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## SENTIMENT SLUMPS AS GROWTH EXPECTATIONS STALL

*Optimism among financial services firms fell sharply in the quarter to September, while total business volumes rose only moderately, reflecting a mixed performance across sectors. Building societies, finance houses and insurers reported rising demand for their services, while volumes were stable in banking and fell in investment management. Profits in the financial services sector as a whole were unchanged for a second successive quarter, with a similarly mixed picture across sectors. Looking ahead, expectations have generally softened since June. For the first time since 2009, firms expect no improvement in overall business volumes over the quarter ahead. Total employment is expected to remain stable in the three months to December, with banks and investment managers planning to reduce headcount. Firms' investment intentions for the year ahead have also cooled somewhat, though spending IT is still tipped to grow at a historically strong pace.*

### Mixed fortunes across sub-sectors

Optimism about the overall business situation in financial services fell further in the quarter to September, having declined in all but one quarter since the start of 2016. The deterioration of sentiment in banking and investment management was particularly widespread, while only finance houses reported an improvement in optimism.

Overall business volumes increased slightly in the three months to September, although the level of business dipped slightly below normal. However, conditions varied across the financial services sector. Whilst most sub-sectors reported rising business volumes—notably in insurance—activity in banking was stable for a second successive quarter and investment managers reported that volumes contracted, confirming a striking loss of momentum in the sector during 2018. Overall business volumes are expected to be stable over the quarter ahead.

Amid weak volumes growth and rising costs, profits in the sector as a whole were flat in the quarter to September, for a second successive quarter. Several sub-sectors saw profits fall, with investment managers reporting the steepest drop since the financial crisis. Overall profitability is expected to improve in the three months ahead, but to continuing declining in investment management.

### Skills shortages at a record high

Investment intentions for the year ahead cooled over the three months to September. Financial services firms plan to raise spending on marketing and IT, but they expect to cut back on capital spending in other areas. Respondents reported that investment spending would be motivated by a broad range of factors, with citations for regulatory compliance, efficiency & replacement, capacity expansion and the provision of new services all above average.

Almost half of firms said skill shortages could constrain business expansion in the year ahead—the highest share since the start of the survey in 1989. Three quarters of firms anticipated difficulties recruiting IT workers in the year ahead, while around one third expected skills shortages in compliance/audit and risk management/actuarial/claims. In response to recruitment difficulties, one quarter of firms are looking to shift how they advertise jobs, while a similar number will look to invest in artificial intelligence and automation.

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On recruitment strategies; skills shortages by roles; and the main influences on employment plans over the year ahead.

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### PAGE 15 INSURANCE BROKERS

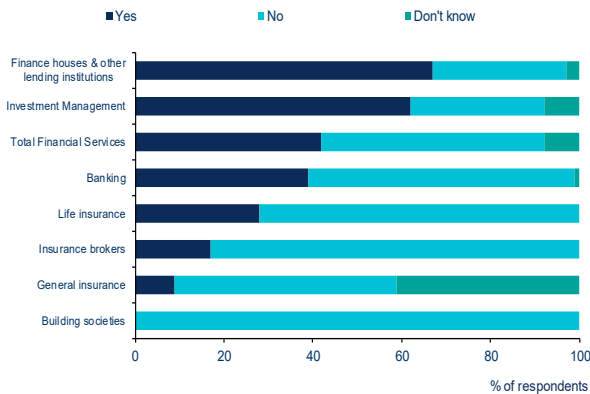
Sentiment was stable. Volumes improved and are tipped to rise at a similarly strong pace next quarter.

### PAGE 17 INVESTMENT MANAGEMENT

Optimism deteriorated sharply. Business volumes fell for the first time in three years, with modest growth expected next quarter.

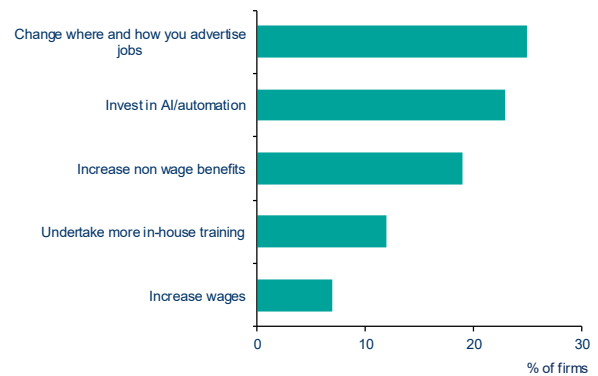
## SUPPLEMENTARY QUESTIONS

### Difficulties recruiting/retaining workers over past year



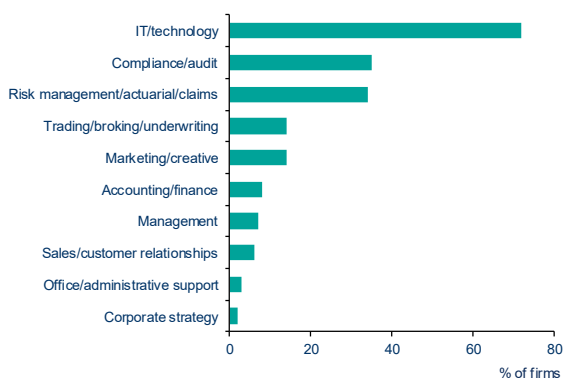
Overall, 42% of financial services firms reported that they had found it more difficult to recruit or retain workers over the past year, while 50% of firms said they had not. The greatest difficulties in recruiting/retaining workers were reported by finance houses & other lending institutions (67%) and investment managers (62%). One in four banks (39%) said they had found it more difficult to recruit/retain workers, while insurance firms and building societies appeared to be relatively unaffected.

### Responses to recruitment/retention challenge



In response to difficulties recruiting/retaining workers, around one quarter of firms said they would change where and how they advertise. However, significant numbers also foresee more strategic responses to skills shortages, such as investing in artificial intelligence or automation (23%), increasing non-wage benefits (19%) or undertaking more in-house training (12%).

### Expected skills shortages over the year ahead



Almost three-quarters of firms (72%) expect problems recruiting IT workers in the year ahead. This was the number one concern for life insurers (100%), investment managers (90%), finance houses (74%) and banks (73%). Building societies were marginally more concerned about difficulties recruiting risk managers (67%), while general insurers foresaw difficulties recruiting traders/brokers/underwriters (49%). Insurance brokers cited shortages of sales and customer relationship staff (72%) as their main concern.

### Factors affecting headcount over the year ahead



Overall, technology-driven efficiency gains (58%), business transformation (55%) and regulation (51%) are expected to be the most important factors driving changes in headcount over the year ahead. Only 23% of financial services firms said that demand for services would be important in driving changes to headcount, including half of general insurers, but just 2% of banks.

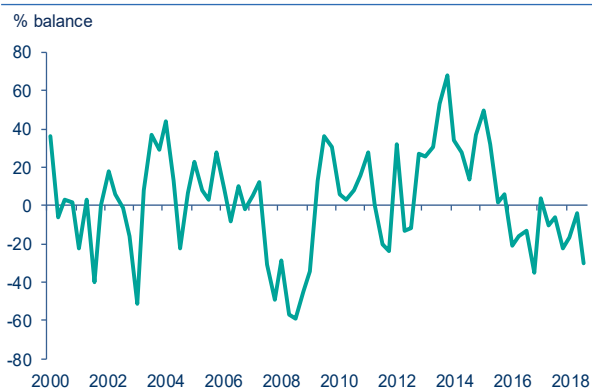
## OVERALL FINANCIAL SERVICES

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

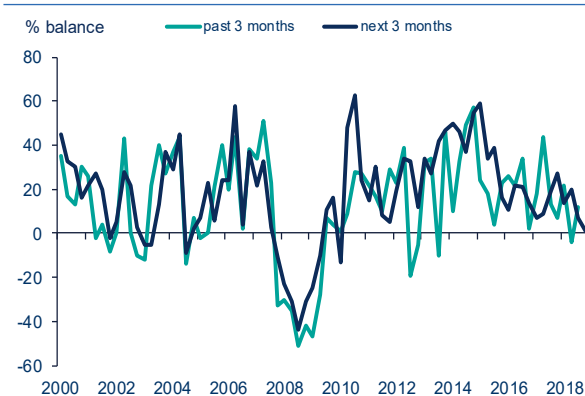
\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

### Q1 Optimism vs three months earlier



	Q1
Latest	-30
Previous	-4
Mean	+4

### Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+12	+1
Previous	-4	+7
Mean	+14	+20

### Value and volume of business

	Sep	Dec	2018 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	-6	-22	-17	-4	-30
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	+4	+5	+5	-1	-4
b) Your present level of business with overseas customers (above/below normal) is:	-4	-6	+6	-6	+3
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	+13	+7	+22	-4	+12
- next 3 months	+27	+14	+20	+7	+1
b) Value** of fee, commission or premium income					
- past 3 months	0	+7	+3	-4	+1
- next 3 months	+9	+17	+6	+12	-13
c) Value** of net interest, investment or trading income					
- past 3 months	+14	+10	+5	-3	-13
- next 3 months	+8	+18	+2	-8	+5

### Charges, costs and profitability

<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	-30	-29	+6	-12	+4
- next 3 months	-13	-23	+11	-9	+1
b) Average commissions/fees/ premiums paid					
- past 3 months	0	-6	0	-8	-1
- next 3 months	+15	-4	+5	-3	0
c) Total operating costs (excluding cost of funds)					
- past 3 months	+38	+32	+27	+4	+17
- next 3 months	+19	+50	+32	+2	+16
d) Average operating costs per transaction					
- past 3 months	+6	-1	+17	-4	+21
- next 3 months	-1	+21	+12	-10	+15
e) Value of non-performing loans					
- past 3 months	-17	+3	-5	+9	-11
- next 3 months	-2	+1	-2	+9	-6
g) Overall profitability of business					
- past 3 months	+13	+15	+33	+4	-1
- next 3 months	+42	+19	+20	+11	+16

### Employment and training

<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	-1	-5	+9	+24	+3
- next 3 months	+11	0	+24	+15	0
b) Training expenditure					
- past 3 months	+24	+42	+39	+25	+16
- next 3 months	+25	+29	+51	+17	+7

Marketing expenditure					
	Sep	Dec	Mar	Jun	Sep
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	+31	+40	+31	+20	+31
Capital expenditure					
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>					
a) Land and buildings	+8	-50	-28	+5	-18
b) Vehicles, plant & machinery	-1	-28	-17	-9	-15
c) Information technology	+68	+61	+37	+70	+49
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>					
To provide new services	65	40	50	72	63
To increase efficiency/speed	80	80	56	66	75
To reach new customers	41	30	43	28	44
For replacement	38	45	37	41	68
To expand capacity	46	61	25	34	57
Statutory legislation and regulation	70	36	52	61	66
Other	2	1	2	6	18
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>					
Inadequate net return on proposed investment	56	71	48	27	55
Shortage of finance	13	7	9	14	12
Cost of finance	10	3	9	9	9
Uncertainty about demand/business prospects	58	45	51	41	60
Shortage of labour including managerial & supervisor staff	30	30	25	40	26
Other	5	5	15	9	8
Business prospects					
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>					
Level of demand - Total	52	75	64	42	58
Staff turnover - Total	6	4	3	7	13
Availability of professional staff - Total	41	23	27	24	48
Availability of clerical staff - Total	6	5	6	10	15
Adequacy of systems capacity - Total	36	13	32	32	39
Ability to raise funds - Total	13	2	2	9	12
of which:					
Ability to raise capital - Total	12	8	3	12	14
Availability of wholesale funds - Total	7	2	4	21	11
Competition - Total	59	59	60	38	44
Statutory legislation and regulation - Total	70	72	43	60	52
Other - Total	1	3	14	7	16
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?</b>	+89	+41	+65	+49	+55
Growth					
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12 months?</b>					
<b>Organic growth activities:</b>					
Acquiring new customers	+49	+65	+55	+58	+52
Cross-selling to existing customers	+35	+48	+46	+49	+43
Launching new products/services	+47	+13	+24	+24	+41
<b>Inorganic growth activities:</b>					
Engaging in M&A transactions	+15	+5	-12	+9	-6
Forming strategic partnerships/alliances	+10	+33	+40	+46	+25
<b>Market focus for growth:</b>					
Increasing market share in domestic markets	+54	+55	+50	+49	+40
Increasing market share in international markets	+32	+8	+1	+4	+21
<b>Investment in enablers to growth:</b>					
Brand and advertising	+37	+14	+30	+1	+34
Sales force and distribution channels	+49	+43	+24	+31	+32
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+22	+23	+22	+33	+28
IT systems and applications	+60	+45	+80	+61	+62

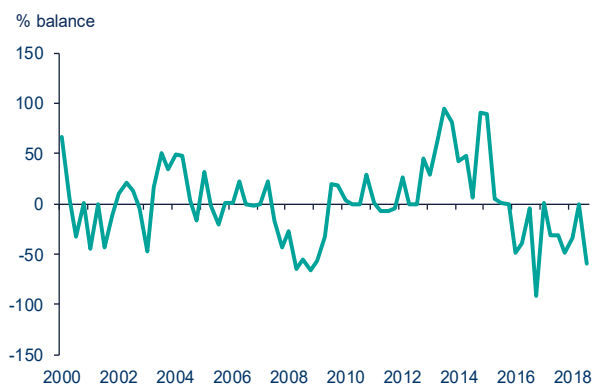
## BANKING

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

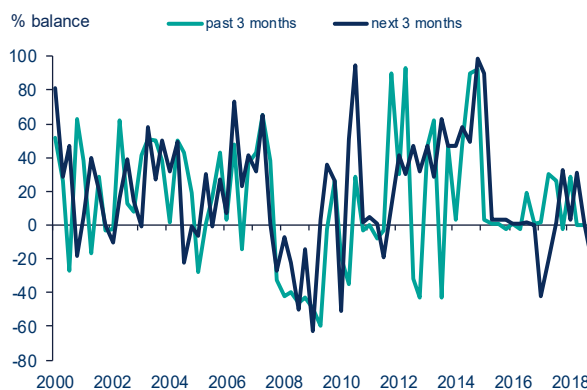
\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

## Q1 Optimism vs three months earlier



	Q1
Latest	-59
Previous	0
Mean	+2

## Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	0	-19
Previous	0	0
Mean	+14	+20

## Value and volume of business

	Sep	Dec	2018 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	-31	-48	-34	0	-59
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	+2	-2	0	0	-19
b) Your present level of business with overseas customers (above/below normal) is:	+2	-1	-1	-31	-2
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	+26	-2	+29	0	0
- next 3 months	+33	+3	+31	0	-19
b) Value** of fee, commission or premium income					
- past 3 months	-3	-2	-2	-1	-1
- next 3 months	+32	+2	-2	+1	-38
c) Value** of net interest, investment or trading income					
- past 3 months	+29	-4	-7	-1	-18
- next 3 months	+31	-1	-4	-30	+1

\*\* in sterling

## Charges, costs and profitability

<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	-61	-50	+27	-32	+17
- next 3 months	-31	-48	+27	-1	-1
b) Average commissions/fees/ premiums paid					
- past 3 months	-3	-3	-5	-2	-3
- next 3 months	+31	-1	-3	-1	-2
c) Total operating costs (excluding cost of funds)					
- past 3 months	+29	+50	+6	+3	+3
- next 3 months	-26	+96	+35	+3	+4
d) Average operating costs per transaction					
- past 3 months	+3	+5	+36	+1	+36
- next 3 months	+33	+50	+34	+3	+38
e) Value of non-performing loans					
- past 3 months	-28	+1	+1	+28	-18
- next 3 months	-1	+1	0	+28	-19
g) Overall profitability of business					
- past 3 months	+30	+1	+59	+2	0
- next 3 months	+63	0	+32	-1	+18

## Employment and training

<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	+1	0	+3	+31	-16
- next 3 months	-1	+3	+35	+1	-18
b) Training expenditure					
- past 3 months	+33	+95	+64	+33	+20
- next 3 months	+33	+50	+66	+3	+2

Marketing expenditure					
	Sep	Dec	Mar	Jun	Sep
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	+28	+47	-1	+2	+20
Capital expenditure					
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>					
a) Land and buildings	+1	-92	-63	-2	-55
b) Vehicles, plant & machinery	+1	-47	-33	-33	-37
c) Information technology	+65	+97	+1	+64	+59
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>					
To provide new services	62	3	33	96	76
To increase efficiency/speed	97	95	36	65	78
To reach new customers	31	3	31	2	39
For replacement	37	51	5	37	62
To expand capacity	30	93	4	33	75
Statutory legislation and regulation	97	7	69	99	79
Other	0	0	0	2	38
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>					
Inadequate net return on proposed investment	64	97	36	3	42
Shortage of finance	2	2	1	1	3
Cost of finance	1	3	3	3	2
Uncertainty about demand/business prospects	68	51	36	36	42
Shortage of labour including managerial & supervisor staff	4	4	4	33	4
Other	1	1	30	2	2
Business prospects					
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>					
Level of demand - Total	66	98	66	36	61
Staff turnover - Total	1	1	1	2	20
Availability of professional staff - Total	30	1	3	0	39
Availability of clerical staff - Total	0	0	1	0	19
Adequacy of systems capacity - Total	33	3	34	31	58
Ability to raise funds - Total	2	1	1	2	19
of which:					
Ability to raise capital - Total	1	4	2	3	22
Availability of wholesale funds - Total	2	1	6	32	20
Competition - Total	34	48	38	31	40
Statutory legislation and regulation - Total	99	98	39	97	60
Other - Total	1	1	30	1	20
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?</b>	+95	+6	+35	+35	+61
Growth					
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12 months?</b>					
<b>Organic growth activities</b>					
Acquiring new customers	+35	+97	+66	+65	+42
Cross-selling to existing customers	+32	+48	+62	+62	+22
Launching new products/services	+58	-4	-3	+32	+58
<b>Inorganic growth activities</b>					
Engaging in M&A transactions	+30	0	-31	+29	0
Forming strategic partnerships/alliances	0	+46	+63	+60	+19
<b>Market focus for growth</b>					
Increasing market share in domestic markets	+64	+92	+65	+32	+41
Increasing market share in international markets	+30	+2	-28	+2	+20
<b>Investment in enablers to growth</b>					
Brand and advertising	+1	0	+4	-30	+2
Sales force and distribution channels	+30	+46	+4	+31	+20
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	0	+3	+3	+30	+20
IT systems and applications	+63	+50	+96	+63	+78

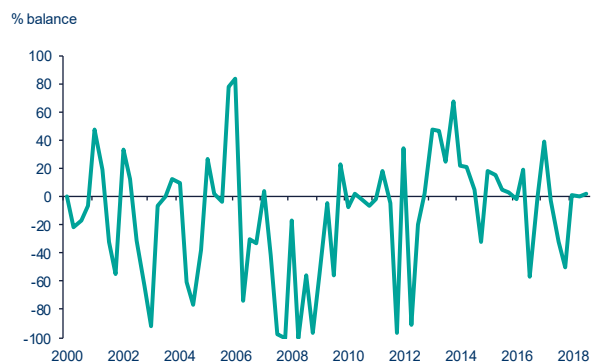
## BUILDING SOCIETIES

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

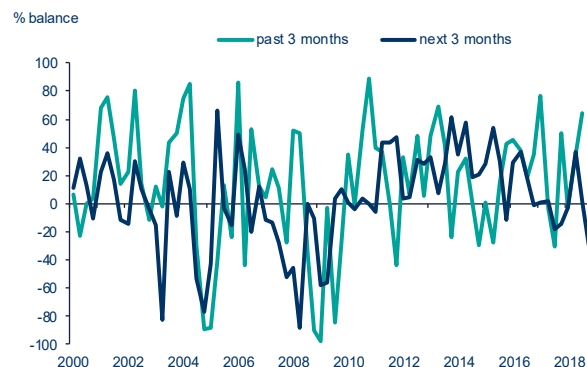
\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

### Q1 Optimism vs three months earlier



	Q1
Latest	+2
Previous	0
Mean	-6

### Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+64	-30
Previous	+35	+2
Mean	+11	+8

#### Value and volume of business

	Sep	Dec	2018 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	-32	-50	+1	0	+2
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	-16	+5	-36	+5	+3
b) Your present level of business with overseas customers (above/below normal) is:	0	0	0	0	0
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	-31	+50	-3	+35	+64
- next 3 months	-15	-3	+37	+2	-30
b) Value** of fee, commission or premium income					
- past 3 months	-32	-16	-34	-2	+5
- next 3 months	-15	-3	+6	-5	0
c) Value** of net interest, investment or trading income					
- past 3 months	-15	-45	+1	-32	-30
- next 3 months	-2	-23	+1	-30	+3

#### Charges, costs and profitability

	Sep	Dec	2018 Mar	Jun	Sep
<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	-60	-48	-65	-2	-30
- next 3 months	-19	-30	-5	-37	-33
b) Average commissions/fees/ premiums paid					
- past 3 months	-15	+2	-29	0	0
- next 3 months	+2	+2	+1	+28	0
c) Total operating costs (excluding cost of funds)					
- past 3 months	+34	+9	+37	+7	+3
- next 3 months	+35	+4	+1	+9	+38
d) Average operating costs per transaction					
- past 3 months	+37	+4	+32	+7	+3
- next 3 months	+20	+4	+1	+9	+8
e) Value of non-performing loans					
- past 3 months	-93	-45	-95	-61	-32
- next 3 months	-28	0	-32	-61	-32
g) Overall profitability of business					
- past 3 months	-45	-23	-3	0	-29
- next 3 months	-12	-25	+1	-5	-31

#### Employment and training

	Sep	Dec	2018 Mar	Jun	Sep
<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	-9	-48	+1	-26	+33
- next 3 months	-13	+4	+34	0	+1
b) Training expenditure					
- past 3 months	+19	+6	+34	+6	+4
- next 3 months	+24	+6	+34	+6	+3

Marketing expenditure					
	Sep	Dec	Mar	Jun	Sep
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	+2	+30	+34	+67	+67
Capital expenditure					
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>					
a) Land and buildings	-43	+21	+34	+35	+2
b) Vehicles, plant & machinery	-15	-7	+29	0	-2
c) Information technology	+9	+5	+3	+37	+33
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>					
To provide new services	35	48	39	37	32
To increase efficiency/speed	80	100	99	95	97
To reach new customers	35	70	63	68	67
For replacement	68	45	62	61	67
To expand capacity	65	45	92	65	92
Statutory legislation and regulation	93	70	94	32	32
Other	19	27	32	30	30
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>					
Inadequate net return on proposed investment	48	48	37	63	61
Shortage of finance	0	0	0	0	4
Cost of finance	0	0	3	0	0
Uncertainty about demand/business prospects	50	52	68	32	67
Shortage of labour including managerial & supervisor staff	50	45	62	35	30
Other	30	45	30	30	30
Business prospects					
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>					
Level of demand - Total	83	77	100	68	65
Staff turnover - Total	0	0	0	0	0
Availability of professional staff - Total	2	0	0	2	35
Availability of clerical staff - Total	0	0	0	0	0
Adequacy of systems capacity - Total	18	23	33	30	32
Ability to raise funds - Total	32	0	0	0	4
of which:					
Ability to raise capital - Total	30	0	0	0	0
Availability of wholesale funds - Total	17	0	0	0	0
Competition - Total	100	100	99	96	92
Statutory legislation and regulation - Total	65	75	99	33	61
Other - Total	15	23	30	30	30
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?</b>	+70	+30	+32	-24	-23
Growth					
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12 months?</b>					
<b>Organic growth activities</b>					
Acquiring new customers	+50	+30	+8	+39	+36
Cross-selling to existing customers	+30	+18	0	+32	+32
Launching new products/services	+35	+7	+34	+7	+6
<b>Inorganic growth activities</b>					
Engaging in M&A transactions	-15	+23	0	0	0
Forming strategic partnerships/alliances	+17	+23	+26	+30	+32
<b>Market focus for growth</b>					
Increasing market share in domestic markets	+37	+25	+34	+9	+2
Increasing market share in international markets	0	0	0	0	0
<b>Investment in enablers to growth</b>					
Brand and advertising	+20	+70	+64	+37	+92
Sales force and distribution channels	+55	+55	+34	+9	+6
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+50	+48	+64	+65	+32
IT systems and applications	+52	+52	+64	+98	+64



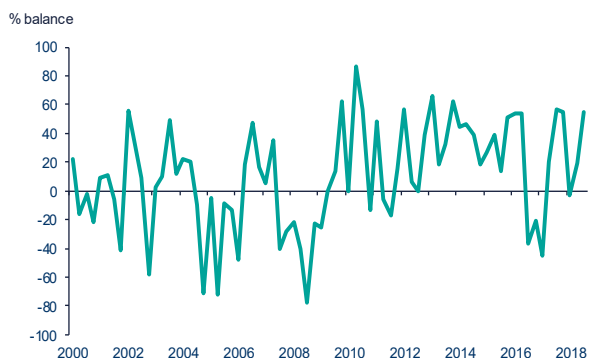
## FINANCE HOUSES

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

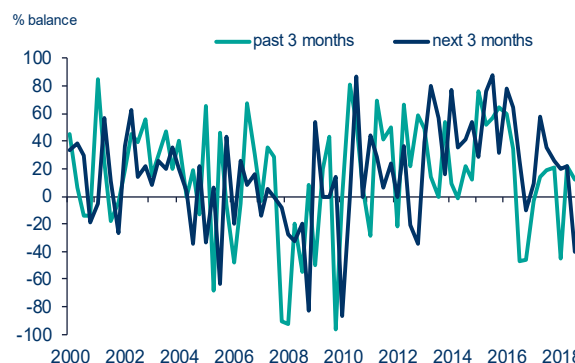
\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

### Q1 Optimism vs three months earlier



	Q1
Latest	+55
Previous	+19
Mean	+8

### Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+12	0
Previous	+22	-40
Mean	+14	+14

#### Value and volume of business

	2018				
	Sep	Dec	Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	+57	+55	-3	+19	+55
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	+56	+63	+51	+3	+64
b) Your present level of business with overseas customers (above/below normal) is:	-50	-57	+50	+54	+57
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	+19	+21	-45	+22	+12
- next 3 months	+26	+20	+22	-40	0
b) Value** of fee, commission or premium income					
- past 3 months	-1	+66	-45	+11	-45
- next 3 months	+9	+69	+66	+5	-45
c) Value** of net interest, investment or trading income					
- past 3 months	+2	+11	-9	+11	+10
- next 3 months	+9	+11	+17	+3	+6

\*\* in sterling

#### Charges, costs and profitability

<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	-7	+1	+9	0	-7
- next 3 months	+4	+65	+8	-3	+46
b) Average commissions/fees/ premiums paid					
- past 3 months	-5	+8	+8	-3	0
- next 3 months	+2	+11	-1	0	0
c) Total operating costs (excluding cost of funds)					
- past 3 months	+13	+15	+30	-33	+6
- next 3 months	+65	-38	+25	+74	-49
d) Average operating costs per transaction					
- past 3 months	+11	-38	+29	+23	+12
- next 3 months	+6	-35	+8	-50	-54
e) Value of non-performing loans					
- past 3 months	-7	+5	-40	-51	-45
- next 3 months	0	-49	+8	-3	+57
g) Overall profitability of business					
- past 3 months	+8	+14	+50	+3	+2
- next 3 months	+66	+74	+5	+11	+54

#### Employment and training

<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	+16	+24	+17	+12	+24
- next 3 months	+18	+20	+13	+15	+20
b) Training expenditure					
- past 3 months	+14	+15	+17	+69	+65
- next 3 months	+14	-35	+65	+16	+8

Marketing expenditure					
	Sep	Dec	Mar	Jun	Sep
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	-40	+74	+58	+70	+65
Capital expenditure					
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>					
a) Land and buildings	0	+9	-4	+2	+7
b) Vehicles, plant & machinery	-4	+1	+8	+5	0
c) Information technology	+66	+75	+74	+76	+77
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>					
To provide new services	72	85	83	74	79
To increase efficiency/speed	84	76	95	80	88
To reach new customers	76	83	79	77	81
For replacement	78	68	75	70	76
To expand capacity	9	20	14	25	24
Statutory legislation and regulation	70	72	83	71	70
Other	2	0	5	5	3
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>					
Inadequate net return on proposed investment	79	63	75	71	73
Shortage of finance	11	9	18	14	10
Cost of finance	5	3	17	11	13
Uncertainty about demand/business prospects	76	71	79	85	84
Shortage of labour including managerial & supervisor staff	61	57	67	67	72
Other	9	0	5	5	6
Business prospects					
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>					
Level of demand - Total	83	83	91	88	78
Staff turnover - Total	9	6	13	14	14
Availability of professional staff - Total	63	57	63	68	65
Availability of clerical staff - Total	58	57	63	65	60
Adequacy of systems capacity - Total	64	65	67	74	68
Ability to raise funds - Total	17	12	14	14	13
of which:					
Ability to raise capital - Total	12	20	22	17	9
Availability of wholesale funds - Total	11	19	21	14	9
Competition - Total	78	79	82	68	77
Statutory legislation and regulation - Total	80	68	79	70	74
Other - Total	5	0	0	11	8
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?</b>	+76	+76	+92	+70	+75
Growth					
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12 months?</b>					
<b>Organic growth activities</b>					
Acquiring new customers	+76	+77	+83	+86	+87
Cross-selling to existing customers	+19	+22	+29	+24	+37
Launching new products/services	+9	+19	+16	+10	+20
<b>Inorganic growth activities</b>					
Engaging in M&A transactions	-3	-6	-8	-6	-11
Forming strategic partnerships/alliances	+53	+67	+61	+62	+71
<b>Market focus for growth</b>					
Increasing market share in domestic markets	+83	+79	+70	+85	+85
Increasing market share in international markets	-2	0	0	+5	+6
<b>Investment in enablers to growth</b>					
Brand and advertising	+63	+66	+75	+76	+64
Sales force and distribution channels	+14	+21	+33	+26	+26
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+7	+17	+20	+20	+28
IT systems and applications	+65	+79	+74	+74	+82

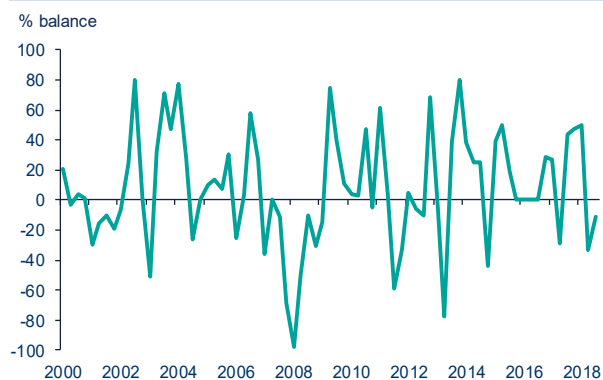
## LIFE INSURANCE

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

### Q1 Optimism vs three months earlier



	Q1
Latest	-11
Previous	-33
Mean	+6

### Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+56	-11
Previous	+33	+67
Mean	+18	+31

### Value and volume of business

	Sep	Dec	2018 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	+44	+47	+50	-33	-11
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	+44	+59	+50	0	+34
b) Your present level of business with overseas customers (above/below normal) is:	0	0	+50	+33	+11
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	+44	+47	+50	+33	+56
- next 3 months	0	+29	0	+67	-11
b) Value** of fee, commission or premium income					
- past 3 months	+44	+59	+50	-33	+22
- next 3 months	-44	+29	0	+33	-22
c) Value** of net interest, investment or trading income					
- past 3 months	+44	+59	0	-33	0
- next 3 months	-44	+59	0	+67	-44

### Charges, costs and profitability

<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	0	-29	-50	0	-22
- next 3 months	0	-59	-50	-67	0
b) Average commissions/fees/ premiums paid					
- past 3 months	0	0	+50	0	+12
- next 3 months	0	-29	+50	0	+12
c) Total operating costs (excluding cost of funds)					
- past 3 months	+44	+59	+50	0	+34
- next 3 months	+44	+71	0	-33	+34
d) Average operating costs per transaction					
- past 3 months	-44	-29	-50	-33	0
- next 3 months	-44	-18	-50	-67	0
g) Overall profitability of business					
- past 3 months	+44	+71	+50	-33	+56
- next 3 months	0	+12	+50	0	0

### Employment and training

<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	+87	+41	+50	0	+11
- next 3 months	+44	+11	+50	0	-11
b) Training expenditure					
- past 3 months	+44	+41	+50	-33	+11
- next 3 months	+50	+41	+50	0	-11

Marketing expenditure					
	Sep	Dec	Mar	Jun	Sep
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	+38	+71	+100	+33	+56
Capital expenditure					
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>					
a) Land and buildings	+82	-59	0	+33	-34
b) Vehicles, plant & machinery	-6	-29	0	0	0
c) Information technology	+88	+41	+100	+100	+12
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>					
To provide new services	88	71	100	100	56
To increase efficiency/speed	94	100	100	100	78
To reach new customers	0	29	50	67	56
For replacement	50	41	50	67	44
To expand capacity	50	88	50	67	34
Statutory legislation and regulation	6	59	0	33	56
Other	0	0	0	33	0
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>					
Inadequate net return on proposed investment	6	12	50	67	66
Shortage of finance	44	29	50	67	44
Cost of finance	44	0	50	67	22
Uncertainty about demand/business prospects	12	12	50	67	56
Shortage of labour including managerial & supervisor staff	44	59	100	100	34
Other	0	29	0	33	44
Business prospects					
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>					
Level of demand - Total	50	71	100	33	22
Staff turnover - Total	0	0	0	0	0
Availability of professional staff - Total	44	29	50	67	34
Availability of clerical staff - Total	0	0	0	0	0
Adequacy of systems capacity - Total	44	59	100	67	22
Ability to raise funds - Total	44	0	0	33	0
of which:				~	
Ability to raise capital - Total	44	29	0	33	22
Availability of wholesale funds - Total	0	0	0	33	0
Competition - Total	44	71	100	33	22
Statutory legislation and regulation - Total	50	41	50	67	44
Other - Total	0	0	0	0	44
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?</b>	+94	+29	+100	+67	+56
Growth					
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12 months?</b>					
<b>Organic growth activities</b>					
Acquiring new customers	+50	+59	+50	+33	+12
Cross-selling to existing customers	+50	+71	+100	+100	+66
Launching new products/services	+44	+59	+100	+100	+56
<b>Inorganic growth activities</b>					
Engaging in M&A transactions	+6	+41	+50	+33	-22
Forming strategic partnerships/alliances	+50	+41	+100	+100	+78
<b>Market focus for growth</b>					
Increasing market share in domestic markets	+44	0	0	+100	+12
Increasing market share in international markets	+44	+29	0	0	+11
<b>Investment in enablers to growth</b>					
Brand and advertising	+44	+29	+50	0	+56
Sales force and distribution channels	+44	+88	+50	+33	-11
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+88	+100	+100	+67	+12
IT systems and applications	+44	+29	+50	+67	+12

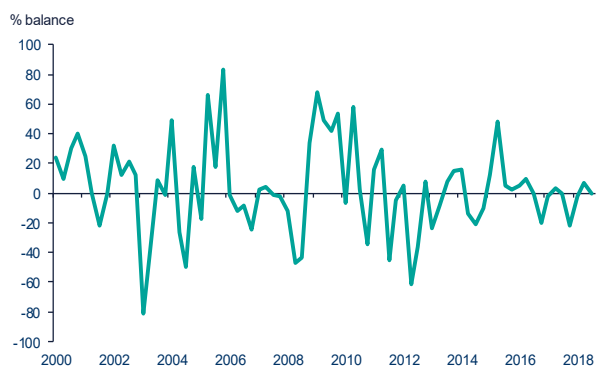
## GENERAL INSURANCE

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

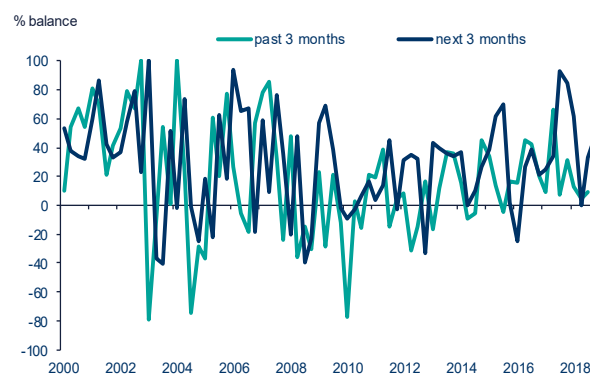
\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

### Q1 Optimism vs three months earlier



	Q1
Latest	0
Previous	+7
Mean	+1

### Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+9	+49
Previous	+5	+33
Mean	+11	+20

#### Value and volume of business

	Sep	Dec	2018 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	0	-22	-2	+7	0
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	+5	+2	+2	+7	+5
b) Your present level of business with overseas customers (above/below normal) is:	0	-27	0	+4	0
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	+7	+31	+13	+5	+9
- next 3 months	+85	+62	0	+33	+49
b) Value** of fee, commission or premium income					
- past 3 months	+6	+29	+10	+3	+11
- next 3 months	+7	+58	0	+32	+51
c) Value** of net interest, investment or trading income					
- past 3 months	0	+2	0	-2	-36
- next 3 months	0	+55	0	-5	+4

\*\* in sterling

#### Charges, costs and profitability

<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	0	-27	0	+24	0
- next 3 months	0	-25	0	0	+4
b) Average commissions/fees/ premiums paid					
- past 3 months	+4	+4	+8	+4	+2
- next 3 months	+4	+6	+8	+4	+2
c) Total operating costs (excluding cost of funds)					
- past 3 months	+88	+29	+95	-21	+44
- next 3 months	+96	+31	+90	-20	+44
d) Average operating costs per transaction					
- past 3 months	+9	0	+2	-23	+2
- next 3 months	+8	+2	+8	-24	+2
g) Overall profitability of business					
- past 3 months	-4	-2	+5	+24	-31
- next 3 months	+2	+60	0	+28	+7
<b>4.1 What has been the trend with regard to the value of insurance claims:</b>					
- past 12 months	+86	+64	+82	+88	+86
- next 12 months	+6	+8	+10	+9	+4

#### Employment and training

<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	+77	+5	+88	+2	+49
- next 3 months	+84	+37	+90	+4	+49
b) Training expenditure					
- past 3 months	+89	+8	+88	+30	+51
- next 3 months	+84	+7	+93	+32	+58

Marketing expenditure						
	Sep	Dec	Mar	Jun	Sep	
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	+86	+8	+98	+7	+11	
Capital expenditure						
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings	-3	-29	0	0	+5	
b) Vehicles, plant & machinery	-1	-25	-2	+29	+5	
c) Information technology	+93	+41	+85	+92	+56	
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>						
To provide new services	90	67	100	69	56	
To increase efficiency/speed	18	43	18	38	18	
To reach new customers	90	37	95	41	56	
For replacement	11	35	85	36	93	
To expand capacity	87	35	10	5	16	
Statutory legislation and regulation	6	6	5	8	54	
Other	3	0	0	0	2	
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>						
Inadequate net return on proposed investment	86	61	92	34	58	
Shortage of finance	2	2	5	4	11	
Cost of finance	2	2	5	3	11	
Uncertainty about demand/business prospects	90	61	87	62	93	
Shortage of labour including managerial & supervisor staff	8	35	5	34	18	
Other	0	2	5	0	2	
Business prospects						
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>						
Level of demand	- Total	18	39	15	36	51
Staff turnover	- Total	4	0	10	28	11
Availability of professional staff	- Total	83	61	87	63	56
Availability of clerical staff	- Total	2	4	12	30	9
Adequacy of systems capacity	- Total	4	4	10	33	9
Ability to raise funds	- Total	0	0	0	27	9
of which:						
Ability to raise capital	- Total	2	0	2	28	2
Availability of wholesale funds	- Total	2	0	2	27	2
Competition	- Total	89	70	95	61	89
Statutory legislation and regulation	- Total	4	10	10	31	49
Other	- Total	0	0	5	27	0
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12</b>	+88	+94	+92	+66	+92	
Growth						
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12</b>						
<b>Organic growth activities</b>						
Acquiring new customers	+90	+34	+87	+72	+96	
Cross-selling to existing customers	+10	+41	+18	+62	+56	
Launching new products/services	+84	+29	+88	+12	+51	
<b>Inorganic growth activities</b>						
Engaging in M&A transactions	+2	-4	-15	-46	-38	
Forming strategic partnerships/alliances	+6	-2	-10	+30	+6	
<b>Market focus for growth</b>						
Increasing market share in domestic markets	+86	+34	+95	+70	+49	
Increasing market share in international markets	+81	0	+80	+27	+42	
<b>Investment in enablers to growth</b>						
Brand and advertising	+82	+33	+90	+41	+52	
Sales force and distribution channels	+86	+59	+80	+66	+47	
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+5	+8	+5	+9	+9	
IT systems and applications	+86	+37	+98	+89	+94	

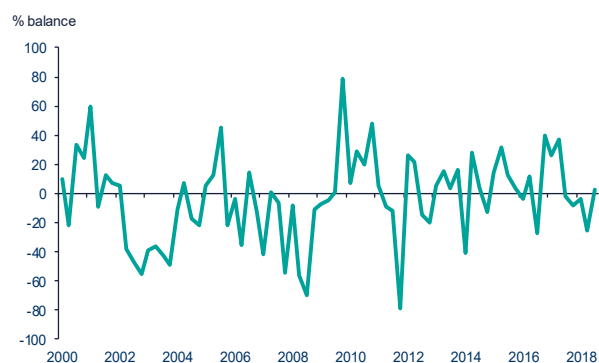
## INSURANCE BROKERS

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

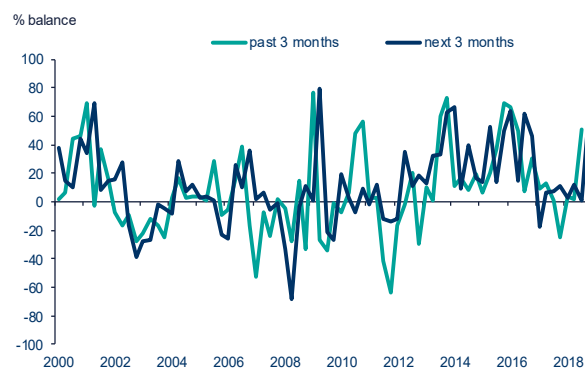
\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

### Q1 Optimism vs three months earlier



	Q1
Latest	+3
Previous	-25
Mean	-1

### Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+51	+55
Previous	+2	+1
Mean	+15	+18

#### Value and volume of business

	Sep	Dec	2018 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	-2	-8	-4	-25	+3
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	-5	-5	-4	+2	+48
b) Your present level of business with overseas customers (above/below normal) is:	0	-26	+4	0	+3
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	+1	-25	+4	+2	+51
- next 3 months	+11	+3	+12	+1	+55
b) Value** of fee, commission or premium income					
- past 3 months	+20	-16	-22	+6	+62
- next 3 months	+5	+15	+12	+6	+62
c) Value** of net interest, investment or trading income					
- past 3 months	+2	+17	0	-5	-3
- next 3 months	+2	0	0	-5	+3

\*\* in sterling

#### Charges, costs and profitability

	Sep	Dec	2018 Mar	Jun	Sep
<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	+2	0	0	-5	-3
- next 3 months	+2	+26	+4	+5	-3
b) Average commissions/fees/ premiums paid					
- past 3 months	0	-15	-21	+7	0
- next 3 months	+6	+14	+26	+7	+10
c) Total operating costs (excluding cost of funds)					
- past 3 months	-43	+6	+38	+24	+14
- next 3 months	-46	+9	-10	+34	+17
d) Average operating costs per transaction					
- past 3 months	-45	-19	+20	+16	+10
- next 3 months	-54	+9	+20	+17	+14
g) Overall profitability of business					
- past 3 months	+70	+62	+16	+64	+51
- next 3 months	+61	+26	+51	+56	+51

#### Employment and training

	Sep	Dec	2018 Mar	Jun	Sep
<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	-53	-5	+4	+27	+7
- next 3 months	+15	-1	+12	+42	+14
b) Training expenditure					
- past 3 months	+2	+8	+8	+15	+10
- next 3 months	+7	+39	+16	+23	+10

Marketing expenditure					
	Sep	Dec	Mar	Jun	Sep
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	+14	+4	+12	+16	+3
Capital expenditure					
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>					
a) Land and buildings	-4	-25	-26	-16	-3
b) Vehicles, plant & machinery	0	+3	0	+5	-7
c) Information technology	+13	-4	+24	+31	+7
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>					
To provide new services	73	74	34	49	72
To increase efficiency/speed	93	79	80	65	86
To reach new customers	16	77	24	41	69
For replacement	41	57	58	55	97
To expand capacity	84	22	50	49	76
Statutory legislation and regulation	84	23	29	41	76
Other	5	3	4	5	0
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>					
Inadequate net return on proposed investment	81	73	34	53	72
Shortage of finance	59	32	30	0	14
Cost of finance	5	3	4	0	7
Uncertainty about demand/business prospects	27	54	62	51	24
Shortage of labour including managerial & supervisor staff	18	11	20	3	14
Other	0	0	0	0	3
Business prospects					
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>					
Level of demand - Total	34	52	66	58	79
Staff turnover - Total	16	9	8	0	7
Availability of professional staff - Total	82	15	42	3	17
Availability of clerical staff - Total	14	6	8	0	7
Adequacy of systems capacity - Total	20	15	20	9	3
Ability to raise funds - Total	11	8	4	0	7
of which:					
Ability to raise capital - Total	5	3	4	0	7
Availability of wholesale funds - Total	5	3	4	0	3
Competition - Total	93	74	66	32	35
Statutory legislation and regulation - Total	29	56	62	28	35
Other - Total	0	5	0	0	7
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?</b>	+88	+49	+58	+53	+24
Growth					
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12 months?</b>					
<b>Organic growth activities</b>					
Acquiring new customers	+25	+60	+58	+45	+83
Cross-selling to existing customers	+14	+48	+46	+48	+62
Launching new products/services	+2	+14	+29	+24	+55
<b>Inorganic growth activities</b>					
Engaging in M&A transactions	-50	+3	+4	+21	+51
Forming strategic partnerships/alliances	-59	+57	+8	+30	+55
<b>Market focus for growth</b>					
Increasing market share in domestic markets	+11	+43	+4	+42	+65
Increasing market share in international markets	0	+20	0	+14	+51
<b>Investment in enablers to growth</b>					
Brand and advertising	+6	+6	-8	+13	-10
Sales force and distribution channels	+20	+15	+30	+29	+3
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+7	+32	+13	-1	-7
IT systems and applications	+14	+42	+38	+10	+10



## INVESTMENT MANAGEMENT

Survey number 116, September 2018

Conducted between 15th August and 10th September 2018

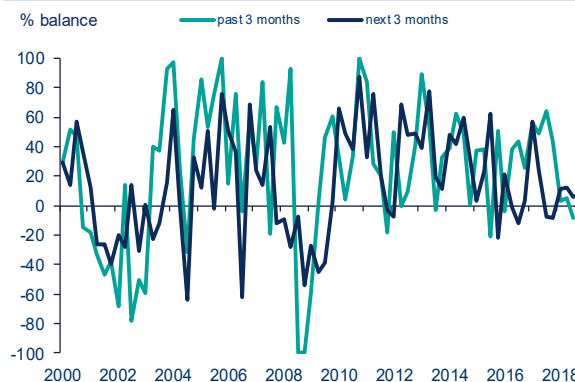
\* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

### Q1 Optimism vs three months earlier



	Q1
Latest	-62
Previous	+1
Mean	+16

### Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	-8	+8
Previous	+5	+6
Mean	+25	+17

#### Value and volume of business

	Sep	Dec	2018 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>	+28	+11	-15	+1	-62
<b>2 Excluding seasonal variations, do you consider that in volume terms:</b>					
a) Your present level of business (above/below normal) is:	+51	+28	-12	+5	-17
b) Your present level of business with overseas customers (above/below normal) is:	+4	0	-12	-1	0
<b>3 Excluding seasonal variations, what are the trends in:</b>					
a) Volume of business					
- past 3 months	+64	+44	+3	+5	-8
- next 3 months	-8	+11	+12	+6	+8
b) Value** of fee, commission or premium income	+45	+39	-40	+28	-54
- past 3 months	+45	+39	-40	+28	-54
- next 3 months	-4	+23	+43	+28	-37
c) Value** of net interest, investment or trading income	-25	+28	+28	-4	+8
- past 3 months	-25	+28	+28	-4	+8
- next 3 months	-1	+28	+28	-11	0

#### Charges, costs and profitability

<b>4 Excluding seasonal variations, what are the trends for:</b>					
a) Average spreads					
- past 3 months	-26	0	0	0	+17
- next 3 months	0	+39	+30	0	+8
b) Average commissions/fees/ premiums paid	+15	-17	-52	-44	-17
- past 3 months	+15	-17	-52	-44	-17
- next 3 months	+22	-22	-12	-6	-8
c) Total operating costs (excluding cost of funds)	+43	+51	+30	+11	+70
- past 3 months	+43	+51	+30	+11	+70
- next 3 months	+43	+39	+30	-6	+78
d) Average operating costs per transaction	-28	+11	+30	-37	0
- past 3 months	-28	+11	+30	-37	0
- next 3 months	-28	+23	+15	-17	+8
e) Value of non-performing loans	-3	+11	+15	+6	0
- past 3 months	-3	+11	+15	+6	0
- next 3 months	0	0	0	+6	0
g) Overall profitability of business	+61	+28	-28	+17	-49
- past 3 months	+61	+28	-28	+17	-49
- next 3 months	+42	+34	-12	+10	-45

#### Employment and training

<b>5 Excluding seasonal variations, what are the trends in:</b>					
a) Numbers employed					
- past 3 months	+25	+15	+25	+65	+21
- next 3 months	+21	-8	+33	+30	-24
b) Training expenditure	+39	+16	+13	+43	+7
- past 3 months	+39	+16	+13	+43	+7
- next 3 months	+32	+16	+13	+18	0

Marketing expenditure					
	Sep	Dec	Mar	Jun	Sep
<b>6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS</b>	+69	+11	+15	+38	+8
Capital expenditure					
<b>7 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>					
a) Land and buildings	+64	+11	+25	-22	+17
b) Vehicles, plant & machinery	+39	0	0	-6	0
c) Information technology	+86	+44	+40	+50	+37
<b>8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*</b>					
To provide new services	82	72	45	35	8
To increase efficiency/speed	92	55	72	83	92
To reach new customers	71	49	40	25	33
For replacement	61	28	12	27	70
To expand capacity	71	23	40	39	33
Statutory legislation and regulation	82	83	43	36	78
Other	10	0	0	6	0
<b>9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*</b>					
Inadequate net return on proposed investment	82	66	32	19	70
Shortage of finance	61	11	12	23	8
Cost of finance	58	11	12	12	8
Uncertainty about demand/business prospects	76	39	52	30	25
Shortage of labour including managerial & supervisor staff	65	67	70	34	75
Other	32	0	0	6	8
Business prospects					
<b>10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*</b>					
Level of demand - Total	89	61	57	54	75
Staff turnover - Total	51	45	0	18	8
Availability of professional staff - Total	55	34	28	44	25
Availability of clerical staff - Total	23	23	0	18	8
Adequacy of systems capacity - Total	51	11	12	24	8
Ability to raise funds - Total	58	11	0	12	0
of which:					
Ability to raise capital - Total	58	39	0	6	0
Availability of wholesale funds - Total	51	11	0	6	0
Competition - Total	86	72	70	34	17
Statutory legislation and regulation - Total	86	84	70	42	17
Other - Total	0	17	0	6	17
<b>10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?</b>	+68	+89	+88	+57	+20
Growth					
<b>11 Relative to the past 12 months, how important do you think the following elements will be to your organisation's growth strategy over the next 12 months?</b>					
<b>Organic growth activities</b>					
Acquiring new customers	+71	+33	+28	+42	+17
Cross-selling to existing customers	+52	+61	+15	+3	+17
Launching new products/services	+51	+56	+10	-25	0
<b>Inorganic growth activities</b>					
Engaging in M&A transactions	+29	-23	-12	-2	-12
Forming strategic partnerships/alliances	-13	+5	-3	-6	+8
<b>Market focus for growth</b>					
Increasing market share in domestic markets	+49	+11	+15	+51	+8
Increasing market share in international markets	+7	+23	+12	-13	+8
<b>Investment in enablers to growth</b>					
Brand and advertising	+71	-5	0	+15	+25
Sales force and distribution channels	+42	+28	0	+13	+62
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+27	+23	+30	+41	+54
IT systems and applications	+27	+23	+55	+36	+17

## FURTHER INFORMATION

### Economic intelligence

The CBI economic intelligence team takes advantage of the CBI's diverse contacts with British business to build up an accurate assessment of the latest developments in the UK and international economy. Widely acknowledged for their professional standards, the teams' work is vital since government statistics, where available, are often slow to be published and are subject to revision. Apart from the quarterly UK economic outlook and International business outlook, the teams publish the unique CBI business surveys, covering manufacturing, distribution, consumer, business & professional services, financial services and SMEs. All results are carefully scrutinised and discussed by business people and economists before publication.

### Publications and services

TITLE		CBI MEMBERS		NON-MEMBERS	
		Annual issue	Single subscription	Annual issue	Single subscription
<b>Subscription</b>					
CBI biannual international economic outlook	(2 issues)	FREE	FREE		
CBI biannual UK economic outlook	(2 issues)	FREE	FREE		
CBI industrial trends survey full results book	(4 issues)	£285	£75	£495	£130
CBI industrial trends survey (monthly & quarterly combined) full results book	(12 issues)	£435	£45	£695	£65
CBI industrial trends survey	(4 issues)	£235	£60	£395	£100
CBI/PricewaterhouseCoopers financial services survey	(4 issues)	£210	£60	£360	£95
CBI distributive trades survey	(12 issues)	£385	£30	£460	£45
CBI service sector survey	(4 issues)	£210	£60	£360	£95

### Subscriptions and further information

To subscribe to any of these publications, or to receive more detailed data from this survey please contact:

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### Participation

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### Sample sizes and weights

Survey 116, September 2018	Number of respondents	Sample weight
Banking	19	0.40
Building societies	7	0.05
Finance Houses	17	0.05
Life insurance	5	0.11
General insurance	9	0.16
Insurance brokers	15	0.05
Investment management	8	0.05
Securities trading; stockbroking	2	0.08
Private equity (ex venture capital)	4	0.00
Other financial institutions	14	0.05
<b>Total</b>	<b>100</b>	<b>1.00</b>

### Sectors covered, by Standard Industrial Classification

Financial service activities:

SIC 64.19/1, 64.19/2, 64.2, 64.3 64.91, 64.92

Insurance, pension funding & other:

SIC 65.11, 65.12, 65.3, 66

Insurance, excluding social security

SIC 82



## ADVISING FINANCIAL SERVICES ORGANISATIONS

PwC LLP is proud to support the financial services industry through our involvement with the CBI/PwC Financial Services Survey. No other survey so comprehensively and immediately identifies the current perceptions held by the industry and its plans for investment, human resources, marketing and other strategic developments.

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## PWC CONTACT DETAILS

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UK Financial Services:	Andrew Kail	Insurance:	Jim Bichard
Investment Management:	Elizabeth Stone	Banking:	Isabelle Jenkins
Building Societies:	Nick Elliott	Financial Regulation:	George Stylianides

## THE CBI/PWC FINANCIAL SERVICES SURVEY

This survey was launched in December 1989 and draws on the CBI's considerable expertise in survey analysis. It is one of the CBI's regular business trends surveys, standing together with the long established Industrial Trends Survey, the more recent Distributive Trades Survey and the survey of Consumer, Business and Professional Services launched in 1998.

The survey covers a broad range of financial services activities, including banks, finance houses, securities traders, fund managers and the insurance industry. It offers a unique and up-to-date insight into the recent trends and future prospects for these industries.

Modelled on the CBI's Industrial Trends Survey, the survey is based on a qualitative rather than quantitative approach. Firms are asked a number of questions, covering: the trend for the past three months in the value and volume of business, charges, costs, profits, employment and training; the expected trend in these indicators over the next three months; factors likely to limit the ability to expand business over the year ahead; whether firms have become more or less optimistic about the situation in their sector; whether they regard the level of business as above or below 'normal'; investment intentions over the coming year; the reasons for such planned expenditure; and the likely constraints on it.

The survey responses are weighted according to the size of the company and the importance of its activity within the industry. Responses are treated in absolute confidence, with replies being made anonymously where desired.

The survey results are reported in a similar way to other CBI surveys and often use the 'balance' statistic – the difference between the percentage of respondents replying 'more', 'above normal' or 'up' minus the percentage replying 'less', 'below normal', or 'down'. The 'balance' provides a simplified method of interpreting the results and over a period of time the trend in the balance gives a good indication of the trend in the economic indicator.

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