

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.

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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.

We would like to thank our members and our dedicated steering committee for your time and expertise. We are grateful for your insights, which have strengthened the quality and robustness of this report. And we appreciate your enthusiastic participation in the research, which confirmed for us that this was a timely and relevant initiative to undertake on your behalf.

Sashya D'Souza

Senior Vice President, Talent Initiatives
Toronto Financial Services Alliance

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Executive summary

The availability of key skills is one of the top concerns of CEOs around the world.¹ 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 people², 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 FIs to deliver a first-rate 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 FIs 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 and sales, product development, operations, technology, and control functions (i.e. risk, compliance, internal 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 FIs 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*

Contacts

TFSA contacts

www.tfsa.ca



Sashya D'Souza
Senior Vice President, Talent Initiatives
Toronto Financial Services Alliance
+1 (416) 933-6789
sdsouza@tfsa.ca



Julie Bryski
Director, Talent Initiatives,
Toronto Financial Services Alliance
+1 (416) 933-6787
jbryski@tfsa.ca

PwC contacts

www.pwc.com/ca



Karen Forward
Partner, People and Organization
Consulting
PwC
+1 (416) 687-8116
karen.j.forward@pwc.com



Kim Vander Aerschot
Director, Financial Services Consulting
PwC
+1 (416) 814-5893
kim.vander.aerschot@pwc.com



Joanna Yu
Senior Manager, People and Organization
Consulting
PwC
+1 (416) 815-5209
joanna.y.yu@pwc.com

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