



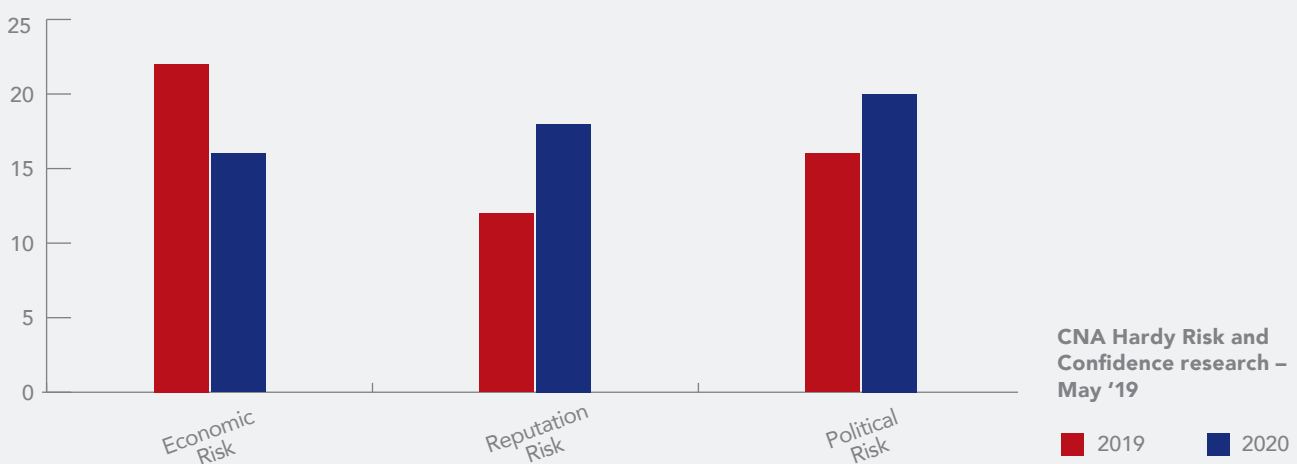
2020 Prediction:

Reputation risk concerns to increase for UK professional services firms

Confidence is predicted to remain low among UK-based professional services firms in 2020. Only 34% (just over one third) expect to feel confident in their ability to grow and prosper in 2020, while 80% believe they will be operating in a moderate to high risk environment¹.

The UK is the centre of European professional services, and many firms operate in Europe under the current passporting rules. The uncertainties around how these will continue after Brexit seem to be weighing on professional services firms, which place political risk firmly at the top of their list of worries for 2020.

UK professional services firms' top predicted risks



However, political risk is not professional services firms' only concern. There has been much discussion over the role played by external auditors, for example at Carillion and Thomas Cook, and questions about the structure of the sector itself, with the Financial Reporting Council calling for the break-up of the Big Four firms and the separation of their audit and consulting businesses^{2,*}.



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With public confidence in the professions on the slide, it is unsurprising that the sector rates reputational risk as its second most significant risk for 2020, up from 12% in 2019 to a predicted 18% in 2020. Consequently, professional indemnity insurance rates are on the rise and we anticipate that the industry will be paying this class close attention as we move into 2020.

¹CNA Hardy Risk and Confidence research was undertaken between February and March '19, via an online survey of 1,500 business leaders of multinational firms with operations in Europe. Qualitative research was undertaken in May '19. In the UK 450 business leaders from 9 different business sectors, with a turnover ranging from £5m to £1bn+ were surveyed.

²FT.com - <https://www.ft.com/content/84d1b2c0-0077-11ea-b7bc-f3fa4e77dd47>

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