

## Financial services volumes fall for second consecutive quarter

*Financial services firms reported that businesses volumes declined in the quarter to September at the fastest rate since June 2020. Despite this sharp deterioration in activity, sentiment was broadly flat in the three months to September, marking an improvement compared with the previous quarter's steep drop. Meanwhile, the value of non-performing loans was broadly flat in the quarter to September. However, average spreads fell at a fast rate in Q3, placing pressure on margins. Against this backdrop, profitability continued to decline in the quarter to September, though at a slower pace than in Q2, while headcount fell firmly.*

*Looking ahead, FS firms expect trading conditions to improve, with volumes growth set to make a strong recovery next quarter. Average spreads are set to decline at a slower pace over the next three months, while the value of non-performing loans is expected to remain unchanged. Headcount is anticipated to decline at a slower rate in the next three months, while profitability is projected to rise at a fast rate. FS firms expect to increase investment in IT over the next 12 months (compared to the previous 12), while slightly reducing capex on land & building and vehicles, plant & machinery.*

### Financial services business volumes decline at fastest rate since June 2020

Business volumes in the FS sectors decreased in Q3 for the second consecutive quarter, and at the fastest rate in over five years. Notwithstanding, sentiment was broadly flat, following four consecutive quarters of decline. The value of non-performing loans was unchanged in the quarter to September, while average spreads contracted rapidly. Profitability declined at a slower pace than in Q2. Headcount fell more firmly over the quarter to September.

Firms anticipate that volumes will make a return to strong growth next quarter. The value of non-performing loans is expected to remain unchanged, while average spreads are set to decline at a slower rate over the next three months. As a result, firms expect profitability to rise at a fast rate next quarter, while headcount is anticipated to decline at a slower rate.

### Demand uncertainty concerns at their most widespread in 13 years

FS firms expect to increase investment in IT over the next 12 months (compared to the previous 12). Capital expenditures on land & buildings and vehicles, plants & machinery are expected to decline, but to a lesser extent than last quarter. Uncertainty about demand continued to be the most commonly cited factor expected to limit investment over the year ahead, with the share now at its highest since September 2012. Just over a quarter for firms cited "other" factors as likely to limit investment, with comments pointing to challenges arising from taxation and regulation.

## Contents

### Page 3 Banking volumes drop

Banking business volumes plummeted in Q3, while profitability also declined. Firms expect a strong rebound in volumes and profitability over the next quarter.

### Page 6 General insurance volumes plummet

General insurance firms reported a sharp decline in businesses volumes in the quarter to September, following robust growth in June. Firms anticipate business volumes to be flat in the next three months.

### Page 8 Investment management volumes fall modestly

Investment management business volumes fell modestly over the quarter to September, with the decline set to continue at a faster pace next quarter.

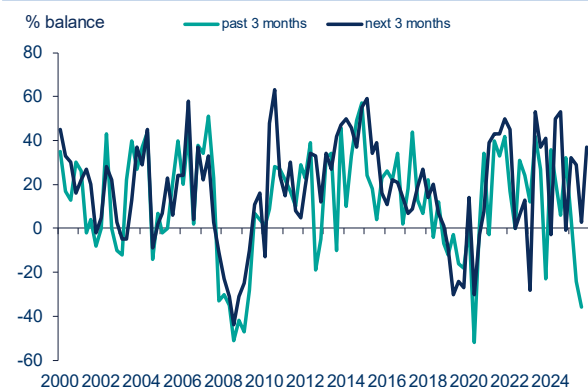
## Overall Financial Services

Survey number 144, September 2025.

Conducted between 27 August and 15 September 2025.

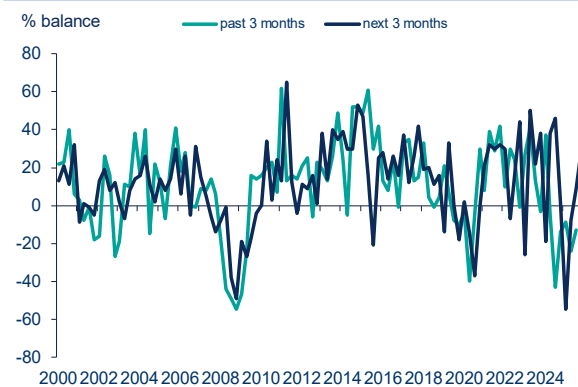
All figures are percentage balances of respondents except for question 4 where figures are percentages of firms responding.

### Trend in volume of business



	Past	Next
Latest	-36	+37
Previous	-24	+3
Mean	+13	+19

### Trend in profitability



	Past	Next
Latest	-13	+26
Previous	-24	+9
Mean	+12	+13

### Overall financial services results

		Sep	Dec	2025 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>		-13	-28	-8	-52	+3
<b>2 Excluding seasonal variations, what are the trends in:</b>						
a) Volume of business	- past 3 months	+6	+32	+5	-24	-36
	- next 3 months	-1	+32	+29	+3	+37
b) Average spreads	- past 3 months	-55	-62	-38	-22	-47
	- next 3 months	-54	-57	-34	-1	-23
c) Value of non-performing loans	- past 3 months	+16	+18	0	-20	-1
	- next 3 months	+15	+21	+11	-21	0
d) Overall profitability of business	- past 3 months	-43	-14	-9	-24	-13
	- next 3 months	+1	-55	-8	+9	+26
e) Numbers employed	- past 3 months	-15	-25	+2	-7	-24
	- next 3 months	-16	-26	-34	-52	-7
<b>3 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings		-59	-22	-7	-44	-7
b) Vehicles, plant & machinery		-20	-23	-15	-26	-5
c) Information technology		+7	+29	-10	+9	+22
<b>4 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS?</b>						
Inadequate net return on proposed investment		46	19	39	32	42
Shortage of finance		2	2	13	3	11
Cost of finance		1	9	21	11	14
Uncertainty about demand/business prospects		14	16	42	55	69
Shortage of labour including managerial & supervisor staff		10	3	9	3	4
Other		66	65	36	45	26

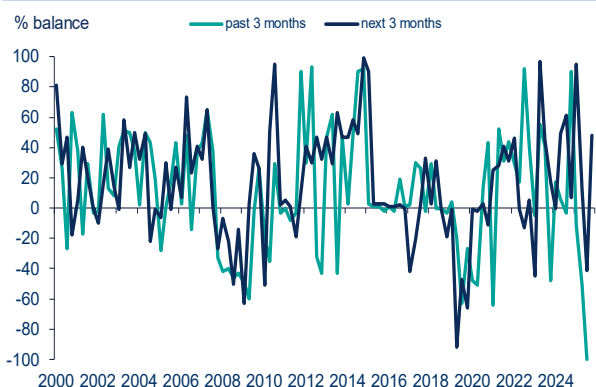
## Banking

Survey number 144, September 2025.

Conducted between 27 August and 15 September 2025.

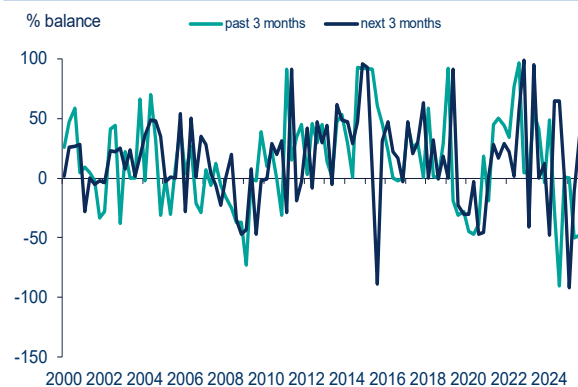
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### Trend in volume of business



	Past	Next
Latest	-100	+48
Previous	-50	-41
Mean	+12	+18

### Trend in profitability



	Past	Next
Latest	-48	+48
Previous	-50	+39
Mean	+16	+17

### Banking results

		Sep	Dec	2025 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>		+2	+1	0	-91	0
<b>2 Excluding seasonal variations, what are the trends in:</b>						
a) Volume of business	- past 3 months	-3	+90	-11	-50	-100
	- next 3 months	+7	+95	+13	-41	+48
b) Average spreads	- past 3 months	-92	-92	-63	-50	-100
	- next 3 months	-93	-93	-61	0	-52
c) Value of non-performing loans	- past 3 months	0	+2	0	-45	0
	- next 3 months	0	+1	+13	-45	0
d) Overall profitability of business	- past 3 months	-90	+1	0	-50	-48
	- next 3 months	+2	-92	-11	+39	+48
e) Numbers employed	- past 3 months	+3	+1	0	+4	0
	- next 3 months	+1	+3	-50	-87	0
<b>3 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings		-95	-3	+13	-45	0
b) Vehicles, plant & machinery		-4	-4	0	-45	0
c) Information technology		+1	+94	0	+48	+52
<b>4 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS?</b>						
Inadequate net return on proposed investment		92	3	39	48	52
Shortage of finance		0	0	0	0	0
Cost of finance		0	0	13	2	0
Uncertainty about demand/business prospects		0	1	39	48	52
Shortage of labour including managerial & supervisor staff		2	0	0	0	0
Other		96	95	48	50	48

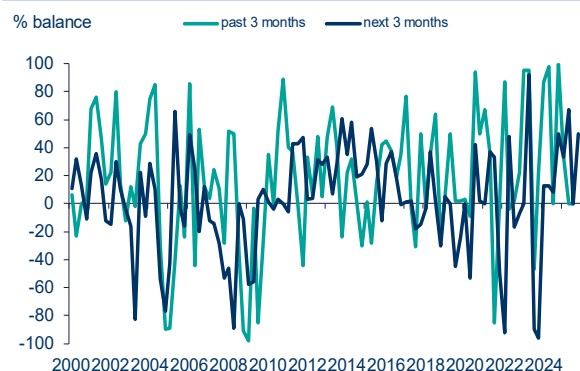
## Building Societies

Survey number 144, September 2025.

Conducted between 27 August and 15 September 2025.

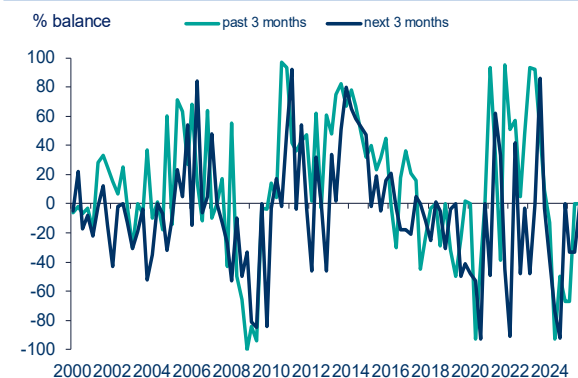
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### Trend in volume of business



	Past	Next
Latest	0	+50
Previous	0	0
Mean	+14	+6

### Trend in profitability



	Past	Next
Latest	0	0
Previous	0	0
Mean	+12	-3

### Building societies

		Sep	Dec	2025 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>		+50	+33	0	0	0
<b>2 Excluding seasonal variations, what are the trends in:</b>						
a) Volume of business	- past 3 months	0	+100	+33	0	0
	- next 3 months	+50	+33	+67	0	+50
b) Average spreads	- past 3 months	-100	0	-67	0	-50
	- next 3 months	0	0	-67	0	0
c) Value of non-performing loans	- past 3 months	+50	0	0	0	-50
	- next 3 months	0	-33	-33	0	0
d) Overall profitability of business	- past 3 months	-50	-67	-67	0	0
	- next 3 months	0	-33	-33	0	0
e) Numbers employed	- past 3 months	0	+33	0	0	+50
	- next 3 months	0	+67	-33	0	0
<b>3 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings		0	+67	+33	0	+50
b) Vehicles, plant & machinery		0	0	0	0	0
c) Information technology		-50	+33	0	0	0
<b>4 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS?</b>						
Inadequate net return on proposed investment		50	33	100	0	50
Shortage of finance		0	0	0	0	0
Cost of finance		0	33	0	0	0
Uncertainty about demand/business prospects		0	0	33	0	0
Shortage of labour including managerial & supervisor staff		100	0	33	0	50
Other		0	33	0	0	50

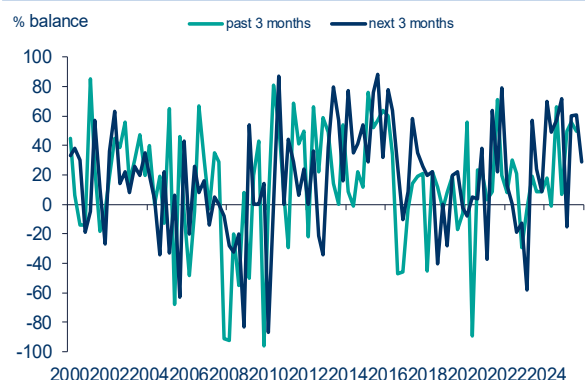
## Finance Houses

Survey number 144, September 2025.

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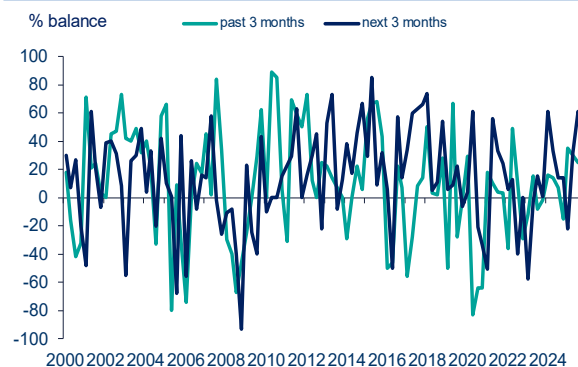
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### Trend in volume of business



	Past	Next
Latest	+50	+29
Previous	+56	+61
Mean	+14	+16

### Trend in profitability



	Past	Next
Latest	+25	+33
Previous	+30	+61
Mean	+11	+13

### Finance houses results

		Sep	Dec	2025 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>		+6	-57	+10	+12	+25
<b>2 Excluding seasonal variations, what are the trends in:</b>						
a) Volume of business	- past 3 months	+66	+7	+50	+56	+50
	- next 3 months	+72	-15	+60	+61	+29
b) Average spreads	- past 3 months	-2	-35	-24	-7	-21
	- next 3 months	-10	-29	-10	+18	+8
c) Value of non-performing loans	- past 3 months	+8	+22	0	-7	+8
	- next 3 months	+13	+22	0	+11	+17
d) Overall profitability of business	- past 3 months	+7	-15	+35	+30	+25
	- next 3 months	+14	-22	+32	+61	+33
e) Numbers employed	- past 3 months	+70	-7	-25	+7	+5
	- next 3 months	+61	-7	-21	-5	+43
<b>3 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings		+8	-7	-18	+7	-25
b) Vehicles, plant & machinery		-8	-35	0	-11	-17
c) Information technology		+67	-1	+3	+31	+12
<b>4 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS?</b>						
Inadequate net return on proposed investment		60	22	22	18	17
Shortage of finance		4	22	15	12	8
Cost of finance		4	14	15	28	25
Uncertainty about demand/business prospects		27	71	43	42	54
Shortage of labour including managerial & supervisor staff		0	0	7	0	29
Other		2	7	28	23	8

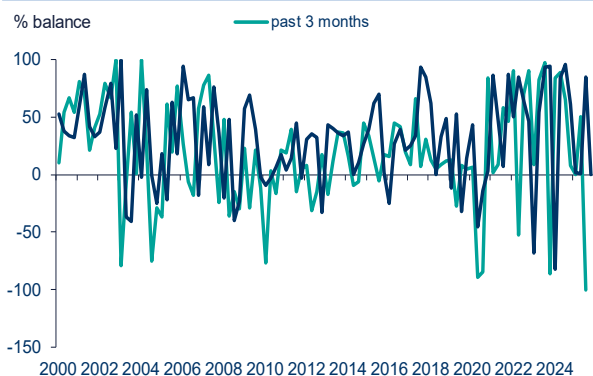
## General Insurance

Survey number 144, September 2025.

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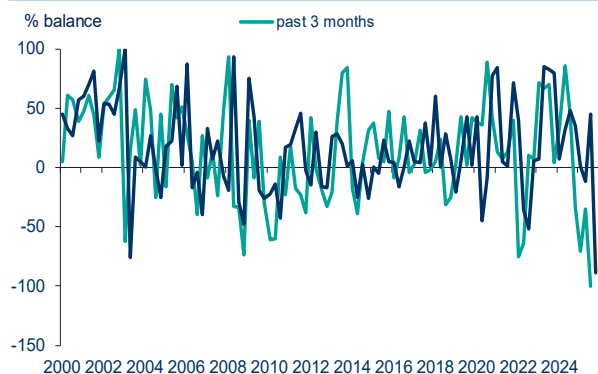
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### Trend in volume of business



	Past	Next
Latest	-100	0
Previous	+50	+85
Mean	+12	+22

### Trend in profitability



	Past	Next
Latest	-100	-89
Previous	-35	+45
Mean	+11	+15

### General insurance results

		Sep	Dec	2025 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>		+18	-85	-93	+35	-11
<b>2 Excluding seasonal variations, what are the trends in:</b>						
a) Volume of business	- past 3 months	+65	+8	0	+50	-100
	- next 3 months	+61	+2	+1	+85	0
b) Average spreads	- past 3 months	+4	+1	+1	+5	0
	- next 3 months	0	0	0	-5	0
d) Overall profitability of business	- past 3 months	+44	-34	-71	-35	-100
	- next 3 months	+35	+1	-12	+45	-89
e) Numbers employed	- past 3 months	+2	-83	+96	-35	-96
	- next 3 months	+2	-7	-13	+42	-96
<b>3 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings		-9	-52	-13	-5	-89
b) Vehicles, plant & machinery		-9	-15	-13	-10	0
c) Information technology		+26	-39	-79	-45	-89
<b>4 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS?</b>						
Inadequate net return on proposed investment		22	88	83	40	89
Shortage of finance		13	3	83	5	89
Cost of finance		4	41	81	45	89
Uncertainty about demand/business prospects		48	15	84	45	100
Shortage of labour including managerial & supervisor staff		26	0	0	0	0
Other		9	3	12	5	0

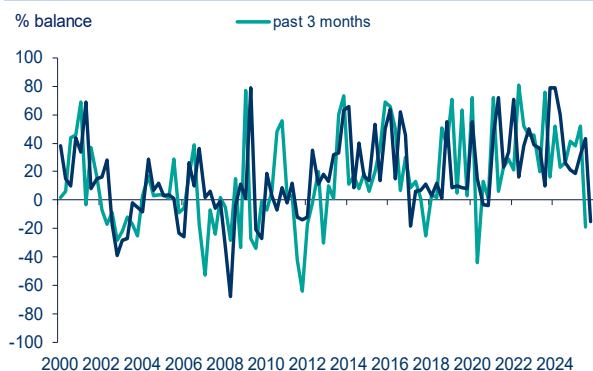
## Insurance Brokers

Survey number 144, September 2025.

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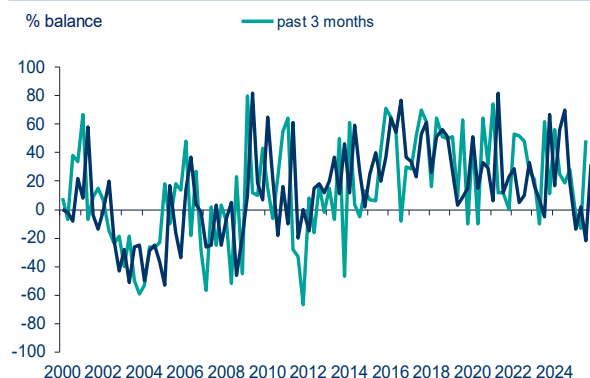
All figures are percentage balances of respondents except for question 4 where figures are percentages of firms responding.

### Trend in volume of business



	Past	Next
Latest	-19	-15
Previous	+52	+43
Mean	+19	+21

### Trend in profitability



	Past	Next
Latest	+49	+32
Previous	-13	-22
Mean	+11	+14

### Insurance brokers results

		Sep	Dec	2025 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>		+2	-28	-2	-22	-80
<b>2 Excluding seasonal variations, what are the trends in:</b>						
a) Volume of business	- past 3 months	+26	+41	+38	+52	-19
	- next 3 months	+21	+19	+32	+43	-15
b) Average spreads	- past 3 months	0	+3	-6	0	0
	- next 3 months	+2	+3	-2	-9	-2
d) Overall profitability of business	- past 3 months	+19	+28	-4	-13	+49
	- next 3 months	+19	-14	+2	-22	+32
e) Numbers employed	- past 3 months	+3	-30	-4	+56	-25
	- next 3 months	+3	-61	-18	-6	-25
<b>3 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings		-50	-28	-32	-22	-31
b) Vehicles, plant & machinery		-5	-20	-40	-22	-29
c) Information technology		+52	+3	-17	-13	-21
<b>4 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS?</b>						
Inadequate net return on proposed investment		7	11	42	22	82
Shortage of finance		5	9	19	4	2
Cost of finance		7	8	40	4	23
Uncertainty about demand/business prospects		62	48	45	31	84
Shortage of labour including managerial & supervisor staff		12	5	4	9	6
Other		10	55	4	9	27

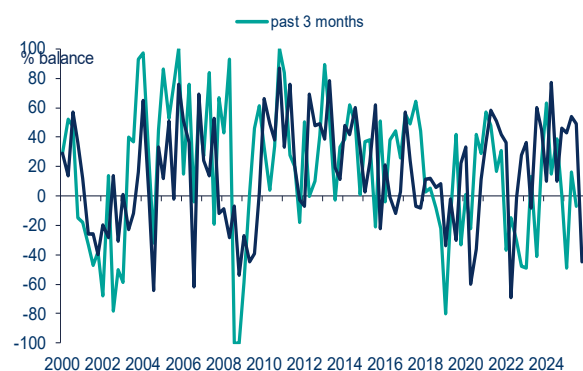
## Investment Management

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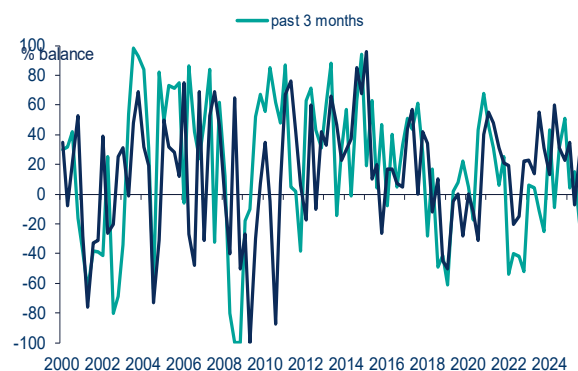
All figures are percentage balances of respondents except for question 4 where figures are percentages of firms responding.

### Trend in volume of business



	Past	Next
Latest	-7	-45
Previous	+16	+49
Mean	+20	+17

### Trend in profitability



	Past	Next
Latest	-24	-46
Previous	+15	+30
Mean	+18	+14

### Investment management results

		Sep	Dec	2025 Mar	Jun	Sep
<b>1 Are you more or less optimistic about THE OVERALL BUSINESS SITUATION IN YOUR SECTOR?</b>		+36	+6	-22	+37	-73
<b>2 Excluding seasonal variations, what are the trends in:</b>						
a) Volume of business	- past 3 months	+39	+1	-49	+16	-7
	- next 3 months	+46	+43	+54	+49	-45
b) Average spreads	- past 3 months	0	-41	-44	0	-9
	- next 3 months	-15	0	-5	0	-9
d) Overall profitability of business	- past 3 months	+31	+51	+4	+15	-24
	- next 3 months	+23	+35	-7	+30	-46
e) Numbers employed	- past 3 months	-1	+7	+62	-9	+12
	- next 3 months	+6	+10	+18	+14	+13
<b>3 Do you expect to authorise more or less capital expenditure in the NEXT 12 MONTHS than you authorised in the PAST 12 MONTHS on:</b>						
a) Land and buildings		-15	+1	-11	-29	+55
b) Vehicles, plant & machinery		-15	-4	-4	-12	-9
c) Information technology		+63	+59	+83	+85	+83
<b>4 What factors are likely to limit (wholly or partly) your capital authorisations over the NEXT 12 MONTHS?</b>						
Inadequate net return on proposed investment		24	46	12	24	9
Shortage of finance		0	0	7	12	0
Cost of finance		1	6	11	24	0
Uncertainty about demand/business prospects		16	58	33	51	90
Shortage of labour including managerial & supervisor staff		13	14	57	13	0
Other		31	17	12	12	11



## Further Information

### Publications & Services

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#### Sample Sizes and Weights

Survey 144, Sep 2025	Number of respondents	Sample weight
Banking	2	0.40
Building societies	2	0.05
Finance houses	9	0.05
Life insurance	0	0.11
General insurance	2	0.16
Insurance brokers	16	0.05
Investment management	9	0.05
Securities trading; stockbroking	1	0.08
Private equity (ex venture capital)	2	0.00
Other financial institutions	21	0.05
<b>Total</b>	<b>64</b>	<b>1.00</b>

#### Sectors Covered By SIC Code

Financial service activities:  
SIC 64.19/1, 64.19/2, 64.2, 64.3 64.91, 64.92  
Insurance, pension funding & other:  
SIC 65.11, 65.12, 65.3, 66  
Insurance, excluding social security  
SIC 82