Capital Markets Vision 2022: An Overview by Michael Spellacy

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VIDEO TRANSCRIPT

A decade on from the financial crisis, the Capital Markets industry appears as profitable as ever. It now generates around a trillion dollars in annual revenue. And it turns this into a $100 billion of economic profit for shareholders.

This certainly sounds like an industry in strong health. But in fact, strategically and structurally, there are striking disparities under the surface.

Wealth and Asset Managers generate almost 90% of overall industry profits. But counterintuitively big isn't better, and we show that they are ineffective at achieving scale efficiencies and should prepare for down-market scenarios with shrinking margins.

Investment banks meanwhile, show a diverse picture. Only a handful of institutions - both large and small - are earning 10 or more cents on the dollar in profit terms.

Compounding this, unsustainable cost structures and the digital age make the industry highly vulnerable to disruption.

Why do we think this? First, the industry needs to remember that quantitative easing is coming to an end and will have tapered off by 2022. Combine that with the impact of innovative new technologies, a shifting industry core, and the value still to be captured from a digital value chain, and you've got the potential for severe disruption to existing revenue pools.

The reality is, every capital markets business, however profitable, will now need to take a fresh view of their market segment. They'll need to be ready to change their business and start a journey to the new.

At Accenture, we've developed a framework of key strategic decisions to help firms find their own answers to these questions in the years ahead. To find out more, take a look at our Capital Markets 2022 report.