



## Press Release

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### **GFMA and PwC identify global technology and innovation trends and challenges for investment banks**

The Global Financial Markets Association (GFMA) 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 Global 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.

**Kenneth E Bentsen Jr., CEO of the GFMA**, said: *"Global investment banks are embracing opportunities to enhance the current operating environment, enabling firms to build out systems to meet global regulatory requirements, evolving client expectations and serving clients in jurisdictions they want to do business. In order to take advantage of the opportunities in this developing environment, banks are prioritizing investment in technology and innovation. Policymakers and regulators have a key role to play here by promoting innovation and supporting the adoption of new technologies, whilst ensuring that future regulatory frameworks maintain a level playing field and promote integrity of capital markets and 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 prioritizing 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 regionally at AFME, ASIFMA and SIFMA, to provide a collective view globally of developments impacting capital markets. It was 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 deliver future opportunities.
- While an average of 90% of survey respondents (regional breakdown: US 90%, Asia 83%, Europe 95%) identified the opportunity for cost reduction as the most important driver for the adoption of new technologies, only 27% on average (US 27%, Asia 30%, Europe 25%) felt that the current investment allocated by banks to this strategic change was sufficient.

- 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 realize 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;
- An average of 82% of survey respondents (US 75%, Asia 90%, Europe 80%) 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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The Global Financial Markets Association (GFMA) brings together three of the world's leading financial trade associations to address the increasingly important global regulatory agenda and to promote coordinated advocacy efforts. The Association for Financial Markets in Europe (AFME) in London and Brussels, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian and North American members of GFMA. For more information, visit <http://www.gfma.org>.

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