



# Investment and Financial Services Association Key Industry Statistics Survey 2001

---

Survey conducted by

*PRICEWATERHOUSECOOPERS* 

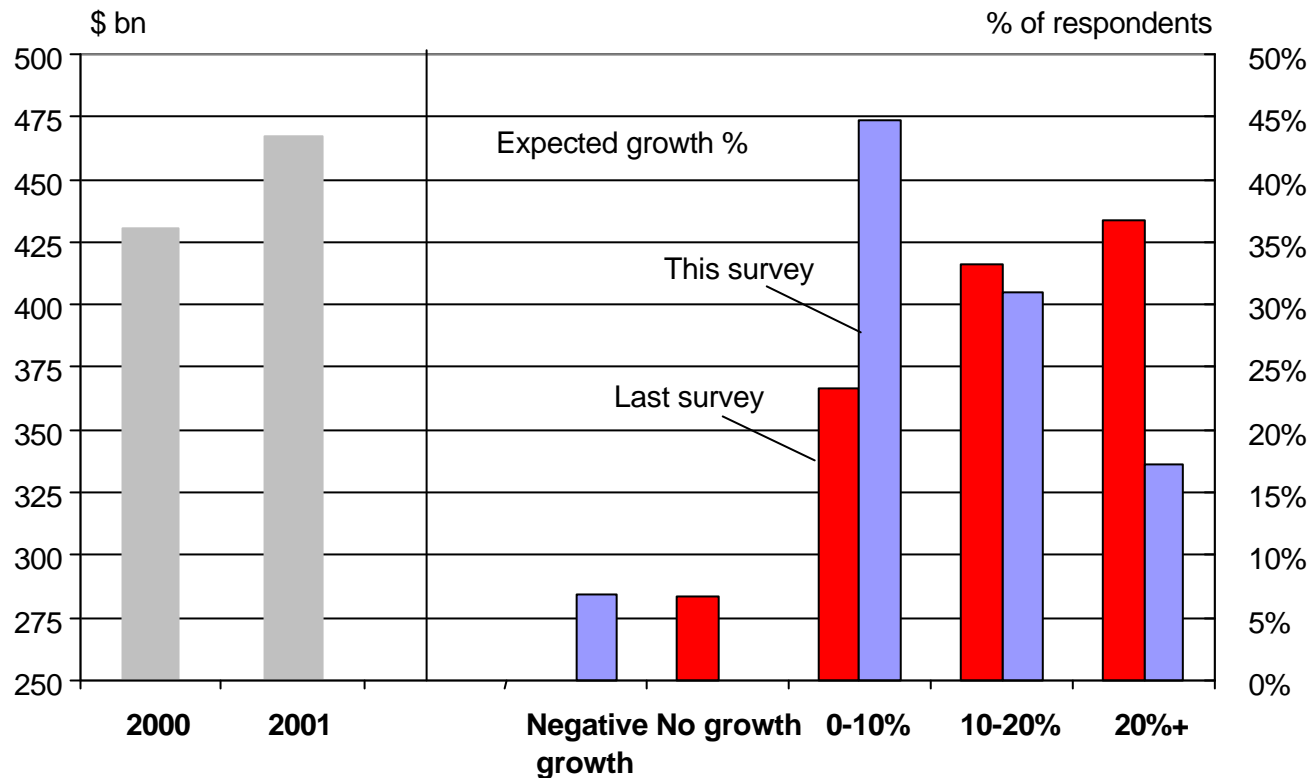
# The respondents

**TOTAL RESPONDENTS: 33**

>\$5bn	<b>21</b> <b>large fund managers</b>
<\$5bn	<b>12</b> <b>small fund managers</b>

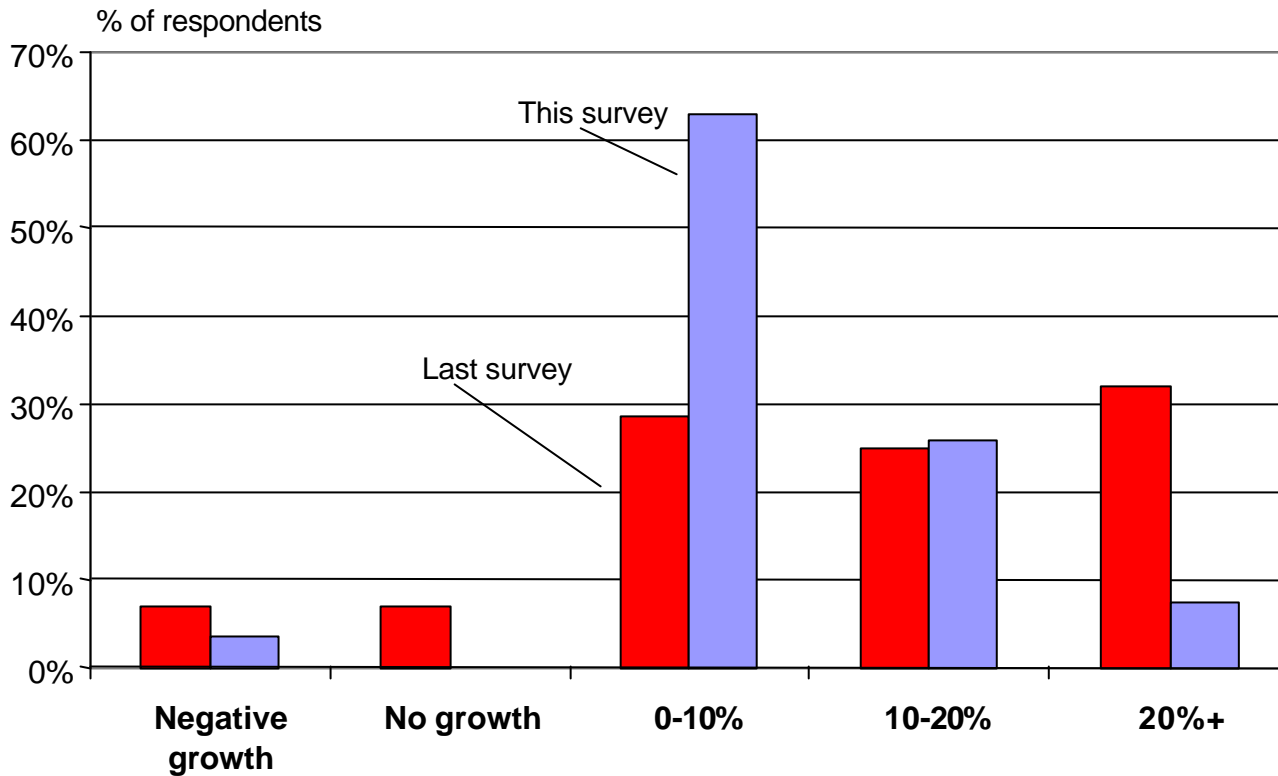
- The survey was sent to 61 full members of IFSA.
- Responses were received from 33 members representing a response rate of 54%.
- Respondents:
  - manage around \$467 billion of assets, representing about 70% of FUM in Australia
  - employ over 17,000 people
  - represent a mixture of large and small managers across both retail and wholesale sectors.
- Responses include 8 out of the top 10 retail and wholesale managers as per ASSIRT market share data.

# Assets under management: actual and expected growth next year



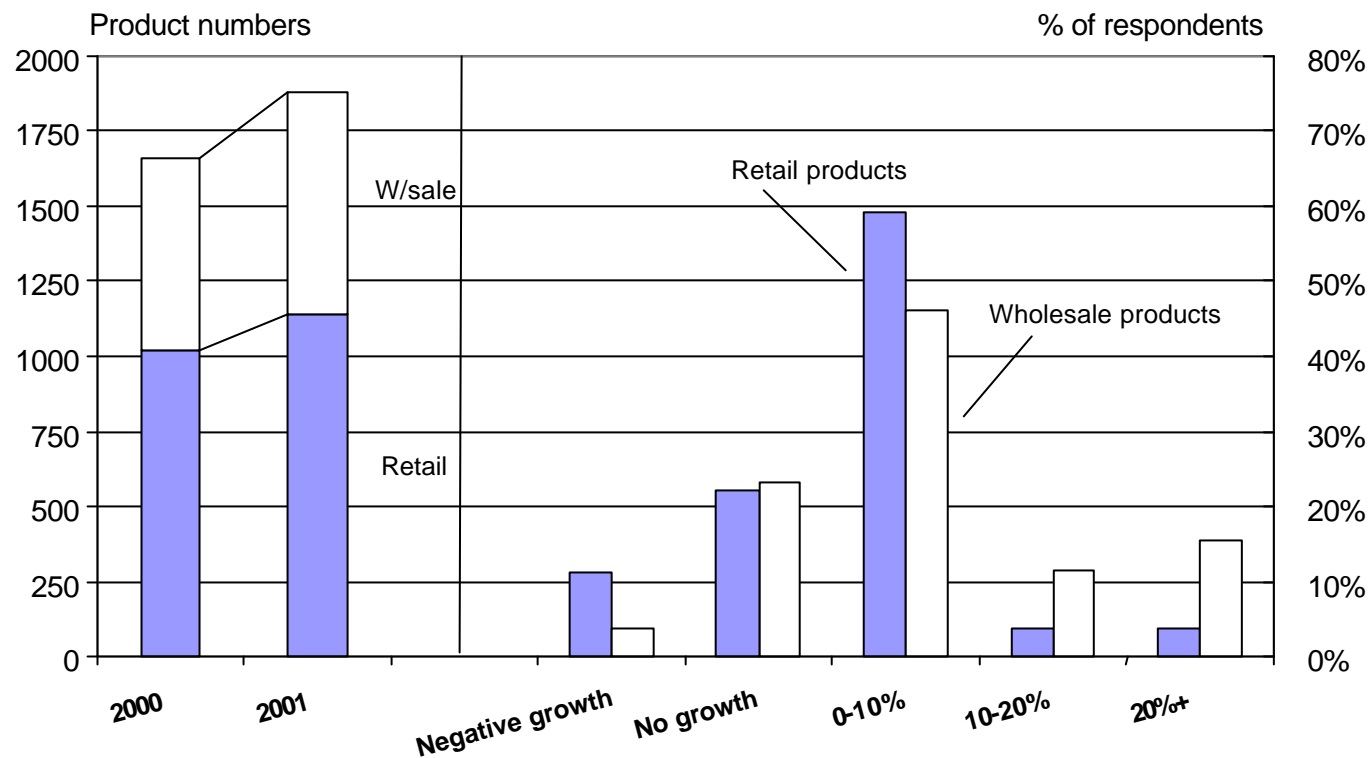
- Respondents to the survey manage assets of \$467bn.
- Between 2000 and 2001, respondents **assets under management** grew by 8.5%, markedly slower than the 17% growth reported in the last survey.
- Expectations for growth have slowed relative to last year.

# Customer numbers: expected growth next year



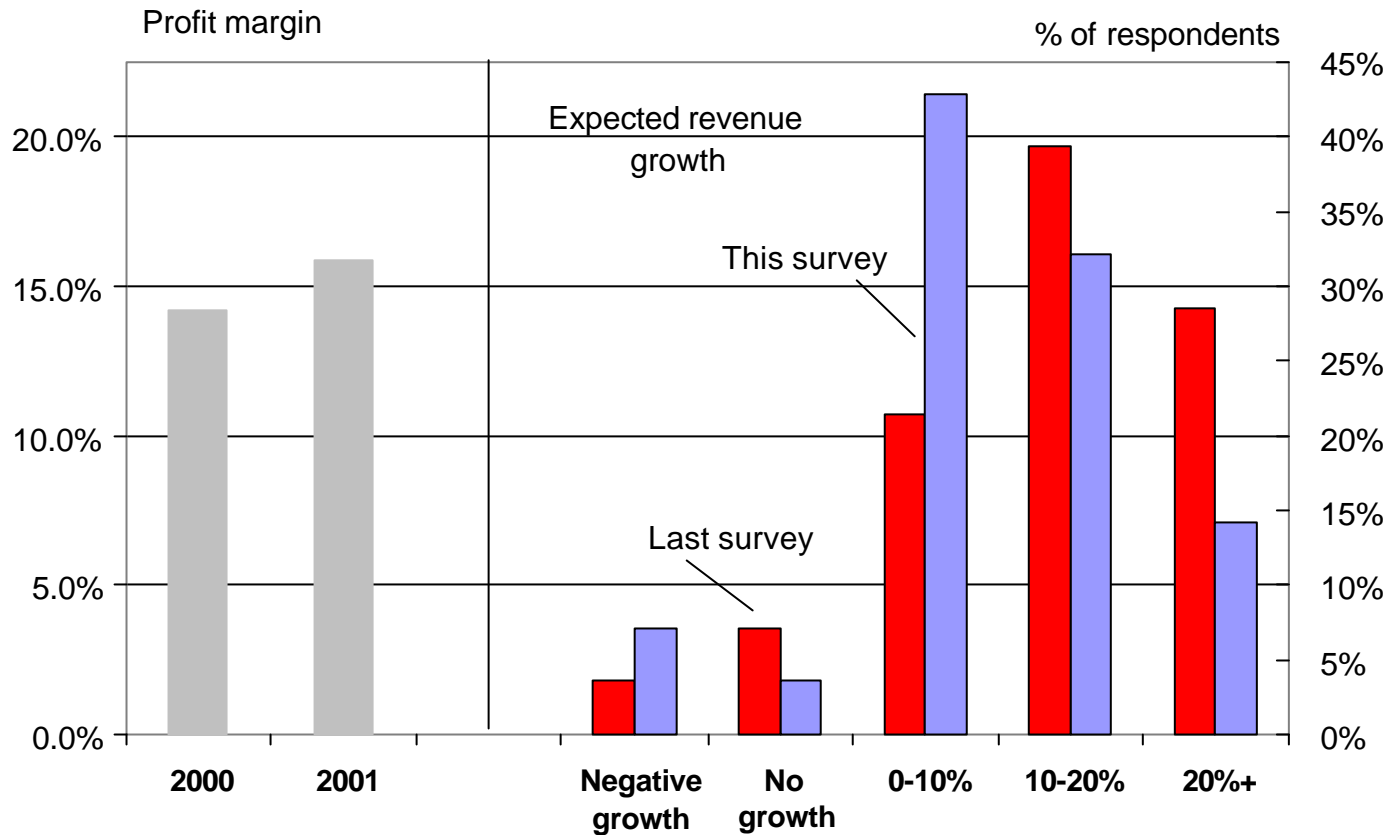
- Survey respondents deal with 9.3 million customers.
- Expectations for growth in **customer numbers** are largely positive, primarily in the “0-10%” growth bracket.
- Customer growth expectations have been pared back from last year.

# Product numbers and expected growth next year



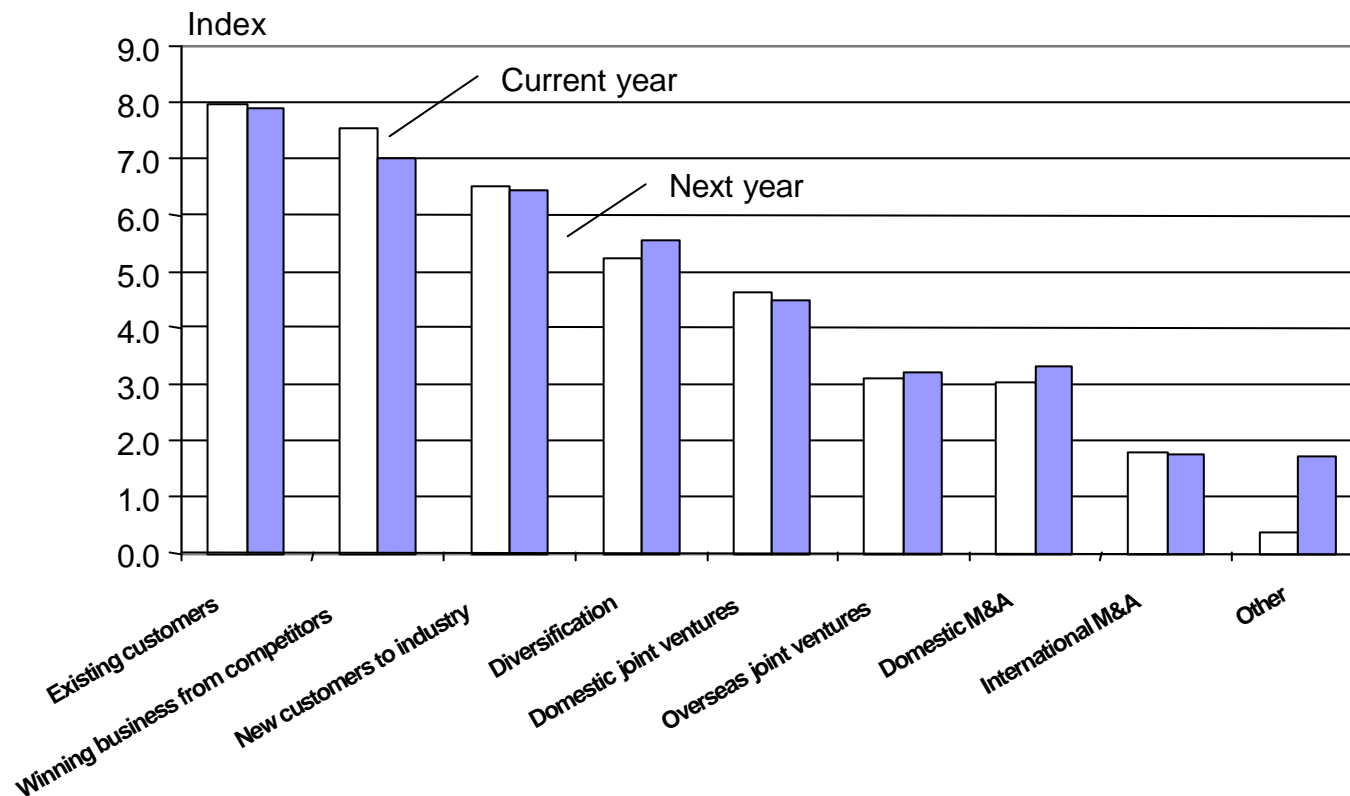
- Survey respondents manage 1139 retail products, up 124 from a year ago, and 737 wholesale products, up 95 from a year ago.
- Expectations are for another year of strong product growth in both retail and wholesale.

# Revenue analysis: profit margin and expected revenue growth next year



- The average profit margin across all respondents was 15.9% compared to 14.2% last year.
- Expectations for revenue growth are noticeably softer in this year's survey.
- With pressure on MERs, business volumes will be the key to revenue growth.

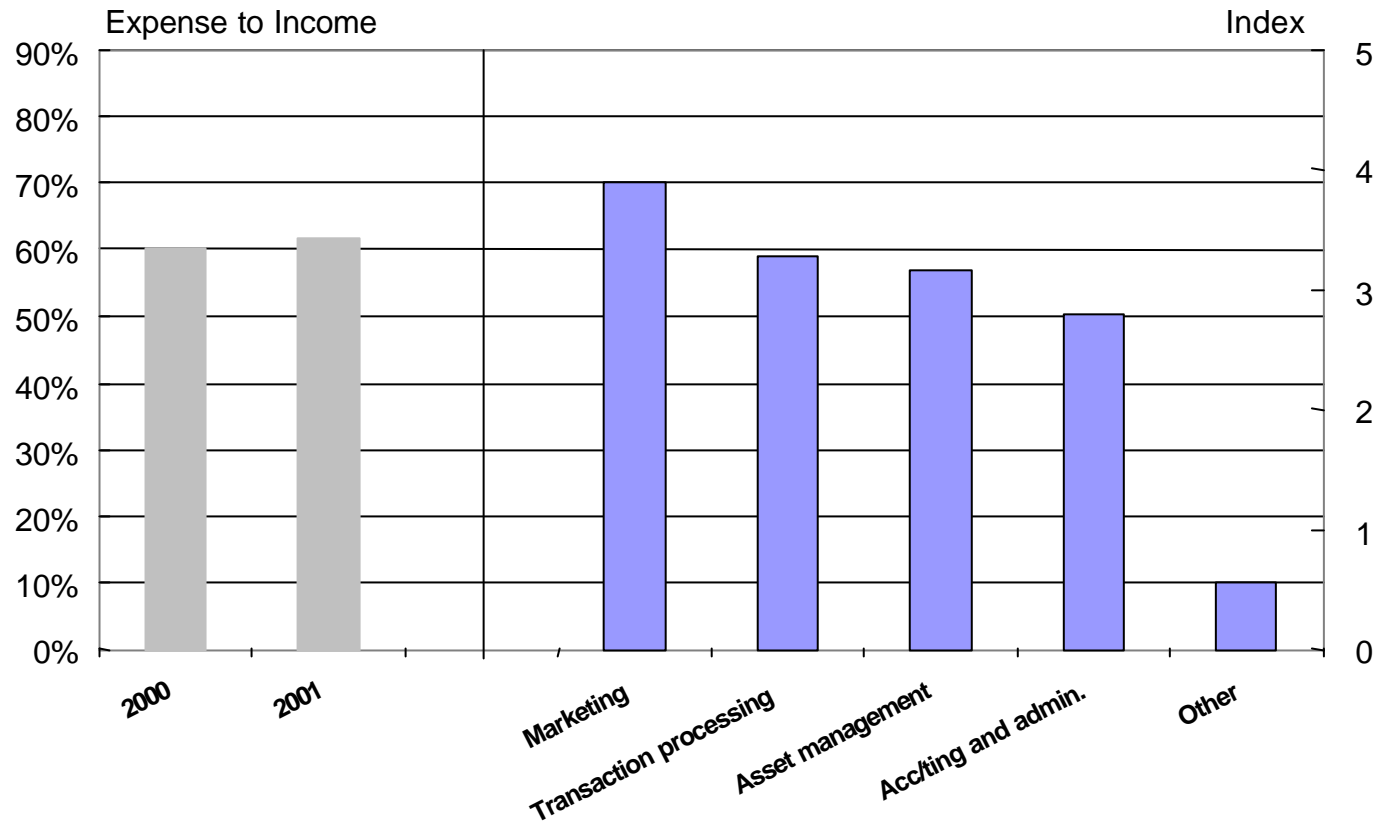
## Major revenue drivers: current and next year



- Selling more to existing customers & winning new customers are the key revenue drivers.
- “Third party” revenue growth options (M&A and joint ventures) ranked down the list of revenue drivers.

\* Index is a weighted average of survey rankings with 9 being the highest score

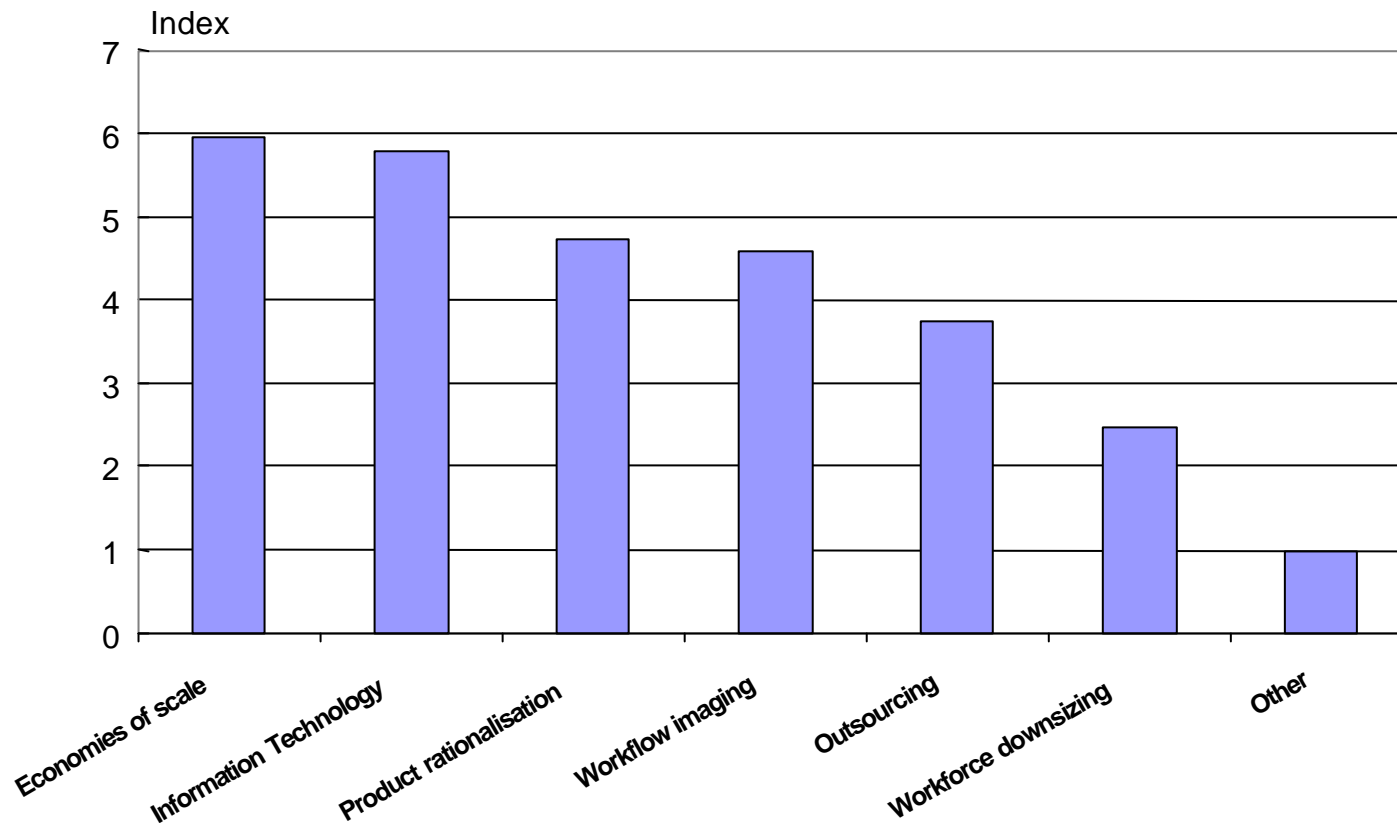
# Expense analysis: efficiency and expectations for growth by function



- **Expense to income ratios** have risen only marginally over the year from 60.3% to 61.6%.
- Increased marketing related costs are expected to be the major area of increased costs over the next year.

\* Index is a weighted average of survey rankings with 5 being the highest score

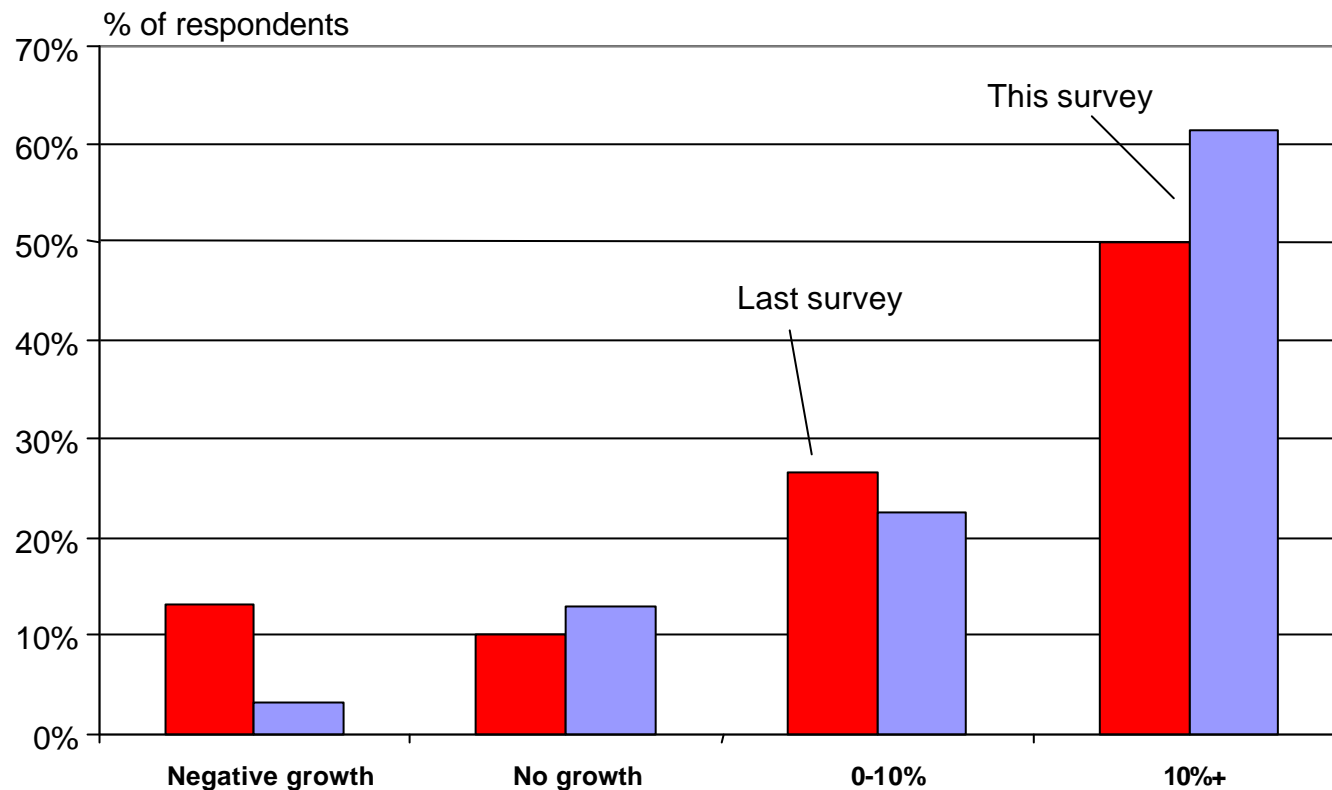
## Areas for improved efficiency next year



- Most fund managers view **economies of scale** as being the most important factor to improve efficiency, followed by IT.

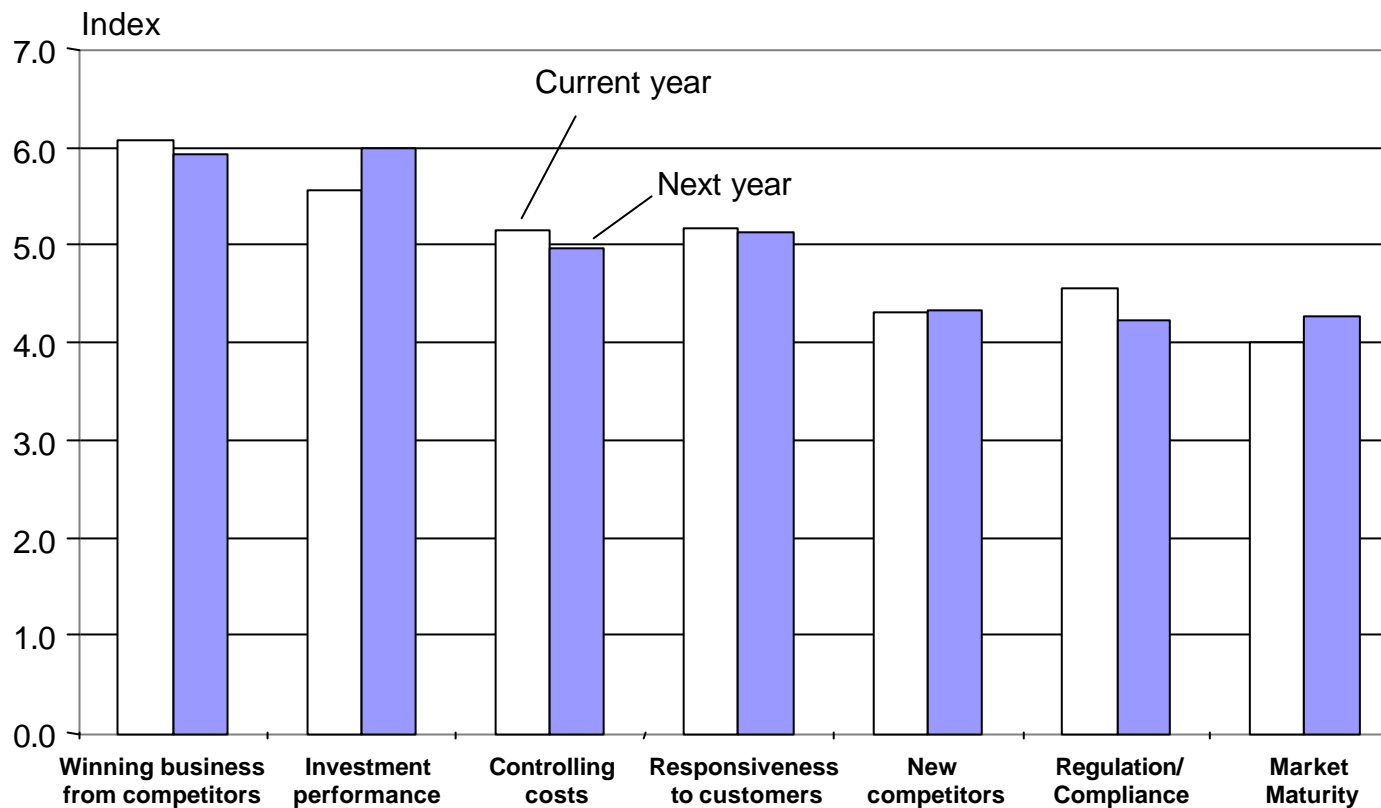
\* Index is a weighted average of survey rankings with 7 being the highest

## Profit growth expectations for next year



- **Profit growth** amongst respondents was a modest 1% over the year.
- Expectations for profit growth are strong. 61% expect growth of over 10% next year. These appear strong relative to revenue growth expectations and may represent over-optimism or anticipated lower costs.

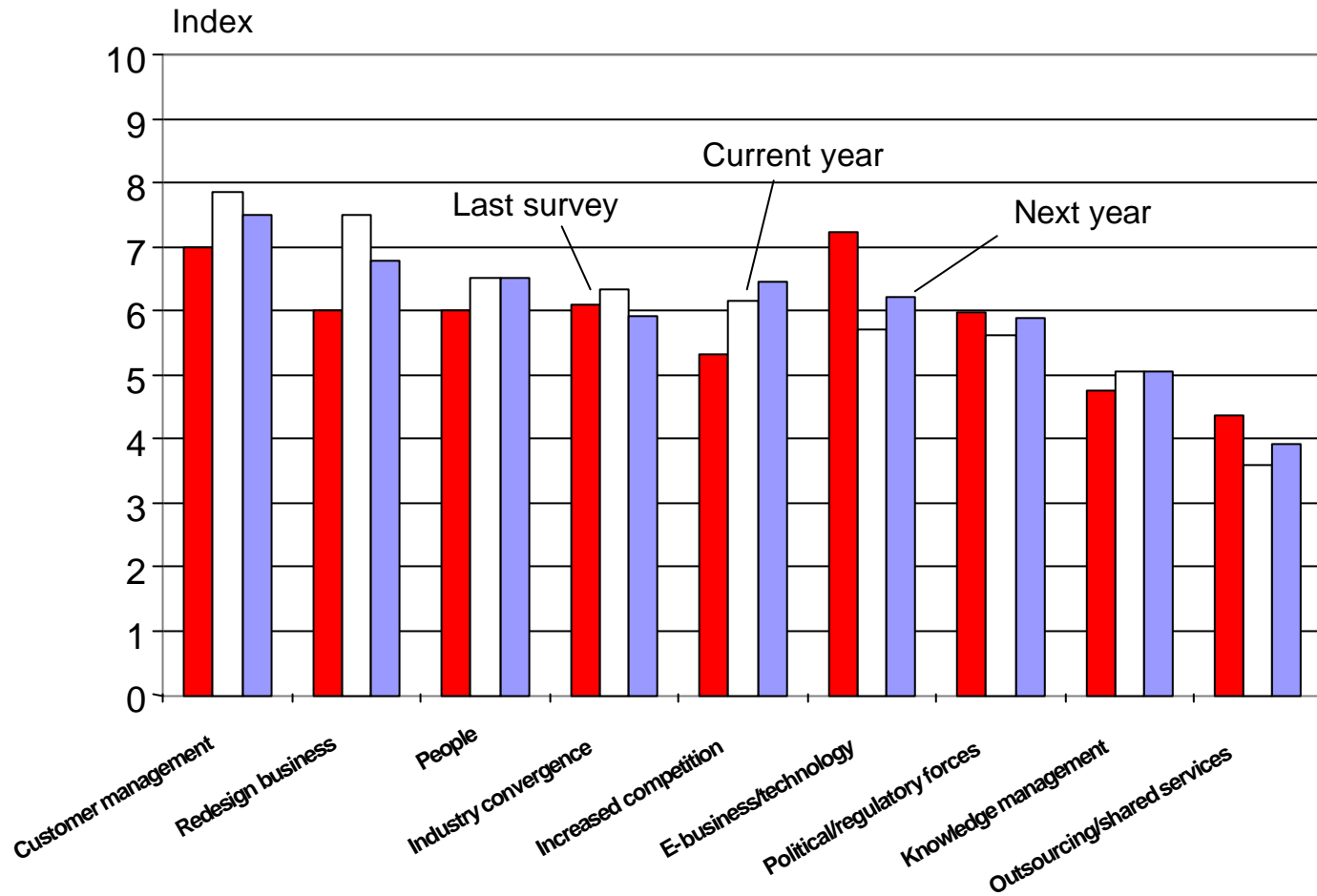
## Obstacles to profit growth: current year and next year



- Consistent with the revenue outlook, winning customers from competitors, remains the greatest **impediment to profit growth**.
- Expectations for next year are similar to the actuals, although there is a lift, to top place, for investment market performance.

\* Index is a weighted average of survey rankings with 7 being the highest

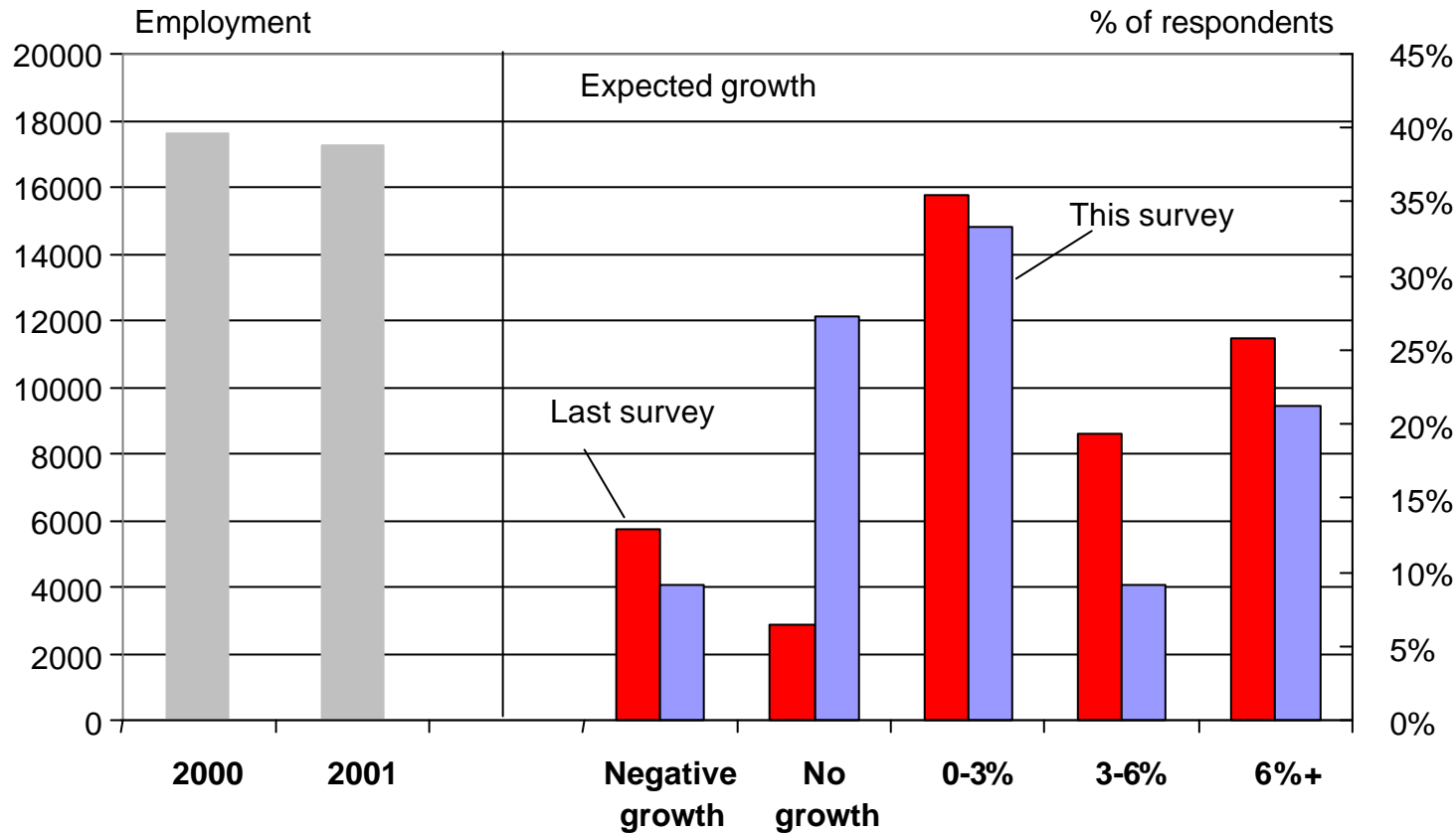
# Industry trends: impact on business



- The greatest impact on business is from customer management, followed by the redesign of business models and processes, pushing e-business/technology out of top spot.

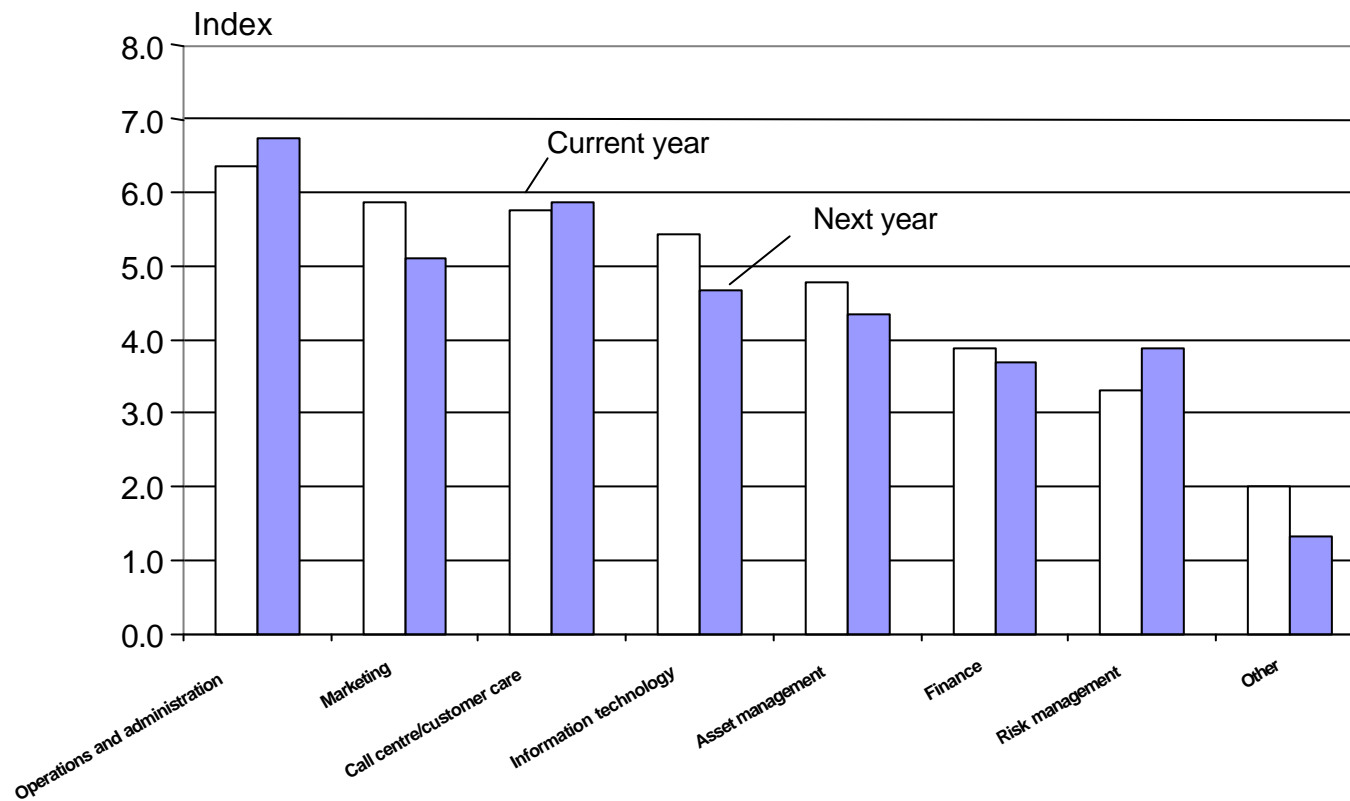
\* Index is a weighted average of survey rankings with 10 being the highest

# Employment: actual and expected growth next year



- Survey respondents currently **employ** 17,270 people, down 1.9% from last year.
- Expectations are for modest employment growth of 0-3% next year. Compared to last survey expectations are softer. This is in line with Commonwealth budget projections in which employment growth slows to 1% in 2001/02 from 2% in 2000/01.

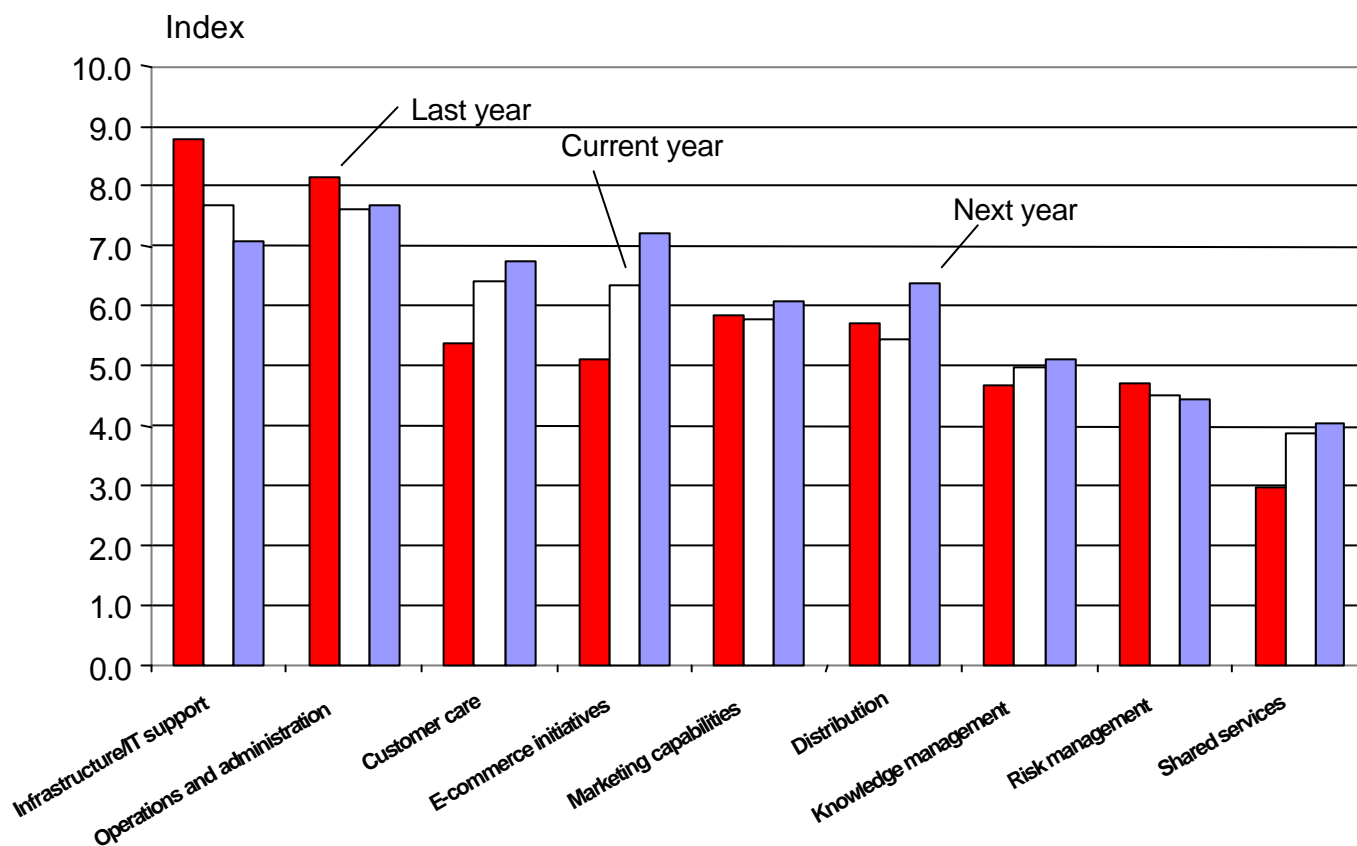
## Employment specialisation: areas of strongest growth



- Operations and administration are the most important areas of **employment specialisation** and increase in importance next year.
- Customer care ranked 3rd this year but increases to 2nd next year.

\* Index is a weighted average of survey rankings with 8 being the highest

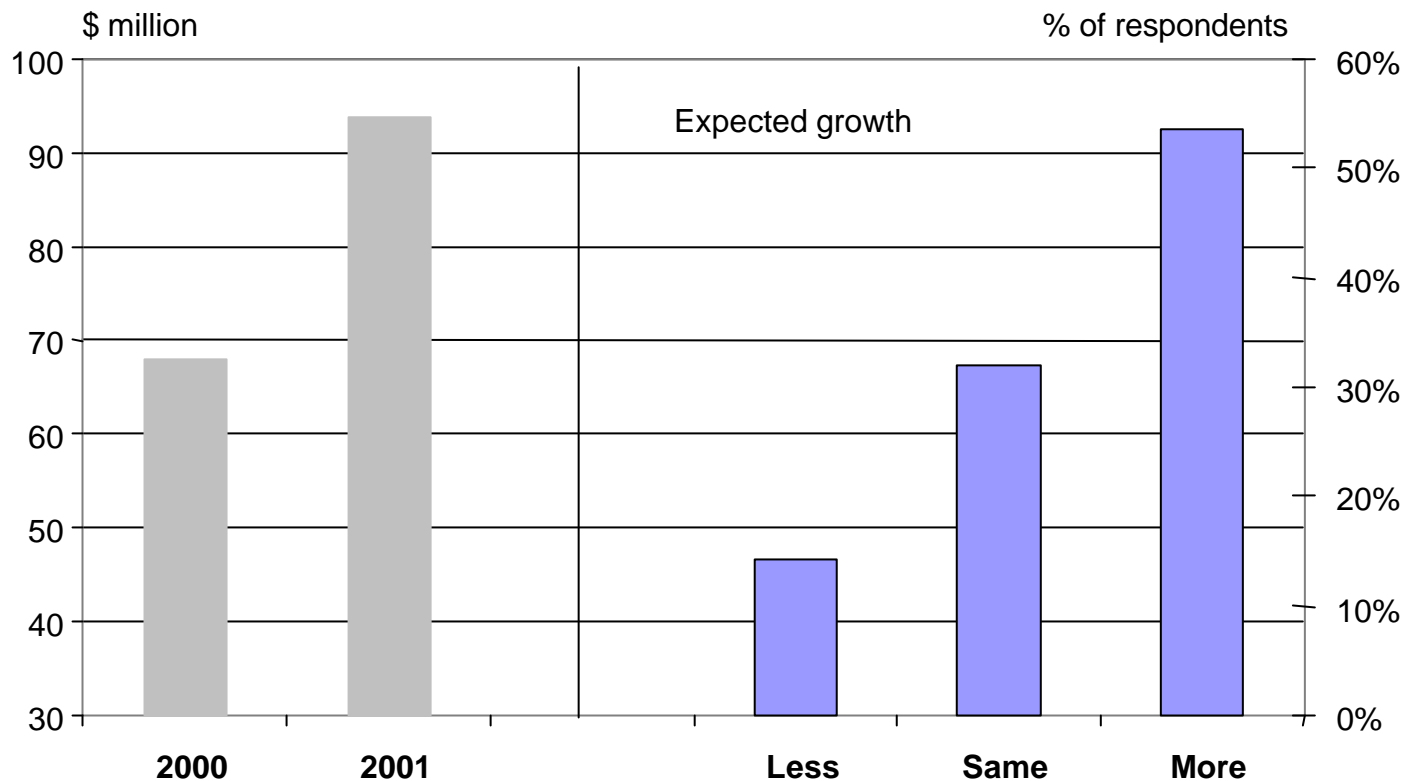
# Capital investment



- Fund managers made **capital investments** of \$498 million in the most recent year, down from \$526 million previously.
- Infrastructure/ IT support was the major **area of capital investment** but is expected to ease next year.
- The shift in investment resources to customer care and e-commerce continues.

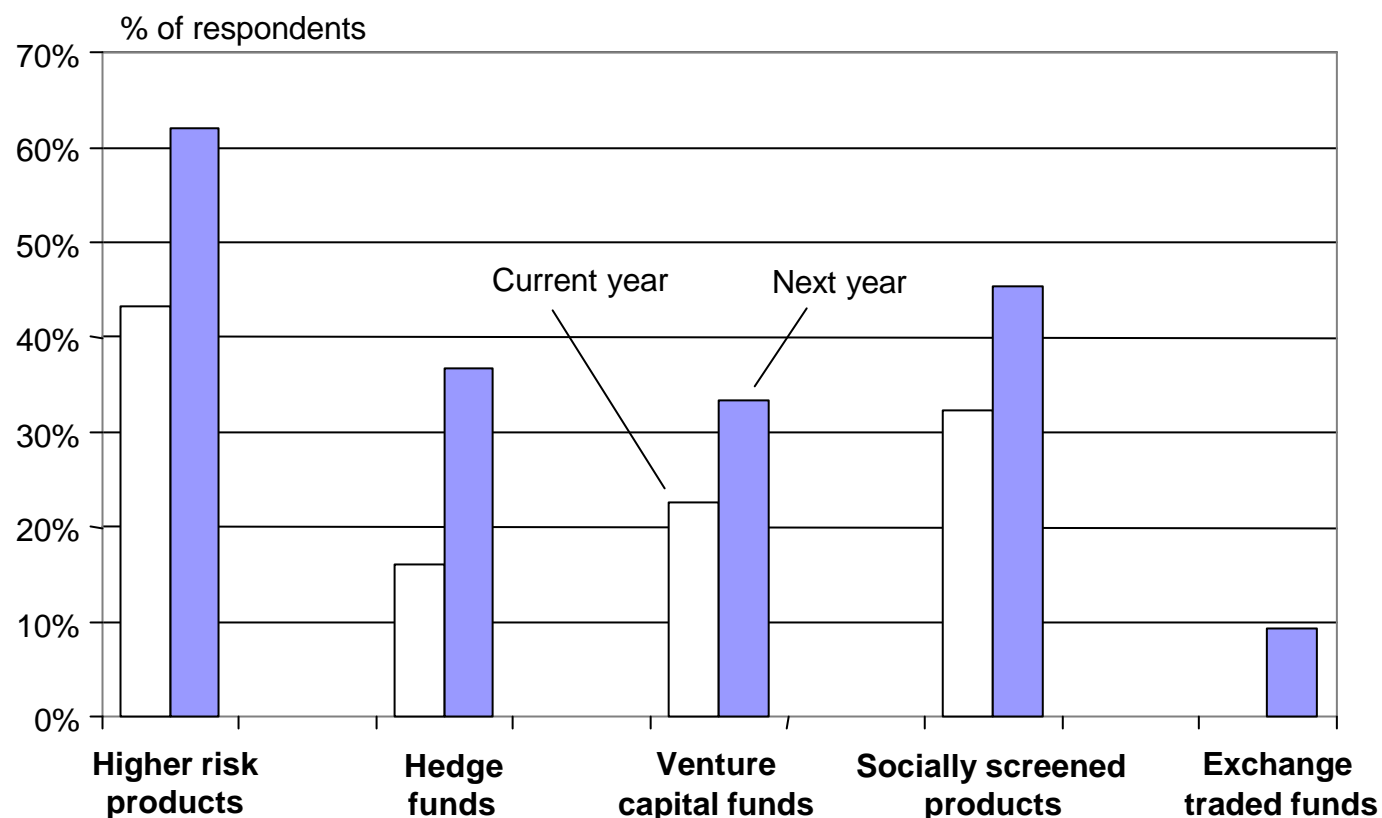
\* Index is a weighted average of survey rankings with 10 being the highest

## E-business initiatives: actual spending and expected growth next year



- Spending on **e-business initiatives** continues to increase.
- Expectations remain buoyant with nearly 54% of respondents expecting more spending next year and only 14% expecting less.

## Product innovation: % of respondents introducing new products by product type



- **Product innovation** is increasing.
- Higher risk products will be offered by over 60% of respondents compared to the 40% who currently offer such products.
- 69% of respondents indicated they would introduce a “**growth pension**” if these were recognised for social security and tax purposes



Investment & Financial Services Association Ltd

Survey conducted by

