## **MARCH 2018**

# 

Embargo: 00:01hrs 26 March 2018

## ACTIVITY AND HIRING GROWING, BUT FIRMS STILL CAUTIOUS

Sentiment in financial services continued to deteriorate in the quarter to March, despite rising business volumes and a further improvement in profitability. Growth in overall business volumes accelerated, and although total and average costs also picked up, stronger volumes growth allowed profitability to improve at a healthy pace. Despite the uncertainty facing the sector, employment across financial services rose in the quarter to March, having stalled in the previous two quarters. Looking ahead, against a backdrop of steady growth in business volumes, firms plan to pick up the pace of hiring in the three months to June. By contrast, investment intentions for the year ahead cooled a little over the three months to March, continuing the previous quarter's trend. Spending on marketing and IT is expected to grow, but at a slower pace, while firms expect to cut back in other areas of capital spending, notably land and buildings.

## Activity holding up, but sentiment still deteriorates

Optimism in the financial services sector fell at the start of 2018, continuing a trend that has seen sentiment deteriorate in eight out of the last nine quarters. Sentiment in banking fell further, in line with recent quarters, while the mood among investment managers also deteriorated, for the first time in over a year. Sentiment was broadly unchanged in most other sectors.

Although financial services firms see storm clouds on the horizon, business conditions remain generally favourable. The level of business is seen as slightly above "normal" and firms reported that volumes continued to expand in the three months to March, with the pace of growth picking up from the previous quarter. However, there was some variation across the sector. Solid growth in business volumes was reported in insurance and banking, whereas finance houses reported a sharp drop in volumes for the first time in a year. Volumes were roughly unchanged for building societies, in line with a generally weaker performance over the previous year, while growth also unexpectedly stalled in investment management after two years of uninterrupted expansion. Looking ahead, overall business volumes are expected to expand at a steady pace over the coming three months, with solid growth anticipated for the majority of sub-sectors (though not insurance).

## Costs pressures building, new entrants a threat

Financial services firms reported a slight rise in incomes in the quarter to March. Total and average operating costs increased, the latter at the fastest pace since 2014. But with volumes increasing briskly, profitability also improved at a healthy pace, with a further rise expected.

Against this backdrop, employment across financial services rose in the quarter to March, having stalled in the previous two quarters, with firms planning to increase headcount further in the quarter to June. By contrast, investment intentions have softened. The main brake on investment spending remains uncertainty about business prospects and demand. Similarly, two thirds of firms saw the level of demand as a brake



on business expansion. Competition also remains a key constraint on business expansion. While competition primarily comes from within the same sector, seven out of ten firms also see a threat from new entrants, which was a joint survey record.

## CONTENTS

## **PAGE 2** SUPPLEMENTARY QUESTIONS

On financial market conditions; impact of compliance on productivity; investment in RegTech; and the talent challenges facing financial services.

## PAGE 6 BANKS

Optimism fell further, but business volumes picked up and are expected to rise further next quarter.

## PAGE 9 BUILDING SOCIETIES

Sentiment stabilised after previous falls. Business volumes were flat, but are set to rise next quarter.

## PAGE 11 FINANCE HOUSES

Sentiment was unchanged. Business volumes fell unexpectedly, but are expected to recover.

## PAGE 14 INSURANCE

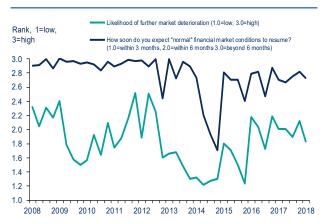
Business volumes grew at steady pace but growth is expected to stall next quarter.

## PAGE 17 INVESTMENT MANAGEMENT

Optimism fell for the first time since 2016. Business volumes were flat, with a modest pick-up is expected.

## SUPPLEMENTARY QUESTIONS

#### Perceptions of financial market conditions



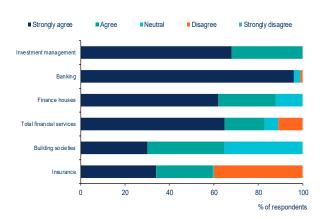
Concerns over a deterioration in financial market conditions remained elevated at the start of 2018, though they have diminished somewhat since late 2016. Around two-thirds (63%) of financial services firms still assigned a medium likelihood to a worsening in financial market conditions over the next six months, although the share assigning a high likelihood has fallen back to 10%, from 29% in the previous quarter. A large majority of firms (76%) believe that "normal" financial market conditions will only resume beyond six months.

### Potential for investment in RegTech over next 3 years

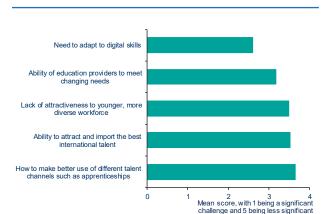


Asked about their investment in RegTech over the next three years, financial services firms see the greatest potential coming from compliance and reporting tools. There is also significant interest in risk monitoring tools (for example to combat fraud or operational risks), analytics (for example, to help manage credit, market or liquidity risks), and managerial information and oversight.

#### Compliance activity currently constraining productivity



Financial services overwhelmingly see the need to comply with legislation and regulation (including tax rules) as a significant factor currently restraining productivity growth within their firm. Overall, 83% of firms either strongly agreed or agreed with this statement, including every investment management firm and virtually all banks. Only insurers (and specifically general insurers) tended to disagree. The main channel through which compliance activity influences productivity is through raising average costs, but also by diverting investment from commercial projects, and by reducing management focus on business transformation.



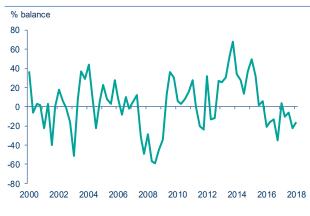
### Talent challenges facing UK financial services

Financial services firms see the need for the workforce to acquire new digital skills as the main talent challenge to be overcome if the UK is to maintain its position as a leading global financial services centre. There are clear concerns over the ability of education providers to meet the changing needs of the sector. Opinion is more diverse with respect to other challenges, with finance houses and investment managers seeing the ability to attract and import the best international talent as the greatest challenge.

# **OVERALL FINANCIAL SERVICES**

Survey number 114, March 2018 Conducted between 14th February and 9th March 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 -17 Previous -22 Mean +4

## Q5g Trend in overall profitability

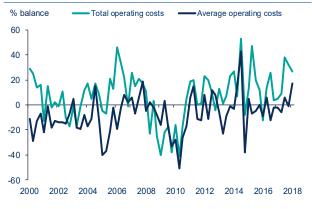


Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+22	+20
Previous	+7	+14
Mean	+14	+20

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



	Q5g: Past	Q5g: Next		Q5c: Past	Q5d: Past
Latest	+33	+20	Lates	st +27	+17
Previous	+15	+19	Previ	ous +32	-1
Mean	+14	+14	Mear	n +8	-10

Value and volume of business						
		2017				2018
		Mar	Jun	Sep	Dec	Mar
1 Are you more or less optimistic about TH IN YOUR SECTOR?	E OVERALL BUSINESS SITUATION	+4	-10	-6	-22	-17
2 Excluding seasonal variations, do you co	nsider that in volume terms:					
a) Your present level of business (above/bel	ow normal) is:	0	+6	+4	+5	+5
b) Your present level of business with overs	eas customers (above/below normal) is:	-15	-16	-4	-6	+6
3 Excluding seasonal variations, what are	the trends in:					
a) Volume of business	- past 3 months	+18	+44	+13	+7	+22
	- next 3 months	+9	+19	+27	+14	+20
b) Value** of fee, commission or premium	- past 3 months	+17	+39	0	+7	+3
income	- next 3 months	+6	+9	+9	+17	+6
c) Value** of net interest, investment or	- past 3 months	+6	+17	+14	+10	+5
trading income	- next 3 months	+8	+2	+8	+18	+2
** in sterling						

3

			2017			_	2018
4 W	hat is the trend in your 'volume of busin	ess' with regard to the following	Mar	Jun	Sep	Dec	Mar
са	tegories of customer:						
a)	Industrial & commercial companies	- past 3 months - next 3 months	+25	+38	+18	+21	+13
b)	Financial institutions	- past 3 months	+29 -3	+22 +3	+13 +21	+20 +6	+17 +3
D)		- next 3 months	+2	0	+21	+8	-1
c)	Private individuals	- past 3 months	+12	+26	-2	-16	+19
		- next 3 months	+27	+26	+8	-13	+23
d)	Overseas customers (UK-based operations)	- past 3 months - next 3 months	+10 +10	-13 0	+5 0	-19 -15	+8 +3
Charges	, costs and profitability	- Hext 5 Hohtins	10	0	0	-15	13
	cluding seasonal variations, what are t	he trends for:					
	Average spreads	- past 3 months	-11	-20	-30	-29	+6
		- next 3 months	-10	-5	-13	-23	+11
b)	Average commissions/fees/ premiums paid	- past 3 months - next 3 months	+4 +8	-13 -4	0 +15	-6 -4	0 +5
c)	· · · · · · · · · · · · · · · · · · ·	- past 3 months	+5	+9	+38	+32	+27
,	funds)	- next 3 months	+8	+14	+19	+50	+32
d)	Average operating costs per transaction	- past 3 months	-2	-6	+6	-1	+17
	Value of non-norferming loons	- next 3 months - past 3 months	-10 -16	+4 -18	-1 -17	+21 +3	+12 -5
e)	Value of non-performing loans	- past 3 months	-16 -6	-16	-17	+3 +1	-5 -2
	of which:						
	Retail	- past 3 months - next 3 months	-14 -6	-18 -15	-15 -2	+1 +1	-4 -1
	Corporate	- past 3 months	-0 -7	-17	-2	-2	-7
		- next 3 months	+4	-13	-1	-4	-1
g)	Overall profitability of business	- past 3 months	+33	+35	+13	+15	+33
		- next 3 months	+12	+26	+42	+19	+20
	nent and training cluding seasonal variations, what are t	he trends in:					
	Numbers employed	- past 3 months	+11	+29	-1	-5	+9
		- next 3 months	+25	+25	+11	0	+24
b)	Training expenditure	- past 3 months	+27	+32	+24	+42	+39
		- next 3 months	+30	+37	+25	+29	+51
c)	Staff costs as a proportion of total costs	- past 3 months - next 3 months	+8 +2	-10 +3	+13 -6	-5 -18	+24 +8
		Hoxt o Hontho	. 2	.0	0	10	.0
6.1 W	hat has been the trend with regard to ye	our staff turnover: - past 3 months	+26	+21	+8	+12	+13
		- past 3 months	+20	+21	+0	+12	+13
Marketin	g expenditure						
	you expect to authorise more or less e		+11	+3	+31	+40	+31
	EXT 12 MONTHS than you did in the PAS	ST 12 MONTHS		.0	.01	- +0	.01
	xpenditure						
	you expect to authorise more or less of ONTHS than you authorised in the PAST						
	Land and buildings		-4	-28	+8	-50	-28
	Vehicles, plant & machinery		-11	-16	-1	-28	-17
c)	Information technology		+46	+61	+68	+61	+37
0							
	hat are the main reasons for any expec JTHORISATION over the NEXT 12 MONT						
	provide new services		55	55	65	40	50
	increase efficiency/speed		73	80	80	80	56
То	reach new customers		41	43	41	30	43
	r replacement		40	58	38	45	37
	expand capacity		61	59 61	46 70	61 36	25 52
	atutory legislation and regulation her		68 1	5	2	30 1	52 2
01				0	2		2
	hat factors are likely to limit (wholly or	partly) your capital authorisations					
l <sup>o</sup> ov	er the NEXT 12 MONTHS*		50	10	50	74	10
	adequate net return on proposed investment		52 27	49 7	56 13	71 7	48 9
	ortage of finance ost of finance		27 17	2	13	3	9
	icertainty about demand/business prospect	S	49	49	58	45	51
	ortage of labour including managerial & sur		37	43	30	30	25
	her		14	5	5	5	15

		2017				2018
		Mar	Jun	Sep	Dec	Mar
What factors are likely to limit your a	bility to increase your level of business			•		
over the NEXT 12 MONTHS*						
Level of demand	- Total	67	62	52	75	64
	- Overseas	11	27	22	10	7
Staff turnover	- Total	5	6	6	4	3
	- Overseas	1	1	1	1	1
Availability of professional staff	- Total	29	26	41	23	27
	- Overseas	6	7	29	11	16
Availability of clerical staff	- Total	9	4	6	5	6
	- Overseas	2	0	0	2	1
Adequacy of systems capacity	- Total	36	39	36	13	32
	- Overseas	1	27	22	2	2
Ability to raise funds	- Total	9	22	13	2	2
of which:	- Overseas	1	1	1	1	2
Ability to raise capital	- Total	9	20	12	8	3
Ability to faise capital	- Overseas	9 1	20	12	3	3
Availability of wholes ale funde	- Overseas - Total	3	3	7	2	3 4
Availability of wholesale funds	- Total - Overseas	3 1	3	1	2	4
Competition	- Overseas - Total	56	0 46	59	2 59	3 60
Competition	- Total - Overseas					
Chatutany logiclation and		15	16	34	13	19
Statutory legislation and regulation	- Total	68	46	70	72	43
01	- Overseas	7	9	38	10	14
Other	- Total	4	2	1	3	14
	- Overseas	0	1	0	1	0
	latory compliance in the NEXT 12	+53	+60	+89	+41	+65
What do you expect to spend on regu MONTHS?		+55				
MONTHS? 2 Where do you see your competition of					06	04
MONTHS? 2 Where do you see your competition of Your sector of financial services		95	98	98	96 34	94
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services	coming from in the next 12 months?	95 39	98 54	98 39	34	50
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs	coming from in the next 12 months?	95 39 37	98 54 34	98 39 11	34 18	50 29
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants	coming from in the next 12 months?	95 39 37 50	98 54 34 49	98 39 11 53	34 18 47	50 29 71
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other	coming from in the next 12 months?	95 39 37	98 54 34	98 39 11	34 18	50 29
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth	coming from in the next 12 months?	95 39 37 50	98 54 34 49	98 39 11 53	34 18 47	50 29 71
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other Where do you think your growth will	coming from in the next 12 months?	95 39 37 50 5	98 54 34 49 0	98 39 11 53 0	34 18 47 2	50 29 71 0
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other Where do you think your growth will Cross sales to new customers	coming from in the next 12 months?	95 39 37 50 5 27	98 54 34 49 0 43	98 39 11 53 0	34 18 47 2 46	50 29 71 0 25
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other Where do you think your growth will Cross sales to new customers Cross sales to existing customers	coming from in the next 12 months?	95 39 37 50 5 27 56	98 54 34 49 0 43 62	98 39 11 53 0 63 55	34 18 47 2 46 37	50 29 71 0 25 46
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers	coming from in the next 12 months? ide of financial services come from over the next 3 months?	95 39 37 50 5 27 56 69	98 54 34 49 0 43 62 69	98 39 11 53 0 63 55 66	34 18 47 2 46 37 60	50 29 71 0 25 46 85
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer	coming from in the next 12 months? ide of financial services come from over the next 3 months?	95 39 37 50 5 27 56 69 16	98 54 34 49 0 43 62 69 14	98 39 11 53 0 63 55 66 25	34 18 47 2 46 37 60 16	50 29 71 0 25 46 85 22
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products	coming from in the next 12 months? ide of financial services come from over the next 3 months?	95 39 37 50 5 27 56 69 16 53	98 54 34 49 0 43 62 69 14 40	98 39 11 53 0 63 55 66 25 31	34 18 47 2 46 37 60 16 32	50 29 71 0 25 46 85 22 37
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer	coming from in the next 12 months? ide of financial services come from over the next 3 months?	95 39 37 50 5 27 56 69 16	98 54 34 49 0 43 62 69 14	98 39 11 53 0 63 55 66 25	34 18 47 2 46 37 60 16	50 29 71 0 25 46 85 22
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53	98 54 34 49 0 43 62 69 14 40	98 39 11 53 0 63 55 66 25 31	34 18 47 2 46 37 60 16 32	50 29 71 0 25 46 85 22 37
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities:	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53	98 54 34 49 0 43 62 69 14 40	98 39 11 53 0 63 55 66 25 31	34 18 47 2 46 37 60 16 32	50 29 71 0 25 46 85 22 37
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months?	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53	98 54 34 49 0 43 62 69 14 40	98 39 11 53 0 63 55 66 25 31	34 18 47 2 46 37 60 16 32	50 29 71 0 25 46 85 22 37 5
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities:	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53 5	98 54 34 49 0 43 62 69 14 40 3	98 39 11 53 0 63 55 66 25 31 2	34 18 47 2 46 37 60 16 32 10	50 29 71 0 25 46 85 22 37 5 +55
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53 5 +50	98 54 34 49 0 43 62 69 14 40 3	98 39 11 53 0 63 55 66 25 31 2 +49	34 18 47 2 46 37 60 16 32 10 +65	50 29 71 0 25 46 85 22 37 5 +55 +46
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other Where do you think your growth will Cross sales to new customers Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53 5 +50 +34	98 54 34 49 0 43 62 69 14 40 3 *59 *52	98 39 11 53 0 63 55 66 25 31 2 +49 +35	34 18 47 2 46 37 60 16 32 10 +65 +48	50 29 71 0 25 46 85 22 37 5 +55 +46 +51
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53 5 +50 +34 +48	98 54 34 49 0 43 62 69 14 40 3 *59 *52 *58	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45	34 18 47 2 46 37 60 16 32 10 +65 +48 +38	50 29 71 0 25 46 85 22 37 5 +55 +46 +51
MONTHS? Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services	coming from in the next 12 months? ide of financial services come from over the next 3 months? s	95 39 37 50 5 27 56 69 16 53 5 +50 +34 +48	98 54 34 49 0 43 62 69 14 40 3 *59 *52 *58	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45	34 18 47 2 46 37 60 16 32 10 +65 +48 +38	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities:	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12	95 39 37 50 5 27 56 69 16 53 5 +50 +34 +48 +50	98 54 34 49 0 43 62 69 14 40 3 +59 +52 +58 +55	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +47	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 -12
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12	95 39 37 50 5 27 56 69 16 53 5 * 5 * 5 * 5 * 5 * * 5 * * * * * *	98 54 34 49 0 43 62 69 14 40 3 +59 +52 +58 +55 +15	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +45 +47 +15	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 -12
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12	95 39 37 50 5 27 56 69 16 53 5 * 5 * 5 * 5 * 5 * * 5 * * * * * *	98 54 34 49 0 43 62 69 14 40 3 +59 +52 +58 +55 +15	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +45 +47 +15	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 -12 +40
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other with 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth:	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets	95 39 37 50 5 27 56 69 16 53 5 +50 +34 +48 +50 +12 +21	98 54 34 49 0 43 62 69 14 40 3 *59 +52 +55 +55 +55 +15 +26	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +47 +15 +10	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5 +33	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 -12 +40
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other with 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining ew products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth: Increasing market share in domestic	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets	95 39 37 50 5 27 56 69 16 53 5 * 5 * 5 * 5 * 5 * * 5 * * * * * *	98 54 34 49 0 43 62 69 14 40 3 *59 +52 +55 +55 +55 +15 +26 +41	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +45 +47 +15 +10 +54	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5 +33 +55	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 +24 +40 +50
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other with 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Acquisition of international customer Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth: Increasing market share in domestic Increasing market share in internatio	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets	95 39 37 50 5 27 56 69 16 53 5 * 5 * 5 * 5 * 5 * * 5 * * * * * *	98 54 34 49 0 43 62 69 14 40 3 *59 +52 +55 +55 +55 +15 +26 +41	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +45 +47 +15 +10 +54	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5 +33 +55	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 +40 +50 +1
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth: Increasing market share in domestic Increasing market share in internatio Investment in enablers to growth:	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets nal markets	95 39 37 50 5 27 56 69 16 53 5 +50 +34 +48 +50 +12 +21 +54 +7	$\begin{array}{c} 98\\ 54\\ 34\\ 49\\ 0\\ \end{array}$	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +47 +15 +10 +54 +32	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +55 +33 +55 +8	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 +24 +40 +50
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth: Increasing market share in domestic Increasing market share in internatio Investment in enablers to growth: Brand and advertising Sales force and distribution channels	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets nal markets	95 39 37 50 5 27 56 69 16 53 5 +50 +34 +48 +50 +12 +21 +54 +7 +20	98 54 34 49 0 43 62 69 14 40 3 *59 +52 +58 +55 +15 +26 +41 0 +14	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +47 +15 +10 +54 +32 +37	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5 +33 +55 +8 +14	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 -12 +40 +50 +1 +30
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth: Increasing market share in internatio Investment in enablers to growth: Brand and advertising Sales force and distribution channels CRM/marketing capabilities (e.g. prior	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets nal markets	95 39 37 50 5 27 56 69 16 53 5 +50 +33 +50 +12 +21 +54 +7 +20 +33	98 54 34 49 0 43 62 69 14 40 3 *59 +52 +55 +55 +15 +26 +41 0 +14 +41	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +47 +15 +10 +54 +32 +37 +49	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5 +33 +55 +8 +14 +43	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 +40 +50 +1 +30 +24
MONTHS? 2 Where do you see your competition of Your sector of financial services Other sectors of financial services Companies currently positioned outs New entrants Other wth 3 Where do you think your growth will Cross sales to new customers Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected 4 Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities: Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities: Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth: Increasing market share in domestic Increasing market share in internatio Investment in enablers to growth: Brand and advertising Sales force and distribution channels	coming from in the next 12 months? ide of financial services come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets nal markets is sing,	95 39 37 50 5 27 56 69 16 53 5 +50 +33 +50 +12 +21 +54 +7 +20 +33	98 54 34 49 0 43 62 69 14 40 3 *59 +52 +55 +55 +15 +26 +41 0 +14 +41	98 39 11 53 0 63 55 66 25 31 2 +49 +35 +45 +47 +15 +10 +54 +32 +37 +49	34 18 47 2 46 37 60 16 32 10 +65 +48 +38 +13 +5 +33 +55 +8 +14 +43	50 29 71 0 25 46 85 22 37 5 +55 +46 +51 +24 +40 +50 +1 +30 +24

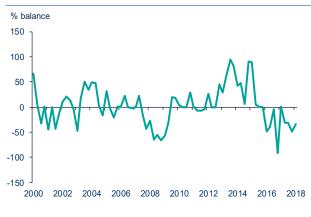
# BANKING

Survey number 114, March 2018

Conducted between 14th February and 9th March 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

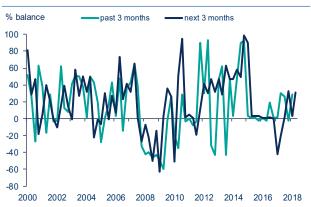


Q1 Latest -34 Previous -48 Mean +3

## Q5g Trend in overall profitability

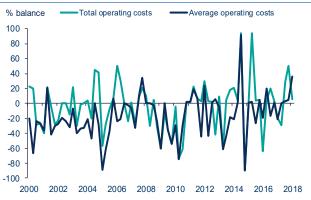


Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+29	+31
Previous	-2	+3
Mean	+15	+21

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



	Q5g: Past	Q5g: Next		Q5c: Past	Q5d: Past
Latest	+59	+32	Latest	+6	+36
Previous	+1	0	Previous	+50	+5
Mean	+19	+19	Mean	-3	-17

Value and volume of business						
		2017				2018
		Mar	Jun	Sep	Dec	Mar
1 Are you more or less optimistic about THE SITUATION IN YOUR SECTOR?	E OVERALL BUSINESS	+1	-31	-31	-48	-34
2 Excluding seasonal variations, do you con	nsider that in volume terms:					
a) Your present level of business (above/belo	ow normal) is:	+1	-30	+2	-2	0
b) Your present level of business with overse	eas customers (above/below normal)	-25	-31	+2	-1	-1
3 Excluding seasonal variations, what are t	he trends in:					
a) Volume of business	- past 3 months	+2	+30	+26	-2	+29
	- next 3 months	-21	+2	+33	+3	+31
b) Value** of fee, commission or premium	- past 3 months	+1	+31	-3	-2	-2
income	- next 3 months	+3	0	+32	+2	-2
c) Value** of net interest, investment or	- past 3 months	+24	+29	+29	-4	-7
<sup>′</sup> trading income	- next 3 months	+22	+2	+31	-1	-4
** in sterling						

			2017				2018
4 What is the trend in w	our volume of busi	accs' with regard to the following	Mar	Jun	Sep	Dec	Mar
categories of custome		ness' with regard to the following					
a) Industrial & commer	cial companies	- past 3 months	+44	+60	+30	+45	+31
L Financial institutions		- next 3 months	+45	+30 -2	+30 +30	+45 -2	+31 -2
b) Financial institutions	•	- past 3 months - next 3 months	-24 -24	-2 -1	+30	-2 +1	-2
c) Private individuals		- past 3 months	-24 +1	+1	-1	-45	+31
-,		- next 3 months	+46	+31	+1	-44	+33
<ul> <li>d) Overseas customers operations)</li> </ul>	(UK-based	- past 3 months	-1	-30	-3	-47	-2
Charges, costs and profitability		- next 3 months	-1	+1	-1	-46	-1
5 Excluding seasonal va	riations, what are t	the trends for:					
a) Average spreads		- past 3 months	-23	-34	-61	-50	+27
b) Average commission	ns/fees/ premiums	<ul><li>next 3 months</li><li>past 3 months</li></ul>	-23 +24	-4 -30	-31 -3	-48 -3	+27 -5
paid	ie,ieee, pienianie	- next 3 months	+21	-1	+31	-1	-3
c) Total operating cost	s (excluding cost of	- past 3 months	-19	-29	+29	+50	+6
funds)		- next 3 months	-17	-27	-26	+96	+35
d) Average operating co	osts per transaction	- past 3 months - next 3 months	-21	0 -1	+3 +33	+5 +50	+36 +34
e) Value of non-perform	ning loans		-19 -23	-1	-28	+50 +1	+34 +1
e)	g	- past 3 months - next 3 months	-22	-30	-20	+1	0
of which:							
Retail		- past 3 months - next 3 months	-23 -23	-30 -30	-28 -1	+1 0	-1 +1
Corporate		- past 3 months	-23 +1	-30	-1	0	+1
Corporate		- next 3 months	+1	-30	0	+1	0
g) Overall profitability o	fbusiness	- past 3 months	+45	+25	+30	+1	+59
		- next 3 months	+21	+30	+63	0	+32
Employment and training 6 Excluding seasonal va	riations, what are 1	the trends in:					
a) Numbers employed	,,,,,	- past 3 months	+26	+2	+1	0	+3
		- next 3 months	+25	+2	-1	+3	+35
b) Training expenditure		- past 3 months	+48	+30	+33	+95	+64
c) Staff costs as a prop	portion of total costs	- next 3 months - past 3 months	+49 +23	+33 -28	+33 +2	+50 +2	+66 +31
c) Stall Costs as a prop	ortion of total costs	- next 3 months	+25	-20	+2	-41	+31
6.1 What has been the tre	nd with regard to y	our staff turnover:					
		- past 3 months	+47	+1	+32	+2	+1
		- next 3 months	+46	+1	+61	+2	0
Marketing expenditure 7 Do you expect to auth	orise more or less e	expenditure on marketing in the	. 4	0.1	. 00	. 47	
NEXT 12 MONTHS that	n you did in the PA	ST 12 MONTHS	+1	-34	+28	+47	-1
Capital expenditure							
8 Do you expect to auth 12 MONTHS than you a		capital expenditure in the NEXT					
a) Land and buildings			-21	-62	+1	-92	-63
b) Vehicles, plant & ma			-23	-31	+1	-47	-33
c) Information technolo	ду		+72	+62	+65	+97	+1
		ted CAPITAL EXPENDITURE					
AUTHORISATION over To provide new services	the NEXT 12 MONT	'HS*	70	62	62	3	33
To increase efficiency/sp	beed		70	96	97	95	36
To reach new customers	;		24	31	31	3	31
For replacement To expand capacity			28 69	67 61	37 30	51 93	5 4
Statutory legislation and	regulation		75	97	97	7	69
Other			0	1	0	0	0
10 What factors are likely	to limit (wholly or	partly) your capital authorisations					
over the NEXT 12 MON		paray/ your suprar autionsations					
Inadequate net return on	proposed investmen	t	25	64	64	97	36
Shortage of finance Cost of finance			24 23	2 0	2 1	2 3	1 3
Uncertainty about dema	nd/business prospec	ts	50	65	68	51	36
Shortage of labour inclue Other	ding managerial & su	pervisor staff	26 24	34 1	4 1	4 1	4 30
Othor			24	I	I	1	50

1 What actors are likely to lint? your ability to increase your level of buriese over the NEXT 12 MONTHS'	iness prospects		2017 Mar	Jun	Sep	Dec	201 Ma
Level of domand Total Total Overseas		pility to increase your level of	inai	oun	oop	200	ind
- Overseas         6         32         36         5           Staft furnover         - Total         0         1         1         1           Availability of professional staff         - Total         2         0         1         1         1           Availability of clentcal staff         - Total         0         0         0         0         0           Availability of clentcal staff         - Total         0         0         0         0         0           Adequacy of systems capacity         - Total         4         32         3		Tatal	50	CE.	66	00	66
Staff unover       - Total       0       1       1       1         Availability of professional staff       - Total       24       0       30       1       2         Availability of cleical staff       - Total       0       0       0       0       0       0         Availability of cleical staff       - Total       47       61       33       3	Level of demand						66
- Overses         0         0         1		*					2
Availability of professional staff       - Total       24       0       30       1       5         Availability of cleical staff       - Total       0       0       0       0       0         Availability of cleical staff       - Total       0       0       0       0       0         Adequacy of systems capacity       - Total       47       61       33       3       3         Ability to raise capital       - Total       2       35       1       4       2       35       1       4       2       35       1       4       2       35       1       4       2       35       1       4       36       3	Staff turnover				-		1
Consess         1         0         30         1         2           Availability of clerical staff         - Total         0 <td></td> <td>- Overseas</td> <td>0</td> <td>0</td> <td>1</td> <td>1</td> <td>1</td>		- Overseas	0	0	1	1	1
Availability of clorical staff         - Total         0	Availability of professional staff	- Total	24	0	30	1	3
Outstand		- Overseas	1	0	30	1	2
- Overseas         0 <td< td=""><td>Availability of clerical staff</td><td>- Total</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1</td></td<>	Availability of clerical staff	- Total	0	0	0	0	1
Adequary of systems capacity       - Total       47       61       33       3       3         Ability to raise funds       - Overseas       0       2       1       0         of which:       -       -       0       2       1       2         Ability to raise capital       - Overseas       0       2       1       2       2         Availability of wholesale funds       - Total       1       1       2       3       2       4         Competition       - Total       2       3       2       4       44       48       3       3       2         Competition       - Total       1       1       2       3       2       4         Competition       - Total       74       68       99       96       3       5         Other       - Total       1	· · · · · · · · · · · · · · · · · · ·		0	0	0	0	0
Overseas         1         61         32         3	Adaguacy of systems, canacity		-				
Ability to raise funds       - Oterseas       0       2       1       0         of which:       - Overseas       0       2       1       0       1         Ability to raise capital       - Total       2       35       1       4       2         Availability of wholesale funds       - Total       1       1       2       2       2         Availability of wholesale funds       - Total       2       1       2       2       2         Competition       - Total       24       34       34       48       3       5         Competition       - Total       74       68       99       98       3       5         Other       - Total       1	Adequacy of systems capacity						
- Overseas         0         2         1         0         1           Ability to raise capital         - Total         2         35         1         4         2           Availability of wholesale funds         - Total         1         1         2         1         2           - Overseas         0         0         1         1         2         1         2           Competition         - Total         24         34         34         3         3           - Overseas         1			-	• ·			
of which:       - Total       2       35       1       4       2         Ability to raise capital       - Overseas       0       2       1       2       2         Availability of wholesale funds       - Total       1       1       2       1       2       2         Competition       - Total       24       34       48       3       2       44         Competition       - Total       24       34       48       35       2       44         Competition       - Total       74       68       99       98       3         Other       - Total       1	Ability to raise funds		-				1
Ability to raise capital       - Total       2       35       1       4       2         Availability of wholesale funds       - Total       1       1       2       1       2         Competition       - Total       24       34       34       44       48       35         Competition       - Total       24       34       34       48       35       4       67       3       2         Statutory legislation and regulation       - Total       1 </td <td></td> <td>- Overseas</td> <td>0</td> <td>2</td> <td>1</td> <td>0</td> <td>1</td>		- Overseas	0	2	1	0	1
- Overseas         0         2         1         2         1         2         1         2         1         4           Competition         - Overseas         0         0         1         1         4         3           Competition         - Total         24         34         448         3           Statutory legislation and regulation         - Total         74         68         99         98         3           Other         - Total         1         1         1         1         1         1         3           Other         - Total         1	of which:						
- Overseas Overseas Overseas Overseas Overseas Overseas Overseas Statutory legislation and regulation - Total Overseas Statutory legislation and regulation - Total Overseas Overseas Other - Total - Overseas Other - Total - Overseas - Total - Total - Overseas - Total - T	Ability to raise capital	- Total	2	35	1	4	2
Availability of wholesale funds       - Total       1       1       2       1       1         Competition       - Total       24       34       34       48       33         Competition       - Total       74       68       99       98       35         Other       - Total       1		- Overseas	0	2	1	2	2
- Overseas         0         0         1         1         4           Competition         - Total         24         34         34         48         33           Statutory legislation and regulation         - Total         74         68         99         98         35           Other         - Total         1 <td< td=""><td>Availability of wholesale funds</td><td>- Total</td><td>1</td><td></td><td></td><td></td><td>6</td></td<>	Availability of wholesale funds	- Total	1				6
Competition         - Total         24         34         34         48         3           - Oursreas         1         2         3         2         4           - Oursreas         1         2         3         2         4           Other         - Total         74         68         99         98         3           Other         - Total         1 <td>, tranability of Wholodalo lando</td> <td></td> <td>-</td> <td></td> <td></td> <td></td> <td>4</td>	, tranability of Wholodalo lando		-				4
Overseas       1       2       3       2         Statutory legislation and regulation       - Total       74       68       99       99       93         Other       - Total       1	Competition		-	-	-		-
Statutory legislation and regulation       - Total       74       68       99       98       3         Other       - Total       1 </td <td>Competition</td> <td></td> <td></td> <td></td> <td>• •</td> <td></td> <td>38</td>	Competition				• •		38
Other         Overseas         5         4         67         3         5           Other         - Total         1							4
Other         - Total         1 <th1< th="">         1         <th1< td=""><td>Statutory legislation and regulation</td><td>- Total</td><td>74</td><td>68</td><td>99</td><td>98</td><td>39</td></th1<></th1<>	Statutory legislation and regulation	- Total	74	68	99	98	39
- Overseas         1		- Overseas	5	4	67	3	5
- Overseas         1	Other	- Total	1	1	1	1	30
1 What do you expect to spend on regulatory compliance in the NEXT 12 MONTHS?       +71       +67       +95       +6       +5         2 Where do you see your competition coming from in the next 12 months?			1	1			0
MONTHS?       +11       +10       <		01010000	1				0
Your sector of financial services       98       100       99       99       99         Other sectors of financial services       3       63       3<		latory compliance in the NEXT 12	+71	+67	+95	+6	+3
Other sectors of financial services         3         63         3         3         3           Companies currently positioned outside of financial services         25         62         1         2         3           New entrants         0         0         1         0         0           Other         0         0         1         0         0           3 Where do you think your growth will come from over the next 3 months?         7         64         63         46         9           3 Where do you think your growth will come from over the next 3 months?         7         64         63         64         5         3           Acquisition of international customers         25         63         94         50         5           Acquisition of international customers         2         3         4         5         5           No growth expected         2         1         2         1         2         1         2           Acquisition gene customers         475         +64         +32         +48         +65           Acquisiting customers         477         +63         +32         +48         +65           Cross-selling to existing customers         +47         +63	2 Where do you see your competition c	oming from in the next 12 months?					
Companies currently positioned outside of financial services         25         62         1         2         3           New entrants         0         0         1         0         0         1         0         0           other         0         0         1         0         0         1         0         0           3 Where do you think your growth will come from over the next 3 months?         Cross sales to new customers         25         63         94         50         55           Cross sales to new customers         25         67         37         52         99         Acquisition of international customers         2         3         4         5         55           Acquisition of international customers         2         3         4         5         55           No growth expected         2         1         2         1         0         1         1         2         1         0         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         1         0         1         0         4         4         4         4         4         4         4         4         4         4 <td< td=""><td>Your sector of financial services</td><td></td><td>98</td><td>100</td><td>99</td><td>99</td><td>99</td></td<>	Your sector of financial services		98	100	99	99	99
Companies currently positioned outside of financial services         25         62         1         2         3           New entrants         0         0         1         0         0         1         0         0           other         0         0         1         0         0         1         0         0           3 Where do you think your growth will come from over the next 3 months?         Cross sales to new customers         25         63         94         50         55           Cross sales to new customers         25         67         37         52         99         Acquisition of international customers         2         3         4         5         55           Acquisition of international customers         2         3         4         5         55           No growth expected         2         1         2         1         0         1         1         2         1         0         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         1         0         1         0         4         4         4         4         4         4         4         4         4         4 <td< td=""><td></td><td></td><td>3</td><td>63</td><td>3</td><td>з</td><td>36</td></td<>			3	63	3	з	36
New entrants         27         64         63         46         9           Other         0         0         1         0         0         1         0         0           3 Where do you think your growth will come from over the next 3 months?         25         63         94         50         55           Cross sales to new customers         26         67         37         52         9           Acquisition of dinetrational customers         2         3         4         5         55           New products         70         31         1         1         2         1         2         1         0           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?         70         31         1         1         2         1         0         4           Acquiring new customers         +75         +64         +35         +97         +64         Cross-selling to existing customers         +47         +63         +32         +48         +65         +62         +48         +65         +62         +48         +65         +62         +48         +65         +62         +48         +65         +62		de efferencial comisses					
Other         0         1         0         1           3 Where do you think your growth will come from over the next 3 months?         Cross sales to new customers         25         63         94         50         5           Cross sales to existing customers         48         63         64         5         3           Acquisition of domestic customers         20         67         37         52         9           Acquisition of international customers         2         3         4         5         5           New products         70         31         1         1         2         1         2         1         0           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?         70         31         1         1         2           Organic growth activities         *<		de of financial services			-		
Where do you think your growth will come from over the next 3 months?         Cross sales to new customers       25       63       94       50       55         Cross sales to existing customers       50       67       37       52       9         Acquisition of dimensic customers       50       67       37       52       9         Acquisition of international customers       2       3       4       5       55         New products       70       31       1       1       2       1       0         No growth expected       2       1       2       1       0       0       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?							
Cross sales to new customers         25         63         94         50         52           Cross sales to existing customers         48         63         64         5         33           Acquisition of domestic customers         2         3         4         5         52         99           Acquisition of international customers         2         3         4         5         52         99           Acquisition of international customers         2         3         4         5         52         99           Acquisition of international customers         2         3         4         5         52         99           Acquisition of international customers         70         31         1         1         2         1         2         1         0           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?         1         2         1         2         1         0         1         1         1         2         1         0         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1	Other wth		0	0	1	0	0
Cross sales to new customers         25         63         94         50         52           Cross sales to existing customers         48         63         64         5         33           Acquisition of domestic customers         2         3         4         5         52         99           Acquisition of international customers         2         3         4         5         52         99           Acquisition of international customers         2         3         4         5         52         99           Acquisition of international customers         2         3         4         5         52         99           Acquisition of international customers         70         31         1         1         2         1         2         1         0           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?         1         2         1         2         1         0         1         1         1         2         1         0         1         1         1         1         1         1         1         1         1         1         1         1         1         1         1	3 Where do you think your growth will	come from over the next 3 months?					
Cross sales to existing customers486364533Acquisition of domestic customers506737529Acquisition of international customers23455New products7031112No growth expected212104 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 activitiesAcquiring new customers+75+64+35+97+6Cross-selling to existing customers+47+63+32+48+66Retaining existing customers+47+63+32+48+66Inorganic growth activitiesEngaging in M&A transactions+45+30+300-33Forming strategic partnerships/alliances+23+300+46+60Market focus for growthIncreasing market share in international markets+1-28+30+2-22Investment in enablers to growthBrand and advertising+1-26+10+4Sales force and distribution channels+26+29+30+46+4CRN/marketing capabilities (e.g. pricing, segmentation, profitability analysis)<			25	63	04	50	5
Acquisition of domestic customers506737529Acquisition of international customers234555New products70311112No growth expected212104 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?75+64+35+97+66Organic growth activities+75+64+35+97+66+48+66Retaining existing customers+47+63+32+48+66Launching new products/services+90+59+58-4-5Inorganic growth activitiesEngaging in M&A transactions+45+30+300-3Forming strategic partnerships/alliances+23+300+46Market focus for growthIncreasing market share in international markets+1-28+30+2-2Investment in enablers to growthBrand and advertising+1-26+10+Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)Performance measurement processes/tools+46+31+1+1+1+					• ·		
Acquisition of international customers23455New products7031112No growth expected212104 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 activitiesAcquiring new customers+75+64+35+97+66Cross-selling to existing customers+47+63+32+48+66Retaining existing customers+47+63+32+48+66Retaining existing customers+48+65+62+48+66Inorganic growth activitiesEngaging in M&A transactions+45+300-33-3Forming strategic partnerships/alliances+48+31+64+92+60Increasing market share in domestic markets+1-28+30+2-2Investment in enablers to growthBrand and advertising+1-26+10+Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)Performance measurement processes/tools+46+31+1+1++	6						
New products7031112No growth expected212104 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+75+64+35+97+66Acquiring new customers+75+64+35+97+66Cross-selling to existing customers+47+63+32+48+66Retaining existing customers+48+65+62+48+66Launching new products/services+90+59+58-4-5Inorganic growth activities	Acquisition of domestic customers						98
No growth expected212104 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 activitiesAcquiring new customers+75+64+35+97+66Acquiring new customers+47+63+32+48+66Retaining existing customers+44+65+62+48+66Launching new products/services+90+59+58-4-5Inorganic growth activities	Acquisition of international customers	6	2	3	4	5	5
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 +75 +64 +35 +97 +66 Cross-selling to existing customers +47 +63 +32 +48 +66 Cross-selling to existing customers +48 +65 +62 +48 +66 Launching new products/services +90 +59 +58 -4 -5 Inorganic growth activities Engaging in M&A transactions +45 +30 +30 0 -3 Forming strategic partnerships/alliances +23 +30 0 +46 +66 Market focus for growth Increasing market share in domestic markets +48 +31 +64 +92 +66 Increasing market share in international markets +11 -28 +30 +22 -22 Investment in enablers to growth Brand and advertising +11 -26 +11 0 + Sales force and distribution channels +26 +29 +30 +46 + CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) Performance measurement processes/tools +46 +31 +11 +11 +1	New products		70	31	1	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 +75 +64 +35 +97 +66 Cross-selling to existing customers +47 +63 +32 +48 +66 Cross-selling to existing customers +48 +65 +62 +48 +66 Launching new products/services +90 +59 +58 -4 -5 Inorganic growth activities Engaging in M&A transactions +45 +30 +30 0 -3 Forming strategic partnerships/alliances +23 +30 0 +46 +66 Market focus for growth Increasing market share in domestic markets +48 +31 +64 +92 +66 Increasing market share in international markets +11 -28 +30 +22 -22 Investment in enablers to growth Brand and advertising +11 -26 +11 0 + Sales force and distribution channels +26 +29 +30 +46 + CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) Performance measurement processes/tools +46 +31 +11 +11 +1					2	1	0
Organic growth activitiesAcquiring new customers $+75$ $+64$ $+35$ $+97$ $+66$ Acquiring new customers $+47$ $+63$ $+32$ $+48$ $+66$ Retaining existing customers $+44$ $+65$ $+62$ $+48$ $+66$ Launching new products/services $+90$ $+59$ $+58$ $-4$ $-56$ Inorganic growth activities $+90$ $+59$ $+58$ $-4$ $-56$ Engaging in M&A transactions $+45$ $+30$ $0$ $-33$ Forming strategic partnerships/alliances $+23$ $+30$ $0$ $-46$ Market focus for growth $-164$ $+92$ $+66$ Increasing market share in domestic markets $+11$ $-28$ $+30$ $+2$ $-22$ Investment in enablers to growth $-11$ $-26$ $+11$ $0$ $+46$ GRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) $+46$ $+31$ $+11$ $+11$ $+11$ Performance measurement processes/tools $+46$ $+31$ $+11$ $+11$ $+11$ $+11$	4 Relative to the past 12 months, how in						
Acquiring new customers $+75$ $+64$ $+35$ $+97$ $+66$ Cross-selling to existing customers $+47$ $+63$ $+32$ $+48$ $+66$ Retaining existing customers $+44$ $+65$ $+62$ $+48$ $+66$ Launching new products/services $+90$ $+59$ $+58$ $-4$ $-56$ Inorganic growth activities $+90$ $+59$ $+58$ $-4$ $-56$ Engaging in M&A transactions $+45$ $+30$ $+30$ $0$ $-33$ Forming strategic partnerships/alliances $+23$ $+30$ $0$ $+36$ Market focus for growth $+23$ $+30$ $0$ $+36$ Increasing market share in domestic markets $+148$ $+31$ $+64$ $+92$ $+66$ Increasing market share in international markets $+11$ $-26$ $+1$ $0$ $+46$ Brand and advertising $+11$ $-26$ $+11$ $0$ $+46$ $+46$ CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) $+46$ $+31$ $+1$ $+11$ <td>months?</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	months?						
Acquiring new customers $+75$ $+64$ $+35$ $+97$ $+66$ Cross-selling to existing customers $+47$ $+63$ $+32$ $+48$ $+66$ Retaining existing customers $+44$ $+65$ $+62$ $+48$ $+66$ Launching new products/services $+90$ $+59$ $+58$ $-4$ $-56$ Inorganic growth activities $+90$ $+59$ $+58$ $-4$ $-56$ Engaging in M&A transactions $+45$ $+30$ $+30$ $0$ $-33$ Forming strategic partnerships/alliances $+23$ $+30$ $0$ $+36$ Market focus for growth $+23$ $+30$ $0$ $+36$ Increasing market share in domestic markets $+148$ $+31$ $+64$ $+92$ $+66$ Increasing market share in international markets $+11$ $-26$ $+1$ $0$ $+46$ Brand and advertising $+11$ $-26$ $+11$ $0$ $+46$ $+46$ CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) $+46$ $+31$ $+1$ $+11$ <td>Organic growth activities</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Organic growth activities						
Cross-selling to existing customers $+47$ $+63$ $+32$ $+48$ $+66$ Retaining existing customers $+448$ $+65$ $+62$ $+48$ $+66$ Launching new products/services $+90$ $+59$ $+58$ $-4$ $-56$ Inorganic growth activities $+90$ $+59$ $+58$ $-4$ $-56$ Engaging in M&A transactions $+45$ $+30$ $+30$ $0$ $-33$ Forming strategic partnerships/alliances $+23$ $+30$ $0$ $+46$ $+66$ Market focus for growth $-123$ $+30$ $0$ $-46$ $+66$ Increasing market share in domestic markets $+48$ $+31$ $+64$ $+92$ $+66$ Increasing market share in international markets $+11$ $-26$ $+11$ $0$ $+11$ Brand and advertising $+11$ $-26$ $+11$ $0$ $+11$ $-26$ $+11$ $0$ $+126$ Sales force and distribution channels $+26$ $+29$ $+30$ $+46$ $+47$ $+32$ $0$ $+3$ $+16$ CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis) $-466$ $+466$ $+311$ $+11$ $+11$ $+11$ $+11$ $+11$ $+11$ $+11$			+75	+64	+35	+97	+6
Retaining existing customers+48+65+62+48+65Launching new products/services+90+59+58-4-4Inorganic growth activitiesEngaging in M&A transactions+45+30+300-3Forming strategic partnerships/alliances+23+300+46+66Market focus for growth							+6
Launching new products/services+90+59+58-4-4Inorganic growth activitiesEngaging in M&A transactions+45+30+300-33Forming strategic partnerships/alliances+23+300+46+66Market focus for growth							
Inorganic growth activitiesEngaging in M&A transactions+45+30+300-33Forming strategic partnerships/alliances+23+300+46+66Market focus for growth	• •						
Engaging in M&A transactions+45+30+300-33Forming strategic partnerships/alliances+23+300+46+66Market focus for growth	<b>•</b> .		+90	+59	+58	-4	-3
Forming strategic partnerships/alliances+23+300+46+66Market focus for growthIncreasing market share in domestic markets+48+31+64+92+66Increasing market share in international markets+1-28+30+2-2Investment in enablers to growth+1-26+10+Brand and advertising+1-26+10+Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+1+1+1Performance measurement processes/tools+46+31+1+1+1+1+1+1+1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1						
Forming strategic partnerships/alliances+23+300+46+66Market focus for growth	Inorganic growth activities			+30	+30	0	-3
Market focus for growth Increasing market share in domestic markets+48+31+64+92+60Increasing market share in international markets+1-28+30+2-2Investment in enablers to growth+1-26+10+Brand and advertising+1-26+10+Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+46+31+1+1+1			+45	100			
Increasing market share in domestic markets+48+31+64+92+66Increasing market share in international markets+1-28+30+2-22Investment in enablers to growth	Engaging in M&A transactions	ces			0	+46	+6
Increasing market share in international markets+1-28+30+2-2Investment in enablers to growth Brand and advertising+1-26+10++Sales force and distribution channels+26+29+30+46++CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+46+47+320+3+Performance measurement processes/tools+46+31+1+1+1+	Engaging in M&A transactions Forming strategic partnerships/alliand	ces			0	+46	+6
Investment in enablers to growthBrand and advertising+1-26+10+Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+47+320+3+Performance measurement processes/tools+46+31+1+1+1	Engaging in M&A transactions Forming strategic partnerships/alliand Market focus for growth		+23	+30			
Brand and advertising+1-26+10+Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+47+320+3+Performance measurement processes/tools+46+31+1+1+1+	Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic	markets	+23 +48	+30 +31	+64	+92	+6
Brand and advertising+1-26+10+Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+47+320+3+Performance measurement processes/tools+46+31+1+1+1+	Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic	markets	+23 +48	+30 +31	+64	+92	+6
Sales force and distribution channels+26+29+30+46+CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+47+320+3+Performance measurement processes/tools+46+31+1+1+1	Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation	markets	+23 +48	+30 +31	+64	+92	+6
CRM/marketing capabilities (e.g. pricing, segmentation, profitability analysis)+47+320+3+Performance measurement processes/tools+46+31+1+1+1	Engaging in M&A transactions Forming strategic partnerships/alliano Market focus for growth Increasing market share in domestic Increasing market share in internation Investment in enablers to growth	markets	+23 +48 +1	+30 +31 -28	+64 +30	+92 +2	+6: -28
segmentation, profitability analysis) Performance measurement processes/tools +46 +31 +1 +1 +	Engaging in M&A transactions Forming strategic partnerships/alliano <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising	markets	+23 +48 +1 +1	+30 +31 -28 -26	+64 +30 +1	+92 +2 0	+6 -28 +4
Performance measurement processes/tools +46 +31 +1 +1 +	Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising Sales force and distribution channels	markets nal markets	+23 +48 +1 +1 +1 +26	+30 +31 -28 -26 +29	+64 +30 +1 +30	+92 +2 0 +46	+63 +63 -28 +4 +4
Performance measurement processes/tools +46 +31 +1 +1 +	Engaging in M&A transactions Forming strategic partnerships/alliano <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising Sales force and distribution channels CRM/marketing capabilities (e.g. pric	markets nal markets	+23 +48 +1 +1 +1 +26	+30 +31 -28 -26 +29	+64 +30 +1 +30	+92 +2 0 +46	+6: -28 +4 +4
	Engaging in M&A transactions Forming strategic partnerships/alliano 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 CRM/marketing capabilities (e.g. pric	markets nal markets	+23 +48 +1 +1 +1 +26	+30 +31 -28 -26 +29	+64 +30 +1 +30	+92 +2 0 +46	+6: -28 +4 +4
	Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising Sales force and distribution channels CRM/marketing capabilities (e.g. price segmentation, profitability analysis)	markets nal markets ing,	+23 +48 +1 +1 +26 +47	+30 +31 -28 -26 +29 +32	+64 +30 +1 +30 0	+92 +2 0 +46 +3	+65 -28 +4
	Engaging in M&A transactions Forming strategic partnerships/alliand 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 CRM/marketing capabilities (e.g. price segmentation, profitability analysis)	markets nal markets ing,	+23 +48 +1 +1 +26 +47	+30 +31 -28 -26 +29 +32	+64 +30 +1 +30 0	+92 +2 0 +46 +3	+( -2 + + +

# **BUILDING SOCIETIES**

Survey number 114, March 2018

Conducted between 14th February and 9th March 2018 \* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

and and	l volume of business		2047				2040
			2017 Mar	Jun	Sep	Dec	2018 Mar
4 . 4			mai	oun	000	200	mai
	e you more or less optimistic about THE FUATION IN YOUR SECTOR?	OVERALL BUSINESS	+39	-3	-32	-50	+1
2 Ex(	cluding seasonal variations, do you cor	nsider that in volume terms:					
	Your present level of business (above/belo		+39	+12	-16	+5	-36
	Your present level of business with overse		0	0	0	0	0
	cluding seasonal variations, what are t						
a)	Volume of business	- past 3 months	+77	-3	-31	+50	-3
L)		- next 3 months	+2	-18	-15	-3	+37
D)	Value** of fee, commission or premium	- past 3 months	-2	+30	-32	-16	-34
		- next 3 months	-23	+16	-15	-3	+6
C)	Value** of net interest, investment or	- past 3 months	-18	-16	-15	-45	+1
	trading income	- next 3 months	-18	-32	-2	-23	+1
	** in sterling						
	nat is the trend in your 'volume of busin regories of customer:	ess' with regard to the following					
	Industrial & commercial companies	- past 3 months	-2	-2	0	0	-1
a)		- next 3 months	-2	-2	0	0	-1 -1
b)	Financial institutions	- past 3 months	0	-2	0	0	0
D)		- next 3 months	0	-2	0	0	0
c)	Private individuals	- past 3 months	+59	+16	-16	+50	-3
•)		- next 3 months	+5	-16	-17	-3	+37
d)	Overseas customers (UK-based	- past 3 months	0	0	+2	0	0
	operations)	- next 3 months	0	0	-2	0	+1
arges.	costs and profitability						
	cluding seasonal variations, what are t	he trends for:					
	Average spreads	- past 3 months	-33	-46	-60	-48	-65
ч)	/ Woldge opredeo	- next 3 months	-17	-16	-19	-30	-5
b)	Average commissions/fees/ premiums	- past 3 months	-16	0	-15	+2	-29
,	paid	- next 3 months	+2	+16	+2	+2	+1
c)	Total operating costs (excluding cost of	- past 3 months	+59	+21	+34	+9	+37
- /	funds)	- next 3 months	+41	+19	+35	+4	+1
d)	Average operating costs per transaction	- past 3 months	-14	+5	+37	+4	+32
ч)	Average operating costs per transaction	- next 3 months	-16	+3	+20	+4	+1
e)	Value of non-performing loans	- past 3 months	-79	-67	-93	-45	-95
,	talao el tien periormagicano	- next 3 months	-22	-47	-28	0	-32
	of which:						
	Retail	- past 3 months	-79	-82	-80	-50	-64
		- next 3 months	-22	-49	-33	0	-32
	Corporate	- past 3 months	-75	-47	-61	-63	-92
		- next 3 months	-18	-16	-13	-45	-31
g)	Overall profitability of business	- past 3 months	+21	+16	-45	-23	-3
		- next 3 months	+5	0	-12	-25	+1
	ent and training						
	cluding seasonal variations, what are t						
a)	Numbers employed	- past 3 months	+59	-29	-9	-48	+1
		- next 3 months	+37	+1	-13	+4	+34
b)	Training expenditure	- past 3 months	+41	+19	+19	+6	+34
		- next 3 months	+39	+17	+24	+6	+34
c)	Staff costs as a proportion of total costs	- past 3 months	+43	+3	-13	+6	+32
		- next 3 months	+37	+17	-13	+9	+32
.1 Wh	nat has been the trend with regard to ye	our staff turnover:					
		- past 3 months	-37	+1	-13	+50	-29
		- next 3 months	-37	0	+15	-19	-29
		HOAT O HIOHTHO	-10	0	. 15	-13	-02

rketing expenditure		2017				2018
		Mar	Jun	Sep	Dec	Mar
7 Do you expect to authorise more or I NEXT 12 MONTHS than you did in the		+57	+2	+2	+30	+34
ital expenditure						
<sup>8</sup> Do you expect to authorise more or I						
12 MONTHS than you authorised in th	ne PAST 12 MONTHS on:					
a) Land and buildings		+71	-30	-43	+21	+34
b) Vehicles, plant & machinery		+36	-32	-15	-7	+29
c) Information technology		+64	+16	+9	+5	+3
9 What are the main reasons for any e	xpected CAPITAL EXPENDITURE					
AUTHORISATION over the NEXT 12 M						
To provide new services		64	35	35	48	39
To increase efficiency/speed		62	65	80	100	99
To reach new customers		43	53	35	70	63
For replacement		77	79	68	45	62
To expand capacity		75	65	65	45	92
Statutory legislation and regulation		77	67	93	70	94
Other		18	18	19	27	32
0 What factors are likely to limit (wholl	y or partly) your capital authorisations					
over the NEXT 12 MONTHS*	ment	40	40	40	40	07
Inadequate net return on proposed invest Shortage of finance	Intent	43 2	49 0	48 0	48 0	37 0
Cost of finance		2	0	0	0	0
Uncertainty about demand/business pros	anecta	43	35	50	52	68
Shortage of labour including managerial	•	43 59	63	50 50	45	62
Other		18	16	30	45	30
siness prospects						
<sup>11</sup> What factors are likely to limit your a	bility to increase your level of					
business over the NEXT 12 MONTHS*						
Level of demand	- Total	79	68	83	77	100
	- Overseas	0	0	0	0	1
Staff turnover	- Total	2	0	0	0	0
	- Overseas	0	0	0	0	0
Availability of professional staff	- Total	2	0	2	0	0
A second second second second second second	- Overseas	0	0	0	0	0
Availability of clerical staff	- Total	0 0	0	0 0	0 0	0
Adequacy of systems capacity	- Overseas - Total	23	18	18	23	0 33
Adequacy of systems capacity	- Overseas	23	0	0	0	0
Ability to raise funds	- Total	0	0	32	0	0
	- Overseas	0	0	0	0	0
of which:	01010000	Ŭ	Ŭ	Ŭ	Ũ	Ũ
		2	0	30	0	0
Ability to raise capital	- Total				0	4
Ability to raise capital	- Total - Overseas	0	0	0	0	1
Ability to raise capital Availability of wholesale funds			0 0	0 17	0	0
· ·	- Overseas	0				
· ·	- Overseas - Total	0 0 98	0 0 98	17 0 100	0 0 100	0 0 99
Availability of wholesale funds Competition	- Overseas - Total - Overseas - Total - Overseas	0 0 98 0	0 0 98 0	17 0	0 0	0 0 99 0
Availability of wholesale funds	- Overseas - Total - Overseas - Total - Overseas - Total	0 0 98 0 78	0 0 98 0 67	17 0 100 0 65	0 0 100 0 75	0 0 99 0 99
Availability of wholesale funds Competition Statutory legislation and regulation	- Overseas - Total - Overseas - Total - Overseas - Total - Overseas	0 0 98 0 78 0	0 0 98 0 67 0	17 0 100 0 65 0	0 0 100 0 75 0	0 99 0 99 0
Availability of wholesale funds Competition	- Overseas - Total - Overseas - Total - Overseas - Total - Overseas - Total	0 0 98 0 78 0 18	0 0 98 0 67 0 16	17 0 100 0 65 0 15	0 0 100 0 75 0 23	0 0 99 0 99 0 30
Availability of wholesale funds Competition Statutory legislation and regulation	- Overseas - Total - Overseas - Total - Overseas - Total - Overseas	0 0 98 0 78 0	0 0 98 0 67 0	17 0 100 0 65 0	0 0 100 0 75 0	0 99 0 99 0
Availability of wholesale funds Competition Statutory legislation and regulation Other	- Overseas - Total - Overseas - Total - Overseas - Total - Overseas - Total - Overseas	0 0 98 0 78 0 18	0 0 98 0 67 0 16	17 0 100 0 65 0 15	0 0 100 0 75 0 23	0 0 99 0 99 0 30
Availability of wholesale funds Competition Statutory legislation and regulation Other .1 What do you expect to spend on regu MONTHS?	- Overseas - Total - Overseas - Total - Overseas - Total - Overseas - Total - Overseas	0 0 98 0 78 0 18 0	0 98 0 67 0 16 0	17 0 100 0 65 0 15 0	0 0 100 0 75 0 23 0	0 99 0 99 0 30 0
Availability of wholesale funds Competition Statutory legislation and regulation Other .1 What do you expect to spend on regu MONTHS?	- Overseas - Total - Overseas - Total - Overseas - Total - Overseas - Total - Overseas	0 0 98 0 78 0 18 0 +41	0 98 0 67 0 16 0 +49	17 0 100 0 65 0 15 0 +70	0 0 100 0 75 0 23 0 +30	0 99 0 99 0 30 0 +32
Availability of wholesale funds Competition Statutory legislation and regulation Other .1 What do you expect to spend on regu MONTHS?	- Overseas - Total - Overseas - Total - Overseas - Total - Overseas - Total - Overseas	0 0 98 0 78 0 18 0 +41	0 98 0 67 0 16 0 +49	17 0 100 65 0 15 0 +70	0 0 100 0 75 0 23 0 +30	0 99 0 99 0 30 0 +32
Availability of wholesale funds Competition Statutory legislation and regulation Other .1 What do you expect to spend on regu MONTHS? 12 Where do you see your competition of Your sector of financial services Other sectors of financial services	<ul> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>dulatory compliance in the NEXT 12</li> </ul>	0 0 98 0 78 0 18 0 +41	0 98 0 67 0 16 0 +49	17 0 100 0 65 0 15 0 +70	0 0 100 0 75 0 23 0 +30	0 99 0 99 0 30 0 +32
Availability of wholesale funds Competition Statutory legislation and regulation Other .1 What do you expect to spend on regu MONTHS? I2 Where do you see your competition of Your sector of financial services	<ul> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>Total</li> <li>Overseas</li> <li>dulatory compliance in the NEXT 12</li> </ul>	0 0 98 0 78 0 18 0 +41 82 59	0 98 0 67 0 16 0 +49 84 53	17 0 100 65 0 15 0 +70	0 0 100 0 75 0 23 0 +30 +30	0 99 0 99 0 30 0 +32 99 68

Growth					
	2017				2018
	Mar	Jun	Sep	Dec	Mar
13 Where do you think your growth will come from over the next 3 months?					
Cross sales to new customers	5	33	33	23	0
Cross sales to existing customers	41	33	35	23	30
Acquisition of domestic customers	95	81	100	70	68
Acquisition of international customers	0	0	0	0	0
New products	43	33	35	52	67
No growth expected	0	2	0	2	32
<sup>14</sup> 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	+43	+35	+50	+30	+8
Cross-selling to existing customers	+19	+33	+30	+18	0
Retaining existing customers	+61	+33	+35	+25	+68
Launching new products/services	+27	+2	+35	+7	+34
Inorganic growth activities					
Engaging in M&A transactions	-18	-32	-15	+23	0
Forming strategic partnerships/alliances	0	+16	+17	+23	+26
Market focus for growth					
Increasing market share in domestic markets	+59	+33	+37	+25	+34
Increasing market share in international markets	0	0	0	0	0
Investment in enablers to growth					
Brand and advertising	+39	+18	+20	+70	+64
Sales force and distribution channels	+64	+35	+55	+55	+34
CRM/marketing capabilities (e.g. pricing,	+59	+32	+50	+48	+64
segmentation, profitability analysis)					
Performance measurement processes/tools	+21	+2	+20	+25	+34
IT systems and applications	+45	+37	+52	+52	+64
	10	51	52	52	

# **FINANCE HOUSES**

Survey number 114, March 2018

Conducted between 14th February and 9th March 2018

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

Value and volume of business						
		2017				2018
		Mar	Jun	Sep	Dec	Mar
1 Are you more or less optimistic about TH SITUATION IN YOUR SECTOR?	E OVERALL BUSINESS	-45	+20	+57	+55	-3
2 Excluding seasonal variations, do you co	nsider that in volume terms:					
a) Your present level of business (above/bel		+54	+19	+56	+63	+51
b) Your present level of business with overse	eas customers (above/below normal)	-49	-33	-50	-57	+50
3 Excluding seasonal variations, what are t	the trends in:					
a) Volume of business	- past 3 months	-3	+14	+19	+21	-45
	- next 3 months	+58	+35	+26	+20	+22
b) Value** of fee, commission or premium	- past 3 months	+3	-27	-1	+66	-45
income	- next 3 months	+58	+29	+9	+69	+66
c) Value** of net interest, investment or	- past 3 months	+7	+2	+2	+11	-9
trading income	- next 3 months	+7	+27	+9	+11	+17
** in sterling						
4 What is the trend in your 'volume of busir	ness' with regard to the following					
categories of customer:						
a) Industrial & commercial companies	- past 3 months	0	-12	+15	+63	-4
<b>~</b> /	- next 3 months	+59	+42	+55	+6	+13
b) Financial institutions	- past 3 months	+5	+6	+6	+8	+5
, i maneral methanene	- next 3 months	+8	+6	+9	+5	+8
c) Private individuals	- past 3 months	+3	-7	+6	+5	+5
,	- next 3 months	+61	+24	+11	+65	+67
d) Overseas customers (UK-based	- past 3 months	+59	-27	+4	-54	+54
operations)	- next 3 months	+62	-24	0	+54	-54

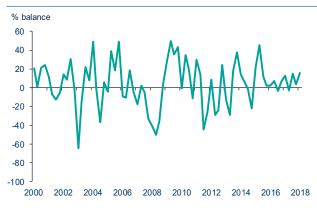
	sts and profitability						
			2017				2018
			Mar	Jun	Sep	Dec	Mar
	ding seasonal variations, what are th	he trends for:					
a) Av	<i>l</i> erage spreads	- past 3 months	+3	-13	-7	+1	+9
		- next 3 months	-51	+9	+4	+65	+8
,	erage commissions/fees/ premiums	- past 3 months	-1	-9	-5	+8	+8
pa	id	- next 3 months	+2	-9	+2	+11	-1
c) To	tal operating costs (excluding cost of	- past 3 months	+12	-18	+13	+15	+30
fur	nds)	- next 3 months	-39	0	+65	-38	+25
d) Av	erage operating costs per transaction	- past 3 months	+64	-27	+11	-38	+29
,		- next 3 months	-49	-3	+6	-35	+8
e) Va	alue of non-performing loans	- past 3 months	-54	-33	-7	+5	-40
0) 11	····· · · · · · · · · · · · · · · · ·	- next 3 months	+44	-3	0	-49	+8
	of which:			° °	· ·		Ũ
	Retail	- past 3 months	-54	-27	-4	+10	-45
		- next 3 months	+44	-3	0	-44	+12
	Corporate	- past 3 months	-58	-36	0	-5	-45
		- next 3 months	+51	-3	+2	-55	-5
g) Ov	verall profitability of business	- past 3 months	-56	-28	+8	+14	+50
0/		- next 3 months	+60	+63	+66	+74	+5
ployment	and training						
	ding seasonal variations, what are th	he trends in:					
	umbers employed	- past 3 months	+20	+45	+16	+24	+17
u)		- next 3 months	+75	+36	+18	+20	+13
b) Tra	aining expenditure	- past 3 months	+28	+65	+14	+15	+17
D) 11		- next 3 months	+78	+35	+14	-35	+65
	off agents as a properties of total agents		+78	+35	+14	-33	+03
c) St	aff costs as a proportion of total costs	- past 3 months - next 3 months	-46	+9	+17	-29 -33	+17
at	has been the trend with regard to yo		+62	+40	.47	+60	_15
, while		- past 3 months - next 3 months	+62 +62	+40 +27	-47 +57	+60 +63	-45 +61
rketing ex	penditure	- past 3 months - next 3 months					
keting ex 7 Do yo		<ul> <li>past 3 months</li> <li>next 3 months</li> </ul> xpenditure on marketing in the					
keting ex 7 Do yo NEXT	penditure u expect to authorise more or less e 12 MONTHS than you did in the PAS	<ul> <li>past 3 months</li> <li>next 3 months</li> </ul> xpenditure on marketing in the	+62	+27	+57	+63	+61
keting ex 7 Do yo NEXT bital exper 8 Do yo	penditure u expect to authorise more or less e 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the</li> <li>T 12 MONTHS</li> <li>apital expenditure in the NEXT</li> </ul>	+62	+27	+57	+63	+61
keting ex 7 Do yo NEXT bital exper 8 Do yo 12 MO	penditure u expect to authorise more or less e 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the</li> <li>T 12 MONTHS</li> <li>apital expenditure in the NEXT</li> </ul>	+62 -41	+27 -43	+57 -40	+63 +74	+61 +58
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La	penditure u expect to authorise more or less e 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA and and buildings	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the</li> <li>T 12 MONTHS</li> <li>apital expenditure in the NEXT</li> </ul>	+62	+27 -43 +18	+57	+63 +74 +9	+61
keting ex 7 Do yo NEXT sital exper 8 Do yo 12 MO a) La b) Ve	penditure u expect to authorise more or less en 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings chicles, plant & machinery	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the</li> <li>T 12 MONTHS</li> <li>apital expenditure in the NEXT</li> </ul>	+62 -41 +6 0	+27 -43 +18 -15	+57 -40 0 -4	+63 +74 +9 +1	+61 +58 -4 +8
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La b) Ve c) Infr 9 What	penditure u expect to authorise more or less e 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA and and buildings chicles, plant & machinery formation technology are the main reasons for any expect	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6	+27 -43 +18	+57 -40 0	+63 +74 +9	+61 +58
keting ex 7 Do yo NEXT oital exper 8 Do yo 12 MO a) La b) Ve c) Infe 9 What AUTHe	penditure u expect to authorise more or less e 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c ONTHS than you authorised in the PA und and buildings chicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6 0 -41	+27 -43 +18 -15 +68	+57 -40 0 -4 +66	+63 +74 +9 +1 +75	+61 +58 -4 +8 +74
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTHo To pro	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings ehicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6 0 -41 71	+27 -43 +18 -15 +68 49	+57 -40 0 -4 +66 72	+63 +74 +9 +1 +75 85	+61 +58 -4 +8 +74 83
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTH To pro To incl	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA and and buildings ehicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6 0 -41 71 81	+27 -43 +18 -15 +68 49 87	+57 -40 0 -4 +66 72 84	+63 +74 +9 +1 +75 85 76	+61 +58 -4 +74 83 95
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTH To pro To incu To rea	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA and and buildings ehicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6 0 -41 71 81 75	+27 -43 +18 -15 +68 49 87 78	+57 -40 0 -4 +66 72 84 76	+63 +74 +9 +1 +75 85 76 83	+61 +58 -4 +74 83 95 79
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTH To pro To incu To rea For rep	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA and and buildings schicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6 0 -41 71 81 75 71	+27 -43 +18 -15 +68 49 87 78 45	+57 -40 0 -4 +66 72 84 76 78	+63 +74 +9 +1 +75 85 76 83 68	+61 +58 -4 +74 83 95 79 75
keting exp 7 Do yoo NEXT Nital expert 8 Do yoo 12 MO a) La b) Ve c) Infi 9 What AUTHO To prov To inco To read For read To read For read To exp	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA and and buildings schicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement band capacity	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16	+27 -43 +18 -15 +68 49 87 78 45 42	+57 -40 0 -4 +66 72 84 76 78 9	+63 +74 +9 +1 +75 85 76 83 68 20	+61 +58 -4 +8 +74 83 95 79 75 14
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTH To pro To incu To rea For rep To exp Statute	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less c DNTHS than you authorised in the PA and and buildings schicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement	<ul> <li>past 3 months</li> <li>next 3 months</li> <li>xpenditure on marketing in the ST 12 MONTHS</li> <li>apital expenditure in the NEXT ST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16 77	+27 -43 +18 -15 +68 49 87 78 45 42 36	+57 -40 0 -4 +66 72 84 76 78 9 70	+63 +74 +9 +1 +75 85 76 83 68 20 72	+61 +58 -4 +8 +74 83 95 79 75 14 83
keting ex 7 Do yo NEXT ital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTHO To pro To inco To rea For rep To exp Statuto Other 0 What	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less cr DNTHS than you authorised in the PA ind and buildings shicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement band capacity ory legislation and regulation factors are likely to limit (wholly or p	<ul> <li>- past 3 months</li> <li>- next 3 months</li> <li>xpenditure on marketing in the IT 12 MONTHS</li> <li>apital expenditure in the NEXT IST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE HS*</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16	+27 -43 +18 -15 +68 49 87 78 45 42	+57 -40 0 -4 +66 72 84 76 78 9	+63 +74 +9 +1 +75 85 76 83 68 20	+61 +58 -4 +8 +74 83 95 79 75 14
keting ex 7 Do yo NEXT Nital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTHe To pro To incl To rea For rea For rep Statute Other 0 What over t	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings shicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement band capacity ory legislation and regulation factors are likely to limit (wholly or p the NEXT 12 MONTHS*	<ul> <li>- past 3 months</li> <li>- next 3 months</li> <li>- next 3 months</li> <li>xpenditure on marketing in the IT 12 MONTHS</li> <li>apital expenditure in the NEXT AST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE HS*</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16 77 0	+27 -43 +18 -15 +68 49 87 78 45 42 36 0	+57 -40 0 -4 +66 72 84 76 78 9 70 2	+63 +74 +9 +1 +75 85 76 83 68 20 72 0	+61 +58 -4 +74 83 95 79 75 14 83 5
keting ex 7 Do yo NEXT Nital exper 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTHe To pro To inci To rea For rep To exp Statute Other 0 What over ti Inadeq	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings shicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement band capacity ory legislation and regulation factors are likely to limit (wholly or p the NEXT 12 MONTHS* quate net return on proposed investment	<ul> <li>- past 3 months</li> <li>- next 3 months</li> <li>- next 3 months</li> <li>xpenditure on marketing in the IT 12 MONTHS</li> <li>apital expenditure in the NEXT AST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE HS*</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16 77 0	+27 -43 +18 -15 +68 49 87 78 45 42 36 0 70	+57 -40 0 -4 +66 72 84 76 78 9 70 2 79	+63 +74 +9 +1 +75 85 76 83 68 20 72 0 63	+61 +58 -4 +74 83 95 79 75 14 83 5 75
<ul> <li>rketing ex</li> <li>7 Do yo NEXT</li> <li>7 Do yo NEXT</li> <li>7 Do yo NEXT</li> <li>8 Do yo 12 MO a) La</li> <li>b) Ve c) Infi</li> <li>9 What</li> <li>AUTHO</li> <li>To rea</li> <li>For rep</li> <li>To exp</li> <li>Statuto</li> <li>Other</li> <li>0 What</li> <li>over ti</li> <li>Inadeq</li> <li>Shorta</li> </ul>	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings shicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement band capacity ory legislation and regulation factors are likely to limit (wholly or p the NEXT 12 MONTHS* quate net return on proposed investment age of finance	<ul> <li>- past 3 months</li> <li>- next 3 months</li> <li>- next 3 months</li> <li>xpenditure on marketing in the IT 12 MONTHS</li> <li>apital expenditure in the NEXT AST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE HS*</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16 77 0 67 13	+27 -43 +18 -15 +68 49 87 78 45 42 36 0 70 48	+57 -40 0 -4 +66 72 84 76 78 9 70 2 79 11	+63 +74 +9 +1 +75 85 76 83 68 20 72 0 63 9	+61 +58 -4 +74 +74 83 95 79 75 14 83 5 75 18
<ul> <li>rketing expension</li> <li>7 Do yoo NEXT</li> <li>7 Dital expension</li> <li>8 Do yoo 12 MOC</li> <li>a) La</li> <li>b) Vec</li> <li>c) Infi</li> <li>9 What</li> <li>AUTHOR</li> <li>To provide the transmission</li> <li>70 reading the transmission</li> <li>80 re</li></ul>	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings shicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement band capacity ory legislation and regulation factors are likely to limit (wholly or p the NEXT 12 MONTHS* quate net return on proposed investment age of finance	<ul> <li>- past 3 months</li> <li>- next 3 months</li> <li>xpenditure on marketing in the iT 12 MONTHS</li> <li>apital expenditure in the NEXT IST 12 MONTHS on:</li> <li>ted CAPITAL EXPENDITURE HS*</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16 77 0 67 13 8	+27 -43 +18 -15 +68 49 87 78 45 42 36 0 70 48 9	+57 -40 0 -4 +66 72 84 76 78 9 70 2 79 11 5	+63 +74 +9 +1 +75 85 76 83 68 20 72 0 63 9 3	+61 +58 -4 +74 +74 83 95 79 75 14 83 5 75 18 17
rketing ex 7 Do yo NEXT 7 Do yo NEXT 8 Do yo 12 MO a) La b) Ve c) Infi 9 What AUTH To prov To incu To reav For rep To exp Statuto Other 10 What over ti Inadeq Shorta Cost o Uncert	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings ehicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement boand capacity ory legislation and regulation factors are likely to limit (wholly or p the NEXT 12 MONTHS* quate net return on proposed investment age of finance of finance tainty about demand/business prospects	<ul> <li>- past 3 months</li> <li>- next 3 months</li> <li>- next 3 months</li> <li>- xpenditure on marketing in the it 12 MONTHS</li> <li>apital expenditure in the NEXT IST 12 MONTHS on:</li> <li>thed CAPITAL EXPENDITURE</li> <li>thed CAPITAL EXPENDITURE</li> <li>HS*</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16 77 0 67 13 8 72	+27 -43 +18 -15 +68 49 87 78 45 42 36 0 70 48 9 49	+57 -40 0 -4 +66 72 84 76 78 9 70 2 79 11 5 76	+63 +74 +9 +1 +75 85 76 83 68 20 72 0 63 9 3 71	+61 +58 -4 +74 +74 83 95 79 75 14 83 5 75 18 17 79
<ul> <li>rketing expension</li> <li>7 Do yoo NEXT</li> <li>7 Dital expension</li> <li>8 Do yoo 12 MOC</li> <li>a) La</li> <li>b) Vec</li> <li>c) Infi</li> <li>9 What</li> <li>AUTHOR</li> <li>To provide the transmission</li> <li>70 reading the transmission</li> <li>70 reading the transmission</li> <li>70 What</li> <li>70 What</li> <li>70 What</li> <li>70 over the transmission</li> <li>70 Shorta</li> <li>Cost of Uncert</li> </ul>	penditure u expect to authorise more or less et 12 MONTHS than you did in the PAS nditure u expect to authorise more or less ca DNTHS than you authorised in the PA and and buildings shicles, plant & machinery formation technology are the main reasons for any expect ORISATION over the NEXT 12 MONTH vide new services rease efficiency/speed ch new customers placement band capacity ory legislation and regulation factors are likely to limit (wholly or p the NEXT 12 MONTHS* quate net return on proposed investment age of finance	<ul> <li>- past 3 months</li> <li>- next 3 months</li> <li>- next 3 months</li> <li>- xpenditure on marketing in the it 12 MONTHS</li> <li>apital expenditure in the NEXT IST 12 MONTHS on:</li> <li>thed CAPITAL EXPENDITURE</li> <li>thed CAPITAL EXPENDITURE</li> <li>HS*</li> </ul>	+62 -41 +6 0 -41 71 81 75 71 16 77 0 67 13 8	+27 -43 +18 -15 +68 49 87 78 45 42 36 0 70 48 9	+57 -40 0 -4 +66 72 84 76 78 9 70 2 79 11 5	+63 +74 +9 +1 +75 85 76 83 68 20 72 0 63 9 3	+61 +58 -4 +74 +74 83 95 79 75 14 83 5 75 18 17

		2017				201
		Mar	Jun	Sep	Dec	Ma
What factors are likely to limit your a business over the NEXT 12 MONTHS*	bility to increase your level of					
Level of demand	- Total	90	85	83	83	91
	- Overseas	8	9	5	0	0
Staff turnover	- Total	0	9	9	6	13
	- Overseas	0	6	0	0	0
Availability of professional staff	- Total	54	36	63	57	63
rial ability of protocolorial stan	- Overseas	0	9	0	0	0
Availability of clerical staff	- Total	54	42	58	57	63
Availability of clencal stall	- Overseas	0	9	0	0	0
A deguady of avatama consoity	- Total	61	63	64	65	67
Adequacy of systems capacity	- Overseas	0	6	04	0	07
Ability to units a finale		-			-	-
Ability to raise funds	- Total	14	51	17	12	14
	- Overseas	0	6	0	0	0
of which:						
Ability to raise capital	- Total	18	23	12	20	22
	- Overseas	0	6	0	0	0
Availability of wholesale funds	- Total	3	45	11	19	21
	- Overseas	0	6	0	0	0
Competition	- Total	79	60	78	79	82
	- Overseas	0	9	2	0	0
Statutory legislation and regulation	- Total	84	73	80	68	79
	- Overseas	3	9	2	0	5
Other	- Total	0	0	5	0	0
Other	- Overseas	0	0	2	0	0
	- Overseas	0	0	2	0	0
What do you expect to spend on rege MONTHS?	ulatory compliance in the NEXT 12	+76	+43	+76	+76	+9;
Where do you see your competition	coming from in the next 12 months?					
Your sector of financial services		97	97	88	100	95
Other sectors of financial services		66	54	78	66	76
					00	10
Companies currently positioned outs	ide of financial services	50	12	74	57	67
Companies currently positioned outs	ide of financial services	59 79	42 51	74 87	57 63	
New entrants	ide of financial services	79	51	87	63	84
New entrants Other	ide of financial services					
New entrants Other vth		79	51	87	63	84
New entrants Other wth B Where do you think your growth will		79 0	51 9	87 0	63 0	84 0
New entrants Other wth B Where do you think your growth will Cross sales to new customers		79 0 3	51 9 39	87 0 7	63 0 19	84 0 17
New entrants Other wth B Where do you think your growth will Cross sales to new customers Cross sales to existing customers		79 0 3 16	51 9 39 42	87 0 7 22	63 0 19 14	84 0 17 25
New entrants Other wth B Where do you think your growth will Cross sales to new customers		79 0 3	51 9 39	87 0 7 22 85	63 0 19 14 85	84 0 17 25
New entrants Other wth B Where do you think your growth will Cross sales to new customers Cross sales to existing customers	come from over the next 3 months?	79 0 3 16	51 9 39 42	87 0 7 22	63 0 19 14	84 0 17 25
New entrants Other <b>Where do you think your growth will</b> Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer	come from over the next 3 months?	79 0 3 16 79 5	51 9 39 42 87 3	87 0 7 22 85 2	63 0 19 14 85	84 0 17 25 70 0
New entrants Other wh Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers	come from over the next 3 months?	79 0 3 16 79	51 9 39 42 87	87 0 7 22 85	63 0 19 14 85 5	84 0 17 25 70 0 74
New entrants Other Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months?	come from over the next 3 months? s mportant do you think the following	79 0 3 16 79 5 69	51 9 39 42 87 3 76	87 0 7 22 85 2 70	63 0 19 14 85 5 72	84 0 17 25 70 0
New entrants Other Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisatior months? Organic growth activities	come from over the next 3 months? s mportant do you think the following	79 0 3 16 79 5 69 13	51 9 42 87 3 76 3	87 0 7 22 85 2 70 4	63 0 19 14 85 5 72 3	84 0 17 25 70 0 74 8
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers	come from over the next 3 months? s mportant do you think the following	79 0 3 16 79 5 69 13 +87	51 9 42 87 3 76 3 +54	87 0 7 22 85 2 70 4 +76	63 0 19 14 85 5 72 3 +77	84 0 17 25 70 0 74 8
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers	come from over the next 3 months? s mportant do you think the following	79 0 3 16 79 5 69 13 +87 +20	51 9 42 87 3 76 3 +54 +2	87 0 7 22 85 2 70 4 +76 +19	63 0 19 14 85 5 72 3 +77 +22	84 0 17 25 70 0 74 8 *8 *8 +8
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers	come from over the next 3 months? s mportant do you think the following	79 0 3 16 79 5 69 13 +87 +20 +92	51 9 39 42 87 3 76 3 *54 +2 +42	87 0 7 22 85 2 70 4 +76 +19 +70	63 0 19 14 85 5 72 3 *77 3	844 0 177 255 700 0 744 8 *********************************
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services	come from over the next 3 months? s mportant do you think the following	79 0 3 16 79 5 69 13 +87 +20	51 9 42 87 3 76 3 +54 +2	87 0 7 22 85 2 70 4 +76 +19	63 0 19 14 85 5 72 3 +77 +22	84 0 17 25 70 0 74 8 *8 +8 +2 +2 +7
New entrants Other th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities	come from over the next 3 months? s mportant do you think the following	79 0 3 16 79 5 69 13 +87 +20 +92 0	51 9 42 87 3 76 3 *54 +2 +42 +39	87 0 7 22 85 2 70 4 +76 +19 +70 +9	63 0 19 14 85 5 72 3 +77 +22 +70 +19	84 0 17 25 70 0 74 8 +8 +2 +2 +7 9 +10
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions	come from over the next 3 months? s mportant do you think the following I's growth strategy over the next 12	79 0 3 16 79 5 69 13 *87 +20 +92 0 -7	51 9 42 87 3 76 3 *54 +2 +42 +39 -14	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3	63 0 19 14 85 5 72 3 *77 +22 *70 +19 -6	84 0 17 25 70 0 74 8 +8 +2 +2 +7 +11 -8
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian	come from over the next 3 months? s mportant do you think the following I's growth strategy over the next 12	79 0 3 16 79 5 69 13 +87 +20 +92 0	51 9 42 87 3 76 3 *54 +2 +42 +39	87 0 7 22 85 2 70 4 +76 +19 +70 +9	63 0 19 14 85 5 72 3 +77 +22 +70 +19	84 0 17 25 70 0 74 8 +8 +2 +2 +7 +11 -8
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions	come from over the next 3 months? s mportant do you think the following I's growth strategy over the next 12	79 0 3 16 79 5 69 13 *87 +20 +92 0 -7	51 9 42 87 3 76 3 *54 +2 +42 +39 -14	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3	63 0 19 14 85 5 72 3 *77 +22 *70 +19 -6	84 0 17 25 70 0 74 8 +8 +2 +2 +7 +11 -8
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian	come from over the next 3 months? s mportant do you think the following I's growth strategy over the next 12	79 0 3 16 79 5 69 13 *87 +20 +92 0 -7	51 9 42 87 3 76 3 *54 +2 +42 +39 -14	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3	63 0 19 14 85 5 72 3 *77 +22 *70 +19 -6	84 0 17 25 70 0 74 8 +8 +2 +7 +11 -8 +6
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth	come from over the next 3 months? s mportant do you think the following l's growth strategy over the next 12	79 0 3 16 79 5 69 13 *87 +20 +92 0 -7 +67	51 9 42 87 3 76 3 *54 +2 +42 +39 -14 +39	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53	63 0 19 14 85 5 72 3 *77 +22 *70 +19 -6 +67	84 0 17 25 70 0 74 8 +8 +2 +7 +1 +1 -8 +6 +7
New entrants Other Other Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth Increasing market share in domestic Increasing market share in internatio	come from over the next 3 months? s mportant do you think the following l's growth strategy over the next 12	79 0 3 16 79 5 69 13 *87 +20 +92 0 -7 +67 +84	51 9 42 87 3 76 3 76 3 +54 +2 +42 +39 -14 +39 +49	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53 +83	63 0 19 14 85 5 72 3 * 77 3 * 72 3 * 72 3 * 72 3 * * 72 3 * * 72 5 72 3 * * * * * * * * * * * * * * * * * *	84 0 17 25 70 0 74 8 +8 +2 +7 +11 -8 +6 +7
New entrants Other Th Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth Increasing market share in domestic Increasing market share in internatio	come from over the next 3 months? s mportant do you think the following l's growth strategy over the next 12	79 0 3 16 79 5 69 13 +87 +20 +92 0 -7 +67 +84 +1	51 9 39 42 87 3 76 3 76 3 +54 +2 +42 +39 -14 +39 +49 0	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53 +83 -2	63 0 19 14 85 5 72 3 * 72 3 * 72 3 * 72 3 * * 72 3 * * 72 3 * * * * * * * * * * * * * * * * * *	84 0 17 25 70 0 74 8 +8: +2: +7! +1! -8 +6 +7! 0
New entrants Other Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth Increasing market share in domestic Increasing market share in internatio Investment in enablers to growth Brand and advertising	come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets nal markets	79 0 3 16 79 5 69 13 +87 +20 +92 0 -7 +67 +84 +1 +69	51 9 39 42 87 3 76 3 76 3 * 54 +2 +42 +39 -14 +39 +49 0 +29	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53 +83 -2 +63	63 0 19 14 85 5 72 3 * 72 3 * 72 3 * 72 3 * 72 3 * * 72 3 * * * 72 3 * * * * * * * * * * * * * * * * * *	84 0 17 25 70 0 74 8 +83 +25 +16 -8 +67 -8 +67 0 0 +75
New entrants Other with Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth Increasing market share in domestic Increasing market share in internatio Investment in enablers to growth Brand and advertising Sales force and distribution channels	come from over the next 3 months? s mportant do you think the following l's growth strategy over the next 12 ces markets nal markets	79 0 3 16 79 5 69 13 +87 +20 +92 0 -7 +67 +84 +1 +69 +18	51 9 39 42 87 3 76 3 76 3 * 76 3 * 76 3 * 76 3 * 76 3 * 2 * 42 * 7 3 76 3 * 2 * 2 * 42 * 7 * 3 * 7 6 3 * 2 * * 2 * * 7 * 3 * 7 * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 *	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53 +83 -2 +63 +14	63 0 19 14 85 5 72 3 * 72 3 * 72 3 * 72 3 * 72 3 * * 72 3 * * * 72 3 * * * * * * * * * * * * * * * * * *	84 0 17 25 70 0 74 8 +83 +22 +75 +16 -8 +67 0 +75 +33
New entrants Other Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Retaining new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth Increasing market share in domestic Increasing market share in internatio Investment in enablers to growth Brand and advertising	come from over the next 3 months? s mportant do you think the following l's growth strategy over the next 12 ces markets nal markets	79 0 3 16 79 5 69 13 +87 +20 +92 0 -7 +67 +84 +1 +69	51 9 39 42 87 3 76 3 76 3 * 54 +2 +42 +39 -14 +39 +49 0 +29	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53 +83 -2 +63	63 0 19 14 85 5 72 3 * 72 3 * 72 3 * 72 3 * 72 3 * * 72 3 * * * 72 3 * * * * * * * * * * * * * * * * * *	84 0 17 25 70 0 74 8 +83 +29 +16 -8 +61 +70 0 +75 +33
New entrants Other Vth Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth Increasing market share in domestic Increasing market share in internatio Investment in enablers to growth Brand and advertising Sales force and distribution channels	come from over the next 3 months? s mportant do you think the following l's growth strategy over the next 12 ces markets nal markets	79 0 3 16 79 5 69 13 +87 +20 +92 0 -7 +67 +84 +1 +69 +18	51 9 39 42 87 3 76 3 76 3 * 76 3 * 76 3 * 76 3 * 76 3 * 2 * 42 * 7 3 76 3 * 2 * 2 * 42 * 7 * 3 * 7 6 3 * 2 * * 2 * * 7 * 3 * 7 * 5 * * 5 * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 *	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53 +83 -2 +63 +14	63 0 19 14 85 5 72 3 * 72 3 * 72 3 * 72 3 * 72 3 * * 72 3 * * * 72 3 * * * * * * * * * * * * * * * * * *	17 25 70 0 74 8 +83 +29 +16 -8 +61 +70
New entrants Other Vth Where do you think your growth will Cross sales to new customers Cross sales to existing customers Acquisition of domestic customers Acquisition of international customer New products No growth expected Relative to the past 12 months, how i elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services Inorganic growth activities Engaging in M&A transactions Forming strategic partnerships/allian Market focus for growth Increasing market share in internatio Investment in enablers to growth Brand and advertising Sales force and distribution channels CRM/marketing capabilities (e.g. prior	come from over the next 3 months? s mportant do you think the following 's growth strategy over the next 12 ces markets nal markets s cing,	79 0 3 16 79 5 69 13 +87 +20 +92 0 -7 +67 +84 +1 +69 +18	51 9 39 42 87 3 76 3 76 3 * 76 3 * 76 3 * 76 3 * 76 3 * 2 * 42 * 7 3 76 3 * 2 * 2 * 42 * 7 * 3 * 7 6 3 * 2 * * 2 * * 7 * 3 * 7 * 5 * * 5 * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 * * 5 *	87 0 7 22 85 2 70 4 +76 +19 +70 +9 -3 +53 +83 -2 +63 +14	63 0 19 14 85 5 72 3 * 72 3 * 72 3 * 72 3 * 72 3 * * 72 3 * * * 72 3 * * * * * * * * * * * * * * * * * *	84 0 17 25 70 0 74 8 +83 +29 +16 -8 +61 +70 0 +75 +33

## **INSURANCE**

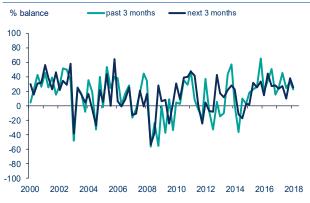
Survey number 114, March 2018. Conducted between 14th February and 9th March 2018 \* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding Due to a lower response rate this quarter, below we present consolidated results from life & general insurance and brokers.

## Q1 Optimism vs three months earlier



Q1 Latest +50 Previous +47 Mean +7

#### Q5g Trend in overall profitability

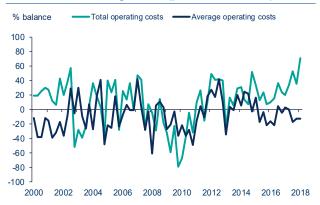


## Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+50	0
Previous	+47	+29
Mean	+17	+31

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



	Q5g: Past	Q5g: Next			Q5c: Past	Q5d: Past
Latest	+50	+50	l	Latest	+50	-50
Previous	+71	+12	F	Previous	+59	-29
Mean	+13	+18	1	Mean	-2	-19

value and volume of business		0047				0010
		2017 Mar	Jun	Sep	Dec	2018 Mar
1 Are you more or less optimistic about THE SITUATION IN YOUR SECTOR?	OVERALL BUSINESS	+13	-3	+15	+3	+16
2 Excluding seasonal variations, do you co	nsider that in volume terms:					
a) Your present level of business (above/belo	ow normal) is:	+7	+27	+17	+21	+18
b) Your present level of business with overse	eas customers (above/below normal)	0	-4	0	-18	+18
3 Excluding seasonal variations, what are t	he trends in:					
a) Volume of business	- past 3 months	+6	+58	+19	+28	+24
	- next 3 months	+45	+46	+44	+41	+2
<li>b) Value<sup>**</sup> of fee, commission or premium</li>	- past 3 months	+11	+42	+21	+32	+19
income	- next 3 months	+3	+8	-11	+41	+2
<li>c) Value<sup>**</sup> of net interest, investment or</li>	- past 3 months	-10	+19	+16	+24	0
trading income	- next 3 months	+9	+3	-15	+48	0
d) Value** of new business	- past 3 months	~	~	~	~	~
,	- next 3 months	~	~	~	~	~
** in sterling						

			2017			-	2018
4 WI	nat is the trend in your 'volume of busin	ess' with regard to the following	Mar	Jun	Sep	Dec	Mar
	tegories of customer:	is a what regard to are following					
	Industrial & commercial companies	- past 3 months	+27	+30	+17	+2	+9
		- next 3 months	+27	+9	-11	+4	+4
b)	Financial institutions	- past 3 months	+16	+6	+16	+15	+4
		- next 3 months	+32	-3	+16	+15	+4
c)	Private individuals	- past 3 months	-2	+42	+16	+21	+14
d)	Overseas customers (UK-based	- next 3 months - past 3 months	+16 +23	+29 0	+18 +15	+11 +6	-1 +22
d)	operations)	- next 3 months	+23	0	+1	-4	+21
Charges.	costs and profitability			-			
	cluding seasonal variations, what are t	he trends for:					
a)	Average spreads	- past 3 months	-9	-10	+0	-23	-17
		- next 3 months	+1	-10	+0	-29	-17
b)	Average commissions/fees/ premiums	- past 3 months	-22	+2	+2	-0	+18
	paid	- next 3 months	-14	-9	+3	-5	+25
c)	Total operating costs (excluding cost of	- past 3 months	+20	+33	+52	+35	+71
	funds)	- next 3 months	+39	+58	+56	+41	+43
d)	Average operating costs per transaction	- past 3 months	+2	-0	-18	-13	-13
	Volue of our or developed a set of the	- next 3 months	-5	+9	-20	-3	-10
f)	Value of surrendered contracts	- past 3 months	~	~	~	~	~
	Overall profitability of business	- next 3 months	~ +24	~ +45	~ +25	~ +34	~ +22
g)	Overall profitability of business	- past 3 months - next 3 months					
English			+24	+27	+10	+38	+25
	nent and training	he trende in					
	cluding seasonal variations, what are t Numbers employed	- past 3 months	+9	+54	+60	+15	+62
a)		- next 3 months	+8	+34	+59	+22	+64
b)	Training expenditure	- past 3 months	+14	+26	+60	+19	+62
~)		- next 3 months	+25	+31	+60	+24	+66
c)	Staff costs as a proportion of total costs	- past 3 months	-7	+18	+63	+6	+64
,		- next 3 months	-22	+8	+21	-10	+27
6 1 WI	nat has been the trend with regard to ye	our staff turnover:					
0.1 11	lat has been ale acha what regard to y	- past 3 months	+31	+38	+51	+6	+60
		- next 3 months	+13	+13	-12	-14	+19
Marketin	g expenditure						
7 Do	you expect to authorise more or less e	xpenditure on marketing in the	+15	+29	+58	+29	+85
	XT 12 MONTHS than you did in the PAS	ST 12 MONTHS	. 10	.20	.00	. 20	.00
Capital e	xpenditure						
	you expect to authorise more or less c						
	MONTHS than you authorised in the PA	AST 12 MONTHS on:	. 0	115	1.26	20	4
,	Land and buildings Vehicles, plant & machinery		+8 -13	+15 -1	+26 -3	-39 -22	-4 -1
	Information technology		+38	+71	-3 +79	+34	+81
0)	mormation teermology		130	171	115	1.04	101
9 WI	nat are the main reasons for any expec	ted CAPITAL EXPENDITURE					
AU	THORISATION over the NEXT 12 MONT	HS*					
	provide new services		48	67	87	69	90
	increase efficiency/speed		70	60	56	68	56
	reach new customers		68	65	48	41	68
	r replacement		46 72	51	29 74	41 51	69 20
	expand capacity atutory legislation and regulation		72 53	66 30	74 18	51 27	30 7
	her		0	11	2	0	7 1
	nat factors are likely to limit (wholly or	partly) your capital authorisations					
ov	er the NEXT 12 MONTHS*						
	dequate net return on proposed investment		66	43	58	46	69
	ortage of finance		45	8	25	16	24
	st of finance		15 56	2	17	1	20
	certainty about demand/business prospect		56 25	40 40	53 22	43 40	70 40
	ortage of labour including managerial & sup her	JEIVISUI SLAII	25 10	40 10	0	40 11	40 3
01			10	.0	5		Ŭ

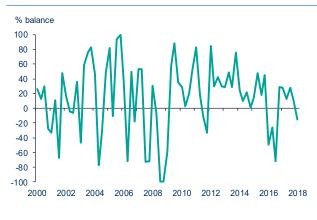
Business prospects						
		2017 Mar	Jun	Sep	Dec	2018 Mar
<sup>11</sup> What factors are likely to limit your al	bility to increase your level of					
business over the NEXT 12 MONTHS* Level of demand	- Total	70	27	22	50	F0
Level of demand	- Total - Overseas	70 16	37 17	32 19	52 12	52 8
Staff turnover	- Total	6	12	5	1	6
	- Overseas	2	1	1	0	3
Availability of professional staff	- Total	39	46	69	43	67
	- Overseas	15	18	50	15	48
Availability of clerical staff	- Total	6	1	3	3	7
Adequacy of systems capacity	- Overseas - Total	2 32	0 28	1 20	0 25	3 43
Adequacy of systems capacity	- Overseas	2	5	1	1	
Ability to raise funds	- Total	13	11	17	1	1
	- Overseas	1	1	0	0	1
of which:						
Ability to raise capital	- Total	13	10	17	10	2
Availability of wholes als funds	- Overseas	1 1	0	1	0	2 2
Availability of wholesale funds	- Total - Overseas	1	0 0	2 1	0 0	2
Competition	- Total	80	54	74	71	92
componition	- Overseas	43	31	66	31	48
Statutory legislation and regulation	- Total	50	21	24	28	32
	- Overseas	11	12	3	6	8
Other	- Total	6	1	0	1	3
	- Overseas	0	0	0	1	0
11.1 What do you expect to spend on regu MONTHS?	latory compliance in the NEXT 12	+39	+39	+90	+65	+89
12 Where do you see your competition c	oming from in the next 12 months?					
Your sector of financial services	-	92	98	99	96	99
Other sectors of financial services		57	55	58	62	66
Companies currently positioned outsi	ide of financial services	32	11	7	32	23
New entrants Other		62 10	42 0	47 1	39 1	80 0
Growth		10	0	I	I	0
13 Where do you think your growth will	come from over the part 3 months?					
Cross sales to new customers	come nom over the next 5 months:	37	39	36	46	49
Cross sales to existing customers		59	70	35	68	56
Acquisition of domestic customers		89	68	92	64	90
Acquisition of international customers	3	46	34	67	33	62
New products		45	60	67	69	90
No growth expected		0	2	3	18	1
<sup>14</sup> Relative to the past 12 months, how in elements will be to your organisation months?						
Organic growth activities						
Acquiring new customers		+58	+65	+66	+47	+70
Cross-selling to existing customers Retaining existing customers		+31 +27	+59 +46	+24 +12	+52 +16	+51 +36
Launching new products/services		+10	+60	+57	+37	+83
Inorganic growth activities				0.	0.	
Engaging in M&A transactions		-16	+12	-5	+13	+10
Forming strategic partnerships/alliand	ces	+31	+11	+11	+22	+31
Market focus for growth	markata		. 70	. 00	104	1.40
Increasing market share in domestic Increasing market share in internatior		+50 +28	+73 +28	+60 +55	+24 +13	+48 +40
Investment in enablers to growth		.20	.20	.00	. 10	. 40
Brand and advertising		+28	+41	+57	+27	+61
Sales force and distribution channels		+51	+52	+61	+62	+62
CRM/marketing capabilities (e.g. pric	ing,	+52	+38	+34	+43	+40
segmentation, profitability analysis)	-					
Performance measurement processe	s/tools	+12	-1	+2	+29	+23
IT systems and applications		+56	+74	+60	+35	+72

# **INVESTMENT MANAGEMENT**

Survey number 114, March 2018

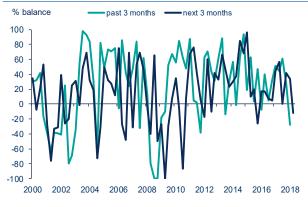
Conducted between 14th February and 9th March 2018 \* All figures are percentage balances of respondents except questions 9-13 where figures are percentages of firms responding

## Q1 Optimism vs three months earlier

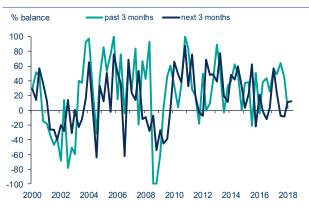


Q1 Latest -15 Previous +11 Mean +16

## Q5g Trend in overall profitability

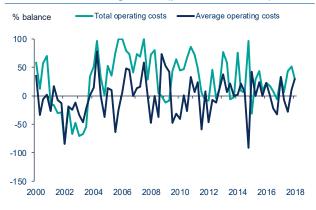


Q3a Trend in volume of business



	Q3a: Past	Q3a: Next
Latest	+3	+12
Previous	+44	+11
Mean	+26	+17

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



	Q5g: Past	Q5g: Next		Q5c: Past	Q5d: Past
Latest	-28	-12	Latest	+30	+30
Previous	+28	+34	Previous	+51	+11
Mean	+22	+15	Mean	+25	-3

<b>Jun</b> +13 +43 +7	<b>Sep</b> +28 +51 +4	<b>Dec</b> +11 +28	<b>2018</b> Mar -15 -12
+13 +43	+28 +51	+11 +28	-15
+43	+51	+28	-12
	• ·		
	• ·		
+7	1.4	•	
. ,	+4	0	-12
+49	+64	+44	+3
-7	-8	+11	+12
+44	+45	+39	-40
+7	-4	+23	+43
0	-25	+28	+28
+7	-1	+28	+28
	+7 0	+7 -4 0 -25	+7 -4 +23 0 -25 +28

			2017				2018
			Mar	Jun	Sep	Dec	Mar
	nat is the trend in your 'volume of busin tegories of customer:	ess' with regard to the following					
a)	Industrial & commercial companies	- past 3 months	+25	0	-4	+11	0
	Eineneiel institutions	- next 3 months	+28 +53	0 +25	+25 +49	-17 +56	0 +3
b)	Financial institutions	- past 3 months - next 3 months	+53	+25 +18	+49 +45	+50	+3 -12
c)	Private individuals	- past 3 months	+39	+38	+19	0	+12
ŕ		- next 3 months	+32	+6	+28	-17	+25
d)	Overseas customers (UK-based	- past 3 months	+33	+13	+10	0	+3
Charges	operations) costs and profitability	- next 3 months	+33	+13	0	0	-12
_	cluding seasonal variations, what are t	he trends for:					
a)	Average spreads	- past 3 months	+25	-7	-26	0	0
E)	Average commissions/fees/promiums	- next 3 months	+25 +26	0 -7	0 +15	+39 -17	+30 -52
D)	Average commissions/fees/ premiums paid	- past 3 months - next 3 months	+20	-7 -25	+13	-17	-52
c)	Total operating costs (excluding cost of	- past 3 months	+33	+7	+43	+51	+30
,	funds)	- next 3 months	+33	+26	+43	+39	+30
d)	Average operating costs per transaction	- past 3 months	+33	-7	-28	+11	+30
- >	Value of non-norferming loons	- next 3 months	+25	+7 -7	-28 -3	+23	+15 +15
e)	Value of non-performing loans	- past 3 months - next 3 months	+28 +25	-7	-3 0	+11 0	+15
	of which:		.20	0	Ū	0	Ū
	Retail	- past 3 months	+28	0	0	0	+15
		- next 3 months	+28	0	0	0	0
	Corporate	- past 3 months - next 3 months	+28 +25	-7 0	-3 0	+11 0	0 0
g)	Overall profitability of business	- past 3 months	+25	+44	+61	+28	-28
9)		- next 3 months	+57	0	+42	+34	-12
Employm	nent and training						
6 Ex	cluding seasonal variations, what are t	he trends in:					
a)	Numbers employed	- past 3 months	+31	+48	+25	+15	+25
b)	Training expenditure	- next 3 months - past 3 months	+31 +28	+26 +32	+21 +39	-8 +16	+33 +13
6)		- next 3 months	+18	+5	+32	+16	+13
c)	Staff costs as a proportion of total costs	- past 3 months	-11	+21	+18	+35	+18
		- next 3 months	-11	+5	+18	+12	+13
6.1 Wł	hat has been the trend with regard to ye						
		- past 3 months - next 3 months	+10 -3	+47 +21	+21 -18	-4 +14	0 -10
Marketing	g expenditure		-5	121	-10	- 14	-10
	you expect to authorise more or less e	expenditure on marketing in the					
NE	XT 12 MONTHS than you did in the PAS	ST 12 MONTHS	+38	+25	+69	+11	+15
Capital ex	xpenditure						
	you expect to authorise more or less c						
	MONTHS than you authorised in the PA Land and buildings	AST 12 MONTHS on:	+18	-5	+64	+11	+25
b)	Vehicles, plant & machinery		+28	+6	+39	0	0
c)	Information technology		+54	+75	+86	+44	+40
9 W I	nat are the main reasons for any expec	ted CAPITAL EXPENDITURE					
	THORISATION over the NEXT 12 MONT						
	provide new services		74	67	82	72	45
	increase efficiency/speed		92 61	100 31	92 71	55 49	72 40
	reach new customers r replacement		60	38	61	49 28	40
	expand capacity		68	49	71	23	40
Sta	atutory legislation and regulation		75	62	82	83	43
Oth	her		4	7	10	0	0
	nat factors are likely to limit (wholly or er the NEXT 12 MONTHS*	partly) your capital authorisations					
	dequate net return on proposed investment		75	43	82	66	32
Sh	ortage of finance		35	18	61	11	12
	st of finance	6	35	18 60	58 76	11 39	12 52
	certainty about demand/business prospect ortage of labour including managerial & sur		61 52	69 56	76 65	39 67	52 70
Oth	· · · ·		0	18	32	0	0

usiness prospects						
		2017				2018
		Mar	Jun	Sep	Dec	Mar
11 What factors are likely to limit your at	oility to increase your level of					
business over the NEXT 12 MONTHS*	- Total	00	74	00	64	<b>F7</b>
Level of demand	- Total - Overseas	82 22	74 31	89 17	61 23	57 28
Staff turnover	- Total	42	18	51	45	0
	- Overseas	6	0	0	11	0 0
Availability of professional staff	- Total	39	49	55	34	28
· ·	- Overseas	10	25	4	34	15
Availability of clerical staff	- Total	50	18	23	23	0
	- Overseas	14	0	0	23	0
Adequacy of systems capacity	- Total	42	25	51	11	12
	- Overseas	6	7	0	11	0
Ability to raise funds	- Total	35	18	58	11	0
of which:	- Overseas	14	0	6	11	12
Ability to raise capital	- Total	35	18	58	39	0
Ability to faise capital	- Overseas	6	0	6	23	12
Availability of corporate loans	- Total	35	18	51	11	0
A tranubility of corporate reality	- Overseas	14	0	0	11	0 0
Competition	- Total	53	80	86	72	70
	- Overseas	11	26	24	23	30
Statutory legislation and regulation	- Total	79	38	86	84	70
	- Overseas	21	7	18	34	45
Other	- Total	14	7	0	17	0
	- Overseas	0	7	0	0	0
MONTHS? 12 Where do you see your competition c Your sector of financial services	oming from in the next 12 months?	+81	+87	+68	+89	+88
Your sector of financial services Other sectors of financial services		89 64	93 31	95 69	89 11	100 28
Companies currently positioned outsi	de offinancial services	04 51	43	42	28	20 40
New entrants		60	49	76	49	32
Other		28	0	0	17	0
rowth						
13 Where do you think your growth will o	come from over the next 3 months?					
Cross sales to new customers						
Cross sales to existing customers		63	31	50	38	52
CIOSS Sales to Existing custoffels		63 80	31 51	50 85	38 77	52 70
Acquisition of domestic customers						
-		80	51	85	77	70
Acquisition of domestic customers Acquisition of international customers	;	80 61	51 49	85 71	77 62	70 70
Acquisition of domestic customers Acquisition of international customers New products	i	80 61 15	51 49 13	85 71 14	77 62 23	70 70 30
Acquisition of domestic customers Acquisition of international customers New products No growth expected 14 Relative to the past 12 months, how ir elements will be to your organisation months?	nportant do you think the following	80 61 15 67	51 49 13 56	85 71 14 55	77 62 23 33	70 70 30 37
Acquisition of domestic customers Acquisition of international customers New products No growth expected 14 Relative to the past 12 months, how in elements will be to your organisation' months? Organic growth activities	nportant do you think the following	80 61 15 67 20	51 49 13 56 7	85 71 14 55 4	77 62 23 33 17	70 70 30 37 0
Acquisition of domestic customers Acquisition of international customers New products No growth expected 14 Relative to the past 12 months, how in elements will be to your organisation months? Organic growth activities Acquiring new customers	nportant do you think the following	80 61 15 67 20 +55	51 49 13 56 7 +25	85 71 14 55 4 +71	77 62 23 33 17 +33	70 70 30 37 0
Acquisition of domestic customers Acquisition of international customers New products No growth expected 14 Relative to the past 12 months, how ir elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers	nportant do you think the following	80 61 15 67 20 +55 +55	51 49 13 56 7 +25 +31	85 71 14 55 4 +71 +52	77 62 23 33 17 +33 +61	70 70 30 37 0 +28 +15
Acquisition of domestic customers Acquisition of international customers New products No growth expected 14 Relative to the past 12 months, how ir elements will be to your organisation months? Organic growth activities Acquiring new customers Cross-selling to existing customers Retaining existing customers	nportant do you think the following	80 61 15 67 20 +55 +55 +58 +61	51 49 13 56 7 +25 +31 +38	85 71 14 55 4 +71 +52 +25	77 62 23 33 17 +33 +61 +39	70 70 30 37 0 +28 +15 +15
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services	nportant do you think the following	80 61 15 67 20 +55 +55	51 49 13 56 7 +25 +31	85 71 14 55 4 +71 +52	77 62 23 33 17 +33 +61	70 70 30 37 0 +28 +15
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b>	nportant do you think the following	80 61 15 67 20 +55 +58 +61 +38	51 49 13 56 7 +25 +31 +38 +56	85 71 14 55 4 +71 +52 +25 +51	77 62 23 33 17 +33 +61 +39 +56	70 70 30 37 0 +28 +15 +15 +15 +10
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions	nportant do you think the following 's growth strategy over the next 12	80 61 15 67 20 +55 +58 +61 +38 +11	51 49 13 56 7 +25 +31 +38 +56 +5	85 71 14 55 4 +71 +52 +25 +51 +29	77 62 23 33 17 +33 +61 +39 +56 -23	70 70 30 37 0 +28 +15 +15 +15 +10 -12
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation'</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliand	nportant do you think the following 's growth strategy over the next 12	80 61 15 67 20 +55 +58 +61 +38	51 49 13 56 7 +25 +31 +38 +56	85 71 14 55 4 +71 +52 +25 +51	77 62 23 33 17 +33 +61 +39 +56	70 70 30 37 0 +28 +15 +15 +15 +10
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation'</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b>	nportant do you think the following 's growth strategy over the next 12	80 61 15 67 20 +55 +58 +61 +38 +11 +15	51 49 13 56 7 +25 +31 +38 +56 +5 +18	85 71 14 55 4 +71 +52 +25 +51 +29 -13	77 62 23 33 17 +33 +61 +39 +56 -23 +5	70 70 30 37 0 +28 +15 +15 +15 +10 -12 -3
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation'</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliance <b>Market focus for growth</b> Increasing market share in domestic	nportant do you think the following 's growth strategy over the next 12 ces markets	80 61 15 67 20 +55 +58 +61 +38 +11	51 49 13 56 7 +25 +31 +38 +56 +5	85 71 14 55 4 +71 +52 +25 +51 +29	77 62 23 33 17 +33 +61 +39 +56 -23	70 70 30 37 0 +28 +15 +15 +15 +10 -12
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation'</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b>	nportant do you think the following 's growth strategy over the next 12 ces markets	80 61 15 67 20 +55 +58 +61 +38 +11 +15 +41	51 49 13 56 7 +25 +31 +38 +56 +5 +18 +43	85 71 14 55 4 +71 +52 +25 +51 +29 -13 +49	77 62 23 33 17 +33 +61 +39 +56 -23 +5 +11	70 70 30 37 0 +28 +15 +15 +15 +10 -12 -3 +15
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation'</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internatior <b>Investment in enablers to growth</b>	nportant do you think the following 's growth strategy over the next 12 ces markets	80 61 15 67 20 +55 +58 +61 +38 +11 +15 +41	51 49 13 56 7 +25 +31 +38 +56 +5 +18 +43	85 71 14 55 4 +71 +52 +25 +51 +29 -13 +49	77 62 23 33 17 +33 +61 +39 +56 -23 +5 +11	70 70 30 37 0 +28 +15 +15 +15 +10 -12 -3 +15
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation'</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising	nportant do you think the following 's growth strategy over the next 12 ces markets hal markets	80 61 15 67 20 +55 +58 +61 +38 +11 +15 +41 -27	51 49 13 56 7 +25 +31 +38 +56 +5 +18 +43 +25	85 71 14 55 4 +71 +52 +25 +51 +29 -13 +49 +7	77 62 23 33 17 +33 +61 +39 +56 -23 +5 +11 +23	70 70 30 37 0 +28 +15 +15 +15 +10 -12 -3 +15 +12
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising Sales force and distribution channels	nportant do you think the following 's growth strategy over the next 12 ces markets nal markets	80 61 15 67 20 +55 +58 +61 +38 +11 +15 +41 -27 +47 +38	51 49 13 56 7 +25 +31 +38 +56 +18 +43 +25 +20	85 71 14 55 4 +71 +52 +25 +51 +29 -13 +49 +7 +71 +42	77 62 23 33 17 +33 +61 +39 +56 -23 +5 +11 +23 -5 +28	70 70 30 37 0 +28 +15 +15 +10 -12 -3 +15 +12 0 0
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/allianc <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising Sales force and distribution channels CRM/marketing capabilities (e.g. pric	nportant do you think the following 's growth strategy over the next 12 ces markets nal markets	80 61 15 67 20 +55 +58 +61 +38 +11 +15 +41 -27 +47	51 49 13 56 7 +25 +31 +38 +56 +18 +43 +25 +20 +56	85 71 14 55 4 +71 +52 +25 +51 +29 -13 +49 +7 +71	77 62 23 33 17 +33 +61 +39 +56 -23 +5 +11 +23 -5	70 70 30 37 0 +28 +15 +15 +10 -12 -3 +15 +12 0
Acquisition of domestic customers Acquisition of international customers New products No growth expected <b>14 Relative to the past 12 months, how ir</b> <b>elements will be to your organisation</b> <b>months?</b> <b>Organic growth activities</b> Acquiring new customers Cross-selling to existing customers Retaining existing customers Launching new products/services <b>Inorganic growth activities</b> Engaging in M&A transactions Forming strategic partnerships/alliand <b>Market focus for growth</b> Increasing market share in domestic Increasing market share in internation <b>Investment in enablers to growth</b> Brand and advertising Sales force and distribution channels	nportant do you think the following 's growth strategy over the next 12 ces markets hal markets	80 61 15 67 20 +55 +58 +61 +38 +11 +15 +41 -27 +47 +38	51 49 13 56 7 +25 +31 +38 +56 +18 +43 +25 +20 +56	85 71 14 55 4 +71 +52 +25 +51 +29 -13 +49 +7 +71 +42	77 62 23 33 17 +33 +61 +39 +56 -23 +5 +11 +23 -5 +28	70 70 30 37 0 +28 +15 +15 +10 -12 -3 +15 +12 0 0

## FURTHER INFORMATION

#### Economic intelligence

The CBI economic intelligence team takes advantage of the CBI's diverse contacts with British business to build up an accurate assessment of the latest developments in the UK and international economy. Widely acknowledged for their professional standards, the teams' work is vital since government statistics, where available, are often slow to be published and are subject to revision. Apart from the quarterly UK economic outlook and International business outlook, the teams publish the unique CBI business surveys, covering manufacturing, distribution, consumer, business & professional services, financial services and SMEs. All results are carefully scrutinised and discussed by business people and economists before publication.

## Publications and services

TITLE	<b>CBI MEMBERS</b>		NON-MEMBERS		
Subscription		Annual issue	Single subscription	Annual issue	Single subscription
CBI biannual international economic outlook	(2 issues)	FREE	FREE		
CBI biannual UK economic outlook	(2 issues)	FREE	FREE		
CBI industrial trends survey full results book	(4 issues)	£285	£75	£495	£130
CBI industrial trends survey (monthly & quarterly combined) full results book	(12 issues)	£435	£45	£695	£65
CBI industrial trends survey	(4 issues)	£235	£60	£395	£100
CBI/PricewaterhouseCoopers financial services survey	(4 issues)	£210	£60	£360	£95
CBI distributive trades survey	(12 issues)	£385	£30	£460	£45
CBI service sector survey	(4 issues)	£210	£60	£360	£95

#### Subscriptions and further information

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

Leanne Mckenna CBI 78 Cannon Street London EC4N 6HN

- T: +44 (0) 113 232 1905
- E: leanne.mckenna@cbi.org.uk

#### Sample sizes and weights

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

### Participation

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

Nicola Grimwood

CBI 78 Cannon Street London EC4N 6HN

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

## Sectors covered, by Standard Industrial Classification

Financial service activities:

SIC 64.19/1, 64.19/2, 64.2, 64.3 64.91, 64.92

Insurance, pension funding & other:

SIC 65.11, 65.12, 65.3, 66

Insurance, excluding social security

SIC 82



## ADVISING FINANCIAL SERVICES ORGANISATIONS

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

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

## **PWC CONTACT DETAILS**

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

UK Financial Services: Investment Management: **Building Societies:** 

Andrew Kail Elizabeth Stone Nick Elliott

Insurance: Banking: Financial Regulation: George Stylianides

Jim Bichard Isabelle Jenkins

## THE CBI/PWC FINANCIAL SERVICES SURVEY

This survey was launched in December 1989 and draws on the CBI's considerable expertise in survey analysis. It is one of the CBI's regular business trends surveys, standing together with the long established Industrial Trends Survey, the more recent Distributive Trades Survey and the survey of Consumer, Business and Professional Services launched in 1998.

The survey covers a broad range of financial services activities, including banks, finance houses, securities traders, fund managers and the insurance industry. It offers a unique and up-to-date insight into the recent trends and future prospects for these industries.

Modelled on the CBI's Industrial Trends Survey, the survey is based on a qualitative rather than quantitative approach. Firms are asked a number of questions, covering: the trend for the past three months in the value and volume of business, charges, costs, profits, employment and training; the expected trend in these indicators over the next three months; factors likely to limit the ability to expand business over the year ahead; whether firms have become more or less optimistic about the situation in their sector; whether they regard the level of business as above or below 'normal'; investment intentions over the coming year; the reasons for such planned expenditure; and the likely constraints on it.

The survey responses are weighted according to the size of the company and the importance of its activity within the industry. Responses are treated in absolute confidence, with replies being made anonymously where desired.

The survey results are reported in a similar way to other CBI surveys and often use the 'balance' statistic - the difference between the percentage of respondents replying 'more', 'above normal' or 'up' minus the percentage replying 'less', 'below normal', or 'down'. The 'balance' provides a simplified method of interpreting the results and over a period of time the trend in the balance gives a good indication of the trend in the economic indicator.

### Disclaimer

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

# 

For further information, please contact:

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

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

www.cbi.org.uk