

2022 Banking CEO Outlook

Insights and perspectives into the business and economic landscapes over the next 3 years from 141 banking CEOs surveyed as part of the KPMG 2022 Global CEO Outlook.

Economic outlook

Despite geopolitical and economic challenges, **global economic confidence** over the next 3 years has rebounded from 2021 (55%), rising to 72%.



85%

of banking CEOs believe there will be a **recession** in the next 12 months

70%

think a recession would **upend anticipated growth** over the next 3 years

59%

say an anticipated recession will be **mild and short**

Top risks to growth

2022

- 1 Interest rate
- 2 Reputational/brand risk
- 3 Regulatory risk
- 4 Emerging/disruptive tech
- 5 Internal unethical culture risk

2021

- 1 Cyber security
- 2 Tax risk
- 3 Regulatory risk
- 4 Reputational/brand risk
- 5 Interest rates

Interest rate risk has moved into the top spot this year followed by **reputational/brand risk**. **Cyber security** and **tax risk** both witnessed a significant decline.

Rising M&A appetite

55%

of banking CEOs have a **high M&A appetite** and will likely undertake acquisitions that have a significant impact on their organization

30%

have a **moderate M&A appetite** and will make acquisitions but with a moderate impact on their overall organization

Strategic alliances, organic growth and **managing geopolitical risks** are the top 3 growth strategies for banking CEOs. They are adapting their 3-year growth strategy to remain relevant and competitive.



Digital transformation strategy

Advancing **digitization and connectivity** is the **top operational priority** of banks to achieve their long-term growth objectives.

Advancing digitization and connectivity of all functional areas

of banking CEOs said driving digital transformation is critical for their competition for **talent** and **customers**

34%

Employee value proposition to attract and retain necessary talent

74%

Inflation proofing capital and input costs

Said **new partnerships** will be critical to continuing the pace of digital transformation

21%

Increasing measures to adapt to geopolitical issues

believe having the **people skills** to manage the strategic and operational rollout is the biggest challenge to business transformation

20%

Execution of ESG initiatives

70%

believe having the **people skills** to manage the strategic and operational rollout is the biggest challenge to business transformation

16%

■ 2022

69%

■ 2022

Banking CEOs are addressing **cyber security strategy** to build strong relationships and culture.

66%

are well prepared for a **future cyber-attack**

77%

view '**information security**' as a strategic function for competitive advantage

72%

agree building a **cyber security culture** is just as important as building technological controls

65%

believe **stakeholder scrutiny** on ESG will continue to accelerate

19%

indicate stakeholder **skepticism around greenwashing** is increasing (up from 9% in August 2021)

73%

have implemented or plan to implement a **hiring freeze** in the next 6 months

81%

have considered or will consider **downsizing their employee base** in the next 6 months

86%

say they're planning to **increase the size of the workforce** over the next 3 years

For banking CEOs, the **key drivers** to accelerate their ESG strategies are:

A proactive approach to societal issues, such as increased investment in a living wage, human rights and a just transition

40%

Increasing measurement and governance to build a more robust and transparent approach to ESG

22%

Delivering greater gender equity in leadership and addressing historic gender issues, including pay gaps

19%

Implementing a net-zero strategy and/or measuring and acting on the company's carbon footprint

18%

Accelerating ESG's impact

Banking CEOs increasingly see the importance of **ESG initiatives** on their businesses.

47% think ESG programs **improve financial performance**, up from 36% 1 year ago

67% see significant demand from stakeholders for **increased reporting and transparency** on ESG issues

65% believe **stakeholder scrutiny** on ESG will continue to accelerate

19% indicate stakeholder **skepticism around greenwashing** is increasing (up from 9% in August 2021)

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50% of banking CEOs are placing more capital investment in new technology

42% are developing their workforce's skills and capabilities

45% believe hiring, employee morale, and collaboration and innovation were positively impacted by remote working

The gap between **digital transformation** and **investing in their workforce** is narrowing.

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Workforce resilience

Banking CEOs are considering **reducing employee headcount** in the next 6 months in anticipation of a recession, but have a **positive outlook long term**.

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