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## Press release

### **AFME and PwC identify technology and innovation trends and challenges for Europe's investment banks**

13 September 2018

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The Association for Financial Markets in Europe (AFME) and PwC have today published a new report on current trends in technology and innovation and their impact on the investment bank of the future.

The report, entitled **“Technology and Innovation in Europe's Capital Markets”** examines the key trends which are expected to impact the industry over the next five years, providing a vision for the future and identifying the implications for the industry and for future policymaking.

**James Kemp, a Managing Director at AFME**, said: *“At a time when the industry continues to experience economic pressures, a new regulatory framework and ever-increasing client expectations, our latest report shows that new technologies and innovation will be a significant force in reshaping the industry.”*

*“While 95% of our survey respondents identified the opportunity for cost reduction as the most important driver for the adoption of technology, only 28% felt that the current investment allocated to this strategic change was sufficient.”*

*“Policymakers and regulators have a key role to play in promoting innovation and supporting the adoption of new technologies, whilst ensuring that future regulatory frameworks maintain a level playing field and ensure financial stability.”*

**Isabelle Jenkins, Partner at PwC**, said *“Our report shows that new technologies will drive changes across investment bank functions, their workforce, and industry partnerships. Success will depend on the ability of investment banks to achieve long-term benefits from new technologies by prioritising investment, looking to collaborate where possible, identifying and developing the skills needed, and building a culture for innovation.”*

The report was developed through a survey of representative banks on AFME's Technology and Operations Committee and supported by additional research from PwC.

Among the key findings from the report are:

- Technology is one of the most powerful levers banks have to address potential disruption, tackle existing industry challenges and to deliver future opportunities. There are four core technologies - Data & Analytics, Cloud Computing, Artificial Intelligence (AI) and Distributed Ledger Technology (DLT) – which have the potential to transform banks and the industry;
- A clear data management strategy is an immediate priority as it is the enabler for the four core technologies identified. However, across industry, there are varying levels in the maturity of how data is currently being managed and the approaches to realise its future value;
- Significant implementation of Distributed Ledger Technology (DLT) remains a longer-term priority based on the current complexity of bringing large-scale enterprise and industry solutions to market, as well as integration with legacy systems, and considerations for data

privacy and cybersecurity;

- 90% of survey respondents believed the impact of new technologies on the workforce will lead to business and IT skills merging and future roles becoming more relationship focused. Competition for future skills will be high, requiring banks to both invest in re-skilling the existing workforce and driving cultural change to attract new talent;
- New technologies will shape investment banks to be increasingly automated, data-led, open and agile and connected into a wider pool of technology and service providers;
- Banks, policymakers and regulators must keep pace with new technologies to balance the potential risks and cybersecurity concerns they may introduce. Any future regulatory frameworks should be applied with a proportionate and principles-based approach, but at the same time ensure a level-playing field that creates an open, competitive and sustainable market for technology and innovation.

Click here to download the full report.

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**Note:**

The report underpins the key themes of the upcoming [AFME & IMN/Euromoney Global Innovation Institute conference](#) in Paris on 20-21 September 2018.

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**About AFME:**

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: [www.afme.eu](http://www.afme.eu). Follow us on Twitter @AFME\_EU

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