Bridging the skills gap in a rapidly evolving sector

Skills for the future of Financial Services 2024

April 2024

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Financial Services Skills Commission

What is the Financial Services Skills Commission?

The Financial Services Skills Commission (FSSC) is an independent, not for profit, member-led body, representing the UK's financial services sector on skills. The FSSC works directly with the sector to ensure that businesses have the talent and skills they need for the future. The FSSC has over 40 members, representing around 300,000 employees across all parts of the sector and all the UK's regions and nations.

Financial Services Skills Commission

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Key findings summary

1. 2023 saw both stability and change. Pressure on recruitment has eased with lower vacancy ratios – but 3 in 100 roles in financial services remain unfilled. Roles that were hard to fill in 2022 – data, software, cyber and risk – remained hard to fill in 2023. Product managers have joined the hard-to-fill category.
2. FSSC members still experience stubborn skills gaps. Demand for all but one of the FSSC Future Skills is growing faster than supply. Behavioural skills have seen the highest growth in demand, especially for empathy and coaching. Positively, efforts to build skills are showing a significant impact (such as with data analytics).

3. New data from EY helps us to understand the skills gaps that we have through a 'proficiency' lens, showing us where supply of skills isn't at the required proficiency level. Overlaying EY data with FSSC data highlights the largest proficiency gaps are in data analytics and coaching skills, while the number of people needing upskilling is larger for empathy and teamwork.
4. Machine learning/AI has the biggest supply-demand gap for our members, and data from the Unit for Future Skills suggests our sector is set to be more exposed to AI than other sectors. Highly-skilled occupations such as analysts, account managers or FS managers could be significantly affected.
5. More women than men were hired in financial services last year, despite women making up a smaller proportion of the applicant pool. Flagship programmes to attract women into male-dominated roles are starting to redress the balance – but applications from women are still concentrated in customer service and admin roles.

6. A declining number of apprentices (6,800 in 2023) and a lower share of graduates (8,000 or 4% of all graduates) are entering financial services.
7. More firms are forecasting their skills needs and using increasingly sophisticated data points. But forecasting horizons have reduced.
8. Total learning hours remain on an upward trend (increasing from 3 to 4 days on average) and non-mandatory – the spontaneous, encouraged learning – seems to be increasing slightly, compared to 2022 data.
9. Reskilling is gaining momentum. 71% of our members are actively reskilling in the UK, compared to 50% last year. And at the same time the number of people being reskilled has almost doubled among our members.

   However, more action is needed to promote reskilling and retain those at risk of leaving.

10. Our People + Technology report published in November 2023 urged our sector to go further and faster on tackling the skills challenge. We need to maintain its focus on key actions to close its skills gaps – whether through investing in the existing workforce or building a pipeline of new talent. This report offers a deeper insight into why the recommendations of People + Technology matter and the actions we need to take.

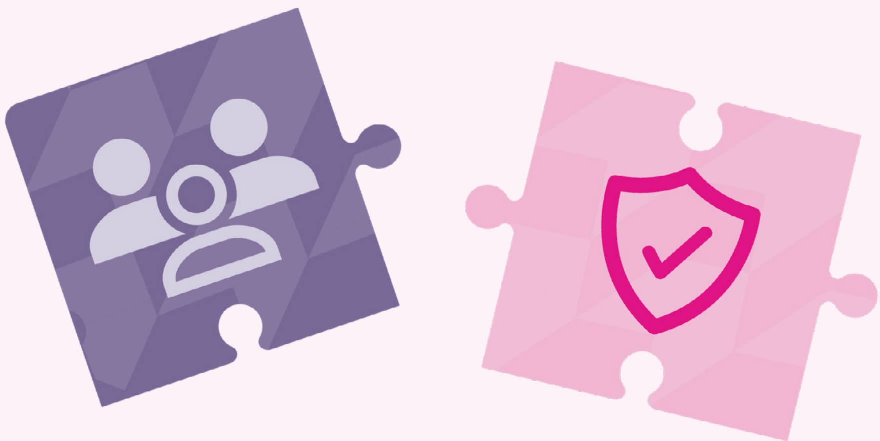
Specifically firms need to:

1. **Make skills central to business strategy.**
   We encourage firms to place skills as a strategic business priority, including increasing the use of data on skills at the leadership level.

2. **Foster clarity on skills needs.**
   Develop ways to deepen skills forecasting and assessing proficiency levels to
   - improve sector proficiency, within a supportive learning culture
   - understand the range of different skills needed to support the adoption of artificial intelligence and net zero.
   - increase non-mandatory learning and measure its impact.

3. **Create and build the skills we need.**
   Expand learning and development approaches targeted at specific skills gaps based on the actions identified in this report.
   - Upskill existing pool of talent
   - Reskill to grow pool of talent
   - Recruit and retain talent across demographic groups
   - Collaborate on sector attractiveness
   - Maintain skill levels for existing talent pool.

4. **Collaborate.**
   Collaborate to find industry solutions for appropriate skills challenges through bodies such as FSSC, TheCityUK, CoLC and other important representatives of the sector, including through knowledge-sharing with the Commission, adding to our industry-wide dataset.



Foreword

A thriving financial services sector needs the right skills to drive innovation, growth, and sustainability. Since our last annual skills report, the skills gaps experienced by our members and the broader sector have continued to evolve, driven by the disruption and opportunities offered by AI, continued technology and digital transformation and the shift to net zero. Efforts to address skills challenges have improved and our data shows positive progress in increasing the supply of skills. However, at the same time demand for skills has either remained high or increased. On skills, we are chasing a moving target.

The Financial Services Skills Commission 2024 Future Skills Report provides insights into current skills trends and analysis on how the sector is responding through talent and skills programmes. This year, for the first time, the report also includes data on skills proficiency, supplied by our Founder member, EY. This provides deeper understanding of skills capabilities across the workforce. When considered alongside supply and demand gaps, this enables us to pinpoint where different responses are required for maximum effect, and where we, as a collaborative body, should focus our joint efforts to ensure that we are delivering the right training to the right people at the right time.

Changes in skills needs will continue over the coming year, particularly around AI as firms move beyond the use case phase and begin to embed the technology at scale. Our research shows that the exact nature of changes in skills needs is still largely unknown. Most employees will be users of AI tools and will require different skills to those building or implementing the technology. As firms develop use cases and embed AI driven processes, behaviours such as adaptability and creative thinking will be essential to the successful adoption of AI.

Four years ago, the Commission weas created to focus sector efforts on closing existing skills gaps, and embed systemic change to drive innovation and ensure we remain competitive. We are making progress:

- More firms are forecasting their future skills needs enabled by increasingly sophisticated data and insights.
- The amount of learning that employees experience is increasing.
- More colleagues are being reskilled and more firms are using apprenticeships for reskilling.
- 58% of FSSC member firms now discuss skills at Boardroom level at least four times per year.

Programmes to address the workforce gender balance and diversity are underway with members delivering important initiatives to boost the female talent pipeline.

The skills dial is beginning to shift in the right direction. But we must mobilise the industry to make skills central to business and workforce strategies, deepen skills forecasting capabilities and proficiency assessments, and increase reskilling programmes at scale. This can be achieved through enhanced collaboration with education and government partners and increased knowledge sharing with the Commission and our membership.

Our 2024 Future Skills report is robust, data driven research which strengthens our mission to ensure the sector has the talent and skills it needs to drive productivity, and growth.

Claire Tunley, Chief Executive, Financial Services Skills Commission and
David Storey, Partner, EY and Financial Services Skills Commission Board member.

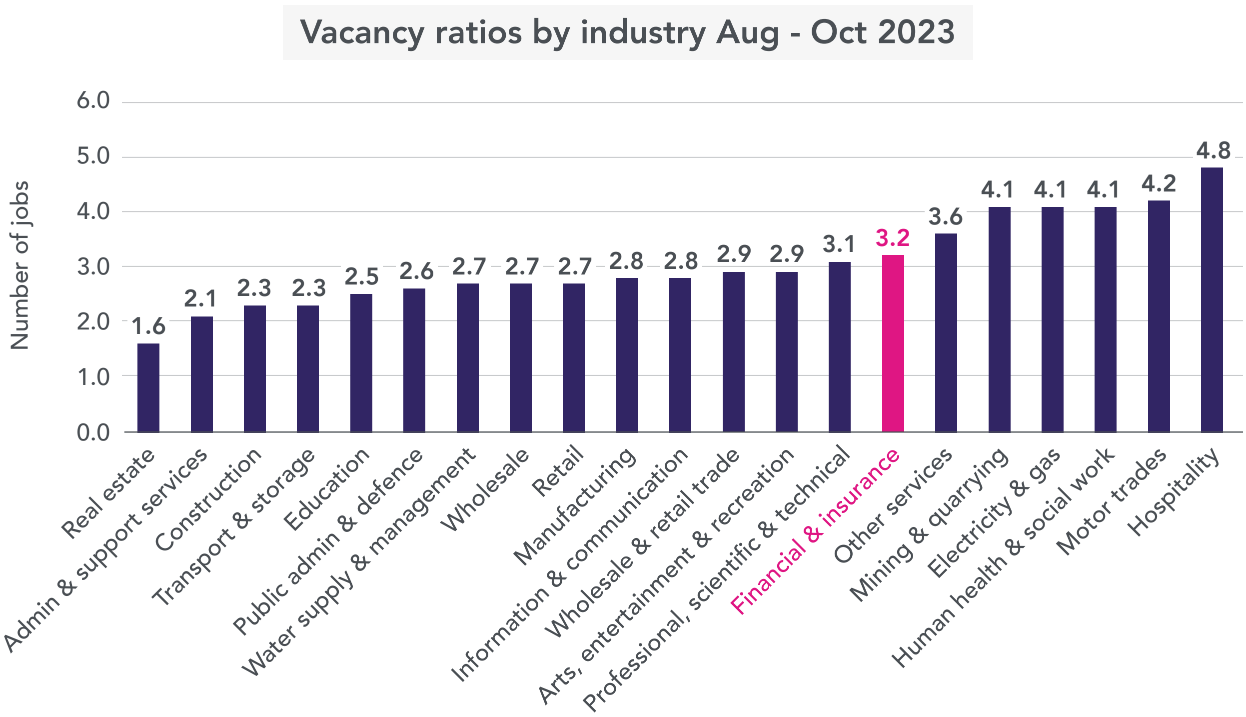
State of the sector in 2023

Recruitment pressures ease but remain challenging

> *"Candidate applications have increased overall which signals the market is more buoyant than in 2022, even in the technology space."*
>
> Member firm

In 2023, recruitment pressures eased compared to their historic peak in summer 2022, when only health and hospitality had more vacancies than FS. Overall, there were more jobs in our sector in 2023 than in the previous year. Our members have also reported lower attrition, with FS workers staying in jobs for longer. Meanwhile, vacancies have dropped to pre-pandemic levels as the economy has slowed.

Around 3 jobs remain unfilled for every 100 FS jobs and FS is still in the top 10 for vacancy ratios, but no longer in the top 3. Despite there now being more candidates in the market, skills gaps persist. Further action to attract and retain talent in our sector remains critical, including improving internal mobility to fill vacancies and putting in place reskilling programmes.



Source: ONS, Vacancies by industry, November 2023

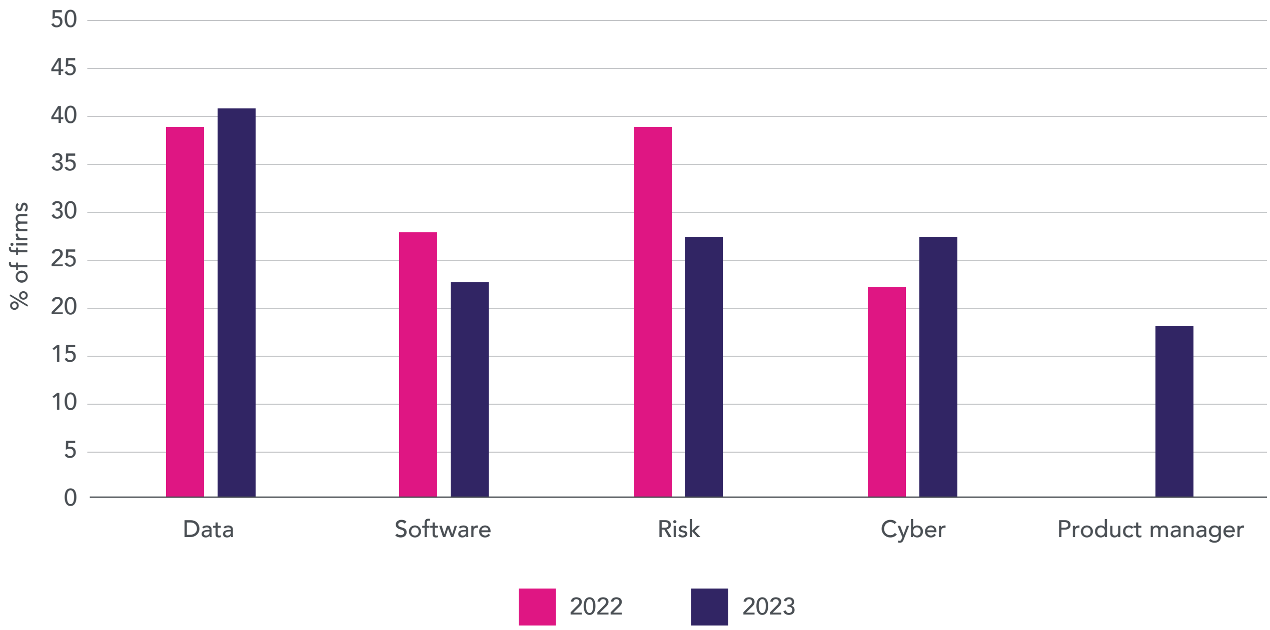
Data and technical roles remain hardest to fill

> *"The biggest changes in the demand of future skills are in 'Sunrise' roles (tech) and in revenue-generating positions."*
>
> Member firm

Most of the roles members found hard to fill in 2022 remained hard to fill in 2023, with some notable variations. While access to talent in software and risk roles has improved slightly, difficulties recruiting for data and cyber roles have increased. All four remain in the top 5 hard to fill roles. Some members noted a slight decrease in demand for software development skills driven by lower internal attrition and an unstable job market.

Product manager roles have also joined this category, with 18% of firms finding it hard to recruit 'product managers' in 2023, where none were referenced in 2022. Members report that these roles are crucial to bring together the tech, data and business areas of FS when positioning old and new products. Other front-office roles for which demand held strong, compared to 2022, were account managers and business development managers (EY Skills Foundry, February 2024). Sector-specific, hard-to-fill vacancies exist for speciality underwriters, actuaries in insurance and investment management, as well as audit roles in banking.

Hard-to-fill roles 2022-23



Source: FSSC member survey 2022, data from 25 firms; FSSC Member survey 2023, data from 21 firms

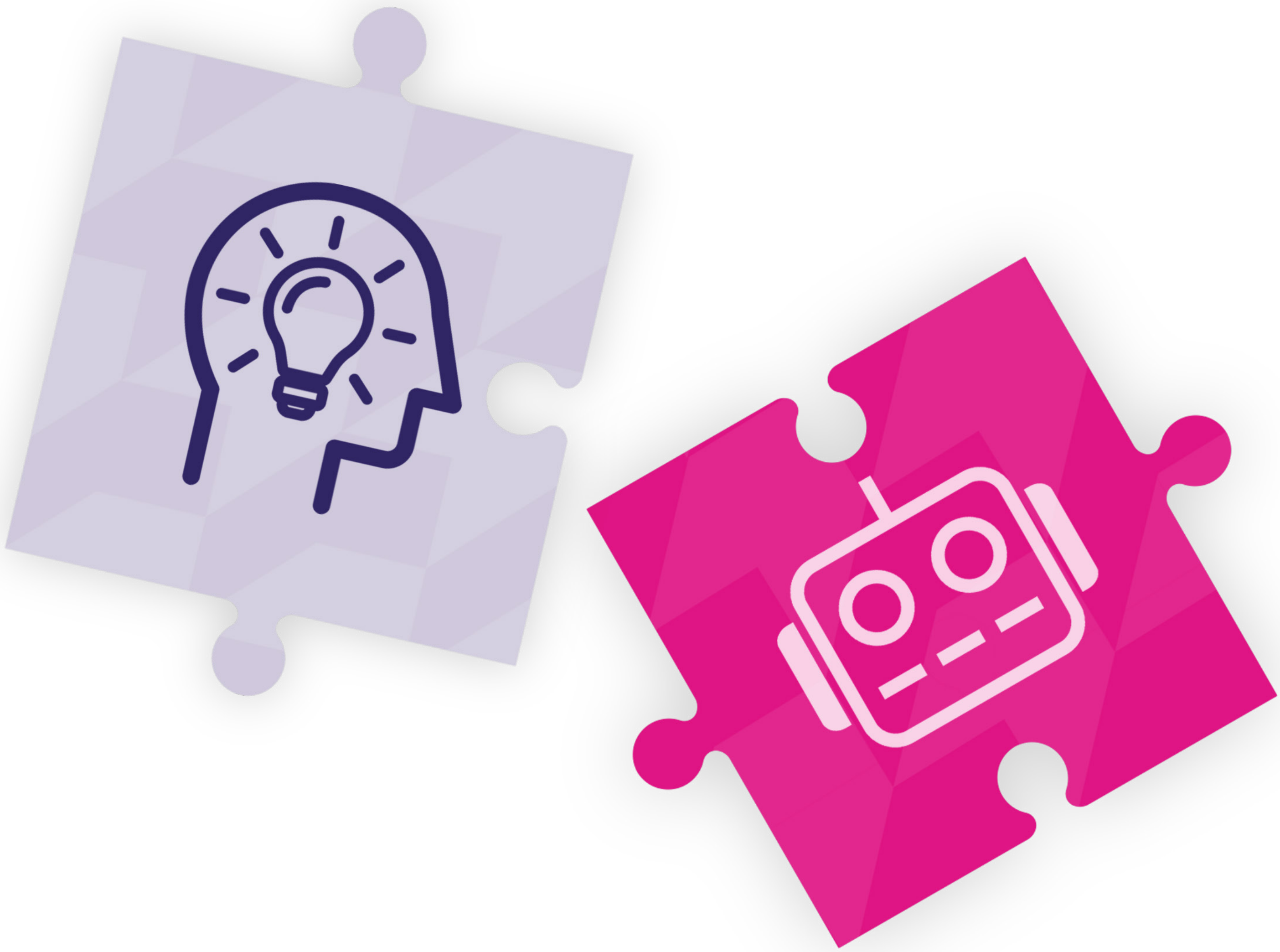
Vacancy data aligns with the views of leaders: the majority of UK CEOs (78%) report skills shortages within their organisation in 2023, and 68% specify a lack of tech capabilities inhibiting their ability to transform (PwC 27th UK CEO survey).

Methodology

Findings in this report are based on data from the following sources:

- 2023 FSSC Member survey in which 25 Member Firms participated, representing over 270,000 employees. Data points were validated in a series of workstream meetings and four bilateral calls with our members between February and March 2024.
- Data from EY Skills Foundry and Eightfold AI, based on a sample of 50 firms and current skills from13,000 profiles.
- User requested ONS data which provides useful context on the occupational split and change in our industry.

We have also carried out a literature review to gain additional insights on hiring trends and the impact of artificial intelligence and net zero. This research builds on our previous work featured in our People + Technology report, November 2023.



New data on demand and supply of future skills

Introducing the data

> *"Whilst skill supply has increased in key areas where we have invested focus through skills plans & learning academies, the demand has increased at the same or greater rate."*
>
> Member firm

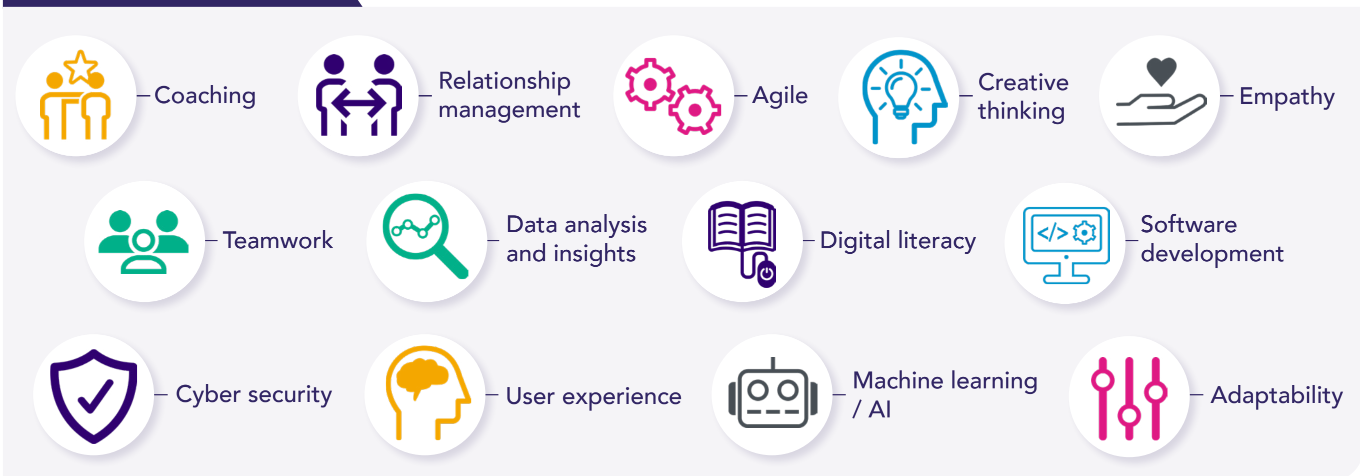
Each year our data provides insight into skills needs in financial services. FSSC has been gathering firm-level data on supply and demand trends for the 13 future skills included in the FSSC Future Skills Framework since 2021. This report offers an insight into firms' experience of dealing with skills gaps and adapting to the context we have described above, as well as showing where firms are gaining or losing ground on the continually evolving challenge.[1]

Our results show that skills gaps remain a challenge for the sector. Skills gaps for behaviours have widened and are now comparable with skills gaps for technical skills. In many instances the supply of skills has grown, however, demand has grown at the same or at an even faster rate. Efforts to build skills are successfully increasing supply but need to be scaled to close skills gaps.

This year we have seen demand for all but one of the skills grow faster than the supply, particularly for behaviours, where the supply-demand gap has increased from 10 to over 25 percentage points. For technical skills the gap stayed about the same at 20 percentage points.

This year, new data from EY (see following chapter) adds an extra dimension by assessing where organisations may have a supply of particular skills, but not at the right level of proficiency. Overlaying our member survey data with the EY data highlights that member organisations not only have demand for more people with data analytics and coaching skills, but to a much higher level of proficiency.

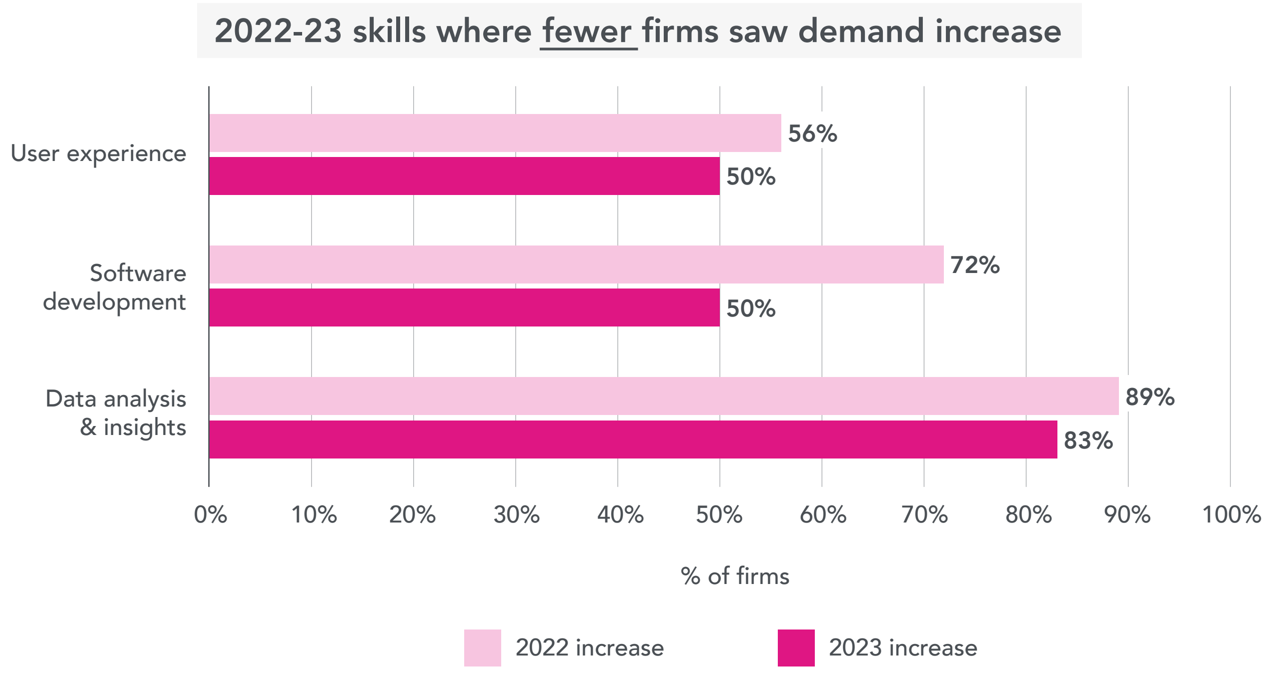
13 FUTURE SKILLS



1 Methodology: To understand where supply or demand gaps are likely to be most prevalent, we compare the share of firms reporting an increase in demand for a given skill with the share of firms reporting an increase in supply for the same skill. We also compare the share of firms reporting an increase in demand for a skill this year to the previous year. This gives us an indication of the direction of travel.

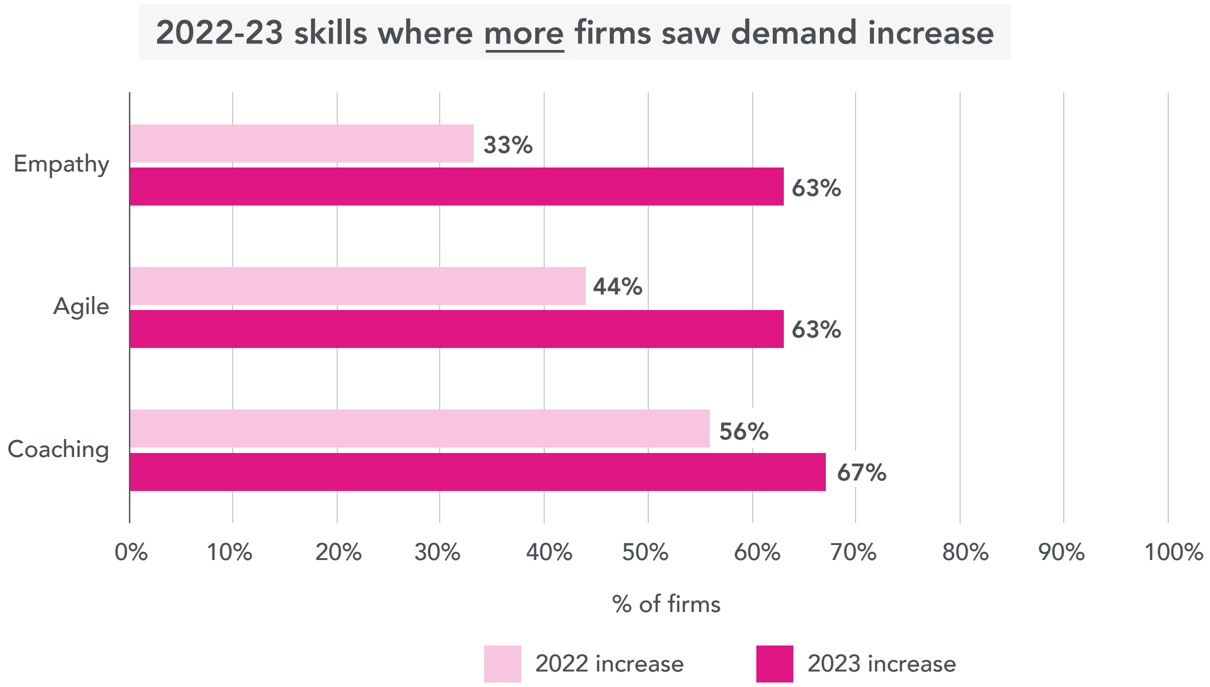
Demand for behaviours has outpaced technical skills

Demand for empathy, agile and other behaviours has grown significantly in the last year, while it stayed flat for many technical skills. While demand remains high overall, fewer firms have seen their demand for user experience, software development and data analysis increase.



Source: FSSC Member Survey 2022, data from 18 firms; FSSC Member Survey 2023, data from 24 firms

Empathy has seen the largest increase in demand and reflects the sector's focus on customers. Members have indicated that demand for behavioural skills has been super-charged by the accelerating need for people leader skills, the shift towards net zero and the introduction of the consumer duty.



Source: FSSC Member survey 2022, data from 18 firms; FSSC Member survey 2023, data from 24 firms

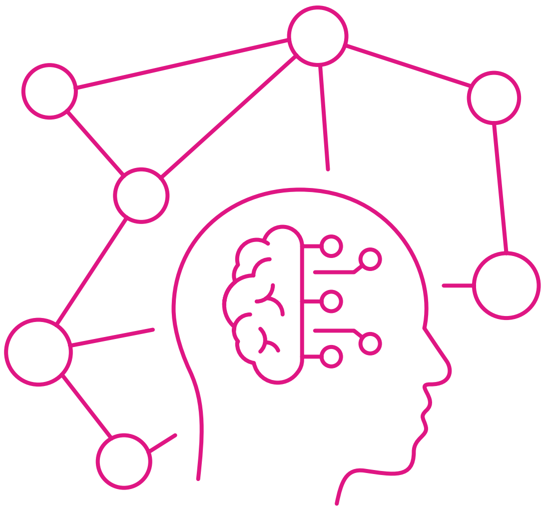
Agile has the second highest increase in demand and is the only technical skill to show this level of increase. It is widely recognised as a key skill which will enable the way member organisations deliver change at pace and transform their businesses (see case study in section 5). Coaching also shows an increase in demand across our firms with over two-thirds of firms reporting an increased need. Our data reflects heightened demand for these skills but also increased awareness of their importance in the delivery of products and services in financial services.

> *"Demand for agile skills is not always matched by internal or external skills supply."*
>
> Member firm

A gap between supply and demand remains

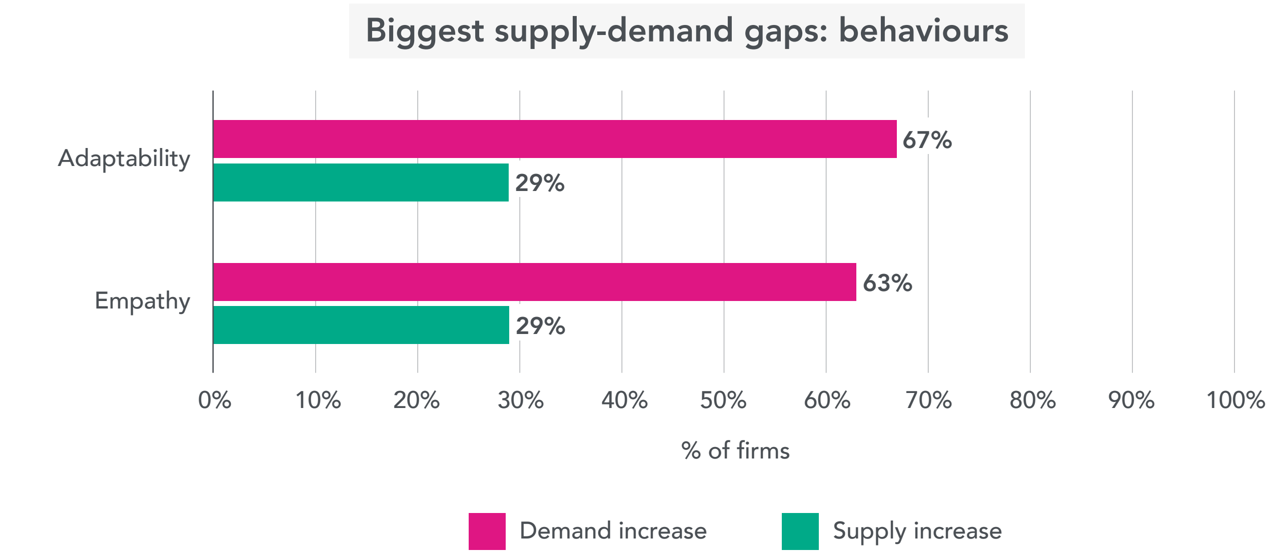
The supply-demand gap for behaviours has widened from 10 to over 25%, while that for technical skills stayed about the same at 20%. This is an average across skills groups, the gap for individual skills can be much higher.

Demand for technical skills remains around **20 percentage points** ahead of supply



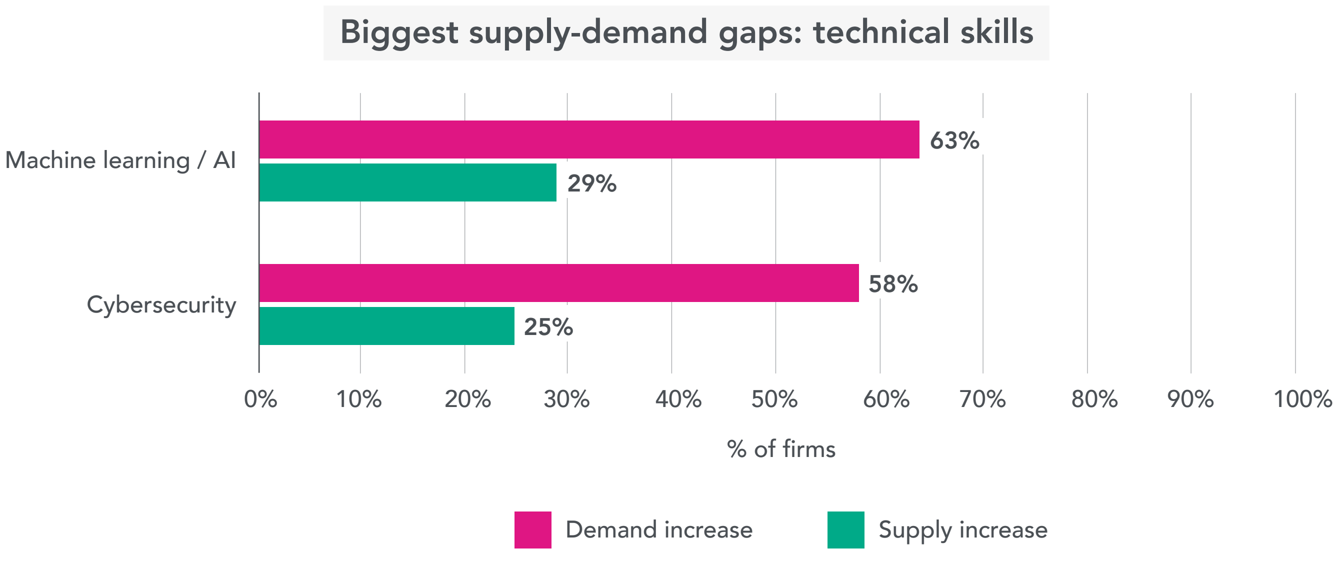
Demand for behaviours has increased and is now **over 25 percentage points** ahead of supply

On the behavioural side, adaptability and empathy have the highest gap. Adaptability has the highest gap overall, with 38 % between supply and demand.



Source: FSSC Member Survey 2023, data from 24 firms

For technical skills, machine learning and cyber security have the biggest gap between supply and demand, with 34 and 33 % respectively. Machine learning already had the largest gap in 2022.



Source: FSSC Member Survey 2023, data from 24 firms

Relationship management and teamwork are behaviours where the gap has narrowed the most since last year.

When asked which additional skills (not already included in the FSSC future skills framework) were growing in significance, members mentioned: people leadership, project management, customer-centricity, product management, actuarial and audit skills. Members were also asked about the development of skills associated with sustainability and net zero.

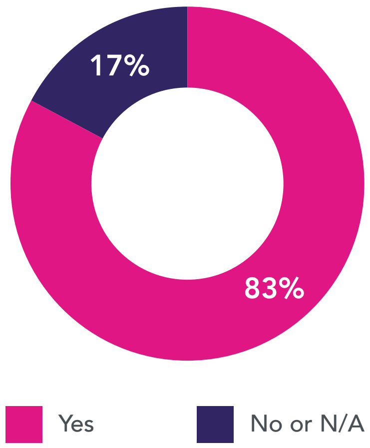
Efforts to build skills are having an impact

Most member firms have seen an increase in the supply of some or all the 13 FSSC future skills – 7 percentage points more than last year, from 76% to 83%. This illustrates the progress that firms are making on skills. But more remains to be done as illustrated in the next section on proficiency gaps.

Efforts to build data analysis skills are showing the biggest impact - 83% of firms saw an increase in the supply of data analysis skills, more than for any other skill. Several members whose supply of data skills had previously been flat or declining are now reporting an increase. This makes sense in the context of the levels of investment firms are making in supporting the development of this skill across the workforce. One member reported that the success of their apprenticeship programme has sparked more interest among other colleagues to deepen this skill.

Demand for data analytics remains very high, as members stress the need for the ability to analyse data and code using multiple programming languages. When asked about the impact of other trends such as AI or net zero, members continue to emphasise the importance of data analytics and storytelling with data as a skill to support AI's application.

Increase in supply of data analytics skills



Source: FSSC Member Survey 2023, data from 24 firms

> *"The success of our data apprenticeship programme has sparked more interest among other colleagues to deepen this skill."*
>
> Member firm

Encouragingly, digital literacy has also increased in supply – the second highest increase in supply, with 54%, followed by agile with 50%. Availability of these skills will be crucial to successfully adopting future technologies like AI.

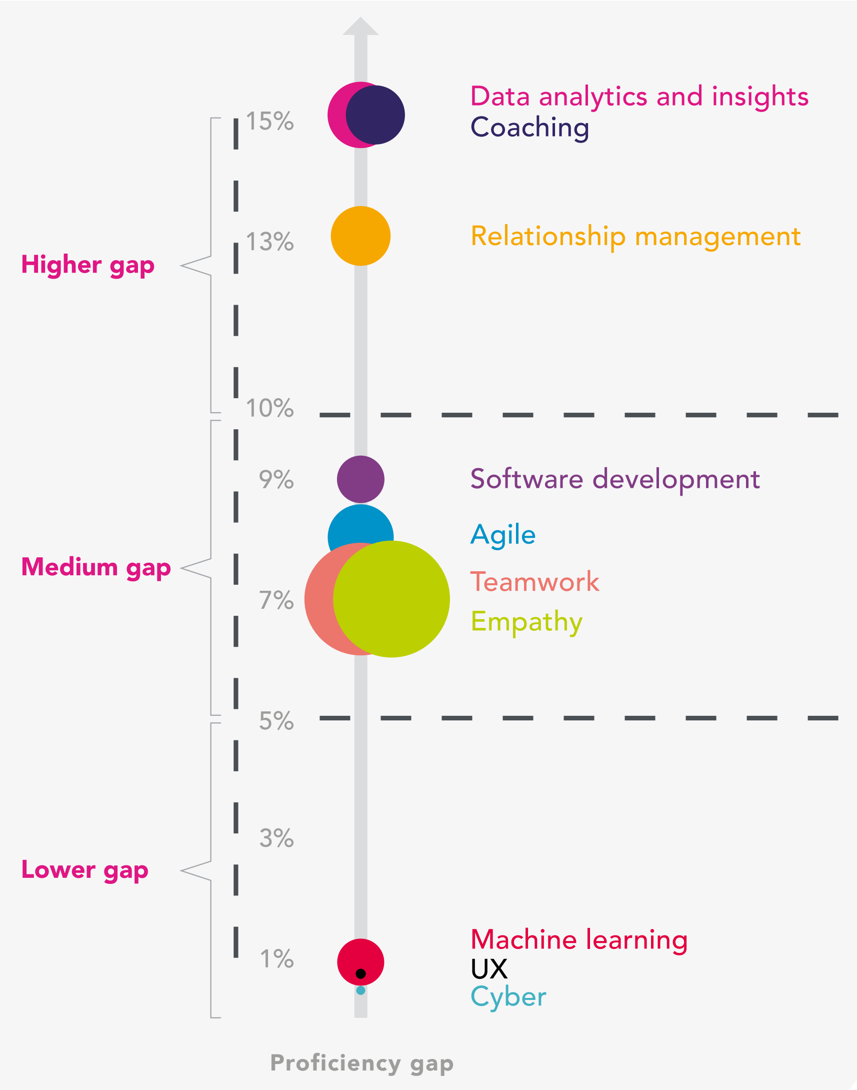
New data on proficiency gaps

Proficiency data adds another dimension (EY)

New data from EY adds another dimension to our understanding of skills: a snapshot of proficiency gaps. Proficiency data shows where members might have a supply of skills, but not at the required level.

As shown in our People+Technology report, the percentage of skills in financial services that have a proficiency gap is 70%. For some skills the gap is over 10%, meaning existing levels of proficiency across the talent group using this skill are 10% below where they need to be, what we consider to be a 'high' gap. An estimated 16% of people (or 160,000 workers) in the sector require upskilling of at least one FSSC future skill to meet the proficiency demands for their role. This data refers to summer 2023 and is a moving target - as skills needs change, so will proficiency gaps.

In this graph, proficiency represented by the vertical and horizontal axis, while supply is shown through the size of the bubble.



- **Proficiency gap** = Percentage gap between actual and desired proficiency, on average, across the FS sample group[2]
- **Skills supply** = Size of existing talent pool with this skill by count of roles

Source: EY Skills Foundry and Eightfold AI, based on a sample of 50 firms and current skills of 13,000 profiles

2 Proficiency gaps were analysed by comparing EY skills benchmarked (the targeted proficiency) with Eightfold AI data about skills and estimates of proficiency (actual proficiency) from a sample of 50 companies across the sector.

> *"Sufficient supply of skills, such as in data analytics, isn't enough if they are not the right level of proficiency."*
>
> Nathan Sasto, Partner, EMEIA Workforce Planning & Analytics Solution Leader, EY

Several of the FSSC future skills have sizeable proficiency gaps indicating the need for significant numbers of people needing to be upskilled to reach the required level of proficiency. There are now a high number of people with data and coaching skills in the sector, partly due to successes in building those skills. But the proficiency gaps are largest for those skills, with an average 15% gap between actual and desired proficiency in data analytics and coaching. Addressing these gaps requires a multi-pronged approach to meet ongoing need, including through a focus on correcting proficiency shortfalls, a culture of upskilling and bringing in new talent.

Although the proficiency gap is smaller for empathy and teamwork, the current large supply of these skills, being well represented in our sector means that while the degree of required upskilling is less, the overall volume will be higher. This makes these skills a good focus for upskilling to meet demand and incentivising/supporting colleagues to maintain their skill level.

Agile[3] and software development are also characterised by medium proficiency gaps but the population affected by them is smaller, roughly on a par with data analytics. Firms can build a more skilled workforce in this area and grow a consistent internal and external pipeline of talent. We also know demand for empathy and agile is growing, so these gaps will need most attention to close them.

Proficiency gaps for technical skills such as machine learning and cyber are relatively small, and while demand for these skills is lower, reflecting the specialist nature of the role, supply remains insufficient. In other words, specialists are highly proficient, but there are not enough of them to close the gap between supply and demand. However, with the critical nature of these roles, any reduction in supply or increase in skills gaps in future could have a disproportionate effect. Hence, proactive action is needed to upskill and reskill, as well as collaborate to make our sector more attractive to talent.

Actions to address gaps

Skills shortfalls do not affect all skills equally, as the new EY data shows. All skills gap areas require urgent action but specific interventions depend on the nature of the changing demand, the scale of the proficiency gap, and the size of the existing talent pool which needs upskilling. We have identified pinch points at a sector level, although these will vary at a firm level.

Having a substantial supply of a skill does not necessarily help if overall proficiency levels are inadequate. Similarly, good proficiency levels alongside low supply of a critical skill can still present risks, for example if the pipeline of talent reduces. For other skills, many medium-level proficiency gaps exist which need to be considered when preparing our sector for a successful future. This is a fluid state for our sector – the drivers of skills needs will continue to evolve and change.

Actions to address this can include one or several of the available options, as the table below illustrates:

3 Data is also available for project management - both supply and proficiency gaps are higher than for Agile alone.

Analysis of average proficiency gap, size of existing talent pool and demand trend and recommended action

Average proficiency gap (between actual & desired proficiency) *EY data*	**Size of existing talent pool with this skill** (by number of colleagues) *EY data*	**Demand** (as number of job postings) and **demand trend** (at firm-level) *EY, FSSC data*	**Analysis** (nature & scale of challenge)	**Action**
Higher gap (>10%)	**Medium** • Data analytics & insights • Coaching • Relationship management	**Demand is high and increasing**	• Although there is a decent sized and growing supply, the proficiency gap is highest for these skills. • Demand for data skills has stayed steady at a high level, while it has increased for coaching and relationship management. • Significant numbers of employees have a proficiency gap.	✓ **Upskill** existing pool of talent ✓ **Reskill** to grow pool of talent ✓ **Recruit and retain** talent across demographic groups ✓ **Collaborate** on sector attractiveness
Medium gap (5-10%)	**Medium** • Agile • Software development	**Demand unchanged at medium to high**	• There is a medium proficiency gap for these technical skills among the medium/ small pool of existing talent.	✓ **Reskill** to grow pool of talent ✓ **Recruit and retain** talent across demographic groups
	High • Teamwork • Empathy	**Medium but increasing demand**	• Supply is high meaning a large pool of talent have empathy and teamwork skills. • But there is a medium-sized gap between current and desired proficiency. • Demand for empathy has grown more than for any other skill last year.	✓ **Upskill** existing pool of talent ✓ **Maintain** skill levels for existing talent pool
Lower gap (>5%)	**Small** • Cyber • Machine Learning • UX	**Low and stable demand**	• These skills are in short supply and although only relevant to a relatively small number of roles, are 'critical' as they have a disproportionate impact on the sector. Specialists in these roles are highly proficient.	✓ **Recruit and retain** talent across demographic groups ✓ **Reskill** to grow pool of talent ✓ **Collaborate** on sector attractiveness

CASE STUDY:
Empathy / considering others

NatWest

Empathy is a critical skill for now and the future and is at the heart of NatWest's vision of becoming a 'purpose-led bank.' In practice it is about colleagues recognising the importance of understanding other perspectives, being thoughtful, caring and respectful in the way they treat customers and their colleagues, making people feel appreciated and valued.

As one of the bank's core values empathy helps to ensure they are open, inclusive, and progressive, where people know they'll be supported, and where colleagues feel comfortable challenging bias and inequality. Colleagues are equipped with empathy to support customers, particularly those in vulnerable situations, and consider others during design of the digital products that are so crucial now, ensuring that they are inclusive of all and reduce or eliminate biases in algorithms.

Empathy and considering others are viewed as critical parts of leadership. One of the 5 key themes of NatWest's leadership programme *Thrive* is 'Empower People' which helps leaders support their teams by building the safe environment and setting the tone, which is inclusive and diverse, where people feel valued to and able to thrive, learn and grow. Over 5,000 leaders had enrolled on the *Thrive* programme by the end of 2023, and this sits alongside the Leadership Fundamentals programme, which includes core skills such as developing others.

To build colleagues' empathy skills NatWest provides a playlist of curated learning including articles, videos, and interactive virtual sessions that encompasses crucial aspects such as empathic listening, emotional intelligence, psychological safety, and building trust with customers and colleagues.

A 53% increase in completions between 2022 and 2023 for diversity, equity & inclusion learning content such as LGBT+ and Disability helped the bank develop its inclusive culture. In 2023 93% of colleagues reported that they believe NatWest promotes an inclusive culture and 95% of colleagues said they feel comfortable being themselves at work (a 2%-point increase from 2022).

In 2023 the bank launched its most comprehensive mental health learning programme, completed by around 10,000 line managers and around 4,000 colleagues so far. This supports their 'Live Well Being You' initiative, so colleagues bring the best of themselves to work, to thrive and be healthy. The colleague engagement survey recorded an internal wellbeing index 5% above the Global Financial Services Norm (GFSN) and we won Best Mental Health Strategy at the Employee Benefits Awards.

As well as continuing to grow the reach of the leadership programme NatWest plans to:

- Continue to promote their mental health programme.
- Continue the focus on wellbeing with dedicated champions who promote positive health and wellbeing by spotlighting external partnerships and the employee assistance programme. These include Peppy Health which helps women through the menopause, and JAAQ (Just Ask A Question) providing answers to mental health & wellbeing questions 24/7.
- Work with each business area to understand their specific needs in developing these critical skills.

Impact of AI and other trends

Use of AI in financial services

Machine learning (ML) has been part of the FSSC Future Skills Framework since 2021. In the Bank of England's 2019 survey, 67% of respondents already used machine learning in their business, for example to assist with lending decisions, and banks are the most numerous adopters. This increased to 72% in the 2022 survey (BoE Machine learning Survey, 2019, 2022). The most common uses of machine learning were for customer engagement and risk management tasks.

Generative AI (GenAI) is a subset of machine learning which has made huge advances in 2023, think ChatGPT. It specialised in creating new data based on identifying patterns in existing data (PecanAI). Like other types of machine learning, it improves over time as it is exposed to more data.

What is new with Generative AI is that it can create not just text, but also image, audio and video and it is improving rapidly (EY AI Skilling Framework). GenAI has demonstrable strength at summarising large unstructured text and can speed up data collation and analysis. The potential for application is vast but the quality of the output varies depending on the task and input.

Indications are that GenAI could have a significant impact on roles in financial services, including professional roles with research, data and text-based tasks, although other types of AI are likely to have a bigger impact. The impact of the technology will depend on the degree of adoption among the workforce which is currently limited to early adopters.

> *"AI is more than just automating or substituting tasks, it's also about supercharging human ability to complete tasks."*
>
> David Storey, Partner, EMEIA Financial Services People Consulting Leader, EY

Almost two thirds of global CEOs expect that AI will deliver efficiencies in the way colleagues use their time at work. Colleagues could use the time saved to innovate or focus on other tasks, deepen relationships with clients or undertake new tasks including those created by increased use of GenAI. As Dan Kellett, Chief Data Officer at Capital One UK, highlighted at our skills conference in March 2024, what is crucial for the success of any AI project is that they are aimed at a well-defined use case and the relevant people engage and collaborate to develop it.

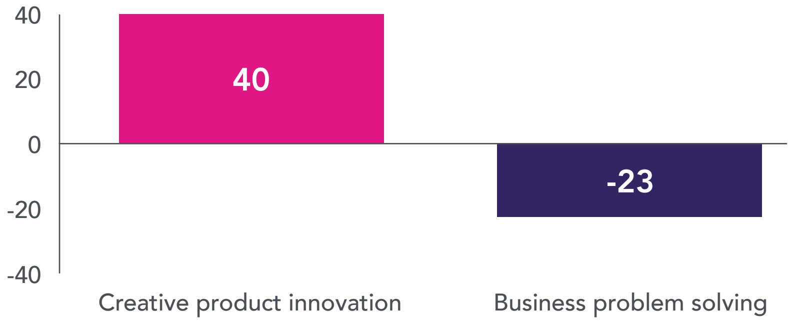
Members have told us that they are experimenting with the use of generative AI to undertake routine tasks and speed up business processes, which would allow colleagues more time for value-add activity. Some firms are already leveraging AI technology through their HR platform to pinpoint employees to learning aligned to their skills needs. Others are considering the use of GenAI to accelerate the build of learning modules in the future. Members are keen to learn from each other how they could use AI to improve colleague productivity and customer experience.

However, the outputs produced by AI are not always better than those produced by humans and they can be worse for certain tasks (BCG). In a study carried out among management consultants, AI-generated outputs for a creative product innovation task were better than those produced by professionals, while the opposite was the case for AI-generated answers to a business problem-solving task. It also showed that the benefits of using AI may be greater for average performing colleagues than for top performers, in terms of speed or quality of outputs. Overall, the diversity of thought in Gen-AI outputs decreased, compared to those generated by professionals without the technology.

Businesses are investigating and developing use cases for AI tools and potential implications for business or operating models. FSSC members have also stressed ethical questions will need to be addressed to understand ongoing consequences of adoption of the technology and taking accountability for decisions and customer outcomes.

Impact of Generative AI, by type of task

Difference in individual performance with GPT-4 compared with control group (%)



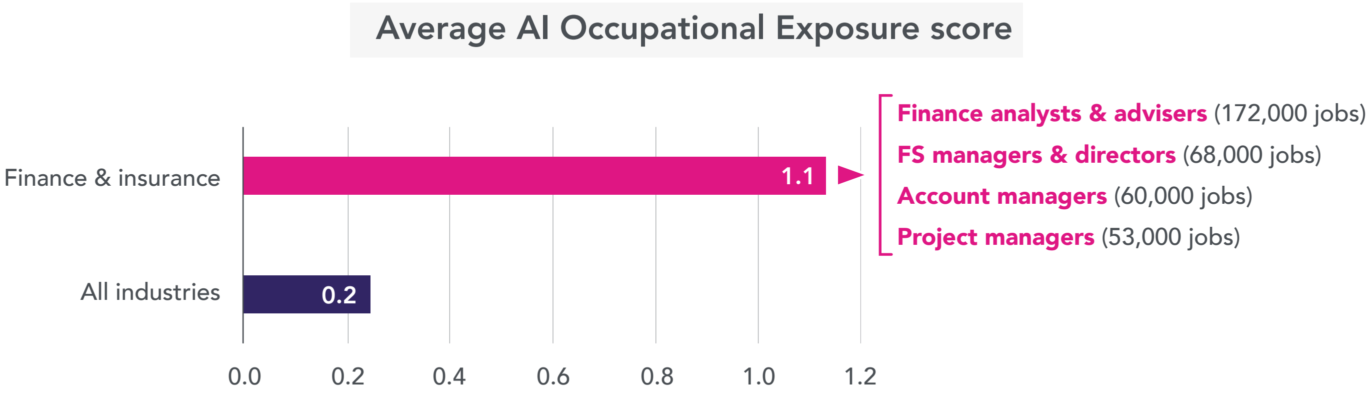
Source: BCG, How People Can Create—and Destroy—Value with Generative AI, September 2023 (data from Human-Generative AI Collaboration Experiment May-June 2023)

AI will affect key roles in FS

> *"There are experiments in the use of generative AI to undertake routine tasks and allow colleagues more time for value adding activity."*
>
> Member firm

Government data identifies that financial services will be more affected by AI than other sectors. In analysis from the Unit for Future Skills, it features the highest share of roles with a high AI impact score (1.1 overall for FS) - ahead of IT (0.9) and the average for all industries (0.2).

The impact of AI was calculated by estimating to what extent skills and tasks could be supported or substituted by any of the 10 AI applications considered (AI-ability relatedness), then matching those scores to occupations based on the level and importance of these skills in the occupational profile. The ten applications included abstract strategy games, image recognition, large language models and speech recognition among a few others.



Source: DfE, The impact of AI on UK jobs and training, November 2023, p. 12+16; APS user requested data, Jobs by 4-digit SOC code, 2004-2022

AI is set to affect highly-skilled roles, such as analysts, account managers or actuaries more than customer service and admin roles, where the shift to more digital ways of working and delivering services has been happening for many years already. As such, the roles most exposed now to AI are male-dominated and those roles had been growing over time. But this does not mean roles will be replaced by AI wholesale, rather that there are many ways in which AI could be leveraged to support current tasks. The true extent of change to existing job roles remains to be seen.

Impact of AI on skills demand

> *"We're still quite early in exploring opportunities for AI."*
>
> Member firm

We have surveyed our members on the impact of AI on skills. Members were evenly split between those who found AI already impacted on skills demand in 2023 and others who think it is too early to say.

Those who provided detail on skills impact found AI fuelled demand for data and engineering skills, which are already in high demand. To reap the benefits of generative AI, data needs to be in structures and pipelines that enable it, with process control and understanding of AI ethics in place. Others also put emphasis on the need for behaviours, where humans have a premium e.g. coaching and teamwork. Adaptability will also be key to make the most of new opportunities.

The table below shows the differing skill needs across the financial services population, from those who build the technology, those who implement it, to the whole workforce which will need to adapt to and use AI. One challenge will be ensuring use of AI does not equate to loss of expertise of underlying skill or subject.

AI skills by workforce segment

	Build the technology	Implement the technology	Adapt to the technology
Workforce segment	**AI specialists** **(0.5-1.5% of workforce)**	**Technology function:** Technology specialists, Project managers, Software engineering, Business analysts **X function:** Change management, Project managers, Product teams, Process controllers **(10-15% of workforce)**	**Whole workforce**
Purpose	Integration with existing systems and processes	Integration with existing systems and processes Build trust in AI	Build trust in AI Upskill to use the AI
Example skills	• AI interfacing • Machine learning proficiency • Engineering skills • AI programming languages • Natural language processing • Knowledge management	• Project management • Change management • Prompt engineering (short-term) • Compliance and ethics • Strategy • Communication	• AI fluency and collaboration (AI.IQ) • Data analytics & insights • Leadership skills • Coaching, empathy, • Adaptability • Ensure use of AI does not equate to loss of expertise of underlying skill or subject
Employer considerations	✓ Attraction and retention of the specialists skills required ✓ Implications for organisation design **Supply constraints likely to drive criticality*	✓ Scope versus value (business case) ✓ Speed versus security (risk appetite) **Proficiency constraints likely to drive criticality*	✓ Permission to 'play' (experimentation) ✓ Personalised learning programmes ✓ Team upskilling sessions ✓ Company-wide learning **Demand constraints likely to drive criticality*

EY AI Skilling Framework with input from FSSC Member Survey

CASE STUDY:
Training for excellence in AI and data analytics

Data and analytical skills are fundamental for colleagues who want to have successful and fulfilling careers in leading finance functions, according to M&G's CFO, Kathryn McLeland. To this end, the savings and investment company has an Objective and Key Result (OKR) to cultivate exceptional talent.

Recognising that long-term success depended on equipping finance colleagues with the knowledge they need to leverage the latest tools and techniques available, M&G launched a range of initiatives in 2023 focusing on data analytics and AI training for their global finance function of around 850 professionals with data exposure and technical backgrounds.

The M&G Finance team was joined by Dr. Muntazir Abidi as an AI and machine learning specialist to help the team explore applications for improved data insights. He delivered introductory courses on data and analytics, including 'Foundations of Data Analytics, Big Data and AI in Finance', 'Data Analysis using Python for Finance', and 'Data & AI Strategy, Governance and Explainability of AI'. These courses covered practical examples, Python capabilities, data governance, AI strategy and the importance of explainability in today's transparent and regulation-driven financial environment. Optional courses on advanced data analysis and analytical techniques were also offered.

Throughout October M&G held a 'Tech Month', with JC Le Saux, Head of Reporting Innovation, leading a series of activities alongside the finance learning and development team. This included some very well attended live virtual sessions with guest speakers sharing their experiences of key technologies and provided insights on how to make best use of them. The team of volunteers also published curated self-service content and personal stories of applied learning on their finance intranet leaving a 'learning legacy' that continues to be drawn on by beginners and experts alike.

The material covered advanced Excel, Power Query, Power BI and Python techniques through a series of training courses and practical examples. In particular, the Python segment within the technology training page features fourteen individual modules ranging from quick start all the way to advanced techniques, as well as important best practice on coding structure and crucial setup instructions.

Both these initiatives have provided a powerful springboard for further data and analytics training initiatives we have planned for 2024 and from which we hope to inspire and enable colleagues to deliver additional insight to management and efficiency within processes.

Impact of Net Zero on skills demand

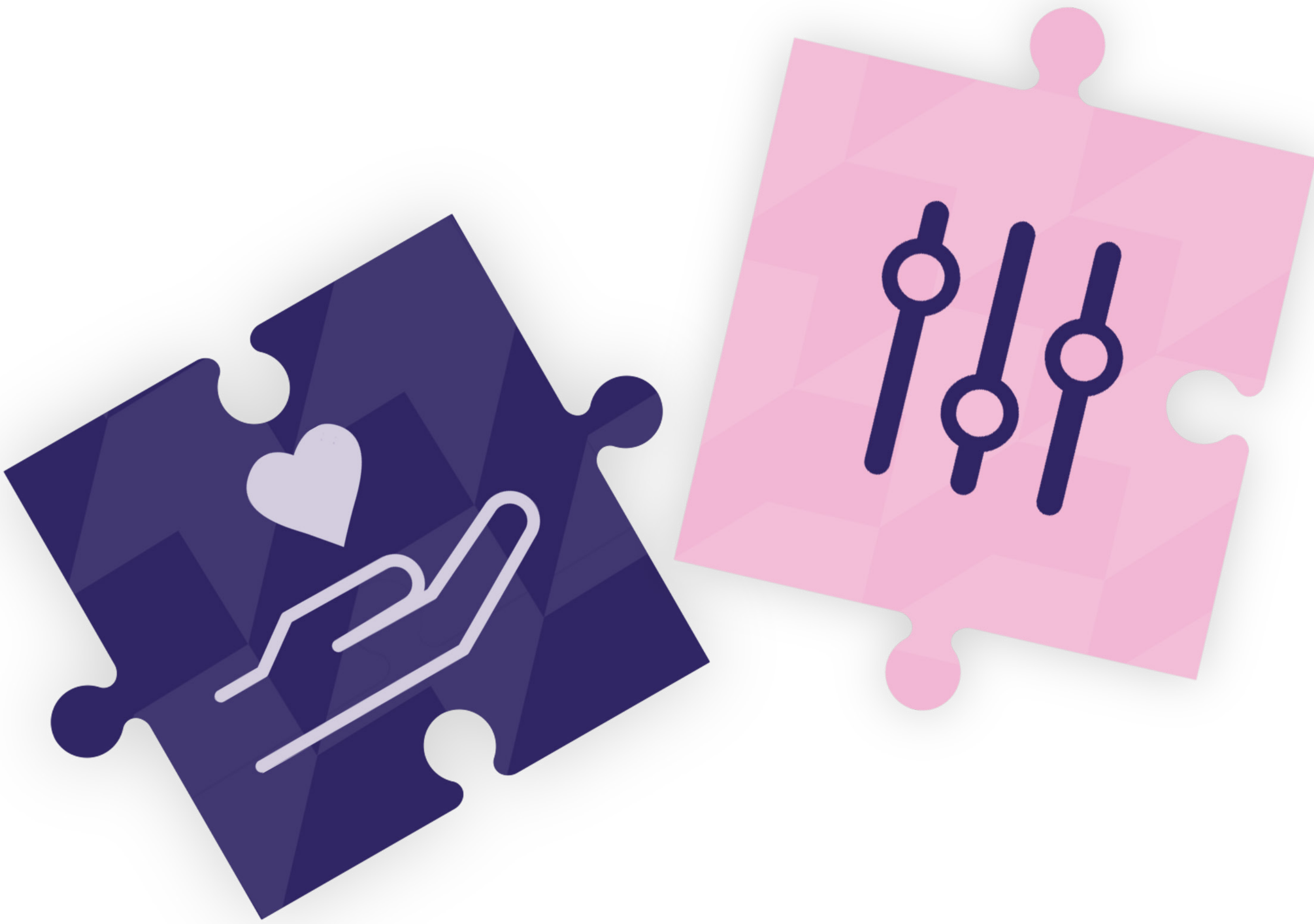
The transition to net zero is driving changes in jobs and skills in financial services. Whilst the number of 'green' jobs being created is low in comparison to other sectors (16,700 jobs in 2023, PWC Green Jobs Barometer) investment in training and upskilling is enabling a 'greening' of existing roles and expertise in the sector.

Existing jobs are increasingly being "greened" – for example relationship managers and heads of business in commercial banking. Training includes topics such as the importance of sustainability, or standalone modules on greenwashing Some members are also considering creating incentives through ESG-related renumeration packages.

Our member data confirms that the green agenda is increasing demand for skills and behaviours. Twice as many member firms saw net zero as having an impact on their skills demand in 2023, compared to AI but a similar number of firms said it was too early to tell. In response, firms are putting in place training and development programmes to equip staff with knowledge on topics such as climate change and sustainability risks, green finance and other key areas.

Skills boosted by or needed for Net Zero

- Communication and engagement skills - equip frontline staff with the tools for client conversations at each stage of the sustainability journey.
- Strategic planning - building sustainability into corporate planning exercises
- Data and metrics – understanding climate impacts

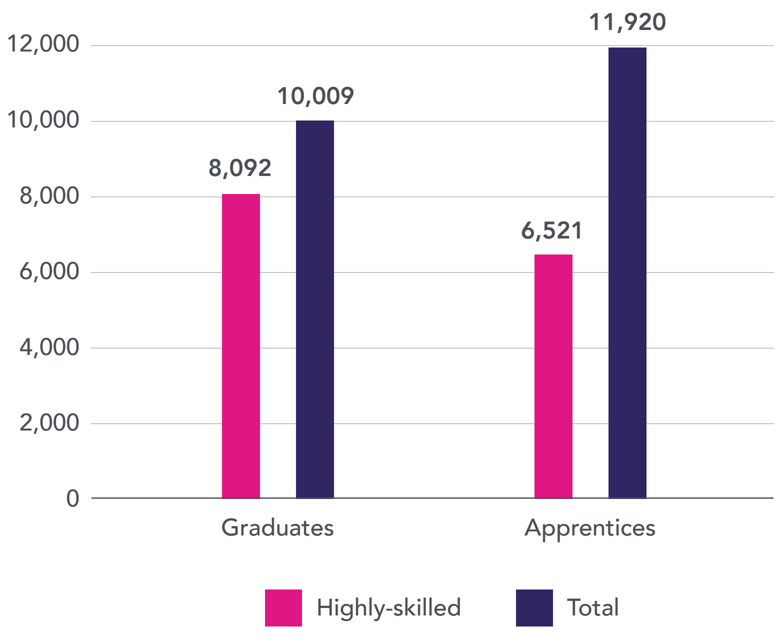


Attracting & retaining talent

Early career inflows into highly-skilled roles

By 2035, 260,000 highly-skilled people are likely to leave the sector due to retirement, moving to other sectors and leaving the workforce for other reasons. To remain competitive, we need to maintain our pipeline of talent joining the sector to stand any chance of filling the gap on skills. Currently, 6,800 apprentices and 8,000 grads join highly-skilled roles each year and both have declined over time, either in absolute or relative terms. Apprenticeship starts plateaued at 11,000 in recent years – compared to 15,000 in FS pre-2017. The number of graduates entering FS has remained relatively stable, but as a share of all graduates it has dropped from 8% to 4% in the most recent data for 2020/21. We have more apprentices than graduates but fewer of them are employed in highly-skilled roles. While recruitment of graduates and apprentices continues into critical roles (E.g. data analysis, engineering (including software development), cyber etc.), we need to think much more about our individual and collective approaches to creating a robust pipeline of highly-skilled talent.

Annual inflows into highly-skilled roles (4-yearly average)



Source: HESA graduate outcomes data; Gov.uk Apprenticeships in England by industry; 4-yearly average 2017/18-2020/21

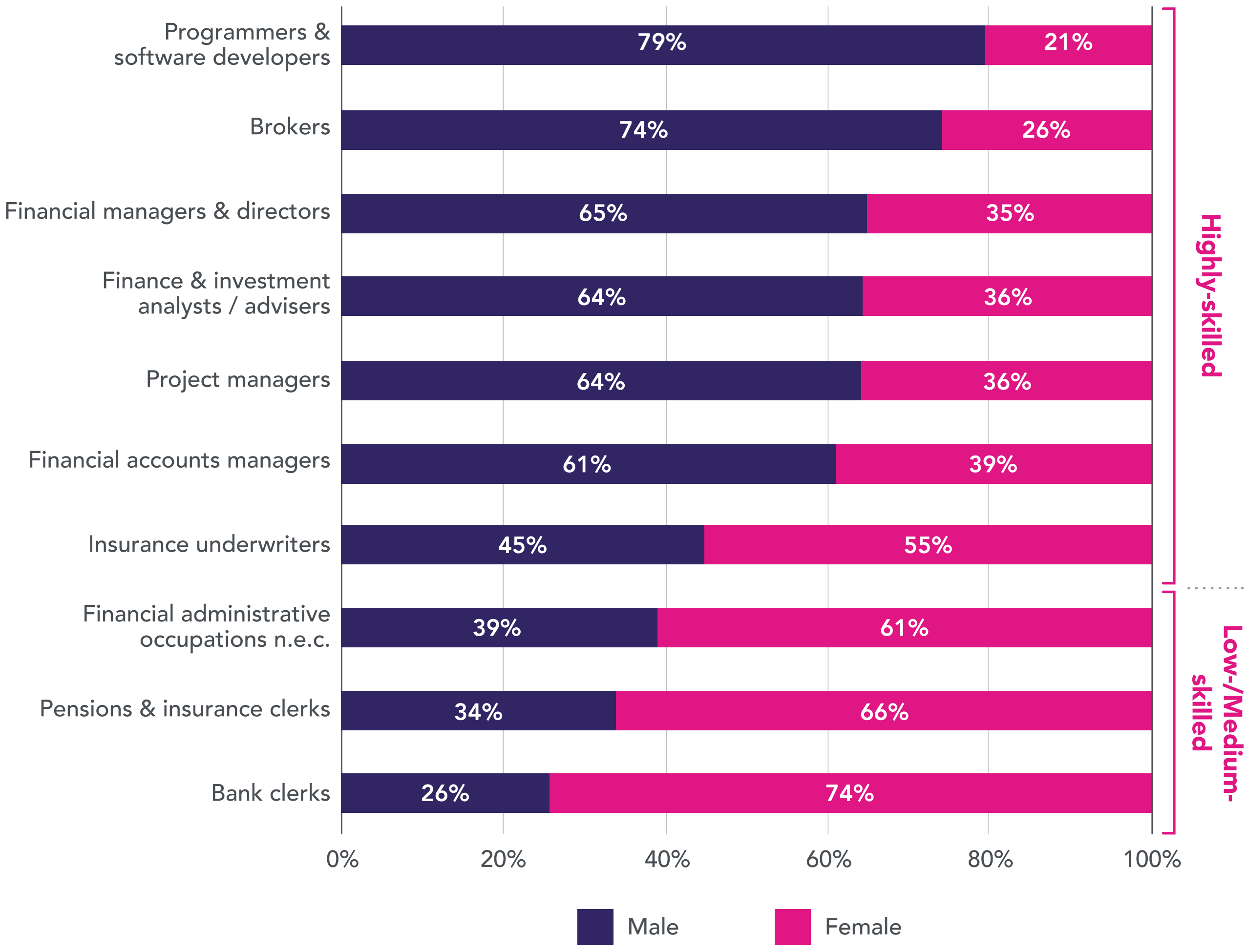
> *"Fewer apprentices and relatively fewer graduates enter financial services each year – compared to 2017 and prior years – raising questions for talent supply in our sector."*
>
> Katharina Ehrhart, Policy and Research Manager, FSSC

Highly-skilled roles remain male-dominated

Most managerial and professional roles in financial services are male-dominated, while customer service and admin roles remain female-dominated. Despite the growing number of women in highly-skilled roles, there are still more female bank clerks than account managers (7,000 compared to 5,000). Only 36% of financial analysts and advisers – the highest-volume role in the sector – are female. For some other higher volume roles, such as IT architects, the share is as low as 17%.

Between 2021 and 2022, the number of women increased most in financial analyst, consultant and programmer roles, indicating positive trends in increasing female representation in male-dominated roles. Insurance underwriter is one of the few female-dominated highly-skilled roles. Insurance professionals suggest this may be due to its suitability for flexible working and internal reskilling. Other highly-skilled roles that are female dominated are sales and business development managers, marketing associate professionals and HR managers but the number of these roles is low. However, these effects are not yet sufficient to stem the tide, given the number of women the sector has lost over the last 20 years, due to the decline in low-/medium-skilled roles.

Gender breakdown of top 10 roles in sector



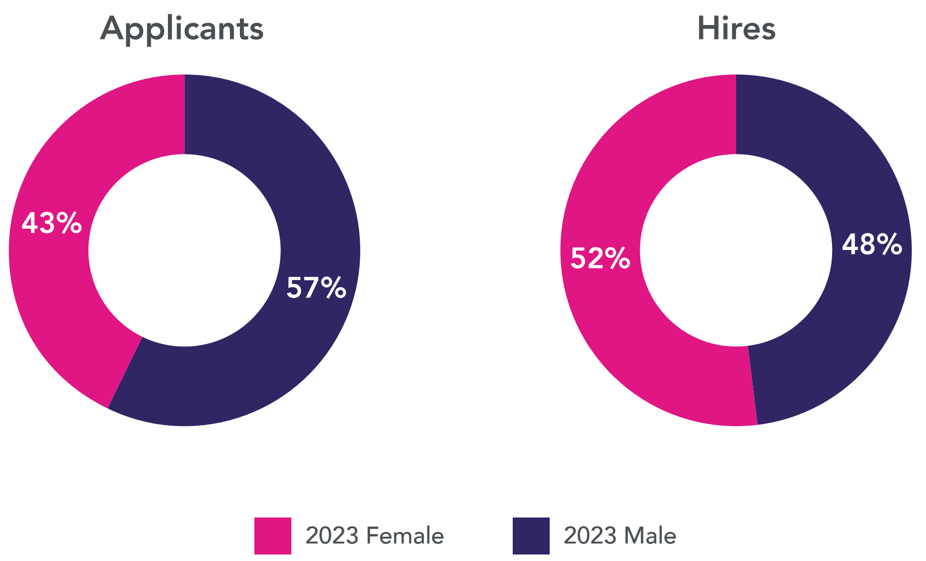
Source: ONS, user requested data 4-digit-SOC by sex for 2019-2022, received 12 Dec 2023 Focussing on occupations with the largest sample sizes

Gender balance of hires and applicants

Our data shows that more women than men get hired each year, although they make up a smaller portion of the applicant pool.[4] This partly suggests that firms' efforts to redress the gender balance in highly-skilled roles are bearing fruit. Some strategies firms have adopted to ensure hiring processes are not biased include ensuring women are on interview panels, at least two women are on the shortlist and/ or working with hiring managers to attract women into areas with gaps. Many firms have also reviewed the wording of their job ads to encourage applications from women.

Another reason we are seeing this trend is that women tend to apply for lower-skilled roles (e.g. customer service or admin, where there is high turnover), while men tend to apply for higher-skilled roles (where there is more competition). To counteract this, member firms are very active with graduate and apprenticeship recruitment to ensure they build a pipeline of female talent into high skilled roles for the future. The City of London Corporation has launched a new Taskforce that focuses on bringing more attention to, and action around, supporting women from non-technical backgrounds to pivot to digital roles.

Diversity of applicants and hires in FS



Source: FSSC member survey 2023, data from 14 firms for 890,000 applicants, 24,000 hires and a combined workforce of 180,000

Overall, insurers and investment firms tend to be more male dominated than banks and building societies. Some data on other characteristicsis available, notably on ethnicity, both from the ONS and FSSC member survey, while data is less developed for other characteristics. We continue to work on deepening insights for other demographics.

4 FSSC collect both gender and sex data, due to differences in availability we are reporting based on sex data here.

CASE STUDY:
Empowering women in tech

The tech sector remains male-dominated, but member firms are taking active steps to improve gender balance. Among the leaders of this change is Lloyds Banking Group's (LBG) ambitious programme aimed at reskilling and facilitating women into tech roles. The firm has helped Reena Rani and many others to transition their career from finance to tech at LBG, illustrating the power of reskilling, mentoring, and nurturing diversity.

Previous FSSC research from across the sector found six key barriers that can prevent the development of a strong learning culture: time; motivation and awareness; leadership action; budget; information; and psychological safety. We are working with members and exemplar firms from outside the sector towards deeper understanding of the common characteristics of firms who perform well.

LBG's Software Developer Apprenticeship: In 2023, LBG launched an initiative which particularly encouraged non-tech employees to transition into tech roles through apprenticeship schemes. This apprenticeship enabled employees like Reena to fulfil their passion for technology.

The LBG apprenticeship program offers apprentices on-the-job training, comprehensive skills enhancement, and robust ongoing support. It also provides them opportunities to interact with diverse departments and people, gaining exposure and honing their new skills.

Beyond the specific apprenticeship scheme, LBG also supports employees who want to change their career via mentorship. Support includes training programmes, interview guidance and exam preparation.

How will LBG create more "Reenas" through upskilling in the future?

The LBG approach to employee empowerment emphasises continuous learning and development. The bank is dedicated to offering the resources and opportunities women need to enter and thrive in the tech sector, through:

- Nurturing and promoting talent through **diverse channels**, creating tracks that the next generation of talent can work their way through. Currently LBG have around 1,300 colleagues across 32 apprenticeship programmes.
- Encourage and celebrate the **'hero' line managers** who support people like Reena. The bank will celebrate those who coach and reskill people, those with higher empathy, who think about the big picture and contribute in the broadest way possible.
- **Promote diversity and tell fantastic stories** to get more women into tech, leading to more inclusive and representative solutions, given their incredibly diverse customer base.

"We should always work on our skills, at least spend two hours every day to enhance your skills, because it gives us strength and it will make us fearless."

Reena Rani, LBG

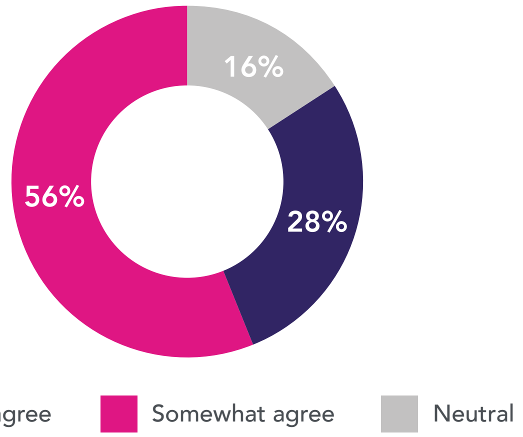
Addressing industry challenges

The value of having a learning culture

> *"We have an internal 'squiggly career' intervention to encourage internal movements across business units."*
>
> Member firm

A significant majority (84%) of FSSC members believe that they already have a learning culture, although the proportion strongly agreeing is much smaller at 28%. Efforts to create learning cultures are ongoing, and the concept that firms are on 'a journey' rather than arriving at a destination, appears to hold true.

Percentage of firms stating their organisation has a learning culture



Source: FSSC Member Survey 2023, data from 25 firms

The value of having a learning culture is illustrated by the fact that the firms who feel more confident in their progress are also more likely to report a significant or high impact of learning on productivity, colleague outcomes and retention. In other words, data suggests that better learning culture contributes to better business outcomes. However, a clear cost-benefit analysis showing the return on investment is still lacking, along with other tangible measures of the impact of learning on business outcomes.

Impact of learning

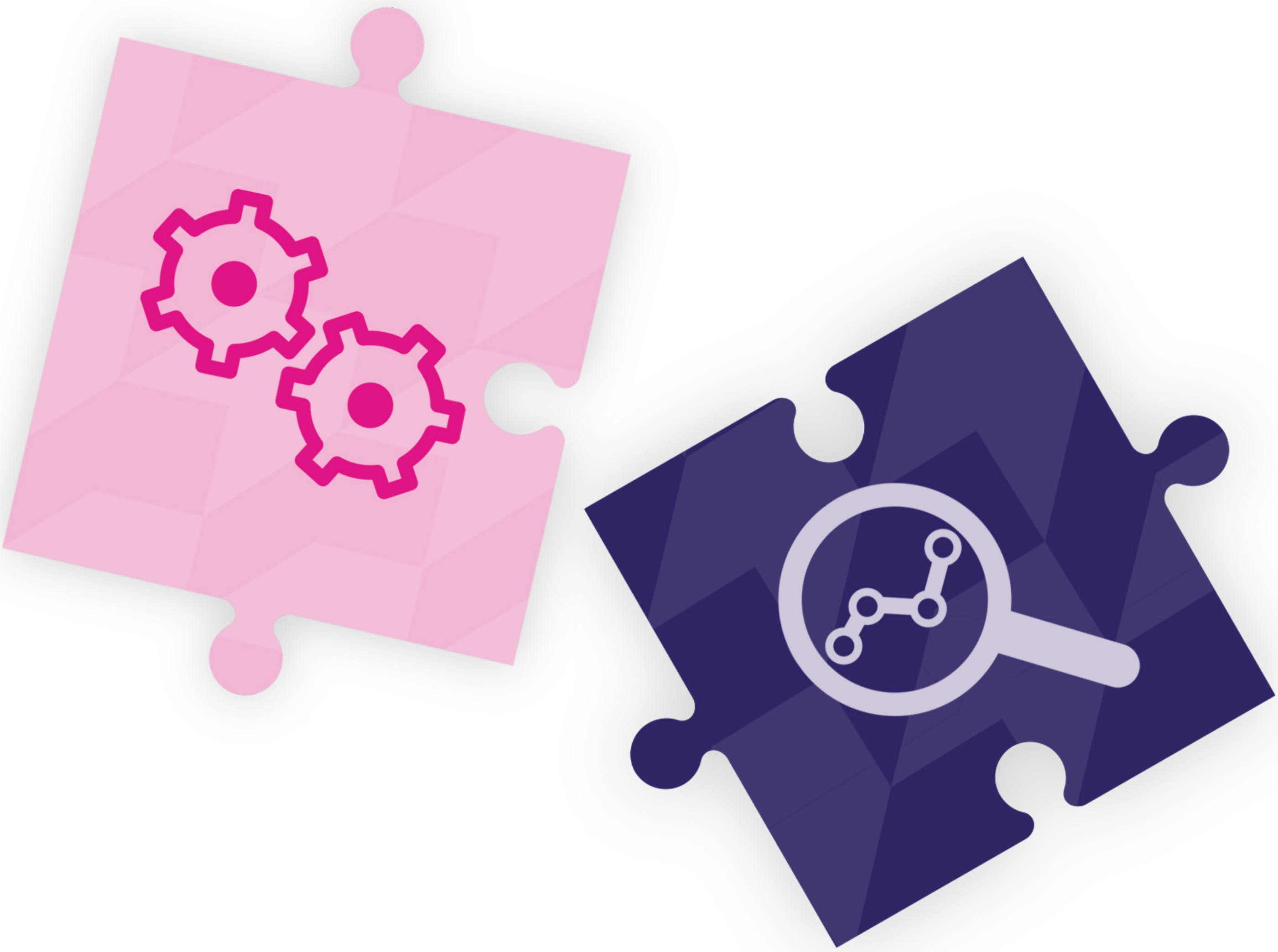
Business/ colleague outcomes	Correlation coefficient
Productivity	0.70
Colleague well-being	0.64
Colleague capability	0.61
Colleague retention	0.56
Innovation	0.51

Previous FSSC research from across the sector found six key barriers that can prevent the development of a strong learning culture:

- Time
- Motivation and awareness
- Leadership action
- Budget
- Information
- Psychological safety

We are working with members and exemplar firms from outside the sector towards deeper understanding of the common characteristics of firms who perform well.

An improvement in **internal mobility** rates is an outcome associated with a good learning culture. To aid internal mobility, many firms have a commitment to advertise all roles internally or circulate them to specific high-potential talent. FSSC collected data on the percentage of hires filled internally for the first time in the 2023 member survey which is starting to give us a sense of where firms stand and will inform further work in this area. Tesco Bank's case study on agile skills is a good example the efforts made to increase internal mobility.



CASE STUDY:
Building Agile skills

Tesco Bank made the strategic decision to become an agile organisation in early 2023, moving to a more customer-obsessed model and enabling them to better serve customers by delivering value to them quicker. This meant some big changes to their ways of working and created a critical requirement to build their internal agile capability.

The starting point for building capability was to define the roles and skills needed to support the transformation. Having agreed on the Scaled Agile Framework (SAFe) methodology, Tesco Bank established the technical support that was required, along with the cultural and behavioural shifts.

The demand for agile skills and expertise, including roles such as RTEs and scrum masters, has outstripped supply, both internal and external, so a key principle throughout for Tesco Bank was to 'grow their own' where possible, engaging internal colleagues who were keen to explore a new career and learn new skills and who receive full support from the business to do so. Over 50 colleagues pivoted into new roles. This has been a consistent theme and is reiterated and reinforced through internal comms, promotion of opportunities, and supporting managers to have better performance and development conversations with colleagues.

Effective partnering has been crucial throughout – internally, the People Capability Team and the Lean Agile Centre of Excellence have collaborated to ensure requirements, outcomes, and plans were defined, constantly reviewed, and delivered. Externally, Tesco Bank has leveraged the expertise of QA as a trusted learning partner and Scaled Agile, to ensure that colleagues continued to receive timely, consistent, and quality training.

This has been complemented by creating and curating a wide range of internal resources – online content, toolkits, workshops, and lots of coaching support – all blended to suit a variety of learning styles and to factor in the differing learning requirements.

They have recently moved to delivering a number of the SAFe courses internally, via Agile Coaches. This has been another huge step forward, reducing cost, and strongly aligning to the principle of 'growing our own'.

Over 1000 Tesco Bank colleagues have been supported through SAFe accredited courses over the last 12 months to become externally accredited and through tracking and measurement of the process, they have achieved a pass rate across the various SAFe courses of over 60%, which benchmarks well against other organisations.

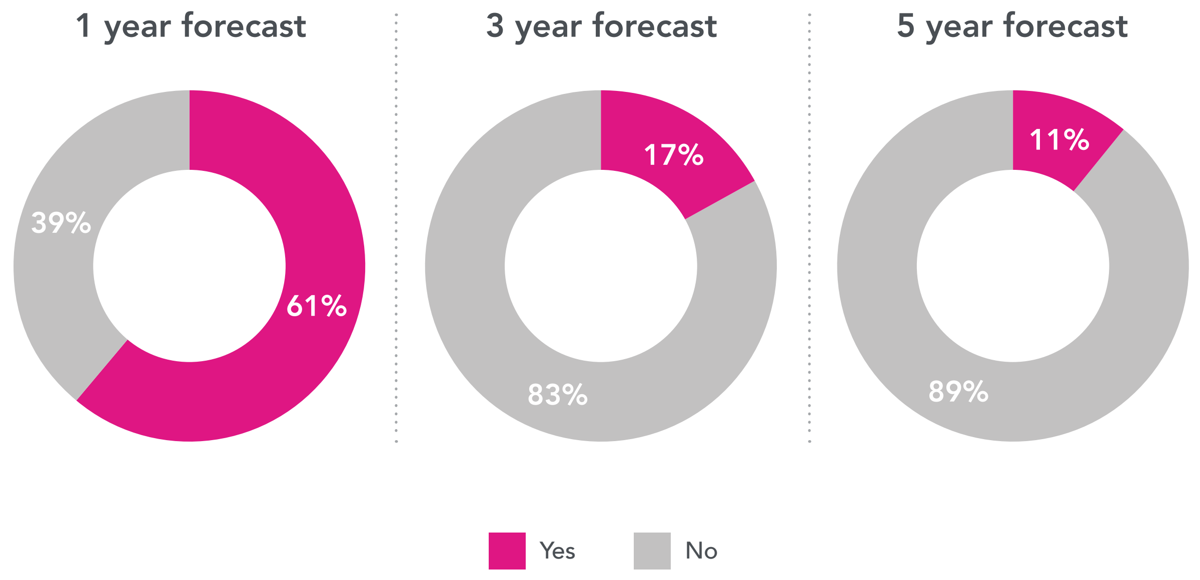
The Bank is now transitioning from building to using capability to embed effective ways of working, systems, processes, and methodologies. They continue to support ongoing learning requirements through internal and external resources, reviewing and iterating, and always mindful of the 'grow their own' principle.

More firms are forecasting skills needs

> *"Skills forecasting has benefitted our business to define reskilling and upskilling needs whilst also improving skills adjacencies between different roles. This has led to higher internal hiring rates."*
>
> Member firm

More members are forecasting their future skills needs: a total of 20 firms, compared to 5 in the first year of the Commission (*Source: FSSC Member survey 2020, 2021, 2022, 2023*).[5] But the forecasting window is shortening. Compared to last year, fewer firms say they look 3 years ahead (17%, compared to 28% last year) or 5 years ahead (11%, compared to 17%), due to increased uncertainty and rapid advancement around technology (such as AI),making longer-term forecasting is more difficult and sometimes less relevant.

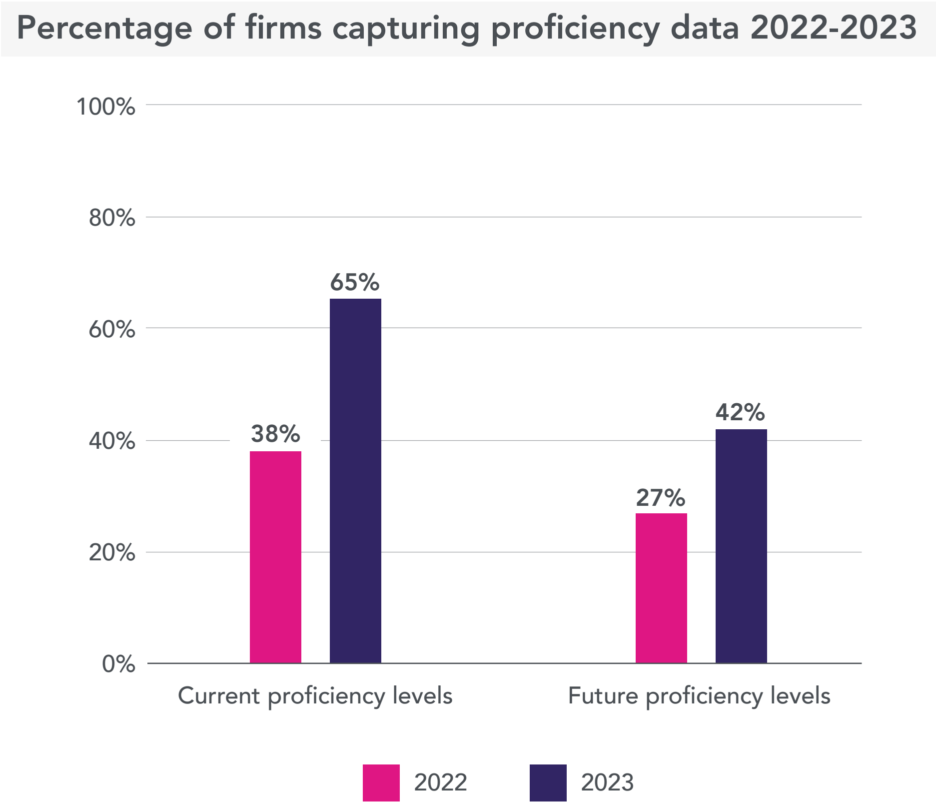
Share of firms forecasting short-/medium-term



Source: FSSC member survey 2023, data from 25 firms

At the same time, forecasting is becoming more sophisticated: almost two-thirds (65%) now assess current proficiency levels – a significant rise from 38% compared to last year. 42% estimate future proficiency levels to allow them to get ahead of future proficiency gaps. As the latest EY data shows, without proficiency data we are at risk of overlooking upskilling needs in areas where the supply of a skill may be plentiful, but the capability is not sufficient to keep pace with growing demands.

5 Based on data from 10, 17, 20 and 25 firms respectively



Source: FSSC member survey 2023, data from 24 firms; member survey 2022, data from 21 firms

In addition to better clarity on long-term skills needs, members have also told us that skills forecasting can provide an indication of where they might have unknown recruitment. For example, demand for skills in one team can have a knock-on effect and cause internal attrition elsewhere.

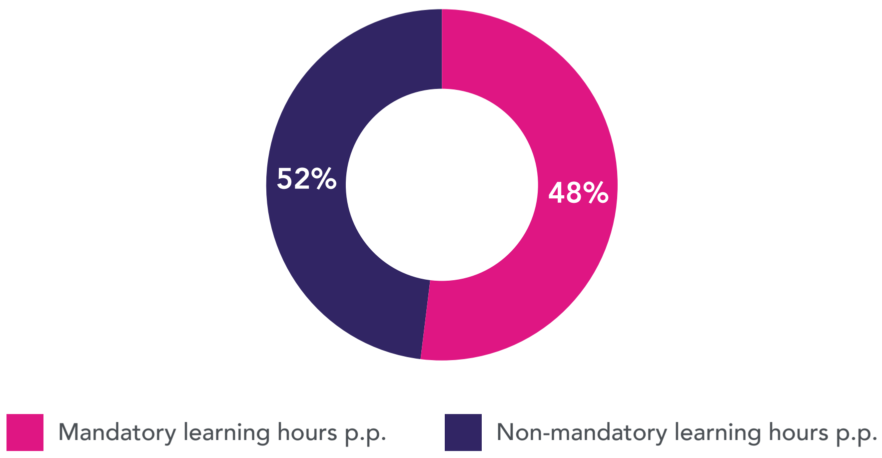
Learning hours have increased slightly

> *"We offer DEAL (Drop everything and learn) days."*
>
> Member firm

Total learning hours have been on a consistent upward trend, meaning employees now get 4 days (27.5 hours) of learning per year, on average, compared to 3 last year and just below 3 days in 2021 (this excludes coaching or on-the-job learning). Learning hours vary widely among firms, with a few exhibiting almost double the average hours, including one member which gifts their employees with 50 learning hours each year to complete. Other firms reporting much smaller numbers of learning hours. Some of this result is due to non-mandatory learning not always being tracked sufficiently.

Non-mandatory, spontaneous, encouraged learning – seems to be increasing slightly and reached 52% of all learning in 2022/23. Revisions to previously reported data suggest that mandatory learning makes up about half of a typical employee's learning, rather than one-third. In the absence of a universally agreed definition of mandatory learning, these figures only provide a limited picture. Members have expressed interest in agreeing a common definition of mandatory learning.

Breakdown of learning hours 2022-23



Source: Weighted average, FSSC member survey 2022, data from 16 firms

Mandatory learning could include:

- Regulatory learning,
- Health & Safety,
- Change training & Induction

While it is an important indicator, hours alone are a basic measure of success. FSSC members are also working to establish benchmarks for "active learners", a measure that more accurately reflects engagement with learning across an organisation. Other possible measures to explore are Net Promoter Scores for learning.

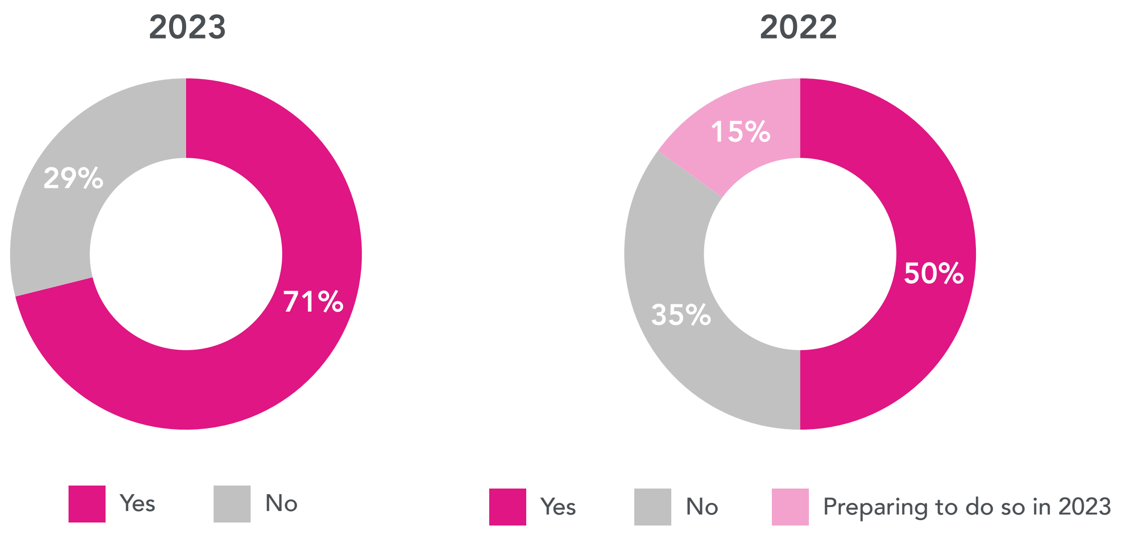
Reskilling is gaining momentum

> *"The aim is to get the right training to the right people at the right time."*
>
> Claire Tunley, Chief Executive, FSSC

Reskilling is gaining momentum. 71% of our members are actively reskilling in the UK, compared to 50% last year – including almost all member firms with a colleague base of more than 2,000. Apprenticeships are a popular learning format for reskilling, used by 59% of firms. The number of people being reskilled has almost doubled compared to last year among the 6 firms participating in the survey in both years – so did cohort sizes (now nearing 200 colleagues on average), as reskilling is moving from pilot activity to being embedded.

- **The number of people reskilled almost doubled**
- **Cohort sizes also doubled**

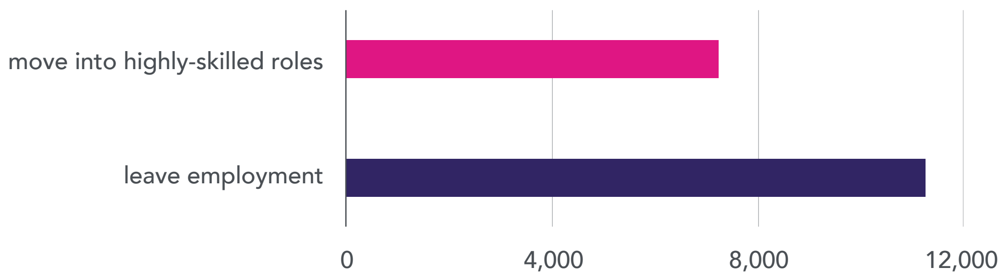
Share of firms reskilling



Source: FSSC member survey 2023 and 2022, data from 17 firms in both years

Analysis of government data reveals that more people in medium or low-skilled roles leave FS employment than move into highly-skilled roles each year. This suggests more needs to be done to support reskilling to increase the number of workers who already move into highly-skilled roles each year and retain workers who may leave work. Our updated business case for reskilling shows that firms can save £49,916 for each employee reskilled in reduced recruitment, redundancy, and onboarding costs (FSSC, People + Technology, 2023).

People in low or medium-skilled roles each year who...



Source: ONS, BRES; ONS, Job movers by skill level and by industry 2020-21 (September 2023); ONS, Employee turnover by industry, 2020-21 (April 2023).

Those moving to other companies or other sectors are not included in the statistics above. But could benefit from targeted intervention, such as those our members are already actively working on.

> *"We see frequent fluctuations in customer service and telephony sales roles and are working on developing a skills profile for the 'ideal agent' to aid talent attraction and retention."*
>
> Member firm

Call to action and recommendations

Our report offers a unique analysis, combining FSSC's data with the EY Skills Foundry insight. It shows the sector is making important progress, particularly around generating a better understanding of skills needs in the sector.

But more remains to be done – particularly around building the skills proficiency within the existing workforce and attracting talent to our sector with the right skills into the sector.

How should we respond?

Our People + Technology report published in November 2023 challenged our sector to go further and faster on tackling the skills challenge. This report offers a deeper insight into why the recommendations of People + Technology matter and directions as to how we take action.

Summary

We urge firms to

1. **Make skills central to business strategy.**
   We encourage firms to place skills as a strategic business priority, including increasing the use of data on skills at the leadership level.

2. **Foster clarity on skills needs.**
   Develop ways to deepen skills forecasting and assessing proficiency levels to
   - improve sector proficiency, within a supportive learning culture
   - understand the range of different skills needed to support the adoption of artificial intelligence and net zero.
   - increase non-mandatory learning and measure its impact

3. **Create and build the skills we need.**
   Expand learning and development approaches targeted at specific skills gaps
   - Upskill existing pool of talent
   - Reskill to grow pool of talent
   - Recruit and retain talent across demographic groups
   - Collaborate on sector attractiveness,
   - Maintain skill levels for existing talent pool

4. **Collaborate.**

Collaborate to find industry solutions for appropriate skills challenges through bodies such as FSSC, TheCityUK, CoLC and other sector representatives, including through knowledge-sharing with the Commission, adding to our industry-wide dataset.

Skills are integral to business success and a driver of competitive advantage and growth.

The skills of our people are central to future success, so every strategy, process or decision needs to be underpinned by clear leadership and accountability on skills.

If we are to have a flexible, agile and skilled workforce to fully respond to business demands, then firms need to make skills proficiency a business priority, with a supportive commitment to learning to achieve it. This must have board-level buy-in, as well as ways of measuring what is working.

Action: We encourage firms to place skills as a strategic business priority and mature their approach to investing in learning as a measurable driver of business success.

Clarity on skills needs through a robust data-led evidence base of existing capabilities and future skills needs that inform future business strategy.

To build skills-based organisations firms must implement a robust approach to assessing existing skills, forecasting skills needs and tracking progress in tackling them.

By collecting and analysing proficiency data we can better respond to different skills needs within firms, deploying more specific, individual or combined responses. This data-led strategic approach to skills and talent pipeline development will support firms in their move towards a skill-based model, supporting organisation-wide approaches to building up a base of skills.

Action: Firms should

- deepen skills forecasting including assessing proficiency levels
- understand the range of different skills needed to embed AI tools and support the transition to net zero.

Firms create and build the skills we need through deep reskilling, upskilling, increasing learning and building talent pipelines

Improved data and understanding of the nature of skills and proficiency gaps enables more specific responses for different skills challenges. This nuanced approach will allow firms to really focus on creating the right balance of reskilling, upskilling and talent acquisition work for their business.

Action: Firms should

- Expand learning and development approaches targeted to specific skills gaps based on the actions identified in this report (see table on page 18).
  - Upskill existing pool of talent
  - Reskill to grow pool of talent
  - Recruit and retain talent across demographic groups
  - Collaborate on sector attractiveness,
  - Maintain skill levels for existing talent pool

Increase the amount of non-mandatory learning and measuring its impact

We collaborate to achieve transformational change

The future skills needs of the sector are growing and evolving constantly, presenting new opportunities for businesses and people who work in them. Set against the assessment made in People + Technology around a slowing pipeline of talent coming into the sector, we need to up our game in bringing people into the sector.

Collaboration is essential to reduce skills gaps and boost the attractiveness of our sector to new talent. There is no competitive advantage to going it alone, collaboration focused on sector solutions benefits everyone.

We believe that with our growing membership, FSSC is well positioned to lead this collaboration.

Action: Firms continue to collaborate to find industry solutions for appropriate skills challenges through bodies such as FSSC, TheCityUK, City of London Corporation and other important representatives of the sector, including through knowledge-sharing with the Commission to add to our industry-wide data set on skills.

Appendix

Definitions and examples of roles by skill-level in financial services.

Highly-skilled	**Managers, directors and senior officials** **Professional occupations** e.g. programmers, project managers, accountants **Associate professional and technical occupations** e.g. finance analysts/advisers (the single biggest occupation in FS)
Medium-skilled	**Administrative and secretarial occupations** e.g. bank and pension clerks, personal assistants and office managers
Lower-skilled	**Esp. sales and customer service occupations** e.g. call and contact centre or other customer service roles (incl. managers of contact centres), sales occupations

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The Financial Services Skills Commission (FSSC) is an independent, not for profit, member-led body, representing the UK's financial services sector on skills. The FSSC works directly with the sector to ensure that businesses have the talent and skills they need for the future.

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Membership
To find out more about the Financial Services Skills Commission and the benefits of membership visit www.financialservicesskills.org or email us at **info@financialservicesskills.org**