# DECEMBER 2018



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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 guarter 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

expansion in the year ahead.

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.



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

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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.

# HAVE YOUR SAY: PLEASE TAKE PART IN OUR **SURVEY BY VISITING OUR WEBSITE:**

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

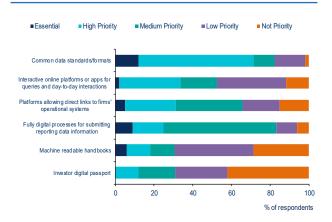
# SUPPLEMENTARY QUESTIONS

#### Top challenges for the year ahead



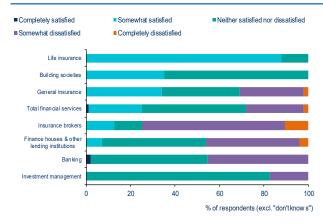
By far the most important challenge facing financial services firms over the year ahead is macroeconomic uncertainty. This was ranked as the number one concern by banks, building societies, general insurers and insurance brokers, and the number two concern for investment managers, behind financial market 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.

# Most important digital innovations for regulators



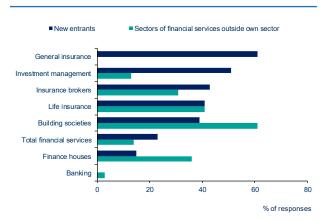
Common data standards/formats are seen as the most important digital innovation regulators could adopt in the next 18-24 months to help reduce the costs of regulatory implementation and compliance. Firms also see a significant potential for interactive online platforms or apps that could facilitate queries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

#### Satisfaction with digital innovation by regulators



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.

# 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.

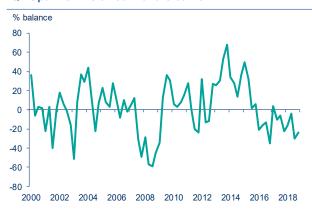
# **OVERALL FINANCIAL SERVICES**

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

			2018			
		Dec	Mar	Jun	Sep	Dec
Are you more or less optimistic about THE IN YOUR SECTOR?	OVERALL BUSINESS SITUATION	-22	-17	-4	-30	-24
2 Excluding seasonal variations, do you co	nsider that in volume terms:					
a) Your present level of business (above/beld	ow normal) is:	+5	+5	-1	-4	0
b) Your present level of business with overse	eas customers (above/below normal) is:	-6	+6	-6	+3	-15
B Excluding seasonal variations, what are t	he 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	- past 3 months	+7	+3	-4	+1	-17
income	- next 3 months	+17	+6	+12	-13	-10
c) Value** of net interest, investment or	- past 3 months	+10	+5	-3	-13	-1
trading income	- next 3 months	+18	+2	-8	+5	+1
** in sterling						
rges, costs and profitability						
igos, costo una promasinty						
Excluding seasonal variations, what are t	he trends for:					
a) Average spreads	- past 3 months	-29	+6	-12	+4	+8
						. 0
	- next 3 months	-23	+11	-9	+1	_
b) Average commissions/fees/ premiums	- next 3 months - past 3 months	-23 -6	+11 0	-9 -8	+1 -1	-10
b) Average commissions/fees/ premiums paid				•	•	-10
, .	- past 3 months	-6	0	-8	-1	-10 -13 -1
paid	- past 3 months - next 3 months	-6 -4	0+5	-8 -3	-1 0	-10 -13 -1 +10
paid c) Total operating costs (excluding cost of	- past 3 months - next 3 months - past 3 months	-6 -4 +32	0 +5 +27	-8 -3 +4	-1 0 +17	-10 -13 -1 +10
paid c) Total operating costs (excluding cost of funds)	- past 3 months - next 3 months - past 3 months - next 3 months	-6 -4 +32 +50	0 +5 +27 +32	-8 -3 +4 +2	-1 0 +17 +16	-10 -13 -1 +10 +23 +6
paid c) Total operating costs (excluding cost of funds)	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months	-6 -4 +32 +50	0 +5 +27 +32 +17	-8 -3 +4 +2	-1 0 +17 +16 +21	-10 -13 -1 +10 +23 +6
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - past 3 months - next 3 months	-6 -4 +32 +50 -1 +21	0 +5 +27 +32 +17 +12	-8 -3 +4 +2 -4 -10	-1 0 +17 +16 +21 +15	-10 -13 -1 +10 +23 +6 +15
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction	- past 3 months - next 3 months - past 3 months - past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - past 3 months - past 3 months - next 3 months - past 3 months	-6 -4 +32 +50 -1 +21 +3	0 +5 +27 +32 +17 +12	-8 -3 +4 +2 -4 -10 +9	-1 0 +17 +16 +21 +15	-10 -13 -1 +10 +23 +6 +15
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction e) Value of non-performing loans	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - past 3 months - next 3 months - past 3 months - past 3 months - next 3 months	-6 -4 +32 +50 -1 +21 +3 +1	0 +5 +27 +32 +17 +12 -5	-8 -3 +4 +2 -4 -10 +9	-1 0 +17 +16 +21 +15 -11 -6	-10 -13 -1 +10 +23 +6 +15 -1
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction e) Value of non-performing loans g) Overall profitability of business	- past 3 months - next 3 months - past 3 months - past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - past 3 months - next 3 months - next 3 months - past 3 months	-6 -4 +32 +50 -1 +21 +3 +1 +15	0 +5 +27 +32 +17 +12 -5 -2 +33	-8 -3 +4 +2 -4 -10 +9 +9	-1 0 +17 +16 +21 +15 -11 -6 -1	-10 -13 -1 +10 +23 +6 +15 -1 +2 +4
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction e) Value of non-performing loans g) Overall profitability of business	- past 3 months - next 3 months - past 3 months - past 3 months - past 3 months - next 3 months - past 3 months - past 3 months - past 3 months	-6 -4 +32 +50 -1 +21 +3 +1 +15	0 +5 +27 +32 +17 +12 -5 -2 +33	-8 -3 +4 +2 -4 -10 +9 +9	-1 0 +17 +16 +21 +15 -11 -6 -1	-10 -13 -1 +10 +23 +6 +15 -1 +2 +4
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction e) Value of non-performing loans g) Overall profitability of business  ployment and training 5 Excluding seasonal variations, what are to	- past 3 months - next 3 months - next 3 months - past 3 months - next 3 months - past 3 months - past 3 months	-6 -4 +32 +50 -1 +21 +3 +1 +15 +19	0 +5 +27 +32 +17 +12 -5 -2 +33 +20	-8 -3 +4 +2 -4 -10 +9 +9 +4 +11	-1 0 +17 +16 +21 +15 -11 -6 -1 +16	-10 -13 -1 +10 +23 +6 +15 -1 +2 +4 -14
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction e) Value of non-performing loans g) Overall profitability of business	- past 3 months - next 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months	-6 -4 +32 +50 -1 +21 +3 +1 +15 +19	0 +5 +27 +32 +17 +12 -5 -2 +33 +20	-8 -3 +4 +2 -4 -10 +9 +9 +4 +11	-1 0 +17 +16 +21 +15 -11 -6 -1 +16	-10 -13 -1 +10 +23 +6 +15 -1 +2 +4 -14
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction e) Value of non-performing loans g) Overall profitability of business  oloyment and training 5 Excluding seasonal variations, what are tail in the control of the control of the cost o	- past 3 months - next 3 months 3 months	-6 -4 +32 +50 -1 +21 +3 +1 +15 +19	0 +5 +27 +32 +17 +12 -5 -2 +33 +20 +9 +24	-8 -3 +4 +2 -4 -10 +9 +9 +4 +11	-1 0 +17 +16 +21 +15 -11 -6 -1 +16	-10 -13 -1 +10 +23 +6 +15 -1 +2 +4 -14
paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction e) Value of non-performing loans g) Overall profitability of business  ployment and training 5 Excluding seasonal variations, what are to	- past 3 months - next 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months	-6 -4 +32 +50 -1 +21 +3 +1 +15 +19	0 +5 +27 +32 +17 +12 -5 -2 +33 +20	-8 -3 +4 +2 -4 -10 +9 +9 +4 +11	-1 0 +17 +16 +21 +15 -11 -6 -1 +16	-10 -13 -1 +10 +23 +6 +15 -1 +2 +4 -14

	Dec	Mar	Jun	Sep	De
Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS	+40	+31	+20	+31	+3
tal expenditure					
Do you expect to authorise more or less capital expenditure in the NEXT 12					
MONTHS than you authorised in the PAST 12 MONTHS on:	-50	-28	+5	-18	-2
a) Land and buildings	-30 -28	-20 -17	-9	-16 -15	-2 -2
b) Vehicles, plant & machinery c) Information technology	+61	+37	- <del>9</del> +70	+49	+6:
What are the main reasons for any expected CAPITAL EXPENDITURE					
AUTHORISATION over the NEXT 12 MONTHS*	40	<b>E</b> 0	72	62	39
To provide new services	40 80	50 56	66	63 75	70
To increase efficiency/speed 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
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 Other	30 5	25 15	40 9	26 8	14 2
Other	5	15	9	0	
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  Adequacy of systems capacity - Total	5 13	6 32	10 32	15 39	7 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  Competition - Total	2	4	21	11 44	3
Competition - Total Statutory legislation and regulation - Total	59 72	60 43	38 60	52	39 49
Other - Total	3	14	7	16	5
What do you expect to spend on regulatory compliance in the NEXT 12					
MONTHS?	+41	+65	+49	+55	+3
wth					
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?					
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:	.05		. 50	. 50	. 0
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 +48	+55 +46	+58 +40	+52 +43	
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  Cross-selling to existing customers	+65 +48 +13	+55 +46 +24	+58 +49 +24	+52 +43 +41	+4
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	+48	+46	+49	+43	+6 +4 +4
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 Cross-selling to existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions	+48 +13 +5	+46 +24 -12	+49 +24 +9	+43 +41 -6	+4 +4 +2
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 Cross-selling to existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/alliances	+48 +13	+46 +24	+49 +24	+43 +41	+4
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  Cross-selling to existing customers  Launching new products/services  Inorganic growth activities:  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth:	+48 +13 +5 +33	+46 +24 -12 +40	+49 +24 +9 +46	+43 +41 -6 +25	+4 +4 +2 +3
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 Cross-selling to existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/alliances	+48 +13 +5	+46 +24 -12	+49 +24 +9	+43 +41 -6	+4 +4 +2 +3
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 Cross-selling to existing customers Launching new products/services  Inorganic growth activities:  Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth: Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth:	+48 +13 +5 +33 +55 +8	+46 +24 -12 +40 +50 +1	+49 +24 +9 +46 +49 +4	+43 +41 -6 +25 +40 +21	+4 +2 +3 +4
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 Cross-selling to existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/alliances Market focus for growth: Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth: Brand and advertising	+48 +13 +5 +33 +55 +8 +14	+46 +24 -12 +40 +50 +1 +30	+49 +24 +9 +46 +49 +4	+43 +41 -6 +25 +40 +21 +34	+4 +4 +2 +3 +4 -1
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 Cross-selling to existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/alliances Market focus for growth: Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth: Brand and advertising Sales force and distribution channels	+48 +13 +5 +33 +55 +8 +14 +43	+46 +24 -12 +40 +50 +1 +30 +24	+49 +24 +9 +46 +49 +4 +1 +31	+43 +41 -6 +25 +40 +21 +34 +32	+4 +4 +2 +3 +4 -1 +2 +4
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 Cross-selling to existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/alliances Market focus for growth: Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth: Brand and advertising	+48 +13 +5 +33 +55 +8 +14	+46 +24 -12 +40 +50 +1 +30	+49 +24 +9 +46 +49 +4	+43 +41 -6 +25 +40 +21 +34	+4 +4 +2

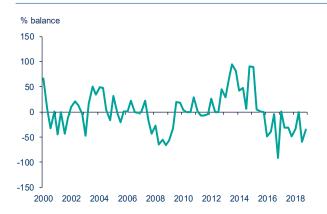
# **BANKING**

Survey number 117, December 2018

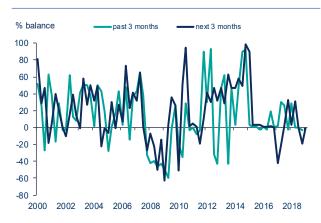
Conducted between 14th November and 14th December 2018

\* 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 -35
Previous -59
Mean +2



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

			2018			
		Dec	Mar	Jun	Sep	Dec
Are you more or less optimistic about THE IN YOUR SECTOR?	OVERALL BUSINESS SITUATION	-48	-34	0	-59	-35
2 Excluding seasonal variations, do you co	nsider that in volume terms:					
a) Your present level of business (above/beld	ow normal) is:	-2	0	0	-19	+27
b) Your present level of business with overse	eas customers (above/below normal) is:	-1	-1	-31	-2	-5
B Excluding seasonal variations, what are t						
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	- past 3 months	-2	-2	-1	-1	-30
income	- next 3 months	+2	-2	+1	-38	0
c) Value** of net interest, investment or	- past 3 months	-4	-7	-1	-18	-1
trading income	- next 3 months	-1	-4	-30	+1	0
** in sterling						
ges, costs and profitability						
Excluding seasonal variations, what are t	he 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	- past 3 months	-3	-5	-2	-3	-33
paid	- next 3 months	-1	-3	-1	-2	0
c) Total operating costs (excluding cost of	- past 3 months	+50	+6	+3	+3	+2
funds)	- 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
Overall profitability of business	- past 3 months	+1	+59	+2	0	+29
g) Overall prolitability of business	- past 3 months	0	+32	-1	+18	0
decreased and trade in	- Heat o months	-	102	-,	. 10	
ployment and training						
	he trands in:					
	no dendo in.				40	2
Excluding seasonal variations, what are t a) Numbers employed	- past 3 months	0	+3	+31	-16	-2
•		0 +3	+3 +35	+31 +1	-16 -18	
5 Excluding seasonal variations, what are t a) Numbers employed b) Training expenditure	- past 3 months					+29 +2

6 Do you expect to authorize more or loss expenditure on marketing in the	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
oital 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
iness prospects					
0 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:	1	1	2	19	U
	4	2	3	22	3
Ability to raise capital - Total				22	
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
1 What do you expect to spend on regulatory compliance in the NEXT 12		.05			
MONTHS?	+6	+35	+35	+61	+5
wwth					
1 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
Acquiring new customers	+48	+62	+62	+22	+64
Cross selling to existing customers	-4	-3	+32	+58	+28
Cross-selling to existing customers		-3	132	100	FZC
Launching new products/services		0.4	. 00	0	. 00
Launching new products/services Inorganic growth activities	^		+29	0	+30
Launching new products/services Inorganic growth activities Engaging in M&A transactions	0	-31			_
Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances	0 +46	+63	+60	+19	+30
Launching new products/services Inorganic growth activities Engaging in M&A transactions			+60	+19	+30
Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances			+60	+19 +41	
Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances Market focus for growth	+46	+63			
Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets  Increasing market share in international markets	+46	+63 +65	+32	+41	+62
Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets	+46	+63 +65	+32	+41	+62
Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets Increasing market share in international markets  Investment in enablers to growth	+46 +92 +2	+63 +65 -28	+32 +2	+41 +20	+62 0
Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets Increasing market share in international markets  Investment in enablers to growth  Brand and advertising  Sales force and distribution channels	+46 +92 +2	+63 +65 -28 +4	+32 +2 -30	+41 +20 +2	+62 0
Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets Increasing market share in international markets  Investment in enablers to growth  Brand and advertising	+46 +92 +2	+63 +65 -28 +4	+32 +2 -30	+41 +20 +2	+62 0

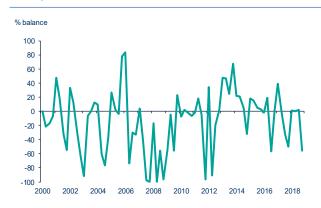
# **BUILDING SOCIETIES**

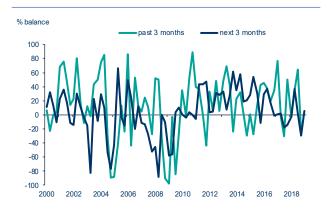
Survey number 117, December 2018

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	-56
Previous	+2
Mean	-7

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

1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?  2 Excluding seasonal variations, do you consider that in volume terms:  a) Your present level of business (above/below normal) is: b) Your present level of business (above/below normal) is: 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	alue and volume of business						
1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?  2 Excluding seasonal variations, do you consider that in volume terms:  a) Your present level of business (above/below normal) is:				2018			
IN YOUR SECTOR?			Dec	Mar	Jun	Sep	Dec
a) Your present level of business (above/below normal) is:	•	E OVERALL BUSINESS SITUATION	-50	+1	0	+2	-56
- next 3 months - 3 + 37 + 2 - 30 + 55	a) Your present level of business (above/bel- b) Your present level of business with overse 3 Excluding seasonal variations, what are to	ow normal) is: eas customers (above/below normal) is:			-		
b) Value** of fee, commission or premium - past 3 months income - next 3 months - next 3 month	a) Volume of business	•					
income			-		_		_
c) Value** of net interest, investment or reach 3 months trading income rext 3 months reaching income rext 3 months restricting restrictio	,	t i					
trading income				•	-		-
** in sterling  **Tharges, costs and profitability  4 Excluding seasonal variations, what are the trends for:  a) Average spreads	,	t i		•			
4 Excluding seasonal variations, what are the trends for:         a) Average spreads       - past 3 months       -48       -65       -2       -30       -61         b) Average commissions/fees/ premiums paid       - past 3 months       +2       -29       0       0       0         c) Total operating costs (excluding cost of funds)       - past 3 months       +9       +37       +7       +3       +65         d) Average operating costs (excluding cost of funds)       - past 3 months       +9       +37       +7       +3       +65         d) Average operating costs (excluding cost of funds)       - past 3 months       +9       +37       +7       +3       +65         d) Average operating costs per transaction past 3 months       - past 3 months       +4       +1       +9       +38       +4         e) Value of non-performing loans       - past 3 months       -45       -95       -61       -32       -5         - next 3 months       -23       -3       0       -29       0         g) Overall profitability of business       - past 3 months       -23       -3       0       -29       0         - next 3 months       - 25       +1       -5       -31       -4         *****************************	•	- next 3 months	-23	+1	-30	+3	U
- next 3 months - 30		the trends for:					
b) Average commissions/fees/ premiums - past 3 months +2 -29 0 0 0 0 0 0 paid - next 3 months +2 +1 +28 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	a) Average spreads	•			_		
paid - next 3 months +2 +1 +28 0 0 0  c) Total operating costs (excluding cost of funds) - past 3 months +4 +1 +9 +38 +44  d) Average operating costs per transaction - past 3 months +4 +11 +9 +88 +44  e) Value of non-performing loans - past 3 months +4 +11 +9 +8 +44  e) Value of non-performing loans - past 3 months -45 -95 -61 -32 -5	ы Average commissions/fees/ premiums	- nast 3 months		-			
funds) - next 3 months +4 +1 +9 +38 +4 d) Average operating costs per transaction - past 3 months +4 +11 +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    Imployment and training	-, -	•	+2	+1	+28	0	0
funds) - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months - next 3 months - next 3 months - next 3 months - past 3 months - past 3 months - past 3 months - past 3 months - next	c) Total operating costs (excluding cost of	- past 3 months	+9	+37	+7	+3	+65
- next 3 months	• • • • • • • • • • • • • • • • • • • •		+4	+1	+9	+38	+4
- next 3 months	d) Average operating costs per transaction	- nast 3 months	+4	+32	+7	+3	+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  mployment 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	u)	•	+4	+1	+9	+8	+4
- 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  mployment 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	e) Value of non-performing loans	- past 3 months	-45	-95	-61	-32	-5
- next 3 months -25 +1 -5 -31 -4  mployment 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	3,	•	0	-32	-61	-32	0
- next 3 months -25 +1 -5 -31 -4  Imployment 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	<ul> <li>Overall profitability of business</li> </ul>	- past 3 months	-23	-3	0	-29	0
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	3,	•	-25	+1	-5	-31	-4
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	mployment and training						
- next 3 months +4 +34 0 +1 +39 b) Training expenditure - past 3 months +6 +34 +6 +4 +4	5 Excluding seasonal variations, what are t	the trends in:					
b) Training expenditure - past 3 months +6 +34 +6 +4 +4	a) Numbers employed	- past 3 months	-48	+1	-26	+33	+35
, 3 1			-			-	+39
	b) Training expenditure	- past 3 months - next 3 months	+6 +6	+34 +34	+6 +6	+4 +3	+4 +9

NEXT 12 MONTHS than you did in the PAST 12 MONTHS  10 you avport 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 10 yellowing the third of the past 12 MONTHS on: a) Land and buildings 11 yellowing the past 12 MONTHS on: b) Vehicles, plant & machinery 12 yellowing the past 12 MONTHS on: a) Land and buildings 13 What are the main reasons for any expected CAPITAL EXPENDITURE  AUTHORISATION over the NEXT 12 MONTHS  14 yellowing the past 12 MONTHS 15 yellowing the services of the past 12 MONTHS 16 yellowing the services of the past 12 MONTHS 17 yellowing the services of the past 12 MONTHS 18 yellowing the past 12 MONTHS 19 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS 10 what factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS 10 what factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS 10 what factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS 10 yellowing the past 12 MONTHS 10 yellowi	keting expenditure					
S Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS  Will 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:  9 Land and buildings many  1 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:  9 Land and buildings many  1 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS on:  9 Land and buildings many  1 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS on:  9 Land and buildings many  1 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS on the second of the past 12 MONTHS on the second of the past 12 MONTHS on the second of the past 12 MONTHS on the past 12 MONT		B			0	
NEXT 12 MONTHS than you did in the PAST 12 MONTHS   1-30	C Do you ay next to authorize many an loss ay next it was an manketing in the	Dec	Mar	Jun	Sep	De
To be you expect to authorise more or less capital expenditure in the NEXT 12		+30	+34	+67	+67	+6
MONTHS than you authorised in the PAST 12 MONTHS on:	ital expenditure					
b) Which case plant & machinery   7,    29,    0,    2,    2,    3,    37,    33    3,	MONTHS than you authorised in the PAST 12 MONTHS on:					
Section   Sect						+50 -5
AUTHORISATION over the NEXT 12 MONTHS*   To provide new searcies   48   39   37   32   67   67   67   67   67   67   67   6						+6
AUTHORISATION over the NEXT 12 MONTHS*   To provide new searcies   48   39   37   32   67   67   67   67   67   67   67   6						
To provide new services						
To reach new customers		48	39	37	32	65
For replacement						65
To expand capacity  Statutory legislation and regulation  Other  What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS* Inadequate net return on proposed investment Shortage of finance  O 0 0 0 4 3 0 0 0 0 0 4 0 0 0 0 0 0 0 0 0						39 91
Staturory legislation and regulation	•					65
### What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS* Inadequate net return on proposed investment						4
Name	Other	27	32	30	30	0
Inadequate net return on proposed investment						
Shortage of finance		48	37	63	61	91
Uncertainty about demand/business prospects   52   68   32   67   3   Shortage of labour including managerial & supervisor staff   45   62   35   30   30   30   Other   Shortage of labour including managerial & supervisor staff   45   62   35   30   30   30   Other   Shortage of labour including managerial & supervisor staff   45   62   35   30   30   30   Other   Shortage of labour including managerial & supervisor staff   45   62   35   30   30   30   Other   Shortage of labour including managerial & supervisor staff   45   62   35   30   30   30   Other   Shortage of labour including managerial & supervisor staff   50   68   65   30   Staff furnover   Total   0   0   0   0   0   0   0   Availability of professional staff   Total   0   0   0   0   0   0   0   0   Availability of clerical staff   Total   0   0   0   0   0   0   0   0   0   Ability to raise funds   Total   0   0   0   0   0   0   0   0   0	Shortage of finance		-			30
Shortage of labour including managerial & supervisor staff		-		-	-	0
Segmentation   Section	· · ·					35 35
What factors are likely to limit your ability to increase your level of business   Over the NEXT 12 MONTHS*						0
Level of demand	iness prospects					
Availability of professional staff	over the NEXT 12 MONTHS*	77	100	68	65	35
Availability of clerical staff						0
Adequacy of systems capacity - Total 23 33 33 30 32 55 Ability to raise funds - Total 0 0 0 0 4 3 3			-			35 0
of which: Ability to raise capital - Total 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0						5
Availability of wholesale funds - Total 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	of which:		-	•	·	30
Competition	/ to may to raise expital			-		0
Statutory legislation and regulation		-	-	-	-	96
What do you expect to spend on regulatory compliance in the NEXT 12   +30   +32   -24   -23   +				33		61
MONTHS?       +30       +32       -24       -23       +30         ### With         1 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       +         Cross-selling to existing customers       +18       0       +32       +32       +3         Launching new products/services       +7       +34       +7       +6       +         Inorganic growth activities       Engaging in M&A transactions       +23       0       0       0       0       0         Engaging in M&A transactions       +23       +26       +30       +32       +3       +3         Market focus for growth	Other - Total	23	30	30	30	0
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  Acquiring new customers  Acquiring new products/services  H18  H18  H18  H18  H18  H18  H18  H1		+30	+32	-24	-23	+9
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers	wth					
Acquiring new customers       +30       +8       +39       +36       +36         Cross-selling to existing customers       +18       0       +32       +32       +32         Launching new products/services       +7       +34       +7       +6       +36         Inorganic growth activities       ***       ***       ***       ***         Engaging in M&A transactions       +23       0       0       0       0       0         Forming strategic partnerships/alliances       +23       +26       +30       +32       +3         Market focus for growth       ***       ***       ***       ***       ***         Increasing market share in domestic markets       +25       +34       +9       +2       +         Increasing market share in international markets       0       0       0       0       0       -3         Investment in enablers to growth       ***       ***       ***       ***       ***       ***       ***       ***         Sales force and distribution channels       +55       +34       +9       +6       +       ***         CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)       ***       ***       ***       *** <td>elements will be to your organisation's growth strategy over the next 12</td> <td></td> <td></td> <td></td> <td></td> <td></td>	elements will be to your organisation's growth strategy over the next 12					
Cross-selling to existing customers         +18         0         +32         +32         +32         +32         +32         +43         Launching new products/services         +7         +34         +7         +66         +43         Inorganic growth activities         Tomping strategic partnerships/alliances         +23         0         0         0         0         0         0         0         0         0         0         0         0         0         432         +33         +32         +33         +32         +33         +32         +32         +33         +32         +33         +32         +33         +32         +33         +32         +33         +32         +33         +32         +33         +32         +33         +32         +33         +32         +33         +33         +32         +33         +33         +32         +33         +33         +33         +43         +9         +43         +		. 00	. 0	. 00	.00	_
Launching new products/services +7 +34 +7 +66 +7 Inorganic growth activities  Engaging in M&A transactions +23 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0						+7 +3
Inorganic growth activities           Engaging in M&A transactions         +23         0         0         0         0           Forming strategic partnerships/alliances         +23         +26         +30         +32         +3           Market focus for growth         The strategic partnerships/alliances         <	5 5					+7
Engaging in M&A transactions         +23         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         432         +32         +32         +32         +32         +32         +32         +32         +32         +32         +32         +42			. 04	. ,	. 0	. /
Forming strategic partnerships/alliances +23 +26 +30 +32 +32 Market focus for growth  Increasing market share in domestic markets +25 +34 +9 +2 +1 Increasing market share in international markets 0 0 0 0 0 0 0 -35 Investment in enablers to growth  Brand and advertising +70 +64 +37 +92 +65 Sales force and distribution channels +55 +34 +9 +6 +4 CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) +48 +64 +65 +32 +35		+23	0	0	0	0
Increasing market share in domestic markets		+23	+26	+30	+32	+30
Increasing market share in international markets 0 0 0 0 0 -3  Investment in enablers to growth  Brand and advertising +70 +64 +37 +92 +6  Sales force and distribution channels +55 +34 +9 +6 +4  CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) +48 +64 +65 +32 +33						
Investment in enablers to growth  Brand and advertising +70 +64 +37 +92 +6 Sales force and distribution channels +55 +34 +9 +6 +  CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) +48 +64 +65 +32 +32						+5
Brand and advertising +70 +64 +37 +92 +65 +34 +9 +65 +32 +35 +34 +64 +65 +32 +35 +34 +64 +65 +32 +35 +35 +35 +35 +35 +35 +35 +35 +35 +35	· · · · · · · · · · · · · · · · · · ·	Ü	Ü	Ü	U	-30
Sales force and distribution channels +55 +34 +9 +6 + CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) +48 +64 +65 +32 +3		+70	+64	+37	+02	+6
CRM/marketing capabilities (e.g. pricing, +48 +64 +65 +32 +3 segmentation, profitability analysis)	•					+9
segmentation, profitability analysis)						
IT systems and applications +52 +64 +98 +64 +5	segmentation, profitability analysis)					+30
	IT systems and applications	+52	+64	+98	+64	+3

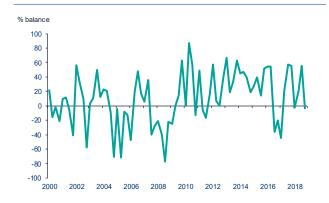
# **FINANCE HOUSES**

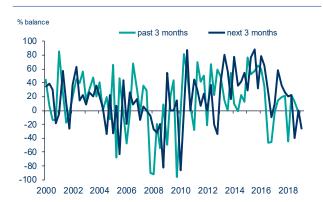
Survey number 117, December 2018

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

ue and volume of business						
			2018			
		Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THI IN YOUR SECTOR?	E OVERALL BUSINESS SITUATION	+55	-3	+19	+55	-5
2 Excluding seasonal variations, do you co a) Your present level of business (above/bel b) Your present level of business with overso 3 Excluding seasonal variations, what are to	ow normal) is: eas customers (above/below normal) is:	+63 -57	+51 +50	+3 +54	+64 +57	-31 -28
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	- past 3 months	+66	-45	+11	-45	+3
income	- next 3 months	+69	+66	+5	-45	+22
c) Value** of net interest, investment or	- past 3 months	+11	-9	+11	+10	+8
trading income  ** in sterling	- next 3 months	+11	+17	+3	+6	+10
arges, costs and profitability						
4 Excluding seasonal variations, what are t	ika tuanda fau					
a) Average spreads	- past 3 months	+1	+9	0	-7	-4
u) c :	- next 3 months	+65	+8	-3	+46	-1
b) Average commissions/fees/ premiums	- past 3 months	+8	+8	-3	0	+7
paid	- next 3 months	+11	-1	0	0	+10
c) Total operating costs (excluding cost of	- past 3 months	+15	+30	-33	+6	+13
funds)	- past 3 months	-38	+25	+74	-49	+10
d) Average operating costs per transaction		-38	+29	+23	+12	+21
d) Average operating costs per transaction	- past 3 months - next 3 months	-35	+8	-50	-54	+21
e) Value of non-performing loans		-33 +5	-40	-50 -51	-3 <del>4</del> -45	-19
e) value of non-performing loans	- past 3 months - next 3 months	+5 -49	-40 +8	-31 -3	-45 +57	+38
Overall profitability of business						
g) Overall profitability of business	- past 3 months - next 3 months	+14	+50	+3	+2	+28
	- Hext 3 Hontis	+74	+5	+11	+54	+6
ployment and training						
5 Excluding seasonal variations, what are t						
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

	Dec	Mar	Jun	Sep	De
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
oital 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 -5
b) Vehicles, plant & machinery c) Information technology	+1 +75	+8 +74	+5 +76	0 +77	-5 +60
c) Information technology	. 73	. , , 4	. 70	. , , ,	
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 0	83	71 5	70	68 0
Other	U	5	5	3	U
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
siness prospects					
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 of which:	12	14	14	13	7
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
1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+76	+92	+70	+75	+4
wth					
elements will be to your organisation's growth strategy over the next 12 months?					
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities	+77	+83	+86	+87	+7
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers	+77 +22	+83 +29	+86 +24	+87 +37	
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities					+4
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers  Cross-selling to existing customers	+22	+29	+24	+37	+4
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers  Cross-selling to existing customers  Launching new products/services	+22	+29	+24	+37	+7° +4° +4
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers  Cross-selling to existing customers  Launching new products/services Inorganic growth activities	+22 +19	+29 +16	+24 +10	+37 +20	+4
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities     Acquiring new customers     Cross-selling to existing customers     Launching new products/services Inorganic growth activities     Engaging in M&A transactions     Forming strategic partnerships/alliances Market focus for growth	+22 +19 -6 +67	+29 +16 -8 +61	+24 +10 -6 +62	+37 +20 -11 +71	+4 +4 -3 +4
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets	+22 +19 -6 +67 +79	+29 +16 -8 +61 +70	+24 +10 -6 +62 +85	+37 +20 -11 +71 +85	+4 +4 -3 +4
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets Increasing market share in international markets	+22 +19 -6 +67	+29 +16 -8 +61	+24 +10 -6 +62	+37 +20 -11 +71	+4 +4 -3 +4
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth	+22 +19 -6 +67 +79 0	+29 +16 -8 +61 +70 0	+24 +10 -6 +62 +85 +5	+37 +20 -11 +71 +85 +6	+4 +4 -3 +4 +7 0
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances Market focus for growth Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth Brand and advertising	+22 +19 -6 +67 +79 0 +66	+29 +16 -8 +61 +70 0 +75	+24 +10 -6 +62 +85 +5 +76	+37 +20 -11 +71 +85 +6 +64	+4 +4 -3 +4 +7 0
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers Cross-selling to existing customers Launching new products/services  Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth	+22 +19 -6 +67 +79 0	+29 +16 -8 +61 +70 0	+24 +10 -6 +62 +85 +5	+37 +20 -11 +71 +85 +6	+4 +4 -3 +4 +7 0
months?  Organic growth activities  Acquiring new customers Cross-selling to existing customers Launching new products/services  Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth Brand and advertising Sales force and distribution channels CRM/marketing capabilities (e.g. pricing,	+22 +19 -6 +67 +79 0 +66 +21	+29 +16 -8 +61 +70 0 +75 +33	+24 +10 -6 +62 +85 +5 +76 +26	+37 +20 -11 +71 +85 +6 +64 +26	+4 +4 -3 +4 +7 0 +4 +2
elements will be to your organisation's growth strategy over the next 12 months?  Organic growth activities  Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth Brand and advertising Sales force and distribution channels	+22 +19 -6 +67 +79 0 +66	+29 +16 -8 +61 +70 0 +75	+24 +10 -6 +62 +85 +5 +76	+37 +20 -11 +71 +85 +6 +64	+4 +4 -3 +4 +7 0

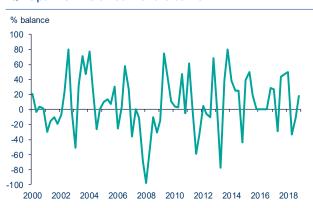
# LIFE INSURANCE

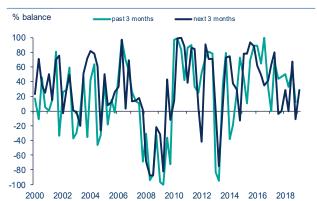
Survey number 117, December 2018

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

Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?  Excluding seasonal variations, do you consider that in volume terms: a) Your present level of business (above/below normal) is: b) Your present level of business with overseas customers (above/below normal) is: 0 +50 +33 +11  Excluding seasonal variations, what are the trends in: a) Volume of business - past 3 months - next 3 months + 447 +50 +33 +56 - next 3 months + 29 0 +67 -11 b) Value* of fee, commission or premium - past 3 months + 29 0 +67 -11 b) Value* of fee, commission or premium - next 3 months + 29 0 +33 +22 c) Value* of net interest, investment or - next 3 months + 29 0 +33 -22 c) Value* of net interest, investment or - next 3 months + 59 0 -33 0 - trading income - next 3 months - past 3 months - next 3 mo				2018			
Name			Dec	Mar	Jun	Sep	D
a) Your present level of business (above/below normal) is:	Are you more or less optimistic about TH IN YOUR SECTOR?	E OVERALL BUSINESS SITUATION	+47	+50	-33	-11	+
Document   Property	Excluding seasonal variations, do you co	nsider that in volume terms:					
Excluding seasonal variations, what are the trends in:   a) Volume of business	a) Your present level of business (above/bel	ow normal) is:	+59	+50	0	+34	+
a) Volume of business	b) Your present level of business with overs	eas customers (above/below normal) is:	0	+50	+33	+11	-2
- next 3 months	•	the trends in:					
b) Value** of fee, commission or premium - past 3 months income - next 3 months +29 0 +33 -22 c) Value** of net interest, investment or trading income - next 3 months +59 0 -33 0 trading income - next 3 months +59 0 -33 0 trading income - next 3 months +59 0 -67 -44 ces, costs and profitability    Excluding seasonal variations, what are the trends for:   a) Average spreads - past 3 months -29 -50 0 -22 - next 3 months -59 -50 -67 0 0 +12 paid - next 3 months -29 +50 0 +12 paid - next 3 months -29 +50 0 +12 cost 3 months -29 +50 0 +12 cost 3 months -29 +50 0 +12 cost 3 months -10 Average operating costs (excluding cost of past 3 months -10 -29 +50 0 +34 funds) - next 3 months -11 0 -33 +34 dot 4 Average operating costs per transaction - past 3 months -18 -50 -67 0 cost 3 month	a) Volume of business	•					+
Income				-			+
c) Value** of net interest, investment or trading income	,	•					+
trading income				-			(
Excluding seasonal variations, what are the trends for:   aa		•	+59	0		0	-2
Excluding seasonal variations, what are the trends for:  a) Average spreads  - past 3 months  - 29  - 50  0  - 22  - next 3 months  - 59  - 50  - 67  0  b) Average commissions/fees/ premiums - past 3 months - next 3 months - next 3 months - 10  - 11  - 10  - 11  - 11  - 11  - 12  - 13  - 14  - 15  - 14  - 15  - 14  - 15  - 15  - 10  - 11  -	trading income	- next 3 months	+59	0	+67	-44	-2
b) Average commissions/fees/ premiums - past 3 months - paid - next 3 months - 29 +50 0 +12 paid - next 3 months -29 +50 0 +12 ct   ct) Total operating costs (excluding cost of funds) - past 3 months +71 0 -33 +34   d) Average operating costs per transaction - past 3 months - past 3 months -29 -50 -33 0   - next 3 months -18 -50 -67 0   d) Overall profitability of business - past 3 months +71 +50 -33 +56   - next 3 months +12 +50 0 0 0    Department and training  Excluding seasonal variations, what are the trends in:  - past 3 months - next 3 months - next 3 months - next 3 months +11 +50 0 -11   - past 3 months - next 3 months +11 +50 -33 +11   - past 3 months - next 3 months - next 3 months - next 3 months +41 +50 -33 +11   - next 3 months +41 +50 -33 +11   - next 3 months - next 3 mon							
paid - next 3 months -29 +50 0 +12 c) Total operating costs (excluding cost of funds) - next 3 months +59 +50 0 +34 funds) - next 3 months +71 0 -33 +34 d) Average operating costs per transaction - past 3 months -29 -50 -33 0 - next 3 months -18 -50 -67 0 g) Overall profitability of business - past 3 months +71 +50 -33 +56 - next 3 months +12 +50 0 0    overall profitability of business - past 3 months +12 +50 0 0 1   overall profitability of business - next 3 months +11 +50 0 -11   overall profitability of business - next 3 months +11 +50 0 -11   overall profitability of business - next 3 months +11 +50 0 -11   overall profitability of business - next 3 months +11 +50 0 -11   overall profitability of business - next 3 months +11 +50 0 -11   overall profitability of business - next 3 months +11 +50 0 -33 +11   overall profitability of business - next 3 months +11 +50 0 -33 +11   overall profitability of business - next 3 months +11 +50 0 -33 +11   overall profitability of business - next 3 months +11 +50 0 -33 +11   overall profitability of business - next 3 months +11 +50 0 -33 +11		- past 3 months					
Total operating costs (excluding cost of funds)	a) Average spreads	- past 3 months - next 3 months	-59	-50	-67	0	(
funds) - next 3 months +71 0 -33 +34  d) Average operating costs per transaction - past 3 months -18 -50 -67 0  enext 3 months -18 -50 -67 0  g) Overall profitability of business - past 3 months +71 +50 -33 +56  enext 3 months +12 +50 0 0  expression of the past 3 months +12 +50 0 0  expression of the past 3 months +11 +50 0 +11  expression of the past 3 months +11 +50 0 -11  expression of the past 3 months +11 +50 0 -33 +11  expression of the past 3 months +11 +50 0 -33 +11  expression of the past 3 months +11 +50 0 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 -33 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50 +11  expression of the past 3 months +41 +50 +50	a) Average spreads     b) Average commissions/fees/ premiums	<ul><li>past 3 months</li><li>next 3 months</li><li>past 3 months</li></ul>	-59 0	-50 +50	-67 0	0 +12	+
d) Average operating costs per transaction - past 3 months - 29 - 50 - 33 0 - next 3 months - 18 - 50 - 67 0 g) Overall profitability of business - past 3 months + 71 + 50 - 33 + 56 - next 3 months + 12 + 50 0 0 0   Dyment and training  Excluding seasonal variations, what are the trends in:  a) Numbers employed - past 3 months - next 3 months - next 3 months + 11 + 50 0 - 11 + 10 + 11 + 11 + 11 + 11 + 11 +	a) Average spreads     b) Average commissions/fees/ premiums paid	- past 3 months - next 3 months - past 3 months - next 3 months	-59 0 -29	-50 +50 +50	-67 0 0	0 +12 +12	+
- next 3 months -18 -50 -67 0   - past 3 months +71 +50 -33 +56 - next 3 months +12 +50 0 0 0   - past 3 months +12 +50 0 0 0 0   - past 3 months +12 +50 0 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	a) Average spreads     b) Average commissions/fees/ premiums paid     c) Total operating costs (excluding cost of	<ul><li>past 3 months</li><li>next 3 months</li><li>past 3 months</li><li>next 3 months</li><li>past 3 months</li></ul>	-59 0 -29 +59	-50 +50 +50 +50	-67 0 0 0	0 +12 +12 +34	+
9) Overall profitability of business - past 3 months +71 +50 -33 +56 - next 3 months +12 +50 0 0 0  9) Overall profitability of business - past 3 months +12 +50 0 0 0  Excluding seasonal variations, what are the trends in:  a) Numbers employed - past 3 months - next 3 months +11 +50 0 -11  b) Training expenditure - past 3 months +41 +50 -33 +11  - next 3 months +41 +50 -33 +11	<ul> <li>a) Average spreads</li> <li>b) Average commissions/fees/ premiums paid</li> <li>c) Total operating costs (excluding cost of funds)</li> </ul>	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>past 3 months</li> <li>next 3 months</li> <li>past 3 months</li> <li>next 3 months</li> <li>next 3 months</li> </ul>	-59 0 -29 +59 +71	-50 +50 +50 +50	-67 0 0 0 -33	0 +12 +12 +34 +34	+
- next 3 months +12 +50 0 0  pyment and training  Excluding seasonal variations, what are the trends in:  a) Numbers employed - past 3 months - next 3 months +11 +50 0 +11 b) Training expenditure - past 3 months - next 3 months - next 3 months - next 3 months	<ul> <li>a) Average spreads</li> <li>b) Average commissions/fees/ premiums paid</li> <li>c) Total operating costs (excluding cost of funds)</li> </ul>	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>past 3 months</li> <li>next 3 months</li> <li>past 3 months</li> <li>next 3 months</li> <li>next 3 months</li> <li>past 3 months</li> </ul>	-59 0 -29 +59 +71 -29	-50 +50 +50 +50 0 -50	-67 0 0 0 -33 -33	0 +12 +12 +34 +34	+ ( 
Excluding seasonal variations, what are the trends in:  a) Numbers employed	<ul> <li>a) Average spreads</li> <li>b) Average commissions/fees/ premiums paid</li> <li>c) Total operating costs (excluding cost of funds)</li> <li>d) Average operating costs per transaction</li> </ul>	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months	-59 0 -29 +59 +71 -29 -18	-50 +50 +50 +50 0 -50	-67 0 0 0 -33 -33 -67	0 +12 +12 +34 +34 0	+ 
Excluding seasonal variations, what are the trends in:  a) Numbers employed  - past 3 months  - next 3 months  - next 3 months  - past 3 months  - past 3 months  - past 3 months  - past 3 months  - next 3 months  - next 3 months	<ul> <li>a) Average spreads</li> <li>b) Average commissions/fees/ premiums paid</li> <li>c) Total operating costs (excluding cost of funds)</li> <li>d) Average operating costs per transaction</li> </ul>	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months - past 3 months	-59 0 -29 +59 +71 -29 -18 +71	-50 +50 +50 +50 0 -50 -50 +50	-67 0 0 0 -33 -33 -67 -33	+12 +12 +34 +34 0 0 +56	
+41 +50 0 +11  a) Numbers employed - past 3 months - next 3 months +11 +50 0 -11 b) Training expenditure - past 3 months +41 +50 -33 +11 - next 3 months	a) Average spreads     b) Average commissions/fees/ premiums paid     c) Total operating costs (excluding cost of funds)     d) Average operating costs per transaction     g) Overall profitability of business	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months - past 3 months	-59 0 -29 +59 +71 -29 -18 +71	-50 +50 +50 +50 0 -50 -50 +50	-67 0 0 0 -33 -33 -67 -33	+12 +12 +34 +34 0 0 +56	
a) Numbers employed - past 3 months - next 3 months +11 +50 0 -11 b) Training expenditure - past 3 months +41 +50 -33 +11 - next 3 months	a) Average spreads     b) Average commissions/fees/ premiums paid     c) Total operating costs (excluding cost of funds)     d) Average operating costs per transaction     g) Overall profitability of business	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months - past 3 months	-59 0 -29 +59 +71 -29 -18 +71	-50 +50 +50 +50 0 -50 -50 +50	-67 0 0 0 -33 -33 -67 -33	+12 +12 +34 +34 0 0 +56	+    +
- next 3 months +11 +50 0 -11 b) Training expenditure - past 3 months +41 +50 -33 +11 - next 3 months	a) Average spreads     b) Average commissions/fees/ premiums paid     c) Total operating costs (excluding cost of funds)     d) Average operating costs per transaction     g) Overall profitability of business	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months - past 3 months - past 3 months - past 3 months	-59 0 -29 +59 +71 -29 -18 +71 +12	-50 +50 +50 +50 0 -50 -50 +50 +50	-67 0 0 0 -33 -33 -67 -33 0	+12 +12 +12 +34 +34 0 0 +56	
- next 3 months	a) Average spreads  b) Average commissions/fees/ premiums paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction g) Overall profitability of business  overage operating costs per transaction g) Excluding seasonal variations, what are	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - past 3 months - the trends in:	-59 0 -29 +59 +71 -29 -18 +71 +12	-50 +50 +50 +50 0 -50 -50 +50 +50	-67 0 0 0 -33 -33 -67 -33 0	+12 +12 +12 +34 +34 0 0 +56	
- next 3 months	a) Average spreads  b) Average commissions/fees/ premiums paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction g) Overall profitability of business  overage operating costs per transaction g) Excluding seasonal variations, what are	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - past 3 months - next 3 months	-59 0 -29 +59 +71 -29 -18 +71 +12	-50 +50 +50 +50 0 -50 -50 +50 +50	-67 0 0 0 -33 -33 -67 -33 0	0 +12 +12 +34 +34 0 0 +56 0	( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( (
+41 +50 0 -11	a) Average spreads b) Average commissions/fees/ premiums paid c) Total operating costs (excluding cost of funds) d) Average operating costs per transaction g) Overall profitability of business cloyment and training Excluding seasonal variations, what are a) Numbers employed	- past 3 months - next 3 months - past 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - next 3 months - next 3 months - past 3 months - next 3 months - next 3 months - next 3 months	-59 0 -29 +59 +71 -29 -18 +71 +12 +41 +11	-50 +50 +50 +50 0 -50 -50 +50 +50	-67 0 0 0 -33 -33 -67 -33 0	0 +12 +12 +34 +34 0 0 +56 0	

Marketing expenditure					
	Doo	Mar	l	San	Doo
6 Do you expect to authorise more or less expenditure on marketing in the NEXT 12 MONTHS than you did in the PAST 12 MONTHS	<b>Dec</b> +71	+100	<b>Jun</b> +33	<b>Sep</b> +56	<b>Dec</b> +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:	50	0	. 00	0.4	0
a) Land and buildings     b) Vehicles, plant & machinery	-59 -29	0 0	+33 0	-34 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 Statutory legislation and regulation	88 59	50 0	67 33	34 56	71 41
Other	0	0	33	0	0
<b>0</b>					
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 Other	59 29	100 0	100 33	34 44	41 0
	29	U	აა	44	U
Business prospects					
10 What factors are likely to limit your ability to increase your level of business					
over the NEXT 12 MONTHS*	7.4	400	00	00	00
Level of demand - Total	71	100	33	22	29
Staff turnover - Total Availability of professional staff - Total	0 29	0 50	0 67	0 34	0 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:	20	0	22	~ 22	29
Ability to raise capital - Total  Availability of wholesale funds - Total	29 0	0 0	33 33	0	29 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					
44 Polestin 4. the most 40 months have been short to constitute the following					
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	0	0	+100	+10	± 4.4
Increasing market share in domestic markets Increasing market share in international markets	+29	0 0	+100	+12 +11	+41 -29
Increasing market share in international markets  Investment in enablers to growth	129	U	U	*11	-29
Brand and advertising	+29	+50	0	+56	+41
Sales force and distribution channels	+88	+50	+33	-11	+41
CRM/marketing capabilities (e.g. pricing,				+12	±71
segmentation, profitability analysis)	+100	+100	+67	+12	+71
IT systems and applications	+29	+50	+67	+12	+41

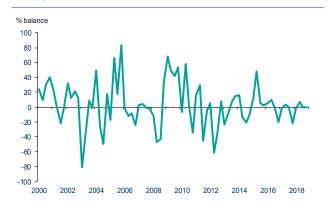
# **GENERAL INSURANCE**

Survey number 117, December 2018

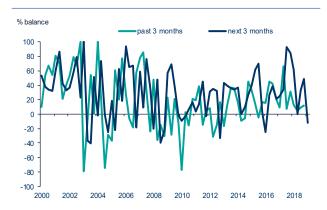
Conducted between 14th November and 14th December 2018

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

# Q1 Optimism vs three months earlier



# Q3a Trend in volume of business



Q1
Latest 0
Previous 0
Mean +1

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

			2018			
		Dec	2018 Mar	Jun	Sep	Dec
1 Are you more or less optimistic about THE O YOUR SECTOR?	VERALL BUSINESS SITUATION IN	-22	-2	+7	0	0
2 Excluding seasonal variations, do you consi	der 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	- past 3 months	+29	+10	+3	+11	+14
income	- next 3 months	+58	0	+32	+51	-12
c) Value** of net interest, investment or trading	- past 3 months	+2	0	-2	-36	-25
income	- next 3 months	+55	0	-5	+4	+5
** in sterling						
arges, 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	- past 3 months	+29	+95	-21	+44	+4
funds)	- next 3 months	+31	+90	-20	+44	-23
<ul> <li>d) Average operating costs per transaction</li> </ul>	- 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
.1 What has been the trend with regard to the	value of insurance claims:					
That has been the trend with regard to the		+64	+82	+88	+86	+94
	- past 12 months - next 12 months	+8	+10	+9	+4	+1
ployment and training	- HOAC 12 HIOHUIS	+0	+10	7.9	74	7
	trondo in					
5 Excluding seasonal variations, what are the			. 00	. 0	. 40	10
a) Numbers employed	- past 3 months	+5	+88	+2	+49	-16
	- next 3 months	+37 +8	+90 +88	+4 +30	+49 +51	-20 +4
<ul><li>b) Training expenditure</li></ul>	- past 3 months					

		ъ.			0	_
Do you expect to authorise more or le 12 MONTHS than you did in the PAST	ss expenditure on marketing in the NEXT 12 MONTHS	<b>Dec</b> +8	<b>Mar</b> +98	Jun +7	<b>Sep</b> +11	D
al expenditure						
Do you expect to authorise more or le MONTHS than you authorised in the P	·					
a) Land and buildings	ACT IZ MONTHO OII.	-29	0	0	+5	
b) Vehicles, plant & machinery		-25	-2	+29	+5	4
c) Information technology		+41	+85	+92	+56	+
What are the main reasons for any ex AUTHORISATION over the NEXT 12 MC	•					
To provide new services		67	100	69	56	;
To increase efficiency/speed		43	18	38	18	(
To reach new customers		37	95	41	56	
For replacement		35	85	36	93	
To expand capacity		35	10	5	16	
Statutory legislation and regulation		6	5	8	54	
Other		0	0	0	2	
What factors are likely to limit (wholly over the NEXT 12 MONTHS*	or partly) your capital authorisations					
Inadequate net return on proposed investr	nent	61	92	34	58	
Shortage of finance		2	5	4	11	
Cost of finance		2	5	3	11	
Uncertainty about demand/business prosp	pects	61	87	62	93	
Shortage of labour including managerial &	supervisor staff	35	5	34	18	
Other		2	5	0	2	
ess prospects						
over the NEXT 12 MONTHS* Level of demand	ility to increase your level of business	39	15	36	51	
Staff turnover	- Total	0	10	28	11	
Staff turnover Availability of professional staff	- Total - Total	0 61	10 87	28 63	56	
Availability of professional staff	- Total	61	87	63	56	
Availability of professional staff  Availability of clerical staff	- Total - Total	61 4	87 12	63 30	56 9	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity	- Total - Total - Total	61 4 4	87 12 10	63 30 33	56 9 9	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds	- Total - Total - Total	61 4 4	87 12 10	63 30 33	56 9 9	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which:	- Total - Total - Total - Total	61 4 4 0	87 12 10 0	63 30 33 27	56 9 9 9	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital	- Total - Total - Total - Total - Total	61 4 4 0	87 12 10 0	63 30 33 27	56 9 9 9	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds	- Total - Total - Total - Total - Total - Total	61 4 4 0 0	87 12 10 0	63 30 33 27 28 27	56 9 9 9 2 2	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition	- Total	61 4 4 0 0 0 0 70	87 12 10 0 2 2 95	63 30 33 27 28 27 61	56 9 9 9 2 2 89	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation	- Total	61 4 4 0 0 0 70 10	87 12 10 0 2 2 95 10	63 30 33 27 28 27 61 31	56 9 9 9 2 2 89 49	;
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other	- Total	61 4 4 0 0 0 0 70 10 0	87 12 10 0 2 2 95 10 5	63 30 33 27 28 27 61 31 27	56 9 9 9 2 2 89 49 0	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation	- Total	61 4 4 0 0 0 0 70 10 0	87 12 10 0 2 2 95 10 5	63 30 33 27 28 27 61 31 27	56 9 9 9 2 2 89 49 0	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Relative to the past 12 months, how in elements will be to your organisation	- Total	61 4 4 0 0 0 0 70 10 0	87 12 10 0 2 2 95 10 5	63 30 33 27 28 27 61 31 27	56 9 9 9 2 2 89 49 0	
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities	- Total	61 4 4 0 0 0 70 10 0 +94	87 12 10 0 2 2 95 10 5 +92	63 30 33 27 28 27 61 31 27 +66	56 9 9 9 2 2 89 49 0	+
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities Acquiring new customers	- Total	61 4 4 0 0 0 70 10 0 +94	87 12 10 0 2 2 95 10 5 +92	63 30 33 27 28 27 61 31 27 +66	56 9 9 9 2 2 89 49 0 +92	+
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation  Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities Acquiring new customers Cross-selling to existing customers	- Total	61 4 4 0 0 0 70 10 0 +94	87 12 10 0 2 2 95 10 5 +92	63 30 33 27 28 27 61 31 27 +66	56 9 9 9 2 2 89 49 0	++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities Acquiring new customers	- Total	61 4 4 0 0 0 70 10 0 +94	87 12 10 0 2 2 95 10 5 +92	63 30 33 27 28 27 61 31 27 +66	56 9 9 9 2 2 89 49 0 +92	++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation  Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities Acquiring new customers Cross-selling to existing customers Launching new products/services	- Total	61 4 4 0 0 0 70 10 0 +94	87 12 10 0 2 2 95 10 5 +92	63 30 33 27 28 27 61 31 27 +66	56 9 9 9 2 2 89 49 0 +92	+++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation  Relative to the past 12 months, how in the lements will be to your organisation' Organic growth activities Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities	- Total	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88	63 30 33 27 28 27 61 31 27 +66	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51	+++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions	- Total	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38	+++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds of which: Ability to raise capital Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities Acquiring new customers Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliance	- Total	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38	+++++++++++++++++++++++++++++++++++++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds    of which:    Ability to raise capital    Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities    Acquiring new customers    Cross-selling to existing customers    Launching new products/services Inorganic growth activities    Engaging in M&A transactions    Forming strategic partnerships/alliance Market focus for growth    Increasing market share in domestic increasing market share in internation	- Total - Tota	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29 -4 -2	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15 -10	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12 -46 +30	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38 +6	+++++++++++++++++++++++++++++++++++++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds    of which:    Ability to raise capital    Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities    Acquiring new customers    Cross-selling to existing customers    Launching new products/services Inorganic growth activities    Engaging in M&A transactions    Forming strategic partnerships/allianc Market focus for growth    Increasing market share in domestic in	- Total - Tota	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29 -4 -2 +34 0	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15 -10 +95 +80	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12 -46 +30 +70 +27	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38 +6 +49 +42	4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds    of which:    Ability to raise capital    Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation' Organic growth activities    Acquiring new customers    Cross-selling to existing customers    Launching new products/services Inorganic growth activities    Engaging in M&A transactions    Forming strategic partnerships/alliance Market focus for growth    Increasing market share in domestic increasing market share in internation	- Total - Tota	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29 -4 -2 +34 0 +33	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15 -10	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12 -46 +30 +70 +27 +41	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38 +6 +49	+++++++++++++++++++++++++++++++++++++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds    of which:    Ability to raise capital    Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation. Organic growth activities    Acquiring new customers    Cross-selling to existing customers    Launching new products/services Inorganic growth activities    Engaging in M&A transactions    Forming strategic partnerships/alliance Market focus for growth    Increasing market share in domestic increasing market share in internation Investment in enablers to growth	- Total - Tota	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29 -4 -2 +34 0	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15 -10 +95 +80	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12 -46 +30 +70 +27	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38 +6 +49 +42	+++++++++++++++++++++++++++++++++++++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds    of which:    Ability to raise capital    Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation. Organic growth activities    Acquiring new customers    Cross-selling to existing customers    Launching new products/services Inorganic growth activities    Engaging in M&A transactions    Forming strategic partnerships/alliance Market focus for growth    Increasing market share in domestic increasing market share in internation Investment in enablers to growth    Brand and advertising    Sales force and distribution channels	- Total - Tota	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29 -4 -2 +34 0 +59	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15 -10 +95 +80 +90 +80	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12 -46 +30 +70 +27 +41 +66	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38 +6 +49 +42 +42 +52 +47	+++++++++++++++++++++++++++++++++++++++
Availability of professional staff Availability of clerical staff Adequacy of systems capacity Ability to raise funds    of which:    Ability to raise capital    Availability of wholesale funds Competition Statutory legislation and regulation Other  What do you expect to spend on regulation Other  Relative to the past 12 months, how in elements will be to your organisation. Organic growth activities    Acquiring new customers    Cross-selling to existing customers    Launching new products/services Inorganic growth activities    Engaging in M&A transactions    Forming strategic partnerships/alliance Market focus for growth Increasing market share in domestic increasing market share in internation Investment in enablers to growth Brand and advertising	- Total - Tota	61 4 4 0 0 0 70 10 0 +94 +34 +41 +29 -4 -2 +34 0 +33	87 12 10 0 2 2 95 10 5 +92 +87 +18 +88 -15 -10 +95 +80 +90	63 30 33 27 28 27 61 31 27 +66 +72 +62 +12 -46 +30 +70 +27 +41	56 9 9 9 2 2 89 49 0 +92 +96 +56 +51 -38 +6 +49 +42 +52	+++++++++++++++++++++++++++++++++++++++

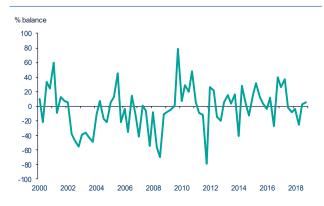
# **INSURANCE BROKERS**

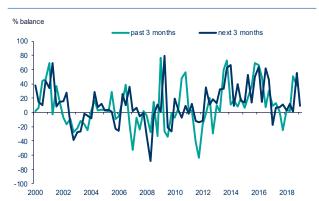
Survey number 117, December 2018

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
+5
+3
-1

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

			2018			
		Dec	Mar	Jun	Sep	Dec
1 Are you more or less optimistic about TH IN YOUR SECTOR?	E OVERALL BUSINESS SITUATION	-8	-4	-25	+3	+5
2 Excluding seasonal variations, do you co	nsider that in volume terms:					
a) Your present level of business (above/bel	•	-5	-4	+2	+48	+27
b) Your present level of business with overse	eas 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	- past 3 months	-16	-22	+6	+62	+27
income	- next 3 months	+15	+12	+6	+62	+9
c) Value** of net interest, investment or	- past 3 months	+17	0	-5	-3	+5
trading income	- next 3 months	0	0	-5	+3	+2
** in sterling						
arges, costs and profitability						
4 Excluding seasonal variations, what are				_	•	•
a) Average spreads	- past 3 months	0	0	-5 - 5	-3	0
	- next 3 months	+26	+4	+5	-3	0
<ul><li>b) Average commissions/fees/ premiums paid</li></ul>	- past 3 months	-15	-21	+7	0	+12
T-1-1	- next 3 months	+14	+26	+7	+10	+12
<ul> <li>Total operating costs (excluding cost of funds)</li> </ul>	- 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
Overall profitability of business-	- 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
ployment and training						
5 Excluding seasonal variations, what are	the trends in:					
		-5	+4	+27	+7	+29
a) Numbers employed	- past 3 months	4	. 40	. 10	.44	
b) Training expenditure	- next 3 months - past 3 months	-1 +8	+12 +8	+42 +15	+14 +10	+45 +3

	_				_
6 Do you expect to authorise more or less expenditure on marketing in the	Dec	Mar	Jun	Sep	De
NEXT 12 MONTHS than you did in the PAST 12 MONTHS	+4	+12	+16	+3	+6
ital 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
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	8
To reach new customers	77	24	41	69	4
For replacement	57	58	55	97	6
To expand capacity	22	50	49	76	2
Statutory legislation and regulation	23	29	41	76	3
Other	3	4	5	0	0
Office	3	7	J	U	U
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	4
Shortage of finance	32	30	0	14	3
Cost of finance	3	4	0	7	7
Uncertainty about demand/business prospects	54	62	51	24	5
Shortage of labour including managerial & supervisor staff	11	20	3	14	2
Other	0	0	0	3	5
iness prospects					
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	8
Staff turnover - Total	9	8	0	7	0
Availability of professional staff - Total	15	42	3	17	2
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	5
Statutory legislation and regulation - Total	56	62	28	35	3
Other - Total	5	0	0	7	5
1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	+49	+58	+53	+24	+6
wth					
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					
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?					
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	+60	+58	+45	+83	+5
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 +48	+58 +46	+45 +48	+83 +62	
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  Cross-selling to existing customers	+48	+46	+48	+62	+4
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  Cross-selling to existing customers  Launching new products/services					+4
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  Cross-selling to existing customers  Launching new products/services Inorganic growth activities	+48 +14	+46 +29	+48 +24	+62 +55	+4
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  Cross-selling to existing customers  Launching new products/services Inorganic growth activities  Engaging in M&A transactions	+48 +14 +3	+46 +29 +4	+48 +24 +21	+62 +55 +51	+4 +2 +5
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  Cross-selling to existing customers  Launching new products/services Inorganic growth activities  Engaging in M&A transactions Forming strategic partnerships/alliances	+48 +14	+46 +29	+48 +24	+62 +55	+4 +2 +5
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  Cross-selling to existing customers  Launching new products/services  Inorganic growth activities  Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth	+48 +14 +3 +57	+46 +29 +4	+48 +24 +21 +30	+62 +55 +51 +55	+2 +2 +5 +2
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  Cross-selling to existing customers  Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets	+48 +14 +3 +57	+46 +29 +4 +8 +4	+48 +24 +21 +30 +42	+62 +55 +51 +55 +65	+2 +2 +5 +2 +3
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  Cross-selling to existing customers  Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets  Increasing market share in international markets	+48 +14 +3 +57	+46 +29 +4 +8	+48 +24 +21 +30	+62 +55 +51 +55	+4 +2 +5 +2 +3
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  Cross-selling to existing customers  Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets	+48 +14 +3 +57	+46 +29 +4 +8 +4	+48 +24 +21 +30 +42	+62 +55 +51 +55 +65	+4 +2 +5 +2 +3 +2
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  Cross-selling to existing customers  Launching new products/services Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets  Increasing market share in international markets  Investment in enablers to growth	+48 +14 +3 +57 +43 +20	+46 +29 +4 +8 +4 0	+48 +24 +21 +30 +42 +14	+62 +55 +51 +55 +65 +51	+4 +2 +5 +2 +3 +2
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  Cross-selling to existing customers  Launching new products/services Inorganic growth activities  Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth  Brand and advertising	+48 +14 +3 +57 +43 +20 +6 +15	+46 +29 +4 +8 +4 0 -8 +30	+48 +24 +21 +30 +42 +14 +13 +29	+62 +55 +51 +55 +65 +51 -10 +3	+4 +2 +5 +2 +3 +2 -3 +2
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  Cross-selling to existing customers  Launching new products/services  Inorganic growth activities  Engaging in M&A transactions  Forming strategic partnerships/alliances  Market focus for growth  Increasing market share in domestic markets  Investment in enablers to growth  Brand and advertising  Sales force and distribution channels	+48 +14 +3 +57 +43 +20 +6	+46 +29 +4 +8 +4 0	+48 +24 +21 +30 +42 +14 +13	+62 +55 +51 +55 +65 +51	+5 +4 +2 +5 +2 +3 +2 -3 +2

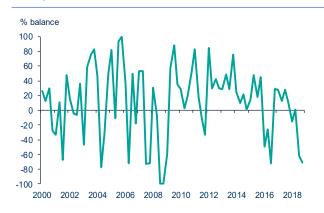
# **INVESTMENT MANAGEMENT**

Survey number 117, December 2018

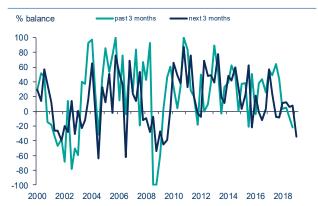
Conducted between 14th November and 14th December 2018

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

# Q1 Optimism vs three months earlier



# Q3a Trend in volume of business



Q1
Latest -71
Previous -62
Mean +15

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

			2018			
		Dec	Mar	Jun	Sep	Dec
Are you more or less optimistic about THI IN YOUR SECTOR?	E OVERALL BUSINESS SITUATION	+11	-15	+1	-62	-71
2 Excluding seasonal variations, do you co	nsider that in volume terms:					
a) Your present level of business (above/beld		+28	-12	+5	-17	-42
b) Your present level of business with overse	,	0	-12	-1	0	-20
B Excluding seasonal variations, what are t	,					
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	- past 3 months	+39	-40	+28	-54	-51
income	- next 3 months	+23	+43	+28	-37	-80
c) Value** of net interest, investment or	- past 3 months	+28	+28	-4	+8	-10
trading income	- next 3 months	+28	+28	-11	0	-22
** in sterling						
rges, costs and profitability						
Excluding seasonal variations, what are t	ibo two nelo for:					
a) Average spreads		0	0	0	+17	0
a) Average spreads	- past 3 months - next 3 months	+39	+30	0	+8	0
b) Average commissions/fees/ premiums	- past 3 months	-17	-52	-44	-17	-46
paid	- past 3 months	-22	-32 -12	- <del>44</del> -6	-1 <i>1</i> -8	-40 -46
c) Total operating costs (excluding cost of	- past 3 months	+51	+30	+11	+70	+53
funds)	- next 3 months	+39	+30	-6	+78	+53
d) Average operating costs per transaction	- past 3 months	+11	+30	-37	0	+53
u) Triologe operating cools per transaction	- next 3 months	+23	+15	-17	+8	+53
e) Value of non-performing loans	- past 3 months	+11	+15	+6	0	0
c) value of hori periorning loans	- next 3 months	0	0	+6	0	0
g) Overall profitability of business	- past 3 months	+28	-28	+17	-49	-41
g) Croidin promability of Submissio	- next 3 months	+34	-12	+10	-45	-50
oloyment and training						
,						
Excluding seasonal variations, what are t	he trends in:					
a) Numbers employed	- past 3 months	+15	+25	+65	+21	+18
	- next 3 months	-8	+33	+30	-24	+5
b) Training expenditure	- past 3 months	+16	+13	+43	+7	+8
b) Hairing expenditure	- past o montris					

arketing 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
pital expenditure					
<sup>7</sup> 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 Cost of finance	11 11	12 12	23 12	8 8	9
Uncertainty about demand/business prospects	39	52	30	25	9 67
Shortage of labour including managerial & supervisor staff	67	70	34	75	17
Other	0	0	6	8	0
siness prospects					
Level of demand - Total Staff turnover - Total Availability of professional staff - Total Availability of clerical staff - Total Adequacy of systems capacity - Total Ability to raise funds - Total	61 45 34 23 11	57 0 28 0 12 0	54 18 44 18 24 12	75 8 25 8 8 0	50 9 20 0 33 26
of which:	20	0	0	0	0
Ability to raise capital - Total  Availability of wholesale funds - Total	39 11	0 0	6 6	0 0	0
·	72	70		U	
Competition - Lotal			.34	17	-
Competition - Total Statutory legislation and regulation - Total	84	70	34 42	17 17	12
·	84 17				12
Statutory legislation and regulation - Total Other - Total	7.2	70	42	17	12 17
Statutory legislation and regulation - Total Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?	17	70 0	42 6	17 17	12 17 9
Statutory legislation and regulation Other - Total - T	17	70 0	42 6	17 17	12 17 9
Statutory legislation and regulation Other - Total - Total - Total - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  With - Total - Tota	17 +89	70 0 +88	42 6 +57	17 17 17 +20	12 17 9 +3.
Statutory legislation and regulation Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  2 With  1 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	+89 +33	70 0 +88 +28	42 6 +57 +42	17 17 +20 +17	122 177 9 +3:
Statutory legislation and regulation Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  With  1 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 Cross-selling to existing customers	+33 +61	70 0 +88 +28 +15	42 6 +57 +42 +3	+17 +17 +17 +17	122 177 9 +3.
Statutory legislation and regulation Other - Total - T	+89 +33	70 0 +88 +28	42 6 +57 +42	17 17 +20 +17	122 177 9 +3.
Statutory legislation and regulation Other  - Total Total  What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  With  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 Cross-selling to existing customers Launching new products/services Inorganic growth activities	+33 +61	70 0 +88 +28 +15	42 6 +57 +42 +3	+17 +17 +17 +17	122 177 9 +3.
Statutory legislation and regulation Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  With  1 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 Cross-selling to existing customers Launching new products/services	+33 +61 +56	70 0 +88 +28 +15 +10	42 6 +57 +42 +3 -25	+17 +17 0	122 177 9 +3: +3: +4: +1: +2:
Statutory legislation and regulation Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  with  1 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 Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances Market focus for growth	+33 +61 +56 -23 +5	70 0 +88 +28 +15 +10 -12 -3	+42 +3 -25 -2 -6	+17 +20 +17 +17 0 -12 +8	+3: +3: +3: +1: +2: +1:
Statutory legislation and regulation Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  with  1 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 Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets	+33 +61 +56 -23 +5	70 0 +88 +28 +15 +10 -12 -3 +15	+42 +3 -25 -2 -6 +51	+17 +20 +17 +17 0 -12 +8 +8	+3: +3: +3: +1: +2: +1:
Statutory legislation and regulation Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  with  1 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 Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets Increasing market share in international markets	+33 +61 +56 -23 +5	70 0 +88 +28 +15 +10 -12 -3	+42 +3 -25 -2 -6	+17 +20 +17 +17 0 -12 +8	+3: +3: +3: +1: +2: +1:
Statutory legislation and regulation Other - Total  1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?  With  1 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 Cross-selling to existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/alliances  Market focus for growth Increasing market share in domestic markets Increasing market share in international markets Investment in enablers to growth	+33 +61 +56 -23 +5 +11 +23	70 0 +88 +28 +15 +10 -12 -3 +15 +12	+42 +3 -25 -2 -6 +51 -13	+17 +20 +17 +17 0 -12 +8 +8 +8	+3 +3 +3 +1 +2 +14 +20
Statutory legislation and regulation Other - Total - T	+33 +61 +56 -23 +5 +11 +23	70 0 +88 +28 +15 +10 -12 -3 +15 +12	+42 +3 -25 -2 -6 +51 -13 +15	+17 +20 +17 +17 0 -12 +8 +8 +8 +25	+3 +3 +3 +1 +2 +14 +2 +4;
Statutory legislation and regulation Other  - Total -	+33 +61 +56 -23 +5 +11 +23 -5 +28	70 0 +88 +28 +15 +10 -12 -3 +15 +12 0 0	+42 +3 -25 -2 -6 +51 -13 +15 +13	+17 +20 +17 +17 0 -12 +8 +8 +8 +25 +62	+3: +3: +3: +3: +4: +4: +4:
Statutory legislation and regulation Other - Total - T	+33 +61 +56 -23 +5 +11 +23	70 0 +88 +28 +15 +10 -12 -3 +15 +12	+42 +3 -25 -2 -6 +51 -13 +15	+17 +20 +17 +17 0 -12 +8 +8 +8 +25	12 17 9

# **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.

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

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#### Participation

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

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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

# Financial service activities: SIC 64.19/1, 64.19/2, 64.2, 64.3 64.91, 64.92 Insurance, pension funding & other: SIC 65.11, 65.12, 65.3, 66 Insurance, excluding social security SIC 82



# ADVISING FINANCIAL SERVICES ORGANISATIONS

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

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# PWC CONTACT DETAILS

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 KailInsurance:Jim BichardInvestment Management:Elizabeth StoneBanking:Isabelle JenkinsBuilding Societies:Nick ElliottFinancial 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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