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2025 Financial Services Survey

Optimism, opportunity and the outlook ahead

Preface

Tim Aman
Global Leader, Fintech
National Leader, Financial Services
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This year, we launched BDO's inaugural Financial Services Survey, capturing insights from **152 senior leaders** across banking, non-bank lending, wealth and asset management, insurance, and fintech. What emerged was a picture of cautious optimism, with **67 per cent** of respondents feeling positive about the sector's trajectory over the next 12 months.

This optimism isn't coming from nowhere. It's grounded in the strategic choices that leaders are making – from investing in digital transformation, to strengthening operational resilience and aligning internal capabilities with external pressures, they are driving positive outlooks for their organisations at every turn.

While each sector has their own challenges to deal with, what stood out were the commonalities across the industry. From compliance and cyber risk to talent retention and Environmental, Social, and Governance (ESG) readiness, shared challenges can present powerful opportunities for organisations to learn from one another, collaborate across boundaries, and build a more resilient, innovative sector together.

Digital transformation is clearly a growth engine, but it's not just about technology – our survey has also shown that it's also about people, as many leaders expressed concerns over employee engagement and retention, reminding us that transformation must be human-centred to succeed.

Regulatory complexity remains a major concern. With the rollout of sustainability reporting, operational resilience frameworks like CPS 230, and Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) reform, it will take more than simply complying to overcome these challenges – those who treat regulation as more than just a box to tick are the ones that will thrive.

I've worked in financial services for more than three decades, across the United States (US), United Kingdom, South East Asia, New Zealand and Australia. I can honestly say I've never seen a time with so many competing pressures, but also so much potential. At BDO, our Financial Services team are proud to support clients through this journey, whether it's preparing for ESG reporting, navigating new tax requirements, expanding into new markets, grappling with the increasing regulatory and compliance requirements or building future-ready strategies.

As we reflect on the current state of Australia's financial services sector, it's clear that we're operating in a time of profound complexity, and remarkable possibility.

This report is a snapshot of the financial services landscape today, and a peek into what's to come. It's also a call to action for leaders to invest with purpose, and to build an industry that's not only resilient, but ready for what's next. It is this spirit of resilience and adaptability that will drive our industry forward into a sustainable future for financial services.

> *"It is this spirit of resilience and adaptability that will drive our industry forward into a sustainable future for financial services."*

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Executive summary

Despite persistent headlines of uncertainty, Australia's financial services leaders are leaning into growth.

Looking at the results from our 2025 Financial Services Survey, the majority of survey respondents reported that the macroeconomic environment positively or very positively affected business performance over the past year. When considering growth, two-thirds reported that more than half of their growth plans are reliant on digital transformation.

Leaders are not only capitalising on this confidence but are deliberately using it to build resilience for the future. Investment in technology, processes and people is designed to absorb the impact of future market blips and regulatory shocks, ensuring that short-term volatility does not derail long-term ambitions. This shift from cost-cutting to value creation is reinforced by strong access to funding, with equity being the dominant source, though some sectors, such as wealth and asset management, face tighter conditions.

In this environment, it is critical that leaders continue to focus on disciplined execution that stands up to boards and regulators while continuing to invest in innovation to keep up with the speed of change.

The global financial services environment

Although this survey has captured insights from the Australian market, in an environment of economic and geopolitical upheaval around the world, the themes emerging are globally resonant. Just like their customers, financial services operate across borders, and Australian organisations must navigate not only local challenges, but also global pressures as they build resilience and plan for the future.

At BDO, we support financial services organisations working across jurisdictions in Asia-Pacific, and on a global scale, and we're seeing financial services leaders embrace transformation with a clear focus on resilience, innovation and disciplined execution.

Resilience is a growth strategy, and financial services leaders are demonstrating that they can unlock growth in even the most complex conditions.

BDO's global presence

Key takeaways

Positivity is clear

Our survey shows positivity across the industry when it comes to impact of macroeconomic environment on business.

Funding is available, but uneven

Overall, the majority of respondents found funding access easy, with equity dominating the funding sources, but access to funding was not even across sectors.

Investing in growth now to aid resilience

Leaders are investing in digital transformation, with a focus on process, technology and people, which may take away the shock of future short-term challenges.

Compliance remains a challenge

44 per cent of survey respondents indicated it is challenging or very challenging for their organisations to comply with regulatory requirements.

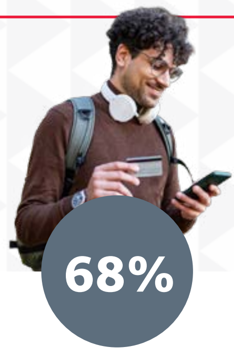
Cyber security preparedness, not complacency

High incident rates coexist with strong preparedness.

Confidence in context

Looking back, **69 per cent** reported that the macroeconomic environment positively or very positively affected their business in the last 12 months.

Looking forward, **67 per cent** reported feeling optimistic or very optimistic about the economic outlook for the next 12 months.



Funding access was reported as being easy or very easy for **68 per cent**.

Growth will come from digital transformation, with **two-thirds** of respondents reporting reliance on digital transformation for more than half of their growth.

This publication is informed by BDO's national survey which was completed by 152 senior leaders across Australia's financial services industry. Of the total number of responses, 47 were collected by BDO, and 105 anonymous responses were collected online between 26-30 March 2025 by YouGov.

The results shared in this publication are pooled from all participants, and the figures are unweighted.

Read more about the survey participants and methodology.

Growth and funding

Australia's financial services leaders are notably optimistic about the industry's trajectory, despite persistent media narratives of economic uncertainty.

Looking back at the last 12 months, **69 per cent** of survey respondents reported that the macroeconomic environment positively or very positively affected their business (Figure 1).

Looking to the next 12 months, **67 per cent** of respondents reported feeling optimistic or very optimistic about the economic outlook (Figure 2).

Figure 1:
Macroeconomic effect on business over the past 12 months

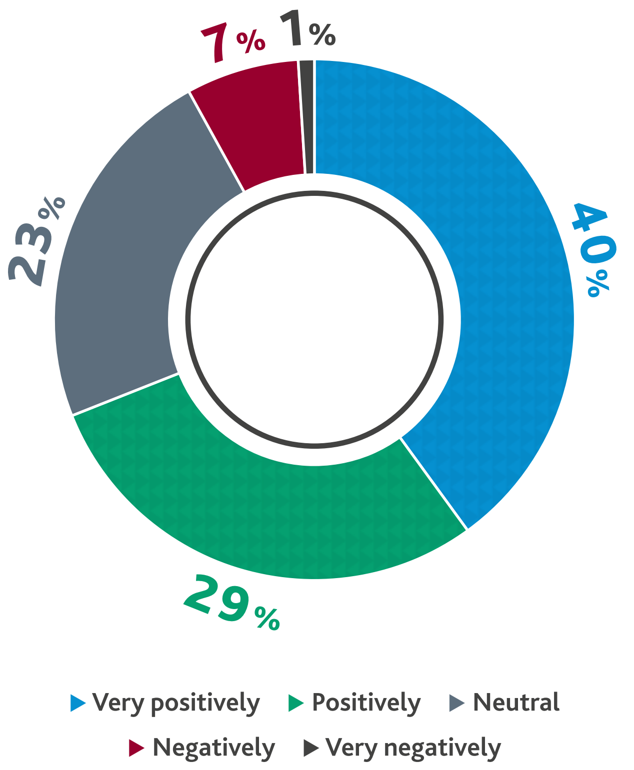


Figure 2:
Economic outlook over the next 12 months

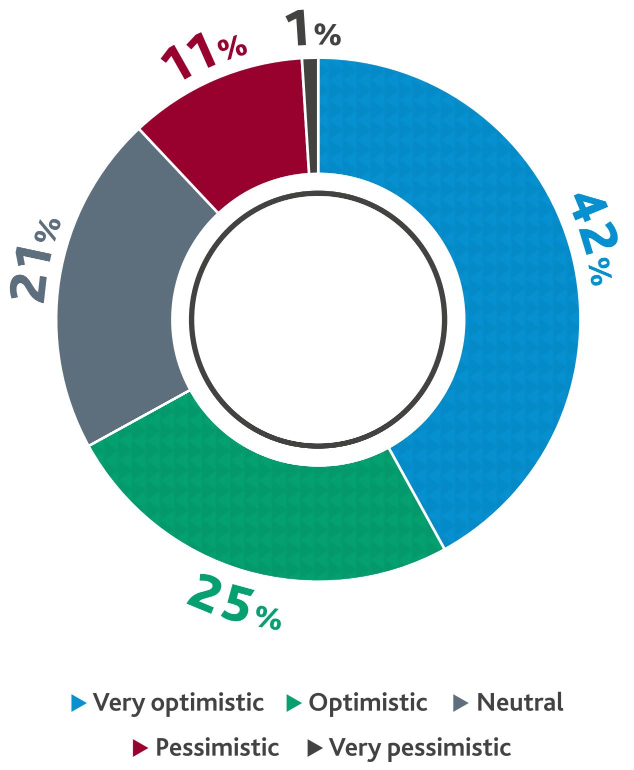
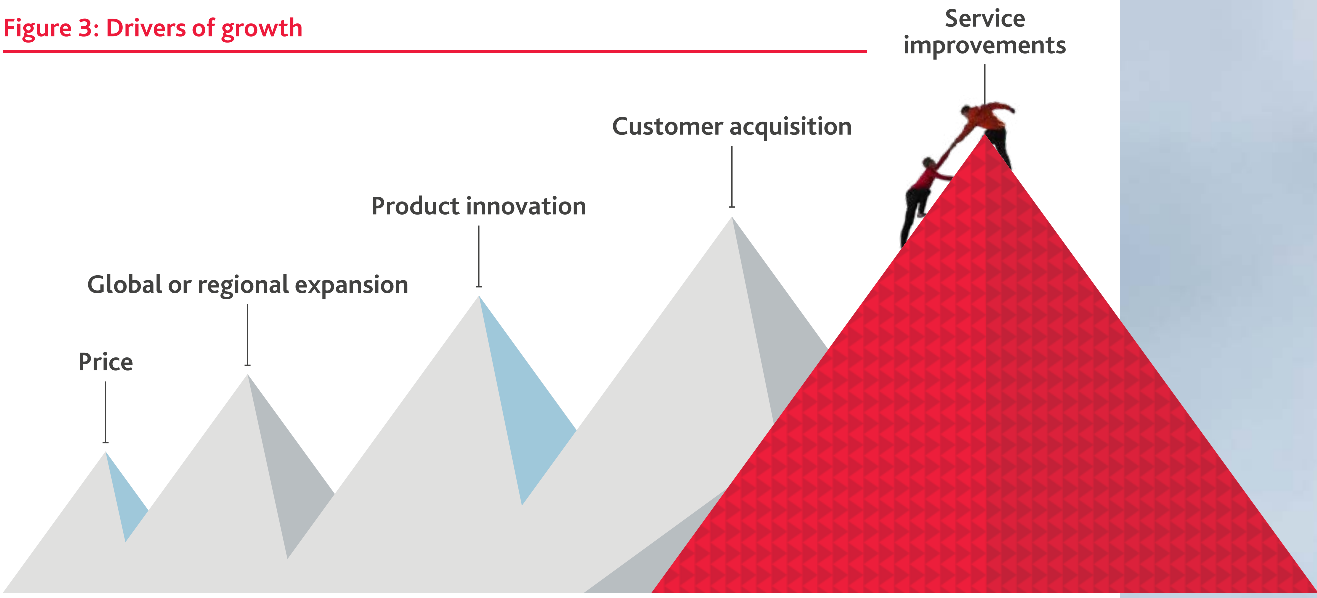
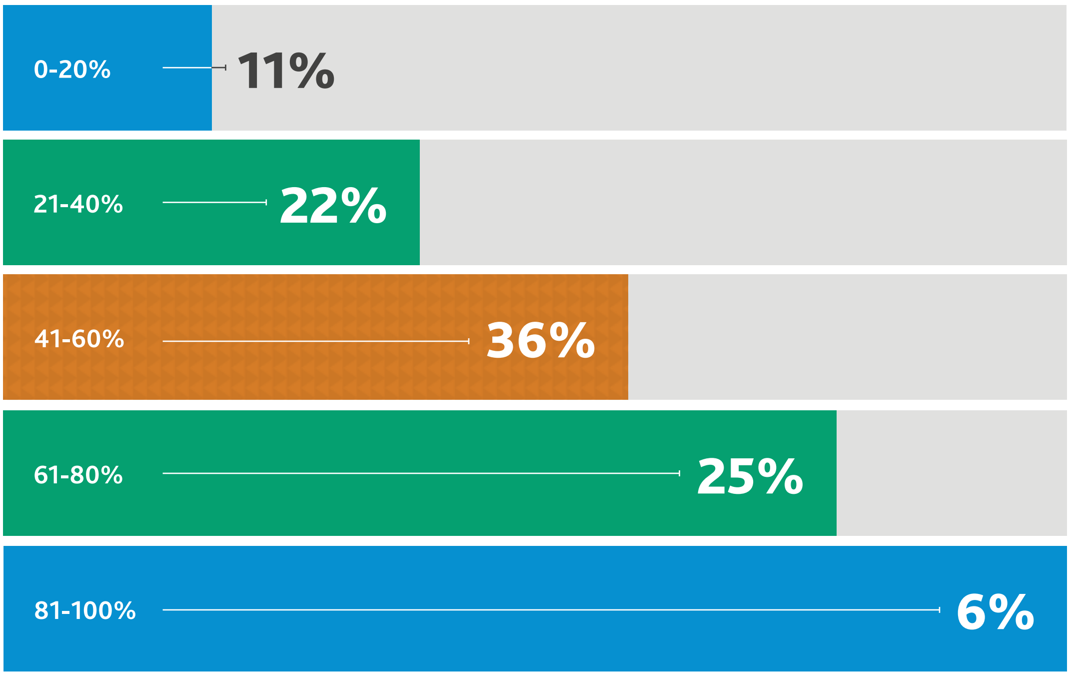


Figure 3: Drivers of growth



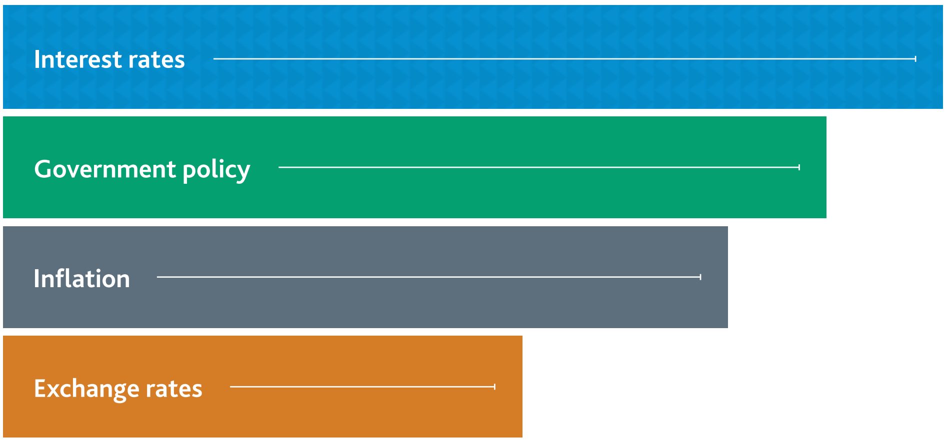
This optimism is grounded not in macroeconomic conditions alone, but in **internal strategic advancements**. Across all industries, growth is being driven by service improvement, customer acquisition, and product innovation (Figure 3), with digital transformation being cited by two-thirds of respondents as a key driver for more than half their growth plans (Figure 4). Price competitiveness, by contrast, ranked lowest as a growth driver (Figure 3), suggesting a shift toward value creation over cost-cutting.

Figure 4: Percentage of growth plan relying on digital transformation



While macroeconomic factors such as interest rates and government policy were influential (Figure 5), their impact varied by sector. Insurers identified inflation as their most significant economic challenge, while banking and fintech leaders expressed the most caution, though they still leaned positive overall. Interestingly, exchange rates were the least impactful factor across the board.

Figure 5: Economic factors with the most impact on organisations



On the funding front, access remains robust. Equity is the dominant source of capital (Figure 6), and **68 per cent** of respondents found funding easy or very easy to access (Figure 7). However, fintech and wealth and asset managers reported slightly more difficulty, indicating potential sector-specific constraints (Figures 8.2 and 8.3), which could be due to being seen as higher-risk by some investors, compared to the historically stable banking and insurance sectors.

Figure 6: Primary sources of funding

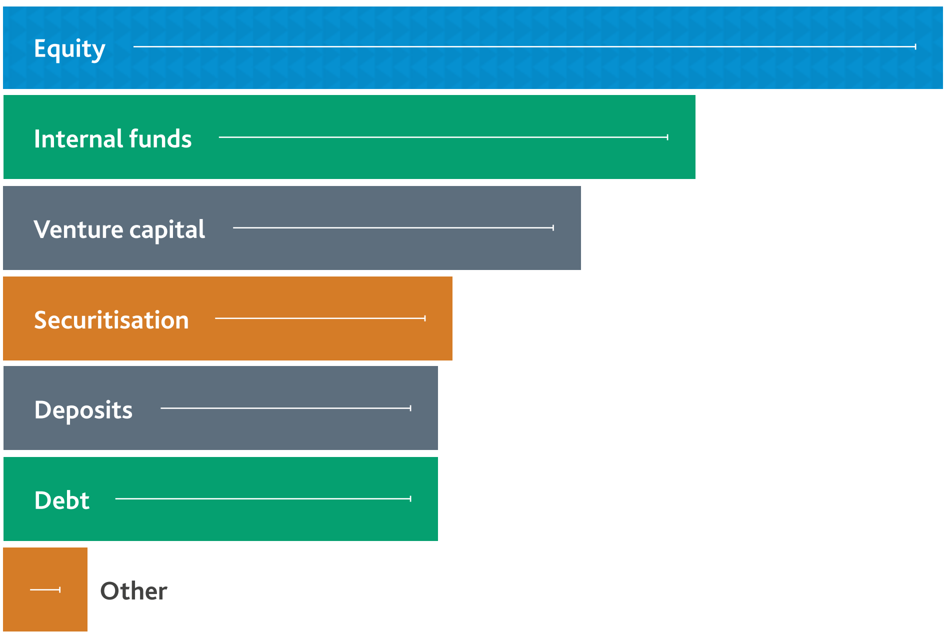


Figure 7: Access to funding – Industry-wide

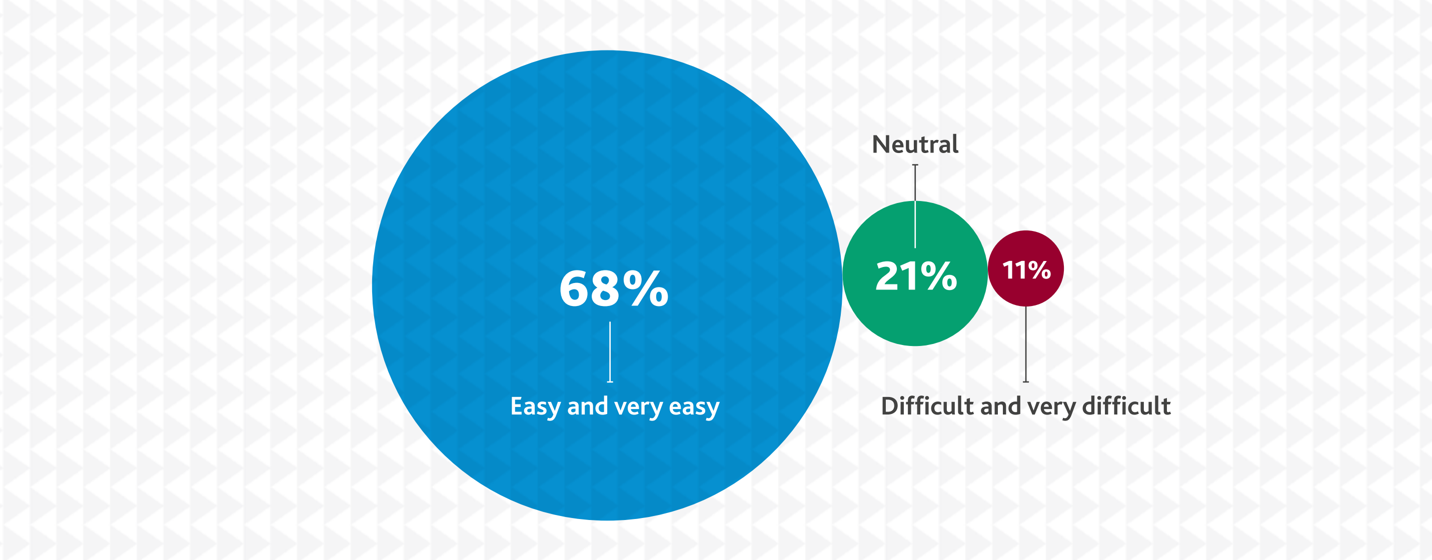


Figure 8.1: Access to funding – Banking and non-bank lending

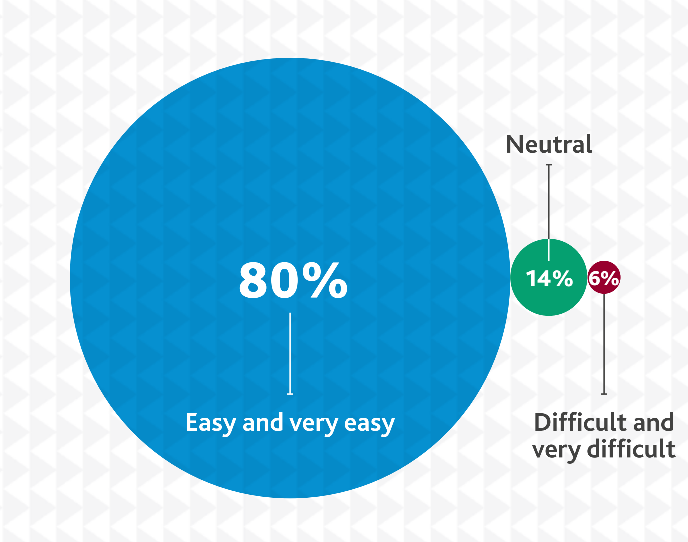


Figure 8.2: Access to funding – Wealth and asset management

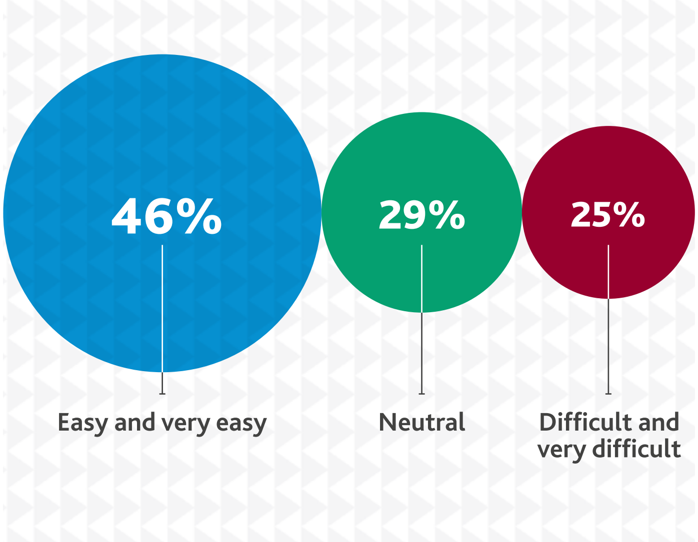


Figure 8.3: Access to funding – Fintech

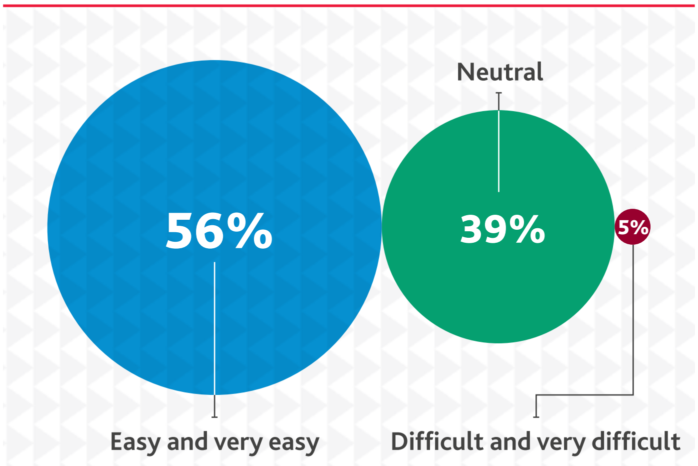
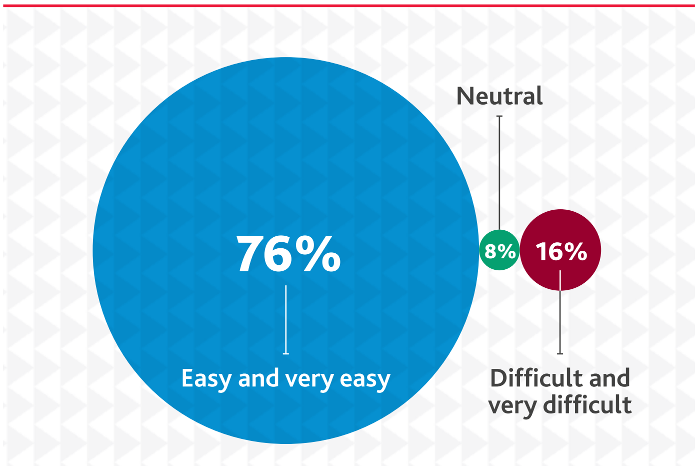


Figure 8.4: Access to funding – Insurance



As financial services leaders look outward for strategic direction, it's clear that internal capabilities (particularly those tied to people and culture) will be just as critical to sustaining growth as economic conditions and funding access.

Expert insights on funding and growth

Anders Magnusson
Chief Economist

Turning investment opportunities into productivity gains

Financial services leaders are right to feel confident, despite geopolitical noise. Funding remains accessible and growth is being driven by innovation, customer acquisition, and digital transformation rather than short-term macroeconomic swings. However, that optimism can only be sustained if Australia can lift its lagging structural productivity performance.

The current productivity discussion in Australia underscores how far we've fallen behind our peers. Capital deepening has slowed, regulatory complexity weighs on business, and skills development has not kept pace with technological change. The government's support for tax reform and the Productivity Commission's call for regulatory clarity are signs that policy momentum is building.

Today's strong foundations provide an opportunity to invest in technology, talent, and long-term capability. If organisations use this to convert growth into productivity gains, confidence in the sector can translate into durable, economy-wide resilience.

Sector spotlight – Banking

Delarey Nell
Partner, Audit & Assurance
Financial Services

Service improvements, product innovation, and customer acquisition continue to stand out as the top drivers of growth, regardless of the market. For Boards, this presents both opportunity and complexity. The challenge lies in effectively allocating capital and resources toward these growth levers, especially against the backdrop of shifting global trade dynamics and evolving investor sentiment.

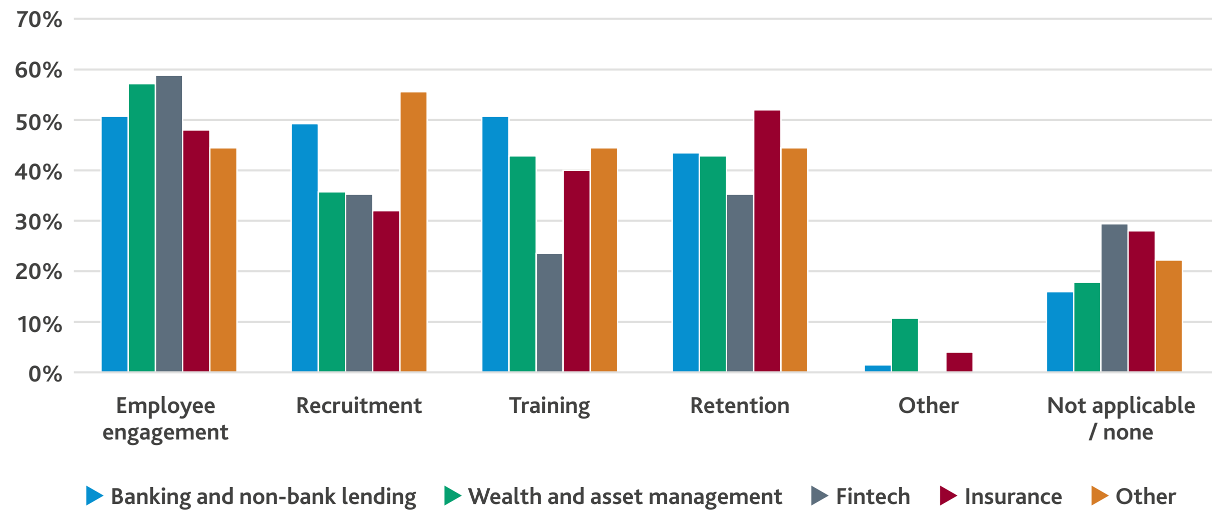
In the Financial Services sector, there is strong consensus that access to lower-cost funding and stable local government policy are providing a solid foundation for growth. Organisations that can capitalise on this environment by investing in innovation, attracting top talent, and driving meaningful transformation are expected to demonstrate greater resilience amid short-term macroeconomic shifts. Ultimately, success will depend on how well organisations harness scale, optimise existing processes, and engage their people to unlock growth.

The role of people in growth

As financial services organisations pursue growth through transformation, human capital is emerging as a critical pressure point.

Across the industry, employee engagement was identified as the top workforce challenge, followed closely by retention (Figure 9) – suggesting that keeping talent motivated and committed is proving more difficult than attracting new hires.

Figure 9: Human resource challenges across the industry



Sector-specific trends reveal more complexity. Insurers reported retention as a slightly greater challenge than engagement, likely reflecting the strain of regulatory change and operational disruption.

In banking and non-bank lending, training was cited as equally challenging as engagement – pointing to the growing need for upskilling in evolving environments, especially as digital transformation continues to ramp up. While recruitment was reported as a significant issue for banks, it was less of a concern in other sectors.

For boards and non-executive directors, these findings highlight the importance of aligning workforce strategy with transformation goals. Sustained growth will depend not only on funding and innovation, but on the ability to build, retain, and engage a workforce equipped for the future.

Digital transformation as a platform for growth

Digital transformation remains a key investment to drive growth strategies (Figure 4), with Artificial Intelligence (AI) and customer experience identified by our survey as the two most important focus areas (Figure 10).

It's no surprise that as competition to attract and keep customers persists, customer experience stays a top priority, while recent advancements in AI technology have led leaders to see the potential for enhancing efficiency, fostering innovation, and enabling automation.

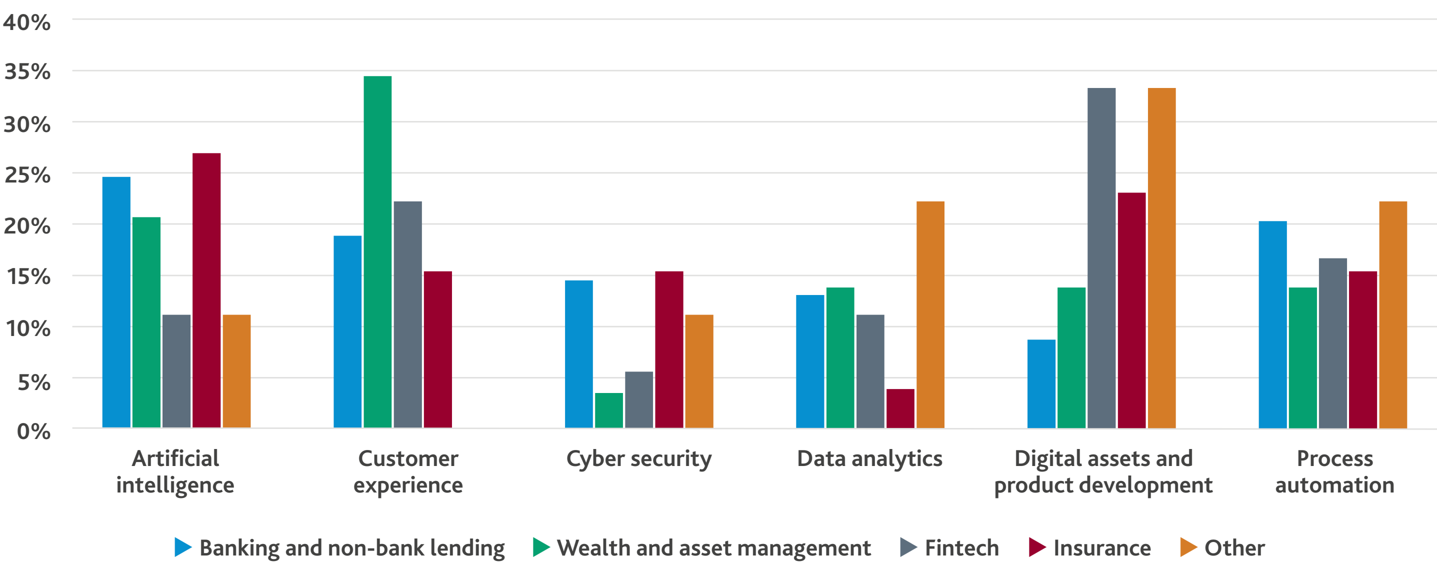
While these priorities are consistent overall, sector-specific differences reveal nuanced strategic approaches. Wealth and asset managers reported the lowest reliance on digital transformation in their growth plans, though they identified customer experience as their top digital priority.

In contrast, fintechs placed greater emphasis on digital assets and production development, as well as customer experience and process automation, with AI ranking lower in terms of importance to growth plans. This may be due to the role of customer experience and product innovation providing a better differentiation in market.

For boards, these variations signal a need to align digital investment with sector-specific growth strategies to ensure ensuring transformation efforts are not only technologically sound but also industry focussed, customer-centric and future-ready.

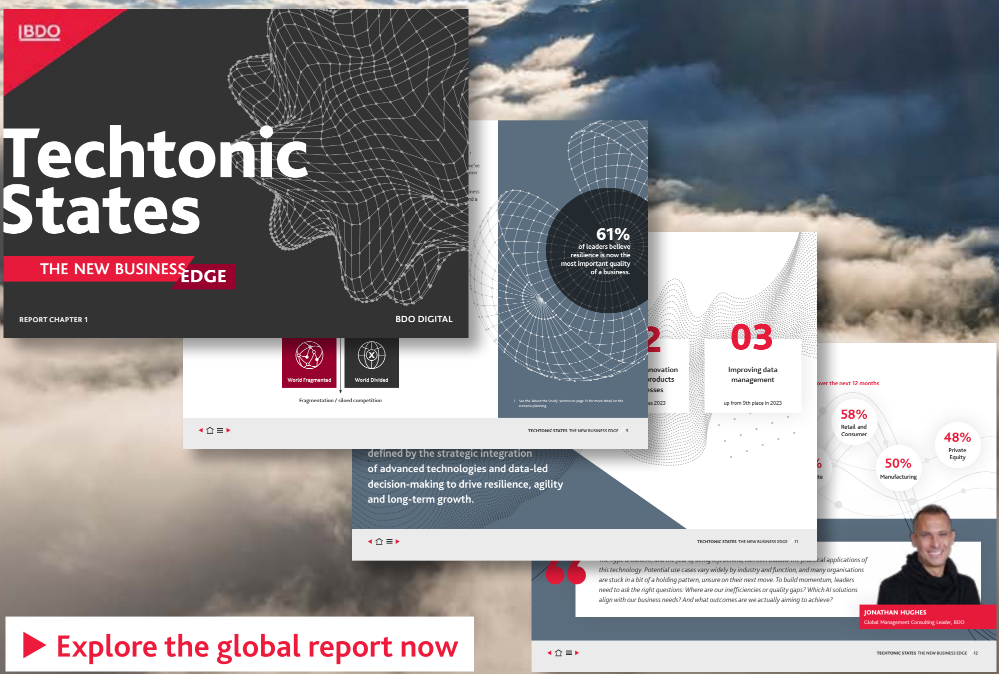
Boards should also appreciate that the prioritisation on AI also needs to consider ethics, governance, data trust and the potential impact to their people as organisation's focus on ROI.

Figure 10: Most critical areas of digital transformation for growth



How does Australia's AI adoption compare on a global scale?

Australia's adoption of AI is keeping pace with global trends. According to BDO Digital's recent Techtonic States 2025 global survey, 64 per cent of surveyed financial services organisations across ten key markets (including the United States, United Kingdom, India and Germany) are actively pursuing AI adoption and other advanced technology solutions to gain a competitive advantage over the next 12 months.



▶ Explore the global report now

Expert insights on digital transformation

Nick Kervin
National Leader, Digital
Partner, Advisory
Digital

Rehan D'Almeida
Chief Executive Officer,
FinTech Australia

The success of digital transformation in financial services hinges on more than just technology investment. Boards and executive teams must take a strategic, human-centric, values-led approach and balances innovation with responsibility to make the most of the growth opportunities that technology can bring. While cloud platforms, AI, and automation offer clear pathways to growth, they also introduce new risks around bias, ethics, and governance.

Leaders must ensure that digital initiatives are underpinned by robust frameworks for ethical AI use, data privacy, and transparency. This includes investing in workforce training to build digital fluency and critical thinking, not just technical capability. The challenge is to embed digital into the organisation's foundation to ensure it aligns with customer needs, regulatory expectations, and long-term value creation.

Boards should prioritise scalable data ecosystems, agile operating models, and partnerships that accelerate innovation while still managing risks. But they must also ensure that new systems are designed to be fair and inclusive. Digital transformation is not just a growth lever – it's a leadership test. Those who invest wisely, govern responsibly, and build trust through technology will be best positioned to lead in a rapidly evolving market.

A perspective from Fintech Australia

Product innovation continues to reshape fintech. Many founders come from traditional finance but choose to build on flexible technology stacks rather than legacy systems, enabling them to innovate quickly. This can create challenges when integrating with larger incumbents, which is especially critical in Australia, where growth is heavily partnership-driven. Digital assets are increasingly central to innovation. Beyond crypto, tokenised payments, digital wallets and new rails are becoming the foundation of product development, allowing fintechs to differentiate and compete with traditional players.

Looking to the future, the biggest challenge for fintechs will be regulatory uncertainty, as rules on surcharging, interchange fees and new payment rails remain in flux and make it difficult to plan sustainably. Fintechs have already driven down transaction costs and improved transparency, but without clear guardrails from regulators and certainty, it's hard to commit to long-term investment and innovation without the fear of sudden policy changes undermining progress.

The next phase of growth will see fintechs tackling broader societal challenges including climate finance, sustainable investing and financial inclusion, and some players will pursue partnerships with major institutions, while others go direct-to-consumer. In the global landscape, Australia will remain a strong launchpad for expansion if we continue to lead open banking and digital identity. Regulation will differ across markets, but if Australia sets the pace in these fields, it will build appetite for local fintechs to scale into Asia, Europe and beyond.

Jeshan Velupillai
Partner, Audit & Assurance
Financial Services

Sector spotlight – Fintech

Digital transformation remains a cornerstone of growth for fintechs, with majority of those surveyed in BDO's 2025 Financial Services Survey linking it directly to their strategic plans. The data reveals that fintechs are prioritising digital assets and customer experience as the most critical areas for transformation, unlike other financial services sectors where AI dominates. This underscores their role in product innovation and market differentiation.

However, the path forward is not without its challenges. Fintechs are grappling with aligning digital investment to sector-specific growth strategies, ensuring that transformation efforts are not only technologically sound but also customer-centric and future-ready. Many also face hurdles in embedding digital into core business strategies and building the internal capability to lead change effectively.

A key driver behind this push is the need to stand out in a competitive market through innovation and agility. To prepare for what's next, fintechs must invest in scalable digital infrastructure, foster digital literacy across leadership teams, and embed transformation into their strategic DNA. Boards should view digital not as a cost centre, but as a growth engine. One that enables customer acquisition, product evolution, and long-term resilience.

Cyber and data

Cyber threats are now a constant across financial services, with **78 per cent** of respondents reporting that their organisation experienced some form of cyber incident in the past 12 months.

Although the risk level is high, most survey respondents report feeling prepared, particularly wealth and asset managers, where **93 per cent** rated their preparedness as good or very good (Figure 11.2).

In contrast, although still overwhelmingly positive, **76 per cent** of fintechs felt their preparedness was good or very good, with the remaining **24 per cent** of fintechs rating their preparedness neutrally (Figure 11.3).

Figure 11.1: Reported cyber security preparedness – Industry-wide

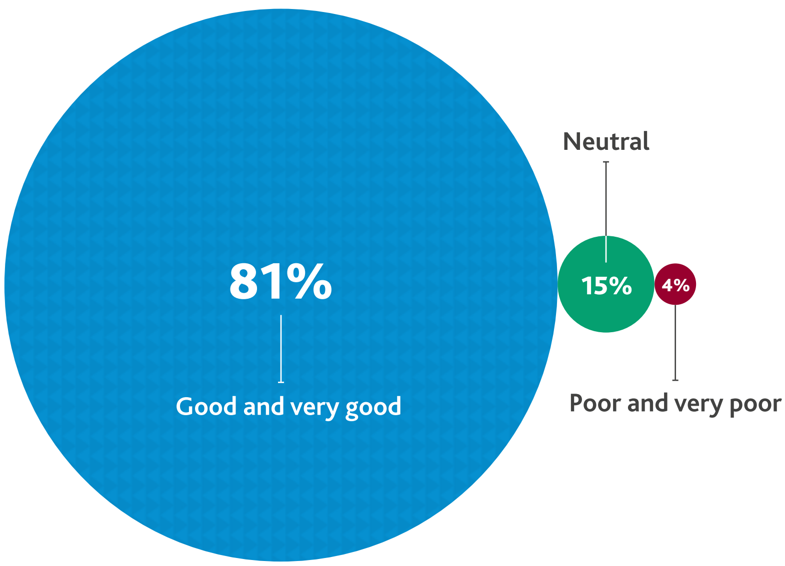


Figure 11.2: Spotlight on cyber security preparedness in wealth and asset management

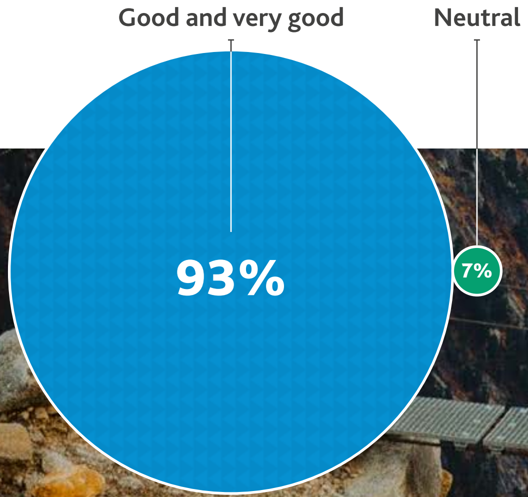


Figure 11.3: Spotlight on cyber security preparedness in fintech

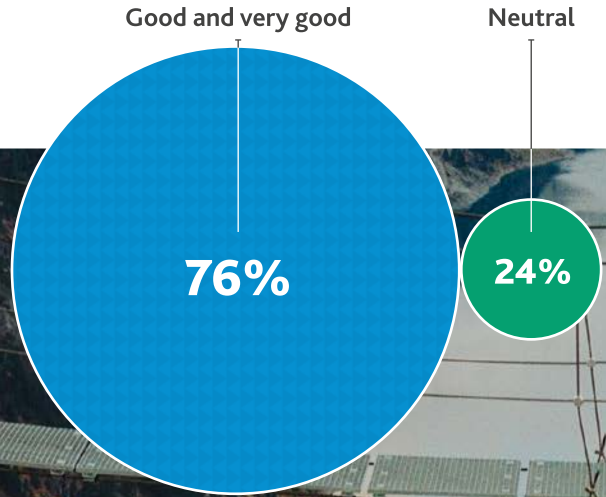
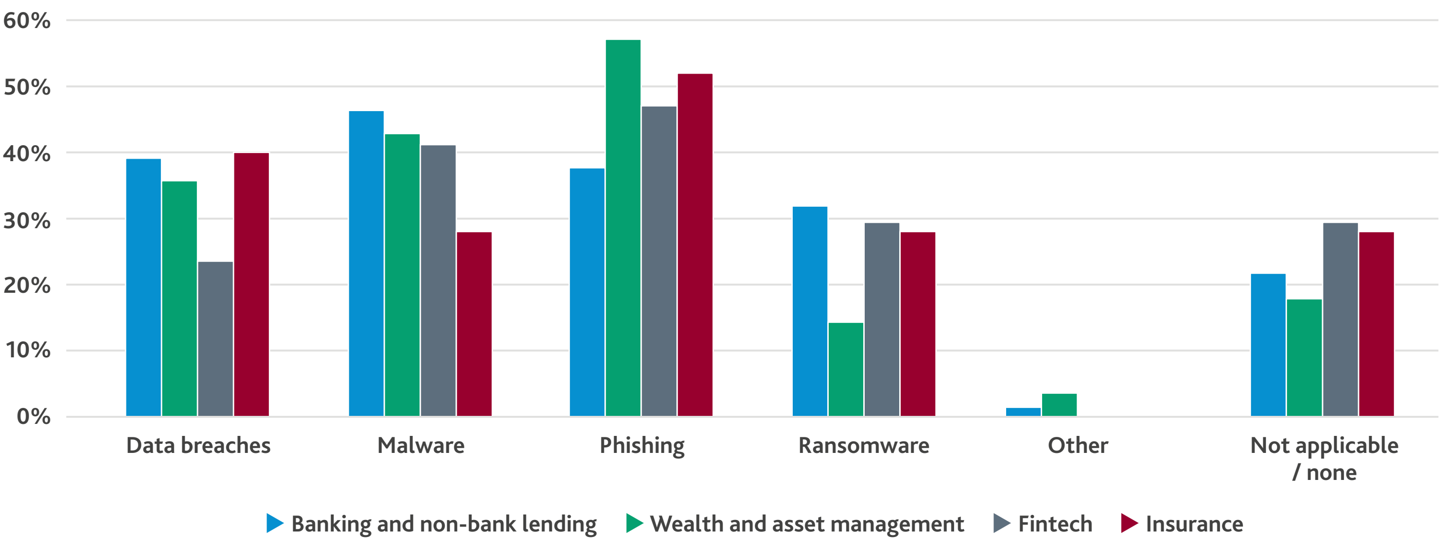


Figure 12: Cyber security threats experienced over the last 12 months



Phishing was reported as the most common cyber security threat over the past 12 months, followed by malware, data breaches, and ransomware (Figure 12). Interestingly, while only **36 per cent** of respondents reported a data breach, data privacy compliance emerged as the top regulatory challenge across all sectors (Figure 15), highlighting the need for additional vigilance on safeguarding data, especially personal data, given the complexity of evolving obligations.

In our qualitative research, some respondents told us that they are constantly implementing strategies and investing in ways to improve cyber security and data protection, so it's clear that these challenges will remain a focus for financial services into the future.

These findings suggest a need for boards and non-executive directors to move beyond surface-level confidence and ensure that gaps in scenario planning, cross-sector threat intelligence sharing, and board-level cyber literacy are addressed. As threats grow more sophisticated and regulation more fragmented, cyber security must be treated not just as a risk function, but as a strategic pillar of resilience and trust for customers, regulators and shareholders alike.

Expert insights on cyber and data

Mohit Malik
Partner, Cyber Security

Anvij Saxena
Chief Risk Officer,
Insignia Financial

Our survey highlighted a continuing concern – 78 per cent of respondents reported that their organisation experienced a cyber threat in the past year, with the most common threat reported as phishing. This mirrors the Office of the Australian Information Commissioner (OAIC's) Notifiable Data Breaches Report (July–December 2024), which identified phishing as a leading cause of compromised credentials, with 84 reported incidents in Australia, alongside ransomware and hacking. The alignment between executive perception and breach reporting underscores that while organisations may feel prepared, systemic vulnerabilities are still being actively exploited. Notably, the finance sector was the third-highest reporting sector for breach notifications to the OAIC.

Cyber preparedness requires more than technology controls; it requires board-level governance, effective cyber controls, periodic crisis simulations, and recognition that cyber incidents are now systemic rather than isolated. Cross-sector collaboration is also essential for preparedness. Cyber criminals operate without borders, yet too often institutions still respond in isolation. Financial services leaders should embrace intelligence sharing, joint response exercises, and industry-wide initiatives that strengthen collective defences. The benefit is not only enhanced resilience, but also greater confidence in the integrity of the financial system.

Looking ahead, as two-thirds of respondents reported digital transformation driving growth, the next big risk lies in new vulnerabilities created through AI and third-party dependencies. Boards that invest early in secure technology and foster industry-wide cooperation will be best positioned to maintain trust in this evolving landscape.

A wealth management perspective from Insignia Financial

Cyber and data risk are now central to operational resilience and customer trust. Regulatory frameworks like CPS 234 have sharpened the industry's focus, demanding not just compliance but ongoing vigilance. As we move forward, clarity of risk appetite and a culture of continuous improvement are essential, and organisations must invest not only in technology, but also in people, processes, and governance to stay ahead.

The results of this survey underscore the importance of clear resilience plans and defined action owners. When a cyber incident occurs – and it is a matter of when, not if – preparedness is everything, and this means having tested response plans, clear accountability, and the ability to act decisively under pressure.

Managing cyber and data risk is now an integral part of doing business. These risks cannot be avoided – only mitigated and managed. The market's ongoing focus is driven by the need to protect trust, reputation, and operational continuity. As threats evolve, so must our strategies, ensuring resilience is built into our organisations.

Bianca Buckman
Partner, Audit & Assurance
Financial Services

Sector spotlight – Wealth and asset management

Wealth and asset managers are leading the financial services industry in cyber preparedness, with 93 per cent rating their readiness as good or very good in this year's survey. This reflects the sector's emphasis on trust and data stewardship, where cyber resilience is increasingly seen as a strategic differentiator.

Recent high-profile breaches in the superannuation sector have highlighted the fragility of perceived resilience. While data privacy emerged as the top regulatory concern, only 36 per cent of wealth and asset managers reported experiencing a data breach, a disconnect that suggests underreporting or overconfidence. The most commonly cited threats were phishing, malware, and ransomware.

Boards must prioritise and advocate for cross-sector intelligence sharing and scenario planning to ensure lessons from breaches are not siloed. As digital transformation accelerates – particularly in customer experience and AI – innovation must be balanced with cyber discipline. Secure-by-design platforms and embedded cyber risk assessments are now essential.

Cyber security must evolve from a technical issue to a board-level strategic pillar. Improved board literacy, regular threat briefings, and integrated governance are critical to future-proofing the sector and reinforcing its role as a trusted custodian of client wealth.

Regulation

Regulatory compliance continues to be a significant challenge, with **44 per cent** of survey respondents indicating it is challenging or very challenging for their organisations to comply (Figure 13).

The wealth and asset management sector reported feeling the most pressure, while insurers experienced the least challenges across the industry groups surveyed.

Across all groups, the top three considerations when designing compliance approaches were consistently reported as operational disruption, complexity, and cost (Figure 14.1), reinforcing that regulation is not just a legal matter, but a strategic and operational priority.

Figure 13: Ease of compliance with financial regulations

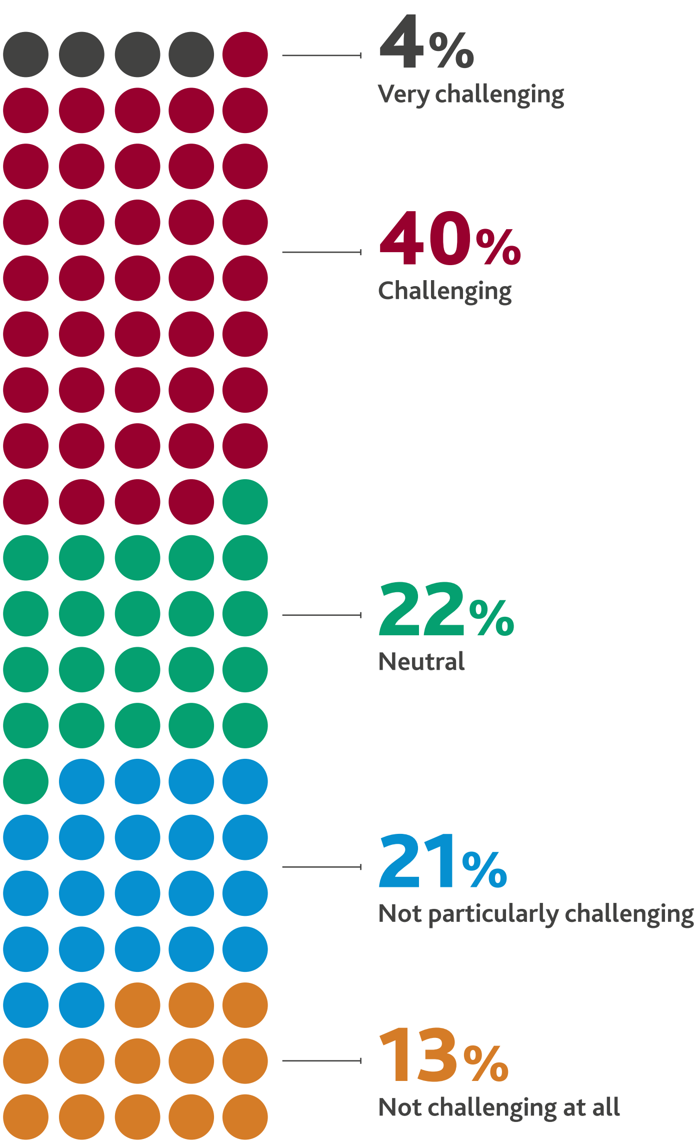


Figure 14.1: Biggest industry considerations when designing approach to regulatory compliance – Industry-wide

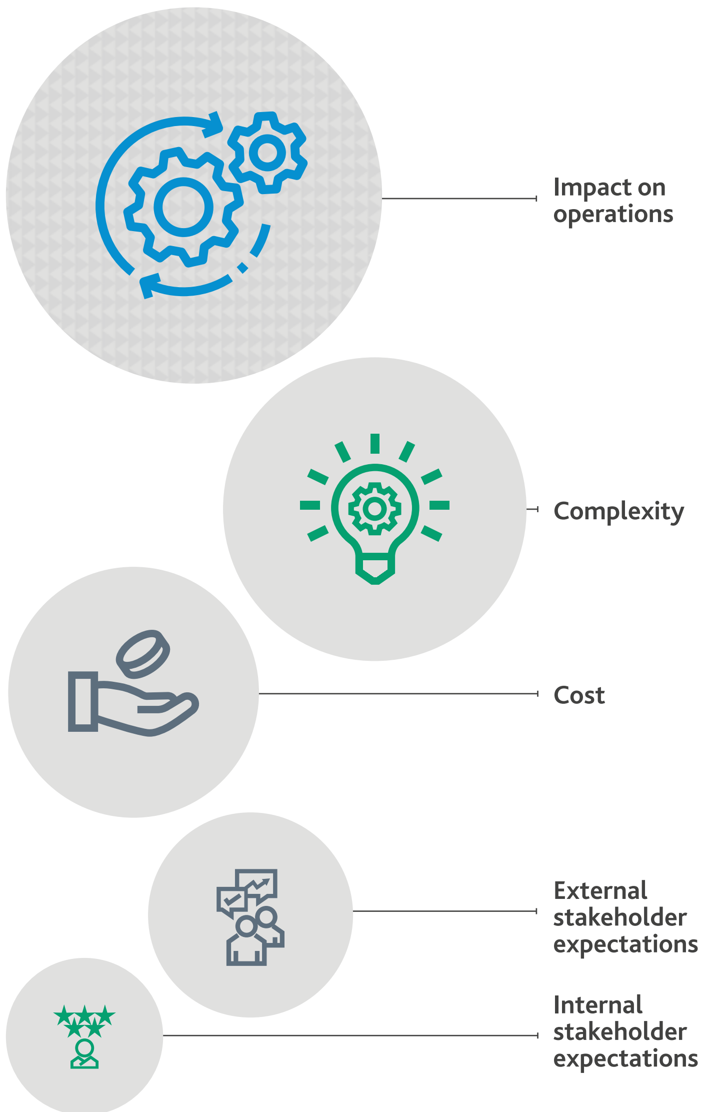
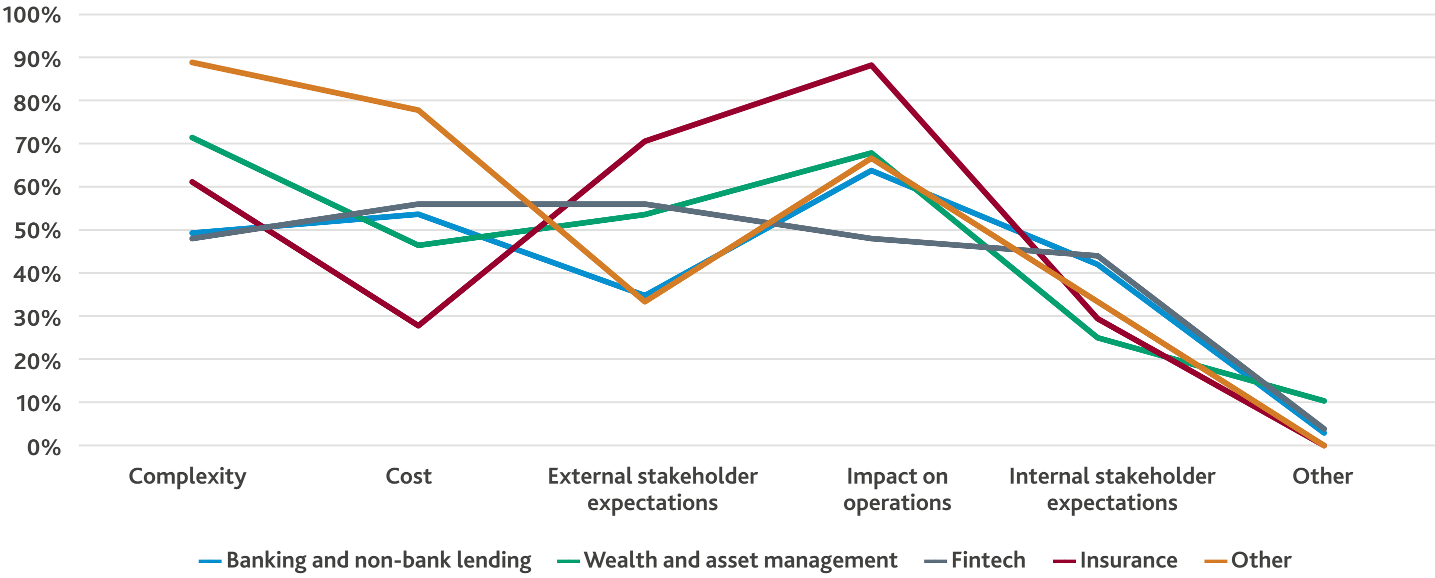


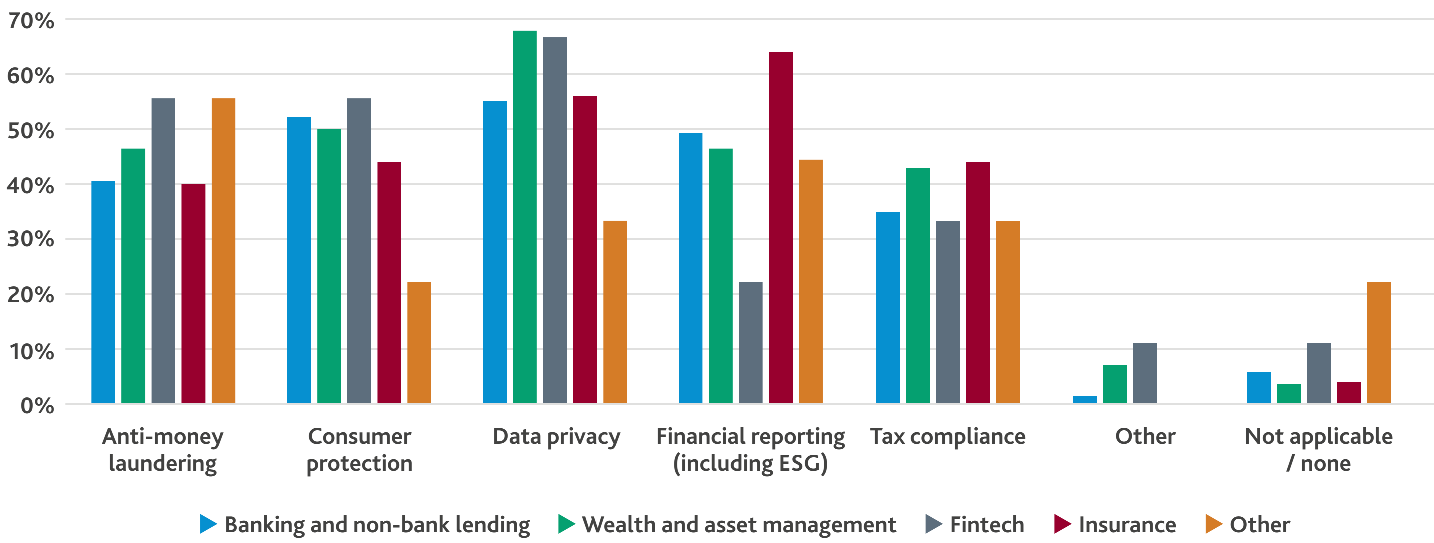
Figure 14.2: Biggest considerations when designing approach to regulatory compliance by sector



When asked about the most challenging areas of regulation, survey respondents most frequently cited data privacy, consumer protection, and financial reporting, including ESG (Figure 15). This alignment suggests a clear industry-wide priority list, and highlights need for boards to shift from being reactive to strategic, both when responding to current legislation, and preparing for future change.

When considering concerns around anti-money laundering regulations, fintechs reported the highest level of concern across all sectors. Meanwhile, while tax compliance was a notable issue for both wealth and asset management and insurers. These findings suggest that boards must possess a strong understanding of regulatory requirements across multiple disciplines, and ensure they have the right skills and oversight to manage diverse and evolving compliance pressures.

Figure 15: Most difficult regulatory areas



Expert insights on regulation

Elissa Bogardus
Partner, Advisory
Risk Advisory Services

Stan Gallo
Partner, Forensic Services
Forensics

CPS 230

The need for resilience in financial services

Geopolitical uncertainty makes robust, proportionate regulation essential to ensuring a safe, stable, and fair Australian financial services market, yet our survey shows that leaders are feeling the burden of compliance. With CPS 230 now in force for all entities regulated by the Australian Prudential Regulation Authority (APRA), boards face heightened accountability for operational resilience and leaders must embed operational risk management into an organisation's DNA to build true resilience.

In our survey, data privacy emerged as the greatest regulatory burden. Organisations must balance strategic innovation, including adoption of AI, Open Banking and Digital Wallets, with evolving regulatory requirements and privacy expectations. For smaller players, the increasing cost of compliance, while remaining innovative, can be burdensome. From a prudential perspective, APRA hasn't communicated how supervisory requirements will be satisfied under CPS 230, including whether independent reviews (as seen with CPS 234), will apply. However, APRA's commitment to 'right size' regulation (ensuring it is efficient, sustainable and supportive of competition and innovation) may provide some respite for small banks in the coming years.

Ultimately, a resilient financial services industry requires robust regulation without excessive regulation, and lowering the regulatory burden for smaller institutions is a positive step. The true test of CPS 230's effectiveness will come when the industry is tested by a significant operational incident.

Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) reform

Preparing for AML Reform

Australia's AML/CTF reforms, effective from 2026, will expand obligations and align local requirements with global standards. As the AML reforms raise the bar for transparency, transaction monitoring and accountability, financial services organisations will need to comply with increasingly complex regulatory demands. Meeting these obligations requires significant investment in advanced compliance systems and controls, with the added challenge of aligning AML measures with other regulations including data privacy, as well as operational impact, customer experience and cost.

Boards – particularly audit and risk committees – must set the direction and expectations for implementing and monitoring evolving AML controls and play a key role in ensuring swift adaptation to regulatory change. In the context of digital transformation and fintech innovation, directors should evaluate how new technologies can create both vulnerabilities and opportunities for more robust controls.

As AML reform expands, boards should already be challenging management on the adequacy of data analytics, training and scenario testing to ensure future-ready compliance. They should also invest in a risk-based AML approach that leverages automation and reduces friction for legitimate customers, while maintaining strict monitoring requirements.

This level of oversight and investment will be critical to balancing regulatory expectations to succeed in the future.

Brett Harper
Chief Executive Officer,
Australian Financial Markets Association

The Australian Financial Markets Association (AFMA) perspective

AFMA maintains close engagement with APRA and the Australian Transaction Reports and Analysis Centre (AUSTRAC) to ensure that compliance obligations – such as CPS 230 and AML/CTF reforms effective from 2026 – are practical and proportionate for large institutions and foreign-owned banks. Through targeted responses to consultations and industry discussion, we advocate for regulatory frameworks that balance robust oversight with operational flexibility, enabling global banks to align with Australian standards in a productive manner.

In response to the increasing complexity and cost of compliance, AFMA members have embedded regulatory obligations into strategic and operational frameworks. Large institutions are leveraging enterprise-wide risk management systems to integrate CPS 230's resilience requirements into governance structures. Advanced technologies, including AI-driven monitoring and centralised compliance platforms, are streamlining processes and enhancing efficiency.

Key challenges in preparing for AML/CTF reforms include harmonising global standards with local requirements, managing cross-border data privacy, and scaling due diligence across diverse client bases. AFMA's members are responding by investing in sophisticated analytics, upgrading compliance infrastructure, and upskilling staff to ensure robust and adaptive controls. The regulatory horizon remains an area of interest for large banks, particularly given the convergence of global and domestic rules. To prepare, affected stakeholders should prioritise early engagement with regulators, particularly at an industry level through peak bodies such as AFMA. Boards are increasingly shifting from reactive compliance to strategic regulatory oversight – embedding foresight into risk frameworks to drive resilience, accountability, and long-term competitiveness.

Team spotlight – Financial Services Assurance and Advisory

Geoff Rooney
Partner, Audit & Assurance
Financial Services

As we've seen from survey respondents this year, regulatory compliance remains a significant challenge in financial services. The rapid rate of regulatory change, driven by frameworks like APRA's CPS 230 and AML/CTF reforms effective from 2026, creates a relentless pace that strains organisational resources. The sheer volume of obligations, from data privacy to consumer protection and ESG reporting, amplifies complexity, particularly for wealth management and fintechs navigating tax and AML/CTF requirements. This often results in fragmented processes, unclear controls, and heightened operational risks.

To address these issues, leaders must drive clarity by mapping obligations to streamlined governance and robust controls, ensuring cross-functional alignment. Sensible use of technology, such as AI-driven analytics for transaction monitoring and automation for third-party risk management, can reduce costs, minimise disruption, and enhance resilience. Proactive scenario testing and regular independent reviews further strengthen compliance frameworks, preparing organisations for regulatory scrutiny and operational incidents. By embedding strategic foresight and leveraging scalable solutions, boards can transform compliance into a competitive advantage, balancing innovation with regulatory demands.

ESG and sustainability

As of 1 January 2025, mandatory climate-related financial disclosures under the AASB S2 standard came into effect for Group 1 entities, with Group 2 and 3 to follow.

ESG-readiness across financial services is fragmented, with uncertainty remaining a constant for many of our survey respondents.

When asked about the most challenging regulatory areas, financial reporting, including ESG, ranked as the third largest concern overall (Figure 15). However, when looking at the results by sector, insurers ranked it as their number one concern, followed closely by data privacy. This likely reflects their heightened exposure to climate risk through both underwriting and investment activities.

While sustainability and ESG are clearly priorities across the industry, qualitative data reveals wide variation in preparedness.

We asked respondents about the areas of current ESG regulation that were the most challenging to comply with. Whilst some organisations reported still being in planning phases, or not yet having ESG plans in place, others highlighted several compliance challenges, including:

- Difficulty gathering data for reporting, especially from third-party suppliers
- High implementation costs
- Complexity of social impact reporting
- Constantly increasing regulatory pressure
- Anticipation of upcoming changes to reporting requirements.

For boards and non-executive directors, it's clear that ESG is no longer optional as the regulatory bar continues to rise. The next step for organisations is to embed ESG into their strategies and ensure they are prepared as mandatory reporting expands over the coming years.

Expert insights on ESG and sustainability

Aletta Boshoff
National Leader, Sustainability Reporting
National Leader, IFRS & Corporate Reporting
Partner, Advisory

From obligation to opportunity

The 2025 survey reveals a sector at a crossroads. ESG is recognised as critical, yet readiness remains fragmented. With mandatory sustainability reporting (initially only climate-related disclosures) now in effect for Group 1 entities, the urgency to start is now.

Financial services organisations must move beyond reactive compliance and embed ESG into their strategic DNA. Boards and non-executive directors have a critical role in shaping ESG priorities, elevating them from reporting obligations to enablers of long-term value and risk management.

ESG should not be viewed as a regulatory hurdle, but as a lever for innovation, resilience, and stakeholder trust.

While challenges such as data collection, cost pressures, and evolving standards are real, they are solvable with the right systems, partnerships, and mindset. These challenges also present an opportunity to rethink how ESG is integrated across governance, operations, and investment decisions.

As ESG expectations accelerate, financial institutions must prioritise reporting readiness with investment in data infrastructure, internal capability, and embedding ESG across decision-making. Those who invest early in scalable, auditable ESG frameworks will be better positioned to meet regulatory demand, attract capital, and lead with credibility.

Sector spotlight – Insurance

Ali Bolbol
Partner, Tax
Financial Services

BDO's Financial Services Survey highlights a critical inflection point for Australia's insurers. With mandatory climate-related disclosures under AASB S2 commencing in 2025, ESG is no longer a peripheral concern – it is also a boardroom issue. Our findings reveal that while awareness and action is growing, readiness across the sector remains uneven, with ESG reporting ranked as the top regulatory challenge for insurers.

For boards and C-suite leaders, this signals a need to move beyond compliance and toward strategic integration. ESG touches every facet of insurance, from underwriting and capital allocation to reputational risk and stakeholder trust.

Yet, many insurers are still grappling with fragmented data, high implementation costs, and uncertainty around social impact metrics.

Leadership will need to take a proactive stance. Embedding ESG into governance, risk frameworks, and executive decision-making is essential to future-proofing the insurance business. BDO is working with insurers to streamline data governance, enhance climate risk modelling, and align ESG with long-term strategy. The opportunity is clear, those who act early on ESG will be better positioned to navigate complexity, build resilience, and unlock sustainable growth.

Australia's position in the global landscape

Global uncertainty and intensifying regulatory demands are reshaping the strategic landscape for Australia's financial services industry.

Geopolitical instability, shifting trade flows, and diverging regulatory regimes across the United States, European Union (EU), and Asia-Pacific are amplifying complexity for Australian institutions. These global dynamics magnify the impact of domestic regulation, making long-term planning more challenging, which is especially true for sectors with significant cross-border exposure such as banking, wealth management, and fintech.

Yet within this disruption lies opportunity. When considering the impact of regulatory reform, increased scrutiny, while costly and complex to overcome, drives better governance.

Tightened regulations also encourage investment in ensuring resilience, transparency, and customer trust – all of which can be competitive edges. Shifting trade policies can encourage leadership to move towards more diverse supply chains, and increased cyber security risks can lead to better investment in systems and people, all of which can become powerful differentiators in a crowded market.

Boards and non-executive directors must consider how to best leverage global shifts to remain successful by building stronger, more adaptive organisations. Australia's financial services industry is well-positioned to lead and will only continue to flourish if it can turn complexity into an advantage.

Insights from BDO's global leadership

Dr. Gebhard Zemke
Partner, Global Financial Services Leader, BDO Germany

Preparing for the future means looking beyond local markets

Financial services organisations around the world are experiencing a convergence of pressures, as global issues like geopolitical and economic instability and escalating cyber risks continue to impact local markets.

From navigating shifting trade policies to embracing emerging technologies, our global teams are seeing that the most successful leaders recognise the global dynamics that influence their operations and are aligning their strategies accordingly to stay ahead.

As we consider digital innovation, we must also navigate an increasingly interconnected regulatory landscape. The EU's Digital Operational Resilience Act (DORA) is a prime example.

While it's an EU initiative, the impact is being felt worldwide, and in Australia, financial institutions and their technology partners are adapting to higher expectations for cyber resilience, third-party oversight, and incident response.

DORA is just one piece of the puzzle with the evolution of payments infrastructure, the expansion of open banking, and the challenge of managing risk across multiple jurisdictions all reshaping how financial services operate.

These developments demand a proactive, globally informed approach and as we move into the future, successful leadership will be defined by those who think globally as they balance innovation and compliance to prepare for what's next.

Insights from BDO in Australia's leadership

Tim Aman
Global Leader, Fintech
National Leader, Financial Services

Treating compliance as a strategic enabler

In Australia, financial services boards are facing a regulatory landscape that's growing more complex and interconnected. CPS 230, ESG reporting, and AML/CTF reforms are reshaping governance, risk, and operational resilience.

The challenge is not just compliance – it's integration. Boards must ensure regulatory obligations are embedded into strategy, supported by strong internal alignment and informed by global developments.

This is especially important for local players expanding operations across borders, where sustained confidence from investors, governments, regulators and customers is critical to ensure success.

In Australia, these global dynamics are adding further complexity to a highly regulated domestic market. Our survey shows that boards are increasingly recognising regulation not just as a compliance burden, but as a strategic enabler – one that can drive innovation, transparency, and trust.

At BDO in Australia, we're working with clients to navigate these changes practically – through scenario planning, board education, and cross-functional engagement. The organisations that succeed will be those that treat regulation as a strategic enabler, not a constraint.

About BDO

BDO is one of the world's leading professional services firms, with deep expertise across the financial services industry.

In Australia and globally, our dedicated financial services experts works with banks, insurers, wealth and asset managers, and fintechs to help navigate complexity and unlock opportunity.

BDO in Australia
14 offices, **338** partners, **2,873** people

Figures taken on 01 July 2025

Comprehensive support across the financial services industry

Our Financial Services team provides an end-to-end service offering covering audit, assurance, tax, regulatory advisory as well as forensic investigations, valuations, and technology advisory services.

We understand the unique challenges facing financial institutions – from regulatory reform and operational resilience to ESG integration, digital transformation, and global market shifts. Our multidisciplinary approach brings together specialists in risk, governance, strategy, tax, audit, and advisory to deliver practical, sector-specific solutions.

When you partner with BDO, you gain access to seasoned professionals with decades of on the ground experience. We understand your business and the broader financial services market, so we can provide tailored solutions that ensure compliance, enhance security, and drive your growth.

Plus, with offices all across Australia and more than 1,800 offices worldwide, our clients are able to draw on local and global knowledge and skills of BDO's advisers, wherever they are.

Local experts backed by a global network

166 countries & territories

1,800 offices

119,661 people

Current as of 30 September 2024

Our financial services experts work closely with teams across the Asia-Pacific region and globally, drawing on the depth and breadth of BDO's international network of financial services experts.

With offices in 166 countries and territories, our global reach enables us to deliver seamless, coordinated support wherever our clients and their customers operate.

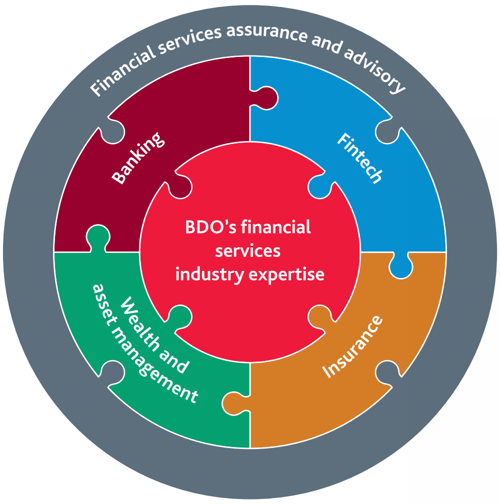
BDO's global structure offers more than just scale, it provides access to deep industry expertise, centrally aligned services, and a consistent quality experience across borders. On a global scale, we work with clients across key areas including DORA, payments, open finance, ESG, digital, and our innovation culture empowers teams with cutting-edge tools and data, transforming how we deliver value and anticipate client needs.

Whether supporting high-growth fintechs or major multinational banks, we bring together local insight and global capability to help clients navigate complexity, unlock opportunities, and achieve their ambitions in a rapidly evolving financial landscape.

Our Global Financial Services team have experts working across many areas including those below, so your organisation can receive tailored and sector-specific support, across jurisdictions:

- Asset management
- Banking
- Financial services advisory
- Insurance.
- Financial services tax

▶ Find out more about our global Financial Services team



Need help navigating what's next?

The financial services landscape is evolving rapidly across regulation, resilience, ESG, digital transformation, and global market dynamics. If your organisation is seeking clarity, strategic guidance, or practical support, our dedicated BDO Financial Services team is here to help.

We work with boards, executives, and operational leaders across banking, insurance, superannuation, wealth and asset management, and fintech to turn complexity into confidence. Whether you're preparing for growth, regulatory change, or broader transformation, we're ready to support your next steps.

Reach out to BDO's experts in financial services to start the conversation

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Meet the experts

Tim Aman
Global Leader, Fintech
National Leader,
Financial Services
Partner, Audit and Assurance

A key part of my role is to be a trusted sounding board to help clients navigate change with confidence. It's rewarding to know you've made a meaningful difference.

As BDO's National Leader for Financial Services and Global Leader for Fintech, Tim Aman is known for his board-level engagement and focus on sector transformation. With over 30 years of experience across technical and client-facing roles in the US, Vietnam, Cambodia, and Australia, Tim works with wealth and fund managers, superannuation providers, banks, leasing firms, insurers, and fintechs. He provides audit and assurance services and advises on strategy, risk, regulatory change, and innovation across the financial services industry.

Bianca Buckman
Partner, Audit & Assurance
Financial Services

If there is one topic that needs to be on every company's agenda, its AI. AI and data-driven personalisation are redefining client engagement, operational models, and competitive differentiation.

Bianca is a Partner in BDO's Audit & Assurance team and works in BDO's Wealth and Asset Management group. With over 25 years of experience in financial services, she specialises in asset management audit and assurance engagements. Bianca brings global insight, deep valuation expertise, and a strong network to unlock value in complex and evolving client environments.

Delarey Nell
Partner, Audit & Assurance
Financial Services

Throughout my career, I've seen how trusted relationships are the foundation for delivering exceptional client results.

Delarey is a Partner in BDO's Audit & Assurance team, where he specialises in audit and assurance services for the banking and financial services sector, including non-bank lenders, investment and corporate banks, and broker-dealers. With over 25 years of deep technical expertise and global experience, Delarey delivers innovative, tailored solutions that help clients navigate complex environments and achieve strategic outcomes.

Geoff Rooney
Partner, Audit & Assurance
Financial Services

An emerging trend every industry, but especially financial services, must watch is the rapid rise of AI and digitisation – I expect we'll see it reshaping finance and risk and demanding, and we'll need to remain agile to ensure resilience.

Geoff is a Partner in BDO's Audit & Assurance team with deep expertise in banking, superannuation, and wealth management. He advises listed and private financial institutions on audit, risk, and regulatory compliance, with a focus on governance and financial reporting integrity.

Jeshan Velupillai

Partner, Audit & Assurance
Financial Services

The most rewarding part of my role is working closely with clients to help them navigate complexity, meet their obligations, and uncover opportunities. It's about building trust and providing clarity in areas that matter to their business.

Jeshan is a Partner in BDO's Audit & Assurance team. With over a decade of experience in Australia and the UK, he works with financial services clients, including fintechs, insurers and wealth and asset managers, to deliver external audits, assurance, compliance, IPO transactions, and due diligence services.

Ali Bolbol

Partner, Corporate & International Tax
Financial Services

What I find most rewarding is partnering with clients to make the complex simple – delivering advice that's not just technically sound, but commercially meaningful and aligned with their strategic priorities.

Ali is a Tax Partner in BDO's Financial Services team. With over 20 years of experience, he works closely with financial institutions and insurers to address complex tax and regulatory challenges. Ali is known for his ability to distil complexity into clear, practical solutions that align with clients' strategic priorities. His approach is grounded in commercial insight, deep sector knowledge, and a commitment to long-term partnerships that drive confident decision-making and sustainable growth.

Anders Magnusson

Chief Economist

For me, the most rewarding part of working with clients is seeing the power that introducing outside ideas can contribute to an organisation's trajectory.

Anders is BDO's Chief Economist, responsible for leading the firm's macroeconomic analysis with a commitment to helping clients navigate the key transitions shaping Australia's next decade. He is a purpose-driven economist who strives to help his clients achieve social benefit, leveraging the breadth and depth of expertise at BDO to deliver practical solutions. He works with an ever-expanding range of sectors and supports both government and private clients.

Mohit Malik

Partner, Cyber Security
Cyber Security

AI is an important tool for delivering outcomes, alongside capital, people, technology infrastructure, processes, and transformation. But like any technology, it needs to be secured and operated safely and with strong regulatory oversight, particularly when services reach vulnerable groups such as the elderly.

Mohit is a Partner in BDO's Cyber Security team. With over 17 years of experience, he advises organisations on technology and AI security, resilience and regulatory compliance in relation to AI, cyber and data. He specialises in cyber resilience, threat management, and board-level oversight of AI risk.

Nick Kervin
National Leader, Digital
Partner, Advisory

Looking to the future of the industry, AI regulation in Australia will tighten and financial services leaders will need to finely balance investment and innovation, while keeping this front of mind.

Nick is BDO's National Digital Leader, advising financial services clients on digital transformation, AI, and customer experience. He helps organisations align technology with growth strategy and regulatory expectations.

Stan Gallo
Partner, Forensic Services
Forensics

I really enjoy seeing the tangible impact of our solutions on a client's success. It's incredibly fulfilling to know that our guidance and strategies have helped them overcome obstacles, achieve their goals, and grow their business.

Stan is a Partner and senior leader in BDO's Forensic Services team in Australia. A former detective and risk specialist, Stan combines proactive risk management, investigative and technology skills to assist organisations in aligning Governance, Risk and Compliance programs with their strategic objectives and regulatory requirements.

Elissa Bogardus
Partner, Advisory
Risk Advisory Services

The most rewarding part of my work is watching client confidence and understanding grow as we turn complex regulations into clear, actionable steps.

Elissa is a Partner in BDO's Risk Advisory team, specialising in operational resilience, regulatory change, and governance. She leads CPS 230 readiness programs and advises boards on embedding risk into enterprise strategy.

Aletta Boshoff
National Leader,
Sustainability Reporting
National Leader, IFRS &
Corporate Reporting
Partner, Advisory

Solving real-world challenges with clients and seeing their confidence grow is what drives me daily.

Aletta is BDO's National Leader for IFRS and Sustainability. She advises financial institutions on sustainability reporting, climate disclosures, and financial reporting under AASB and international standards.

Participants and methodology

This report is informed by our national survey which was completed by **152 senior leaders** across Australia's financial services industry, conducted between March and May 2025.

The survey captured both quantitative data, with qualitative insights through a mixed-method approach, including multiple-choice questions and free-text responses.

Of the total number of responses, 47 were collected by BDO.

105 anonymous responses were collected online between 26-30 March 2025 by YouGov, and included C-suites from financial services organisations with a minimum of 50 employees or an annual turnover of $20 million, ensuring representation from medium to large organisations, while still capturing insights from high growth fintechs.

The results shared in this publication are pooled from all participants, and the figures are unweighted.

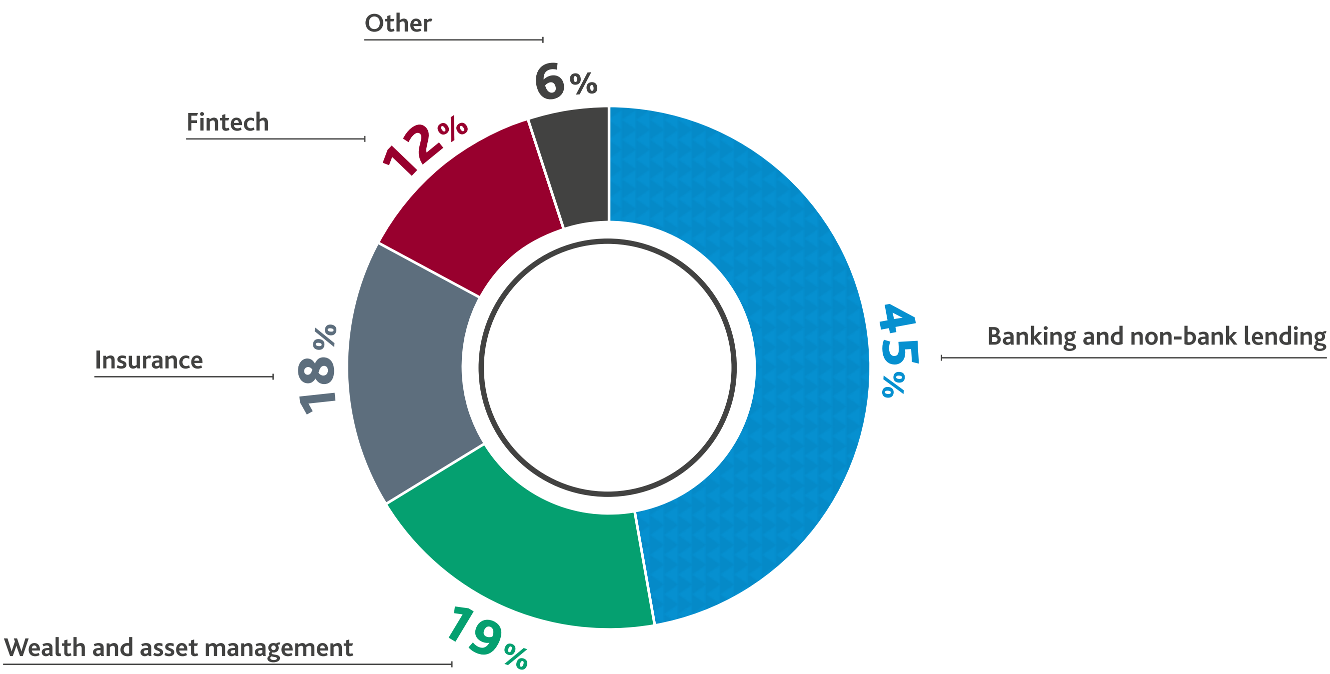
Participants represented a broad cross-section of the industry (Figure 16), including banking and non-bank lending, insurance, wealth and asset management, fintech, and a small portion of other industries (including real estate, investment platforms, broking and leasing).

Key themes explored included:

- Funding and growth
- Digital transformation
- Cyber and data
- Regulation
- ESG and sustainability.

Sector-specific trends and cross-sector comparisons were identified through thematic analysis.

Figure 16: Survey participants by industry



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