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DEMAND FALLS FOR THE FIRST TIME IN FIVE YEARS

Sentiment among financial services firms continued to deteriorate in the quarter to December. Total business volumes edged down, marking the weakest performance since 2013. However, there was a marked divergence between sub-sectors, with sentiment holding up better among insurers amid a continued expansion in their business volumes. Profits in the financial services sector as a whole were broadly unchanged for a third successive quarter. Looking ahead, expectations for growth and profitability have deteriorated. For the first time since 2009, overall business volumes are expected to contract over the quarter ahead, with profitability also expected to fall. Despite this, firms expect to raise headcount in the quarter to March and investment intentions for the year ahead remain broadly stable, with spending on IT expected to grow at a historically strong pace as firms maintain a focus on improving efficiency.

Insurance outperforms the rest of financial services

Optimism about the overall business situation in financial services continued to fall in the quarter to December, having declined in all but one quarter since the start of 2016. The deterioration of sentiment among investment managers, banks and building societies was particularly widespread. By contrast, sentiment rose among life insurers and insurance brokers and was stable in the general insurance sector.

Overall business volumes fell in the three months to December, the weakest performance since September 2013. The headline balance concealed a marked divergence between sectors, with rising volumes in all three insurance sub-sectors offset by flat or falling volumes in the three lending sub-sectors and the steepest fall in activity among investment managers since the financial crisis. The latter decline confirmed a striking loss of momentum for the investment management sector during 2018. Overall business volumes are expected to fall at a similar pace over the quarter to March, the first time growth expectations have turned negative since June 2009.

With business volumes edging down and costs rising, profits across the financial services sector as a whole were flat in the three months to December, for a third successive quarter. Most sub-sectors saw profits rise or remain unchanged, however weaker profitability was widely reported among investment managers and general insurers. Overall profitability is expected to fall in the quarter to March, for the first time in over three years, reflecting a widespread deterioration in expectations across the industry.

IT investment continues to grow at a robust pace

Investment intentions for the year ahead improved in the quarter to December. Financial services firms plan to raise spending on marketing and IT at robust rates, and capital spending in other areas is expected to stabilise after recent falls. Efficiency & replacement were the main drivers of investment, alongside statutory legislation and regulation. Although growth in compliance spending continues to moderate, regulation is seen as the most important constraint on business expansion in the year ahead.

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Firms see acquiring new customers and cross-selling as increasingly important to growth strategies. Interest in M&A and partnerships is increasing, while sales & distribution channels and IT are seen as key factors for growth.

CONTENTS

PAGE 2 SUPPLEMENTARY QUESTIONS

On challenges for the year ahead; digital innovation by regulators; and sources of competition.

PAGE 5 BANKS

Sentiment fell sharply. Business volumes remained flat and no change is expected next quarter.

PAGE 7 BUILDING SOCIETIES

Sentiment deteriorated. Business volumes fell and are expected to edge up only slightly next quarter.

PAGE 9 FINANCE HOUSES

Optimism fell slightly. Volumes flatlined and are expected to fall next quarter.

PAGE 11 LIFE INSURANCE

Sentiment improved. Volumes rose moderately and are expected to continue growing next quarter.

PAGE 13 GENERAL INSURANCE

Sentiment remained unchanged. Volumes inched up but are expected to dip next quarter.

PAGE 15 INSURANCE BROKERS

Optimism rose slightly. Volumes expanded at a solid pace, but growth is expected to slow next quarter.

PAGE 17 INVESTMENT MANAGEMENT

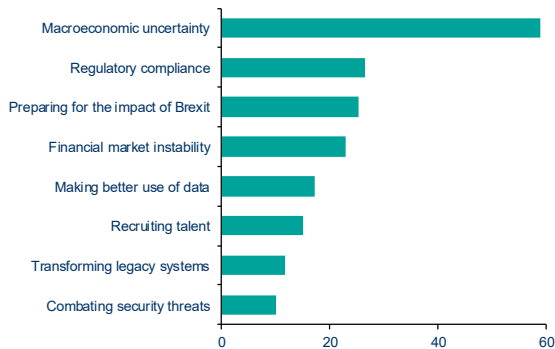
Optimism deteriorated sharply. Business volumes fell again, with the decline set to accelerate next quarter.

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<http://www.cbi.org.uk/business-issues/the-economy/business-surveys/>

SUPPLEMENTARY QUESTIONS

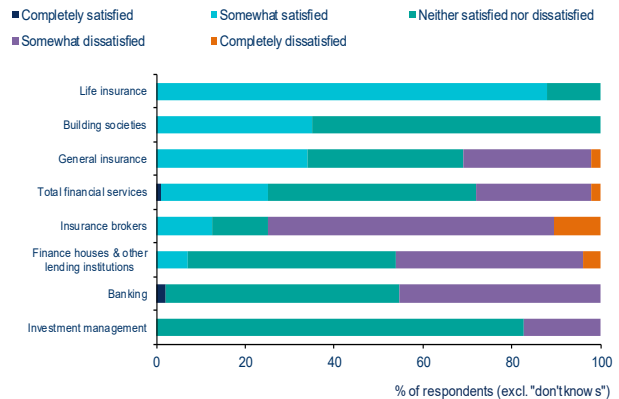
Top challenges for the year ahead



Answers ranked, with results as a % of max score (higher score = biggest challenge)

By far the most important challenge facing financial services firms over the year ahead is macroeconomic uncertainty. This was ranked as the number one concern by banks, building societies, general insurers and insurance brokers, and the number two concern for investment managers, behind financial market instability. Meanwhile, life insurers and finance houses believe their biggest challenge is to make better use of customer data to improve customer experiences/business performance. Regulatory compliance was also cited as an important challenge by many firms, alongside preparing for the impact of Brexit.

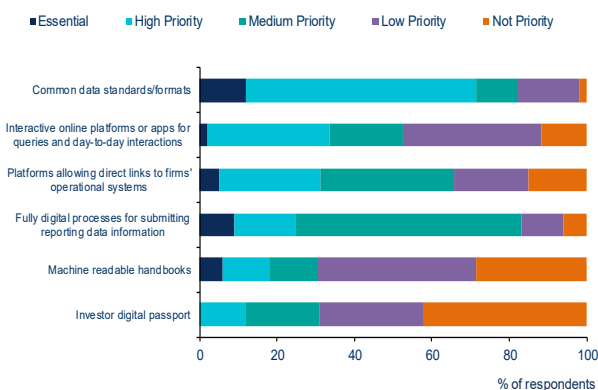
Satisfaction with digital innovation by regulators



% of respondents (excl. "don't know s")

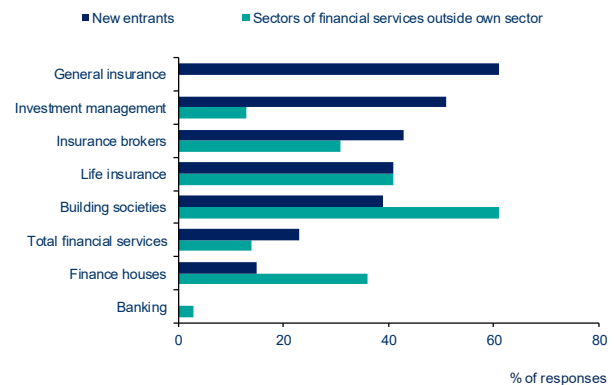
Overall, financial services appear fairly ambivalent over whether regulators are keeping pace with digital innovations (such as digital documents, on-line platforms or apps) that could help support regulatory implementation and compliance. Almost half (47%) of those expressing an opinion said they were neither satisfied nor dissatisfied with regulators' digital innovations, with precisely one quarter satisfied and a slightly higher share (28%) dissatisfied. Insurance brokers, finance houses and banks saw the greatest potential for regulators to make better use of digital technologies to support regulatory compliance.

Most important digital innovations for regulators



Common data standards/formats are seen as the most important digital innovation regulators could adopt in the next 18-24 months to help reduce the costs of regulatory implementation and compliance. Firms also see a significant potential for interactive online platforms or apps that could facilitate queries or day-to-day interactions, along with platforms allowing direct links between firms' operational systems and regulators that could reduce reporting requirements.

Sources of competition over the year ahead



New entrants pose a competitive threat to firms in many sectors. For example, over half of firms in general insurance and investment management see new entrants as a source of competition over the year ahead. In all sectors, the vast majority of firms see competition coming from their own sector. However, the degree of competition from other sectors of financial services varies more widely, with building societies and life insurers the most concerned. Somewhat surprisingly, banks see the least potential for competition from either new entrants or from firms outside their sector.

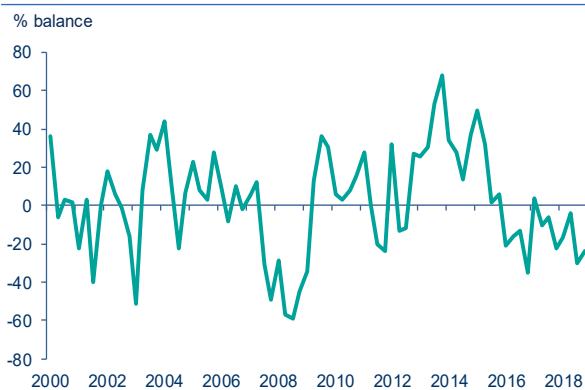
OVERALL FINANCIAL SERVICES

Survey number 117, December 2018

Conducted between 14th November and 14th December 2018

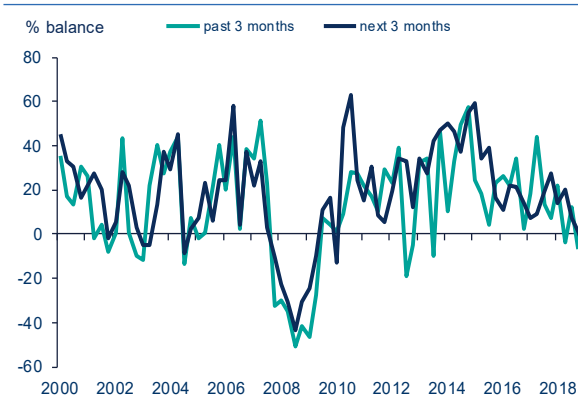
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



	Q1
Latest	-24
Previous	-30
Mean	+4

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	-7	-9
Previous	+12	+1
Mean	+14	+19

Value and volume of business

	2018				
	Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-22	-17	-4	-30	-24
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+5	+5	-1	-4	0
b) Your present level of business with overseas customers (above/below normal) is:	-6	+6	-6	+3	-15
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+7	+22	-4	+12	-7
- next 3 months	+14	+20	+7	+1	-9
b) Value** of fee, commission or premium income					
- past 3 months	+7	+3	-4	+1	-17
- next 3 months	+17	+6	+12	-13	-10
c) Value** of net interest, investment or trading income					
- past 3 months	+10	+5	-3	-13	-1
- next 3 months	+18	+2	-8	+5	+1

Charges, costs and profitability

4 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	-29	+6	-12	+4	+8
- next 3 months	-23	+11	-9	+1	-10
b) Average commissions/fees/ premiums paid					
- past 3 months	-6	0	-8	-1	-13
- next 3 months	-4	+5	-3	0	-1
c) Total operating costs (excluding cost of funds)					
- past 3 months	+32	+27	+4	+17	+10
- next 3 months	+50	+32	+2	+16	+23
d) Average operating costs per transaction					
- past 3 months	-1	+17	-4	+21	+6
- next 3 months	+21	+12	-10	+15	+15
e) Value of non-performing loans					
- past 3 months	+3	-5	+9	-11	-1
- next 3 months	+1	-2	+9	-6	+2
g) Overall profitability of business					
- past 3 months	+15	+33	+4	-1	+4
- next 3 months	+19	+20	+11	+16	-14

Employment and training

5 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	-5	+9	+24	+3	+5
- next 3 months	0	+24	+15	0	+21
b) Training expenditure					
- past 3 months	+42	+39	+25	+16	+4
- next 3 months	+29	+51	+17	+7	+17

Marketing expenditure					
	Dec	Mar	Jun	Sep	Dec
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	+40	+31	+20	+31	+31
Capital expenditure					
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:					
a) Land and buildings	-50	-28	+5	-18	-2
b) Vehicles, plant & machinery	-28	-17	-9	-15	-2
c) Information technology	+61	+37	+70	+49	+65
8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	40	50	72	63	39
To increase efficiency/speed	80	56	66	75	70
To reach new customers	30	43	28	44	26
For replacement	45	37	41	68	41
To expand capacity	61	25	34	57	33
Statutory legislation and regulation	36	52	61	66	48
Other	1	2	6	18	0
9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	71	48	27	55	61
Shortage of finance	7	9	14	12	20
Cost of finance	3	9	9	9	5
Uncertainty about demand/business prospects	45	51	41	60	45
Shortage of labour including managerial & supervisor staff	30	25	40	26	14
Other	5	15	9	8	2
Business prospects					
10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand - Total	75	64	42	58	41
Staff turnover - Total	4	3	7	13	6
Availability of professional staff - Total	23	27	24	48	18
Availability of clerical staff - Total	5	6	10	15	7
Adequacy of systems capacity - Total	13	32	32	39	25
Ability to raise funds - Total	2	2	9	12	4
of which:					
Ability to raise capital - Total	8	3	12	14	5
Availability of wholesale funds - Total	2	4	21	11	3
Competition - Total	59	60	38	44	39
Statutory legislation and regulation - Total	72	43	60	52	49
Other - Total	3	14	7	16	5
10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+41	+65	+49	+55	+37
Growth					
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?					
Organic growth activities:					
Acquiring new customers	+65	+55	+58	+52	+61
Cross-selling to existing customers	+48	+46	+49	+43	+47
Launching new products/services	+13	+24	+24	+41	+40
Inorganic growth activities:					
Engaging in M&A transactions	+5	-12	+9	-6	+26
Forming strategic partnerships/alliances	+33	+40	+46	+25	+38
Market focus for growth:					
Increasing market share in domestic markets	+55	+50	+49	+40	+46
Increasing market share in international markets	+8	+1	+4	+21	-1
Investment in enablers to growth:					
Brand and advertising	+14	+30	+1	+34	+21
Sales force and distribution channels	+43	+24	+31	+32	+46
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+23	+22	+33	+28	+42
IT systems and applications	+45	+80	+61	+62	+59

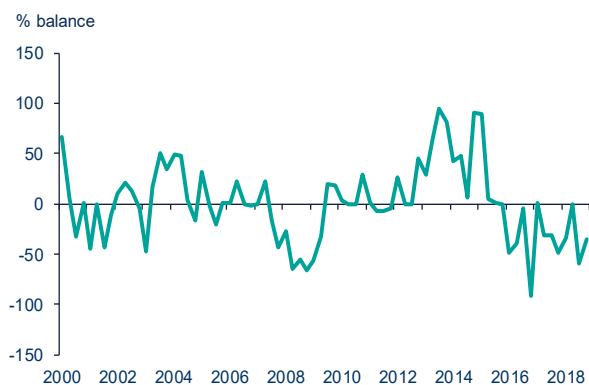
BANKING

Survey number 117, December 2018

Conducted between 14th November and 14th December 2018

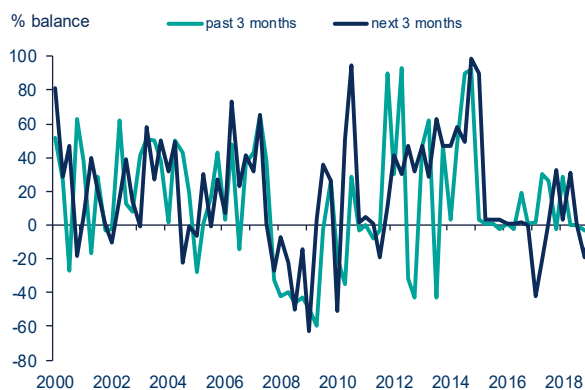
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Q1 Optimism vs three months earlier



	Q1
Latest	-35
Previous	-59
Mean	+2

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	-3	-1
Previous	0	-19
Mean	+14	+20

Value and volume of business

	Dec	2018 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-48	-34	0	-59	-35
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	-2	0	0	-19	+27
b) Your present level of business with overseas customers (above/below normal) is:	-1	-1	-31	-2	-5
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	-2	+29	0	0	-3
- next 3 months	+3	+31	0	-19	-1
b) Value** of fee, commission or premium income					
- past 3 months	-2	-2	-1	-1	-30
- next 3 months	+2	-2	+1	-38	0
c) Value** of net interest, investment or trading income					
- past 3 months	-4	-7	-1	-18	-1
- next 3 months	-1	-4	-30	+1	0

** in sterling

Charges, costs and profitability

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

Employment and training

5 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	0	+3	+31	-16	-2
- next 3 months	+3	+35	+1	-18	+29
b) Training expenditure					
- past 3 months	+95	+64	+33	+20	+2
- next 3 months	+50	+66	+3	+2	+30

Marketing expenditure					
	Dec	Mar	Jun	Sep	Dec
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	+47	-1	+2	+20	+31
Capital expenditure					
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:					
a) Land and buildings	-92	-63	-2	-55	0
b) Vehicles, plant & machinery	-47	-33	-33	-37	0
c) Information technology	+97	+1	+64	+59	+68
8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	3	33	96	76	33
To increase efficiency/speed	95	36	65	78	64
To reach new customers	3	31	2	39	0
For replacement	51	5	37	62	38
To expand capacity	93	4	33	75	31
Statutory legislation and regulation	7	69	99	79	37
Other	0	0	2	38	0
9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	97	36	3	42	64
Shortage of finance	2	1	1	3	1
Cost of finance	3	3	3	2	1
Uncertainty about demand/business prospects	51	36	36	42	35
Shortage of labour including managerial & supervisor staff	4	4	33	4	3
Other	1	30	2	2	3
Business prospects					
10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand - Total	98	66	36	61	37
Staff turnover - Total	1	1	2	20	0
Availability of professional staff - Total	1	3	0	39	1
Availability of clerical staff - Total	0	1	0	19	0
Adequacy of systems capacity - Total	3	34	31	58	3
Ability to raise funds - Total	1	1	2	19	0
of which:					
Ability to raise capital - Total	4	2	3	22	3
Availability of wholesale funds - Total	1	6	32	20	0
Competition - Total	48	38	31	40	33
Statutory legislation and regulation - Total	98	39	97	60	67
Other - Total	1	30	1	20	2
10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+6	+35	+35	+61	+5
Growth					
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?					
Organic growth activities					
Acquiring new customers	+97	+66	+65	+42	+62
Cross-selling to existing customers	+48	+62	+62	+22	+64
Launching new products/services	-4	-3	+32	+58	+28
Inorganic growth activities					
Engaging in M&A transactions	0	-31	+29	0	+30
Forming strategic partnerships/alliances	+46	+63	+60	+19	+30
Market focus for growth					
Increasing market share in domestic markets	+92	+65	+32	+41	+62
Increasing market share in international markets	+2	-28	+2	+20	0
Investment in enablers to growth					
Brand and advertising	0	+4	-30	+2	0
Sales force and distribution channels	+46	+4	+31	+20	+61
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+3	+3	+30	+20	+33
IT systems and applications	+50	+96	+63	+78	+64

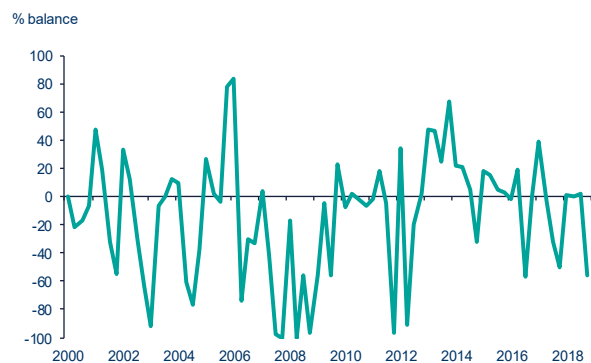
BUILDING SOCIETIES

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Conducted between 14th November and 14th December 2018

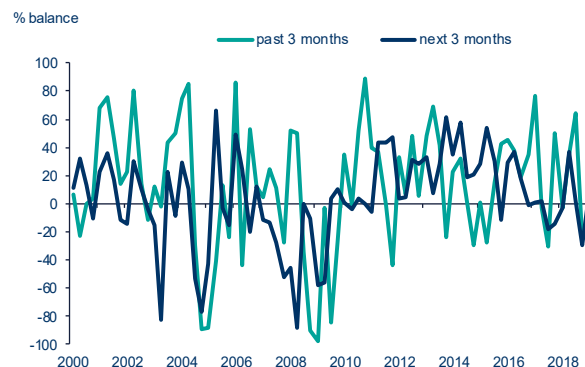
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



	Q1
Latest	-56
Previous	+2
Mean	-7

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	-26	+5
Previous	+64	-30
Mean	+10	+8

Value and volume of business

	Dec	2018 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-50	+1	0	+2	-56
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+5	-36	+5	+3	+5
b) Your present level of business with overseas customers (above/below normal) is:	0	0	0	0	0
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+50	-3	+35	+64	-26
- next 3 months	-3	+37	+2	-30	+5
b) Value** of fee, commission or premium income					
- past 3 months	-16	-34	-2	+5	+5
- next 3 months	-3	+6	-5	0	+5
c) Value** of net interest, investment or trading income					
- past 3 months	-45	+1	-32	-30	+30
- next 3 months	-23	+1	-30	+3	0

** in sterling

Charges, costs and profitability

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

Employment and training

5 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	-48	+1	-26	+33	+35
- next 3 months	+4	+34	0	+1	+39
b) Training expenditure					
- past 3 months	+6	+34	+6	+4	+4
- next 3 months	+6	+34	+6	+3	+9

Marketing expenditure					
	Dec	Mar	Jun	Sep	Dec
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	+30	+34	+67	+67	+65
Capital expenditure					
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:					
a) Land and buildings	+21	+34	+35	+2	+56
b) Vehicles, plant & machinery	-7	+29	0	-2	-5
c) Information technology	+5	+3	+37	+33	+65
8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	48	39	37	32	65
To increase efficiency/speed	100	99	95	97	65
To reach new customers	70	63	68	67	39
For replacement	45	62	61	67	91
To expand capacity	45	92	65	92	65
Statutory legislation and regulation	70	94	32	32	4
Other	27	32	30	30	0
9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	48	37	63	61	91
Shortage of finance	0	0	0	4	30
Cost of finance	0	3	0	0	0
Uncertainty about demand/business prospects	52	68	32	67	35
Shortage of labour including managerial & supervisor staff	45	62	35	30	35
Other	45	30	30	30	0
Business prospects					
10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand - Total	77	100	68	65	35
Staff turnover - Total	0	0	0	0	0
Availability of professional staff - Total	0	0	2	35	35
Availability of clerical staff - Total	0	0	0	0	0
Adequacy of systems capacity - Total	23	33	30	32	5
Ability to raise funds - Total	0	0	0	4	30
of which:					
Ability to raise capital - Total	0	0	0	0	0
Availability of wholesale funds - Total	0	0	0	0	0
Competition - Total	100	99	96	92	96
Statutory legislation and regulation - Total	75	99	33	61	61
Other - Total	23	30	30	30	0
10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+30	+32	-24	-23	+9
Growth					
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?					
Organic growth activities					
Acquiring new customers	+30	+8	+39	+36	+70
Cross-selling to existing customers	+18	0	+32	+32	+30
Launching new products/services	+7	+34	+7	+6	+70
Inorganic growth activities					
Engaging in M&A transactions	+23	0	0	0	0
Forming strategic partnerships/alliances	+23	+26	+30	+32	+30
Market focus for growth					
Increasing market share in domestic markets	+25	+34	+9	+2	+5
Increasing market share in international markets	0	0	0	0	-30
Investment in enablers to growth					
Brand and advertising	+70	+64	+37	+92	+65
Sales force and distribution channels	+55	+34	+9	+6	+9
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+48	+64	+65	+32	+30
IT systems and applications	+52	+64	+98	+64	+35

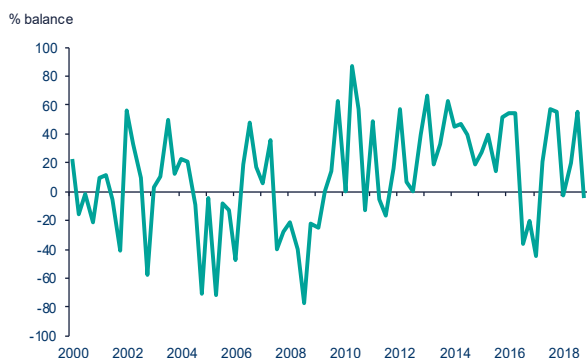
FINANCE HOUSES

Survey number 117, December 2018

Conducted between 14th November and 14th December 2018

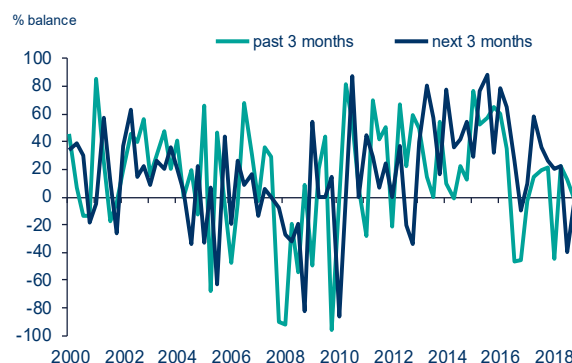
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



	Q1
Latest	-5
Previous	+55
Mean	+8

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	-3	-28
Previous	+12	0
Mean	+13	+14

Value and volume of business

	2018				
	Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	+55	-3	+19	+55	-5
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+63	+51	+3	+64	-31
b) Your present level of business with overseas customers (above/below normal) is:	-57	+50	+54	+57	-28
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+21	-45	+22	+12	-3
- next 3 months	+20	+22	-40	0	-28
b) Value** of fee, commission or premium income					
- past 3 months	+66	-45	+11	-45	+3
- next 3 months	+69	+66	+5	-45	+22
c) Value** of net interest, investment or trading income					
- past 3 months	+11	-9	+11	+10	+8
- next 3 months	+11	+17	+3	+6	+10

** in sterling

Charges, costs and profitability

4 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	+1	+9	0	-7	-4
- next 3 months	+65	+8	-3	+46	-1
b) Average commissions/fees/ premiums paid					
- past 3 months	+8	+8	-3	0	+7
- next 3 months	+11	-1	0	0	+10
c) Total operating costs (excluding cost of funds)					
- past 3 months	+15	+30	-33	+6	+13
- next 3 months	-38	+25	+74	-49	+10
d) Average operating costs per transaction					
- past 3 months	-38	+29	+23	+12	+21
- next 3 months	-35	+8	-50	-54	+21
e) Value of non-performing loans					
- past 3 months	+5	-40	-51	-45	-19
- next 3 months	-49	+8	-3	+57	+38
g) Overall profitability of business					
- past 3 months	+14	+50	+3	+2	+28
- next 3 months	+74	+5	+11	+54	+6

Employment and training

5 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	+24	+17	+12	+24	+3
- next 3 months	+20	+13	+15	+20	0
b) Training expenditure					
- past 3 months	+15	+17	+69	+65	+4
- next 3 months	-35	+65	+16	+8	-21

Marketing expenditure					
	Dec	Mar	Jun	Sep	Dec
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	+74	+58	+70	+65	+32
Capital expenditure					
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:					
a) Land and buildings	+9	-4	+2	+7	-12
b) Vehicles, plant & machinery	+1	+8	+5	0	-5
c) Information technology	+75	+74	+76	+77	+60
8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	85	83	74	79	68
To increase efficiency/speed	76	95	80	88	73
To reach new customers	83	79	77	81	84
For replacement	68	75	70	76	50
To expand capacity	20	14	25	24	13
Statutory legislation and regulation	72	83	71	70	68
Other	0	5	5	3	0
9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	63	75	71	73	44
Shortage of finance	9	18	14	10	6
Cost of finance	3	17	11	13	4
Uncertainty about demand/business prospects	71	79	85	84	57
Shortage of labour including managerial & supervisor staff	57	67	67	72	33
Other	0	5	5	6	4
Business prospects					
10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand - Total	83	91	88	78	56
Staff turnover - Total	6	13	14	14	8
Availability of professional staff - Total	57	63	68	65	36
Availability of clerical staff - Total	57	63	65	60	30
Adequacy of systems capacity - Total	65	67	74	68	38
Ability to raise funds - Total	12	14	14	13	7
of which:					
Ability to raise capital - Total	20	22	17	9	10
Availability of wholesale funds - Total	19	21	14	9	13
Competition - Total	79	82	68	77	47
Statutory legislation and regulation - Total	68	79	70	74	40
Other - Total	0	0	11	8	4
10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+76	+92	+70	+75	+47
Growth					
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?					
Organic growth activities					
Acquiring new customers	+77	+83	+86	+87	+76
Cross-selling to existing customers	+22	+29	+24	+37	+47
Launching new products/services	+19	+16	+10	+20	+41
Inorganic growth activities					
Engaging in M&A transactions	-6	-8	-6	-11	-3
Forming strategic partnerships/alliances	+67	+61	+62	+71	+41
Market focus for growth					
Increasing market share in domestic markets	+79	+70	+85	+85	+77
Increasing market share in international markets	0	0	+5	+6	0
Investment in enablers to growth					
Brand and advertising	+66	+75	+76	+64	+43
Sales force and distribution channels	+21	+33	+26	+26	+27
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+17	+20	+20	+28	+10
IT systems and applications	+79	+74	+74	+82	+67

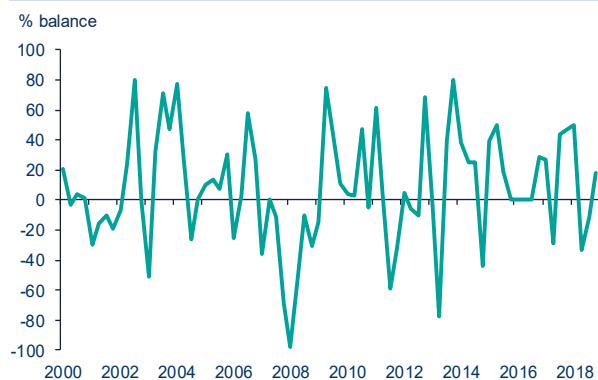
LIFE INSURANCE

Survey number 117, December 2018

Conducted between 14th November and 14th December 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	+18
Previous	-11
Mean	+6

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+12	+29
Previous	+56	-11
Mean	+18	+31

Value and volume of business

	Dec	2018 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	+47	+50	-33	-11	+18
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+59	+50	0	+34	+12
b) Your present level of business with overseas customers (above/below normal) is:	0	+50	+33	+11	-29
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+47	+50	+33	+56	+12
- next 3 months	+29	0	+67	-11	+29
b) Value** of fee, commission or premium income					
- past 3 months	+59	+50	-33	+22	+12
- next 3 months	+29	0	+33	-22	0
c) Value** of net interest, investment or trading income					
- past 3 months	+59	0	-33	0	-29
- next 3 months	+59	0	+67	-44	-29

Charges, costs and profitability

	Dec	2018 Mar	Jun	Sep	Dec
4 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	-29	-50	0	-22	0
- next 3 months	-59	-50	-67	0	0
b) Average commissions/fees/ premiums paid					
- past 3 months	0	+50	0	+12	+12
- next 3 months	-29	+50	0	+12	0
c) Total operating costs (excluding cost of funds)					
- past 3 months	+59	+50	0	+34	-18
- next 3 months	+71	0	-33	+34	-18
d) Average operating costs per transaction					
- past 3 months	-29	-50	-33	0	-47
- next 3 months	-18	-50	-67	0	-47
g) Overall profitability of business					
- past 3 months	+71	+50	-33	+56	+29
- next 3 months	+12	+50	0	0	0

Employment and training

	Dec	2018 Mar	Jun	Sep	Dec
5 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	+41	+50	0	+11	-18
- next 3 months	+11	+50	0	-11	-18
b) Training expenditure					
- past 3 months	+41	+50	-33	+11	+11
- next 3 months	+41	+50	0	-11	+11

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

GENERAL INSURANCE

Survey number 117, December 2018

Conducted between 14th November and 14th December 2018

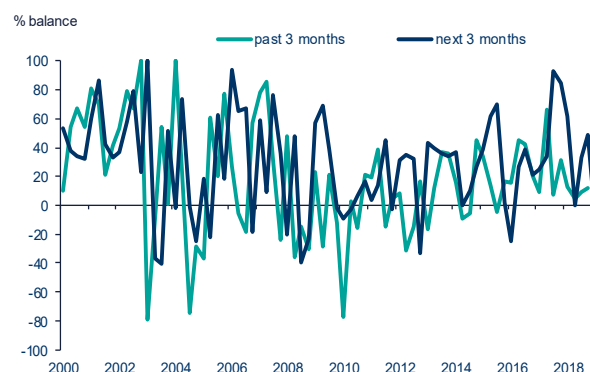
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



	Q1
Latest	0
Previous	0
Mean	+1

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+12	-12
Previous	+9	+49
Mean	+11	+20

Value and volume of business

	Dec	2018 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-22	-2	+7	0	0
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+2	+2	+7	+5	-18
b) Your present level of business with overseas customers (above/below normal) is:	-27	0	+4	0	-50
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+31	+13	+5	+9	+12
- next 3 months	+62	0	+33	+49	-12
b) Value** of fee, commission or premium income					
- past 3 months	+29	+10	+3	+11	+14
- next 3 months	+58	0	+32	+51	-12
c) Value** of net interest, investment or trading income					
- past 3 months	+2	0	-2	-36	-25
- next 3 months	+55	0	-5	+4	+5

** in sterling

Charges, costs and profitability

4 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	-27	0	+24	0	+2
- next 3 months	-25	0	0	+4	+29
b) Average commissions/fees/ premiums paid					
- past 3 months	+4	+8	+4	+2	+9
- next 3 months	+6	+8	+4	+2	+9
c) Total operating costs (excluding cost of funds)					
- past 3 months	+29	+95	-21	+44	+4
- next 3 months	+31	+90	-20	+44	-23
d) Average operating costs per transaction					
- past 3 months	0	+2	-23	+2	+7
- next 3 months	+2	+8	-24	+2	-23
g) Overall profitability of business					
- past 3 months	-2	+5	+24	-31	-25
- next 3 months	+60	0	+28	+7	-21
4.1 What has been the trend with regard to the value of insurance claims:					
- past 12 months	+64	+82	+88	+86	+94
- next 12 months	+8	+10	+9	+4	+11

Employment and training

5 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	+5	+88	+2	+49	-16
- next 3 months	+37	+90	+4	+49	-20
b) Training expenditure					
- past 3 months	+8	+88	+30	+51	+4
- next 3 months	+7	+93	+32	+58	+5

Marketing expenditure					
	Dec	Mar	Jun	Sep	Dec
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	+8	+98	+7	+11	+4
Capital expenditure					
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:					
a) Land and buildings	-29	0	0	+5	-2
b) Vehicles, plant & machinery	-25	-2	+29	+5	+4
c) Information technology	+41	+85	+92	+56	+98
8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	67	100	69	56	34
To increase efficiency/speed	43	18	38	18	60
To reach new customers	37	95	41	56	57
For replacement	35	85	36	93	34
To expand capacity	35	10	5	16	36
Statutory legislation and regulation	6	5	8	54	55
Other	0	0	0	2	0
9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	61	92	34	58	87
Shortage of finance	2	5	4	11	29
Cost of finance	2	5	3	11	0
Uncertainty about demand/business prospects	61	87	62	93	41
Shortage of labour including managerial & supervisor staff	35	5	34	18	3
Other	2	5	0	2	0
Business prospects					
10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand - Total	39	15	36	51	32
Staff turnover - Total	0	10	28	11	30
Availability of professional staff - Total	61	87	63	56	32
Availability of clerical staff - Total	4	12	30	9	0
Adequacy of systems capacity - Total	4	10	33	9	30
Ability to raise funds - Total	0	0	27	9	0
of which:					
Ability to raise capital - Total	0	2	28	2	3
Availability of wholesale funds - Total	0	2	27	2	0
Competition - Total	70	95	61	89	89
Statutory legislation and regulation - Total	10	10	31	49	27
Other - Total	0	5	27	0	0
10.1 What do you expect to spend on regulatory compliance in the NEXT 12	+94	+92	+66	+92	+89
Growth					
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					
Organic growth activities					
Acquiring new customers	+34	+87	+72	+96	+66
Cross-selling to existing customers	+41	+18	+62	+56	+13
Launching new products/services	+29	+88	+12	+51	+62
Inorganic growth activities					
Engaging in M&A transactions	-4	-15	-46	-38	+5
Forming strategic partnerships/alliances	-2	-10	+30	+6	+28
Market focus for growth					
Increasing market share in domestic markets	+34	+95	+70	+49	+64
Increasing market share in international markets	0	+80	+27	+42	+4
Investment in enablers to growth					
Brand and advertising	+33	+90	+41	+52	+32
Sales force and distribution channels	+59	+80	+66	+47	+61
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+8	+5	+9	+9	+64
IT systems and applications	+37	+98	+89	+94	+95

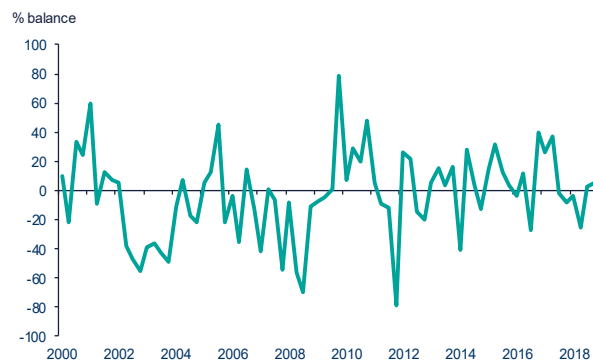
INSURANCE BROKERS

Survey number 117, December 2018

Conducted between 14th November and 14th December 2018

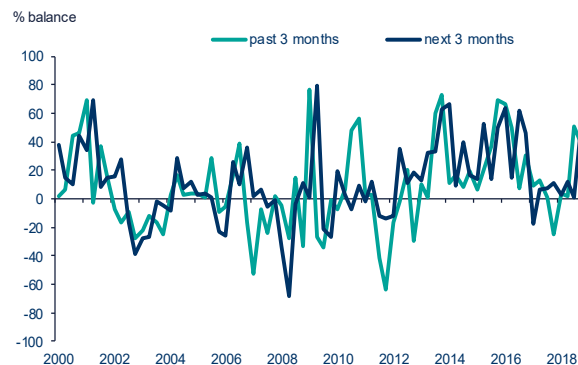
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



	Q1
Latest	+5
Previous	+3
Mean	-1

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+38	+9
Previous	+51	+55
Mean	+16	+18

Value and volume of business

	Dec	2018 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	-8	-4	-25	+3	+5
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	-5	-4	+2	+48	+27
b) Your present level of business with overseas customers (above/below normal) is:	-26	+4	0	+3	-3
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	-25	+4	+2	+51	+38
- next 3 months	+3	+12	+1	+55	+9
b) Value** of fee, commission or premium income					
- past 3 months	-16	-22	+6	+62	+27
- next 3 months	+15	+12	+6	+62	+9
c) Value** of net interest, investment or trading income					
- past 3 months	+17	0	-5	-3	+5
- next 3 months	0	0	-5	+3	+2

** in sterling

Charges, costs and profitability

	Dec	2018 Mar	Jun	Sep	Dec
4 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	0	0	-5	-3	0
- next 3 months	+26	+4	+5	-3	0
b) Average commissions/fees/ premiums paid					
- past 3 months	-15	-21	+7	0	+12
- next 3 months	+14	+26	+7	+10	+12
c) Total operating costs (excluding cost of funds)					
- past 3 months	+6	+38	+24	+14	+26
- next 3 months	+9	-10	+34	+17	+53
d) Average operating costs per transaction					
- past 3 months	-19	+20	+16	+10	-5
- next 3 months	+9	+20	+17	+14	+2
g) Overall profitability of business					
- past 3 months	+62	+16	+64	+51	+50
- next 3 months	+26	+51	+56	+51	+27

Employment and training

	Dec	2018 Mar	Jun	Sep	Dec
5 Excluding seasonal variations, what are the trends in:					
a) Numbers employed					
- past 3 months	-5	+4	+27	+7	+29
- next 3 months	-1	+12	+42	+14	+45
b) Training expenditure					
- past 3 months	+8	+8	+15	+10	+3
- next 3 months	+39	+16	+23	+10	+17

Marketing expenditure					
	Dec	Mar	Jun	Sep	Dec
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	+4	+12	+16	+3	+9
Capital expenditure					
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:					
a) Land and buildings	-25	-26	-16	-3	-19
b) Vehicles, plant & machinery	+3	0	+5	-7	-3
c) Information technology	-4	+24	+31	+7	+9
8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	74	34	49	72	14
To increase efficiency/speed	79	80	65	86	86
To reach new customers	77	24	41	69	47
For replacement	57	58	55	97	66
To expand capacity	22	50	49	76	26
Statutory legislation and regulation	23	29	41	76	35
Other	3	4	5	0	0
9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	73	34	53	72	47
Shortage of finance	32	30	0	14	33
Cost of finance	3	4	0	7	7
Uncertainty about demand/business prospects	54	62	51	24	59
Shortage of labour including managerial & supervisor staff	11	20	3	14	21
Other	0	0	0	3	5
Business prospects					
10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand - Total	52	66	58	79	86
Staff turnover - Total	9	8	0	7	0
Availability of professional staff - Total	15	42	3	17	21
Availability of clerical staff - Total	6	8	0	7	0
Adequacy of systems capacity - Total	15	20	9	3	14
Ability to raise funds - Total	8	4	0	7	0
of which:					
Ability to raise capital - Total	3	4	0	7	0
Availability of wholesale funds - Total	3	4	0	3	0
Competition - Total	74	66	32	35	57
Statutory legislation and regulation - Total	56	62	28	35	30
Other - Total	5	0	0	7	5
10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+49	+58	+53	+24	+60
Growth					
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?					
Organic growth activities					
Acquiring new customers	+60	+58	+45	+83	+52
Cross-selling to existing customers	+48	+46	+48	+62	+45
Launching new products/services	+14	+29	+24	+55	+22
Inorganic growth activities					
Engaging in M&A transactions	+3	+4	+21	+51	+53
Forming strategic partnerships/alliances	+57	+8	+30	+55	+26
Market focus for growth					
Increasing market share in domestic markets	+43	+4	+42	+65	+38
Increasing market share in international markets	+20	0	+14	+51	+22
Investment in enablers to growth					
Brand and advertising	+6	-8	+13	-10	-3
Sales force and distribution channels	+15	+30	+29	+3	+29
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+32	+13	-1	-7	+43
IT systems and applications	+42	+38	+10	+10	+10

INVESTMENT MANAGEMENT

Survey number 117, December 2018

Conducted between 14th November and 14th December 2018

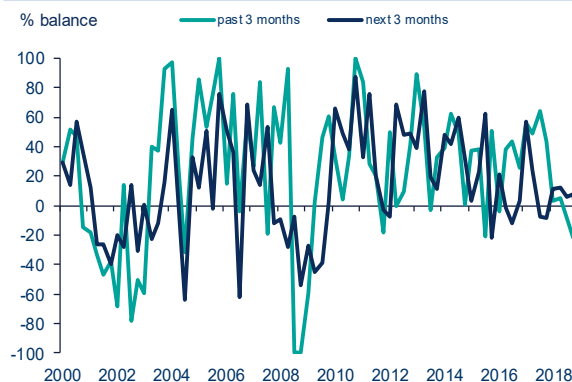
* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

Q1 Optimism vs three months earlier



	Q1
Latest	-71
Previous	-62
Mean	+15

Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	-22	-34
Previous	-8	+8
Mean	+25	+17

Value and volume of business

	Dec	2018 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?	+11	-15	+1	-62	-71
2 Excluding seasonal variations, do you consider that in volume terms:					
a) Your present level of business (above/below normal) is:	+28	-12	+5	-17	-42
b) Your present level of business with overseas customers (above/below normal) is:	0	-12	-1	0	-20
3 Excluding seasonal variations, what are the trends in:					
a) Volume of business					
- past 3 months	+44	+3	+5	-8	-22
- next 3 months	+11	+12	+6	+8	-34
b) Value** of fee, commission or premium income	+39	-40	+28	-54	-51
- past 3 months	+23	+43	+28	-37	-80
- next 3 months	+28	+28	-4	+8	-10
c) Value** of net interest, investment or trading income	+28	+28	-11	0	-22
- past 3 months	+28	+28	-11	0	-22
- next 3 months	+28	+28	-11	0	-22

Charges, costs and profitability

4 Excluding seasonal variations, what are the trends for:					
a) Average spreads					
- past 3 months	0	0	0	+17	0
- next 3 months	+39	+30	0	+8	0
b) Average commissions/fees/ premiums paid	-17	-52	-44	-17	-46
- past 3 months	-22	-12	-6	-8	-46
- next 3 months	+51	+30	+11	+70	+53
c) Total operating costs (excluding cost of funds)	+39	+30	-6	+78	+53
- past 3 months	+11	+30	-37	0	+53
- next 3 months	+23	+15	-17	+8	+53
d) Average operating costs per transaction	+11	+15	+6	0	0
- past 3 months	+11	+15	+6	0	0
- next 3 months	0	0	+6	0	0
e) Value of non-performing loans	+28	-28	+17	-49	-41
- past 3 months	+28	-28	+17	-49	-41
- next 3 months	+34	-12	+10	-45	-50

Employment and training

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

Marketing expenditure					
	Dec	Mar	Jun	Sep	Dec
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	+11	+15	+38	+8	+24
Capital expenditure					
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:					
a) Land and buildings	+11	+25	-22	+17	-5
b) Vehicles, plant & machinery	0	0	-6	0	0
c) Information technology	+44	+40	+50	+37	0
8 What are the main reasons for any expected CAPITAL EXPENDITURE AUTHORISATION over the NEXT 12 MONTHS*					
To provide new services	72	45	35	8	17
To increase efficiency/speed	55	72	83	92	53
To reach new customers	49	40	25	33	54
For replacement	28	12	27	70	21
To expand capacity	23	40	39	33	12
Statutory legislation and regulation	83	43	36	78	44
Other	0	0	6	0	0
9 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS*					
Inadequate net return on proposed investment	66	32	19	70	36
Shortage of finance	11	12	23	8	9
Cost of finance	11	12	12	8	9
Uncertainty about demand/business prospects	39	52	30	25	67
Shortage of labour including managerial & supervisor staff	67	70	34	75	17
Other	0	0	6	8	0
Business prospects					
10 What factors are likely to limit your ability to increase your level of business over the NEXT 12 MONTHS*					
Level of demand - Total	61	57	54	75	50
Staff turnover - Total	45	0	18	8	9
Availability of professional staff - Total	34	28	44	25	20
Availability of clerical staff - Total	23	0	18	8	0
Adequacy of systems capacity - Total	11	12	24	8	33
Ability to raise funds - Total	11	0	12	0	26
of which:					
Ability to raise capital - Total	39	0	6	0	0
Availability of wholesale funds - Total	11	0	6	0	0
Competition - Total	72	70	34	17	12
Statutory legislation and regulation - Total	84	70	42	17	17
Other - Total	17	0	6	17	9
10.1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+89	+88	+57	+20	+32
Growth					
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?					
Organic growth activities					
Acquiring new customers	+33	+28	+42	+17	+37
Cross-selling to existing customers	+61	+15	+3	+17	+9
Launching new products/services	+56	+10	-25	0	+17
Inorganic growth activities					
Engaging in M&A transactions	-23	-12	-2	-12	+21
Forming strategic partnerships/alliances	+5	-3	-6	+8	+14
Market focus for growth					
Increasing market share in domestic markets	+11	+15	+51	+8	+26
Increasing market share in international markets	+23	+12	-13	+8	+20
Investment in enablers to growth					
Brand and advertising	-5	0	+15	+25	+43
Sales force and distribution channels	+28	0	+13	+62	+46
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)	+23	+30	+41	+54	+41
IT systems and applications	+23	+55	+36	+17	+21

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:

Leanne Mckenna
CBI Publication Sales
Cannon Place
78 Cannon Street
London EC4N 6HN

DL: +44 (0) 113 232 1905 E: leanne.mckenna@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

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

Sample sizes and weights

Survey 117, December 2018	Number of respondents	Sample weight
Banking	10	0.40
Building societies	5	0.05
Finance Houses	16	0.05
Life insurance	4	0.11
General insurance	11	0.16
Insurance brokers	14	0.05
Investment management	8	0.05
Securities trading; stockbroking	3	0.08
Private equity (ex venture capital)	3	0.00
Other financial institutions	10	0.05
Total	84	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 Maria Panagiotou on +44 07730 598491 or David Jetuah on +44 07841 468678. 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:	Sarah Isted

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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For further information, please contact:

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

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