



Navigating through dynamic complexity

How strategy executives perceive and shape their role in uncertain times

In 2023, we interviewed over 100 leading financial services (FS) strategy executives across the banking and insurance industry of over 20 countries. The report identified how strategy executives perceive the relevance of their role in uncertain times and their disruption predictions. We focused on three key areas: market perspective, strategy in today's FS organisations and Chief Strategy Officers (CSOs) role and scope of responsibility.

Market perspective

Despite expecting major disruptions in the EMEA financial services industry sphere, CSOs believe in the resilience and adaptability of the economy. Nine out of ten interviewed CSOs expect medium to strong levels of disruption in upcoming years—a significant increase from the 40% recorded in the 2018 Strategy& CSO Benchmarking Study. Similar to the 2018 study, most of the CSOs consider digital transformation and new technologies to be more disruptive than traditional forces like competition and cost-cutting pressure.

A significant majority of interviewed CSOs (specifically two out of three) believe that Artificial Intelligence (AI) will cause drastic transformation within the FS industry. They express optimism about the potential profitability that can be gained from effectively using AI technologies in their respective sectors. This sentiment is in line with the growing recognition among industry leaders regarding the important role AI can play in driving innovation and enhancing competitiveness.

Strategy in today's FS organisations

There is a notable difference between how CSOs and CEOs perceive their organisations preparedness to face current market challenges—the CSOs have a more optimistic view with 80% of interviewed CSOs convinced that their industry is well prepared while only 40% of CEOs believe their industry is well-prepared to face market challenges.



~ 80%
of interviewed CSOs are convinced that their institution is well enough prepared to adequately face and mitigate current market challenges.

Source: PwC Strategy& FS CSO Study 2023



~ 40%
of interviewed CEOs are convinced that the institution is well enough prepared to adequately face and mitigate current market challenges.

Source: PwC 26th Annual Global CEO Survey

There is a significant perception gap of CEOs and CSOs

Majority of strategy executives view their institutions generally well-enough prepared to face strategic challenges.

Despite the CSOs optimistic outlook, they recognise that there is room for improvement and their strategy process can be enhanced for better business integration. The key improvement areas identified include more strategy review and adaptation possibilities, shorter and more dynamic planning cycles, smart integration of top-down and bottom-up planning, embedding of strategy into more business units and clearly defined KPIs to foster strategic responsibility.



CSOs role and scope of responsibility

Most CSOs are stretched across different areas of responsibility and while orchestrating the strategic-planning process remains their core duty, there is an increasing focus on transformation-enabling activities.

The roles and responsibilities of CSOs differ across geographies and company sizes. The findings show that:

- 40% of CSOs across European banks and insurance organisations play the additional role of business supporter—supporting in strategic-decision making
- 40% of CSOs in small-scale banks and insurance companies perform the additional role of “the transformator” by coordinating transformation projects, shaping the innovation agenda and driving ESG agenda
- 20% of CSOs mostly across large-scale FS in the Middle East perform the additional role of aiding shareholder communication.

To aid effective strategic decision-making in the stormy times ahead, we have identified the following five levers FS strategy executives can use to increase impact in challenging times:

1. Upgrade your strategy agility. Interview results show that the most common frequency of strategic planning horizons is every five to six years. Key industry disruptors like digital transformation and economic changes could occur many times within one planning cycle. As a response to the increasing frequency of market changes and technological tipping points, there is a need for shorter and more flexible planning periods.

2. Make your strategy matter. The effects of stretching CSOs across several responsibilities can be both negative and positive. Organisations need to clearly define the mandate of CSOs and get the buy-in of relevant stakeholders before strategy-decision making. This will enable more focused and cohesive strategy implementation.
3. Ensure grip on strategy enforcement. Strategy executives need to reflect on their role in the execution process—how involved do CSOs have to be in the execution of strategies? For team members who are key drivers in the execution process, there is a need for clearly defined KPIs in order to accurately measure success. Defined KPIs also aid accountability for each strategic role and an avenue to measure impact.
4. (Help) Walk the talk. In order to ensure seamless strategy execution, CSOs need to ensure that leadership is carried along on strategy creation and execution; and that communication is consistent with strategy. CSOs also need to go beyond allocating KPIs and introduce incentives to ensure that team members are motivated enough to meet goals.
5. Enhance your team. Strategy goals no matter how transformational or brilliant are only as good as the execution team. Make your team one of your management priorities by recruiting team members with diverse capabilities. Upskilling of team members should also be considered and prioritised.

Industry transformation does not happen in isolation but is a result of seamless collaboration between strategy creation and strategy execution. It is not enough to create strategies for challenging times but you also have to be agile by allowing flexibility and adaptability of these strategies in the face of important market changes.



Note: This article is an excerpt from a PwC publication of the same title accessible via our website: www.pwc.com/ng/en/publications/public-financial-management.html

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