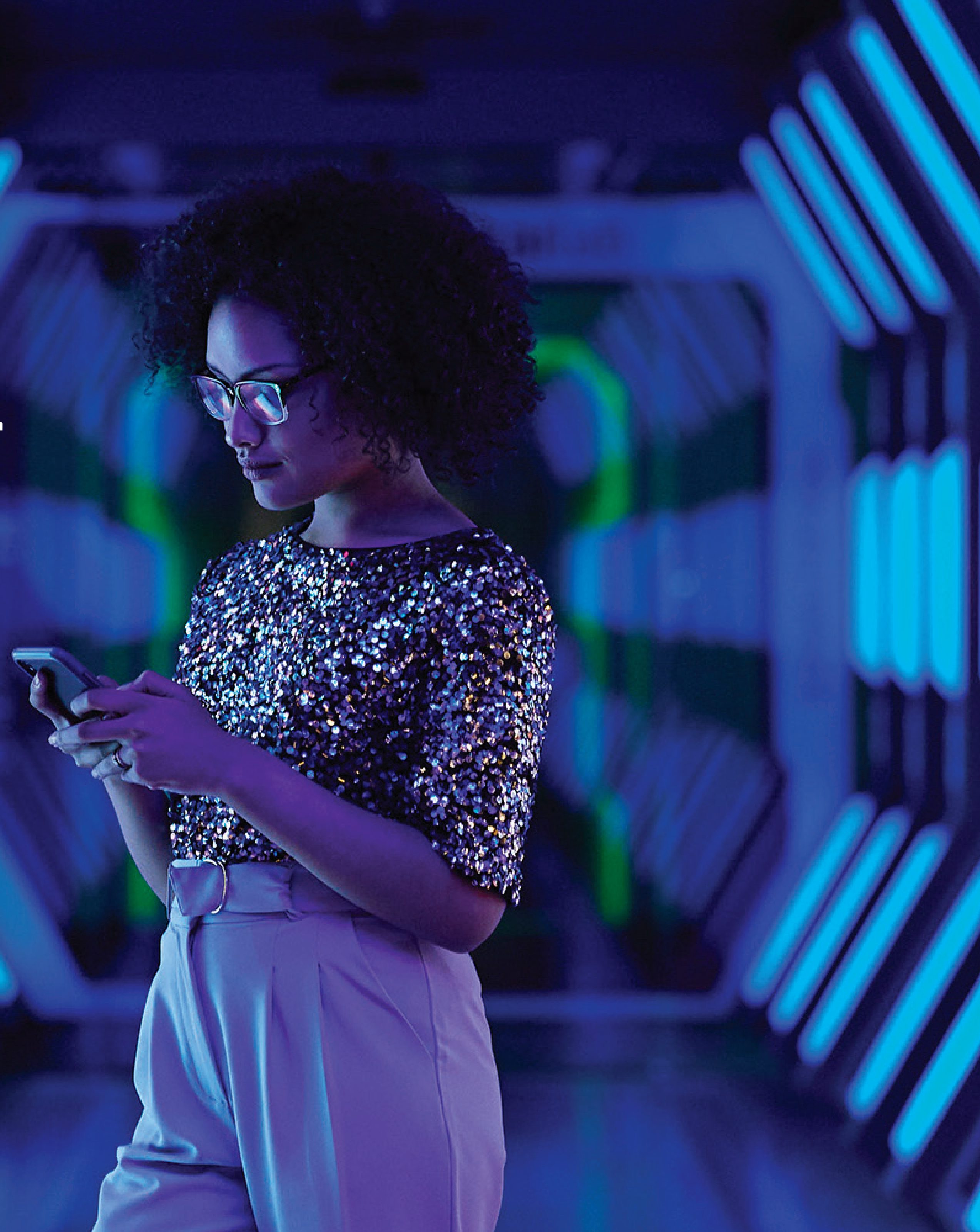
Financial services talent trends 2020

The upskilling imperative for financial services firms

Findings from PwC's 23rd Annual Global CEO Survey



CEOs at financial services firms face a dilemma. Because the industry is changing rapidly, they must build the right skills for their organisation to continue to compete in the future. Yet doing so requires making investments that won't generate a return for several years. In the meantime, they face relentless pressure to hit short-term financial targets.

Judging from the results of PwC's 23rd Annual Global CEO Survey, the industry has yet to solve this challenge, but it must. In a fast-changing economy, winning companies are adept at building new skills and capabilities, particularly those based on digital technology. These organisations have moved beyond the traditional ideas that upskilling equals training and that the workforce is a fixed entity, and instead, they create more flexible ways to access the skills and capabilities they need. Although those skills can be gained through alliances, joint ventures, partnerships with government and academia, and other types of collaborations, the most lasting results come from upskilling the current base of full-time employees.

The COVID-19 pandemic has only underscored the need for digital transformation and upskilling initiatives aimed at improving both internal processes and customer engagement. Consider the changing roles of commercial bankers, wealth advisers, and insurances sales and distribution staffs, all of whom are now engaging with clients via digital channels for sales, relationship-building and support. Or consider the way that the shift to working from home puts new pressure on organisations to manage security as well as employee productivity, with ramifications for a company's real estate portfolio and IT infrastructure.

To that end, the survey results, which were gathered before the COVID-19 pandemic, should be a wake-up call. Financial services CEOs are less likely than their peers in other industries to say they have made significant progress across a range of upskilling efforts, and more of them acknowledge that they haven't made any progress at all. Consider:

17%

of financial services CEOs say their organisation has made significant progress in areas such as improving workers' and leaders' knowledge of technology and its implications, compared to 20% of the full CEO sample.

24%

say that their upskilling programmes have led to greater innovation and an accelerated digital transformation, compared to 30% of CEOs across all industries.

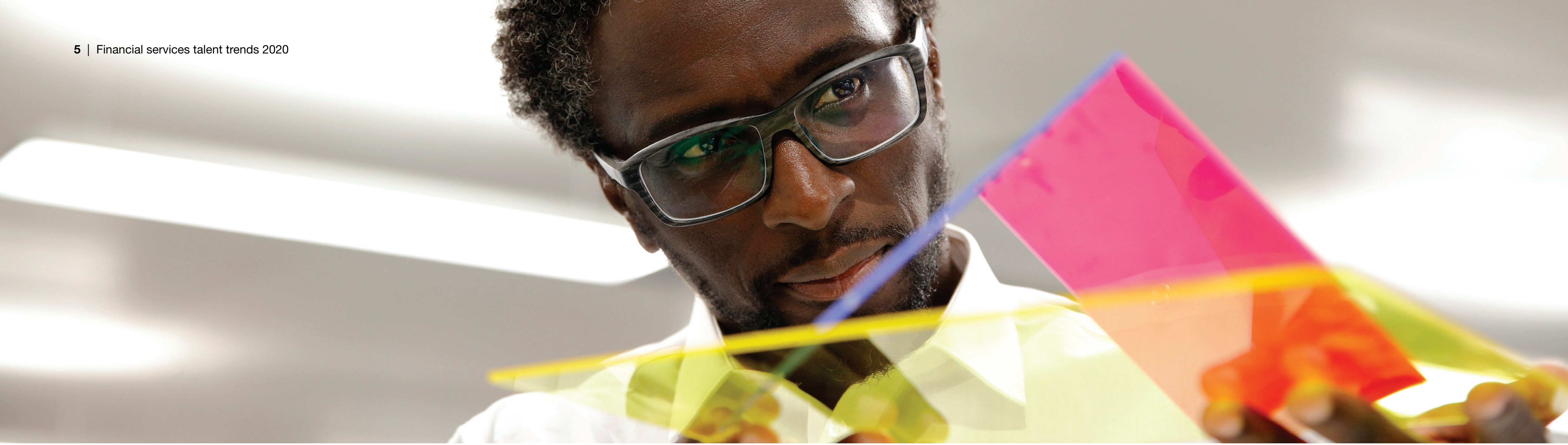
16%

say that they have been effective in reducing skills gaps and mismatches, compared to 20% of all CEOs.

Financial firms struggle to retain employees who have learned new skills (15% of chiefs say this is their biggest challenge) and to find the resources — not just funding, but also people and expertise — to conduct upskilling programmes. And nearly 40% of CEOs say their firm has made no real effort to partner with the sort of institutions in academia or government to help them develop the skills that their business will one day need.

Certain segments of the industry have even more work to do. Asset and wealth managers (AWMs) lag the rest of the financial sector in every upskilling initiative in the survey. Nearly one-fourth of AWM executives concede that they've made no progress at starting an upskilling programme, and 8% say they're not even considering it. Notably, AWM chiefs are more likely than those in other segments to say that they simply don't know whether these programmes are helping their companies meet bigger goals.

Upskilling is a long-term project, but the pressure on firms to deliver short-term results has hardly abated. Financial companies no longer have the overwhelming advantage in compensation they once enjoyed, and they still haven't found the right balance of rewards — financial and otherwise — to draw and retain today's talented young employees. Thanks to both expansion and consolidation, firms that were already large have grown even bigger, and face a skills mismatch that's pervasive in global operations; by contrast, mature markets have too many qualified employees, and growing markets have a shortage. The solution isn't as straightforward as simply relocating talent to higher-growth markets. In the short term, COVID-19 has revealed the challenges of relying on international talent. More important, employees who understand the local context will have the best chance of being successful.



Upskilling demonstrates its value on many levels. In PwC's survey, CEOs who have made more progress on their upskilling agendas tend to be more optimistic about their company's growth prospects than those who haven't. And although upskilling certainly leads to improved productivity — particularly when it comes to softer skills, like collaboration, that can't easily be replaced by technology — there's more at stake for companies that hope to be responsible corporate citizens. Firms that aren't constantly developing the capabilities of their workforce risk creating waves of jobless people who can no longer find productive work. To avoid that fate, organisations need a more flexible model to access the skills they need.

If events so far this year have anything to teach CEOs and the companies they lead, it's that the era of worldwide disruption is firmly and irrevocably here. So just as financial services companies subject their balance sheets to stress tests to show they can withstand economic calamity, the time has come to stress test human resources, to take the measure of your team's flexibility and resiliency, and to consider aspects such as the geographic distribution of skills.

With so much time and money at stake, demonstrating a strong financial return is essential — buy-in from the leadership and engagement within the workforce will quickly evaporate if the effort shows no clear evidence of benefits. In a well-planned digital upskilling initiative, financial growth follows from efforts to build talent and improve the external stakeholder experience, so it's important to track key metrics in all those areas.

Building a successful upskilling strategy calls for management to focus on six aspects:

Focus on digital tools and new ways of working

Every organisation needs to set out its own priorities, but we believe that digital tools and new ways of working should be on the agenda for just about all financial services organisations. For example, many institutions now find themselves building and maintaining client relationships virtually, through digital channels. Longer-term, product teams will still likely need to work remotely to assemble cross-functional teams to collaborate on product development. The creativity and innovation needed for success require both new technology and new ways of working — which in turn call for upskilling initiatives.

Tell a powerful story about the value of upskilling

Make a case for upskilling, outlining the strategy and the road ahead, and amplifying the message through regular communications in various channels. Company leaders and ‘digital champions’ in the workforce need to reinforce these messages over time, to ensure the organisation is aligned around the plan.

Pilot within a segment of the workforce

Rather than launching company-wide initiatives, identify a narrower base for early-stage measures. This could be the leadership team; a business unit, function or region with a particularly urgent need; or a set of key influencers.

Integrate the upskilling initiative with existing talent and training programmes

Upskilling can't exist in a vacuum. It needs to be linked to processes such as performance management, recognitions and rewards and other elements of HR already in place. This kind of alignment will further reinforce the company's commitment and help boost employee participation.

Prepare for obstacles

Anticipate common concerns, especially employee anxiety. A key message to convey is that upskilling programmes are truly an investment in employees as individuals, designed to improve both company and personal performance. Find productivity improvements that will allow employees to do much of the training during work hours. Moreover, organisations should seek to reskill any staff that will be affected by restructurings or head count reductions, to create future employment opportunities for them. This is an important component of banks living their purpose and standing up for their people, even as the industry becomes more competitive.

Ensure longevity

Make sure upskilling isn't viewed as just another corporate fad. Generating sustainable progress requires that you identify KPIs, measure progress and refine the company's approach over time. However, the use of technology to boost productivity can have a downside in terms of burning people out. Organisations need to strike the right balance between productivity and employee well-being. The right approach to upskilling optimises both.

The financial services industry is changing at an unprecedented rate. Financial services firms must keep pace — not only at an organisational level, but also in how they upskill their people. In a relentlessly changing market, success demands nothing less.

Contacts

Bhushan Sethi
Joint Global Leader, People and Organisation
Principal, PwC US
+1 646 471 2377
bhushan.sethi@pwc.com

Christopher Box
EMEA Financial Services People and Organisation Leader
Partner, PwC UK
+44 20 7804 4957
christopher.box@pwc.com

Colm Kelly
Global Leader, Purpose, Policy and CR
Partner, PwC Ireland
+353 1 792 8943
colm.kelly@pwc.com

Carol Stubbings
Global Tax & Legal Services Leader
Partner, PwC UK
+44 77 3987 4275
carol.a.stubbings@pwc.com

Julia Lamm
Financial Services People and Organisation
Principal, PwC US
+1 646 471 6392
julia.w.lamm@pwc.com

Nicole Wakefield
ASEAN People and Organisation Leader
Partner, PwC Australia on secondment in Asia
+65 6 236 7998
nicole.j.wakefield@sg.pwc.com

Peter Brown
Joint Global Leader, People and Organisation
Partner, PwC UK
+44 77 8900 3712
peter.c.brown@pwc.com

Financial services talent trends 2020

pwc