



News release

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Skills shortage and speed of technological change of key concern to Financial Services CEOs

Financial Services (FS) CEOs are most concerned about the potential threats a lack of availability of skills (70%) and speed of technological change (70%) pose to the growth prospects of their organisations - ahead of Cyber threats (69%), reveals a report just published by PwC.

Moreover, findings from the report, '**Shifting Demands, Competing Priorities: Adjusting to the New Talent Realities in Financial Services**', which are based on a PwC survey of 490 FS CEOs, and forms part of the firm's 19th annual Global CEO Survey of over 1,400 CEOs in 83 countries, show FS CEO's confidence in the prospects for the global economy, their own growth potential and plans for increases in headcounts have all declined since last year's survey.

20% of FS CEOs plan to reduce staff numbers, though a **much higher 31% of insurance industry leaders** and **29% of Banking and Capital Markets (BCM) CEOs**, anticipate cuts.

Beyond the immediate economic uncertainty, FS faces the disruptive impact of new technology, regulation, changing customer expectations and competition from FinTech.

FS CEOs see technology as the trend doing the most to transform customer and wider stakeholder expectations (85% ranking it in the top three) whilst 93% of BCM industry leaders mark it out as the decisive factor, more than CEOs in the technology sector itself.

The big question is how to recruit, retain and motivate people with digital capabilities and engagement skills needed to operate and innovate within this changing marketplace.

"Many FS organisations have been bringing in people from or partnering with FinTech enterprises", says Jon Terry, PwC's FS HR consulting leader. "But their preferred way of working, ideas and initiatives can easily be smothered by hierarchies, decision making processes and the established culture."



Geographically, **concerns over the availability of skills are highest in the fast growth regions of Asia-Pacific, the Middle East and Africa**, and lowest in Western Europe, an indicator, says PwC, that market expansion is putting further strains on the talent pool within many emerging markets. Competition between countries and between organisations will intensify as a result.

According to PwC, the heightened talent concerns within many emerging markets also raises questions about the viability of some offshoring strategies. As a result, it will be important to look at alternative options including greater use of automation and robotics.

Nearly half of FS CEOs (47%) say they are changing how they develop their pipeline of leaders suggesting they are conscious of the wider skills the next generation of CEOs will need to tackle in a more complex environment encompassing technology, new types of competition and more fragmented customer and employee expectations. Yet despite the concerns over the availability of skills, **only 28% of industry leaders are focusing on ways to change the skills and adaptability of their people.**

Looking five years' ahead, **60% of FS CEOs say top talent will prefer to work for organisations with social values which are aligned to their own** – among insurance CEOs this is 75%, more than any other sector in the survey, reflective of the perspectives of the new generations coming into workforce.

Terry concludes:

“Industry leaders recognise that skills shortages are an immediate threat to competitiveness and growth. However, their ability to tackle these challenges is often hampered by lack of prioritising whilst having to deal with multiple competing demands.

There are no clear-cut answers within this complex and fast-shifting talent landscape. However, a combination of innovation and pragmatism can help to broaden options for addressing skills needs and enable FS to respond quicker to changing demands. To be more effective, it is time for FS firms to go back to basics in determining what talent their business needs and how it can be hired, built, motivated and retained within the constraints of skills availability and financial resources.”

ENDS

Notes to Editors:

PwC's report '**Shifting Demands, Competing Priorities: Adjusting to the New Talent Realities in Financial Services**', is based on responses from 490 Financial Services CEOs in asset management companies, banking and capital markets organisations, insurance and service and support companies. To see the full results of PwC's 19th Annual Global Survey, please visit www.pwc.com/ceosurvey



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