

Embargo: 00:01hrs 29 January 2018

FINANCIAL SERVICES FIRMS END 2017 ON A STABLE FOOTING

Sentiment in financial services deteriorated in the quarter to December, rounding off two years of flat or falling optimism. Growth in overall business volumes slowed for a second consecutive quarter, and with costs rising briskly, growth in profits remained fairly moderate. However, this subdued picture was not pervasive across the sector, with finance houses, life insurers and investment managers reporting rising optimism amid robust demand conditions. Looking ahead, demand and profitability in the financial services sector as a whole are expected to strengthen a little in the quarter to March. However, uncertainty over the strength of demand has increased to its highest in two years. Against this backdrop, firms became more cautious over hiring during the latter half of 2017, with headcount declining slightly in the quarter to December and expected to remain stable next quarter. Investment intentions remain mixed.

Conditions remain buoyant in parts of the industry

Although growth in overall business volumes slowed in the quarter to December, conditions varied across the sector. Volumes were unchanged in banking, following two quarterly increases. Building societies reported that volumes rebounded, after falling in the previous quarter. Meanwhile, providers of specialist finance, life and general insurance, and investment management continued to report robust growth. And while the overall level of business across financial services was seen as fairly typical, finance houses, life insurers and investment management firms reported that the level of business remained well above normal. Looking ahead, overall business volumes are expected to pick up a little next quarter, with a similarly mixed picture across sectors.

Costs pressures continue to build

Financial services firms reported a modest rise in incomes in the quarter to December, though a stronger rise is expected next quarter. Total operating costs increased at a rapid pace for a second successive quarter, and average costs were stable despite rising volumes. Profitability improved, but at a modest pace. Expectations for future increases in both total and average costs were their strongest for two-and-a-half years, driven by banks and investment managers in particular.

Against this backdrop, firms have become more cautious over hiring and investment. Having dipped in the quarter to December, headcount is expected to remain flat next quarter. Growth in marketing expenditure is expected to accelerate and investment in IT is tipped to rise at a rapid pace. However, firms plan to cut back in other areas of capital spending. Efficiency improvements remain the most important driver of investment, though the share of firms looking to expand capacity also rose. The main brake on investment spending remains inadequate net returns, with citations well above average and rising to the highest since 2015.

Three-quarters of firms saw the level of demand as a brake on business expansion in the year ahead, the highest share in over two years.

Alongside this, a similar number saw statutory legislation and regulation as a constraint to business growth.

Meanwhile, the importance of developing new products and services has diminished, with growth strategies more focussed on acquiring new customers, aided by a focus on sales and distribution.

Sponsored by:



pwc

CONTENTS

PAGE 2 SUPPLEMENTARY QUESTIONS

On financial market conditions; risks to the UK's global competitiveness and role as an innovation & FinTech hub; and responsibility for financial literacy.

PAGE 6 BANKS

Optimism fell, with business volumes flat and expected to remain stable next quarter.

PAGE 9 BUILDING SOCIETIES

Sentiment deteriorated. Business volumes rebounded, but are expected to remain stable.

PAGE 11 FINANCE HOUSES

Volumes increased at a steady pace, with the level of business seen as comfortably above normal.

PAGE 14 LIFE INSURANCE

Volumes and profits rose briskly, but growth is expected to slow on both fronts next quarter.

PAGE 17 GENERAL INSURANCE

Optimism fell despite a solid increase in volumes, with a further rise in activity expected next quarter.

PAGE 19 INSURANCE BROKERS

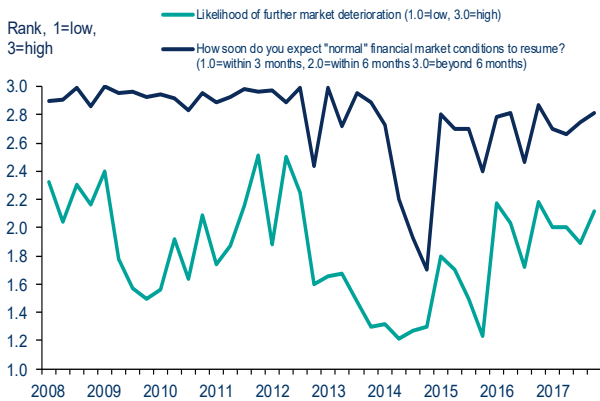
Optimism dipped as volumes fell for the first time in five years, with little change expected.

PAGE 22 INVESTMENT MANAGEMENT

Volumes continue to grow at a robust pace, but for a third quarter running expectations remain subdued.

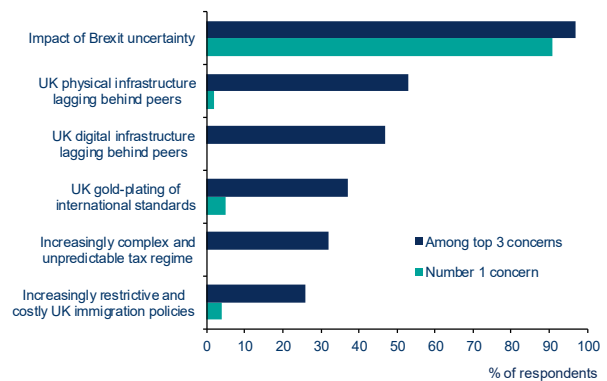
SUPPLEMENTARY QUESTIONS

Perceptions of financial market conditions



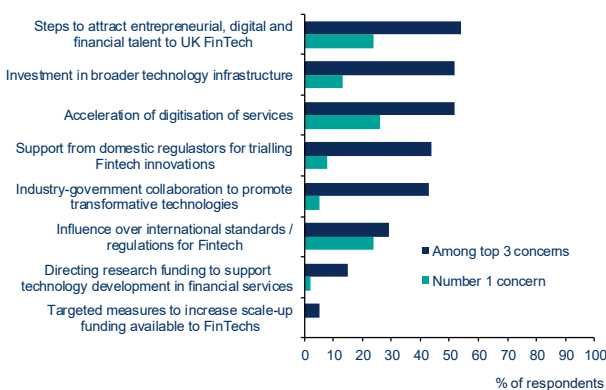
Concerns over a deterioration in financial market conditions ticked up towards the end of 2017. While just 17% of financial services firms assigned a low likelihood to a worsening in financial market conditions over the next six months, 29% thought there was a high likelihood, up from 6% in the previous quarter. A large majority of firms (86%) believe that “normal” financial market conditions will only resume beyond six months.

Risks to the UK’s position as a global financial centre



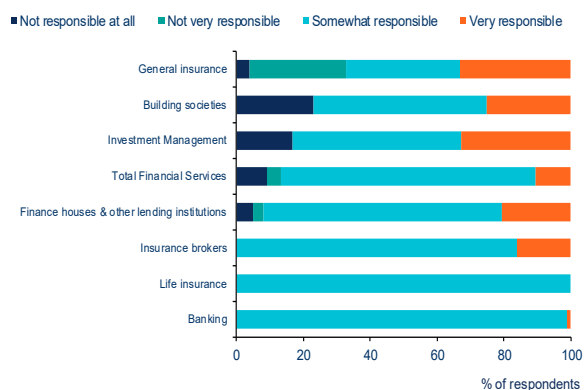
2018 brings several challenges for the financial services sector. Most striking is Brexit, with virtually all firms viewing the impact of Brexit uncertainty as the most serious threat to the UK’s position as a leading global financial centre. Companies are also concerned about other areas that threaten the UK’s global competitiveness, with half citing the perception that the quality of the UK’s physical and digital infrastructure lagged behind other advanced economies, and around a third pointing to an increasingly complex tax regime and the gold-plating of international standards as a risk to the UK’s global standing.

Actions needed to protect innovation & FinTech



Financial services firms see the need for a broad range of actions to ensure that the UK remains a leading FinTech and innovation centre. Among the chief concerns are the need to attract talent, accelerate the digitalisation of services and ensure sufficient investment in technology infrastructure. Firms also see an important role for regulators and government collaboration. Accessing talent was a particular concern investment managers, general insurance and finance houses. Meanwhile, banks are preoccupied with promoting the digitalisation of services and influencing global standards.

Firms’ responsibility for improving financial literacy



A majority of firms in all sectors of the financial services industry see themselves as bearing some responsibility for improving the financial literacy of their customers, with 84% of all firms seeing themselves as being either somewhat or very responsible. However, opinion was more polarised in some sectors—general insurance, building societies and investment management—where some firms believed they had relatively little or no responsibility. Overall, financial services firms believed that government has an important role to play (55%), alongside professional or sector bodies (35%), as well as customers themselves (18%).

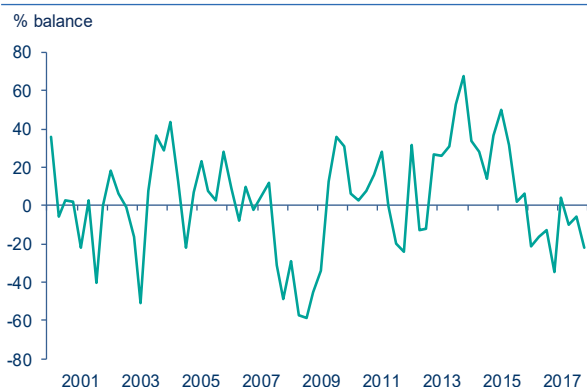
OVERALL FINANCIAL SERVICES

Survey number 113, December 2017

Conducted between 14th November and 11th December 2017

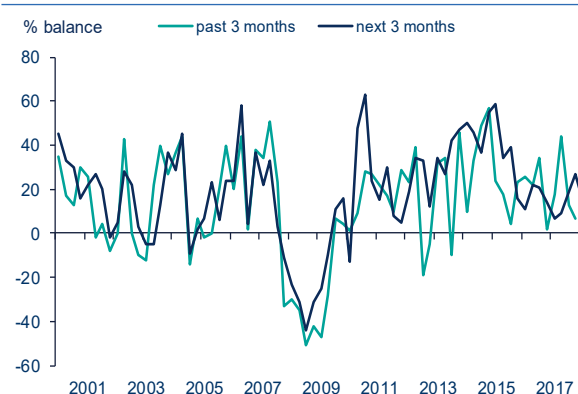
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



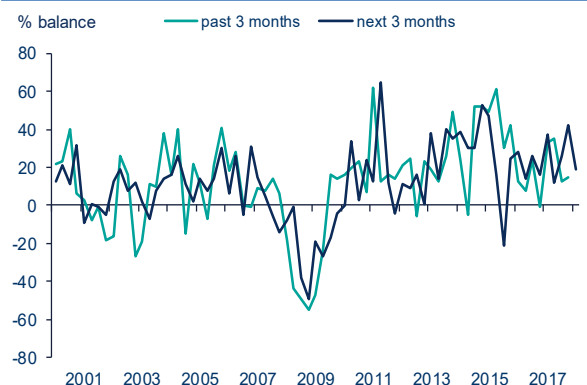
	Q1
Latest	-22
Previous	-6
Mean	+5

Q3a Trend in volume of business



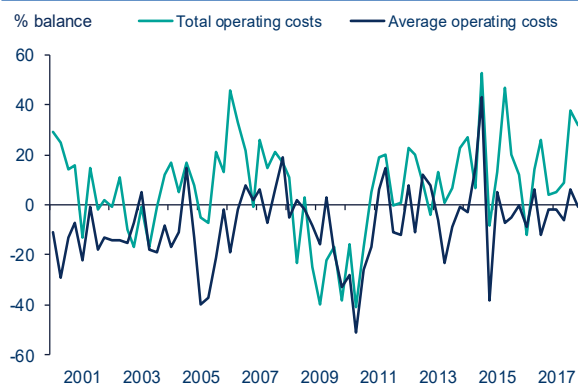
	Q3a: Past	Q3a: Next
Latest	+7	+14
Previous	+13	+27
Mean	+14	+20

Q5g Trend in overall profitability



	Q5g: Past	Q5g: Next
Latest	+15	+19
Previous	+13	+42
Mean	+13	+14

Q5c&d Total & average costs (past three months)



	Q5c: Past	Q5d: Past
Latest	+32	-1
Previous	+38	+6
Mean	+7	-10

Value and volume of business

	2017				
	Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-35	+4	-10	-6	-22
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:					
a) Your present level of business (above/below normal) is:	-4	0	+6	+4	+5
b) Your present level of business with overseas customers (above/below normal) is:	-6	-15	-16	-4	-6
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+2	+18	+44	+13	+7
- next 3 months	+7	+9	+19	+27	+14
b) Value** of fee, commission or premium income					
- past 3 months	-9	+17	+39	0	+7
- next 3 months	-3	+6	+9	+9	+17
c) Value** of net interest, investment or trading income					
- past 3 months	-1	+6	+17	+14	+10
- next 3 months	-18	+8	+2	+8	+18

** in sterling

		Dec	2017 Mar	Jun	Sep	Dec
4 What is the trend in your 'volume of business' with regard to the following categories of customer:						
a) Industrial & commercial companies	- past 3 months	+21	+25	+38	+18	+21
	- next 3 months	+38	+29	+22	+13	+20
b) Financial institutions	- past 3 months	+11	-3	+3	+21	+6
	- next 3 months	+9	+2	0	+21	+8
c) Private individuals	- past 3 months	-4	+12	+26	-2	-16
	- next 3 months	+18	+27	+26	+8	-13
d) Overseas customers (UK-based operations)	- past 3 months	+3	+10	-13	+5	-19
	- next 3 months	+6	+10	0	0	-15
Charges, costs and profitability						
5 Excluding seasonal variations, what are the trends for:						
a) Average spreads	- past 3 months	-45	-11	-20	-30	-29
	- next 3 months	-4	-10	-5	-13	-23
b) Average commissions/fees/ premiums paid	- past 3 months	-6	+4	-13	0	-6
	- next 3 months	-15	+8	-4	+15	-4
c) Total operating costs (excluding cost of funds)	- past 3 months	+4	+5	+9	+38	+32
	- next 3 months	-11	+8	+14	+19	+50
d) Average operating costs per transaction	- past 3 months	-2	-2	-6	+6	-1
	- next 3 months	-27	-10	+4	-1	+21
e) Value of non-performing loans	- past 3 months	-20	-16	-18	-17	+3
	- next 3 months	-22	-6	-15	-2	+1
of which:						
Retail	- past 3 months	-23	-14	-18	-15	+1
	- next 3 months	-22	-6	-15	-2	+1
Corporate	- past 3 months	-21	-7	-17	-3	-2
	- next 3 months	-20	+4	-13	-1	-4
g) Overall profitability of business	- past 3 months	-1	+33	+35	+13	+15
	- next 3 months	+37	+12	+26	+42	+19
Employment and training						
6 Excluding seasonal variations, what are the trends in:						
a) Numbers employed	- past 3 months	+7	+11	+29	-1	-5
	- next 3 months	+20	+25	+25	+11	0
b) Training expenditure	- past 3 months	+8	+27	+32	+24	+42
	- next 3 months	+31	+30	+37	+25	+29
c) Staff costs as a proportion of total costs	- past 3 months	+8	+8	-10	+13	-5
	- next 3 months	-10	+2	+3	-6	-18
6.1 What has been the trend with regard to your staff turnover:						
	- past 3 months	+12	+26	+21	+8	+12
	- next 3 months	+21	+13	+14	+25	+3
Marketing expenditure						
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS		+14	+11	+3	+31	+40
Capital expenditure						
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:						
a) Land and buildings		-5	-4	-28	+8	-50
b) Vehicles, plant & machinery		-2	-11	-16	-1	-28
c) Information technology		+58	+46	+61	+68	+61
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*						
To provide new services		37	55	55	65	40
To increase efficiency/speed		78	73	80	80	80
To reach new customers		54	41	43	41	30
For replacement		46	40	58	38	45
To expand capacity		56	61	59	46	61
Statutory legislation and regulation		70	68	61	70	36
Other		1	1	5	2	1
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*						
Inadequate net return on proposed investment		43	52	49	56	71
Shortage of finance		13	27	7	13	7
Cost of finance		7	17	2	10	3
Uncertainty about demand/business prospects		46	49	49	58	45
Shortage of labour including managerial & supervisor staff		28	37	43	30	30
Other		25	14	5	5	5

Business prospects		2017				
		Dec	Mar	Jun	Sep	Dec
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*						
Level of demand	- Total	54	67	62	52	75
	- Overseas	19	11	27	22	10
Staff turnover	- Total	3	5	6	6	4
	- Overseas	1	1	1	1	1
Availability of professional staff	- Total	30	29	26	41	23
	- Overseas	5	6	7	29	11
Availability of clerical staff	- Total	5	9	4	6	5
	- Overseas	0	2	0	0	2
Adequacy of systems capacity	- Total	35	36	39	36	13
	- Overseas	1	1	27	22	2
Ability to raise funds	- Total	7	9	22	13	2
	- Overseas	1	1	1	1	1
of which:						
Ability to raise capital	- Total	5	9	20	12	8
	- Overseas	1	1	1	1	3
Availability of wholesale funds	- Total	2	3	3	7	2
	- Overseas	1	1	0	1	2
Competition	- Total	79	56	46	59	59
	- Overseas	16	15	16	34	13
Statutory legislation and regulation	- Total	62	68	46	70	72
	- Overseas	6	7	9	38	10
Other	- Total	7	4	2	1	3
	- Overseas	2	0	1	0	1
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?		+54	+53	+60	+89	+41
12 Where do you see your competition coming from in the next 12 months?						
Your sector of financial services		99	95	98	98	96
Other sectors of financial services		31	39	54	39	34
Companies currently positioned outside of financial services		16	37	34	11	18
New entrants		71	50	49	53	47
Other		3	5	0	0	2
Growth						
13 Where do you think your growth will come from over the next 3 months?						
Cross sales to new customers		21	27	43	63	46
Cross sales to existing customers		26	56	62	55	37
Acquisition of domestic customers		91	69	69	66	60
Acquisition of international customers		18	16	14	25	16
New products		62	53	40	31	32
No growth expected		1	5	3	2	10
14 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?						
Organic growth activities:						
Acquiring new customers		+78	+50	+59	+49	+65
Cross-selling to existing customers		+29	+34	+52	+35	+48
Retaining existing customers		+50	+48	+58	+45	+38
Launching new products/services		+47	+50	+55	+47	+13
Inorganic growth activities:						
Engaging in M&A transactions		+2	+12	+15	+15	+5
Forming strategic partnerships/alliances		+34	+21	+26	+10	+33
Market focus for growth:						
Increasing market share in domestic markets		+59	+54	+41	+54	+55
Increasing market share in international markets		+12	+7	0	+32	+8
Investment in enablers to growth:						
Brand and advertising		+10	+20	+14	+37	+14
Sales force and distribution channels		+69	+33	+41	+49	+43
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)		+32	+39	+26	+22	+23
Performance measurement processes/tools		+27	+24	+18	+11	+8
IT systems and applications		+59	+55	+76	+60	+45

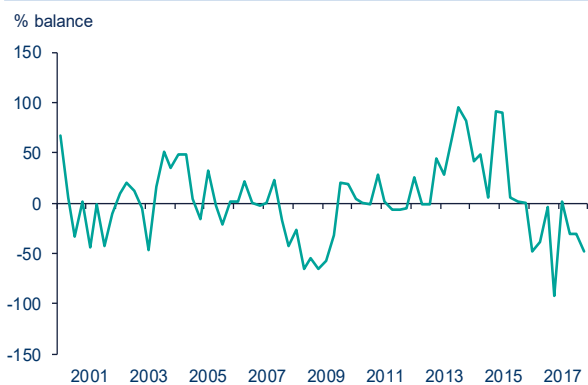
BANKING

Survey number 113, December 2017

Conducted between 14th November and 11th December 2017

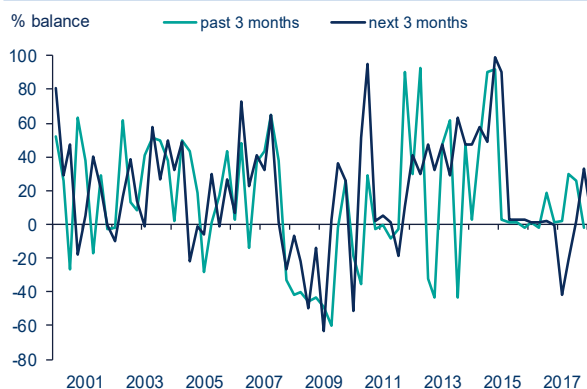
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



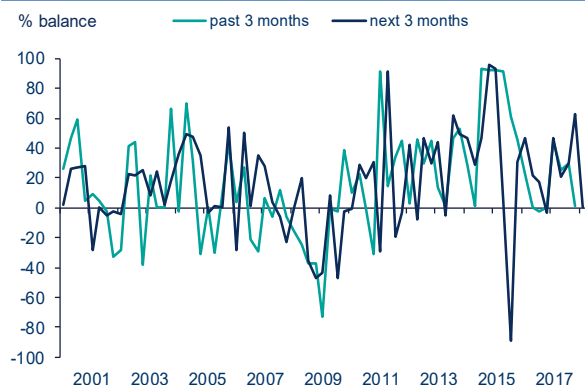
	Q1
Latest	-48
Previous	-31
Mean	+3

Q3a Trend in volume of business



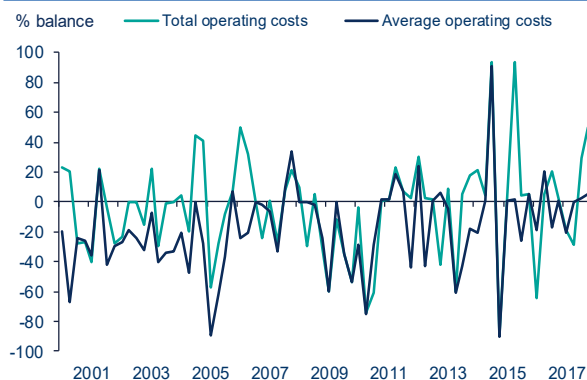
	Q3a: Past	Q3a: Next
Latest	-2	+3
Previous	+26	+33
Mean	+15	+21

Q5g Trend in overall profitability



	Q5g: Past	Q5g: Next
Latest	+1	0
Previous	+30	+63
Mean	+18	+19

Q5c&d Total & average costs (past three months)



	Q5c: Past	Q5d: Past
Latest	+50	+5
Previous	+29	+3
Mean	-3	-18

Value and volume of business

	2017				
	Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-92	+1	-31	-31	-48
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+1	+1	-30	+2	-2
b) Your present level of business with overseas customers (above/below normal)	0	-25	-31	+2	-1
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+1	+2	+30	+26	-2
- next 3 months	-42	-21	+2	+33	+3
b) Value** of fee, commission or premium income					
- past 3 months	+1	+1	+31	-3	-2
- next 3 months	-42	+3	0	+32	+2
c) Value** of net interest, investment or trading income					
- past 3 months	-2	+24	+29	+29	-4
- next 3 months	-45	+22	+2	+31	-1

** in sterling

		Dec	2017 Mar	Jun	Sep	Dec	
4 What is the trend in your 'volume of business' with regard to the following categories of customer:							
a)	Industrial & commercial companies	- past 3 months	+46	+44	+60	+30	+45
		- next 3 months	+48	+45	+30	+30	+45
b)	Financial institutions	- past 3 months	-1	-24	-2	+30	-2
		- next 3 months	-1	-24	-1	+30	+1
c)	Private individuals	- past 3 months	-1	+1	+1	-1	-45
		- next 3 months	+1	+46	+31	+1	-44
d)	Overseas customers (UK-based operations)	- past 3 months	-1	-1	-30	-3	-47
		- next 3 months	+1	-1	+1	-1	-46
Charges, costs and profitability							
5 Excluding seasonal variations, what are the trends for:							
a)	Average spreads	- past 3 months	-94	-23	-34	-61	-50
		- next 3 months	-3	-23	-4	-31	-48
b)	Average commissions/fees/ premiums paid	- past 3 months	0	+24	-30	-3	-3
		- next 3 months	-45	+21	-1	+31	-1
c)	Total operating costs (excluding cost of funds)	- past 3 months	+3	-19	-29	+29	+50
		- next 3 months	-42	-17	-27	-26	+96
d)	Average operating costs per transaction	- past 3 months	+1	-21	0	+3	+5
		- next 3 months	-44	-19	-1	+33	+50
e)	Value of non-performing loans	- past 3 months	-44	-23	-30	-28	+1
		- next 3 months	-45	-22	-30	-1	+1
	of which:						
	Retail	- past 3 months	-45	-23	-30	-28	+1
		- next 3 months	-46	-23	-30	-1	0
	Corporate	- past 3 months	-44	+1	-30	0	0
		- next 3 months	-43	+1	-30	0	+1
g)	Overall profitability of business	- past 3 months	0	+45	+25	+30	+1
		- next 3 months	+47	+21	+30	+63	0
Employment and training							
6 Excluding seasonal variations, what are the trends in:							
a)	Numbers employed	- past 3 months	+2	+26	+2	+1	0
		- next 3 months	+1	+25	+2	-1	+3
b)	Training expenditure	- past 3 months	+3	+48	+30	+33	+95
		- next 3 months	+4	+49	+33	+33	+50
c)	Staff costs as a proportion of total costs	- past 3 months	+3	+23	-28	+2	+2
		- next 3 months	+5	+25	-27	+4	-41
6.1 What has been the trend with regard to your staff turnover:							
		- past 3 months	+2	+47	+1	+32	+2
		- next 3 months	+47	+46	+1	+61	+2
Marketing expenditure							
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS							
			-44	+1	-34	+28	+47
Capital expenditure							
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:							
a)	Land and buildings		-46	-21	-62	+1	-92
b)	Vehicles, plant & machinery		-1	-23	-31	+1	-47
c)	Information technology		+48	+72	+62	+65	+97
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*							
	To provide new services		3	70	62	62	3
	To increase efficiency/speed		93	70	96	97	95
	To reach new customers		48	24	31	31	3
	For replacement		50	28	67	37	51
	To expand capacity		47	69	61	30	93
	Statutory legislation and regulation		96	75	97	97	7
	Other		1	0	1	0	0
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*							
	Inadequate net return on proposed investment		47	25	64	64	97
	Shortage of finance		1	24	2	2	2
	Cost of finance		1	23	0	1	3
	Uncertainty about demand/business prospects		50	50	65	68	51
	Shortage of labour including managerial & supervisor staff		2	26	34	4	4
	Other		47	24	1	1	1

Business prospects		Dec	2017 Mar	Jun	Sep	Dec
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*						
Level of demand	- Total	51	50	65	66	98
	- Overseas	6	5	32	36	5
Staff turnover	- Total	1	0	1	1	1
	- Overseas	1	0	0	1	1
Availability of professional staff	- Total	3	24	0	30	1
	- Overseas	1	1	0	30	1
Availability of clerical staff	- Total	1	0	0	0	0
	- Overseas	1	0	0	0	0
Adequacy of systems capacity	- Total	49	47	61	33	3
	- Overseas	2	1	61	32	3
Ability to raise funds	- Total	3	4	35	2	1
	- Overseas	2	0	2	1	0
of which:						
Ability to raise capital	- Total	3	2	35	1	4
	- Overseas	1	0	2	1	2
Availability of wholesale funds	- Total	2	1	1	2	1
	- Overseas	2	0	0	1	1
Competition	- Total	96	24	34	34	48
	- Overseas	3	1	2	3	2
Statutory legislation and regulation	- Total	98	74	68	99	98
	- Overseas	5	5	4	67	3
Other	- Total	1	1	1	1	1
	- Overseas	1	1	1	1	1
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?		+51	+71	+67	+95	+6
12 Where do you see your competition coming from in the next 12 months?						
Your sector of financial services		100	98	100	99	99
Other sectors of financial services		2	3	63	3	3
Companies currently positioned outside of financial services		1	25	62	1	2
New entrants		93	27	64	63	46
Other		0	0	0	1	0
Growth						
13 Where do you think your growth will come from over the next 3 months?						
Cross sales to new customers		2	25	63	94	50
Cross sales to existing customers		3	48	63	64	5
Acquisition of domestic customers		96	50	67	37	52
Acquisition of international customers		3	2	3	4	5
New products		92	70	31	1	1
No growth expected		1	2	1	2	1
14 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?						
Organic growth activities						
Acquiring new customers		+97	+75	+64	+35	+97
Cross-selling to existing customers		+1	+47	+63	+32	+48
Retaining existing customers		+49	+48	+65	+62	+48
Launching new products/services		+46	+90	+59	+58	-4
Inorganic growth activities						
Engaging in M&A transactions		-1	+45	+30	+30	0
Forming strategic partnerships/alliances		+45	+23	+30	0	+46
Market focus for growth						
Increasing market share in domestic markets		+49	+48	+31	+64	+92
Increasing market share in international markets		+2	+1	-28	+30	+2
Investment in enablers to growth						
Brand and advertising		-42	+1	-26	+1	0
Sales force and distribution channels		+93	+26	+29	+30	+46
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)		+1	+47	+32	0	+3
Performance measurement processes/tools		+46	+46	+31	+1	+1
IT systems and applications		+49	+70	+94	+63	+50

BUILDING SOCIETIES

Value and volume of business					
	Dec	2017 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	0	+39	-3	-32	-50
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	0	+39	+12	-16	+5
b) Your present level of business with overseas customers (above/below normal)	-18	0	0	0	0
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+35	+77	-3	-31	+50
- next 3 months	+1	+2	-18	-15	-3
b) Value** of fee, commission or premium income					
- past 3 months	-36	-2	+30	-32	-16
- next 3 months	+1	-23	+16	-15	-3
c) Value** of net interest, investment or trading income					
- past 3 months	+17	-18	-16	-15	-45
- next 3 months	0	-18	-32	-2	-23
** in sterling					
4 What is the trend in your 'volume of business' with regard to the following categories of customer:					
a) Industrial & commercial companies					
- past 3 months	0	-2	-2	0	0
- next 3 months	0	-2	-2	0	0
b) Financial institutions					
- past 3 months	0	0	-2	0	0
- next 3 months	0	0	-2	0	0
c) Private individuals					
- past 3 months	+38	+59	+16	-16	+50
- next 3 months	+4	+5	-16	-17	-3
d) Overseas customers (UK-based operations)					
- past 3 months	0	0	0	+2	0
- next 3 months	0	0	0	-2	0
Charges, costs and profitability					
5 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	-20	-33	-46	-60	-48
- next 3 months	-39	-17	-16	-19	-30
b) Average commissions/fees/ premiums paid					
- past 3 months	-36	-16	0	-15	+2
- next 3 months	-1	+2	+16	+2	+2
c) Total operating costs (excluding cost of funds)					
- past 3 months	+38	+59	+21	+34	+9
- next 3 months	+5	+41	+19	+35	+4
d) Average operating costs per transaction					
- past 3 months	0	-14	+5	+37	+4
- next 3 months	+1	-16	+3	+20	+4
e) Value of non-performing loans					
- past 3 months	-57	-79	-67	-93	-45
- next 3 months	-38	-22	-47	-28	0
of which:					
Retail					
- past 3 months	-75	-79	-82	-80	-50
- next 3 months	-38	-22	-49	-33	0
Corporate					
- past 3 months	-38	-75	-47	-61	-63
- next 3 months	-18	-18	-16	-13	-45
g) Overall profitability of business					
- past 3 months	+36	+21	+16	-45	-23
- next 3 months	-21	+5	0	-12	-25
Employment and training					
6 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	+3	+59	-29	-9	-48
- next 3 months	-18	+37	+1	-13	+4
b) Training expenditure					
- past 3 months	+56	+41	+19	+19	+6
- next 3 months	+40	+39	+17	+24	+6
c) Staff costs as a proportion of total costs					
- past 3 months	+2	+43	+3	-13	+6
- next 3 months	+3	+37	+17	-13	+9
6.1 What has been the trend with regard to your staff turnover:					
- past 3 months	-18	-37	+1	-13	+50
- next 3 months	0	-18	0	+15	-19

Marketing expenditure						
	Dec	2017 Mar	Jun	Sep	Dec	
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS	+37	+57	+2	+2	+30	
Capital expenditure						
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:						
a) Land and buildings	-18	+71	-30	-43	+21	
b) Vehicles, plant & machinery	-18	+36	-32	-15	-7	
c) Information technology	+99	+64	+16	+9	+5	
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*						
To provide new services	43	64	35	35	48	
To increase efficiency/speed	61	62	65	80	100	
To reach new customers	42	43	53	35	70	
For replacement	58	77	79	68	45	
To expand capacity	60	75	65	65	45	
Statutory legislation and regulation	97	77	67	93	70	
Other	21	18	18	19	27	
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*						
Inadequate net return on proposed investment	26	43	49	48	48	
Shortage of finance	21	2	0	0	0	
Cost of finance	2	2	0	0	0	
Uncertainty about demand/business prospects	44	43	35	50	52	
Shortage of labour including managerial & supervisor staff	58	59	63	50	45	
Other	18	18	16	30	45	
Business prospects						
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*						
Level of demand	- Total	98	79	68	83	77
	- Overseas	0	0	0	0	0
Staff turnover	- Total	0	2	0	0	0
	- Overseas	0	0	0	0	0
Availability of professional staff	- Total	1	2	0	2	0
	- Overseas	0	0	0	0	0
Availability of clerical staff	- Total	0	0	0	0	0
	- Overseas	0	0	0	0	0
Adequacy of systems capacity	- Total	26	23	18	18	23
	- Overseas	0	0	0	0	0
Ability to raise funds	- Total	1	0	0	32	0
	- Overseas	0	0	0	0	0
of which:						
Ability to raise capital	- Total	1	2	0	30	0
	- Overseas	0	0	0	0	0
Availability of wholesale funds	- Total	0	0	0	17	0
	- Overseas	0	0	0	0	0
Competition	- Total	96	98	98	100	100
	- Overseas	0	0	0	0	0
Statutory legislation and regulation	- Total	75	78	67	65	75
	- Overseas	0	0	0	0	0
Other	- Total	18	18	16	15	23
	- Overseas	0	0	0	0	0
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+61	+41	+49	+70	+30	
12 Where do you see your competition coming from in the next 12 months?						
Your sector of financial services	80	82	84	100	77	
Other sectors of financial services	62	59	53	50	55	
Companies currently positioned outside of financial services	39	38	33	45	48	
New entrants	78	64	100	52	77	
Other	0	0	0	0	0	

Growth					
	Dec	2017 Mar	Jun	Sep	Dec
13 Where do you think your growth will come from over the next 3 months?					
Cross sales to new customers	21	5	33	33	23
Cross sales to existing customers	39	41	33	35	23
Acquisition of domestic customers	79	95	81	100	70
Acquisition of international customers	0	0	0	0	0
New products	60	43	33	35	52
No growth expected	2	0	2	0	2
14 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?					
Organic growth activities					
Acquiring new customers	+23	+43	+35	+50	+30
Cross-selling to existing customers	+21	+19	+33	+30	+18
Retaining existing customers	+82	+61	+33	+35	+25
Launching new products/services	+27	+27	+2	+35	+7
Inorganic growth activities					
Engaging in M&A transactions	-18	-18	-32	-15	+23
Forming strategic partnerships/alliances	-18	0	+16	+17	+23
Market focus for growth					
Increasing market share in domestic markets	+79	+59	+33	+37	+25
Increasing market share in international markets	0	0	0	0	0
Investment in enablers to growth					
Brand and advertising	+21	+39	+18	+20	+70
Sales force and distribution channels	+62	+64	+35	+55	+55
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+58	+59	+32	+50	+48
Performance measurement processes/tools	+40	+21	+2	+20	+25
IT systems and applications	+64	+45	+37	+52	+52

FINANCE HOUSES

Survey number 113, December 2017

Conducted between 14th November and 11th December 2017

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

Value and volume of business					
	Dec	2017 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-21	-45	+20	+57	+55
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	-1	+54	+19	+56	+63
b) Your present level of business with overseas customers (above/below normal)	-20	-49	-33	-50	-57
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	-46	-3	+14	+19	+21
- next 3 months	+9	+58	+35	+26	+20
b) Value** of fee, commission or premium income					
- past 3 months	-40	+3	-27	-1	+66
- next 3 months	-36	+58	+29	+9	+69
c) Value** of net interest, investment or trading income					
- past 3 months	-6	+7	+2	+2	+11
- next 3 months	-1	+7	+27	+9	+11
** in sterling					
4 What is the trend in your 'volume of business' with regard to the following categories of customer:					
a) Industrial & commercial companies					
- past 3 months	-30	0	-12	+15	+63
- next 3 months	+17	+59	+42	+55	+6
b) Financial institutions					
- past 3 months	0	+5	+6	+6	+8
- next 3 months	-3	+8	+6	+9	+5
c) Private individuals					
- past 3 months	-16	+3	-7	+6	+5
- next 3 months	+29	+61	+24	+11	+65
d) Overseas customers (UK-based operations)					
- past 3 months	-27	+59	-27	+4	-54
- next 3 months	-20	+62	-24	0	+54

Charges, costs and profitability						
		2017				
		Dec	Mar	Jun	Sep	Dec
5 Excluding seasonal variations, what are the trends for:						
a) Average spreads	- past 3 months	+27	+3	-13	-7	+1
	- next 3 months	0	-51	+9	+4	+65
b) Average commissions/fees/ premiums paid	- past 3 months	-3	-1	-9	-5	+8
	- next 3 months	-9	+2	-9	+2	+11
c) Total operating costs (excluding cost of funds)	- past 3 months	+44	+12	-18	+13	+15
	- next 3 months	+23	-39	0	+65	-38
d) Average operating costs per transaction	- past 3 months	+34	+64	-27	+11	-38
	- next 3 months	+13	-49	-3	+6	-35
e) Value of non-performing loans	- past 3 months	+51	-54	-33	-7	+5
	- next 3 months	-3	+44	-3	0	-49
of which:						
Retail	- past 3 months	+24	-54	-27	-4	+10
	- next 3 months	-3	+44	-3	0	-44
Corporate	- past 3 months	+27	-58	-36	0	-5
	- next 3 months	0	+51	-3	+2	-55
g) Overall profitability of business	- past 3 months	+7	-56	-28	+8	+14
	- next 3 months	+34	+60	+63	+66	+74
Employment and training						
6 Excluding seasonal variations, what are the trends in:						
a) Numbers employed	- past 3 months	+20	+20	+45	+16	+24
	- next 3 months	+19	+75	+36	+18	+20
b) Training expenditure	- past 3 months	+13	+28	+65	+14	+15
	- next 3 months	-8	+78	+35	+14	-35
c) Staff costs as a proportion of total costs	- past 3 months	+47	+75	+9	+17	-29
	- next 3 months	+19	-46	+22	+13	-33
6.1 What has been the trend with regard to your staff turnover:						
	- past 3 months	+44	+62	+40	-47	+60
	- next 3 months	+43	+62	+27	+57	+63
Marketing expenditure						
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS		+51	-41	-43	-40	+74
Capital expenditure						
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:						
a) Land and buildings		+26	+6	+18	0	+9
b) Vehicles, plant & machinery		+39	0	-15	-4	+1
c) Information technology		+31	-41	+68	+66	+75
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*						
To provide new services		76	71	49	72	85
To increase efficiency/speed		86	81	87	84	76
To reach new customers		93	75	78	76	83
For replacement		47	71	45	78	68
To expand capacity		26	16	42	9	20
Statutory legislation and regulation		48	77	36	70	72
Other		0	0	0	2	0
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*						
Inadequate net return on proposed investment		43	67	70	79	63
Shortage of finance		14	13	48	11	9
Cost of finance		10	8	9	5	3
Uncertainty about demand/business prospects		53	72	49	76	71
Shortage of labour including managerial & supervisor staff		67	61	39	61	57
Other		7	8	0	9	0

Business prospects		Dec	2017 Mar	Jun	Sep	Dec
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*						
Level of demand	- Total	53	90	85	83	83
	- Overseas	0	8	9	5	0
Staff turnover	- Total	0	0	9	9	6
	- Overseas	0	0	6	0	0
Availability of professional staff	- Total	37	54	36	63	57
	- Overseas	7	0	9	0	0
Availability of clerical staff	- Total	27	54	42	58	57
	- Overseas	0	0	9	0	0
Adequacy of systems capacity	- Total	30	61	63	64	65
	- Overseas	0	0	6	0	0
Ability to raise funds	- Total	47	14	51	17	12
	- Overseas	0	0	6	0	0
of which:						
Ability to raise capital	- Total	40	18	23	12	20
	- Overseas	0	0	6	0	0
Availability of wholesale funds	- Total	13	3	45	11	19
	- Overseas	0	0	6	0	0
Competition	- Total	56	79	60	78	79
	- Overseas	0	0	9	2	0
Statutory legislation and regulation	- Total	70	84	73	80	68
	- Overseas	0	3	9	2	0
Other	- Total	0	0	0	5	0
	- Overseas	0	0	0	2	0
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?		+24	+76	+43	+76	+76
12 Where do you see your competition coming from in the next 12 months?						
Your sector of financial services		100	97	97	88	100
Other sectors of financial services		47	66	54	78	66
Companies currently positioned outside of financial services		37	59	42	74	57
New entrants		70	79	51	87	63
Other		0	0	0	0	0
Growth						
13 Where do you think your growth will come from over the next 3 months?						
Cross sales to new customers		16	3	39	7	19
Cross sales to existing customers		14	16	42	22	14
Acquisition of domestic customers		90	79	87	85	85
Acquisition of international customers		7	5	3	2	5
New products		76	69	76	70	72
No growth expected		0	13	3	4	3
14 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?						
Organic growth activities						
Acquiring new customers		+70	+87	+54	+76	+77
Cross-selling to existing customers		+9	+20	+2	+19	+22
Retaining existing customers		+40	+92	+42	+70	+70
Launching new products/services		+44	0	+39	+9	+19
Inorganic growth activities						
Engaging in M&A transactions		-13	-7	-14	-3	-6
Forming strategic partnerships/alliances		+40	+67	+39	+53	+67
Market focus for growth						
Increasing market share in domestic markets		+50	+84	+49	+83	+79
Increasing market share in international markets		0	+1	0	-2	0
Investment in enablers to growth						
Brand and advertising		+77	+69	+29	+63	+66
Sales force and distribution channels		+36	+18	+31	+14	+21
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)		+1	+7	-12	+7	+17
Performance measurement processes/tools		+6	+12	+16	+5	0
IT systems and applications		+66	+77	+68	+65	+79

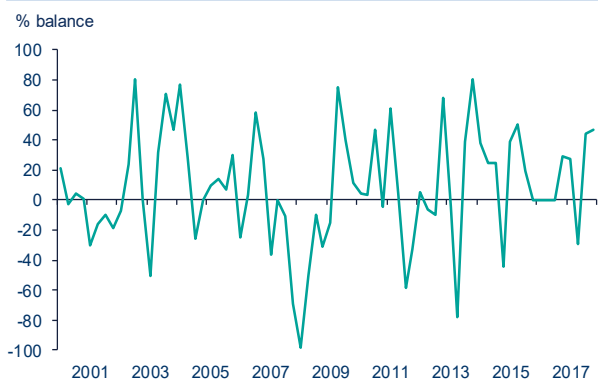
LIFE INSURANCE

Survey number 113, December 2017

Conducted between 14th November and 11th December 2017

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

Q1 Optimism vs three months earlier



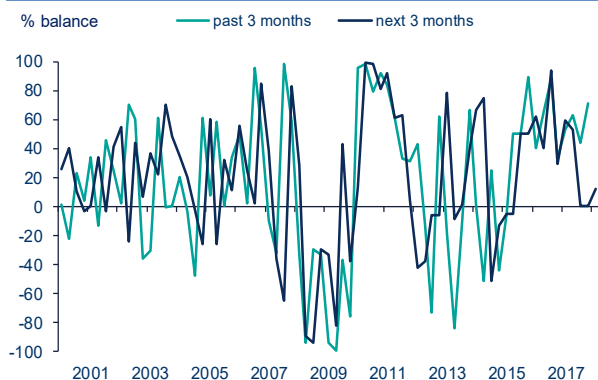
	Q1
Latest	+47
Previous	+44
Mean	+6

Q3a Trend in volume of business



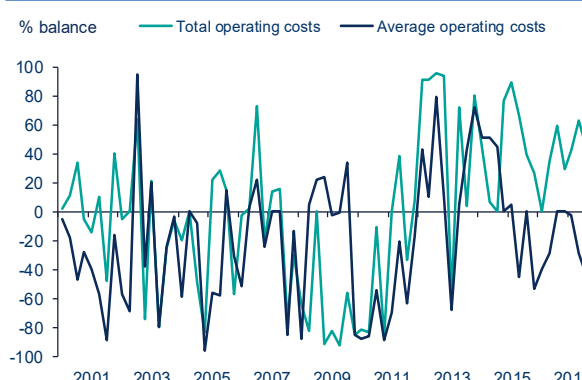
	Q3a: Past	Q3a: Next
Latest	+47	+29
Previous	+44	0
Mean	+17	+31

Q5g Trend in overall profitability



	Q5g: Past	Q5g: Next
Latest	+71	+12
Previous	+44	0
Mean	+13	+18

Q5c&d Total & average costs (past three months)



	Q5c: Past	Q5d: Past
Latest	+59	-29
Previous	+44	-44
Mean	-2	-18

Value and volume of business

	Dec	2017 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	+29	+27	-29	+44	+47
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+29	+27	+29	+44	+59
b) Your present level of business with overseas customers (above/below normal)	-29	0	0	0	0
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+33	0	+67	+44	+47
- next 3 months	+63	+80	-4	0	+29
b) Value** of fee, commission or premium income					
- past 3 months	+4	+27	+37	+44	+59
- next 3 months	+33	0	-63	-44	+29
c) Value** of net interest, investment or trading income					
- past 3 months	-25	-27	+4	+44	+59
- next 3 months	+4	+27	0	-44	+59
d) Value** of new business					
- past 3 months	+33	0	+92	+44	+59
- next 3 months	+63	+53	0	0	0

** in sterling

	Dec	2017 Mar	Jun	Sep	Dec
4 What is the trend in your 'volume of business' with regard to the following categories of customer:					
a) Industrial & commercial companies					
- past 3 months	+59	+27	+29	+44	0
- next 3 months	+29	+27	-29	-44	0
b) Financial institutions					
- past 3 months	+59	+27	0	+44	+29
- next 3 months	+59	+80	-29	+44	+29
c) Private individuals					
- past 3 months	+33	+27	+63	+44	+59
- next 3 months	+63	+80	+29	+44	+29
d) Overseas customers (UK-based operations)					
- past 3 months	0	+27	0	+44	+29
- next 3 months	0	+27	0	0	0
Charges, costs and profitability					
5 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	-59	-27	-29	0	-29
- next 3 months	0	0	-29	0	-59
b) Average commissions/fees/ premiums paid					
- past 3 months	-59	-53	+4	0	0
- next 3 months	0	-27	-29	0	-29
c) Total operating costs (excluding cost of funds)					
- past 3 months	+29	+42	+63	+44	+59
- next 3 months	+29	+42	+59	+44	+71
d) Average operating costs per transaction					
- past 3 months	0	-2	-29	-44	-29
- next 3 months	-59	-28	0	-44	-18
f) Value of surrendered contracts					
- past 3 months	+37	0	+29	0	0
- next 3 months	+4	+27	+29	0	0
g) Overall profitability of business					
- past 3 months	+33	+53	+63	+44	+71
- next 3 months	+59	+53	0	0	+12
Employment and training					
6 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	+33	+26	+62	+87	+41
- next 3 months	0	+26	0	+44	+11
b) Training expenditure					
- past 3 months	+33	0	+33	+44	+41
- next 3 months	+29	+26	+29	+50	+41
c) Staff costs as a proportion of total costs					
- past 3 months	+4	-26	+4	+87	+11
- next 3 months	-29	-26	0	+44	-18
6.1 What has been the trend with regard to your staff turnover:					
- past 3 months	+62	+53	+58	+44	+11
- next 3 months	+33	+53	+29	-44	0
Marketing expenditure					
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS					
	+37	0	+29	+38	+71
Capital expenditure					
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:					
a) Land and buildings	0	+27	+59	+82	-59
b) Vehicles, plant & machinery	0	-27	0	-6	-29
c) Information technology	+67	+91	+96	+88	+41
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	63	62	63	88	71
To increase efficiency/speed	92	73	67	94	100
To reach new customers	63	62	63	0	29
For replacement	67	64	63	50	41
To expand capacity	63	62	67	50	88
Statutory legislation and regulation	67	47	12	6	59
Other	0	0	29	0	0
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	8	47	37	6	12
Shortage of finance	0	36	0	44	29
Cost of finance	29	36	0	44	0
Uncertainty about demand/business prospects	8	73	33	12	12
Shortage of labour including managerial & supervisor staff	92	62	59	44	59
Other	33	27	29	0	29

Business prospects						
		Dec	2017 Mar	Jun	Sep	Dec
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*						
Level of demand	- Total	67	100	67	50	71
	- Overseas	29	27	29	44	29
Staff turnover	- Total	0	9	29	0	0
	- Overseas	0	0	0	0	0
Availability of professional staff	- Total	33	62	29	44	29
	- Overseas	0	0	0	0	0
Availability of clerical staff	- Total	0	9	0	0	0
	- Overseas	0	0	0	0	0
Adequacy of systems capacity	- Total	29	36	59	44	59
	- Overseas	0	0	0	0	0
Ability to raise funds	- Total	0	36	29	44	0
	- Overseas	0	0	0	0	0
of which:						
Ability to raise capital	- Total	0	36	29	44	29
	- Overseas	0	0	0	0	0
Availability of wholesale funds	- Total	0	0	0	0	0
	- Overseas	0	0	0	0	0
Competition	- Total	96	62	67	44	71
	- Overseas	29	27	29	44	29
Statutory legislation and regulation	- Total	37	73	4	50	41
	- Overseas	0	27	0	0	0
Other	- Total	0	11	0	0	0
	- Overseas	0	0	0	0	0
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?		+4	+36	+8	+94	+29
12 Where do you see your competition coming from in the next 12 months?						
Your sector of financial services		100	100	100	100	88
Other sectors of financial services		67	38	67	12	100
Companies currently positioned outside of financial services		4	27	8	6	29
New entrants		63	27	8	6	41
Other		0	27	0	0	0
Growth						
13 Where do you think your growth will come from over the next 3 months?						
Cross sales to new customers		33	47	63	50	88
Cross sales to existing customers		67	73	67	50	100
Acquisition of domestic customers		96	91	63	94	100
Acquisition of international customers		29	27	29	44	29
New products		29	53	4	44	88
No growth expected		0	0	4	6	0
14 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?						
Organic growth activities						
Acquiring new customers		+63	+47	+63	+50	+59
Cross-selling to existing customers		+67	+38	+67	+50	+71
Retaining existing customers		+37	+38	+63	+6	0
Launching new products/services		+33	-27	+59	+44	+59
Inorganic growth activities						
Engaging in M&A transactions		+4	-53	+4	+6	+41
Forming strategic partnerships/alliances		+92	+80	+63	+50	+41
Market focus for growth						
Increasing market share in domestic markets		+88	+36	+59	+44	0
Increasing market share in international markets		+29	+27	+29	+44	+29
Investment in enablers to growth						
Brand and advertising		+33	+36	+29	+44	+29
Sales force and distribution channels		+67	+53	+59	+44	+88
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)		+92	+80	+88	+88	+100
Performance measurement processes/tools		+29	+27	-29	0	+29
IT systems and applications		+92	+53	+63	+44	+29

GENERAL INSURANCE

Survey number 113, December 2017

Conducted between 14th November and 11th December 2017

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

Value and volume of business		2017				
		Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?		-20	-2	+3	0	-22
2 Excluding seasonal variations, do you consider that in volume terms:						
a)	Your present level of business (above/below normal) is:	-2	-3	+34	+5	+2
b)	Your present level of business with overseas customers (above/below normal)	0	0	0	0	-27
3 Excluding seasonal variations, what are the trends in:						
a)	Volume of business					
	- past 3 months	+20	+9	+66	+7	+31
	- next 3 months	+25	+34	+93	+85	+62
b)	Value** of fee, commission or premium income					
	- past 3 months	+2	+13	+66	+6	+29
	- next 3 months	+3	+13	+64	+7	+58
c)	Value** of net interest, investment or trading income					
	- past 3 months	+24	+3	+34	0	+2
	- next 3 months	-4	+4	+5	0	+55
** in sterling						
4 What is the trend in your 'volume of business' with regard to the following categories of customer:						
a)	Industrial & commercial companies					
	- past 3 months	+21	+31	+32	+3	+2
	- next 3 months	+23	+30	+34	+3	+4
b)	Financial institutions					
	- past 3 months	0	+4	+5	+3	0
	- next 3 months	0	+1	+5	+3	0
c)	Private individuals					
	- past 3 months	-19	-19	+39	+3	+4
	- next 3 months	-19	-22	+39	+3	+2
d)	Overseas customers (UK-based operations)					
	- past 3 months	+40	+27	0	0	0
	- next 3 months	+40	+27	0	+2	0
Charges, costs and profitability						
5 Excluding seasonal variations, what are the trends for:						
a)	Average spreads					
	- past 3 months	0	0	0	0	-27
	- next 3 months	0	0	0	0	-25
b)	Average commissions/fees/ premiums paid					
	- past 3 months	+21	+3	+8	+4	+4
	- next 3 months	+23	+2	+8	+4	+6
c)	Total operating costs (excluding cost of funds)					
	- past 3 months	+9	+13	+10	+88	+29
	- next 3 months	-11	+38	+61	+96	+31
d)	Average operating costs per transaction					
	- past 3 months	-15	+9	+5	+9	0
	- next 3 months	-15	+6	+5	+8	+2
g)	Overall profitability of business					
	- past 3 months	-4	+3	+31	-4	-2
	- next 3 months	+5	+4	+37	+2	+60
5.1 What has been the trend with regard to the value of insurance claims:						
	- past 12 months	+25	+62	+5	+86	+64
	- next 12 months	+25	+35	+32	+6	+8
Employment and training						
6 Excluding seasonal variations, what are the trends in:						
a)	Numbers employed					
	- past 3 months	+11	+9	+56	+77	+5
	- next 3 months	+7	+7	+56	+84	+37
b)	Training expenditure					
	- past 3 months	+28	+28	+26	+89	+8
	- next 3 months	+27	+31	+29	+84	+7
c)	Staff costs as a proportion of total costs					
	- past 3 months	-13	+10	+29	+83	+8
	- next 3 months	-15	-17	+8	+7	-16
6.1 What has been the trend with regard to your staff turnover:						
	- past 3 months	+43	+22	+29	+87	+6
	- next 3 months	+2	+2	+3	+7	-25

Marketing expenditure					
	Dec	2017 Mar	Jun	Sep	Dec
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS	+48	+31	+37	+86	+8
Capital expenditure					
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:					
a) Land and buildings	-4	-3	0	-3	-29
b) Vehicles, plant & machinery	-2	-7	-2	-1	-25
c) Information technology	+53	+6	+66	+93	+41
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	48	37	68	90	67
To increase efficiency/speed	75	72	45	18	43
To reach new customers	73	68	71	90	37
For replacement	32	38	39	11	35
To expand capacity	67	90	61	87	35
Statutory legislation and regulation	46	61	37	6	6
Other	0	0	3	3	0
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	85	87	39	86	61
Shortage of finance	41	53	5	2	2
Cost of finance	2	3	2	2	2
Uncertainty about demand/business prospects	26	35	39	90	61
Shortage of labour including managerial & supervisor staff	25	3	34	8	35
Other	2	2	0	0	2
Business prospects					
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand	59	43	13	18	39
- Overseas	7	2	5	8	4
Staff turnover	0	4	0	4	0
- Overseas	0	2	0	2	0
Availability of professional staff	43	31	58	83	61
- Overseas	20	28	27	82	29
Availability of clerical staff	2	2	0	2	4
- Overseas	0	2	0	2	0
Adequacy of systems capacity	40	28	2	4	4
- Overseas	0	2	2	2	2
Ability to raise funds	0	0	2	0	0
- Overseas	0	0	2	0	0
of which:					
Ability to raise capital	0	0	0	2	0
- Overseas	0	0	0	2	0
Availability of wholesale funds	0	0	0	2	0
- Overseas	0	0	0	2	0
Competition	98	97	42	89	70
- Overseas	45	56	32	84	31
Statutory legislation and regulation	23	34	13	4	10
- Overseas	2	2	7	4	2
Other	20	3	0	0	0
- Overseas	0	0	0	0	0
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+53	+38	+64	+88	+94
12 Where do you see your competition coming from in the next 12 months?					
Your sector of financial services	100	96	98	100	100
Other sectors of financial services	81	83	61	82	35
Companies currently positioned outside of financial services	41	32	5	2	31
New entrants	86	90	66	85	34
Other	20	2	0	0	2

Growth					
		2017			
	Dec	Mar	Jun	Sep	Dec
13 Where do you think your growth will come from over the next 3 months?					
Cross sales to new customers	33	13	8	11	8
Cross sales to existing customers	37	41	66	10	39
Acquisition of domestic customers	97	91	71	94	34
Acquisition of international customers	65	56	29	85	27
New products	48	32	93	82	58
No growth expected	0	0	0	0	27
14 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?					
Organic growth activities					
Acquiring new customers	+56	+66	+68	+90	+34
Cross-selling to existing customers	+33	+13	+58	+10	+41
Retaining existing customers	+33	+10	+34	+11	+18
Launching new products/services	+25	+29	+68	+84	+29
Inorganic growth activities					
Engaging in M&A transactions	+16	+2	+21	+2	-4
Forming strategic partnerships/alliances	+25	+6	-27	+6	-2
Market focus for growth					
Increasing market share in domestic markets	+50	+63	+93	+86	+34
Increasing market share in international markets	+45	+28	+29	+81	0
Investment in enablers to growth					
Brand and advertising	+31	+31	+58	+82	+33
Sales force and distribution channels	+25	+60	+61	+86	+59
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+49	+28	+13	+5	+8
Performance measurement processes/tools	+9	0	+7	+5	+31
IT systems and applications	+69	+60	+89	+86	+37

INSURANCE BROKERS

Survey number 113, December 2017

Conducted between 14th November and 11th December 2017

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

Value and volume of business					
		2017			
	Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	+40	+26	+37	-2	-8
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+27	-5	0	-5	-5
b) Your present level of business with overseas customers (above/below normal)	0	0	-27	0	-26
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+30	+9	+13	+1	-25
- next 3 months	-18	+6	+7	+11	+3
b) Value** of fee, commission or premium income					
- past 3 months	+24	-29	-22	+20	-16
- next 3 months	+13	-18	-13	+5	+15
c) Value** of net interest, investment or trading income					
- past 3 months	0	-14	+3	+2	+17
- next 3 months	0	-14	+3	+2	0
** in sterling					
4 What is the trend in your 'volume of business' with regard to the following categories of customer:					
a) Industrial & commercial companies					
- past 3 months	+6	+13	+23	+3	+7
- next 3 months	+7	+18	+15	+16	+11
b) Financial institutions					
- past 3 months	+54	+27	+22	-2	+29
- next 3 months	+27	+27	+27	-2	+29
c) Private individuals					
- past 3 months	+13	-8	+3	-2	-8
- next 3 months	+6	-1	-3	+11	0
d) Overseas customers (UK-based operations)					
- past 3 months	+3	+3	0	0	-26
- next 3 months	+3	+3	0	0	-26

Charges, costs and profitability						
		2017				
		Dec	Mar	Jun	Sep	Dec
5 Excluding seasonal variations, what are the trends for:						
a) Average spreads	- past 3 months	0	+4	0	+2	0
	- next 3 months	0	+4	0	+2	+26
b) Average commissions/fees/ premiums paid	- past 3 months	-37	-35	-24	0	-15
	- next 3 months	+6	-34	-17	+6	+14
c) Total operating costs (excluding cost of funds)	- past 3 months	+53	-6	+42	-43	+6
	- next 3 months	+40	+38	+47	-46	+9
d) Average operating costs per transaction	- past 3 months	+13	-9	+47	-45	-19
	- next 3 months	+40	+15	+43	-54	+9
g) Overall profitability of business	- past 3 months	+30	+29	+52	+70	+62
	- next 3 months	+34	+23	+53	+61	+26
Employment and training						
6 Excluding seasonal variations, what are the trends in:						
a) Numbers employed	- past 3 months	+14	-28	+29	-53	-5
	- next 3 months	+23	-31	+39	+15	-1
b) Training expenditure	- past 3 months	-3	+3	+13	+2	+8
	- next 3 months	+40	+3	+39	+7	+39
c) Staff costs as a proportion of total costs	- past 3 months	+27	-23	+11	-54	-13
	- next 3 months	+20	-31	+24	+14	+26
6.1 What has been the trend with regard to your staff turnover:						
	- past 3 months	+19	+14	+20	-50	-8
	- next 3 months	-7	-38	+7	0	-8
Marketing expenditure						
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS		+10	0	+5	+14	+4
Capital expenditure						
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:						
a) Land and buildings		-27	+4	-32	-4	-25
b) Vehicles, plant & machinery		-31	-3	-3	0	+3
c) Information technology		+19	+25	+34	+13	-4
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*						
To provide new services		71	52	74	73	74
To increase efficiency/speed		66	59	95	93	79
To reach new customers		53	80	52	16	77
For replacement		42	35	65	41	57
To expand capacity		47	38	79	84	22
Statutory legislation and regulation		50	42	47	84	23
Other		0	0	0	5	3
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*						
Inadequate net return on proposed investment		50	41	69	81	73
Shortage of finance		31	38	34	59	32
Cost of finance		3	4	8	5	3
Uncertainty about demand/business prospects		66	83	58	27	54
Shortage of labour including managerial & supervisor staff		44	11	15	18	11
Other		3	0	0	0	0

Business prospects		2017				
		Dec	Mar	Jun	Sep	Dec
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*						
Level of demand	- Total	90	93	48	34	52
	- Overseas	58	37	32	2	3
Staff turnover	- Total	10	7	13	16	9
	- Overseas	7	4	5	2	3
Availability of professional staff	- Total	53	14	42	82	15
	- Overseas	31	4	27	57	3
Availability of clerical staff	- Total	16	11	7	14	6
	- Overseas	3	4	0	2	3
Adequacy of systems capacity	- Total	16	38	42	20	15
	- Overseas	3	4	27	2	3
Ability to raise funds	- Total	7	4	0	11	8
	- Overseas	3	4	0	2	3
of which:						
Ability to raise capital	- Total	3	4	0	5	3
	- Overseas	3	4	0	2	3
Availability of wholesale funds	- Total	3	4	0	5	3
	- Overseas	3	4	0	2	3
Competition	- Total	69	66	63	93	74
	- Overseas	34	37	32	57	34
Statutory legislation and regulation	- Total	36	52	82	29	56
	- Overseas	3	7	54	5	34
Other	- Total	27	3	7	0	5
	- Overseas	27	3	0	0	5
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?		+47	+52	+26	+88	+49
12 Where do you see your competition coming from in the next 12 months?						
Your sector of financial services		100	63	92	95	100
Other sectors of financial services		23	14	7	84	66
Companies currently positioned outside of financial services		60	46	37	25	43
New entrants		53	49	39	18	52
Other		0	0	0	5	3
Growth						
13 Where do you think your growth will come from over the next 3 months?						
Cross sales to new customers		87	90	85	86	76
Cross sales to existing customers		90	87	89	84	89
Acquisition of domestic customers		53	75	72	84	80
Acquisition of international customers		31	58	59	57	60
New products		74	68	77	68	60
No growth expected		7	3	3	5	29
14 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?						
Organic growth activities						
Acquiring new customers		+60	+59	+60	+25	+60
Cross-selling to existing customers		+47	+72	+43	+14	+48
Retaining existing customers		+50	+56	+50	+27	+43
Launching new products/services		+37	+26	+34	+2	+14
Inorganic growth activities						
Engaging in M&A transactions		+3	+7	-5	-50	+3
Forming strategic partnerships/alliances		+10	+3	+19	-59	+57
Market focus for growth						
Increasing market share in domestic markets		+43	+41	+40	+11	+43
Increasing market share in international markets		+18	+27	+22	0	+20
Investment in enablers to growth						
Brand and advertising		+3	+7	+11	+6	+6
Sales force and distribution channels		+47	+17	+8	+20	+15
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)		+37	+65	+10	+7	+32
Performance measurement processes/tools		+37	+20	+34	0	+23
IT systems and applications		+67	+49	+53	+14	+42

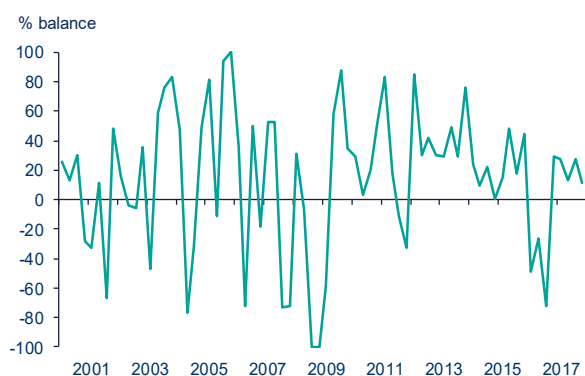
INVESTMENT MANAGEMENT

Survey number 113, December 2017

Conducted between 14th November and 11th December 2017

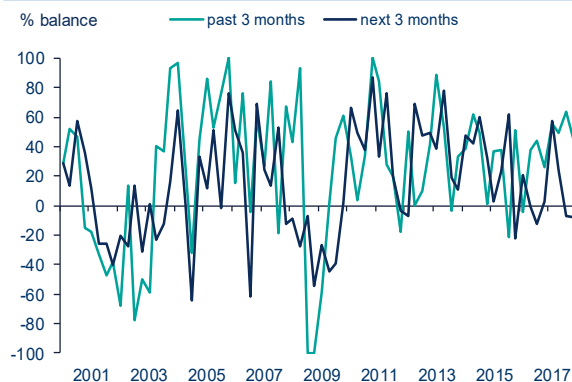
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



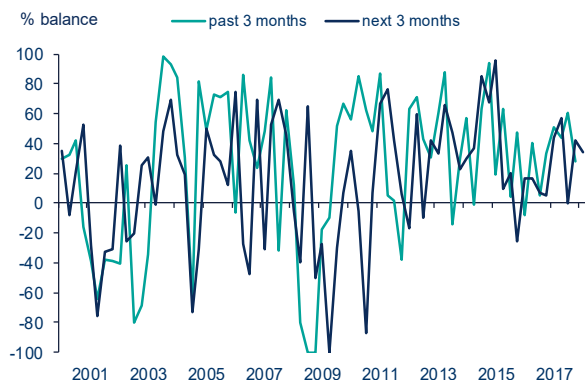
	Q1
Latest	+11
Previous	+28
Mean	+17

Q3a Trend in volume of business



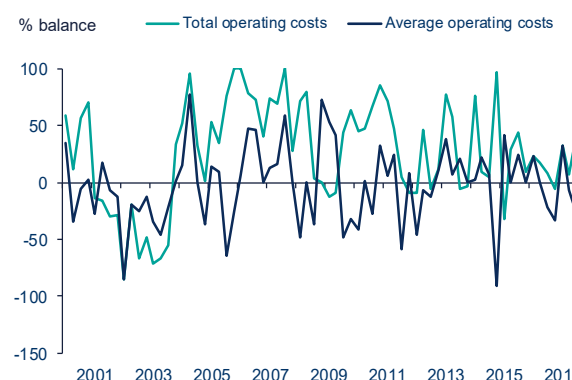
	Q3a: Past	Q3a: Next
Latest	+44	+11
Previous	+64	-8
Mean	+26	+17

Q5g Trend in overall profitability



	Q5g: Past	Q5g: Next
Latest	+28	+34
Previous	+61	+42
Mean	+23	+15

Q5c&d Total & average costs (past three months)



	Q5c: Past	Q5d: Past
Latest	+51	+11
Previous	+43	-28
Mean	+25	-3

Value and volume of business

	2017				
	Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	+29	+28	+13	+28	+11
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+3	+40	+43	+51	+28
b) Your present level of business with overseas customers (above/below normal)	-8	-3	+7	+4	0
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+26	+56	+49	+64	+44
- next 3 months	+57	+24	-7	-8	+11
b) Value** of fee, commission or premium income					
- past 3 months	+5	+40	+44	+45	+39
- next 3 months	+27	+15	+7	-4	+23
c) Value** of net interest, investment or trading income					
- past 3 months	-27	+26	0	-25	+28
- next 3 months	-3	-13	+7	-1	+28

** in sterling

		Dec	2017 Mar	Jun	Sep	Dec
4 What is the trend in your 'volume of business' with regard to the following categories of customer:						
a) Industrial & commercial companies	- past 3 months	+30	+25	0	-4	+11
	- next 3 months	+34	+28	0	+25	-17
b) Financial institutions	- past 3 months	+43	+53	+25	+49	+56
	- next 3 months	+33	+49	+18	+45	+45
c) Private individuals	- past 3 months	+27	+39	+38	+19	0
	- next 3 months	+40	+32	+6	+28	-17
d) Overseas customers (UK-based operations)	- past 3 months	+5	+33	+13	+10	0
	- next 3 months	+4	+33	+13	0	0
Charges, costs and profitability						
5 Excluding seasonal variations, what are the trends for:						
a) Average spreads	- past 3 months	-29	+25	-7	-26	0
	- next 3 months	-22	+25	0	0	+39
b) Average commissions/fees/ premiums paid	- past 3 months	-12	+26	-7	+15	-17
	- next 3 months	-3	+36	-25	+22	-22
c) Total operating costs (excluding cost of funds)	- past 3 months	-6	+33	+7	+43	+51
	- next 3 months	+8	+33	+26	+43	+39
d) Average operating costs per transaction	- past 3 months	-33	+33	-7	-28	+11
	- next 3 months	-32	+25	+7	-28	+23
e) Value of non-performing loans	- past 3 months	0	+28	-7	-3	+11
	- next 3 months	0	+25	0	0	0
of which:						
Retail	- past 3 months	-3	+28	0	0	0
	- next 3 months	0	+28	0	0	0
Corporate	- past 3 months	-3	+28	-7	-3	+11
	- next 3 months	0	+25	0	0	0
g) Overall profitability of business	- past 3 months	+33	+51	+44	+61	+28
	- next 3 months	+44	+57	0	+42	+34
Employment and training						
6 Excluding seasonal variations, what are the trends in:						
a) Numbers employed	- past 3 months	+33	+31	+48	+25	+15
	- next 3 months	+33	+31	+26	+21	-8
b) Training expenditure	- past 3 months	+38	+28	+32	+39	+16
	- next 3 months	+33	+18	+5	+32	+16
c) Staff costs as a proportion of total costs	- past 3 months	+14	-11	+21	+18	+35
	- next 3 months	+1	-11	+5	+18	+12
6.1 What has been the trend with regard to your staff turnover:						
	- past 3 months	+5	+10	+47	+21	-4
	- next 3 months	-15	-3	+21	-18	+14
Marketing expenditure						
7 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS						
		+52	+38	+25	+69	+11
Capital expenditure						
8 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:						
a) Land and buildings		+46	+18	-5	+64	+11
b) Vehicles, plant & machinery		+25	+28	+6	+39	0
c) Information technology		+71	+54	+75	+86	+44
9 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*						
To provide new services		51	74	67	82	72
To increase efficiency/speed		73	92	100	92	55
To reach new customers		57	61	31	71	49
For replacement		48	60	38	61	28
To expand capacity		66	68	49	71	23
Statutory legislation and regulation		69	75	62	82	83
Other		0	4	7	10	0
10 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*						
Inadequate net return on proposed investment		60	75	43	82	66
Shortage of finance		40	35	18	61	11
Cost of finance		28	35	18	58	11
Uncertainty about demand/business prospects		63	61	69	76	39
Shortage of labour including managerial & supervisor staff		43	52	56	65	67
Other		9	0	18	32	0

Business prospects		2017				
		Dec	Mar	Jun	Sep	Dec
11 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*						
Level of demand	- Total	76	82	74	89	61
	- Overseas	13	22	31	17	23
Staff turnover	- Total	31	42	18	51	45
	- Overseas	0	6	0	0	11
Availability of professional staff	- Total	39	39	49	55	34
	- Overseas	0	10	25	4	34
Availability of clerical staff	- Total	35	50	18	23	23
	- Overseas	0	14	0	0	23
Adequacy of systems capacity	- Total	34	42	25	51	11
	- Overseas	0	6	7	0	11
Ability to raise funds	- Total	40	35	18	58	11
	- Overseas	0	14	0	6	11
of which:						
Ability to raise capital	- Total	15	35	18	58	39
	- Overseas	0	6	0	6	23
Availability of corporate loans	- Total	0	35	18	51	11
	- Overseas	0	14	0	0	11
Competition	- Total	46	53	80	86	72
	- Overseas	9	11	26	24	23
Statutory legislation and regulation	- Total	66	79	38	86	84
	- Overseas	14	21	7	18	34
Other	- Total	18	14	7	0	17
	- Overseas	18	0	7	0	0
11.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?		+89	+81	+87	+68	+89
12 Where do you see your competition coming from in the next 12 months?						
Your sector of financial services		100	89	93	95	89
Other sectors of financial services		50	64	31	69	11
Companies currently positioned outside of financial services		37	51	43	42	28
New entrants		52	60	49	76	49
Other		0	28	0	0	17
Growth						
13 Where do you think your growth will come from over the next 3 months?						
Cross sales to new customers		73	63	31	50	38
Cross sales to existing customers		69	80	51	85	77
Acquisition of domestic customers		75	61	49	71	62
Acquisition of international customers		13	15	13	14	23
New products		54	67	56	55	33
No growth expected		5	20	7	4	17
14 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?						
Organic growth activities						
Acquiring new customers		+65	+55	+25	+71	+33
Cross-selling to existing customers		+56	+58	+31	+52	+61
Retaining existing customers		+40	+61	+38	+25	+39
Launching new products/services		+56	+38	+56	+51	+56
Inorganic growth activities						
Engaging in M&A transactions		+18	+11	+5	+29	-23
Forming strategic partnerships/alliances		+26	+15	+18	-13	+5
Market focus for growth						
Increasing market share in domestic markets		+39	+41	+43	+49	+11
Increasing market share in international markets		+4	-27	+25	+7	+23
Investment in enablers to growth						
Brand and advertising		+40	+47	+20	+71	-5
Sales force and distribution channels		+39	+38	+56	+42	+28
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)		+17	+27	+7	+27	+23
Performance measurement processes/tools		+1	+5	+25	+20	-28
IT systems and applications		+26	+52	+74	+27	+23

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
Subscription					
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:

Lamya Hachicho
CBI
78 Cannon Street
London EC4N 6HN

T: +44 (0) 207 395 8259
E: lamya.hachicho@cbi.org.uk

Participation

If you wish to take part in a survey – or for more information on any CBI surveys – please contact:

Nicola Grimwood
CBI
78 Cannon Street
London EC4N 6HN

T: +44 (0) 207 395 8081
E: nicola.grimwood@cbi.org.uk

Sample sizes and weights

Survey 113, December 2017	Number of respondents	Sample weight
Banking	12	0.40
Building societies	7	0.05
Finance Houses	13	0.05
Life insurance	4	0.11
General insurance	13	0.16
Insurance brokers	15	0.05
Investment management	8	0.05
Securities trading; stockbroking	5	0.08
Private equity (ex venture capital)	4	0.00
Other financial institutions	11	0.05
Total	92	1.00

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.

PwC firms provide industry-focused assurance, tax and advisory services to enhance value for their clients. More than 169,000 people in 158 countries in firms across the PwC network share their thinking, experience and solutions to develop fresh perspectives and practical advice. See www.pwc.com for more information.

PWC CONTACT DETAILS

For further information about this Survey, please contact Jon Acquarone on (020) 7804 6951 or David Jetuah on (020) 7212 1812. For comment about a particular industry or issue, please contact one of the following people on (020) 7583 5000.

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.

Disclaimer

The CBI, the UK firm of PwC LLP and each contributor to this work disclaim all responsibility and liability (including negligence) for loss occasioned to any person acting or refraining from action as a result of any material in this publication.



For further information, please contact:

Ben Jones
Principal Economist, CBI
T: 44 (0)20 7395 8102
E: ben.jones@cbi.org.uk

© Copyright CBI 2018
The content may not be copied, distributed,
reported or dealt with in whole or in part
without prior consent of the CBI.

www.cbi.org.uk