: 39%

Source: PwC, 23rd Annual Global CEO Survey
Base: Banking and capital markets respondents (2020=312)
What’s keeping BCM CEOs awake at night?

Over-regulation and cyber threats top the list of BCM CEOs’ concerns for the third year in a row. They report that the increasing complexity of cyber threats is having the biggest impact on their cybersecurity strategy, followed by data privacy regulations. And BCM CEOs are very concerned about the pace of technological change.
Environmental, social and governance (ESG) factors

Climate change is emerging as a key reputational issue for BCM organisations. For more than half, it is also seen as an opportunity for product development and differentiation.

Question
How strongly do you agree or disagree with the following statements regarding climate change? (Showing only “Strongly agree” and “Agree” responses.)

- Our response to climate change initiatives will provide a reputational advantage for my organisation among key stakeholders, including employees
- Our stakeholders have reasonable expectations regarding our approach to climate change
- Climate change initiatives will lead to significant new product and service opportunities for my organisation
- My organisation has assessed the potential transition risks to a ‘greener’ economy
- My organisation has assessed the potential physical risks to future climate events
- My organisation will benefit from government funds or financial incentives for ‘green’ investments

Source: PwC, 23rd Annual Global CEO Survey
Base: Banking and capital markets respondents (2020=312)

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<thead>
<tr>
<th>Question</th>
<th>Agree</th>
<th>Strongly agree</th>
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<tbody>
<tr>
<td>Our response to climate change initiatives will provide a reputational advantage for my organisation among key stakeholders, including employees</td>
<td>69%</td>
<td>25%</td>
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<tr>
<td>Our stakeholders have reasonable expectations regarding our approach to climate change</td>
<td>67%</td>
<td>14%</td>
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<tr>
<td>Climate change initiatives will lead to significant new product and service opportunities for my organisation</td>
<td>56%</td>
<td>19%</td>
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<td>My organisation has assessed the potential transition risks to a ‘greener’ economy</td>
<td>51%</td>
<td>12%</td>
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<td>My organisation has assessed the potential physical risks to future climate events</td>
<td>47%</td>
<td>11%</td>
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<td>My organisation will benefit from government funds or financial incentives for ‘green’ investments</td>
<td>37%</td>
<td>9%</td>
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Most BCM organisations are making headway on digital upskilling, but less than 25% report significant progress in defining the skills needed to drive their future growth strategy.

Question
How much progress has your organisation made in the following areas related to upskilling? (Showing only “Significant progress” responses.)

- Implementing a diversity and inclusion strategy to attract a wide range of talent and ensure inclusiveness in how we work: 28%
- Building employee engagement through open communication on skills of the future: 26%
- Defining the skills needed to drive our future growth strategy: 24%
- Improving our workers’ and leaders’ knowledge of technology and its potential implications: 20%
- Establishing an upskilling programme that develops a mix of soft, technical and digital skills: 17%
- Collaborating with academic/government institutions on the skills needed for the future: 11%

Source: PwC, 23rd Annual Global CEO Survey
Base: Banking and capital markets respondents (N=312)
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For more information, please contact:

Peter Burns
Global Banking and Capital Markets Leader
Partner, PwC Australia
+61-2-8266-4726
peter.burns@pwc.com