Unlocking the human opportunity
Future-proof skills to move financial services forward

A study between Toronto Financial Services Alliance and PwC Canada bringing together insights across the Toronto financial services sector.

March 2018
Preface

Toronto Financial Services Alliance (TFSA) is a not-for-profit organization established by and working on behalf of government, Financial Services (FS) employers and academia to drive the competitiveness and growth of Toronto’s FS sector and establish its prominence as a leading international centre. An integral part of TFSA’s mandate is to support the attraction, development and retention of world-class, in-demand talent for the FS sector.

To that end, one of our key talent objectives is to contribute relevant data to inform the talent strategies of our members. Recognizing that there are a number of well-established and credible human capital surveys available to FS employers, this year we sought to identify and fill a talent data gap. Specifically, we polled our members to understand the critical information they struggled to find that would help drive their businesses forward.

The resounding response pointed to a lack of information on skills required to be successful in the future. With the technology and business landscapes changing so rapidly, FS employers are finding it difficult to plan and prepare for the future. What skills will be needed by FS workforces over the next three to five years and beyond? And how can we start preparing our employees and business leaders for success today?

While there is a myriad of “big picture” research dedicated to the topic of “workforce of the future”, none of it offers the level of specificity that our members need.

Consequently, we have intentionally framed our research to offer a more detailed view of how roles and skills will change. This research is specific to financial services, with an emphasis on the Toronto region. We consider significant influencers of change and how they will affect five key operational areas common to FS organizations throughout our sector.

Our findings are based on the views and input of executives leading the five operational areas of focus, specialists in emerging technologies, and subject matter experts in global financial services, as well as a breadth of secondary research.

The result is a roadmap that forges a path forward to prepare FS organizations and employees for the future.

We hope that the trends, themes, findings, and recommendations found in the following pages will start a conversation within FS organizations and across the sector, to enable employees and businesses to unlock the human opportunity and continue their success into the future.

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Executive summary

The availability of key skills is one of the top concerns of CEOs around the world. In Canada, 30% of CEOs in banking and capital markets and 29% of CEOs in asset and wealth management believe the availability of key skills is a major threat to their growth prospects.

Given that Toronto is the second largest financial centre in North America, employing over 800,000 people, it is critical for companies in the financial services (FS) sector in Toronto to ensure they have the right people and skills to succeed in the future. To do this, financial institutions (FIs) need to understand the key trends shaping the financial services sector, how trends are changing the nature of work, and the impact any changes will have on the demand for specific skill sets. This report seeks to build a better understanding across each of these areas in an effort to provide business leaders with insights and practical recommendations to move their organizations forward, while also giving people looking to enter the sector a view into areas of opportunity and the critical skills they need to thrive.

What did we do?
This report is based on insights gathered through consultations and surveys with over 80 executives across the FS sector in Toronto, a review of a wide range of secondary research, and a synthesis of the deep expertise and knowledge of subject matter experts in financial services, people and organization, and technology from across PwC’s global network.

How are the demands on people changing in financial services?
Toronto FS executives highlighted a number of global trends exerting significant pressure on their businesses. These included changing demographics, shifting customer preferences, and the changing financial services landscape – including increased sector participation from large technology players such as Alipay, Amazon, and Google.

Big data, the rapid evolution of technology, and the speed of change were also consistently highlighted as major drivers of investment in emerging technologies and the shift to new business models. Most executives agreed that embracing change is the only way to remain competitive given the myriad of challenges affecting the sector.

Each of these trends is having an impact on the nature of work, the demands on people, and the skills employees need to be successful. As the financial services sector continues to change, so will the demands on people and their skills. Our report explores this evolution across the five key themes that emerged from the research.

1. It’s how you make me feel
It is experiences that matter for both customers and employees. Customer expectations are changing rapidly and are being shaped by their experiences with organizations outside of financial services. Employees are also looking for greater purpose and more meaningful work. This is putting pressure on FSIs to deliver a first-class people experience for both their customers and employees.

2. Playing to the strength of people
Increased automation of repeatable, routine, rule-based tasks is expected to create capacity for more value-added work. This shift in focus will require more humanistic skills, such as critical thinking, empathy, and creativity. FIs will need to promote an environment that supports continuous improvement, innovation, and talent development.

3. Solving important problems
Greater focus on problem solving is expected to help FIs meet the true needs of people in the future. In the customer context, this means understanding the holistic customer to deliver relevant solutions to complex problems. For employees, it means bringing together diverse skill sets and perspectives in multi-functional teams (e.g. Agile) to find new approaches to solving problems across silos.

4. Both sides of the “T”
The “T” refers to the breadth and depth of skills and expertise. When considering breadth of skills, there are core future-proof skills that all people should focus on acquiring. We describe these future-proof skills below; however, both breadth and depth of skills will be critical moving forward. Individuals in business roles will need to know enough about technology to change the way they solve problems, while individuals in technology roles will need greater business acumen in addition to being specialists in their fields, and customer-facing roles will require strong human experience skills and deeper technical skills to meet customer needs.

5. Thriving in constant flux
Volatility and uncertainty will continue to place significant pressure and stress on FSIs and individuals to adapt in order to thrive. Strong leadership will be critical. Organizations will need to consider how they support and provide opportunities for employees to learn new skills, while balancing wellness and the need to build capabilities so people become more resilient.

What skills will help prepare today’s workforce for the future?
We identified four categories of future-proof skills that support an elevated people experience while enabling problem solving, innovation, and better adaptation to change.

1. Human experience skills
Emotional intelligence, empathy, communications, and influencing skills will help individuals drive more fulfilling human-centric experiences for both customers and employees.

2. Reimagination skills
Curiosity, creativity, critical thinking, problem solving, and business acumen will help individuals reimagine the future and develop new solutions to meaningful business problems that have commercial value.

3. Pivoting skills
The willingness to change, the capacity to learn and adopt new skills quickly, and the ability to lead people through change and build resilience will help people adapt in an environment of volatility and uncertainty.

4. Future currency skills – digital and data acumen
Developing and staying current on key technical skills will be a baseline requirement for people as the digital and information age continues to evolve. Today the key skills are digital and data acumen. However, the level of knowledge and abilities required will likely shift over time.

How are these skill demands impacting FI organizations?
The nature of work and the demands on people and their skill sets are changing across all aspects of financial services. Our report examines this evolution across key organizational areas, including: customer service, technology, operations, financial and legal, audit, and finance. For each function we identify key impacts, the roles changing, in-demand skills, and specific implications across each of the themes.

What can FIs do to prepare the workforce for the future?
Developing a strong people experience will be the key to success for FSIs in the future – from supporting people as they develop future-proof skills, behaviours, and mindsets to providing a positive and engaging work environment. Ten actions that organizations and leaders can undertake now in order to meet the workforce demands of tomorrow include:

1. Prioritize sensing the future
2. Identify the future skills for your organization across job families
3. Know what your employees value and be honest about what you deliver
4. Hire for core skills
5. Educate for the future
6. Grow the talent pool for everyone
7. Evaluate and reward critical behaviours more frequently
8. Broaden the reward benchmark
9. Match skills with work and not people with jobs
10. Remove stigma of restructured employees
Introduction

The financial services (FS) sector is evolving rapidly. New innovations, changing customer preferences, increasing competition from non-traditional players, and shifting government regulations are reshaping what financial institutions (FIs) do and how they do it. In order to remain competitive, Canadian FIs recognize that they need to transform the way they think, the way they operate, and the way they deliver services.

Over the past three years, a number of financial institutions in Canada have made bold moves to embrace change. Some banks even say they are evolving into technology companies that happen to provide financial services. However, it will take more than embracing technology for financial institutions to be successful in the future. FIs will also need to focus on their workforce—ensuring they have the right people with the right skills and abilities to deliver the next generation of financial services.

Technology is a gamechanger—so are people

Historically, financial institutions looked at technology as a way to support the business; now, technology is often the driving force behind changes to the business and a key competitive advantage. From robotic process automation (RPA) and artificial intelligence (AI) to the internet of things (IoT) and blockchain, innovative technologies are providing new ways to serve customers, elevating the customer experience, creating new customer value, and improving efficiency and productivity.

But these technologies are only one aspect of the transformation puzzle. While they might be a key enabler of change, the people within financial institutions are the ones who must embrace and utilize any new tools, processes, or data. The challenge is that change creates fear. For example, automation will undoubtedly replace some people over time, while the nature of many jobs will change significantly. There is substantial literature on how automation creates capacity to focus on more meaningful work; however, it is unclear what the new work will be, when it will be introduced, and what it will mean for employees impacted. As these changes come to fruition, organizations need to effectively manage this transformation of how work is done and support people as they transition to new ways of working.

Redefining the future, today

There is common sentiment that the FS sector is at an inflection point. Many financial institutions are in the exploration and experimentation phase, testing many different kinds of emerging technologies. It is expected that some of these technologies will mature and scale quickly—the question is when.

Success over the next three to five years will be dependent on the vision of a financial institution’s leaders, their ability to make organization-wide changes effectively, and the degree to which they can anticipate and manage their future workforce needs.

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This report has been developed to examine how workforce needs are evolving and to identify which skills FS sector leaders believe will be critical to success in the future. While the sector is changing globally, to provide the most relevance to our members, we have focused specifically on the needs and opinions of financial institutions in the Greater Toronto Area.

Change is expected to be widespread across financial institutions. To provide a meaningful view of how work is expected to change roles and skills, we examine five key functional areas that are universal to most financial institutions and that are expected to have significant impacts: Customer Service and Sales (customer-facing functions), Product Development, Technology, Operations, and Controls.

The unique needs of Toronto’s financial services sector

Toronto is the second largest financial centre in North America, employing over 800,000 people. The city’s financial services sector accounts for over 13% of total GDP and 8% of all service employment. At the same time, Toronto is a significant hub for technology innovation. The city is seen as a global leader for the development of artificial intelligence, with leading research being conducted by the University of Toronto and the Vector Institute. The city is also home to Google’s first “Smart City” project.

These and other technology initiatives are already attracting skilled global talent. Non-Canadian based companies such as Thomson Reuters have also taken note of Toronto’s growing technology ecosystem and are starting to develop tech-bases in Toronto.

As more companies come to Toronto, competition for talent will increase significantly. To be able to compete for the highly skilled talent required to be successful in the future, financial institutions need to act now to define what their workforce needs will be in three to five years and take action quickly.

Our research

This report includes insights gathered from structured interviews and surveys with over 80 executives from across the financial services sector in Toronto. This is supplemented by secondary research and the deep expertise of financial services and technology specialists across PwC’s global network. See Appendix A: Approach for additional information.
Key trends influencing the future of financial services

Percentage of FS executives who believe these trends will have a high to very high impact on their organization in the next 3-5 years

- Speed of Technological Change: 89%
- Increased Financial Pressure: 71%
- Changing Customer Demographics: 69%
- Cyber Threats: 56%
- Globalization: 43%

Globally, numerous trends are reshaping the world we live in. Evolving customer behaviours, new regulatory pressures, the rapid pace of technology change, and the increasing availability of data – these and other trends are shifting the very foundations of our society and how we do business. No country, city, or industry is immune.

Here in Toronto, executives in the financial services (FS) sector are well aware of the myriad of trends affecting their organizations. Over the course of our research, five key trends emerged that executives believe will change the way financial institutions (FIs) conduct business and, therefore, the roles and skills they will need to be successful in the future.

1. Changing demographics and customer preferences

While demographic shifts are being experienced globally, in Canada, the aging of the population will be more rapid than elsewhere in the coming years – faster than the US, UK and France. One consequence of this demographic shift will be the largest transfer of wealth ever, predicted to occur over the next decade, with Canadian baby boomers expected to inherit an estimated $750 billion.4 This will substantially alter the retirement landscape and create significant economic impacts.

Demographic shifts are also reshaping the financial services in demand by customers today. While older generations are demanding more complex estate planning, millennials are debating whether they need a traditional bank account at all.

In addition, in today’s technology-enabled world, customer expectations are shaped by every organization with which they interact with, whether inside or outside of financial services. Customer experiences with companies such as Google, Amazon, and Facebook, global and local retailers, and other organizations are leading customers to demand similar “best in class” experiences from their financial services providers. This is only increasing the importance of the customer experience. Consequently, the ability to understand and deliver meaningful value to customers – quickly – is becoming a new competitive advantage and a key priority for everyone within an organization, not just customer-facing staff.

2. Increasing non-traditional competition

The makeup of the financial services sector is shifting like never before. Traditional financial institutions are facing a growing amount of competition from other players. In China, Alipay and Tenpay (WeChat Payment) together make up 92% of the mobile payment market.5 Last year, Alipay partnered with a technology firm to enable Canadian retailers to accept Chinese currency and, as of October 2017, over 700 Canadian merchants now accept Alipay.6 With the massive economies of scale technology companies such as Alipay, Amazon, and Google have, their potential vertical expansion into financial services could have a rapid and detrimental impact on traditional players in Canada.

Many of these new competitors are ideally positioned to attract the top and scarce talent that will be required over the next few years, and attracting talent may be difficult for FIs when competing against them.

3. Managing the significant regulatory burden

The burden of regulation will only increase as emerging trends introduce new risks. While Canada’s strong regulatory regime helped the sector escape the brunt of the 2008 financial crisis and retain high consumer trust, regulatory compliance remains a complex task for most financial institutions. FIs that operate globally have the added challenge of managing multiple regulatory requirements (e.g. PSD2, MiFID).

While compliance is often seen as drawing attention away from innovation, it is also starting to be recognized as an additional driver of change. A number of financial institutions are exploring how regulatory technologies (“RegTech”) can help them address compliance challenges and reduce the burden on regulatory functions within FIs.

However, implementing these technologies could create new challenges, including a significant shift in the skill sets required to manage regulatory and risk compliance.

4. Technology and big data

Many executives recognize that they are only leveraging a fraction of the data available to them. Big data is fast becoming both a stepping stone for creating new insights and more tailored solutions for customers and a building block for other technology innovations, such as artificial intelligence.

The executives interviewed believe that the ability to quickly capture, analyze, and leverage data (e.g. customer, supplier data) will increasingly become a major competitive advantage for financial institutions. This means FIs will need to be able to harness data and analytics to deliver greater value across every aspect of their value chain and across every area of strategic decision making.

Recognizing the value of big data and taking full advantage of it are two very different activities. In many cases, financial institutions are constrained in their ability to truly leverage their data and realize related benefits due to complicated legacy systems and processes.

Clearly, the recognition of the importance of big data exists. A number of executives are looking to double or triple the size of their analytics team over the next few years in order to leverage their data more effectively.

5. The speed of technology change

The speed of technology change is a significant issue. In fact, 89% of executives in our study see it as a significant influencer and are worried about how it could impact their businesses.

At the same time, there is uncertainty among Toronto FS executives as to how quickly their businesses need to evolve to keep up with the pace of technology change. Most often, views diverge based on the role or “lens” of different executives. Leaders in technology and digital functions believe big changes are required very quickly, while leaders in non-technology functions believe change is somewhat less urgent. Despite this divide, most leaders closely align on the fact that adoption of technologies will increase over the next three to five years.

A major challenge for financial institutions is that they are not set up to quickly innovate or respond to change. Legacy systems and processes make it difficult for them to move quickly or nimbly. Traditional FIs also need to manage any changes while keeping the lights on and serving their existing customers.

The first step before any change can happen is to understand the impact technological innovations will have on traditional roles, processes, and systems and how they are already changing the way people work. To level set what some of these technologies are and their potential talent impacts, we will examine a few key emerging technologies in the next section.

Work activities that have the potential to be automated

- 54% of executives believe 20% or more of tasks will be automated in their organization in the next 3-5 years.
Emerging technologies and the speed of technology change are rapidly transforming the nature of work and creating new demands on the workforce. Leaders need to understand what these technologies are, how they drive business activities, and their impact on talent. We examine a few key technologies below.

Robotic process automation

What is it? Robotic process automation (RPA) uses logic-driven software (known as “bots”) to automate repetitive, rule-based tasks. These bots can be configured to mimic the actions of people using applications to run business processes (e.g. logging into a system, copying data from one system to another). As such, these bots sometimes are seen as a “digital workforce.” RPA can be programmed to self-learn when used in tandem with artificial intelligence tools, but in its simplest form, RPA performs a task it has been programmed to do in the same manner every time.

How does it apply to FS? RPA can help FIs automate a number of high volume, labour intensive tasks—from client onboarding to data verification and reconciliations. It can also be a helpful integration tool, allowing financial institutions (FIs) to bridge the gap between internal front-end customer applications and back-end legacy systems. RPA can operate 24/7, has a higher accuracy than humans, and can cost 10% to 30% of a full time employee.

Operations is a prime candidate for RPA and will likely utilize more of this technology in the short term, but there are many opportunity areas across financial services (e.g. manual activities for data conversion and manipulation in compliance, connecting interfaces in technology) and it is expected that more functions will follow.

What is the impact on people? RPA will have a significant impact on roles and skills. A displacement of activities (and inevitably roles) is expected, freeing up capacity for higher value activities. Specialist skills will be required to develop and implement software and re-design processes. Operations staff will need to learn how to configure the tools, oversee operations, and manage both robotic technologies and a human workforce.

Artificial intelligence

What is it? Artificial intelligence (AI) is a collective term for computer systems that can sense their environment, think, learn, and take action in response to what they are sensing. AI leverages big data, complex algorithms and, in some cases, established AI platforms (e.g. IBM Watson or Microsoft Azure) to enable companies to assess information and make decisions. AI solutions can even train themselves to make better decisions.

There are four types of AI:19
- Automated Intelligence – which automates manual/cognitive and routine/non-routine tasks;
- Assisted Intelligence – which lets people perform tasks better (e.g. in-car navigation systems that adjust to conditions);
- Augmented Intelligence - which helps people make better decisions (e.g. analyzing complex data sets for strategic decision making); and
- Autonomous Intelligence – which adapts to situations and can act autonomously (e.g. self-driving vehicles).

How does it apply to FS? AI has wide-ranging applicability in financial services – from already in-use solutions (e.g. digital assistants, chatbots, robo-advisors) to experimental areas like voice biometrics and image recognition. When combined with RPA, AI can make intelligent assessments to confirm specific actions to be taken. For example, a bot could use an emailed photo to confirm crash details or a drone powered by AI could assess disaster zones to support insurance claims.

What is the impact on people? Most FIs do not appear to be aware of the practical business applications for AI. Business leaders will need to ensure they have skilled people who understand the technology and also build acumen within their business teams to develop meaningful use cases.

Blockchain

What is it? Blockchain is described as a secure distributed ledger technology. Imagine a database that is duplicated millions of times across a network of computers. This database is designed to regularly update and it is continually reconciled. It isn’t stored in any single location, meaning the records it keeps are public and easily verifiable. As there is no central location of the file, it cannot be corrupted by a hacker and is available to anyone on the internet.

Most recognizably, blockchain is the technology underpinning cryptocurrencies such as Bitcoin, but the technology itself has many other business applications.

How does it apply to FS? Blockchain can be applied to numerous banking processes beyond payments. It can be used anywhere records are stored digitally and in any type of transaction that currently needs to be verified by a third party (e.g. digital identity management, contract management).

Blockchain is still in the research phase and many large financial institutions have teams dedicated to its exploration. The Bank of Canada (BoC) is exploring its use and is currently working with the private sector and seven Canadian financial institutions to explore how it could be leveraged in Canada.20 The BoC is also exploring whether the central bank should issue a decentralized digital currency for general public use.21

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Percentage of FS executives who are using or planning to use emerging technologies in the next 3-5 years

<table>
<thead>
<tr>
<th>Technology</th>
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<tbody>
<tr>
<td>Cloud services</td>
<td>100%</td>
</tr>
<tr>
<td>Predictive analytics</td>
<td>98%</td>
</tr>
<tr>
<td>Artificial intelligence</td>
<td>93%</td>
</tr>
<tr>
<td>Robotic process automation (RPA)</td>
<td>81%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>73%</td>
</tr>
<tr>
<td>Internet of things</td>
<td>70%</td>
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<tr>
<td>Augmented reality</td>
<td>37%</td>
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<tr>
<td>Virtual reality</td>
<td>36%</td>
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<tr>
<td>3D printing</td>
<td>17%</td>
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</tbody>
</table>
In this age of automation and change, it is easy to focus on how technology and robots will transform the workplace of the future. No area of financial services will be untouched by automation. Regardless, robots cannot yet solve important operational problems on their own, and they still rely on humans for their design, implementation, operation, and maintenance. To harness the most value out of technology, organizations need to focus on people – both employees and customers.

Organizations cannot easily predict which jobs will be made redundant by technology. However, they do have a responsibility to protect people and nurture agility, adaptability, and reskilling. Change comes with a certain amount of anxiety. Organizations should have clear conversations with their people about the future to minimize the anxiety that too often inhibits innovation.

To get it right takes knowledge and careful planning. To help with this, we examined how work, roles, and skills may change across financial institutions over the next three to five years, across five key themes. We explore these themes and how they apply to key functional areas throughout the remainder of this report.

### It’s how you make me feel

**The human opportunity**

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### It’s how you make me feel

The future continues to be shaped by changing customer expectations and their experiences across sectors. Customers want their financial institutions (FIs) to work as efficiently as online retailers to deliver a streamlined experience. Given global access to information and less differentiated solutions, customers do not stay with FIs because of products – they stay because of the quality of their experience and how they feel after each interaction.

Every activity contributes to an interaction, from the advice provided by an advisor to the number of application forms required and how quickly they are assessed. To enhance value, all areas need to be fully aligned to customers’ needs – not just the front line.

To deliver a compelling customer experience, FIs need to recognize the power of engaged employees. Literature surrounding millennials shows how they are increasingly seeking greater purpose and want to feel inspired and empowered to perform meaningful work. Many of our participants believe this is not unique to one generation. Opportunities are required for all employees to feel the same way.

Employees don’t want to feel retained – they want to be inspired.

Quotes sourced from executive and specialist interviews.

## Playing to the strength of people

In the future, automation is expected across financial institutions, replacing many repeatable, routine, rule-based, and often time-consuming tasks. Some people articulate this as “taking the robot out of the human”, while optimists believe that it will create capacity for higher value work.

The reality is that automation will likely displace some roles. Organizations should consider how they can create roles that maximize the value of people that work with machines. Roles that remain will require greater human experience and reimagining skills such as critical thinking, empathy, and creativity.

To maximize strengths, employers need to bring together the right mix of people, create meaningful opportunities for them, and help them develop the skills needed to innovate and drive growth.

People still crave human connection, so it’s critical to overlay output from machines with interpretation, compassion and care.

## Solving important problems

Data is transforming the way FIs design and deliver products and services, operate, and conduct business. It provides new information to help FIs be more strategic, understand issues with greater clarity, and make better decisions. Over the next three to five years, there will be an even greater focus on using data to improve the understanding of customers and to leverage different perspectives, expertise, and automated tools to find new ways to solve problems.

We spend too much time dancing on the dance floor. Automation will allow us to get onto the balcony to be more strategic.

In the customer context, this shift means moving away from product-based sales to focusing on the holistic customer, providing tailored advice and recommending a mix of products and services that enable customers to meet their individual goals.

For employers, this shift means leveraging data to better understand the workforce and bring people together to solve problems differently (e.g. in Agile teams), creating capacity for people to think about the bigger picture, and fostering an environment where people are supported to take calculated risks and where diverse perspectives and experiences can be used to drive innovation and meaningful change.

People still crave human connection, so it’s critical to overlay output from machines with interpretation, compassion and care.

## Both sides of the “T”

T-shaped skills refer to the depth and breadth of skill sets. The vertical bar represents an individual’s depth or deep specialization of skills in a single competency. The horizontal bar describes broad skills that span across disciplines and functions; these are often associated with an ability to collaborate and apply knowledge outside one’s area of expertise.

When examining the skills required by FIs, it is apparent that both breadth and depth are critical, but the specific dimensions of the “T” will be dependent on role, level, and function. For example, a customer-facing role, such as a financial advisor, now requires strong human experience skills (e.g. empathy) to understand and serve the needs of different demographics, flexibility to adapt to new ways of working, curiosity to uncover new opportunities to serve the customer, digital acumen to properly advise clients, and technical knowledge to leverage new platforms.

FIs need to bring together the right mix of talent with different shaped Ts. This means reevaluating how they hire and help people grow and apply their “T” during their careers (e.g. career paths, talent development).

In many organisations, data scientists will need to apply their skills to solve problems across different business lines. Those who are able to adapt and apply their skill set will be most valuable.

## Thriving in constant flux

Volatility and uncertainty place significant pressures on an organization and individuals, making adaptability and resiliency essential to thriving. Participants in our study believe leadership plays a critical role in guiding, supporting, and enabling their organizations to adopt change effectively. Successful leaders seek out employees who have an openness to change, are willing and able to learn quickly, and can adjust or adapt as required.

The reality is that technology often changes faster than people. During these disruptive times, it is critical that FIs recognize the importance of employee wellness and mental wellbeing, are mindful of how they support individuals through changes, and help employees build capabilities to strengthen their resilience.

Change will be continuous and, therefore, individuals will need to be able to learn and adapt in order to be successful in their careers.

Executives emphasized that “diversity of thought” will be a critical enabler of success over the next three to five years. Creating an inclusive environment where different backgrounds, perspectives, skill sets, and strengths are valued and harnessed to innovate will continue to be a key differentiator moving forward.
Skills to future-proof your talent

In addition to exploring how work, roles and skills are changing across the five themes, there are also a number of core critical skills that are common to all roles that can help organizations future-proof their talent.

By fostering these core skills, financial institutions (FIs) can elevate the people experience of their customers and employees, improve problem solving and innovation, better respond to periods of challenging change, and develop the technical skills required in an information driven world. We’ve articulated these four core skill groups as follows:

**Human experience skills**

To drive more fulfilling human-centric experiences to both customers and employees, future talent will require the ability to sense, understand, manage, and influence others. Some researchers define this package of skills as “emotional intelligence” – including empathy, communication, and influencing skills. Others articulate it as the ability to interpret what is unsaid and understand nuances, as well as the ability to story tell, motivate, and energize others. Enhanced human experience skills can help create a greater sense of caring and enhance what it means to be a team member. Key skills in this area include the ability to be curious and ask insightful questions and the ability to identify new opportunity areas that don’t exist today. The ability to be curious and ask insightful questions and the ability to identify new opportunity areas will become key in helping organizations and individuals differentiate themselves.

**Reimagination skills**

As technology increasingly drives business strategy, as problems become more complex, and as innovation becomes a key driver of competitiveness, the ability to reimagine the possible will become key in helping organizations and individuals differentiate themselves. Key skills in this area include the ability to be a creative thinker and apply data-informed insights. Employee can use reimagination skills to identify meaningful business use cases and to develop new solutions to problems in ways that move a business forward and have commercial value.

**Pivoting skills**

In a world full of volatility and uncertainty – where constant change is the new norm, the ability to adapt and adjust is critical to the success of people, both now and over the long term. Much of this is attributed to mindsets such as the willingness to change and learn, as well as the ability to adopt new skills quickly. At the same time, uncertainty is also likely to create significant stress in the future. Individuals will need to be resilient and will need to manage their mental, physical and emotional health to continue to thrive.

From a leadership perspective, being able to lead, support and influence people through change will be a critical success factor. It will also be important to equip managers at all levels with the ability to assess signs of poor wellbeing and distinguish between performance versus mental wellbeing matters issues, in addition to the tools they need to support their teams through periods of uncertainty.

**Future currency skills – digital and data acumen**

Staying current and relevant on key technical skills will be a baseline requirement for all individuals as the digital and data age matures. The depth of these skill sets will undoubtedly depend on role and level, but a foundational base of awareness, knowledge and comfort in operating in technical areas will also be important for all individuals. At this point in time, key priority areas for the development of technical skills are related to data and digital acumen, but these areas will likely evolve over time.

**Data acumen**

As more robust data is used to drive business decisions throughout FIs, all employees will require a broad knowledge of the connection between data and decision making. Depending on their role and level, employees may be required to understand, create, or access reports or dashboards and be able to interpret and apply data-informed insights.

**Digital acumen**

Toronto FS employees believe it is very important for employees to be comfortable using a range of technologies and to continually learn and leverage new tools and platforms to collaborate, create, or drive performance. In this digital age, this skill is often articulated as digital savvy, digital fluency, or digital acumen. Depending on the role or level of the individual, the required degree of understanding and knowledge will differ. For example, it is imperative that business leaders understand how technology can drive business decisions, while customer service staff need to be able to coach clients to access customer applications and interfaces.

**Key skills**

- Collaboration
- Communication
- Emotional intelligence
- Empathy
- Influencing
- Teamwork

**Key skills**

- Business acumen
- Creativity
- Critical thinking
- Curiosity
- Problem solving

**Key skills**

- Adaptability
- Change leadership
- Coping skills
- Learning agility
- Resilience

**Which skills do you anticipate requiring less in the next 3-5 years?**

- Quality assurance 28%
- Budgeting 27%
- Project management 23%
- Sales 20%
- Process management 12%

**Top 5 most critical skills in the next 3-5 years**

1. Change management
2. Statistical analysis and data mining
3. Working with new technology platforms
4. Adaptability
5. Creativity and innovation
New roles are emerging

Not only is the evolving nature of work impacting the demand on skills, it is also changing demands placed on existing roles and causing new roles to emerge. While we examine impacted roles more closely in the next section across key functional areas, there are a number of emerging roles that do not apply to one area, but rather across the organization. For example, the trends in technology and big data are creating demand for additional data science and analytics roles.

Some organizations are creating centralized functions for analytics, but others believe these roles fit better in business areas. Additionally, financial institutions (FIs) are increasingly using Agile methodology to innovate faster and to increase focus on customer preferences. Agile teams require a different style of working; this introduces new roles and approaches to project management and can have significant talent impacts. Lastly, we see significant changes to the demand placed on leadership across FIs. Each of these roles is highlighted in the remainder of this section.

Data science and analytics roles

Demand for data analytics specialists is expected to increase in Canada by 33% by 2020. There is high demand for data scientists at the PhD level to lead and build capabilities in predictive analytics and AI. Other roles are also required to support an advanced analytics function, including:

1. Business performance analytics and modelling: Visual analysts and statistical modellers lead the design and development of data-based analytic solutions and facilitate business forecasts and scenario analyses to support senior management decision making.

2. Data science: Data scientists establish best practices and use advanced analytics and data science to support strategic decision making. They apply advanced engineering and programming skills to manipulate data and model solutions to complex problems through hypothesis identification, testing and validation. They are critical for advancing areas like AI and robotics.

3. Data governance and management: Data governance and management roles lead and facilitate the design and implementation of data management and compliance processes. They bring business and IT together to ensure alignment and create a clear end-to-end view of data management and governance. They also define frameworks and best practices that can be used across an FI to enable consistency and alignment with the data strategy.

There is also a demand for more business professionals with data and analytical literacy. Gartner defines this new role as “citizen data scientist.” As data science matures, the tools become more sophisticated, and there is greater ability to consume advanced insights, there will be an increase in advanced analytics by people whose job functions are outside the field. Citizen data scientists bridge the gap between mainstream self-service analytics by business users and the advanced analytics techniques of data scientists.

Though data science and analytics roles are a significant focus of FIs, the total labour force of analytics specialists as estimated by Information and Communications Technology Council is only a low percentage of the total workforce (56,000 roles). As such, while these roles are critical, there will be a variety of roles beyond analytics that will continue to be important.

How Agile is changing roles

What is it?
Agile methodology and the term “Agile” describe a set of principles that enable an iterative and incremental software development method that focuses on the needs of the customer, incorporates test and learn, focuses on delivery, and speeds up the development process. Over the last few years, adoption of Agile has increased significantly across FIs. FIs have also applied Agile principles to non-software development projects as an alternative to traditional project management.

What are the benefits?
Agile reinforces a customer focus and promotes teamwork, speed, constant touchpoints, and regular development intervals. While ideal for innovation teams, Agile often requires a cultural change and mindset shift for individuals accustomed to traditional project management. In addition, Agile teams bring together people with very different skill sets to solve problems together. Though this is often considered an effective approach to generate new ideas, the diversity of skills and perspectives can also bring challenges to teamwork and collaboration, requiring strong human experience skills to be effective.

How does it impact roles?
Continued focus on the Agile methodology will require a change in some roles and the addition of new roles:

• Scrum master (new): The scrum master represents the team’s commitment to dates and budgets; promotes values, principles, and best practices; and facilitates team interactions with stakeholders. Their accountability is to protect the team from distractions and remove impediments to progress.

A new type of leadership

Executives recognize that a new level of leadership is required during periods of exceptionally high degrees of change. A key driver of differentiation comes from how leaders handle significant ambiguity, share their vision, drive, support and role-model change. In addition, fear of change creates anxiety. Effective leaders should help their teams develop the necessary coping skills to build the resilience to move forward.

Study participants told us that employees are also looking for a new kind of leadership. People want to “feel inspired vs. retaliated” and are demanding added transparency and a more authentic approach. Employees are also seeking more autonomy and want to feel empowered and supported to take calculated risks in a safe environment. There are many styles of effective leadership; however, it is clear that it is important for FIs to focus on how leaders make employees feel.

As we consider actions that organizations can take to future-proof their talent, we outline key questions that leaders can reflect upon as they lead the workforce of the future (see page 28).
Impact across business areas

Taking our five themes and building upon what we’ve learned about roles and skills, we examine five key functional areas that are expected to experience significant impacts in the future: customer service and sales (customer-facing functions), product development, technology, operations and controls.

Customer service and sales

Demographic shifts and consumer experiences with companies such as Facebook, Amazon, and Google are shaping customer expectations. Most financial institutions (FIs) recognize that success in a connected world requires a business model with laser focus on the customer and that a superior and seamless end-to-end customer experience is key to differentiation, customer attraction, and loyalty.

This new model will require employees in client-facing roles to have stronger human experience skills so they can deliver more meaningful human interactions that support customers’ personal preferences. Many will require more specialist advisory skills, critical thinking, and problem solving skills, as well as digital acumen to deliver more complex advisory support and help customers to access technological solutions.

Roles in focus

- Branch staff
- Contact centre staff
- Online support staff
- Sales staff
- Wealth advisors

In-demand skills

- Critical thinking
- Digital acumen
- Emotional intelligence
- Empathy
- Specialist advisory skills
- Working with new technology

Solving important problems

Customers are more informed than ever before. This knowledge, combined with digital self-services, will focus human interactions on more complex questions. For example, a wealth advisor might increasingly need to provide advice on complex customer challenges, such as estate planning tax implications, as compared to the primarily product advice that they give today. To do so, the employee would need to apply knowledge to the individual customer.

As complex queries become the norm, customer-facing staff will need enhanced knowledge, technical know-how, and problem solving skills. They will also need to leverage technology (e.g. outputs from predictive analytics and AI) in order to holistically respond to customer needs and anticipate, recommend, and deliver personalized solutions.

It’s how you make me feel

Digital self-service and automation will decrease the volume of touchpoints between customers and FIs. However, research shows that customers still want human face-to-face interactions for key needs (e.g. first time mortgages). FIs need to make every human interaction more meaningful in order to differentiate themselves.

Branch managers are more focused on the customer experience than ever before, and some FIs are upskilling employees who interact with customers to help them respond to individual customer preferences and provide a more personalized experience. For example, some contact centres are training staff to mirror the communication styles of their customers or to put themselves in a customer’s shoes to exhibit empathy.

Playing to the strength of people

Employees will be asked to focus on value-added skills that apply distinctly human traits to supporting customers (e.g. understanding nuances, interpreting what is unsaid, using critical thinking and creativity to help customers solve problems).

Such skills will likely require FIs to give employees more autonomy and encouragement to use their own judgment to solve customer issues. For example, one digital wealth advisory firm realized that an employee to provide a sales promotion just outside of a promotion window, they had to go through a cumbersome ten-day exception process. This highlighted to the FI that it shouldn’t be so difficult for client-facing staff to do the right thing for the customer (for a relatively low-risk decision) in order to provide a positive customer experience.

The FI is now piloting an initiative that empowers customer-facing staff to grant exceptions in the moment.

Both sides of the “T”

To differentiate FIs in a digitally-enabled world, customer-facing roles will require deep human experience skills to build connections with customers through limited interactions and broader technical expertise so they can leverage tools effectively to provide more customer value. For example, many FIs are piloting chatbots to support front-office staff with answering customer inquiries. To use chatbots and other tools effectively, customer-facing staff will need enhanced digital acumen.

Many customer-facing staff will also require strong knowledge of customer-facing technology interfaces so they can help customers to access digital solutions and assist with troubleshooting, particularly if they serve a demographic that is less fluent with digital tools. Digital acumen is increasingly important as some FIs are using technology (e.g., AI) to augment employees and help enhance and upskill them.

Thriving in constant flux

Given the increase in self-service through digital channels and the evolving demands of customers, employees in these areas must be able to adapt and learn quickly. They need to be provided with the organizational support to upskill and reskill to obtain any necessary specialist knowledge, digital acumen, and human experience skills.

Rapid and constant change can create a significant amount of fear and uncertainty, particularly among people in roles that could be displaced. This will make effective change leadership, robust redeployment programs, career counselling, and support critical.
Product development

Product and service development is evolving in order to respond to changing customer demographics, behaviours, and expectations. To be effective, FIs are looking to become more sophisticated in how they leverage data to anticipate customer needs, respond quickly to market demands, and provide integrated omnichannel solutions.

FIs are also increasingly using Agile for product and service development so they can deliver products in a more customer-centric and rapid way. The challenge is that Agile changes how teams work and how they define and solve customer issues. Agile also brings diverse perspectives and skill sets to design solutions, introduces new roles, such as scrum masters, and places new demands on product owners and developers.

Roles in focus

- Agile coaches
- Customer/user experience design specialists
- Product owners
- Project managers
- Scrum masters

In-demand skills

- Agile development
- Behavioural science
- Business acumen
- Collaboration
- Digital acumen
- Human-centred design (UX, CX)
- Imagination, creativity, and empathy
- Relationship management
- Statistical analysis and data mining

It’s how you make me feel

To better respond to customer demands in the future, FIs are conducting more insightful customer research using new sources of data (e.g. social media). In order to enable this process, FIs will likely increase their use of predictive analytics – an activity that requires individuals with greater statistical analysis and data mining skills.

Human-centred design and behavioural science will become more important skills for FIs to create more meaningful experiences for customers. Digital and technology features will also become increasingly core to the product value proposition being delivered, making digital acumen increasingly important to product development.

Playing to the strength of people

In the future, imagination, creativity, and empathy will be critical to design solutions that resonate with multiple generations and meet increasing customer expectations. Development teams will bring together more diverse skill sets and perspectives with the use of Agile. Some banks are partnering with fintechs to deliver services to previously underserved markets, such as small to medium businesses, further emphasizing the need for greater human experience skills and a culture of inclusion to facilitate effective collaboration.

Automation of manual data and reporting processes and increasing use of visualization such as metrics and dashboards will reduce the demand for roles like data collectors and data inputters and change the role of business analysts. Demand will increase for individuals who can interpret the data, provide relevant commentary, and communicate effectively to stakeholders.

Solving important problems

The Agile methodology focuses on teams coming together to solve core customer issues in a quick and iterative manner. This makes customer insight and the ability to fully understand their customers essential to designing and developing better products and services.

To support this, FIs will likely increase their use of deep data, data analytics, and machine learning – which will, in turn, require additional skills and roles, such as the ability to link new tools and legacy systems. For example, FIs will require data scientists to help identify, structure and analyze data. As analytical tools become more widespread across an FI, more “citizen data scientists” (people knowledgeable in advanced analytics whose job functions are outside the field) will also be needed to bridge the gap between mainstream self-service analytics and the advanced analytics of data scientists.

Both sides of the “T”

To support product development in the future, roles will need to broaden and be redefined. Business roles will require greater digital acumen to understand the potential of new technologies and how to leverage solutions to develop more meaningful products and experiences. For example, some executives with whom we spoke have expressed minimal understanding of some emerging technologies (e.g. IoT) and their potential applications. At the same time, technology specialists will require greater business and financial acumen to understand the business case for technology projects and how results will align to an FI’s business strategy.

The product owner role will also evolve, with the role taking on greater accountability for product strategy and development as products will be launched, tested, and refined more frequently than in the past.

Thriving in constant flux

A more customer-focused product development strategy and the use of the Agile methodology will require employees to think about problems differently and will change how they collaborate within and outside of their existing teams. Agile also changes the duration of projects and typically leads to teams forming and disbanding on a frequent basis, thus placing a demand on people to adapt to a new rhythm and pace of work.

Many people will struggle to thrive in a more intense and fast-paced product development cycle and new team environment. Not only will FIs need to encourage and reinforce new ways of working, they will also need to support people to grow their pivoting skills.
Technology

Technology is fast becoming a key competitive advantage for FIs. Some even say that they are becoming technology companies that sell and deliver financial services. The challenge is that technology functions need to balance priorities – maintaining old legacy systems while exploring and developing new innovative opportunities and creating digital capabilities – yet they often separate these areas under different leadership. In addition, business lines are also hiring their own technology specialists, which creates further challenges and complexity.

As technology evolves, collaboration will be essential. There will also be increasing demand for technology specialists who understand innovative technologies, yet also have broad business acumen and the ability to champion solutions across an organization.

Roles in focus

• Full-stack engineers
• IT infrastructure managers
• Server, storage, or network administrators
• Software developers
• Technology architects (including cloud architects)

In-demand skills

• Business acumen
• Collaboration
• Critical thinking
• Curiosity, creativity, and innovation
• Emerging technology expertise

It’s how you make me feel

Many financial institutions are focused on enhancing digital platforms and exploring new technologies that can deliver more meaningful customer experiences. This is increasing the demand within technology functions for skills related to emerging technologies, in addition to human experience and reimagination skills such as creativity, innovation, and the ability to collaborate on customer-focused solutions.

To attract and retain top technology talent, FIs are reviewing their employee value proposition – including workspaces, tools, teamwork, and corporate culture – in order to enhance the employee experience. To support these changes, there will likely need to be a major mindset shift on the part of leadership, with more open-mindedness as to how teams should work, communicate, and celebrate success and failure.

Playing to the strength of people

With technology playing an enhanced role in business strategy, there will be an increasing demand for people with strong business acumen, who also have good collaboration, influencing and negotiation skills. Reimagination skills such as creativity, curiosity, and critical thinking will also be important as these skills can help drive innovation. On Agile projects, each of these skills will help people work better in mixed teams (e.g. business domain experts, UI, UX specialists).

The role of technology leaders will become more challenging as they work to guide strategy across a decentralized technology model, while also balancing the competing priorities of maintaining old systems and focusing on new opportunities. To achieve both strategic goals, technology leaders will need to work very collaboratively.

Solving important problems

Executives among FIs emphasize that technology functions need to focus on solutions that solve business issues, rather than creating solutions in search of problems. To ensure innovations are focused on the customer experience and business strategy, technology functions will need to enhance business acumen and critical thinking skills for key roles. The ability to understand business challenges that need to be resolved and the impact changes might have on the customer experience will be essential for technology functions to create meaningful use cases for innovative technologies.

A number of FIs already recognize the need for broader skills within their technology functions and are seeking non-FS specialists to bring the diverse perspectives required to challenge status quo thinking.

Both sides of the “T”

In order to apply meaningful technology solutions to business issues, technology functions need both deep technology expertise and strong human experience and reimagination skills that enable effective collaboration with business stakeholders. Human experience skills will also allow people to better champion the benefits of different technology solutions.

In terms of technology expertise, specialist skills (e.g. AI and RPA expertise) are expected to be in high demand over the next three to five years, as well as IT infrastructure managers who can manage cloud-based applications. Skills related to management of legacy systems (e.g. mainframes) will also remain important – and could become hard to find as knowledgeable personnel retire.

Thriving in constant flux

Technology change has already started to reshape technology functions, with a number of FIs introducing Chief Digital Officers in addition to Chief Technology Officers. These roles need to work collaboratively to ensure FIs get the most out of innovation.

Technology changes will also require significant upskilling/reskilling of staff. Awareness of unconscious bias as candidates are identified for upskilling will be necessary to ensure that all demographics are provided with equal opportunities and support for development.

FIs that have signaled that they are transforming into technology companies that provide financial services will require a significant culture shift – a process that requires strong leadership support and guidance in order to succeed.
Unlocking the human opportunity:

The operations function within FIs will be one of the most impacted by automation opportunities offered by emerging technologies over the next three to five years. This is particularly true for the larger and more technically mature FIs. Many executives recognize the benefits of RPA and other forms of automation and see implementation as a major priority. This shift will impact the roles of operations staff, while also shifting the skills required of operations managers – who will need to manage a combined human and digital workforce.

Over the near term, many RPA-enabled processes will still require human interaction at points in the end-to-end process, which may mean some back-office employees will need to interact with customers. For all staff, the emphasis on having strong human experience skills (as repetitive, high volume tasks will be automated) will also become critical as a smaller number of interactions will drive customer and team relationships.

Over the next one to three years, operations manager roles will likely change dramatically, with expanding oversight over not just people, but also bots and AI algorithms. As FIs scale technology solutions, there will also be growing pains as they find the right balance of bots to humans – growing pains that could put added pressure on operations managers.

Playing to the strength of people

As routine, repeatable, structured, and high-volume tasks become automated, the demand in operations functions will shift to roles that require more strategic thinking and creativity and roles that are able to work side by side with or manage digital workforces. For some employees, this will mean taking on more meaningful jobs. For others, it will mean reskilling, upskilling, or looking for jobs elsewhere.

Over the next three to five years, this will be a corresponding need for roles that can understand the scope of new technologies and re-design processes accordingly.

It’s how you make me feel

The increasing emphasis on customer centricity will affect operations functions over the next three to five years. Digitization of front-end processes will bring operations staff closer to the customer, making it essential for them to have a greater understanding of the customer journey and deeper human experience skills as they begin to interact more with customers to support inquiries.

Over time, many operations-focused processes are also expected to be re-engineered and/or automated to increase efficiency (e.g. shorten timeframes for client onboarding or mortgage discharge processes). Given that new technologies will be critical for achieving improved efficiencies, there will be a corresponding need for roles that can understand the scope of new technologies and re-design processes accordingly.

Both sides of the "T"

Operations managers will have a pivotal role in the future, requiring both the specialized process knowledge and the technology acumen to identify opportunities and create meaningful use cases that have commercial applications. They will also require strong human experience skills to manage and support workers who will be impacted by automation.

In key areas of operations, such as credit adjudication, there will likely always be a need for deep technical expertise (e.g. knowledge of underwriting guidelines, real estate, indicators of applicants' ability and willingness to pay). In these cases, there is an opportunity to use AI to augment employee work and to provide training and education so employees can be more effective in their roles in a shorter timeframe.

Thriving in constant flux

The rapid transformation of operations functions expected over the next three to five years will pose major change management challenges to FIs. A number of operations roles will be displaced, including many entry-level positions. To minimize impacts, many FIs are using temporary staff to fill vacancies, with the belief that roles will be replaced by bots. Though this may help ease the transition somewhat, as technology solutions are scaled, the degree of displacement will likely increase.

It will be critical for leadership to manage impacts carefully. This will include providing change leadership and strong support to affected employees – such as coaching, mentorship, reskilling, and career counselling.

Roles in focus

- Bot engineers/programmers
- Operations managers
- Operations staff
- Process analysts

In-demand skills

- Change management
- Creativity and innovation
- Critical thinking and problem solving
- New technology expertise, e.g. RPA
- Process engineering
- Talent and team development

Solving important problems

Re-engineering processes will require employees with enhanced knowledge of both customers and technologies to leverage new capabilities in an optimal manner to make processes more customer-centric. This will require roles that have a strong understanding of the customer journey and how processes could affect it.

The integration of RPA and other technical solutions will change how processes need to be designed as some activities will be machine-driven, while others will be human-driven. Process analysts will require a strong understanding of how technologies work so they can design processes effectively. FIs with maturing RPA programs are securing in-house software developers to develop the code for RPA to assist with this process.
Control functions

In this study, control functions include risk, compliance, internal audit, and finance. Innovative technologies have the potential to significantly transform these areas. For example, technologies can be used to increase the efficiency of routine and repetitive tasks (e.g., quality assurance, controls testing, reporting) in order to create more capacity for high value tasks.

At the same time, control functions will become increasingly important as technology evolves and business risks and regulatory requirements change. To continue to perform their roles, appropriately challenge new business practices, and respond to changing compliance needs, control functions will require additional business acumen, strategic planning, and critical thinking skills. Data storytelling and communications skills will also be vital in order to help convey complex concepts in a simple way to the business.

Roles in focus

- Analysts
- Auditors
- Leadership
- Reporting roles

In-demand skills

- Big data, statistical analysis, and data mining
- Creativity, communications, relationship management
- Critical thinking
- Data presentation and storytelling
- Strategic planning

Solving important problems

Over the next three to five years, predictive analytics and AI are expected to enhance the sophistication of analysis conducted by FIs significantly. This will require skill sets able to manage and understand new and more complex information, with many control functions developing their own coding teams and having ownership of the tools.

For model development, control function employees will also need to consider how model parameters will be different and how different types of non-traditional data can be used to enhance analytics and assessments.

It’s how you make me feel

Increasingly, control functions within financial institutions are changing the way they partner with and advise the business on controls and risk management. Given the level of changes affecting financial services and the operations of FIs, control functions not only need to maintain and manage controls—they also need to be proactive about identifying the best ways to support the business in the future.

With control functions under pressure to become more efficient and to provide higher-value services, it is critical that they maintain a comprehensive understanding of business portfolios and any evolutionary changes so they can act as business partners while maintaining the independence and integrity required of the three lines of defence.

Playing to the strength of people

Automation, big data, and machine learning present numerous opportunities to FIs, from increasing the efficiency and effectiveness of regulatory reporting to providing tailored and effective solutions to enhance risk assessment, management, and stress testing. Supported by technology, control functions can focus on providing more strategic and holistic advice, on enhancing planning and responses to unprecedented events, and on strengthening the design of control programs rather than the execution.

Critical thinking and communication skills will be essential to synthesize and communicate complex matters in a simple way to the business. For example, risk managers will increasingly serve as the link between risk-taking front office staff and risk-setting management personnel.

Both sides of the "T"

To fully leverage innovative technologies, control functions will require a keen understanding of analytical tools and a deeper understanding of business issues so as to perform more complex analysis and provide relevant insights. They will also require greater skills to interpret and communicate results to different stakeholders.

Currently, FIs are exploring the balance between hiring deep technology specialists to help them understand the impact of emerging technologies (e.g. blockchain or cyber risk) and developing the technology acumen of control specialists who may have greater institutional or industry knowledge but lack requisite expertise with emerging technologies. Providing support and education to both groups to help them work together more effectively will be critical over the transition period.

Thriving in constant flux

Over the next three to five years, the demands being placed on control functions are expected to increase due to increasing regulatory requirements and the implications associated with emerging technologies. Many control function roles are expected to change or be displaced, which will place a burden on management to provide opportunities for upskilling and reskilling in order to support people through changes.

Many employees will need to acquire skills to conduct sophisticated analysis and learn how to think differently about new data inputs, model parameters, and analysis. As business issues become more complex, control function employees will also need to enhance their skills relating to data interpretation, storytelling, and communications.

The shift toward Agile methodology-driven projects across FIs will also have an impact on delivery risk (e.g., the delivery of minimum viable products and iterative updating). Risk functions will need to be able to respond to changing project methodologies and provide relevant risk assessments.
Actions employers can take

In the evolving financial services (FS) sector, optimizing the people experience for both customers and employees is a significant differentiator. While technology is a key enabler of change, an employee’s impact on the customer will remain critical to corporate success – even more so now that the number of customer touchpoints is shrinking. That’s why focusing on people and helping individuals develop future-proof skills, behaviours, and mindsets will become increasingly important over the next three to five years.

In order to help financial institutions (FIs) determine the right path forward, we outline a number of actions employers should consider with respect to their future people strategies, illustrated across the employee talent life cycle.

Of course, no two organizations will be the same. While some FIs may be at the very beginning of their journey to address future skill demand, others may have already conducted a skills gap analysis and embedded related findings into their strategic planning.

The recommendations we provide in this section are intended to act as a starting point – relevant and actionable regardless of the size or experience of your financial institution. Some of these actions may seem daunting. But acting now will help organizations unlock the potential in their people. Change is already happening and accelerating; the FIs able to embrace change and support their people throughout the transformative times ahead will be well positioned to succeed in the future.

The number of skills are important for future-proofing the workforce of FIs. We have identified the core families of skills: human experience, reimagination, pivoting, and future-currency skills. However, different FIs may identify specific core skills and behaviours unique to their strategy, purpose, and values. It is important for FIs to identify these core skills so they can ensure these skills and behaviours are integrated within hiring, training, and development processes.

Recommended actions across the talent life cycle

**Phase 1: Assess**

1. **Prioritize sensing the future**
   According to a World Economic Forum study on the future of jobs, 67% of respondents see future workforce planning as a leadership priority for financial services. However, given the uncertainty permeating the FS sector at the moment, workforce planning can be a daunting task.

   Before beginning an analysis of future roles and skills requirements, companies and their leadership teams need to make workforce planning a priority. They need to make time to examine how the FS sector could evolve and have the appropriate cross-organizational discussions to fully understand how changes might or will impact the company’s strategy and people.

   **How can this be done?**
   - Create bandwidth to make future strategic planning and impact assessment a priority. Emphasize the important role that strategic thinking plays in your long-term success and prioritize time for trend analysis and future-focused planning.
   - Embed regular discussions about future-focused trends and their potential impact on strategy and people in meetings within and across teams. Make it a regular and proactive practice where leaders can share knowledge, build upon insights, and identify dependencies and collective opportunities.
   - Include human resources (HR) in business meetings to discuss trends and their potential impact on business strategy and people. HR plays a major role in understanding impacts on talent, but it cannot conduct this work in isolation. Include HR leaders in strategic planning meetings so they understand the strategic vision of the company and can provide input on people considerations as they arise. HR can also help connect people-related dependencies and opportunities across business lines.
   - Use scenario analysis to assess the range of impacts trends could have on business direction and people. Once future trends are well understood, test related variables against different business scenarios and model the degree of change expected.

2. **Identify the future skills for your organization across job families**
   
   A number of skills are important for future-proofing the workforce of FIs. We have identified the core families of skills: human experience, reimagination, pivoting, and future-currency skills. However, different FIs may identify specific core skills and behaviours unique to their strategy, purpose, and values. It is important for FIs to identify these core skills so they can ensure these skills and behaviours are integrated within hiring, training, and development processes.

   Identifying roles with similar skill sets and proficiency levels can be helpful for identifying potential opportunities for lateral or upward movement, cross-functional development, and internal mobility. Yet this task is rarely straightforward. For example, one insurance company interviewed said they initially had 18 different job titles for similar technology roles. Such a lack of consistency can make it difficult to understand how roles are similar.

   In order for an FI to design an effective job architecture, leadership needs to be committed to both the design phase and to encouraging and incentivizing buy-in across the organization to map existing roles to the new architecture.

   **How can this be done?**
   - Review the core skills identified in this study and identify behaviours you want to develop for the future.
   - Assess how each applies to your organization, strategy, purpose, and values. Prioritize the key skills and critical behaviours you want to foster so that you can integrate them throughout your talent lifecycle, including within recruitment and development processes.

   - Streamline jobs into job families, identify where skills and functional expertise overlap, and develop a skills inventory. For example, AT&T recently streamlined 2,000 job titles into a smaller number of broader job titles with similar skills. Seventeen programming-related job titles were reclassified as “software engineer”.

   - Prioritize skills based on demand (e.g. technology, advanced analytics) and focus on high-priority skills first. Develop a skills inventory and a robust process to measure skills, collect related data, and update results.

   - Role model behaviours and reinforce them across the talent lifecycle. Once changes are made, you will need to hold your organization’s leaders accountable for safeguarding and championing desired behaviours. This means they will need to embed awareness of identified skill priorities across the employee life cycle and act as role models for key behaviours.
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As a leader of the future, how are you...

1. Staying up to date on the latest trends, business issues, and innovations in the FS sector?
   • How are you carving out time to read?
   • Where do you get your sources of information?
   • How are you encouraging your people to remain up to date on current trends?
   • What information and knowledge sources do you share with your teams?

2. Sharing insights on how key issues are impacting your business?
   • How do you identify common factors that are impacting multiple business areas?
   • How can your people share their insights on trends and issues with you and each other?
   • Have you identified opportunities for business areas to collaborate on specific issues?

3. Identifying and communicating the skills and behaviours critical to your organization?
   • Which critical skills and behaviours do you need to achieve your business strategy?
   • What information have you communicated related to desired skills and behaviours?
   • Which job categories have similar skill sets within your organization?
   • Which job categories will be of most importance to the success of your business?

Phase 2: Attract and retain

Know what your employees value and be honest about what you deliver

The traditional FS sector struggles with attracting top technology talent, particularly compared to technology companies. For example, Hired.com, an online marketplace that matches tech talent with innovative companies, ranked Shopify as the number one company on its brand positivity index for technology talent in Canada. The first financial institution is ranked number six, but no other financial institutions rank in the top ten.

I felt that every person I met was a strong candidate and really fit our culture and values. It was the first year that I felt that all of the candidates were strong and that it was difficult to narrow our candidates down.

While some studies emphasize that compensation and benefits drive employee interest, others show that the opportunity to learn new skills, upward mobility, corporate culture, work location, and team makeup are also key factors. Companies need to understand what their employees value most so they can create experiences that align effectively.

How can this be done?

• Understand what your employees value about their roles and functions. Use tools such as engagement surveys and town halls to encourage dialogue, but also take time to talk directly with your people to find out what they deem important.

• Build a strong employee value proposition (EVP) and ensure it reflects reality. The EVP should balance elements of the employee experience, resonate with employees, and reflect what your organization can reasonably deliver. Once the EVP is developed, hiring managers will need to understand how the EVP will apply to individual roles.

• Explore new ways to attract and retain the talent you want. For example, RBC developed its #Reallybankingcool campaign to build a buzz with new recruits. Other leading FIs often provide interns and new hires with meaningful opportunities and experiences from Day 1. Some even provide job offers well before an internship is complete in order to secure the best talent. One insurance company targets more mature ex-startup employees by focusing on the benefits of a secure career path they offer as a traditional FI. Regardless of the activities you undertake, be clear on how you will continue to deliver on your EVP after new recruits have joined.

Hire for core skills

Many executives recognize the importance of assessing human experience, reimagining and pivoting skills, and behaviours such as agility, adaptability, curiosity, critical thinking, and collaboration in a manner that is transparent, fair, and not subject to bias when hiring.

Leading FIs are also coming to appreciate the benefits of broadening the experiences and perspectives of their teams and are seeking team members with a diverse range of experience (e.g., non-FS school curricular activities) to support idea generation. This means they may need to look outside the box when it comes to finding the right people.

As a leader of the future, how are you...

1. Identifying what your employees value?
   • What motivates your employees on a day-to-day basis?

2. Aligning your actions with your employee value proposition (EVP)?
   • How do you secure the resources you need to deliver your EVP?
   • How do you measure and monitor your employee experience?

3. Raising awareness of potential biases in the talent attraction and selection process?
   • How do you evaluate candidates based on priority skill sets and behaviours?
   • Which non-traditional talent sources have you explored during your selection process?

4. Assessing interviewees based on future-focused criteria?
   • How do you assess a candidate’s technical expertise?
   • Are knowledgeable subject matter experts involved in the recruiting process?
   • Which questions do you ask to assess desired skills?

Assessing behaviours and removing bias

In 2017, PwC launched a new student online assessment process that more objectively assesses potential candidates in order to access more diverse talent. The new process focuses on assessing desired capabilities, traits, and behaviours while reducing bias based on a candidate’s background, school, and extra-curricular activities. In addition to incorporating online numerical and inductive reasoning assessments, PwC developed an occupational personality assessment aligned to its leadership development framework – the PwC Professional.

Individuals who pass the assessment phase are invited to complete a video interview, which incorporates questions aimed at assessing their motivation and understanding of the role for which they are applying. The individuals conducting the video assessment are not provided with candidates’ resumes or transcripts prior to making recommendations for final in-person interviews with senior PwC leaders.

As a result of the new assessment process:

1. PwC has seen an increase in the diversity of the schools from which it hires students, an increase in the number of students hired from “non-traditional” target schools, and an increase in the variety of backgrounds and work experience among new hires.

2. PwC senior leaders have commented on the strength of the candidates selected for final interviews and see a great “fit” of candidates to the PwC culture/behavioural talent model. Though fewer candidates are selected for final interviews using the new process, a greater percentage of those interviewed are hired.

3. PwC is able to assess more candidates in less time than in prior years, with a higher conversion rate from interviews to offers.
Phase 3: Develop

Educate for the future

The Organisation for Economic Co-operation and Development believes that 35% of the skills required for jobs across industries will change by 2020.1 In the United States, this is similar to that of Toronto-area FS executives surveyed as a part of this study; 85% of Toronto FS executives believe that at least 20% of roles will change over the next three to five years, while 46% think that at least 40% of the workforce will need retraining in order to perform their role.

One of the most critical strategies for addressing the projected skills gap is to reskill current employees. Over time, continuous learning and development will become a baseline requirement in order to remain responsive to changing demands. Leaders need to encourage and support employees to develop in-demand skills, behaviours, and mindsets throughout their career.

How can this be done?

• Communicate in-demand skills to your employees, and invest in, encourage, and support them so they can learn new skills. For example, AT&T recently launched Workforce 2020 – a massive retraining initiative aimed at training 100,000 employees for radically new jobs. Implementation of this program (which includes online courses, master’s degree courses, and internships aimed at giving employees exposure to new jobs)14 Employees were informed of future in-demand roles with skill sets they could attain via training and work experience.

• Make learning a priority. FIs can’t simply pay lip service to skills training; it is important to embed learning as a priority throughout your organization in order to make training happen. In addition to creating opportunities to learn, encourage your employees to prioritize skills development and work to give them the flexibility they need to take advantage of training opportunities.

• Educate everyone and raise awareness of potential bias. Education should be a priority for all employees regardless of their role, seniority, or age. At one of Canada’s big banks, the Manager of Innovation of Personal Banking Operations – an experienced employee of the bank since the early 1990s – requested and was granted the opportunity to learn how to program software robots (“bots”). This person became one of the earliest individuals in the bank’s North American operations to be certified in robotic process automation software and is now managing a team of bot developers. Raising awareness of potential bias can help limit situations where investments are made based on perceived outcomes rather than need (e.g. providing training to younger workers while overlooking employees with extensive experience).

• Make it clear that a leader’s role includes managing talent, mentoring, and supporting all people to learn. Executives interviewed believe talent management is a critical skill that all business leaders need to focus on; this includes holding regular discussions with employees on their development goals, identifying and communicating how employees’ roles are changing, creating capacity for people to learn, and providing regular feedback to the people with whom they work, regardless of reporting structure.

• Focus on high-priority skill sets (e.g. digital skills). Many FIs have prioritized the digital skills required across their organization. One bank introduced a digital academy and curriculum. PwC recently launched a Digital Fitness Assessment to help understand digital talent gaps, develop tailored skills plans, and explore learning experiences covering a wide range of topics (e.g. AI, data analytics, drones, machine learning).

Grow the talent pool for everyone

There are talent shortages across the FS sector. To help respond to these shortages, FIs need to work together to expand the talent pool for everyone. For example, technology-related skills shortages (e.g. computer programming, data analytics, blockchain, robotics, process automation, cybersecurity) could be mitigated by creating sector alliances and forging educational partnerships in order to develop larger pools of talent.

How can this be done?

• Consider partnering with sector or cross-sector organizations and educational institutions to support talent development initiatives. For example, the World Economic Forum (WEF) recently launched the IT Industry Skills Initiative – a program aimed at training one million people in relevant skills.15 To deliver this initiative, WEF is working with 11 public and private sector partners, including PwC, to create a platform offering free online training and development tools. Another example is TFSAs ASPire program – a sector-wide initiative designed to attract students learning in-demand skills to the FS sector and to grow the pipeline of early-stage talent for all FS employers. Membership in the program currently includes 14 Ontario-based FS employers and 28 post-secondary institutions across Canada. The goal of the ASPire program is to create 10,000 new work-integrated learning opportunities for post-secondary students by the end of 2020.16

• Identify global opportunities to work with other FIs to develop and train people for in-demand skills. For example, CIBC recently formed a strategic partnership with National Australia Bank to share insights and learnings related to talent management and to exchange talent in the innovation space.17

Phase 4: Evaluate and reward

Evaluate and reward critical behaviours more frequently

Companies need to rethink their rewards and recognition programs to reflect the shift to project-based work and the increasing competition for talent. Annual performance review discussions alone are no longer sufficient for monitoring and incentivizing employee performance.

In FS, many organizations are moving towards shorter, project-based, cross-functional delivery models (e.g. Agile) and are increasing their use of flexible and temporary work arrangements. To accurately reflect a person’s total performance, it is important to obtain regular feedback from colleagues working with the individual across projects and functions, not just from their direct manager.

As a leader of the future, how are you...

1. Prioritizing time to focus on talent development?
   • What is the percentage of time you spend thinking about talent issues?
   • How often do you talk to employees about their development goals and progress?

2. Creating capacity so your people can focus on development?
   • How do you encourage employees to prioritize training while balancing workload?

3. Encouraging your people to learn on a continuous basis?
   • How do you hold people accountable for their development goals?
   • How do you actively provide opportunities for your people to develop their skills?

4. Looking beyond your organization for opportunities to grow talent across the sector?
   • Which cross-sector organizations are undertaking skill development initiatives in your focus area?
   • With which peer organizations have you discussed talent issues?

Broaden reward benchmarks

FIs in Toronto are increasingly hiring individuals with cross-industry knowledge and capabilities, recognizing that external perspectives and experiences can help spark innovative thinking. This strategy has been demonstrated by a number of major FIs hiring senior leaders from industries such as retail, telecommunications, and technology. These sectors are also seen as a major source of people with specific in-demand skills (e.g. voice analytics).

As the sources of talent broaden, so should related benchmarks. Toronto-area executives believe that benchmarks have yet to catch up, and many total compensation programs are still being assessed against other FIs only. In order to attract, retain, and
unlocking the human opportunity: future-proof skills to move financial services forward

As a leader of the future, how are you...  
1. Encouraging employee mobility across your organization?  
   • Do you communicate potential career opportunities or career lattices to employees?  
   • Do you provide a range of opportunities for your employees to develop their skills or experience (e.g. job sharing, job rotations, stretch assignments, global mobility)?  

2. Removing potential bias against restructured employees?  
   • Do you raise awareness of potential bias within your teams?  
   • How do you look beyond an employee’s circumstances when making decisions?  
   • Do you communicate and celebrate successful “boomerang” employees who have gained valued external experience?  

Phase 5: Transition

How can this be done?

• Match skills with work and not people with jobs  
  With roles and skill demands changing rapidly, it is increasingly important for companies to move beyond the traditional view of career pathways and focus on developing skills and competencies as a “career lattice”. FIs need to focus on developing a “career lattice” for employees by supporting flexible moves across units or functions so that individuals can gain new experiences, learn new skills, and broaden their capabilities. As some roles within PSF are displaced, companies might also be able to minimize the number of terminations by aligning available skill sets to work and putting less emphasis on existing job titles.

The ability to align skills with work is also important given the increasing focus on temporary work arrangements and projects within the PSF sector. By understanding available and in-demand skill sets, FIs can better design temporary work arrangements and identify appropriate project teams.

How can this be done?

• Establish career lattices based on similar and transferrable skills.  
  As identified in Phase 1: Assess, streamlining job families and identifying where skills and functional expertise overlap can help you design career lattices in order to give your employees a wide range of opportunities. For example, there are common data analytics skill requirements across risk modeling, stress testing, and treasury analytics roles. A non-traditional career lattice could be created for employees across risk, compliance, and finance functions in order to better leverage these in-demand skills.

• Encourage sharing of skills across departments rather than the hoarding of talent.  
  Leaders can use the career lattice to identify talent with specific expertise from different business lines and functions who could add value while further developing their skills across different domains. By encouraging the sharing of talent across functions (e.g. job rotations, job shadowing, shared roles, consulting, and cross-functional projects) and collaboration on skills development, you can help improve the value and applicability of the skill across your entire organization.

• Remove stigma of restructured employees  
  A recent survey indicated that a third of all workers have anxiety about the future of their jobs due to automation. One major reason for this anxiety is the stigma attached to individuals who are the victims of restructuring activities – both employees who are re-deployed across the organization and those who are transitioned outside the organization.

Ongoing changes within the PSF sector likely mean that more employees will be affected by restructuring and job displacement. However, just because a person has been the target of restructuring does not mean that they cannot become a prime candidate for future roles within an FI as their skills and experience evolve.

Additionally, the use of temporary work arrangements is only expected to grow in the “gig economy”. This makes it critical for FIs to manage and support people through transitions, whether they are moving out of an organization or staying within it. Aside from the stigma associated with restructuring, job uncertainty can also have serious mental wellbeing matters implications and negatively impact the employee experience and employee morale. FIs need to understand the full range of implications associated with anxiety and uncertainty and develop ways to mitigate these and support people effectively.

How can this be done?

• Recognize potential bias when hiring talent internally or externally.  
  Modify your assessment processes to remove potential bias related to employees who have been displaced due to restructuring. Phase 3: Develop highlights a recruitment process where the focus is placed on skills and capabilities through psychometric assessments and targeted questions, which are custom-tailored to the role.

This is one way you could filter out an employee’s specific circumstances, while increasing the focus on assessing their skills, work, and experience.

• Maintain positive relationships, whether your employees are transitioning to new roles within your organization or are departing.  
  Be transparent with your employees on transition processes by communicating extensively. Prepare for and support internal moves to reduce ramp up time and increase productivity. Stay connected with your alumni and track their development and progress as potential future talent. Alumni can also be a great source of network intelligence and recommendations for future hires.

• Share success stories related to employees who have transitioned to new roles.  
  Measure and raise awareness of successful “boomerang” employees (i.e. employees returning to your organization after working elsewhere). Communicate how they have brought valuable insight or experience back to your organization or department.

• Support development of coping skills.  
  There is growing recognition that increasing coping skills (e.g. mindfulness techniques, meditation, and positive self-talk) can help people enhance resilience and manage mental wellbeing matters issues. There are a number of frameworks that can help you better understand different types of coping skills. For example, Rotter’s Locus of Control helps measure how much control a person feels they have over their current circumstances, while Ellis’s ABC Model helps explain why an individual may have negative beliefs about their potential future.  

Considering the impacts of mental wellbeing  
• Societal and workforce changes are some of the elements that are placing increased stress on employees. For example, younger generations are experiencing significant family pressures with young children and aging parents to take care of. Workforce changes such as the need to use new technologies and modifications to roles or responsibilities is increasing the burden to continuously learn and reskill.

It is important for employers to recognize mental wellbeing matters (especially when preparing for any significant workforce transition) and find ways to be proactive and get ahead of potential issues.

How can FIs help?

• Have leaders role model and engage employees in two-way dialogue around mental wellbeing issues.
• Train and equip people to recognize signs of poor wellbeing, distinguish them from performance issues, and to understand the actions to take if an issue becomes apparent. Voluntary employee wellbeing advocacy groups can be effective at engaging and educating staff on mental wellbeing matters.
• Design and implement methods to track impacts on mental health before, during, and after a major transition (e.g. using surveys).
• Utilize change management methodologies at all stages of a transformation to limit the negative experience of employees.
• Build resilience skills and train on coping mechanisms. Communicate information about support resources (e.g. employee assistance programs, coaches) and encourage people to use them.
Summary

We hope that the trends, themes, findings, and recommendations in this report help you to start a conversation within your organization and provide you with some ideas for your business and talent strategy. Though the journey may seem long, our recommendations are designed to be actionable. They include practical activities that you can start today.

Appendix

Approach

Insights for this report were gathered across primary and secondary research, including interviews and surveys with over 80 executives across the financial services sector in Toronto, supported by interviews with global subject matter specialists.

Financial services executives that took part in this research were:

- Senior level officials (VP+) with lines of sight to organizational and departmental strategy
- A cross-section of individuals focusing on customer service and sales, product development, technology, operations, and control functions
- Representatives from banks, insurance companies, credit unions, asset management organizations, and fintech organizations

In addition, a steering committee, made up of individuals from small, medium, and large financial institutions helped to direct the research questions and approach and provide feedback on insights and recommendations.

The following framework was used to gather insights:

<table>
<thead>
<tr>
<th>Research question: How are key trends in the financial services sector impacting roles and skills in common functions across financial services and what can employers do to plan for these skills in the next 3–5 years?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key financial services trends</td>
</tr>
<tr>
<td>Changing nature of work, roles, and skills</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Organizational-wide impacts</th>
<th>Customer service/sales function impacts</th>
<th>Product development function impacts</th>
<th>Technology function impacts</th>
<th>Operations function impacts</th>
<th>Control function impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>How will work be performed differently due to the impact of these trends?</td>
<td>Which roles will be most impacted by these key trends?</td>
<td>Are there key roles that will change significantly?</td>
<td>Are there key roles that will no longer be required?</td>
<td>Are there new roles anticipated that do not exist today?</td>
<td>What are the in-demand skills that the workforce in this function will require in the next 3–5 years?</td>
</tr>
<tr>
<td>Talent strategy</td>
<td>How ready are financial institutions to respond to changing talent needs?</td>
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