

Financial services CEOs look to emerging markets to feed growth aspirations

LONDON, UK: Financial services companies need to look far beyond their domestic markets if they are to achieve their ambitious growth aspirations. This is according to the 14th annual PwC *Global CEO Survey*, which shows CEOs of financial services companies believe emerging markets are more important than developed markets to their organisation's future.



China tops the list of countries financial services CEOs are actively targeting as they look to offset the slow growth in their home markets. This is followed closely by Brazil, India and the US.

However, tapping into these markets may be more difficult than CEOs' confident growth predictions anticipate. Over a third (38%) of global financial services CEOs see the availability of key talent as a major threat to their plans. With talent in short supply, competition for recruitment is leading to high staff turnover and escalating salaries. These challenges will only mount as companies expand further, highlighting the need for a more strategic approach to training and nurturing talent locally.

Insurance

Insurance CEOs are upbeat about their company's prospects for the future, with over half (56%) very confident they will see revenue growth over the next three years. The majority of insurers are looking to invest in IT (49%) and product innovation (58%) to achieve these growth aspirations over the coming three years. In the longer term, 56% of insurance CEOs surveyed believe emerging markets will be the main driver of their revenue growth. A quarter said they expect their company to make a cross-border acquisition over the next 12 months, with Asia being the primary focus of attention.

David Law, global insurance leader at PwC, said: "It is good to see insurance CEOs so confident about the prospects for growth. In order to achieve these aspirations companies should look to differentiate themselves in new markets and through product innovation. Being able to tell an equity story while faced with tight margins and mounting regulation remains a continuing challenge."

Asset management

Asset management CEOs are the most optimistic financial services group in the survey. Much of this confidence stems from the huge potential created by an ageing global population and the increasing uncertainty over retirement income, which is forcing a greater readiness for people to put money aside. This is prompting asset managers to invest in new product development and customer relationship management, with over 50% of asset management CEOs saying they are stepping up product innovation.

Barry Benjamin, global asset management leader at PwC, said: "Asset management CEOs are feeling confident about the future, but the outlook is not all rosy. Customers are becoming savvier and more price-conscious, and regulation is an increasingly expensive burden which is exposing managers to greater investor and market scrutiny. To succeed in this market, firms will need to invest in new technology to control costs, improve efficiency and respond to evolving investor demands."

Banking

Banking CEOs are adjusting to a new landscape. Over a third (36%) of those surveyed said they have fundamentally adapted their company's strategy in the past two years, driven primarily by changing attitudes to risk. In future, banks will need to face the unprecedented rise in saving levels which is expected to become a permanent fixture. Western banks also face stronger competition from E7 emerging economies banks, both within emerging markets and increasingly on their own turf.

Robert Sullivan, global banking leader at PwC, said: "Banking CEOs recognise the world is changing and that their organisations will have to adapt. Changes in customer behaviour, the shift in global economic power and increasing government influence are not a temporary blip, and banks need to invest heavily in technology and innovation to respond to customers' new expectations."

Notes:

1. The 14th PwC Global CEO survey is based on 1200 interviews conducted from September to November 2010 with CEOs in 69 countries. 37% of CEOs polled lead companies with over US\$1bn annual revenues. The financial services data is based on 157 interviews with global financial services CEOs.

2. [Download the survey.](#)

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