News release

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| *Date* | **Embargoed until: 00.01, 20 February 2017** |
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**Asset & Wealth Management confidence high but slow adoption of technology change could threaten growth**

* *65% say technology will impact or reshape competition within five years*
* *Only 10% are prioritizing improving digital skills and capabilities.*

Confidence in the 12 month and three year outlook for revenue growth in asset and wealth management has grown again, with almost two thirds (64%) of the industry planning recruitment.

In PwC’s annual survey of the sector’s CEO’s views on the outlook for the industry, 92% are confident or very confident about the growth outlook over the next 12 months, higher than the average across financial services sector (86%).

185 CEOs from 45 countries were surveyed, revealing an industry that’s confident about its growth, yet shows signs it is slow to innovate and adapt to opportunities in the sector including technology. Only 10% of AWM CEOs plan to strengthen their digital capabilities, compared with 23% across Financial Services, despite two thirds of CEOs being concerned about the speed of technological change as a threat to growth.

The majority of business leaders in the sector plan to increase their workforce (64%) in the year ahead, higher than other segments in the Financial Services sector. 68% admit they have already changed their people strategy to recruit, develop and retain the skills needed in the future.

Amongst the key growth strategies identified:

* Strategic alliances, joint ventures, and mergers and acquisitions are amongst the corporate activities CEOs plan to drive profitability.
* 62% of AWM CEOs say it has become more difficult to gain and key trust in the sector, reflecting a financial services wide concern about falling levels of trust in business.
* Only 27% of CEOs looking to collaborate with entrepreneurs or startups, the report warns that the results point to the sector’s reluctance to innovate. By comparison, 31% of Banking CEOs and 37% of Insurance leaders plan to do so, where strategies including working with FinTech companies to develop new products and business models may transform their sectors.
* OECD economies are viewed as the most important for the sector’s growth in 2017. This year’s responses showed a big shift towards the US as a key market, with over half (54%) judging it to be the most important market outside their home market, vs 39% last year.
* Focusing on the financial centres that are most important for the sector’s growth, CEOs put New York top. Beijing, ties with London for second, showing how it is emerging as a global wealth management centre as the number of wealthy Chinese expands every week.

Barry Benjamin, Global Asset and Wealth Management Leader, PwC comments:

“Confidence is high, but the sector is showing signs of being slow to innovate and adapt – particularly to technology and demographics. There are likely to be more mergers, not only because firms are seeking distribution power and scale but also as some seek to break into new markets through buying talent.”

CEOs five biggest concerns in the sector are the availability of key skills (71%), the speed of technological change (66%), changing customer behaviour (64%), lack of trust (61%) and cyber threats (59%).

Despite concern about technology’s speed of change, CEOs believe it has had less of a transformative impact on the sector than other financial services areas, over the past twenty years. Just 53% believe technology has completely reshaped or significantly impacted competition in the sector, vs 74% of banking and capital market leaders. By contrast 77% of CEOs across financial services see technology doing the same again within five years, vs only 65% of AWM leaders.

Barry Benjamin, Global Asset and Wealth Management Leader, PwC comments:

“The sector has a dramatic need to drive technology adoption, global expansion, and recruit new talent. Their responses to issues on technology beg the question is the sector preparing fast enough?”

N**otes**

1. 185 CEOs from 45 countries were surveyed between August and December 2016, as part of PwC’s Global CEO Survey. For more information see [www.pwc.com/ceosurvey](http://www.pwc.com/ceosurvey).

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