

Deloitte Global conducted a marketplace survey in Q1 of 2017.

We spoke with more than 200 financial services executives around the world.

How did things unfold?

WHAT DID WE LEARN?



Almost 2/3 of respondents felt **TECHNOLOGY WILL HAVE THE GREATEST IMPACT** on the financial industry in the next two years, ranging from over 75% in Latin America to just over 50% in Asia Pacific



of respondents expect **FINANCIAL SERVICES TO CHANGE SIGNIFICANTLY** in the next five years, especially in Asia Pacific and Europe

Capital markets firms are highest in this expectation at

68%

while insurers are lowest at

46%



CHANGING CUSTOMER EXPECTATIONS was cited as a key driver of industry change, ranging from over 70% in Asia Pacific to only 40% in North America



REGULATION AND GEOPOLITICAL ISSUES were also cited as causes of industry change, but these varied by sector



Over 50% of buy-side firms saw **REGULATION AS A DRIVER OF CHANGE**, but less than 1/3 of the sell-side did



Almost 1/2 of asset managers viewed **REGULATION AND GEOPOLITICAL ISSUES** as having a large impact, while only 1/4 of insurance executives did

TALENT



Recent geopolitical developments have not dampened respondents' recognition that **GLOBAL EXPERIENCE** will be an important talent need, but it is valued less in North America



of insurers cited **CAPACITY TO ANTICIPATE CHANGE** as the most important need



INNOVATION, PRODUCT DEVELOPMENT AND I.T. talent shortages are anticipated across all sectors



Capital markets firms will need talent upgrades in **RISK & COMPLIANCE AND OPERATIONS**



As firms increase automation, **60%** **PLAN TO RETAIN EXISTING STAFF** and **1/3** **EXPECT TO REDUCE HEADCOUNT** but this varies by sector



Insurers will look to reposition existing team members by **OVER A 2:1 MARGIN** versus reductions, while securities firms will rely on **MORE OF A BALANCED MIX**

OPERATING MODEL TRANSFORMATION



of respondents expect **OPERATING MODELS** to be among the top three areas of financial services affected by change



Of that 1/4, nearly all are located in **EUROPE, THE MIDDLE EAST, AND NORTH AMERICA**



Within that group, **50%** expect the changes to happen within the next **TWO YEARS**



BY A MARGIN OF 2:1, this group believe a capacity to **ANTICIPATE CHANGE** is a top talent need



They also overwhelmingly believe **AN UNDERSTANDING OF REGULATION AND RISK** is necessary



Close to half anticipate a **TALENT SHORTAGE IN OPERATIONS**

TECHNOLOGY



Respondents saw a greater near-term impact from **SENSING TECHNOLOGIES** such as blockchain and robotic process automation



BANKERS were more likely to rate each of these as having significant to high near-term impact as compared to their peers in other sectors



Many areas are expected to be impacted by technologies, especially **CUSTOMER AND RISK MANAGEMENT**, but this expectation varies by sector

97%

of insurers expect **OPERATIONS** to undergo transformation as a result of I.T.



Bankers and capital markets firms cited the **CUSTOMER INTERFACE** as being most likely to see changes



Asset managers believed **INFORMATION TECHNOLOGY** would see the greatest change

REGULATORY TRANSFORMATION



of survey respondents anticipate **CONTINUED REGULATORY TIGHTENING** in the near term



...which is cited as the overall **1ST DRIVER OF INDUSTRY CHANGE** moving forward



Bankers are **2x** as likely as their counterparts in other industry sectors to **ANTICIPATE A DECLINE** in the regulatory burden



of North American respondents expect regulatory tightening moving forward, as compared to 2/3 in other world regions



Larger institutions expect that regulatory intensity will **STAY THE SAME OR BE REDUCED** going forward



The smaller the institution, the higher the anticipation that **INCREASED REGULATION** will emerge

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