

Deloitte CFO Survey Q4 2025

2026 – the year ahead

The latest Deloitte survey of chief financial officers, conducted between 2 and 14 December, shows levels of uncertainty and risk appetite at much the same magnitude as a year ago. This theme of continuity is reflected in the external environment. As in late 2023 and 2024, CFOs see geopolitics and poor UK productivity/weak competitiveness as being the top external risks they face in the coming year.

Despite these concerns, business confidence and risk appetite have ticked up from their autumn lows while perceptions of uncertainty have edged lower. Revenue prospects have improved, and CFOs expect inflation, wage pressures and interest rates to ease over the next 12 months.

Cost control remains the priority, but slightly less so than in recent quarters. Meanwhile CFO sentiment on capital investment, though still subdued, has seen the largest increase since the UK began to emerge from the pandemic.

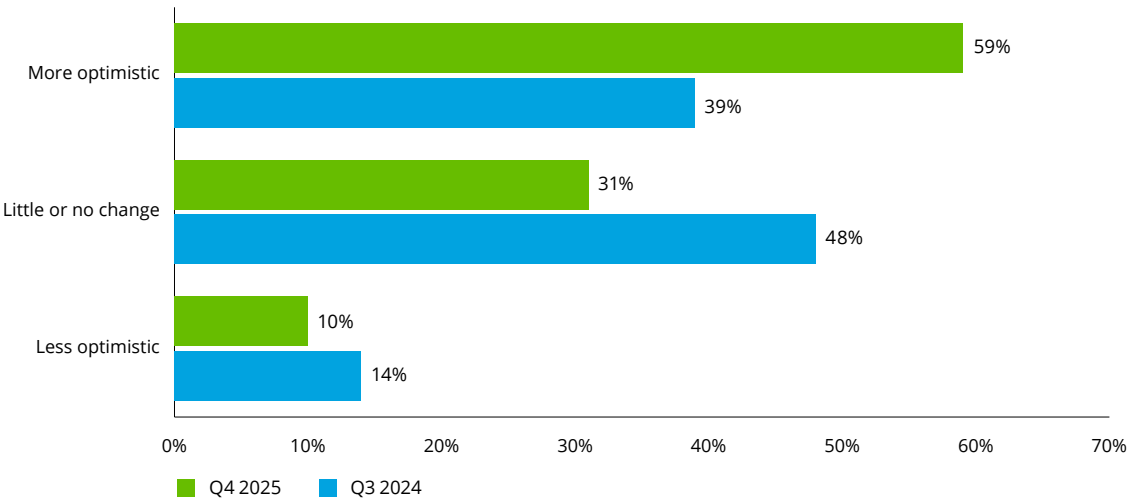
CFOs are upbeat on tech investment and optimistic about the potential for AI to boost productivity in the long term. 59% of CFOs have become more optimistic over the past 12 months on the potential for AI to boost the performance of their own organisation, up from 39% when last measured in the third quarter of 2024. Some 96% expect to see a rise in investment in digital technology and assets by UK companies over the next five

years and the vast majority (77%) expect an increase in productivity growth and business performance over the same period. Notably, however, they anticipate these gains to be backloaded, with CFOs mostly reporting they expect little change in performance over the next 12 months.

The UK economy grew at just over 1% in 2024 and 2025. The readings from the latest CFO survey suggest a similar level of growth is likely in 2026, supported by falling inflation and interest rates. CFOs are positive about the impact of AI in the longer run, but for now the UK lacks a strong impetus for a return to the faster growth rates that prevailed before the pandemic.

Chart 1. Artificial Intelligence

% of CFOs who reported the following when asked if, compared with a year ago, they are more or less optimistic that artificial intelligence has the capacity to deliver material improvements to their business' performance



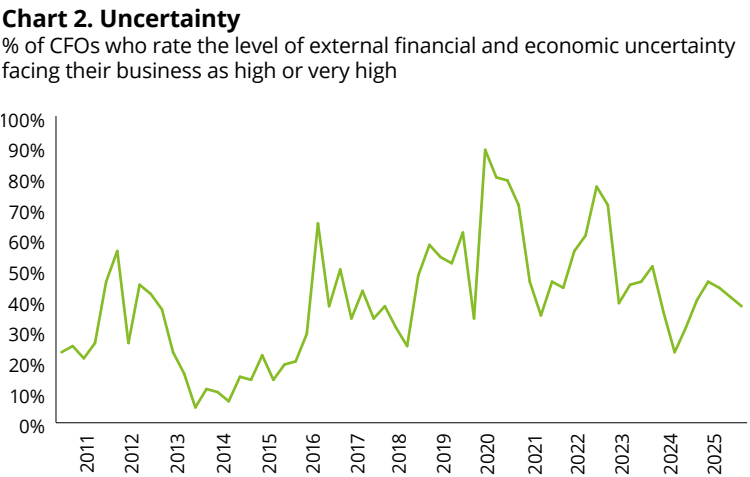
Geopolitical risk endures

Table 1. Top three risks to business for the year ahead

	2021	2022	2023	2024	2025	2026
Risk #1	Covid-19	Persistent labour shortages	Geopolitics	Geopolitics	Geopolitics	Geopolitics
Risk #2	Geopolitics	Covid-19	Energy prices/supplies	Poor UK productivity	Poor UK productivity	Poor UK productivity
Risk #3	UK-EU relations	Climate change	Tighter monetary conditions	Energy prices/supplies	Tighter monetary conditions	Energy prices/supplies

Geopolitics remains the top external risk for large UK businesses in the year ahead, as has been the case going into the three preceding years. The rating given to geopolitical concerns, which include rising protectionism, has declined since our Q1 survey. This quarter, concerns over weak competitiveness and poor productivity in the UK remained at their highest level since we began asking the question in late 2014. The risk of higher energy prices or disruption to energy supplies rounds out CFOs’ top three risks for 2026. In more positive news, worries over the possibility of further rate rises and a general tightening of monetary conditions in the UK and US fell to their lowest level since Q3 2020.

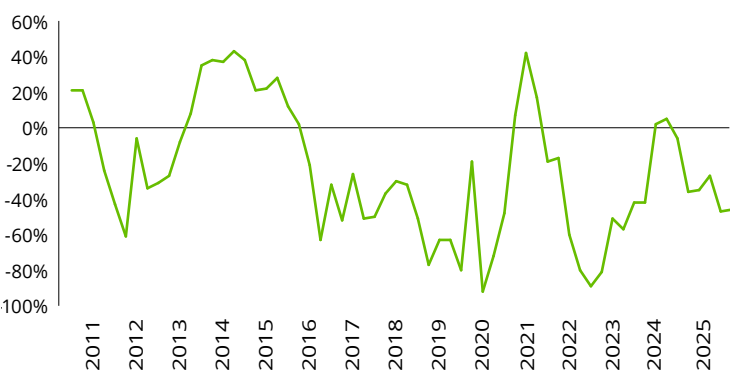
38% of finance leaders rated the level of external uncertainty facing their business as high or very high, declining for a third quarter to the lowest level since Q3 of 2024.



Margin squeeze

A net 46% of CFOs expect UK corporates' operating margins to decline over the next year.

Chart 3. Outlook for corporate operating margins
Net % of CFOs who expect UK corporates' operating margins to increase over the next 12 months



Risk appetite edged up at the end of 2024, with 15% of CFOs saying that it was a good time to take greater risk onto their balance sheet.

Chart 4. Corporate risk appetite
% of CFOs who think this is a good time to take greater risk onto their balance sheets



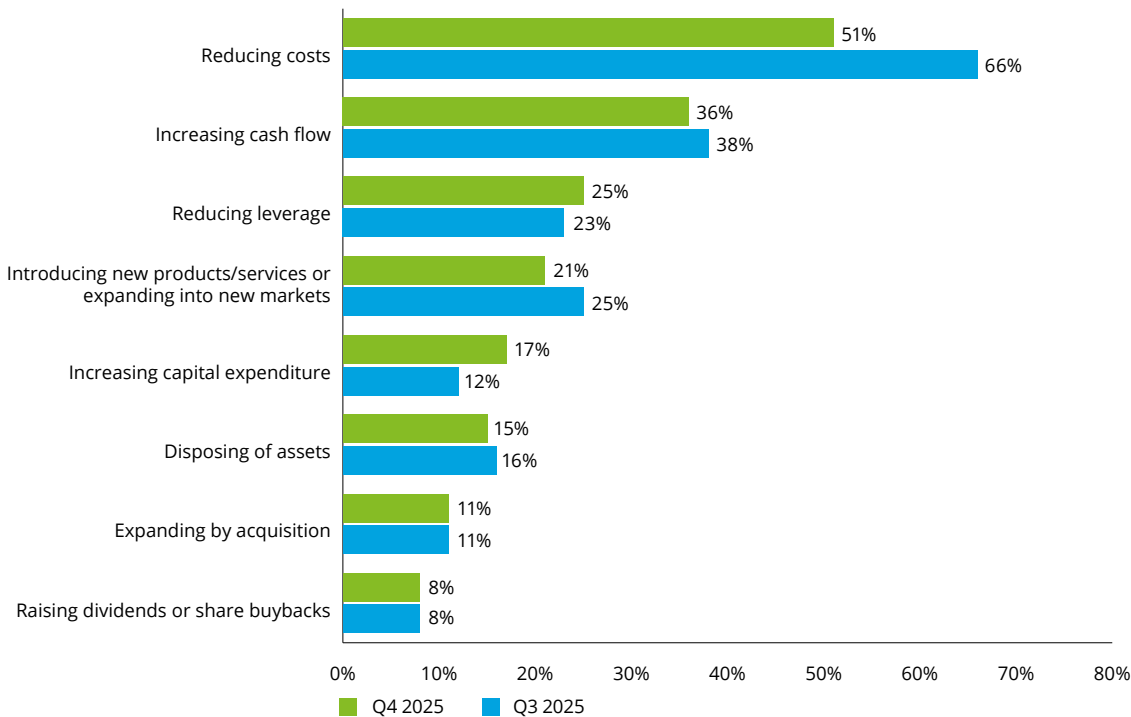
On balance, CFOs were more likely to report that they were feeling less optimistic about the financial prospects of their own business, with a net 13% saying they were feeling less optimistic.

Chart 5. Optimism
Net % of CFOs who are more optimistic about the financial prospects of their business than three months ago



Cost control still top priority

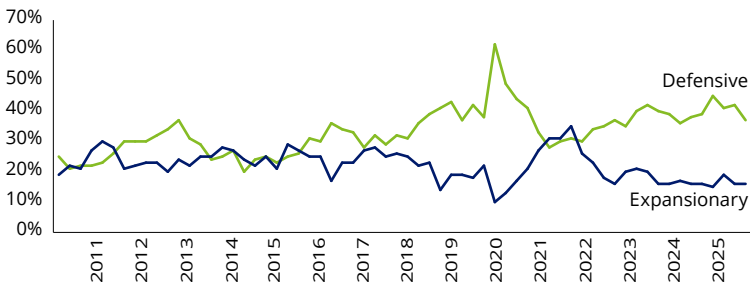
Chart 6. Corporate priorities in the next 12 months
% of CFOs who rate each of the following as a strong priority for their business in the next 12 months



Cutting costs has been the top priority for CFOs in every quarter since Q2 2022 and, despite declining to an 18-month low, remained so this quarter with 51% of CFOs saying it was a strong priority for the year ahead. Finance leaders also remained more likely to prioritise other defensive strategies such as boosting cash flow and reducing leverage. More expansionary strategies remained a lesser priority although the proportion of CFOs reporting that capital expenditure is a strong priority rose to a two-and-a-half-year high and is now running marginally above the long-term average.

Despite a slight narrowing this quarter, our survey suggests that CFOs remain unusually defensive relative to historical levels: on average they are more than twice as likely to say that a defensive strategy is a strong priority than they are about an expansionary strategy.

Chart 7. Expansionary and defensive strategies*
Arithmetic average of the % of CFOs who rate expansionary and defensive strategies as a strong priority for their business in the next 12 months

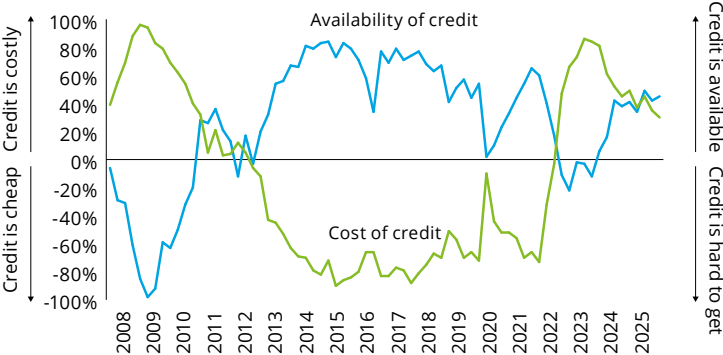


* Expansionary strategies are introducing new products/services or expanding into new markets, expanding by acquisition and increasing capital expenditure. Defensive strategies are reducing costs, reducing leverage and increasing cash flow.

Inflation and rate pressures ease

A net 45% of CFOs report that credit is easily available while a net 30% report that credit is costly, the lowest reading since mid-2022.

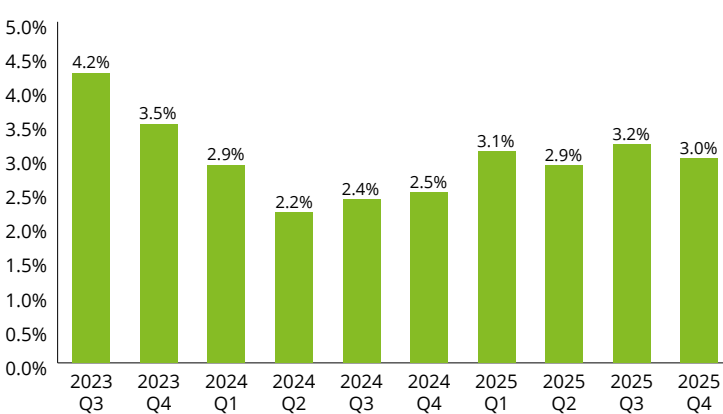
Chart 8. Cost and availability of credit
Net % of CFOs reporting credit is costly and credit is easily available



Source: LSEG Datastream

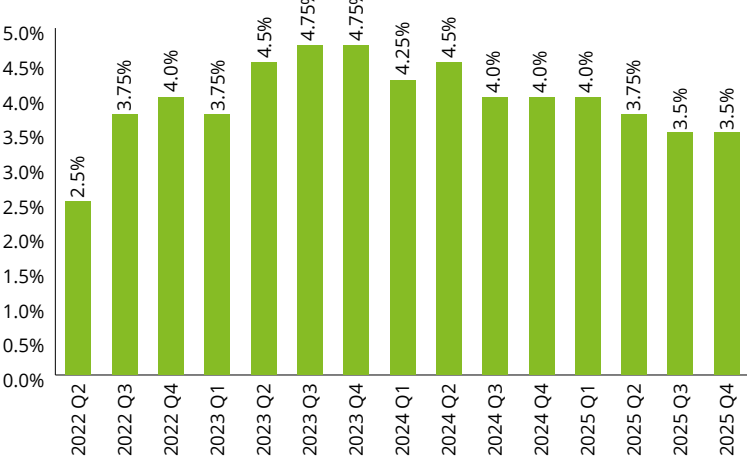
CFOs expect inflation to slow to 3.0% in one year's time and to 2.5% in two years' time.

Chart 9. Inflation expectations
CFOs' median expectation for inflation in one year's time



CFOs' median expectation is that the Bank of England will lower interest rates to 3.5% by the end of 2026.

Chart 10. Interest rate expectations
CFOs' median expectations for the Bank of England's base rate in one year's time

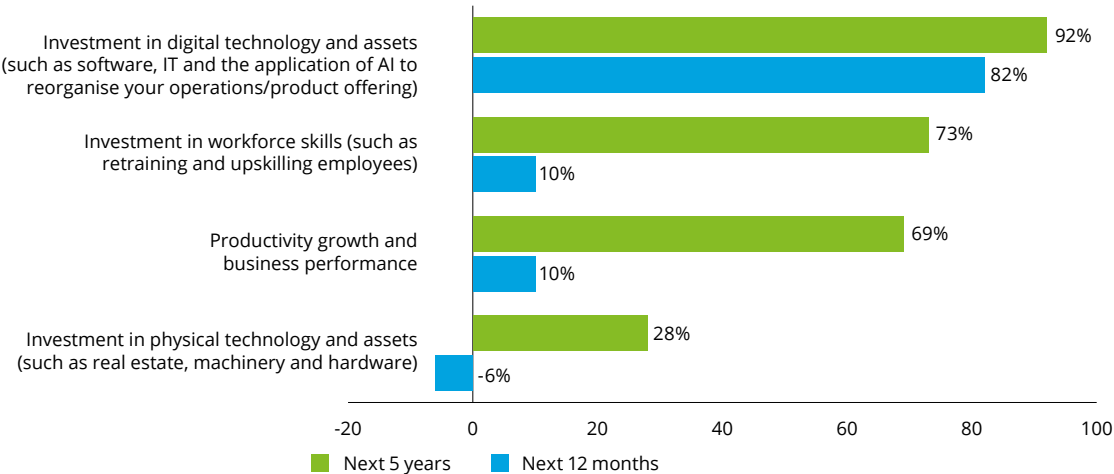


Digital to drive corporate investment

CFOs overwhelmingly expect UK corporates to increase investment in digital technology and assets including AI over both the next 12 months and 5 years. They do not expect this investment to usher in a period of improved business performance and productivity growth in the short term although they expect to see this increase over the next 5 years. They expect little change in investment in workforce skills and physical technology in 2026.

Chart 11. Corporate spending and productivity

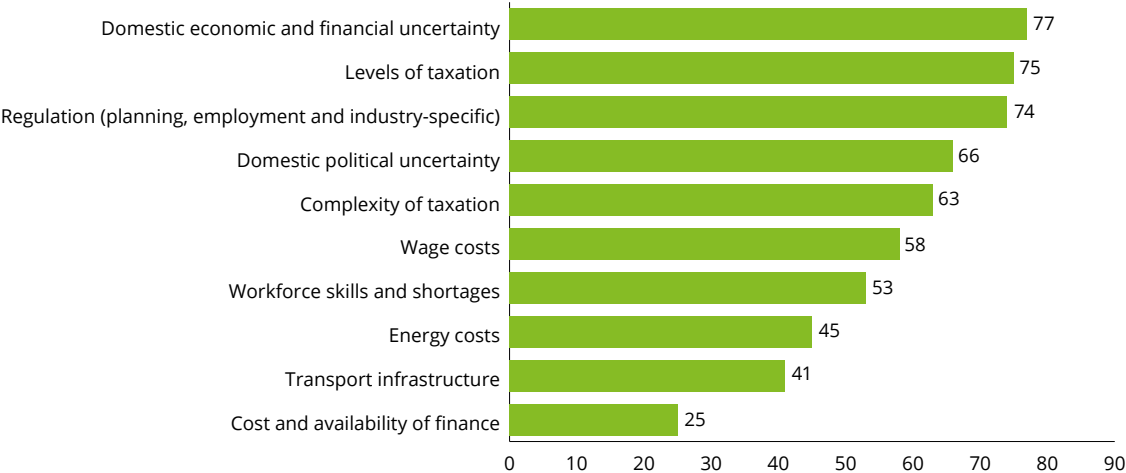
Net % of CFOs who expect the following to increase for UK corporates as a whole over the next 12 months and 5 years relative to current levels



With concerns over poor productivity and weak competitiveness having risen up the worry list over time, we asked our panel to rate different factors that might be constraining the attractiveness of the UK. Domestic economic and financial uncertainty was identified as the top risk, with 57% describing this as a significant constraint. Levels of taxation, regulation and political uncertainty were also widely identified as significant constraints while energy costs, transport infrastructure and the cost/availability of finance were seen as lesser concerns.

Chart 12. Constraints on UK competitiveness

Weighted average ratings on a scale of 0-100 where 0 stands for not a constraint and 100 stands for a significant constraint

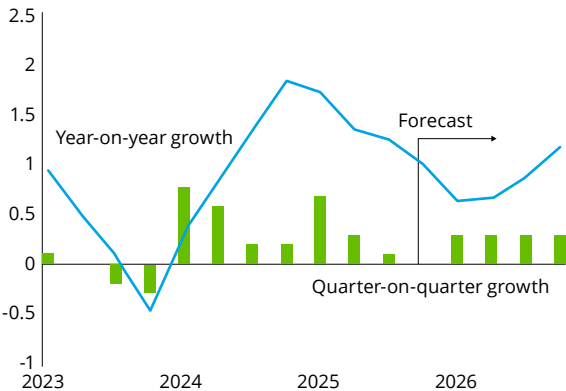


CFO Survey: Economic and financial context

The macroeconomic backdrop to the Deloitte CFO Survey Q4 2025

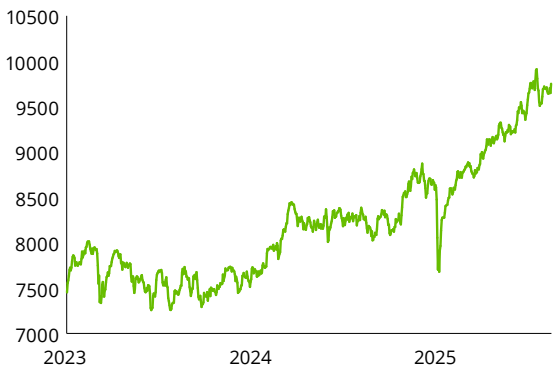
Global growth for 2025 is expected to come in around 3.2%, according to IMF forecasts, similar to the previous year. Amid delayed official data in the US, high-frequency measures suggest continued growth in activity as surging investment in AI infrastructure has offset an increase in tariffs and deteriorating consumer sentiment. In the UK, growth stalled in the second half of the year as businesses remained cautious. The government’s Autumn Budget eased short-term fiscal policy but included £26bn of additional taxes by the end of the parliament, primarily through further income tax and National Insurance threshold freezes. Euro area activity picked up. The US Federal Reserve and UK Bank of England cut interest rates in December, with the Federal Reserve citing greater risks of a labour market slowdown despite rising inflation in recent months. UK inflation peaked at 3.8% in September and is expected to fall throughout 2026, while inflation remains around the 2% target in the euro area. Oil prices remain below \$70. Equity markets rallied throughout the second half of the year amid concerns that exuberance over the potential of AI may be fuelling a bubble.

UK GDP growth: Actual and forecast (%)



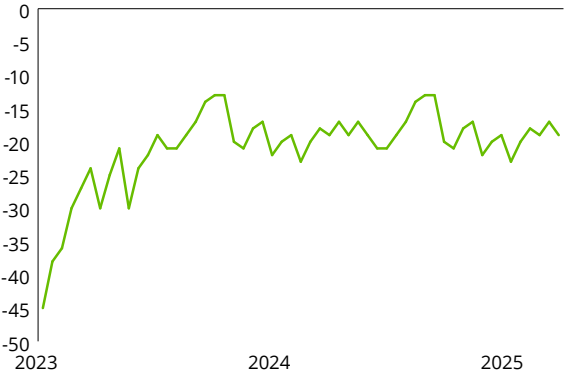
Source: LSEG Datastream, Deloitte calculations

FTSE 100 price index



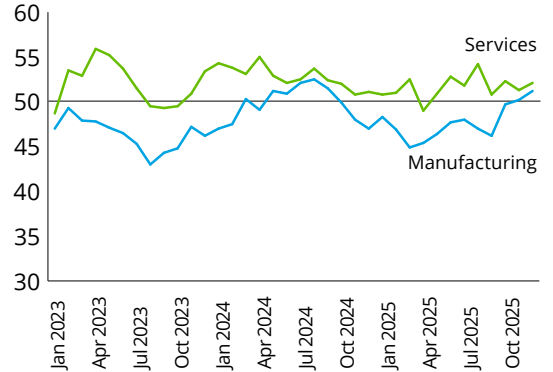
Source: LSEG Datastream

GfK Consumer Confidence Index (UK)



Source: LSEG Datastream

Purchasing Managers' Indices (UK)

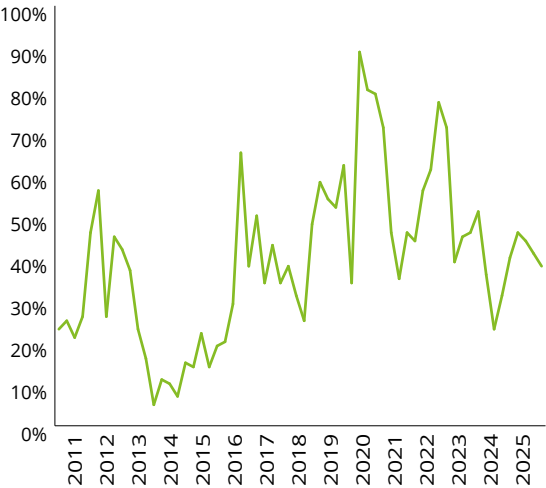


Source: LSEG Datastream, S&P Global, readings above 50 indicate expansion

Two-chart summary of key survey messages

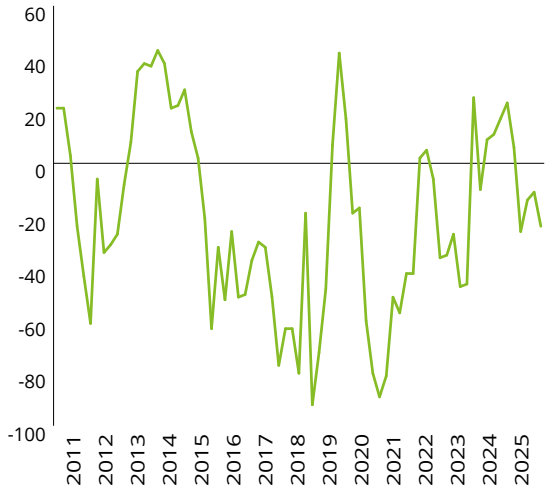
Uncertainty

% of CFOs who rate the level of external financial and economic uncertainty facing their business as high or very high



Outlook for corporate operating margins

Net % of CFOs who expect UK corporates' operating margins to increase over the next 12 months



About the survey

Conducted between 2nd and 14th December 2025, the Q4 2025 Survey is the 74th quarterly survey of Chief Financial Officers and Group Finance Directors of major companies in the UK.

Overall, 55 CFOs participated, including the CFOs of nine FTSE 100 companies and 18 FTSE 250 companies. The rest were CFOs of other UK listed companies, large private companies and UK subsidiaries of major companies listed overseas. The combined market value of the 31 UK-listed companies surveyed is £389 billion, or approximately 14% of the quoted UK equity market.

The Deloitte CFO Survey is the only survey of major corporate users of capital that gauges attitudes to valuations, risk and financing. To join our panel of CFO respondents and for additional copies of this report, please contact Elaine Hoang on 020 7007 4717 or email ehhoang@deloitte.co.uk.

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For current and past copies of the survey, historical data and coverage of the survey in the media and elsewhere, please visit: www.deloitte.co.uk/cfosurvey

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