C-suite barometer: sector view

Financial services

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Foreword

At the end of 2024, we collected the views of leaders worldwide for our annual C-suite barometer. Over 1,700 executives from more than 35 countries contributed, revealing a determination to continue growing amid a more competitive and challenging environment.

The results of our C-suite barometer offer an opportunity to gain first-hand insights into the financial services sector. It identifies the opportunities and challenges leaders in the sector face and what they see as key strategic priorities over the next five years. Sharing such knowledge allows sector players to benchmark their concerns and strategic focus against their peers. At the same time, the results allow us to understand and support our clients in addressing their challenges and helping them achieve their objectives more effectively.

This year's barometer results highlight there are no quick fixes to the sector's challenges. A major reason why IT transformation and talent acquisition continue to be top priorities for the financial services sector is due to their evolving nature and interconnection. We continue to see technology advance at a faster rate than most organisations can keep pace with. Equally, the skills required to manage emerging technology remain in short supply. The arrival of challenger banks and fintechs is also depleting the available talent pool.

Rather than battling to keep pace with such challenges, there is an argument for adapting processes to deal with them more effectively. We have seen this approach with attitudes to cyber-attacks. Once considered exceptional, cyber-attacks are now a more common occurrence that, aside from significant incidents, many organisations can cope with and can explain to some extent why they no longer feature as a priority. Today, while it is clear that issues relating to technology and talent acquisition will remain top priorities for some time, what is becoming clear is that it is more about learning to deal with such challenges rather than trying to outsmart them.

The winners will be those who understand it is not simply about acquiring technology or a lack of new talent but the ability to develop a strategy and workforce to embrace the technology required to stay connected in a complex and global business landscape. A good example is regulatory reporting, which remains a big pain point for all financial organisations and is where digital transformation is beginning to make the biggest impact. Here, organisations are looking to leverage new technology and artificial intelligence (AI) to improve reporting efficiency. While we will increasingly see a wave of transformation that improves not just efficiency but also the quality of reporting, the boardroom is rightly focused on AI proof of concept to test the waters before diving in.

As AI maturity improves, we are likely to see more financial services organisations broadening their use beyond efficient reporting and processes to monetising data. As this rolls out, it will be interesting to see whether future surveys see the ethical considerations of AI and data usage as a more important priority than it currently is.

Of course, the sector is also pondering political and economic unknowns. While many sectors may look positively on President Trump's desire to roll back the regulatory landscape in the US, it is not necessarily seen as a good approach for financial services. In a sector with an appetite for regulatory standardisation, a two-tier approach to financial services standards between the US and the rest of the world may not be welcomed. It will be interesting to see whether a compromise can be struck between a more common sense approach to financial services regulations that offers the confidence, security and resilience required while encouraging competition. How other regions, particularly Europe, respond to any US regulatory changes will need to be carefully monitored.

Foreword

With international expansion a top priority for financial services leaders, an evolving US market landscape and rising global geopolitical tensions are likely to require a more careful assessment of expansion plans. In Europe, we have seen an unprecedented number of national elections which have yet to play out on the political and economic stage. In terms of where financial services groups are looking to expand, we can see that a regional approach continues to prevail, with the US, Europe and Asia favoured. Yet while having a financial services presence in the US is seen as a strategic bridge to the sector's largest market, the costs and regulatory constraints for non-US organisations looking to challenge top US financial institutions remain elusive. In Europe, mergers and joint ventures drive the quest for a challenger to US financial providers. However, it is an approach that is not without its issues, as cultural and political differences slow the process.

A potential alternative expansion route is looking at individual countries on high growth trajectories. For example, tailoring products to the more commercial needs of rising economic stars such as India or Mexico may support a country-by-country approach that overrides regional complexities.

Taking a deeper dive into the Barometer results, it is surprising that sustainability has fallen down the list of priorities for the financial services sector, particularly as we increasingly witness the consequences of climate change that directly impact broader financial services organisations. While insurance companies have been grappling with the challenges of risk predictions and pricing policies in high-risk areas that often serve vulnerable communities, recent floods in urban Spain and wildfires in Malibu clearly signal that climate-related disasters are indiscriminate of wealth and social status. It heralds a greater connection between the asset management, insurance and banking worlds that needs careful consideration. This is not only from a sustainability perspective but also for strategic and credit risk assessments that incorporate climate-related issues into everyday decisions.

In the meantime, it will be fascinating to see what direction financial services organisations now take against the backdrop of geopolitical tensions, economic uncertainty, digital transformation and sustainability. We look forward to reflecting on forthcoming Barometer surveys as a way to take the temperature of the financial services sector.

We hope that the internal and external contributions in this report offer valuable insights that help guide strategic actions. We would particularly like to thank Götz Treber of the German Insurance Association for his contribution, which is much appreciated.

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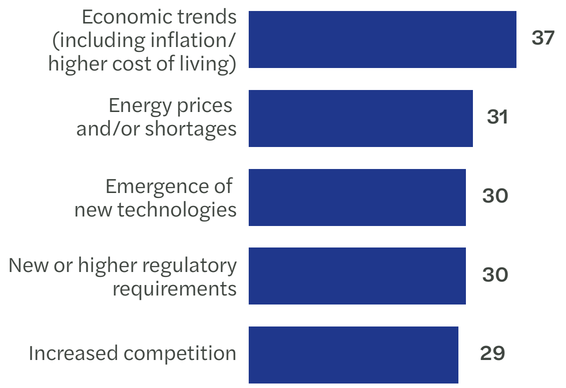
Executive summary

Growth outlook and top sector priorities

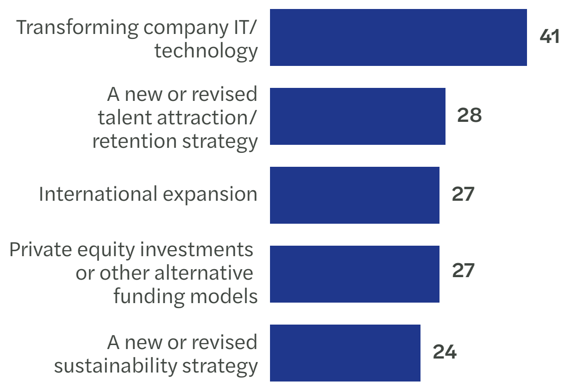
96% of leaders in the sector have a positive growth outlook for their businesses in 2025

36% of executives are "very confident" they can manage key trends

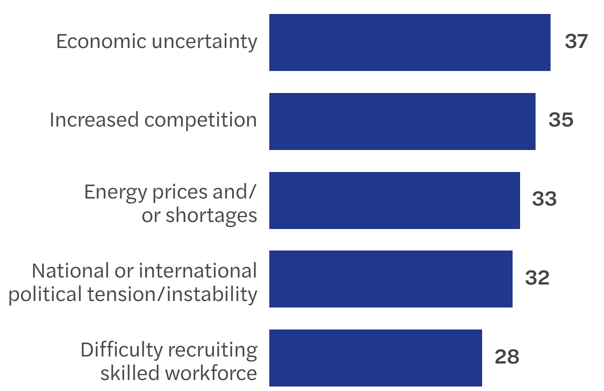
Factors likely to impede company growth in 2025



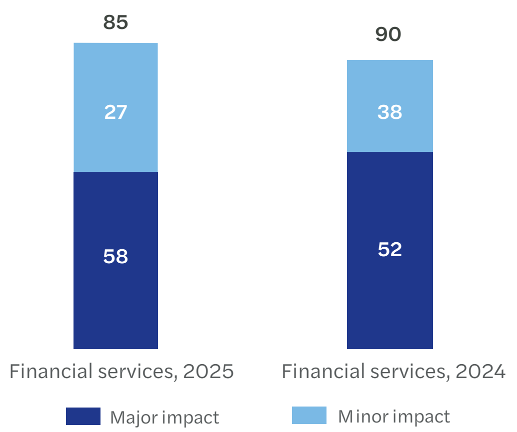
Top five strategic priorities for the C-suite in the next 3-5 years



External trends impacting organisations in the next 12 months



The impact of generative AI on organisations



Perspectives from our leaders

“Maximising the positive growth outlook highlighted in the survey requires the insurance sector to pivot from reactive to proactive. It is a strategy that will give the sector the mindset to anticipate insurance needs that are evolving at speed.”

Jean-Claude Pauly
Partner
Forvis Mazars, France

“The uncertain outlook makes identifying strong investment opportunities more challenging. Increased competition prompts investors to demand higher returns for lower management fees. In response, asset managers are cutting costs to offset rising compliance expenses.”

Muhammad Hossen
Partner, Asset Management Leader
Forvis Mazars Group

“The recent rise in tensions over the US orchestration of the conflict between Russia and Ukraine and the imposition of trade tariffs appear to have dramatically impacted the sector’s confidence.”

Pauline Pelissier
Partner, Banking and Capital Markets Leader
Forvis Mazars Group

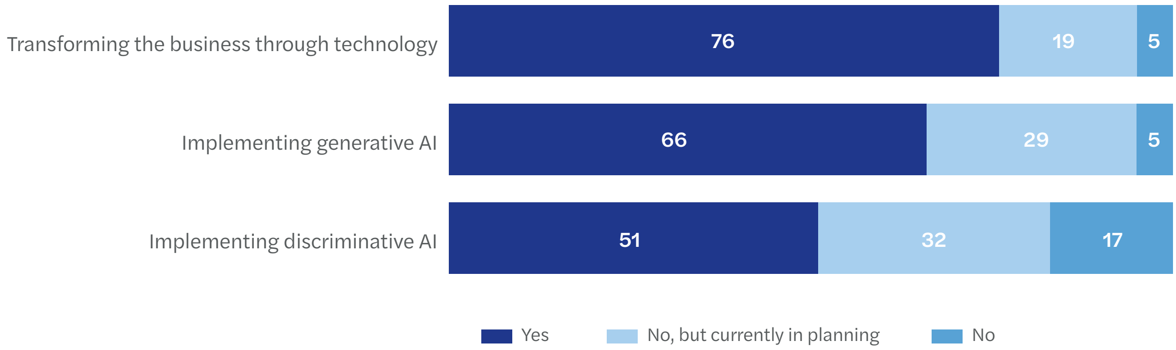
Implementing digital agility and data-powered transformation

Implementing digital agility and data-powered transformation

Technological transformation is the top priority for the financial services sector.

More than three-quarters of financial services businesses have dedicated strategies for implementing technology transformation. In terms of priorities, FS executives see efficiency and productivity, security, risk management and growth as the most important benefits of digital transformation.

Dedicated strategies for business initiatives



However, a number of barriers are cited as reducing the ability of financial services organisations in implementing technological transformation plans. These include speed, complexity of implementation, security protocols, regulatory compliance and limited budgets.

"The financial services sector appears well-positioned for growth in 2025, underpinned by a strong emphasis on technological transformation and international expansion. Simultaneously, ongoing challenges in attracting talent and deploying AI effectively highlight the need for focused investment and long-term strategic planning. Notably, executive confidence has declined—from 52% to 36%, falling below 2023 levels—particularly in relation to preparedness for heightened competition and evolving regulatory demands. Nonetheless, the sector continues to express confidence in its ability to adapt."

Ashley Ensley
Partner, Financial Services Leader
Forvis Mazars US

Implementing digital agility and data-powered transformation

While half of financial services executives believe that generative artificial intelligence (AI) will have a major impact on their organisation, this is slightly lower than 2024, with more executives seeing generative AI as having a minor impact. The proportion of financial services C-suite leaders who expect AI to replace jobs in their organisations is also lower, down 11 points from last year.

The emphasis on AI continues to be focused on internal efficiencies, rather than commercial products and service application. In particular, the use of generative AI is seen as helping to improve operational agility and excellence, growth and customer knowledge.

Spotlight on subsectors

Banking

Transforming company IT remains the top priority. A strong data management strategy is seen as essential as banking groups seek to improve efficiency, security and risk management. Security, in particular, is a major reason for IT transformation, where dated and legacy technology can lead to outages that impact banks' liquidity and reputation. The expectation of an increase in cyber-attacks is another factor driving banks to transform their IT structure.

Insurance

Emerging technology and AI continue to gain traction. However, now that AI's potential and limitations are better understood, we are entering a more realistic phase of how and where AI can impact the insurance sector. While process efficiency will continue to be a beneficiary, a focus on using AI to gain a clear business advantage and improve performance should begin to emerge. In addition, remaining open to new distribution channels, partnering with Fintechs, and developing synergies with smaller and more agile market players can help ensure larger insurance groups sustain a competitive advantage.

Asset management

One major area of focus for cost reduction is technology, which also ranks as the top strategic priority in recent industry surveys. As in other financial sectors, technology is being used to streamline operations and improve efficiency. It also enhances the client experience by improving the quality and delivery of investment information. In particular, new digital tools that provide real-time data and customisable reporting can help asset managers meet growing investor expectations for transparency and instant access to portfolio insights. Emerging technologies such as artificial intelligence are expected to significantly benefit client services in this space.

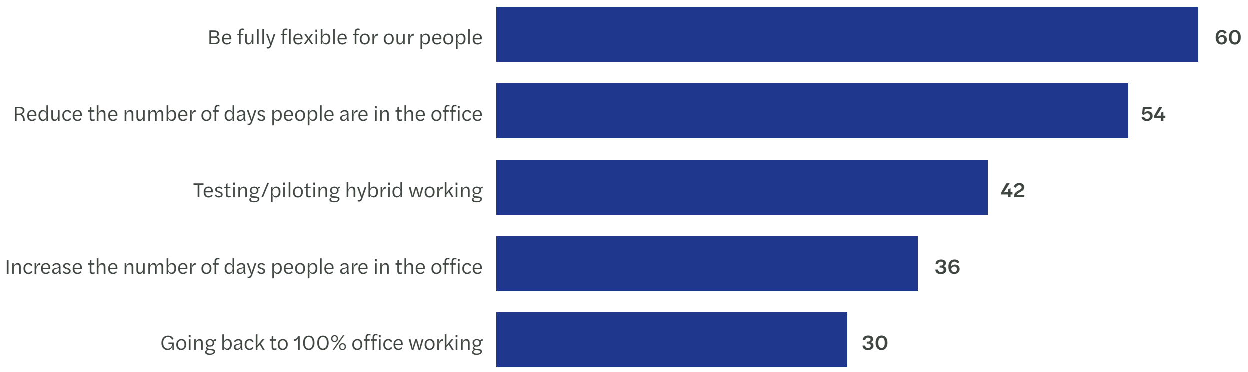
While data security remains a priority, the growing ability of technology platforms to handle transactions automatically—by accepting, tracking, confirming, and executing them—adds greater efficiency and transparency to investment processes, offering substantial advantages across the sector.

Defining new working models

Defining new working models

Just under half of C-suite leaders report difficulties in hiring at all levels this year, which is five points higher than 2024. The main hiring challenges are attracting and reaching the right candidates and an overall talent shortage on the market. Hybrid and more flexible working models are now seen as key to attracting new talent into the financial services sector. Looking at important leadership qualities, strategic vision and a sense of purpose for the future are highly rated.

Key goals of hybrid working policies



Spotlight on subsectors

Insurance

The pool of talent available is diminishing as competition increases. Finding new and hybrid ways of working can help attract and retain talent without necessarily causing salaries to rise out of control. Also, working on making the sector more dynamic and appealing can help attract the right talent when the demand for innovative insurance products to manage emerging risks is in a growth phase.

Banking

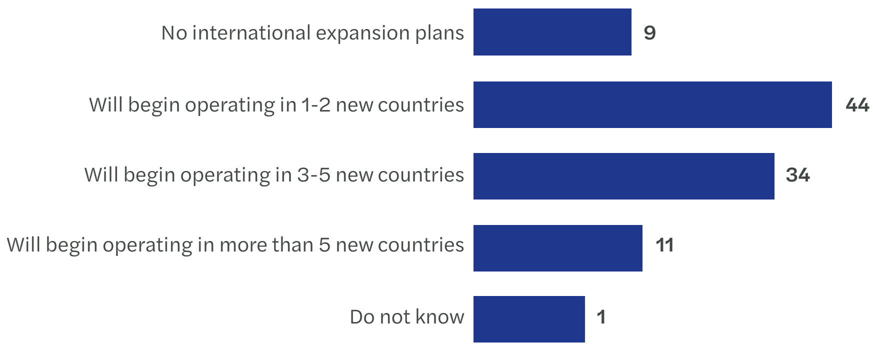
Talent and leadership acquisition continue to pose a problem for banks. However, it is encouraging to see that strategic planning and a sense of purpose for the future are now viewed as top leadership qualities. At a practical level, this approach can help attract and retain talent who are increasingly interested in working for a sector that resonates with their views of a more sustainable financial services sector.

Exploring the international landscape

Exploring the international landscape

Nine in ten financial services businesses (89%) plan to expand internationally in the next five years. The most targeted countries for expansion are the USA, Germany, China, Canada and the UK. The main expansion challenges for financial services organisations include understanding local regulations and securing a local workforce.

Future international expansion plans for businesses



Spotlight on subsectors

Asset management

The second highest strategic priority identified in the survey is international expansion, which offers opportunities for both growth and diversification. Expanding into new markets enables asset managers to reach a broader investor base by introducing new products or asset classes tailored to local needs. For example, firms have expanded their portfolios by acquiring assets in different global regions to support long-term investment strategies and gain access to new sources of growth. In mature markets such as Europe and North America, success often hinges on setting up the appropriate fund structures and navigating regulatory requirements. Collaborating with third-party providers is frequently necessary to access these markets, which are often highly regulated and complex.

Strategic mergers and partnerships also support international expansion strategies. Although current economic and regulatory conditions may pose challenges, there are still opportunities—particularly in Europe—for consolidation among smaller firms. This consolidation can help improve operational resilience and manage risk more effectively across the sector.

"Confidence in navigating critical market shifts is declining, while private equity and private credit remain key drivers of growth. Further, the United States continues to stand out as a leading destination for international expansion. These trends are unfolding against a backdrop of economic uncertainty, geopolitical volatility, and accelerating technological change. Nevertheless, businesses maintain a clear focus on core growth fundamentals, which are expected to remain broadly in line with the previous year in the short term."

Charles Abraham
Partner
Forvis Mazars US

Exploring the international landscape

Insurance

In relation to international expansion plans, we have yet to see the attractiveness of the US market will evolve as reregulation and lower taxes, but also an unprecedented wave of protectionism, begin to emerge. Outside of the US, Europe is less dynamic and faces an economic slowdown with heavy regulations. At the same time, the European market is relatively more open to entry than others, so it is a case of carefully assessing opportunities.

Asia requires significant investments to get to the critical size needed to succeed, while local regulations generally do not facilitate foreign investments. South America has potential, and European insurance groups have successfully linked up with local banks. However, with political uncertainties in the region, any partnership demands a high level of trust. So while international expansion is an identified priority, keeping a watchful eye on regulatory and political developments whilst being selective offers the best chance of success.

Banking

With political and economic uncertainty driving the agenda, C-suite leaders must carefully navigate growth opportunities. While Germany and France continue to feature as expansion target locations, increased political uncertainty across several European countries and mounting trade wars between Europe and the US could lead to weaker economic growth in the region. In particular, the prospect of lower earnings and increased loan risk by clients more exposed to tariffs could negatively impact the banking sector. The ability to comply with stringent European regulations is a further factor to consider.

Elsewhere, interest in Saudi Arabia and the United Arab Emirates (UAE) as international expansion targets has increased, as has China. However, banks heavily exposed to locations that will potentially witness significant changes as China flexes its economic muscle may look to reassess their regional footprint in Asia. In terms of global challenges, the ability to navigate evolving regulations and secure a local workforce is seen as key. A further challenge to consider is achieving clarity on government budgets and taxes during periods of political uncertainty.

Exploring the international landscape
Industry insight

Götz Treber
Head of Centre of Competence Corporate Management and Regulation
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Götz Treber is a Head of the Centre of Competence Corporate Management and Regulation at the German Insurance Association (GDV). The GDV is the federation of insurers active in Germany. Its members provide comprehensive risk protection and provision in all areas of private and public life.

German insurance sector looks to future growth opportunities

The German insurance sector experienced 5.3% growth in 2024. In the fourth quarter of 2024, the commercial sector showed a balance of minus 24.4 points. In contrast, the ifo Business Climate Index for the insurance industry currently stands at 25.5 points, a good 50 points higher. However, we are yet to see whether punitive European trade tariffs announced by President Trump will dent the 5% increase in growth anticipated by life, health, and property and casualty (P&C) insurance providers in 2025.

Until recently, key drivers behind the German insurance sector's optimism were lower inflation, which is good news for P&C insurance, and higher interest rates, which are helping to shore up life insurance. Itis difficult to say whether this outlook will change in the short term. However, medium to long-term uncertainties are likely to impact confidence - notably, a change in economic conditions driven by trade wars, political uncertainties and rising geopolitical tensions. Indeed, economic conditions and political uncertainties are likely to remain key challenges.

In some respects, the diversity of the German insurance market has its own challenges. On the one hand, it is home to some of the biggest global insurance players; on the other, there are many very small regional players. They all face challenges to reduce costs and streamline operations. Of course, the insurance sector is highly regulated and has to balance ambitions accordingly. However, once we have more visibility on the consequences of recent economic events, we should see some substantial national and international opportunities, particularly in light of the European Commission's strategy of a savings and investment union (SIU).

The SIU is a key initiative to improve the way the EU financial system channels savings to help address impacts such as climate change, rapid technological shifts, and new geopolitical dynamics, which are challenges outlined in the Draghi report that demand significant investments. In particular, the need for investment impacts small and medium-sized enterprises (SMEs) and innovative companies that cannot rely solely on bank financing. So, I'm optimistic that the long-term outlook remains favourable for the insurance sector, which is seen as a beneficiary of the SIU.

Of course, additional challenges wait in the wings. Specifically, the continued drip of regulatory initiatives and the adoption of emerging technology, including the increased use of artificial intelligence (AI).

Obtaining and retaining staff is adding to pressures, particularly as there is an expectation that 20% of employees in the insurance sector will retire over the next 10 years. However, one solution could be the trade-off between diminishing human resources and the increased use of AI, which can help fill the gap. Also, in terms of attracting new talent, the insurance business in Germany has a good value proposition for prospective employees as it has a strong growth narrative. If people can see a long-term future, they are more likely to view the insurance sector as a positive career move.

Focus on sustainability

There is a 30-point decrease, from 82% down to 52%, in sustainability reporting by financial services businesses, which is lower than other sectors. The decrease could be explained by the fact that two-thirds of organisations now integrate sustainability with financial reporting, which is slightly higher than other sectors.

However, three in five FS executives (61%) consider ESG reporting requirements to be more of a cost than an opportunity. Key sustainability reporting challenges include data capture and quality, concern about publicly highlighting areas of improvement and finding the right service provider.

Carbon emissions, diversity and include, and human rights are the biggest topics for ESG reporting in financial services? C-suite leaders in FS firms are prioritising investments in carbon emission specialists and sustainability reporting.

Challenges in producing organisational sustainability reports

Spotlight on subsectors

Asset management

Sustainability remains an important focus for the asset management industry. While the momentum behind environmental, social and governance (ESG) initiatives grew rapidly in recent years, the pace of new ESG fund launches appears to be slowing. This may be due to firms taking a more cautious approach as they navigate evolving global standards and regulatory expectations. Nevertheless, many companies continue to prioritise carbon footprint reduction and responsible investing, even as the pace of ESG fund development temporarily levels off.

Insurance

Data is also at the heart of ESG reporting, where access to high levels of data required is a problem for a sector where the value chain is not fully integrated. There is also a global lack for sustainability expertise that fully understands how ESG can be applied in an insurance setting. Investing in teams dedicated to ESG and technology to automate and analyse sustainability data is critical. Acquiring reliable data from third parties can help strengthen and speed up ESG strategies when internal data is not available.

Expectations from current affairs

Executives in the financial services sector closely monitored the 2024 elections around the world, notably in the US, anticipating significant impacts on global business flow. Given the economic and geopolitical instability, these are even more important today and enhance the challenges C-suite leaders in the sector face.

"Elections could affect the flow of businesses around the world and changes in the worldwide economy."

C-suite insurance leader, business <$100m
Qatar

"The results will determine whether investors will invest more – or sell off their shares if they do not have faith in the elected leadership."

C-suite banking leader, business $1bn+
South Africa

"If anti-business candidates are in office, we might experience regulatory and taxation policies that negatively affect us."

C-suite asset management leader, business $1bn+
The U.S.

"Government policies and incentives will significantly influence climate action, making it crucial for businesses to be proactive and seek a seat at the table."

C-suite banking leader, business $1bn+
The UK

"The greatest impacts will be from the elections in the United States, the outcome of which will determine their new economic policies."

C-suite capital markets leader, business $1bn+
Italy

"Countries changing their international policies to prioritise domestic companies."

C-suite banking leader, business $1bn+
Canada

"Election results determine investor confidence in the chosen leadership so if the investors are not happy with the chosen leader they will relocate to another market."

C-suite banking leader, business $1bn+
South Africa

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