Advancing Talent Development in Financial Services

Emerging Global Trends and Their Impact on Hong Kong

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Contents

Foreword

Major sociodemographic trends have emerged in the global and local market for talents in financial services in the aftermath of the COVID-19 pandemic. As the financial services industry is at the core of any economy, it has always been intensely competitive and continuously evolving under the influence of diverse economic, social and technological factors. In recent years, these changes have gained momentum, introducing new complexities and demands that have altered the industry's talent strategies.

This report focuses on three emerging trends that are reshaping the industry's talent landscape: a contracting labour force, evolving employee priorities and shifting skill requirements. These trends pose multifaceted challenges, which can manifest as a shortage of personnel, lower engagements in job-related activities, or a mismatch between skill demand and supply. Importantly, these issues are not confined to any specific geographic region but are pervasive global phenomena affecting most international financial centres around the globe.

In order to gauge a comprehensive understanding of the talent landscape globally and in Hong Kong, this report discusses the results of two surveys commissioned by the Hong Kong Institute for Monetary and Financial Research (HKIMR) to gather the perspectives of financial services practitioners in Hong Kong and across ten major international financial centres and the views of HR experts in Hong Kong. This wealth of information is complemented by the results of a study commissioned by the HKIMR looking at granular data from over a million online LinkedIn profiles of finance professionals working in some of the major international financial centres.

Based on the views of market participants in Hong Kong and in light of the international experience on public and private talent development initiatives, the report is concluded by proposing some considerations on how to further cultivate talent development in the local financial services industry.

The HKIMR had previously published a series of research reports covering many key strategic areas for Hong Kong's development as an international financial centre (such as financial innovation, ESG, Hong Kong financial market's connectivity with the Mainland, etc). A common important finding from these reports is that addressing the growing talent need in these strategic areas is crucial in supporting the long-term growth for Hong Kong.

The future of Hong Kong's financial services industry relies on the collaborative efforts of all stakeholders to attract, develop and retain the right talents. The recent 2023 Policy Address further reaffirmed the Government's commitment to trawl and retain talents, with a host of new and incremental initiatives aimed to foster talent development in key sectors of the economy, including the financial services industry. In these times of dynamic industry changes, it is our hope that the insights and considerations in this report will serve as a valuable reference for prospective practitioners, mid-career professionals, financial services firms and other industry stakeholders, enabling them to make informed decisions about their talent strategies, as they seek to better position themselves amid the rising talent competition globally. We also hope that the report can inspire readers to explore ways to strengthen Hong Kong's comparative advantages in attracting talents as a premier international financial centre.

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Executive Summary

Talent is an essential asset in the financial services industry and in recent years, it has become a globally recognised concern. In fact, it is not uncommon in the press, academic studies and anecdotal evidence to read and hear of shortage of personnel, a disengaged workforce, or a lack of skills of prospective employees. **The aim of this report is to deep dive into the talent challenges that the financial services industry is facing internationally and in Hong Kong.** More specifically, we explore major sociodemographic trends that have emerged in the global market for talent in financial services in the aftermath of the COVID-19 pandemic, with the aim of fostering a comprehensive understanding of their nature and impact on the supply of talents and aid in the formulation of strategies to mitigate their effects.

This report begins with an overview of main trends that appear to be leading to talent shortages, performance deficiencies and skill mismatches in the global financial services industry. It then presents the perspectives of over a thousand market participants in financial services in Hong Kong and other ten major international finance centres, as captured in a survey commissioned by the HKIMR. This report also analyses data from more than a million online professional profiles, with the aim of supplementing additional statistical evidence related to talent gaps and skill trajectories across some of the major international financial centres. The report then focuses on the financial services industry in Hong Kong and discusses the results of another survey, commissioned by the HKIMR, capturing the views of HR experts regarding financial services firms' perspectives on talent flow, employee priorities and skill demands in Hong Kong. After providing a comprehensive review of policies implemented in Hong Kong, Mainland China and in various international jurisdictions as well as highlighting the strategies established to promote talent development, this report is concluded by proposing some considerations for advancing talent development in the financial services industry in Hong Kong.

The emerging academic and policy literature highlights that **three major trends, namely a shrinking labour force, changing employee priorities and evolving skill requirements, are changing the global talent landscape in financial services.** A contraction in the available talent pool, driven by demographic shifts, reduced migration and declining labour participation, is leading to a significant talent gap. Evolving employee expectations, such as the demand for work–life balance and a desire for purposeful work, are impacting the appeal of the financial services industry, and to some extent, leading to employee resignations and lower engagements in job-related activities, particularly in the wake of the COVID-19 pandemic. The aforementioned three major trends also led to a performance gap – that is, a disparity between actual and desired business performance. Furthermore, societal changes and technological advancements are creating a wider skills gap and, consequently, a mismatch between the supply of and demand for specific skills.

Our survey of financial services market participants in Hong Kong and ten other major international financial centres **has also corroborated the findings in the literature suggesting that demographic shifts and declining industry appeal are the main drivers of the talent shortfall.** These macro trends pose increasing challenges for the industry in attracting and retaining talents, leading to a wider talent shortage. The employee resignations and declining participation that began during the pandemic have continued, as have remote and hybrid work arrangements. Unsatisfactory remuneration packages and less than desirable work–life balance are frequently cited as the primary reasons for leaving one's current position. Although many market participants have contemplated leaving the industry, most have opted to move within their own industry sector. The industry and individual skill development priorities are mostly focused on artificial intelligence (AI) and data analytics, along with soft skills like management. AI's transformative role is widely perceived as enhancing rather than replacing jobs. In Hong Kong, market participants are also experiencing accelerated demographic shifts, high talent mobility and an influx of talents with suitable expertise from the academia. **Hong Kong also has a high demand for talents with strong technical skills and a workforce that prioritises development opportunities, relative to other international financial centres**.

The statistical evidence related to the online profile of local and international financial services practitioners shows that **the pursuit of work–life balance and more meaningful work has resulted in high resignation rates in most financial centres, indicating a global challenge to the industry in trying to fill in job vacancies advertised online**. Using this metric, five international financial centres investigated have experienced talent shortages exceeding 10% of their workforce. When ascertaining the fastest-growing skills in financial services, it is found that managing technology and people is increasingly important. However, the analysis of LinkedIn data showed that the proportion of unfilled Hong Kong-based job openings is lower than other financial centres, which can be attributed to an efficient talent market in Hong Kong. The number of unfilled job openings based in Hong Kong further decreased in 2023, due to an influx of external talents as the borders began to reopen.

To gather insights into Hong Kong's talent market from an employer's perspective, an additional survey was commissioned by the HKIMR among the industry's human resources (HR) leaders in Hong Kong. The feedback from the surveys suggested that for their longer-term career development and residency, finance professionals prioritise both the potential growth opportunities and the quality of life in a city above other factors when deciding where to work. In this respect, it appears that **Hong Kong continues to be an attractive destination for talents due to its sound legal and regulatory environment, robust social infrastructure, strategic location and global connectivity.**

On the other hand, the survey respondents also observed that talents would consider living costs and also the potential difficulties they face in adapting to a new living environment, especially when moving in from abroad. Within the local talent market, financial services professionals prioritise work–life balance, firm culture and firm reputation, compensation and career progression, in addition to the growth opportunities. On the other end, **employers are seeking professionals who can deliver sound solutions to their firms and clients, coupled with effective communication skills, and embrace technology and digital transformation**. However, HR leaders have also noted that although technical skills are relatively well-developed in Hong Kong, there are some gaps in communication skills among graduates, as well as in leadership and entrepreneurship among experienced professionals.

In light of the effects of the global sociodemographic trends explored in this report, **international jurisdictions and Hong Kong have implemented strategic initiatives to foster talent development**. This experience suggests that providing skills information to job seekers, employers and training providers is a critical first step in addressing talent and skill gaps. Many jurisdictions have also introduced measures to facilitate the admission and settlement of external talents of different seniority and expertise, thereby intensifying the global competition for financial services talents.

Simultaneously, international financial centres have adopted a variety of strategies to attract local talents, upskill or reskill potential and current practitioners and nurture future industry leaders. Among these initiatives, the development of a FinTech ecosystem represents the most valuable avenue to attract talents while growing the financial services industry. The Hong Kong Monetary Authority's FinTech Promotion Roadmap has set the stage to provide further impetus for FinTech adoption in Hong Kong. Nonetheless, the development of a FinTech talent pipeline requires a strong collaboration among industry stakeholders, academia and the public sector. Hong Kong has launched international initiatives to attract external talents, improve the skills of early-career practitioners and foster FinTech talents.

Leveraging on the insights provided by market participants, industry's HR leaders and the international experience, our report provides some **considerations to further foster talent development in the financial services industry in Hong Kong. It is crucial to enhance the city's appeal to external talents** by effectively communicating its unique value proposition. At the same time, a collaborative effort between industry and academia is necessary to **develop a sustainable local talent pipeline**. To retain talents and improve performance, corporate HR policies should **address the diverse needs of employees**. Measures such as fostering a shared sense of purpose and promoting open communication have proven to be effective. Society-wide efforts could be oriented to improve the quality of life for all residents. To bridge skill gaps in the industry, employers need to recognise that **reskilling and upskilling** employees is an investment with significant returns. Other organisations and institutions can support this effort by providing necessary information and financial assistance. Additionally, Hong Kong can further strengthen its already well-developed technology ecosystem to **foster a FinTech talent pipeline** and enhance the industry's efficiency. It is also important for Hong Kong to **leverage its global connections and the opportunities presented by the Greater Bay Area (GBA), and the Mainland in general**, to bolster the financial services industry, enhance its appeal and diversify its talent pool.

Chapter 1
Emerging Trends in the Global Market for Talent in Financial Services

HIGHLIGHTS:

- A growing literature highlights demographic shifts and declining labour participation rates as causes for the talent pool in financial services to shrink.
- Statistical and anecdotal evidence also suggests that evolving employee priorities, such as a greater emphasis on quality of life and purpose, make it challenging for the industry to attract and retain talents. The COVID-19 pandemic has triggered employee resignations and lower engagements in job-related activities.
- Furthermore, recorded changes in the business and technology climate are rapidly altering the skills needed in financial services, rendering some skills essential and others obsolete.
- These disruptive sociodemographic trends lead to global talent shortages, performance gaps, and skill mismatches in financial services that need to be addressed.

Talent is the backbone of the financial services industry, which relies on motivated and skilled professionals to create value. Although the evolving nature of financial services over the past decade has made the industry's workforce more vibrant, it has also created challenges for attracting and retaining the right talents.

The global talent shortage in financial services highlighted in much recent literature is due to a variety of concurrent issues. However, and more recently, a few socioeconomic megatrends have been found to be substantially contributing to the disruption of the overall talent landscape. These trends include the changing size and composition of the workforce due to demographic changes, workers' priorities and the core competencies that professionals need to succeed in today's market for financial services. It is important to note that the COVID-19 pandemic has acted as a catalyst to these trends, accelerating their impact on the workforce in financial services and aggravating pre-existing imbalances.

Shrinking labour force and demographic changes

A major hurdle facing the financial services talent markets is a contracting workforce driven by demographic changes and declining labour participation. These trends are altering the size and makeup of the talent pool, resulting in difficulties for financial services firms to recruit talents.

According to the World Bank, the proportion of the global working-age population (15 to 64 years old) decreased from 60% in 2000 to 55% in 2021.[1] The fertility rate for high-income countries also declined from 1.7 to 1.5 from 2000 to 2021, pointing to a contracting youth cohort. Meanwhile, life expectancy at birth rose from 77 to 80, boosting the population share of those ages 65 and up from 14% to 19%.[2]

Financial services talents are globally sought-after and traditionally more geographically mobile. However, changes in push–pull factors such as immigration policy and international living standard convergence are restricting the industry's access to this talent pool. The United Nations projects that net migration rates (the difference between the numbers of immigrants and emigrants) will fall by nearly 60% in developed economies from 2022 to 2042.[3]

Declining fertility, rising life expectancy and slowing immigration shift the structure of a population towards fewer young people and a larger elderly proportion, particularly in developed economies.

The impact of these demographic trends is further compounded by lower labour force participation, indicating a consistently lower percentage of working-age people who are employed or seeking a job. According to the International Labour Organization, the global labour participation rate declined from 65% in 1990 to 59% by 2020.[4]

This phenomenon of a shrinking working-age population and reduced labour participation is likely to continue and will affect both developed and emerging economies. By 2040, 80% of countries may see slower growth in the working-age population, and 30% may see contraction.[5] As the number of young workers declines, the aggregate talent gap in financial services will widen.

Employee priorities in flux

Aside from the shrinking workforce, changes in employee priorities are also a challenge for the industry. Growing demands for work–life balance and purpose are disrupting the industry's traditional work approaches, affecting its ability to attract, retain and motivate talents.

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1 *World Bank (2022).*

2 *International Labor Organization (2022).*

3 *United Nations Population Division (2022).*

4 *International Labor Organization (2023).*

5 *Lightcast (2022).*

Work–life balance refers to the ability of employees to manage their work responsibilities without compromising family, health and well-being. Traditionally, many roles in financial services offered excellent monetary remuneration at the cost of long hours, heavy workloads and stress. However, now more than in the past, professionals in financial services have a growing awareness of the impact of work stress and burnout on health and well-being, and are likely to increase the demands for work flexibility and work–life balance to juggle their work and family duties.

The shift towards remote work during the COVID-19 pandemic gave employees the benefits of work flexibility. This fuelled growing desires for flexible and remote arrangements from current and prospective hires. Two transatlantic surveys of over 13,000 respondents showed that roughly two-thirds prioritised work–life balance over pay.[6] Many employers are therefore now compelled to respond. Even in the aftermath of the pandemic, the reported proportion of home-office hours remained 2.5 times higher than pre-pandemic levels, at 38%.[7] Some employers in 18 countries are also experimenting with a 4-day workweek.[8]

Besides flexibility and work–life balance, job seekers and employees increasingly seek purpose, which involves understanding how their work contributes to something meaningful, impacting communities, society, or the environment. Accordingly, many potential employees scrutinise employers according to not only role and pay but also the firm's alignment with their purpose and priorities.[9]

Notably, there are generational and gender differences in priorities. The evidence reported in the existing literature suggests that across generations, Younger workers aged between 18 and 41 prioritise work–life balance over salaries and benefits, but the reverse is true for more mature workers aged between 42 and 64. Across genders, women of all ages prioritise work–life balance more highly than men.[10] Women and employees from younger generations also have a stronger desire for a sense of purpose. As the proportions of Generation Z, Millennials and women in the workforce increase due to demographic and societal changes, work–life balance and purpose are likely to become more prominent drivers of talent supply in the future.

This recalibration of life priorities for employees is exemplified by the Great Resignation and Quiet Quitting phenomena that have been recorded during pandemic. The Great Resignation refers to the unprecedented surge in resignations that occurred during early months of the pandemic. For example recent studies have found that in 2021, 41% of global workers contemplated quitting, while over a quarter of workers in the United States switched employers.[11]

Employees may still become disengaged even if they opt not to resign. Quiet Quitting refers to the phenomenon in which employees do the minimum work required without formally resigning. As an indicative evidence of the pervasiveness of this phenomenon, recent study found that declining hours per worker contributed more to labour supply declines than actual quitting.

Although the Great Resignation and Quiet Quitting may have lost steam in 2023, their underlying causes still impact the industry's ability to attract, retain and motivate talents.

Evolving skills

In addition to workforce size and employee motivation, access to the right expertise and skills underpin financial services firms' functions and growth.

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6 *BBC (2023).*

7 *Chen et al. (2023).*

8 *World Population Review (2023).*

9 *McKinsey & Company (2021).*

10 *Randstad (2022).*

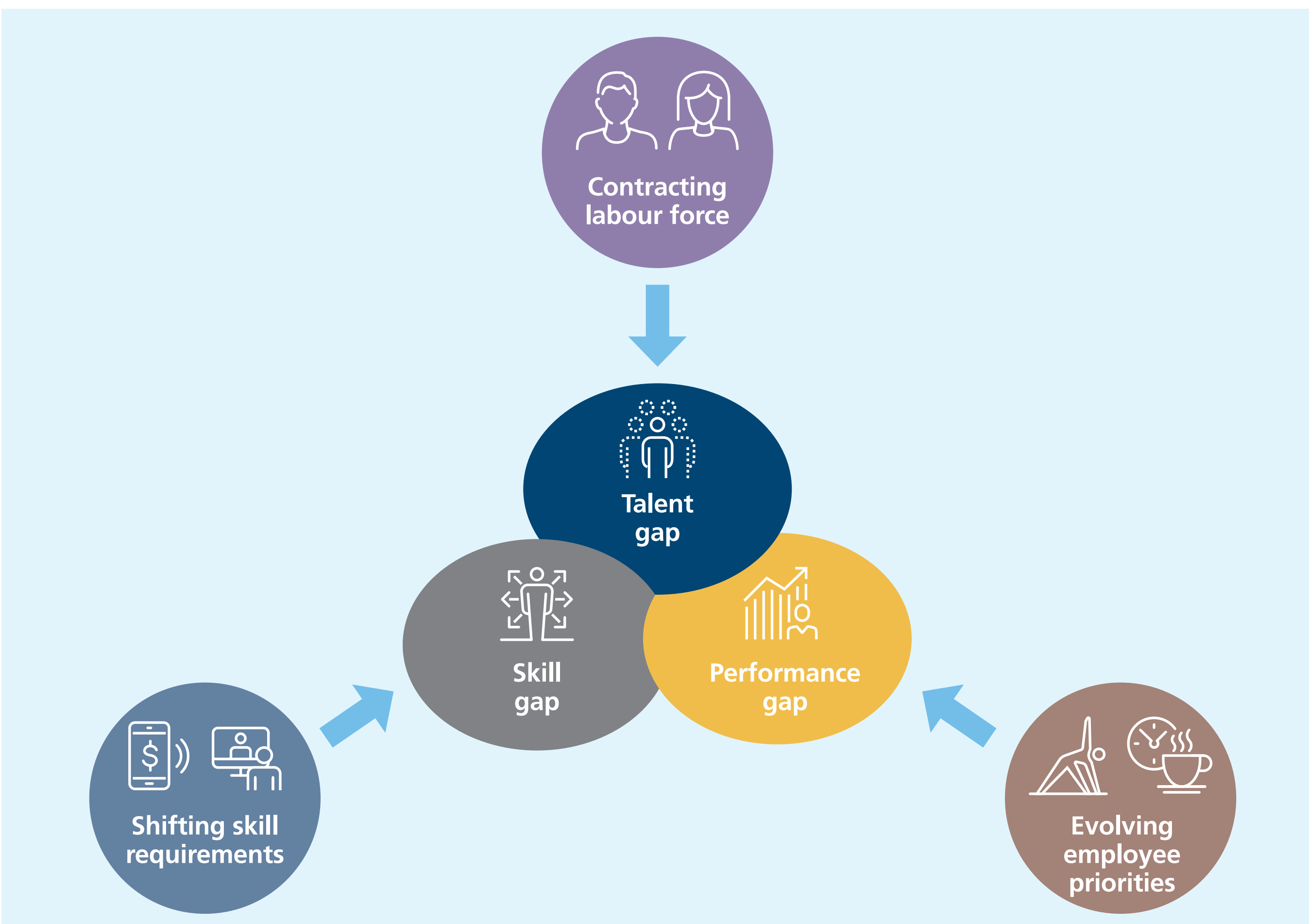
11 *World Economic Forum (2021) and Bain & Company (2022).*

However, societal demands for responsible finance, changes in regulations and technological advances have rapidly reshaped the industry's skill needs. Against the backdrop of general talent shortages, these transformations have generated imbalances between skill demand and supply across business functions.

Investors, enterprises and stakeholders are increasingly integrating environmental, social and governance (ESG) factors into investment and business decisions. A broad range of ESG considerations is driving demand for specialists in areas such as social impact metrics, GreenTech and climate risk management. The industry faces a major talent gap in terms of ESG professionals. In 2020, ESG-focused job openings outnumbered ESG-skilled candidates by 6 to 1.[12]

Rapid technology advancements also have disrupted the financial services talent markets. The rise of automation, artificial intelligence (AI) and FinTech has permanently transformed financial services, creating demand for experts in software engineering and machine learning. The pandemic further accelerated the adoption of automation and AI. Under social distancing, most interactions moved towards the

Figure 1.1: Sociodemographic trends that are disrupting the global talent landscape



Source: HKIMR staff compilation.

[12] *CFA Institute (2020).*

digital realm, and mundane tasks were delegated to apps and chatbots. This has fuelled demand for soft and technical skills such as digital marketing and programming but also rendered some skills obsolete by replacing humans with machines and algorithms. Generative AI (GenAI) breakthroughs in early 2023 may further accelerate skill displacement. A preliminary assessment found that GenAI could automate up to 35% of current business and finance work tasks.[13]

Due to demands from stakeholders and technological progress, crucial skills in financial services are evolving rapidly. A study of online professional profiles found that the skills required for jobs changed by 25% from 2015 to 2022, and this figure may double by 2027.[14]

Previewing what lies ahead

Three sociodemographic trends are affecting the global market for talent in financial services. A shrinking talent pool due to demographic changes, lower migration and declining labour participation are impacting the industry's ability to find enough qualified candidates to fill current and future roles, thus producing a **talent gap**.

Changing employee expectations regarding work–life balance, flexibility and meaningful work are making it difficult for financial services firms to retain and motivate talents, resulting in a **performance gap** between actual and desired business outcomes.

The evolution of skill needs due to societal changes and technology has produced an industry-wide **skill gap**, a mismatch between the skills firms need and the skills of current and potential employees.

Taken together, these gaps may exert important effects on the financial services industry's growth and development in the short, medium and long run.

To overcome these gaps, the industry's stakeholders must understand the role and effects of these emerging trends and take targeted actions to mitigate any occurring negative outcomes. This understanding requires a thorough examination of talent mobility between jurisdictions, sectors and firms; the industry's skill demand and supply; and talent management strategies and best practices at the jurisdictional, industry and firm levels. The following chapters of this report explore these issues in detail.

[13] *Goldman Sachs (2023).*

[14] *LinkedIn (2022).*

Chapter 2
Professional Views on the Global Talent Market for Financial Services

HIGHLIGHTS:

- Changing demographics and waning industry attractiveness were identified as the key drivers of the talent gap. At the same time, employees were leaving positions due to less than desirable benefits and stagnant career growth. Although many professionals considered leaving the industry, less than 10% ultimately did.

- The industry experienced significant shifts in employee priorities, as evidenced by employment trends such as the Great Resignation and Quiet Quitting and the continued adoption of flexible work arrangements in the post-pandemic era.

- Technical skills in AI and data analytics and soft skills, including leadership and management, have been identified as the primary skill gaps in the industry and individual skill development priorities. Both firms and professionals were actively responding to AI transformation.

- Hong Kong demonstrated distinct employment trends in terms of demographic changes, talent mobility, skill demands and an influx of talents from academia.

To delve into the changing dynamics of talent markets in the financial services industry worldwide, the HKIMR commissioned a survey titled *Emerging Trends in the Markets for Talent in Financial Services* (the Talent Survey). The study was conducted from April to May 2023 and encompassed a diverse group of more than 1,200 respondents from five sectors and spanned eleven international financial centres. These financial centres are predominantly recognised for their vibrant financial markets and a dense population of financial services professionals. In addition, some financial centres have been selected due to their distinctive regional impact and promising growth potential.[15] Complementing the survey, participants from various financial institutions took part in group interviews, providing their first-hand accounts and perspectives on the talent landscape in the financial services industry worldwide.

2.1. GLOBAL TRENDS

Challenges driving the talent gap

The survey revealed two pivotal trends driving the talent gap in the financial services sector: demographic shifts and waning industry attractiveness. A staggering 91% of survey respondents had noticed demographic changes within their firms, primarily a reduction in the proportion of young employees. More than a third of these respondents viewed this trend as escalating. The industry's waning attractiveness is another issue: 93% of respondents acknowledged the problem's existence, and half of them viewed this trend as increasing. For example, one interviewee noted that even though a career in finance services was once deemed highly desirable, recent graduates were inclined to look for opportunities elsewhere, such as in entrepreneurial ventures.

Demographic shifts and waning industry attractiveness are the key drivers of the talent gap in the industry.

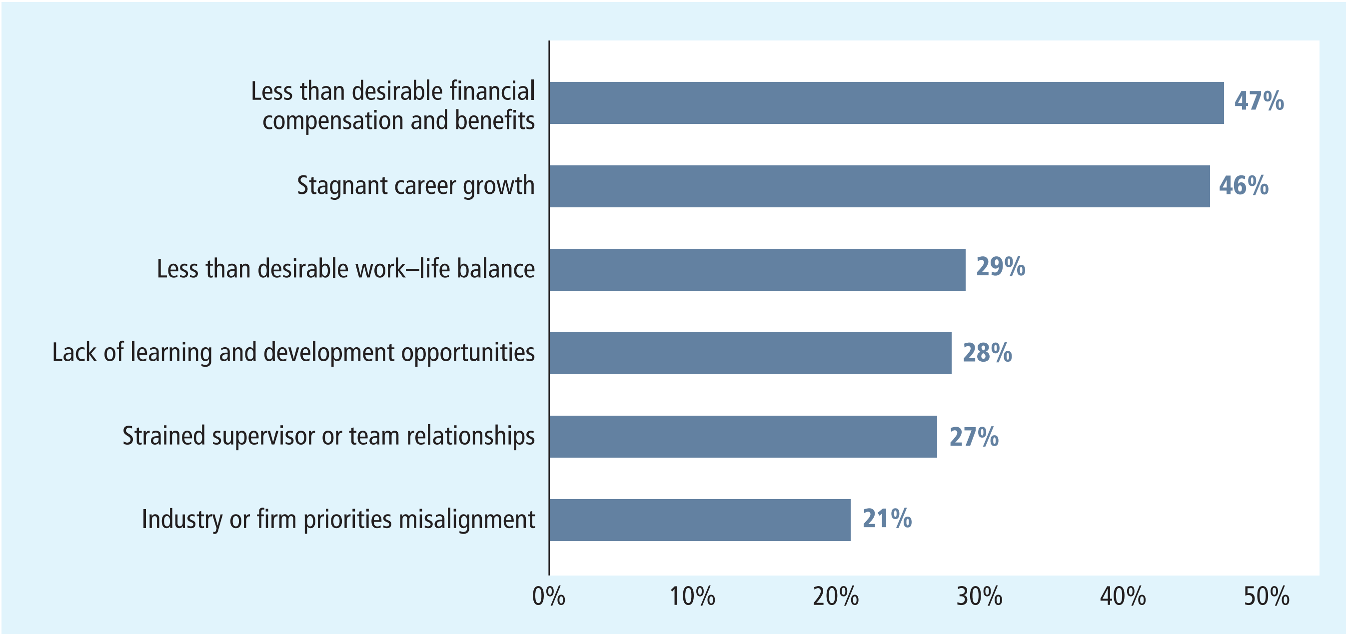
These trends present significant challenges for financial services firms. When asked about the major challenges their firms faced in attracting and retaining talents, employees leaving for better monetary rewards was identified as the most significant issue. In addition, employees were also seen to leave in pursuit of non-monetary benefits such as improved work–life balance and flexible work arrangements. Declining industry attractiveness, leading to a shortage of qualified applicants, was considered another significant challenge.

These challenges varied across region and sector. Regionally, respondents from Asia-Pacific displayed more concern over talent attrition due to geographical shifts than their North American and European counterparts. Sector-wise, banking and insurance sectors reported more challenges pertaining to employees seeking better monetary and non-monetary benefits. However, the issue of waning industry attractiveness mainly affected banks and securities firms.

Diving into the key reasons for respondents leaving their roles, lower financial compensation and benefits and stagnant career growth were both cited by about half of the respondents as essential motivators for seeking alternative employment opportunities. Intangible aspects of employment also matter, albeit to a lesser extent. Less than desirable work–life balance, lack of learning and development opportunities and strained supervisor or team relationships were each noted by about one-fourth of the respondents as factors in seeking a new job. In addition, one fifth of the respondents cited a misalignment between their personal priorities and those of their industry or firm as a major reason to leave (Figure 2.1).

15 Details of the Talent Survey can be found in Appendix A.

Figure 2.1: Major reasons for financial services professionals to leave their current positions



Note: Each respondent could select up to three options.
Source: HKIMR staff compilation based on the Talent Survey.

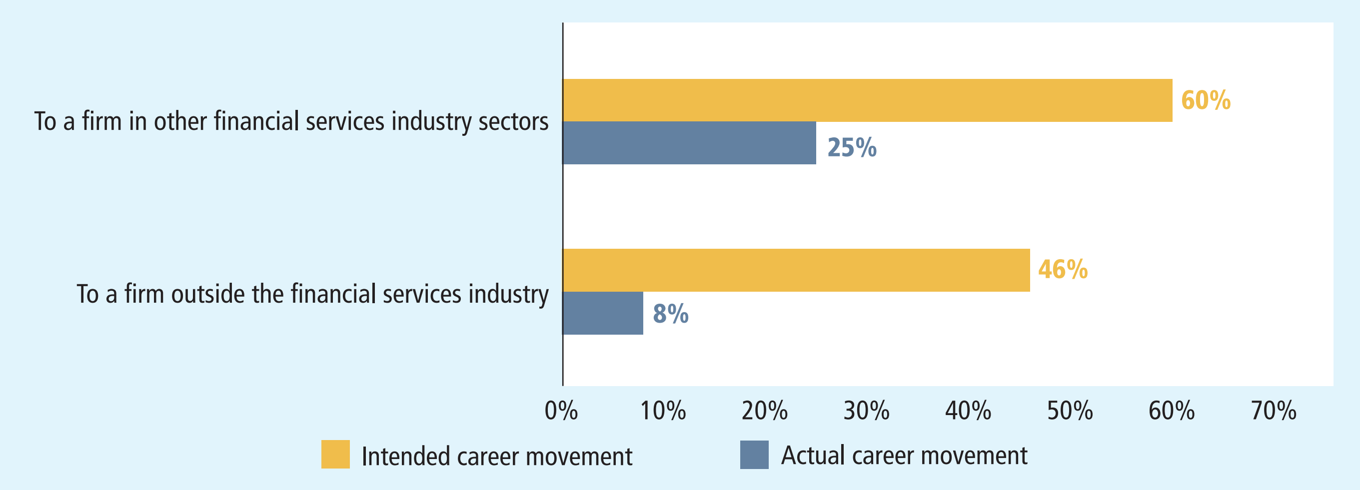
Respondents from the Asia-Pacific region were less troubled than others by inflexible work arrangements, but showed a stronger inclination towards pursuing better learning and development opportunities. Within the FinTech sector, employees were more prone to leave due to inflexible work arrangements and rigid workplace culture, whereas strained supervision or team relationships were of less concern. The importance of different reasons also varied based on career stage. Early-stage professionals often cited stagnant career growth and a lack of learning opportunities as reasons to leave. In contrast, experienced professionals tended to point to a misalignment of priorities and a rigid workplace culture as important factors influencing them to explore opportunities elsewhere.

Nevertheless, the survey also revealed a clear discrepancy between the inclination for career mobility and actual movement. Although a majority of respondents expressed a propensity towards moving to another sector within the financial services industry, less than half of them actually moved. Similarly, although nearly half of respondents indicated that they had considered exiting the industry, less than one fifth of them actually left. Respondents from the Asia-Pacific region were more likely to move to other industry sectors, despite being less inclined to switch. European respondents were more inclined to take a new position outside the industry, but their actual career movements revealed little difference (Figure 2.2).

The survey also extended its focus to the specific destination sectors of professionals who had left their firms between 2021 and 2023. The majority remained within their original financial services sector after the job change. Specifically, more than half of the professionals who changed jobs in the asset management and banking sectors chose to remain within their respective sectors. The number of job changers from the insurance, securities trading and FinTech sectors who opted to stay within their original sectors also came close to the halfway mark.

For professionals who ventured outside their original sector, there was an equal propensity to move to other sectors within the industry or to exit the industry

Figure 2.2: Intended career movement versus actual career movement of financial services professionals



Source: HKIMR staff compilation based on the Talent Survey.

entirely. Among those who sought to transition within the industry, the asset management, banking and FinTech sectors emerged as popular destinations. Professionals opting to exit the industry found many opportunities in consulting firms and tech firms. Consulting firms were particularly appealing to talents from the asset management, banking and insurance sectors, whereas tech firms were favoured by professionals from the securities trading and FinTech sectors (Figure 2.3).

In response to the impact of waning industry attractiveness and demographic shifts on the talent pool, financial services firms have adopted various talent strategies. When asked about significant changes in talent policies implemented since 2020, half of the respondents reported an enhancement in non-monetary support to improve work–life balance. Additionally, a third of firms provided more competitive compensation or other monetary rewards. These measures could help to address the issue of waning industry attractiveness. Furthermore, a third of respondents indicated that their firms had increased efforts to acquire new talents or expand the talent pool, and a fourth reported initiatives to promote internal mobility. These strategies could be instrumental in addressing the talent gap arising from demographic shifts.

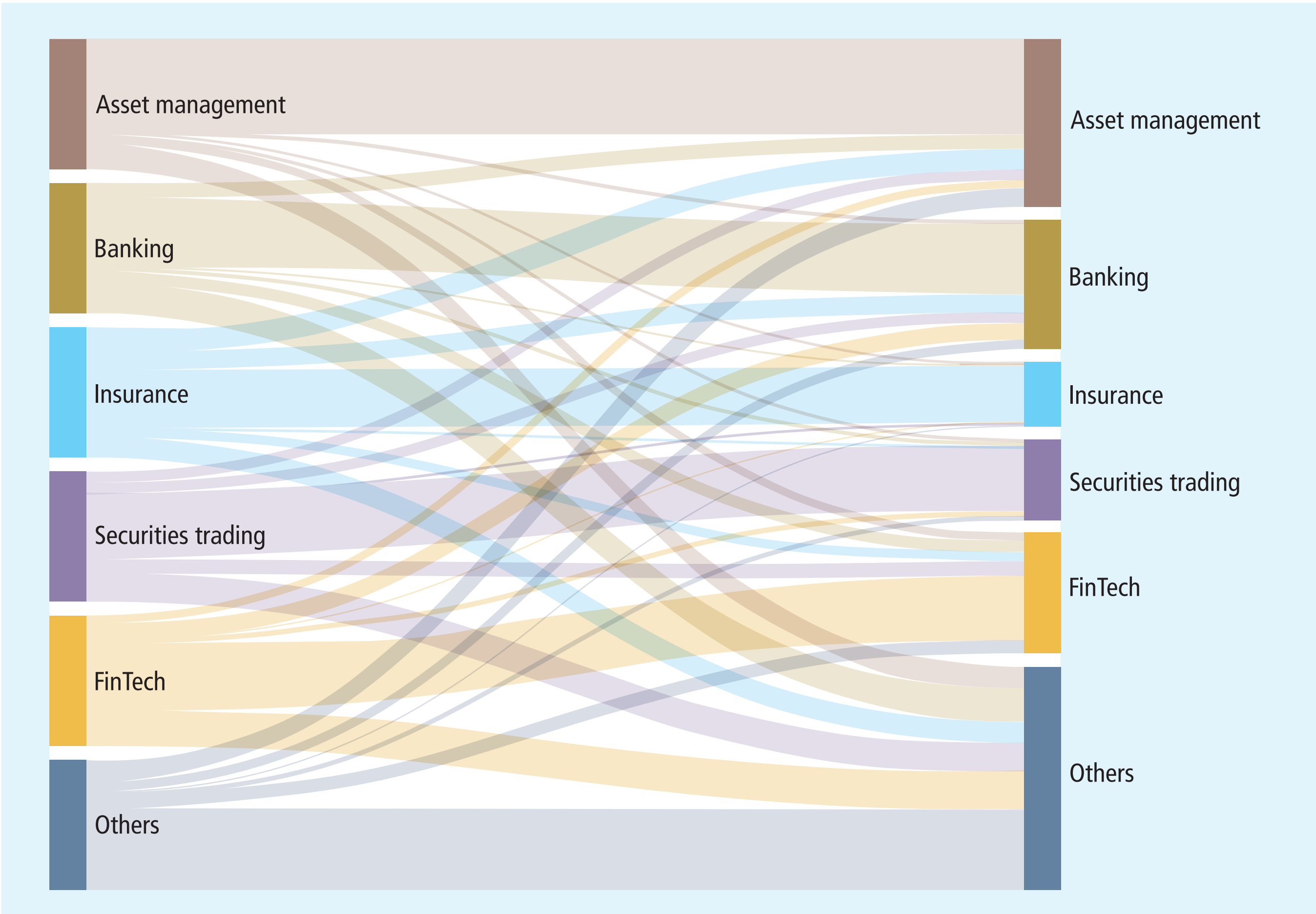
Regionally, financial services firms in the Asia-Pacific region and North America were more inclined to provide competitive monetary rewards than their European counterparts. Conversely, firms based in Europe and North America prioritised improving work–life balance more than those based in the Asia-Pacific region. Notably, firms in Asia-Pacific exhibited a higher tendency towards fostering internal mobility than firms in other regions. Firms from the banking and insurance sectors displayed a particular emphasis on enhancing internal mobility.

Post-pandemic employment trends contributing to the performance gap

The financial services industry is experiencing significant shifts in employee priorities as indicated by various employment trends, which were first observed during the COVID-19 pandemic and continue to impact the industry.

One notable trend is the significant reassessment of life priorities among financial services professionals. The phenomena of the Great Resignation, in which employees voluntarily departed their roles due to dissatisfaction, and Quiet Quitting, in which employees performed only the bare minimum of work, were observed by more than 80% of respondents in their

Figure 2.3: Actual career movement of financial services professionals from 2021 to 2023



Note: The figure visualises the talent movement of financial services professionals from 2021 to 2023. The nodes on the left represent the original sectors from which professionals left, and the nodes on the right represent their destinations. The links between two nodes illustrate the flow of professionals from one sector to another. The width of each link is proportional to the percentage that moved from one sector to another. Thus, a wider link indicates a higher proportion of talent flow.

Source: HKIMR staff compilation based on the Talent Survey.

firms. About half of the respondents also acknowledged that the two phenomena were intensifying. Although the term 'Great Resignation' was coined in the United States, North American respondents reported a lower occurrence of the phenomenon than their European and Asia-Pacific counterparts. The banking sector recorded higher instances of both the Great Resignation and Quiet Quitting than did other sectors.

Alongside evolving employee priorities, the industry has embraced flexible work arrangements. The remote work model and the hybrid work model, which combines in-office and remote work, were observed by more than 90% of respondents within their firms. Both remote and hybrid work were perceived by more than two thirds of respondents as rising trends, with hybrid work being significantly more common. These figures underscore the industry's shift towards more flexible work structures, which has extended beyond the pandemic. Respondents from the Asia-Pacific region reported lower adoption rates for the flexible work model than their European and North American counterparts. Flexible work models were also less common in the securities trading sector than in other sectors (Figure 2.4).

Consistent with these findings, one interviewee noted that many firms have adopted remote work, recognising its benefits in terms of flexibility and work–life balance. Another respondent elaborated on this shift, suggesting that despite resistance among some employers, the transition to remote work is inevitable as employees now hold more bargaining power.

Respondents indicated that financial services firms have implemented various talent management strategies in response to these trends. Beyond the reported enhancements in monetary rewards and work–life balance, there has been a significant emphasis on improving workplace culture and employer branding, as indicated by a third of the respondents. This highlights the increasing necessity of cultivating a positive working environment to reflect broader shifts in employee priorities.

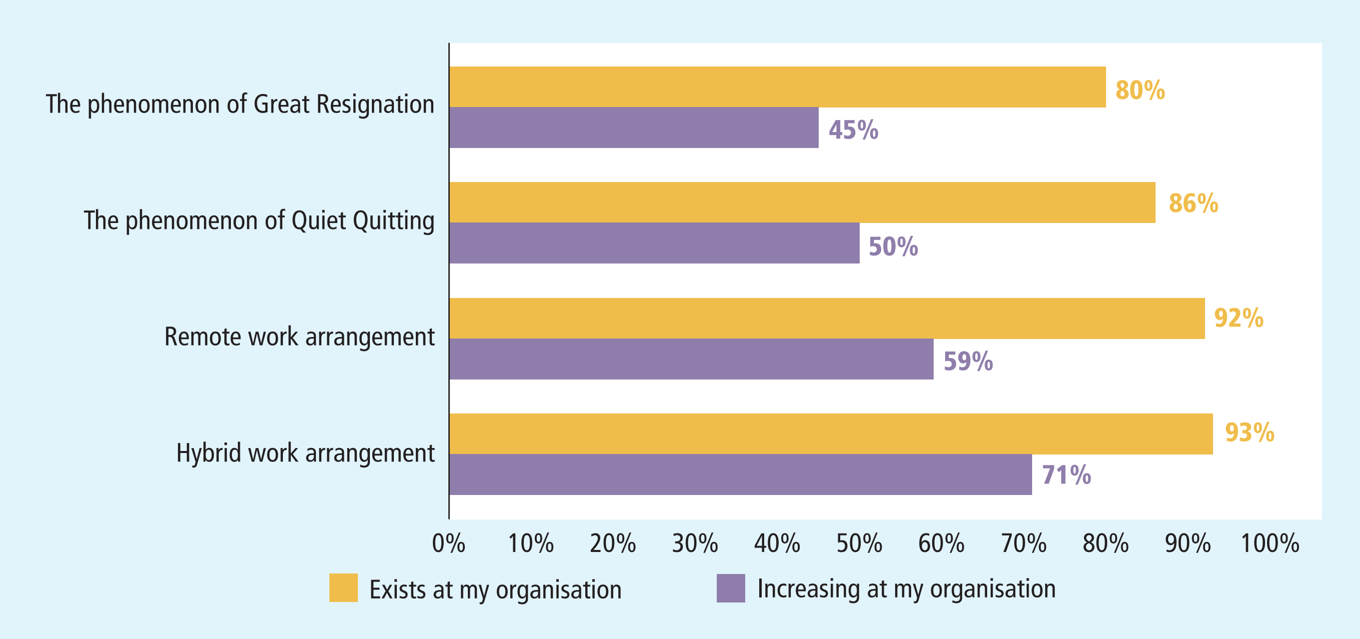
Evolving skill gaps in the era of AI transformation

The survey highlighted a significant issue in relation to skill gaps, i.e. the mismatch between the demand for and supply of skills. This is a pressing challenge for many financial services firms. Approximately two-fifths of respondents noted that their firms faced fierce competition when attempting to attract candidates with emerging skills.

When assessing the largest skill gaps, nearly one-third of the respondents reported a gap in core technical skills such as FinTech, AI and data analytics. A quarter of the respondents acknowledged a gap in core soft skills such as leadership and management and 13% identified gaps in additional soft skills such as communication and relationship management. Core financial skills, such as accounting and financial analysis; sustainability-oriented skills, including ESG-related skills and climate risk management; and additional technical skills, such as cloud computing and cybersecurity were cited by a minority of respondents as the most significant skill gaps in their firms (Figure 2.5).

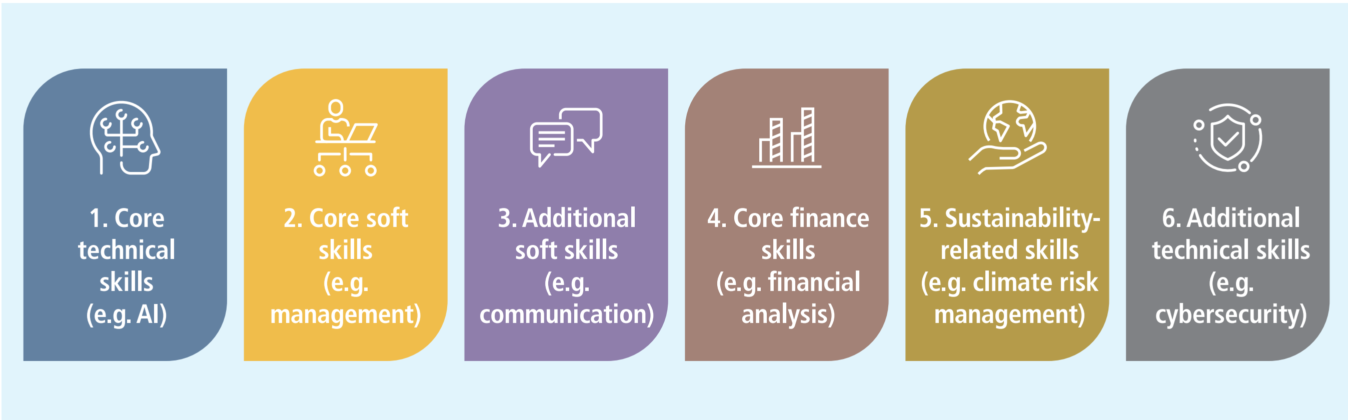
Diving into regional differences, respondents from Asia-Pacific reported a larger gap in core technical skills and a smaller gap in core financial skills than did those from North America or Europe. From a sector perspective, the banking sector respondents indicated the most significant gaps in core technical skills, whereas those from the insurance sector reported the largest deficit in core soft skills.

Figure 2.4: Post-pandemic employment trends



Source: HKIMR staff compilation based on the Talent Survey.

Figure 2.5: Skill gaps in the financial services industry



Note: Core technical skills include FinTech, AI and data analytics, additional technical skills include cloud computing and cybersecurity. Core soft skills include leadership and management, additional soft skills include communication and relationship management. Core skills in finance include accounting and financial analysis.

Source: HKIMR staff compilation based on the Talent Survey.

The considerable gaps in both core technical and soft skills highlight a sustained demand for composite talents who can integrate technical proficiency with effective leadership. One interviewee noted that employers often leave senior and mid-level positions vacant for an extended time, seeking professionals who possess a combination of technical and leadership skills. The increasing demand for composite skills has also heightened the need for cross-functional collaborations, with the majority of respondents noting the rise of cross-functional teams containing individuals with various specialities.

The industry has a sustained demand for composite talents who can integrate technical proficiency with effective leadership.

Although both sustainability-related skills and core technical skills are emerging needs in financial services, interviewees drew a clear distinction between the two. They suggested that existing financial services professionals could acquire sustainability-related skills within a certain timeframe. In contrast, obtaining core technical skills often demands extended periods of specialised training or even recruitment from outside the industry. Consequently, some interviewees proposed that financial services firms might need to establish dedicated teams of technical experts to collaborate closely with other professionals.

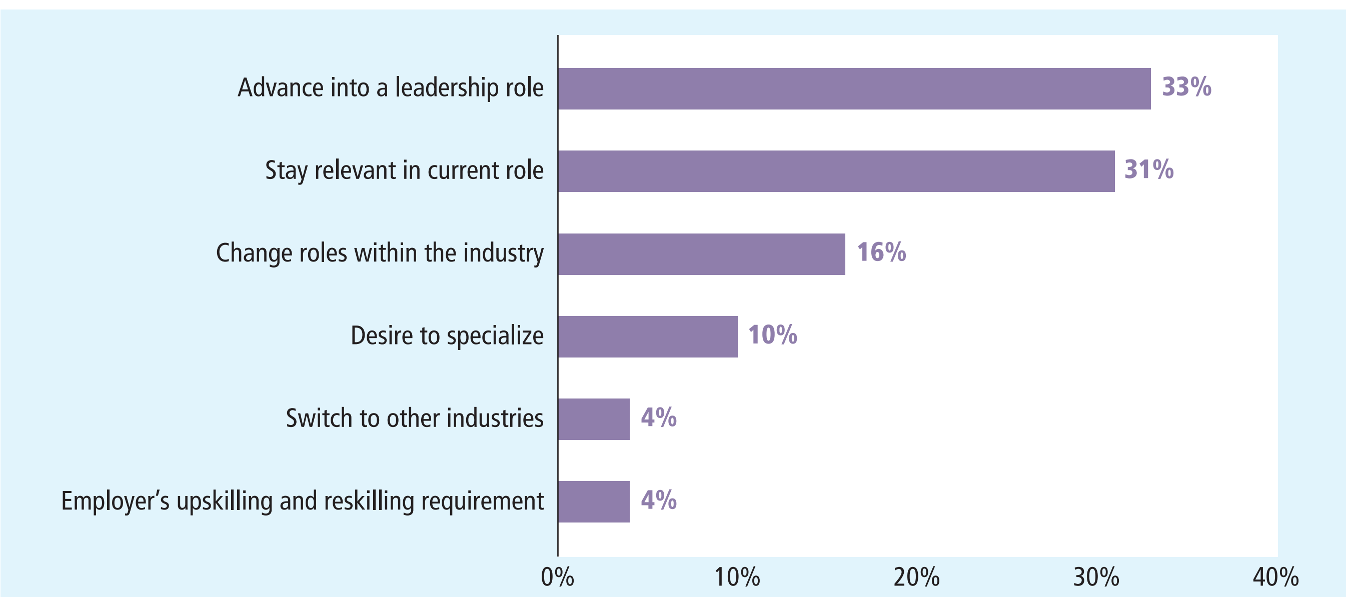
The survey investigated the skills that respondents aimed to develop over the next two years. As shown in Figure 2.6, the priorities for skill development largely align with the previously identified skill gaps within financial firms, with two notable exceptions: professionals ranked leadership and management skills as more important than FinTech, AI and data analytics skills. They also placed a higher priority on sustainability-related skills compared to core financial skills.

Figure 2.6: Individual skill development priorities

Note: Core technical skills include FinTech, AI and data analytics, additional technical skills include cloud computing and cybersecurity. Core soft skills include leadership and management, additional soft skills include communication and relationship management. Core skills in finance include accounting and financial analysis.

Source: HKIMR staff compilation based on the Talent Survey.

Figure 2.7: Individual skill development objectives



Note: Each respondent could select only one option.

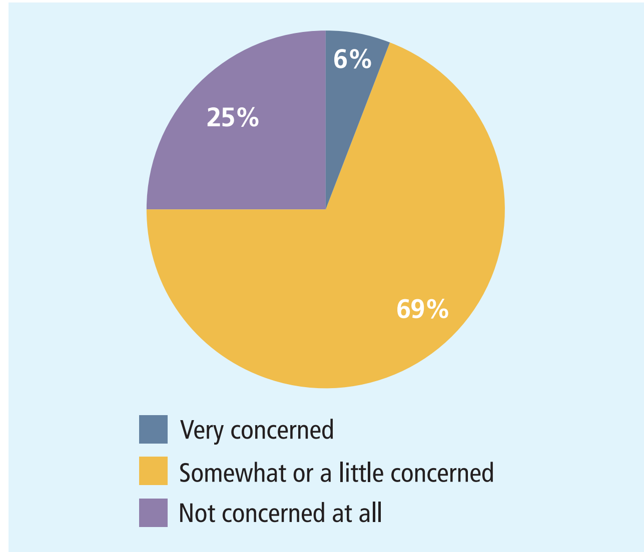
Source: HKIMR staff compilation based on the Talent Survey.

Regional differences were observed in skill gaps and skill development priorities. Compared to European and Asia-Pacific firms, North American firms saw a larger gap in core technical skills but a smaller gap in sustainability-related skills. Professionals based in Asia-Pacific were more inclined towards technical skills, whereas those in North America and Europe prioritised soft skills. European respondents showed a higher emphasis on sustainability-related skills. In terms of sectors, insurance firms reported the most significant gap in soft skills but the least in technical skills. The FinTech sector respondents showed particular interest in advancing technical skills, whereas those in banking, insurance and asset management prioritised leadership and other soft skills.

The respondents' skill development priorities also provided insights into their career objectives. The primary goal for a third of the respondents was career advancement into a leadership role, closely followed by those aiming to maintain their relevance in their current role. Others contemplated a role transition within the industry or specialisation in specific areas. Only a small portion pursued new skills to pursue opportunities in other industries or to meet employer requirements. These results suggest a strong growth mindset among professionals in the financial services industry (Figure 2.7).

The survey results shed further light on the transformative impact of AI on the talent landscape within the financial services industry. The majority of respondents identified the adoption of AI to automate repetitive tasks as a key emerging trend. When asked about the anticipated impact of AI on their roles within the next five years, the respondents displayed a range of views. Although no respondent anticipated complete job replacement, more than two thirds expressed some degree of concern about AI taking over parts of their work, with an additional 6% believing that AI could replace a significant portion of their job responsibilities. Conversely, 25% of respondents did not anticipate AI encroaching on their roles at all (Figure 2.8).

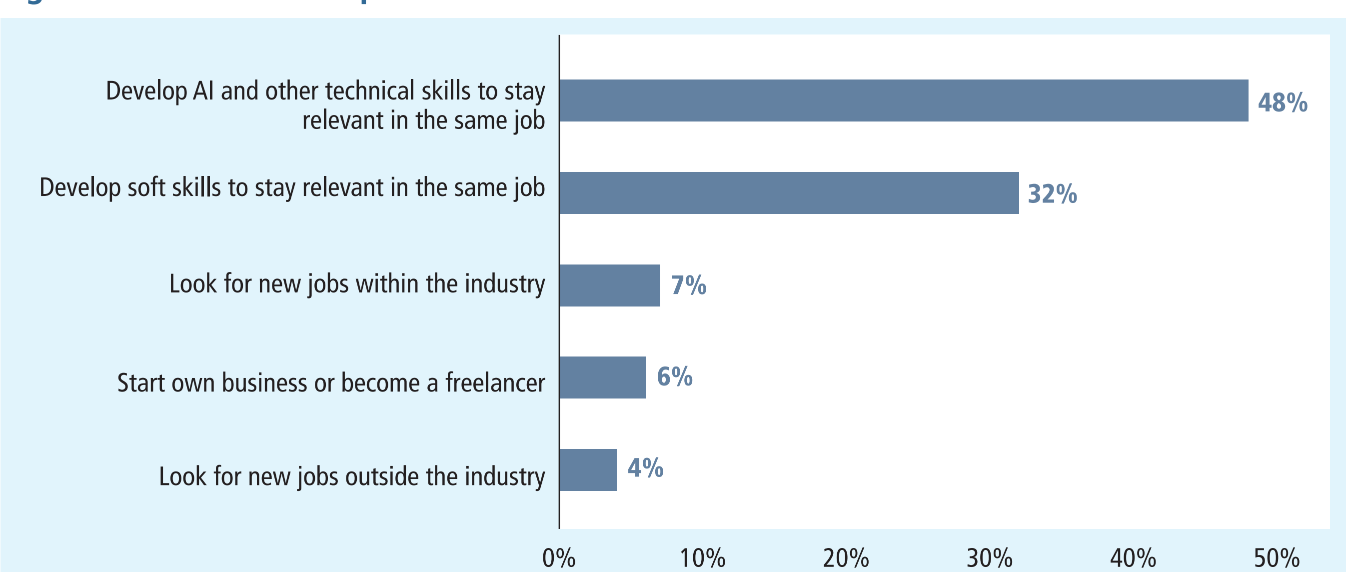
Figure 2.8: Expectations concerning the likelihood of AI replacing work by 2028



Source: HKIMR staff compilation based on the Talent Survey.

Regionally, North American respondents (30%) were more optimistic about their jobs being resilient to AI transformation than their counterparts in Asia-Pacific (19%), with European respondents between these groups (24%). In terms of sectors, those from asset management and securities trading expressed higher confidence in their jobs' resilience to AI transformation than respondents in other sectors. As highlighted by

Figure 2.9: Individual responses to AI transformation



Note: Each respondent could select only one option.

Source: HKIMR staff compilation based on the Talent Survey.

some interviewees, although AI technologies are becoming valuable tools for daily tasks, their ability to fully replicate professional expertise is currently limited. This suggests that although the growing influence of AI is recognised, there is a prevailing consensus in the industry on the irreplaceable value of human engagement.

Despite not anticipating that AI will replace a substantial part of their work, both individuals and financial services firms are taking proactive measures to address its implications. Half of the respondents plan to stay relevant by enhancing their AI and other core technical skills, and approximately one third of them are considering improving their soft skills to strengthen their competitive edge over AI. Only a small segment of the respondents were contemplating a career transition, either within or outside the industry, or a shift to freelance work (Figure 2.9).

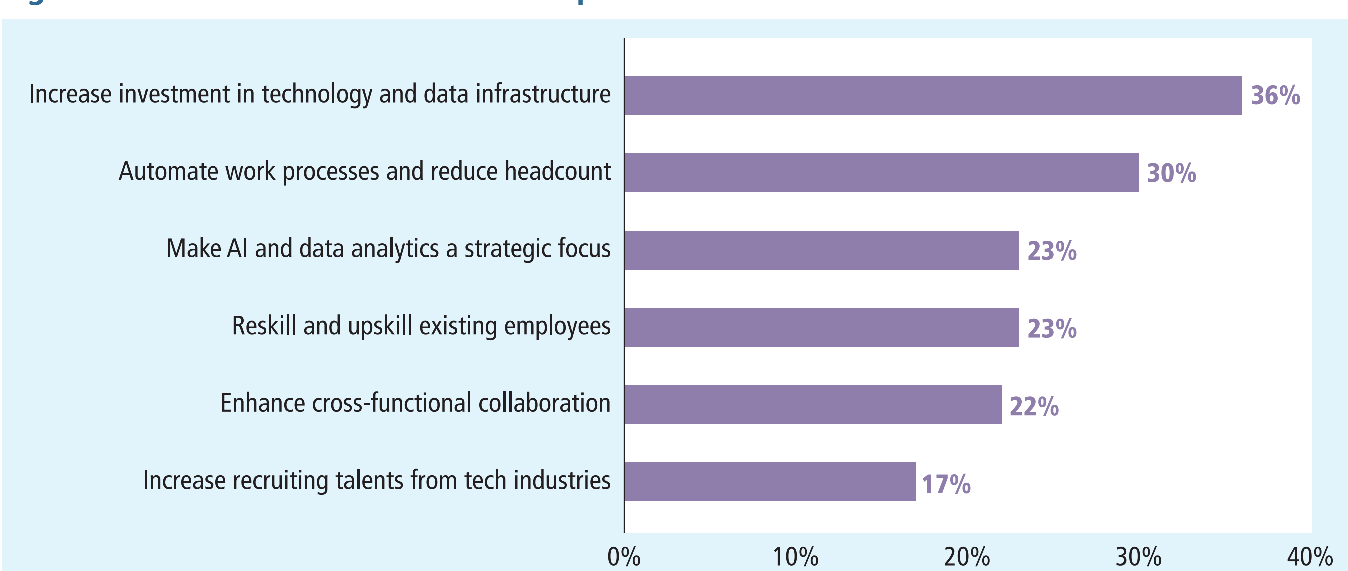
Regional and sectoral variations were observed in these adaptive strategies. Asia-Pacific respondents were more likely to focus on developing their soft skills, whereas European respondents were more likely to consider entrepreneurial pursuits or freelance work. In the FinTech sector, there was a greater tendency to enhance technical skills in response to AI transformation.

Financial services firms have adopted a variety of strategies to respond to the impact of AI. The most common approach is to increase investment in technology, with many firms enhancing their technology platforms and data infrastructure, automating existing processes and reducing their workforce. In terms of strategic and organisational changes, some firms have revised their overall business strategies to prioritise AI and data analytics. They have also modified their organisational structures to promote cross-functional collaboration. Regarding HR policy, firms have increased the opportunities for reskilling and upskilling their existing employees and have boosted recruitment from technology-related industries. Nevertheless, one quarter of firms have not yet prioritised AI and data analytics, potentially signalling a deficiency in preparedness (Figure 2.10).

Geographically, Asia-Pacific firms have adopted strategies to enhance cross-functional collaboration and focused on reskilling and upskilling existing employees more than those in Europe and North America. In the FinTech sector, there is a stronger focus than in other sectors on reskilling and upskilling employees and incorporating AI as a strategic cornerstone.

Chapter 2

Figure 2.10: Financial services firms' responses to AI transformation



Note: Each respondent could select all options that applied.

Source: HKIMR staff compilation based on the Talent Survey.

2.2. EMERGING TRENDS IN HONG KONG'S FINANCIAL SERVICES INDUSTRY

Although many of the preceding findings have broad relevance, several observations are uniquely pertinent to Hong Kong, deviating from trends seen in other financial centres. These distinct trends offer crucial insights into addressing Hong Kong's talent market challenges in the financial services industry (Figure 2.11).

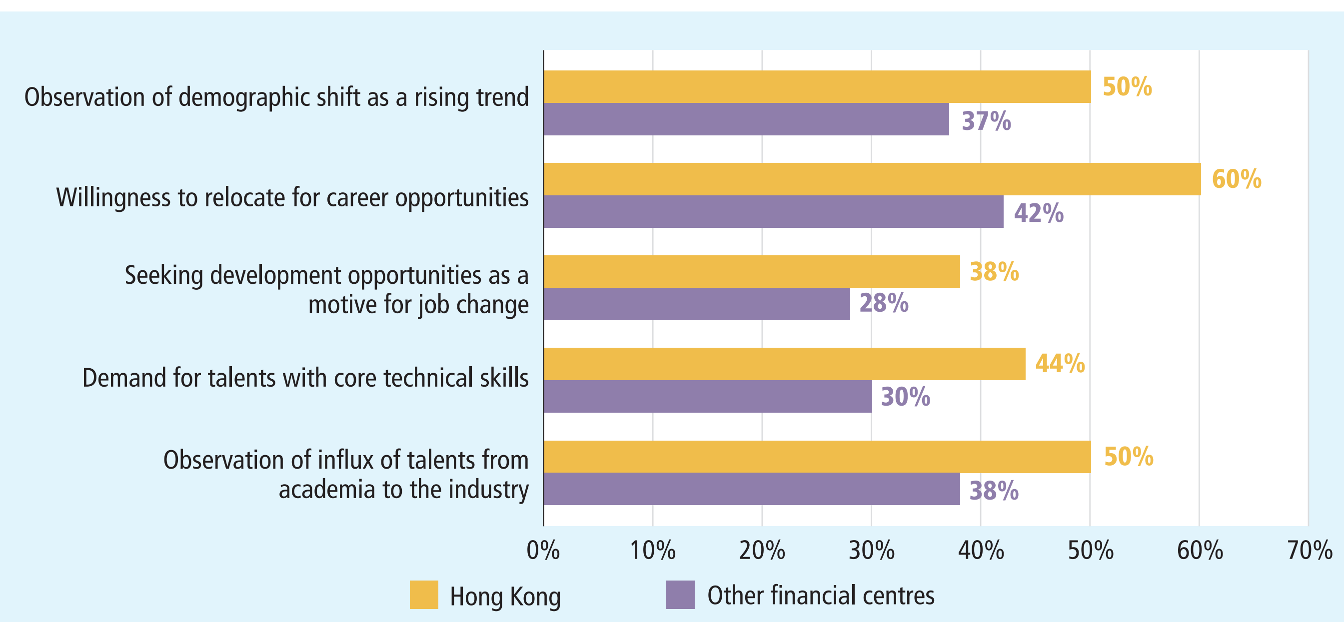
The survey reveals a continuing demographic shift in Hong Kong, marked by a decrease in the working-age population. The majority of Hong Kong-based respondents (50%) reported this demographic shift, a figure noticeably higher than the global average (37%). This discrepancy suggests that the talent shortage may intensify more rapidly in Hong Kong than in other financial centres.

The survey also uncovers interesting findings regarding talent mobility in Hong Kong. A significant proportion of respondents (60%) from Hong Kong expressed a willingness to relocate for new opportunities, a percentage that surpasses the global average (42%). This high potential for talent relocation could be due to Hong Kong's diverse professional environment and the wealth of career advancement opportunities they have outside Hong Kong. This trend could pose challenges to the city's ability to retain talents. However, there is a silver lining: some interviewees have noted a gradual return of professionals who had previously left Hong Kong.

When considering reasons for a job transition, a significant number of respondents (38%) identified a lack of learning and professional development opportunities as a key reason for leaving their firms, outpacing the global average by 10%. This discrepancy highlights the importance that financial services professionals in Hong Kong place on career progression, a factor that firms in the city should take into account.

In terms of skill gaps, a significant number of respondents in Hong Kong reported a gap in core technical skills, such as FinTech, AI and data analytics, within their firms. This percentage is higher by half than the global average, indicating a higher demand for technical expertise in the city's rapidly digitalising financial services industry.

Figure 2.11: Distinct Employment Trends in Hong Kong



Source: HKIMR staff compilation based on the Talent Survey.

The survey also revealed a notable talent influx from academia into Hong Kong's financial services firms, a trend reported by a majority of respondents. This figure is higher by one third than the global average, suggesting a broader initiative to infuse the financial sector with rigorous training and research capabilities. This highlights the potential for collaboration between the industry and academia, aligning talent development with evolving industry needs.

Box 2.1: Emerging Trends in Mainland China's Financial Services Industry

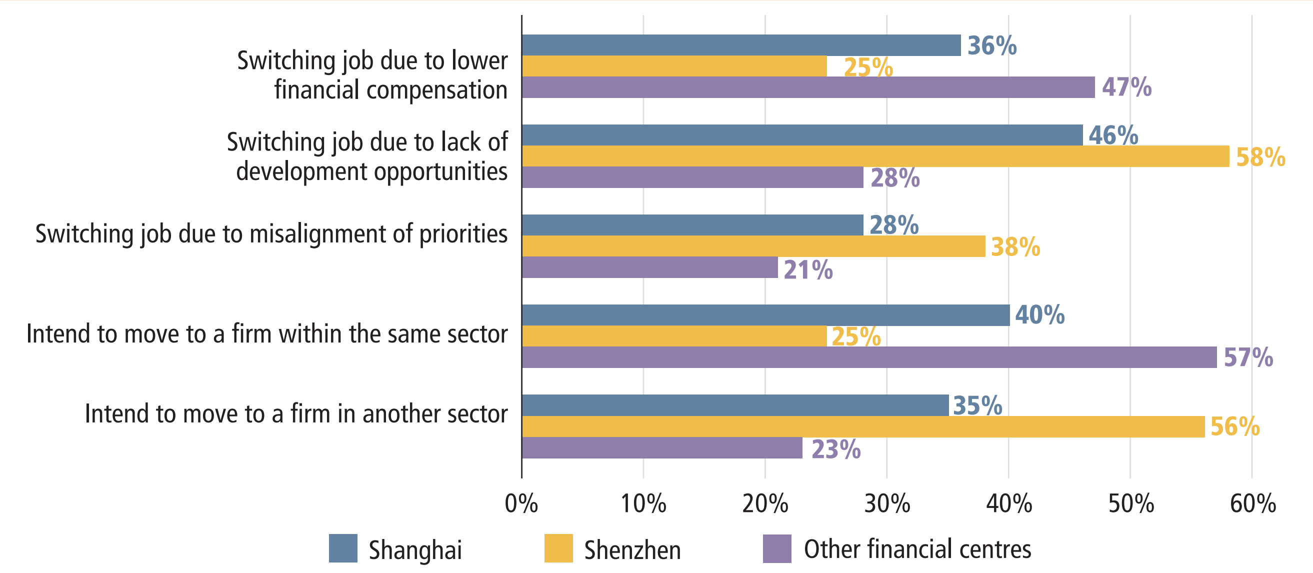
Utilising the data collected from the Talent Survey, this box takes an in-depth look at the distinctive talent landscape of the financial services industry in Mainland China. The analysis spotlights Shanghai, one of the world's largest financial hubs, and Shenzhen, recognised for its robust tech-driven economy. The talent trends in these two cities are highly relevant to Hong Kong due to their competitive financial services, geographical proximity, and increasing interconnectedness through developments in various mutual market access programmes, such as the Stock Connect, Bond Connect and Cross-boundary Wealth Management Connect schemes.

Career transitions and mobility patterns

Survey respondents from Shanghai and Shenzhen demonstrated unique attitudes towards career transitions. Financial services professionals in these two cities placed a lower emphasis on financial compensation as a motivation for job changes, compared to the global average. Instead, they assigned significantly more importance to career advancement and skill development opportunities. They also considered the alignment of personal and organisational priorities to be a more important factor, compared to their global peers. These distinctions are particularly noticeable in Shenzhen.

As for career mobility, the inclination towards transitioning within the same financial services sector was less common among respondents from Shenzhen and Shanghai. On the contrary, a larger proportion of respondents from these cities showed a tendency to diversify their experiences across different sectors. More pronounced trends are once again observed in Shenzhen. These patterns could suggest more dynamic and interconnected job markets across different sectors within the financial services industry in Mainland China (Figure 2.12).

Figure 2.12: Distinct job transition trends in Shanghai and Shenzhen

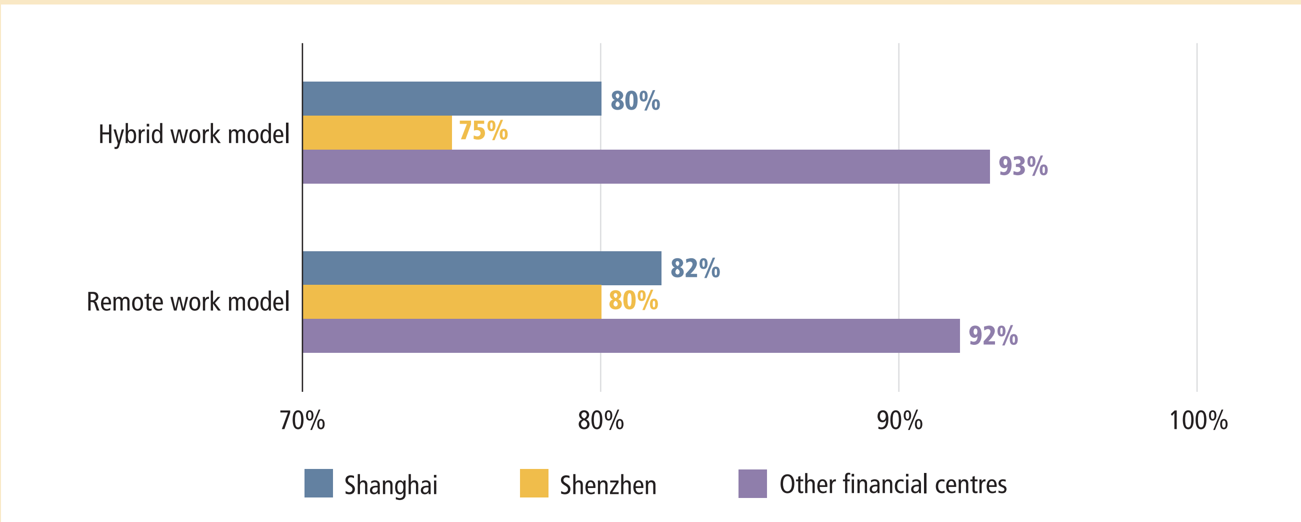


Source: HKIMR staff compilation based on the Talent Survey

Distinct workplace flexibility preferences

The survey results indicate a lower adoption rate of remote and hybrid work arrangements in Shanghai and Shenzhen, compared to global averages. Despite the worldwide trend towards more flexible work environments, especially in Europe and North America, financial services firms in Shanghai and Shenzhen continue to maintain a preference for traditional work arrangements, likely due to a favoured emphasis on in-person interactions (Figure 2.13).

Figure 2.13: Adoption of remote and hybrid work models in Shanghai and Shenzhen



Source: HKIMR staff compilation based on the Talent Survey

Feedback from interviews further presented a diverse perspective on productivity related to flexible work arrangements. Some respondents contended that the adaptability provided by such models, along with the time saved by eliminating commuting, boosts efficiency. However, others believed that in-person work cultivates better communication and productivity. These divergent views among professionals suggest that both employers and employees in Mainland China may have a stronger preference for traditional work arrangements.

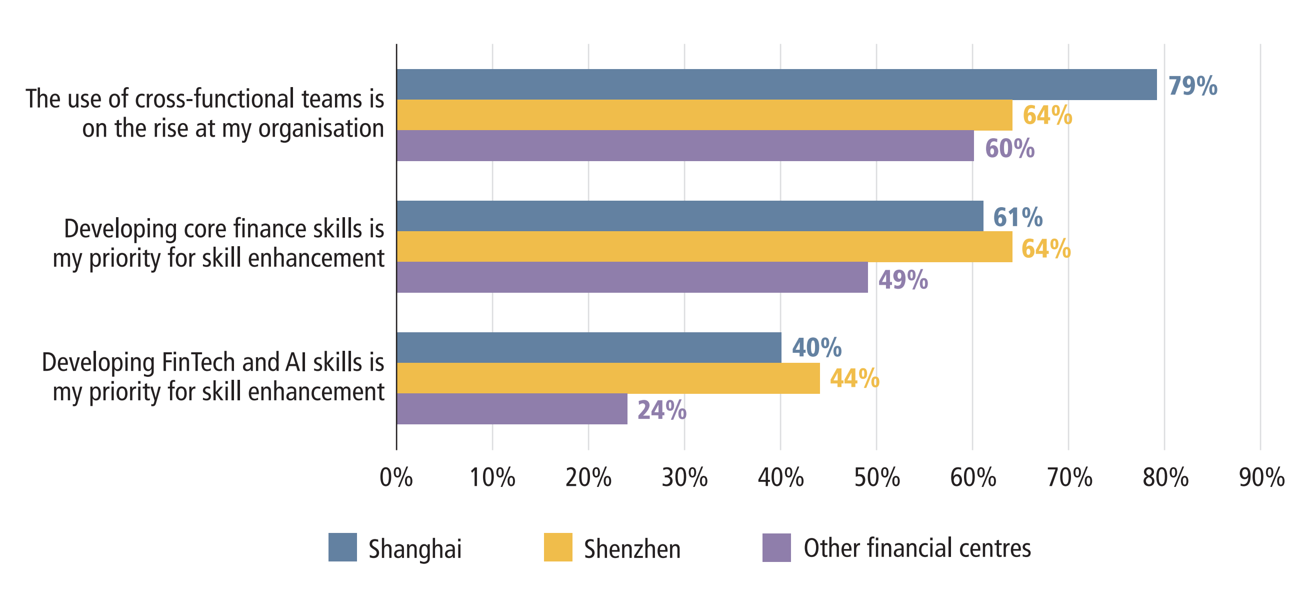
High demand for composite talents and teams

As many interviewees highlighted, the rapid evolution of FinTech and sustainable finance fields in Mainland China are driving a rise in demand for professionals with specialised skills in these domains. Alongside this, soft skills such as relationship management and project management are also highly sought after. Following the lifting of social distancing measures, the demand for wealth management specialists, particularly those with cross-boundary wealth management expertise, has increased.

Interviewees from Shanghai and Shenzhen further underscored the growing demand for composite talents, who can blend a strong understanding of finance with specialised industry knowledge to meet client needs, or with technical skills to facilitate the digital transformation of financial services. In addition, there is a strong need for close collaborations across different business units in Mainland China. The use of cross-functional teams is particularly common in Shanghai compared to the global average.

When it comes to skill development priorities, professionals in Shanghai and Shenzhen showed a stronger tendency to improve core technical skills such as FinTech and AI, as well as core finance skills, compared to the global averages. This further emphasises the importance of combining technical proficiency with financial expertise for staying competitive in the talent market of these two cities.

Figure 2.14: Distinct skill trends in Shanghai and Shenzhen



Source: HKIMR staff compilation based on the Talent Survey

Proactive talent cultivation in Shenzhen

In the face of AI transformation, 50% of financial services firms in Shenzhen prioritised reskilling and upskilling employees, a rate more than twice the global average of 23%. This underscores a stronger focus on continuous learning in Shenzhen, amid rapid technological advancements. In addition, 44% of Shenzhen's financial services firms have adopted policies providing upskilling and reskilling opportunities, significantly higher than the global average of 29%. Internal mobility is facilitated by 44% of Shenzhen's firms, outpacing the global average of 27%. In terms of improving employer branding and workplace culture, Shenzhen leads with 50% compared to the global average of 31%. Notably, the responses from Shanghai align more closely with the global averages across all areas.

Drawing from respondents' first-hand accounts, the survey results provide qualitative insights into emerging trends in the global talent markets within the financial services industry. To enrich this analysis, the following chapter uses data collected from online professional profiles to provide quantitative measures of talent flows, skill trajectories and skill gaps in the industry worldwide.

Chapter 3
Data-Driven Insights into Talents and Skills in Financial Services

HIGHLIGHTS:

- The financial services industry experienced significant talent movement, with global annual quit rates ranging between 8.6% and 18%. The quest for more meaningful work and a work–life balance during the pandemic further drove this talent reshuffling.
- Five of the eight financial centres had an unmet talent demand advertised online exceeding 10% of their workforce, indicating a common challenge for financial services firms in filling job vacancies.
- The fastest-growing skills in financial services highlight the increasing importance of technology and people management in driving industry performance. The most in-demand skills were primarily soft and finance skills, indicating skill shortages in the industry's core business.
- The scale and evolution of Hong Kong's talent shortage largely mirrored that of its peers. However, the city placed heightened emphasis on soft and finance skills such as language proficiency and financial advisory.

Building upon the views of surveyed market participants regarding the talent landscape in the financial services industry, this chapter explores a granular data set on job seeking and employment to deepen the understanding of global talent and skill trends. It features the findings of a study commissioned by HKIMR, which leverages data from over 1.6 million online profiles of financial services professionals across eight major international financial centres.[16] Specifically, it draws upon data gathered from the world's largest professional networking platform, LinkedIn, between January 2021 and March 2023.[17] The granularity of the data is harnessed to measure career moves made by professionals, assess the demand for talents and determine how many of these demands can be met. The analysis also identifies both the skill development achieved by professionals and the existing skill gaps in the industry.[18]

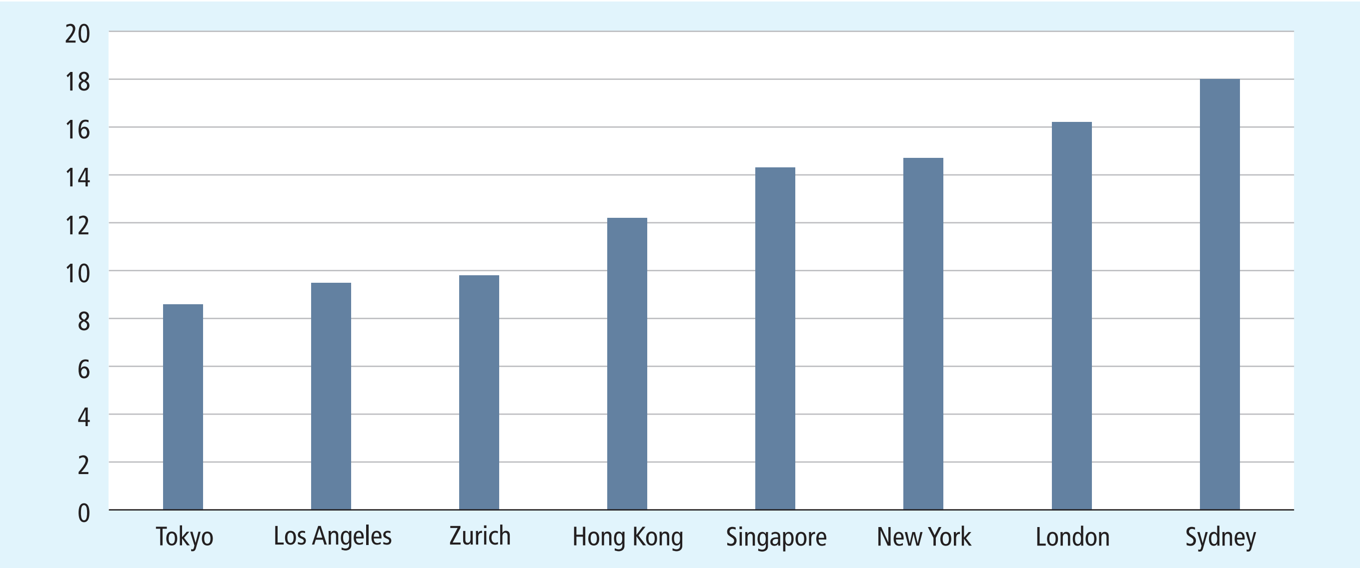
3.1. GLOBAL TRENDS

Talent growth

The workforce in financial services experienced varying levels of growth globally between 2021 and 2023. The annual employment growth rate, defined as the rate of increase in the number of professionals employed in the industry per year, ranged between 1% and 2.2% per year across the eight financial centres. At first glance, these figures might suggest that the industry was not facing talent challenges. However, a different picture emerges from delving deeper into the annual quit rate, defined as the percentage of professionals who left their jobs each year. The quit rates ranged between 8.6% and 18%, indicating that financial services firms were indeed

Chapter 3

Figure 3.1: Annual quite rates



Note: The annual average quit rates represent the percentages of employees who left the top 100 financial services firms in the eight international financial centres per year. All data are collected from January 2021 to March 2023.

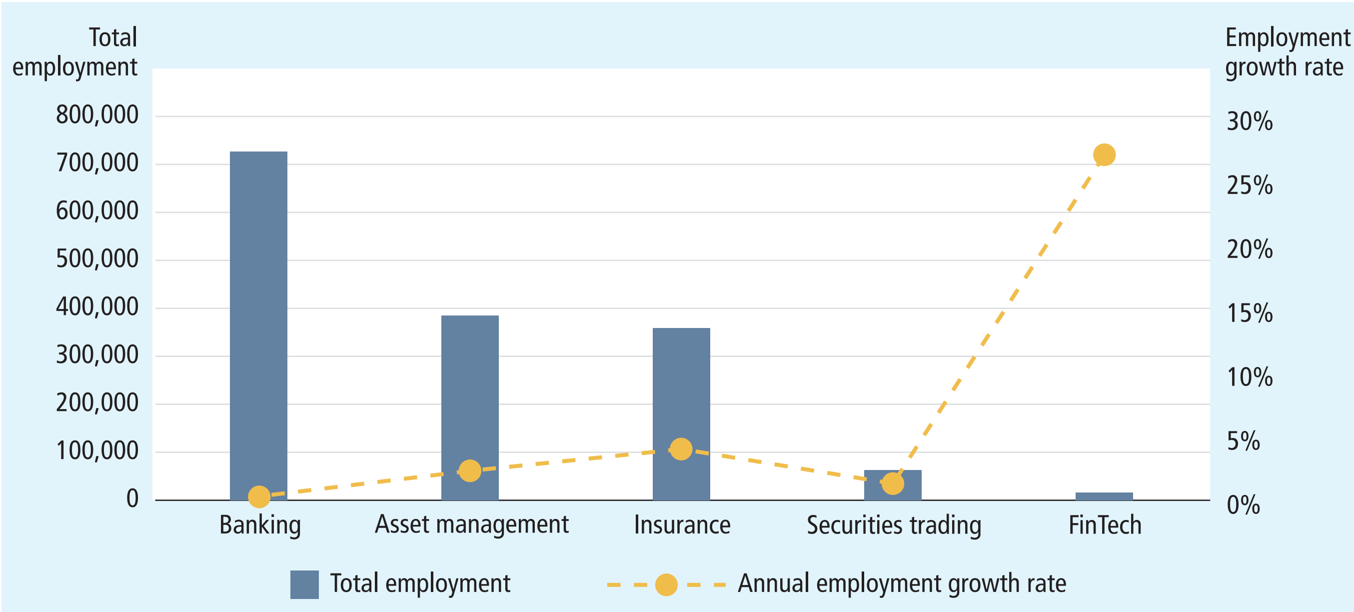
Source: Tam (2023) and HKIMR staff compilation.

[16] *We refer to the total of 1.6 million online profiles as the 'workforce' throughout the rest of the chapter. This has to be considered as an approximation, but it still provides useful insights.*

[17] *Details of the study can be found in Appendix B. It is important to note that in comparison with the previous chapter, several significant financial centres were excluded from the analysis due to limited data availability. Beijing, Shanghai and Shenzhen were excluded because LinkedIn significantly altered its operating model in Mainland China in 2021 and subsequently discontinued its local operation in 2023.*

[18] *The analysis is confined to LinkedIn members' common attributes, such as fluency in English, and may differ from the actual talent pool. Despite these limitations, the analysis reported in this chapter still provides useful insights into talent and skill trends, as official estimates across locations may be lacking.*

Figure 3.2: Sectoral total employment and growth rates



Note: Each bar represents the number of professionals employed in a sector across the eight financial centres in March 2023, as shown by the left vertical axis. Each point represents the annual average employment growth rate of a sector across the eight financial centres from January 2021 to March 2023, as shown by the right vertical axis. The sectors are displayed according to their total employment in descending order.

Source: Tam (2023) and HKIMR staff compilation.

confronted by a global talent problem resembling the Great Resignation movement, which confirms the observations of industry practitioners.

London, the largest talent hub, is a case in point. The city's annual employment growth rate was 2.1%, but its quit rate stood at 16.2% during the period. This means that financial services firms in London had to onboard nearly 1 in 5 employees every year, fuelling fierce competition for talents and hampering the performance of firms. Moreover, given that it takes financial services firms several months to find suitable candidates for open positions, it is likely that more than 5% of financial services roles in London remained vacant at any given moment. These observations substantiate the existence of significant talent and performance gaps in the financial services industry (Figure 3.1).

Across the eight financial centres, the banking sector had the highest number of employees among the four traditional industry sectors, followed by asset management, insurance and securities trading. However, the fastest growing sector was FinTech, where employment expanded at a blistering rate of 27% per year. Asset management trailed distantly at 2.3% growth. Consistent with industry practitioners' experience, talent movement between the four traditional sectors remained limited and matched their growth rates.[19] The high quit rates and lack of cross-sector shifts indicate that most professionals found new roles within their own niche, supporting the claim that as the pandemic receded, the Great Resignation became the Great Reshuffle, i.e. employees left their jobs in search of more fulfilling roles (Figure 3.2).[20]

[19] *During the study period, the banking sector saw the largest net outflow of talents to other sectors, with most professionals moving to asset management and securities trading. Only asset management saw a positive net inflow, while securities trading enjoyed net gains from banking and insurance and experienced outflows to asset management. Insurance and banking had balanced talent flows between them. At this micro level of LinkedIn data, the exact figures for talent movement may be inaccurate and are omitted.*

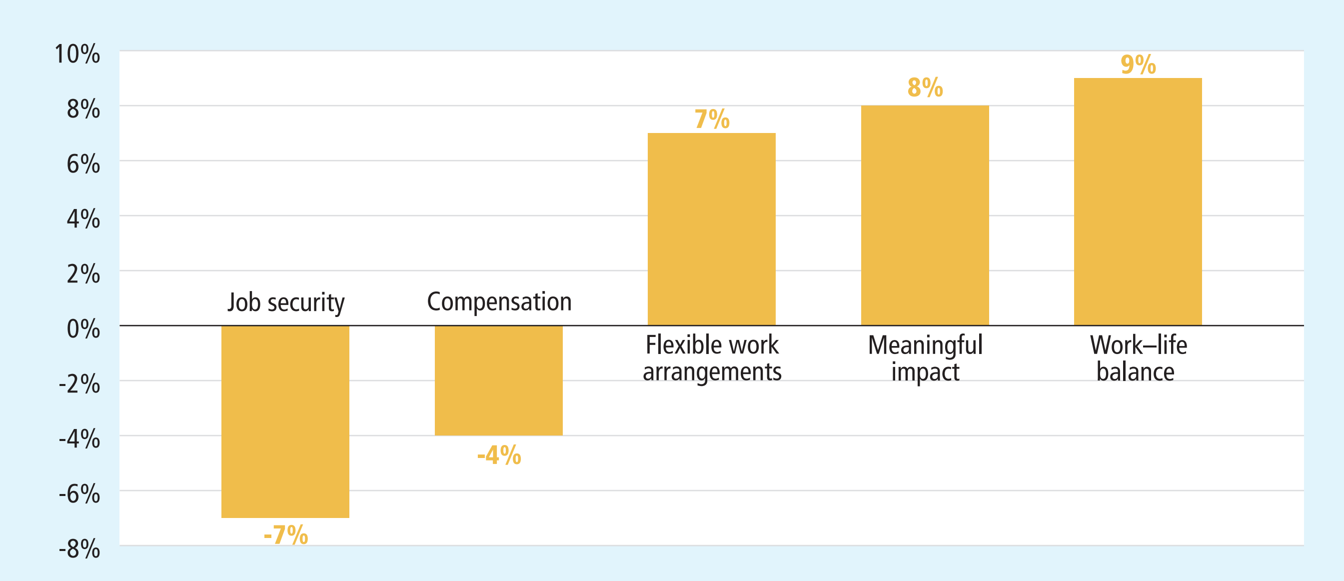
[20] *Forbes (2022).*

The quest for more fulfilling roles was rooted in changes in employee priorities, the set of benefits that employees expect to receive in return for their contribution to a company. In line with the preferences expressed in the Global Talent Survey, the most important aspect for choosing a job in January 2023 across the eight financial centres was excellent compensation, followed by a good work–life balance and a more meaningful role. Nevertheless, there was a significant change in priorities from 2021 to 2023. The importance of a good work–life balance increased 9%, having a meaningful impact rose 8% and a flexible work arrangement increased 7%, respectively. However, the importance of excellent compensation declined by 4%. The importance of job security dropped by 7%. These trends suggest that the workforce's priorities were shifting away from monetary incentives and towards quality of life, purpose and flexibility. As financial services firms seek to attract and retain talents, adapting their priorities will become essential (Figure 3.3).

The widespread reshuffling of talents among firms indicated that the industry confronted a talent shortage that could not be filled by the existing workforce. To estimate the size of the talent gaps in the eight international financial centres, this study compared the number of new hires to advertised job openings from 2021 to 2023. The number of unfilled online job openings as a percentage of the existing workforce indicates the unmet online talent demand, an approximation of the talent gap in each financial centre. As Figure 3.4 shows, five of the eight financial centres had unmet online talent demand exceeding 10% of their workforce. In particular, Tokyo, New York and Los Angeles faced the greatest challenges in filling job vacancies. Sydney exhibited negative unmet online talent demand, which can arise because some of the positions are not advertised online, resulting in a total number of new hires that is greater than the advertised positions. As a result, the estimation based solely on Internet data may underestimate the actual unmet online talent demand.

Chapter 3

Figure 3.3: Significant global shifts in employee priorities

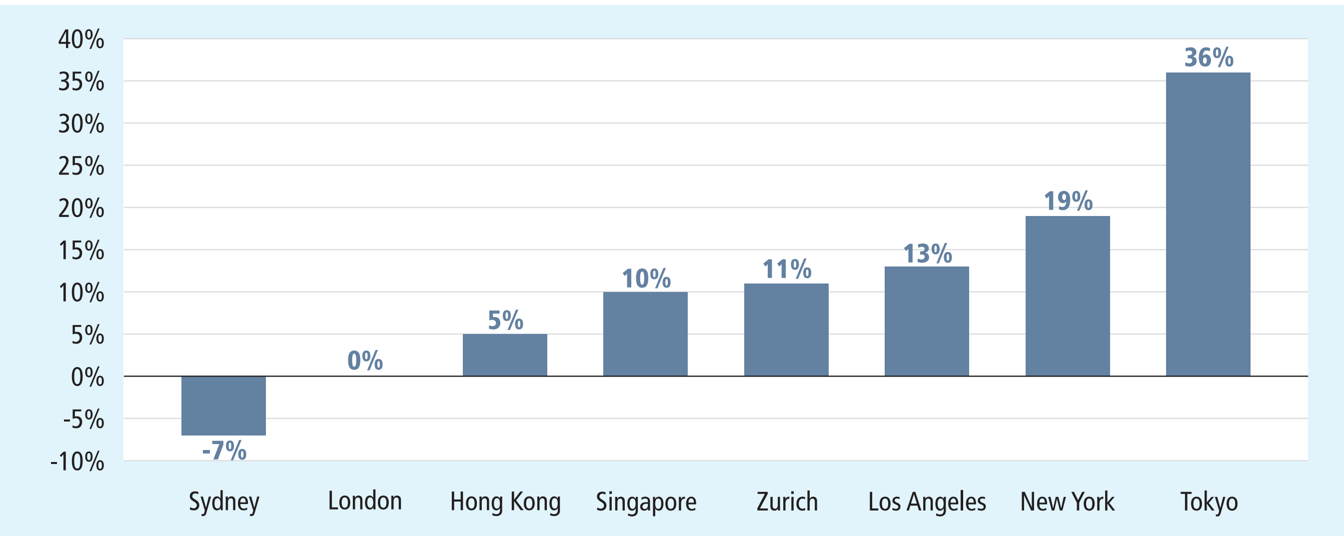


Note: Each bar represents the shift in the importance of a job aspect from January 2021 to January 2023 among financial services professionals surveyed by LinkedIn in the eight financial centres.

Source: Tam (2023) and HKIMR staff compilation.

The global talent gap in financial services followed an uneven path from 2021 to 2023. After an initial rise from January 2021 to June 2022, unmet online demand levelled off. However, regional differences in talent pools and economic conditions, which determined the demand for and supply of talents, contributed to an uneven pattern of unmet online talent demand across regions. Asia-Pacific saw a consistent shortage over time, which was probably structural in nature. Europe's shortage eased and its unmet online demand turned negative in late 2022 due to a reduced number of positions available. The

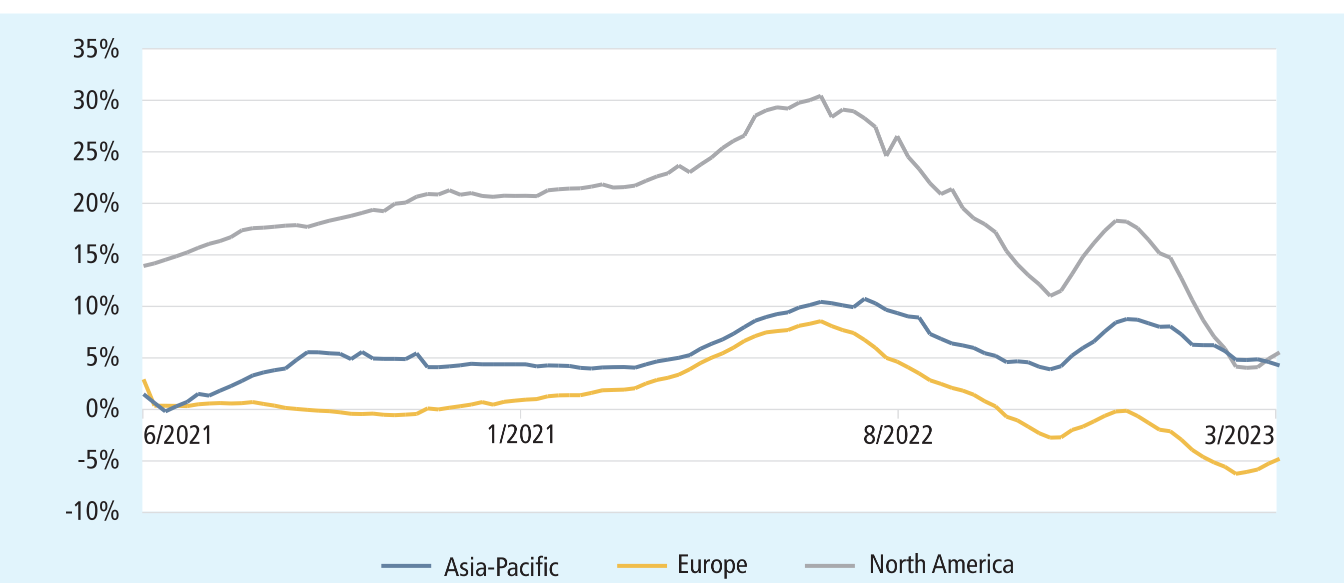
Figure 3.4: Annual unmet online talent demand



Note: Each bar represents the annual average unmet online demand, which is the number of positions advertised online that were unfilled within 12 weeks, as a scale against the percentage of the workforce in a financial centre from January 2021 to March 2023.

Source: Tam (2023) and HKIMR staff compilation.

Figure 3.5: Changing unmet online talent demand across regions over time



Note: Each curve represents the six-week moving average of unmet online talent demand as a percentage of the financial services workforce in a region from January 2021 to March 2023.

Source: Tam (2023) and HKIMR staff compilation.

surge and subsequent decline in North America implied greater momentary turbulence in its talent market. These regional disparities underscore the significance of comprehending the unique circumstances in each location and of addressing talent gaps according to their specific nature (Figure 3.5).

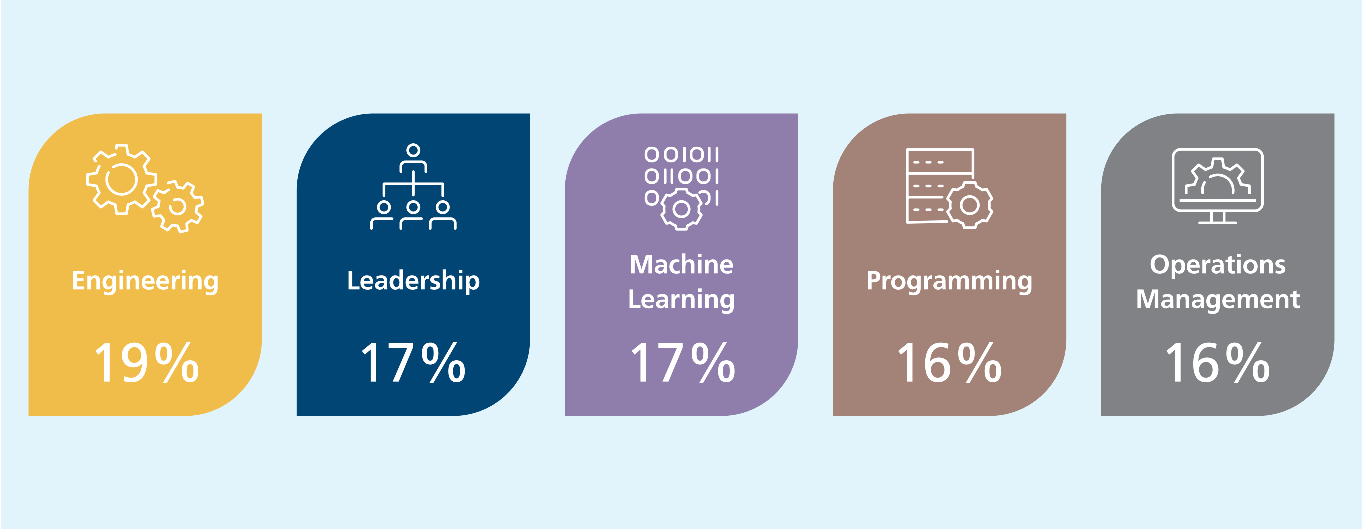
Emerging skills trends and gaps

In addition to talent flow, online professional profiles also offer perspectives on skills and job titles that were growing or in short supply.[21] Among all job skills, the five fastest-growing skills in the eight international financial centres were engineering, leadership, machine learning, programming and operations management. These skills grew over 15% annually between 2021 and 2023, which shows how managing technology and people have become increasingly critical to the industry. The surges in engineering, machine learning and programming skills in financial services show the importance of technical abilities that make it possible to analyse huge amounts of data and automate trading, operations, compliance and customer services. Leadership, which involves the ability to motivate, coach and manage people, and operations management, which focuses on improving efficiency and customer satisfaction, are both essential to closing the industry's performance gap and were the fastest-growing soft skills (Figure 3.6).

Figure 3.7 illustrates the six skills that had the highest unmet online demand across the eight financial centres. The unmet online demand for a skill provides an approximation of the size of its skill gap.[22] Furthermore, the unmet skill demand (number of unfilled online positions) as a proportion of the total skill demand (number of available online positions) serves as an indicator of the level of competition within the corresponding niche job market for that skill. All of the skills displayed in Figure 3.6 had an unmet online demand exceeding 50% of the total online demand, which suggested a high degree of market tightness.

Chapter 3

Figure 3.6: Top 5 fastest-growing skills



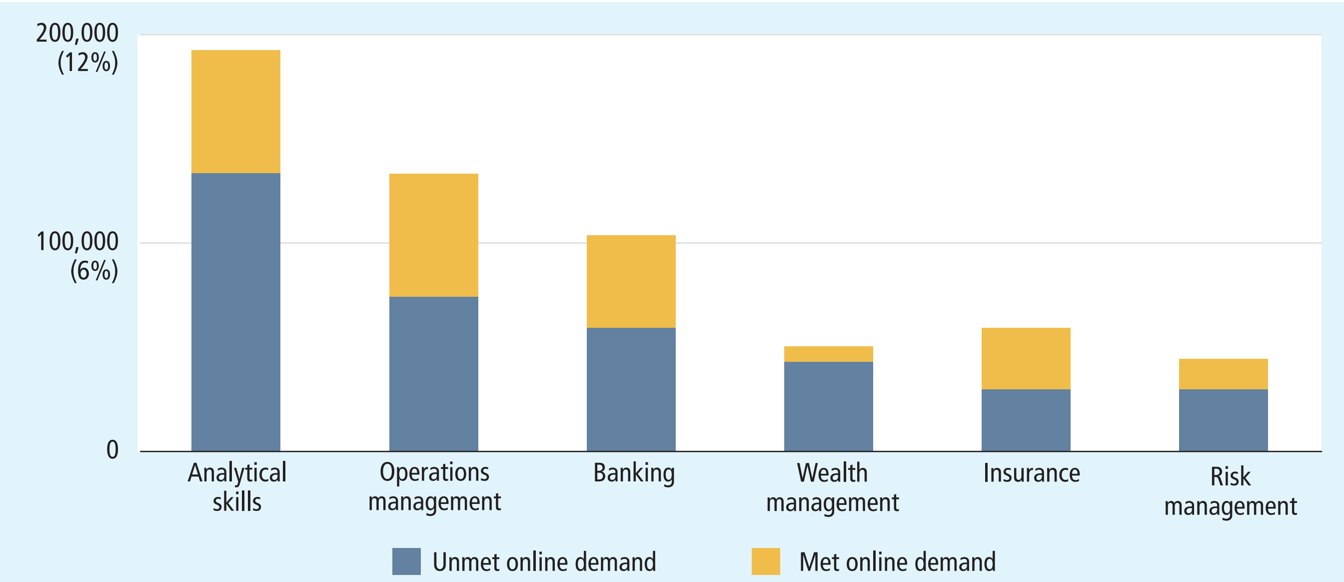
Note: The percentages refer to the annual average increases in the frequency of inclusion of specific skills in professional profiles across the eight financial centres from January 2021 to March 2023.

Source: Tam (2023) and HKIMR staff compilation.

[21] *The skills displayed on LinkedIn profiles are either self-reported by professionals or identified from the user profiles using machine learning algorithms. This may lead to a varied understanding and interpretation of skills. The skills discussed in this chapter aim to adhere to the literal definitions of each skill provided by LinkedIn users.*

[22] *The unmet online talent demand figures are calculated based on the assumption that a job advertisement will remain active online for a period of six weeks. Assuming a longer job active period may result in lower estimates of both the total online talent demand and unmet online talent demand.*

Figure 3.7: Met and unmet online demands for the most in-demand skills



Note: Each bar represents the annual average met online demand (in yellow) and unmet online demand (in blue) of a particular skill. Met demand refers to the number of positions advertised online that required the skill and were filled, and unmet online demand refers to the number of positions advertised online that required the skill but were unfilled. These values are expressed as percentages of the workforce in the eight financial centres in the parentheses on the left-hand side. The sum of met and unmet online demands for a skill represents the total online demand for that skill. All data were collected between January 2021 and March 2023.

Source: Tam (2023) and HKIMR staff compilation.

Analytical skills, encompassing a wide range of abilities such as data interpretation, logical reasoning and informed decision-making, exhibited the greatest unmet online demand, accounting for approximately 9% of the workforce. Core finance skills in banking, insurance, wealth management and risk management also displayed significant gaps, totalling an additional 11% of the workforce. Wealth management was the most sought after skill, with 86% of the total online skill demand remaining unmet. Operations management was the only skill that showed fast growth and presented a substantial gap. With a growth rate of 16% and an unmet online demand of 4%, operations management stood out as a priority area for skill development.[23]

The fastest-growing and hard-to-fill skills provide a glimpse into the global skills landscape in financial services. Although the need for advanced technical skills grew rapidly, the sizes of the skill gaps remained comparatively small. Nevertheless, new technologies and data abundance have fundamentally changed how financial services firms operate and increased the need for analytical skills and managing operational efficiency. The global talent shortage was particularly acute for roles in the core business of financial services. The different natures of emerging skills and existing gaps call for different strategies to attract and upskill talents, which will be further explored.

Engineering, machine learning and programming were also among the top five fastest-growing skills in all regions. However, there were also regional variations in skill growth. Leadership was the most in-demand skill in Asia-Pacific, followed by Europe. This trend can be attributed to leadership development initiatives in Singapore, Sydney and London. Operations management, concerning efficiency, was sought-after in Asia-Pacific and North America but

[23] *The total unmet online skill demand can be higher than the unmet online talent demand in a financial centre because most jobs require multiple skills.*

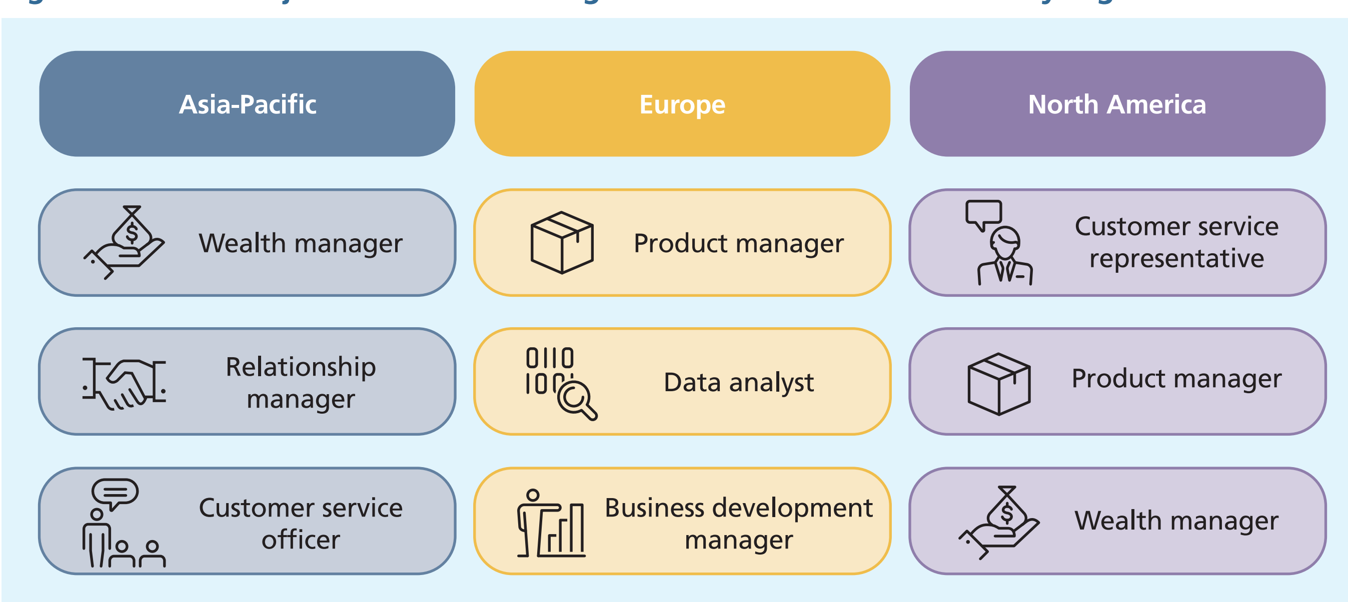
outranked by sustainability in Europe, showing different priorities. Customer experience was the fastest-growing skill in North America but not a top five skill elsewhere (Figure 3.8).

In contrast to skills, the hard-to-fill job titles show significantly more geographic variation, with only ‘software engineer’ and ‘business analyst’ appearing across all regions. In Asia-Pacific, the most difficult roles to fill were primarily client service-focused (wealth/relationship manager and customer service officer). In Europe, the greatest unfilled needs were for data and product-centric roles (business/data analyst and product manager). The hardest-to-fill roles in North America spanned a wider range of financial services functions. By understanding these regional skill and title trends, financial services firms can tailor their skill development practices to strategically correspond with local market conditions and preferences (Figure 3.9).

Figure 3.8: Distinct fastest growing skills by region

Source: Tam (2023) and HKIMR staff compilation.

Figure 3.9: Distinct job titles with the highest unmet online demands by region



Source: Tam (2023) and HKIMR staff compilation.

3.2. DISTINCTIVE PATTERNS IN HONG KONG'S TALENT AND SKILL TRAJECTORIES

Data from Hong Kong reveal specific trends in the city's talent and skill landscape. The financial services industry in Hong Kong faced a growing talent shortage from 2021 through mid-2022. Unfilled roles surged sevenfold in just 14 months, reaching 11.7% of the workforce by July 2022. However, it is important to note that the proportion of job openings that remain unfilled in Hong Kong was consistently lower than that of its peers throughout the study period. This observation can be attributed to an efficient talent market that facilitates the matching of job openings with professionals in Hong Kong's financial services industry. Furthermore, two factors have curbed the increasing talent shortage trend starting from mid-2022. First, unfavourable economic conditions in the second half of 2022 led some financial services firms to cut back on hiring, reducing the overall demand for talents. Second, Hong Kong's border fully reopened in January 2023, allowing more candidates to fill open positions. This influx helped to meet demand and drive the talent gap back down. Using the data on LinkedIn, the amount of Hong Kong-based job ads online that are still unfilled is around 4% of the financial services workforce (Figure 3.10).

The skill trends in Hong Kong exhibited pronounced growth patterns. Engineering, machine learning and programming remained among the five fastest-growing skills in the city, all with higher growth rates than in other financial centres. Customer experience and financial advisory skills outpaced leadership and operations management to become the fastest-growing skills in Hong Kong. In particular, customer experience was the top growing skill in the city, with an annual growth rate of 26% (Figure 3.11).

Five of the six skills with the highest unmet online talent demand in Hong Kong were identical to those in other financial centres, illustrating that Hong Kong faced similar types of skill gaps to its counterparts. However, the magnitudes of the skill gaps in analytical skills, banking, insurance, wealth management and risk management were all larger than the global averages. In addition, a higher proportion of the online skill demand for these five skills went unmet in Hong Kong. This comparison

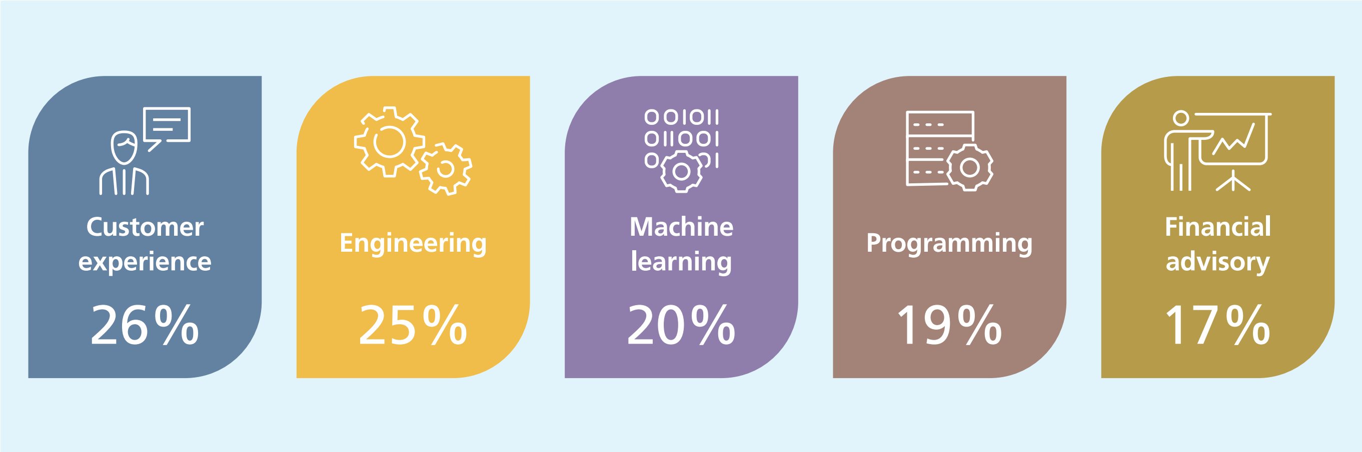
Figure 3.10: Changing unmet online talent demand in Hong Kong over time

Note: The curve represents the six-week moving average of unmet online talent demand as a percentage of the financial services workforce in Hong Kong from January 2021 to March 2023.

Source: Tam (2023) and HKIMR staff compilation.

suggests that Hong Kong may face larger skill gaps than the global average. The market for these skills was also tighter in Hong Kong, with employers pursuing a limited supply of skills. Specifically, less than 10% of the demand for wealth management could be met in Hong Kong, illustrating the challenge faced by financial services firms in acquiring skilled talents (Figure 3.12).

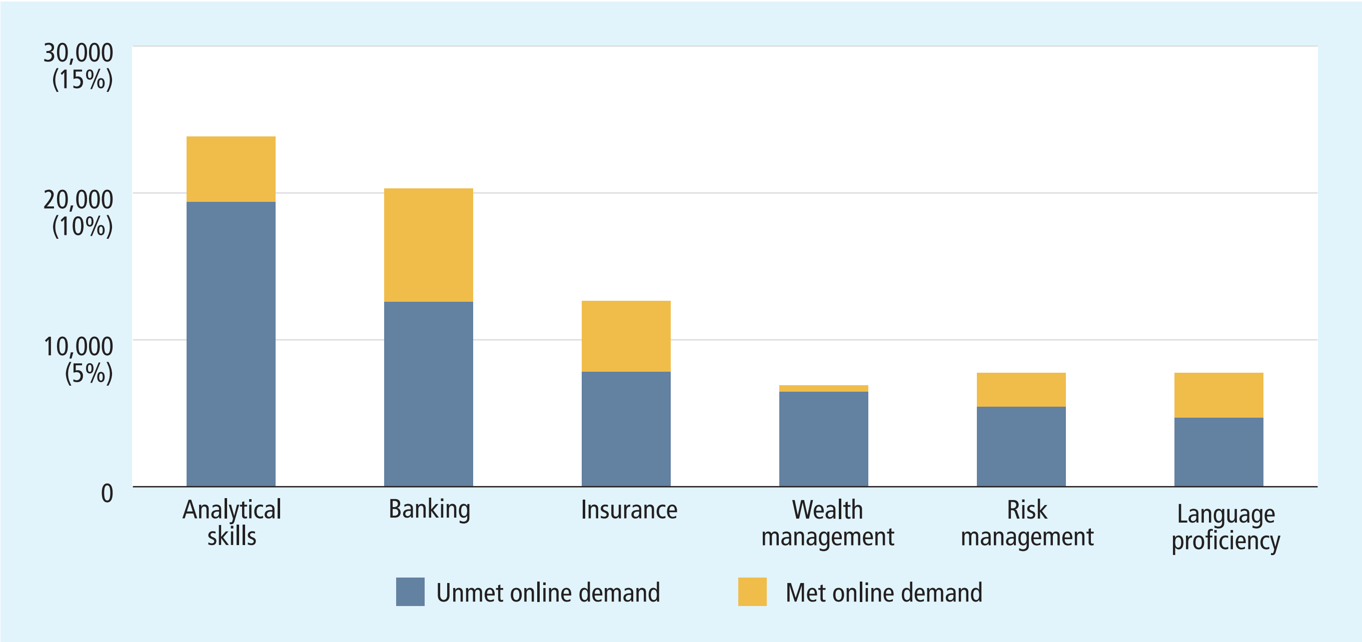
Figure 3.11: Top 5 fastest-growing skills in Hong Kong



Note: The percentages refer to the annual average increases in the frequency of inclusion of specific skills in professional profiles in Hong Kong from January 2021 to March 2023. The global annual average increases of these skills are 17%, 19%, 17%, 16% and 11%, respectively.

Source: Tam (2023) and HKIMR staff compilation.

Figure 3.12: Met and unmet online demands for the most in-demand skills in Hong Kong



Note: Each bar represents the annual average met online demand (in yellow) and unmet online demand (in blue) of a particular skill in Hong Kong. Met online demand refers to the number of positions that required the skill and were filled, and unmet online demand refers to the number of positions that required the skill but were unfilled. These values are expressed as percentages of the workforce in Hong Kong in the parentheses on the left-hand side. The sum of met and unmet online demands for a skill represents the total online demand for that skill. All data were collected between January 2021 and March 2023.

Source: Tam (2023) and HKIMR staff compilation.

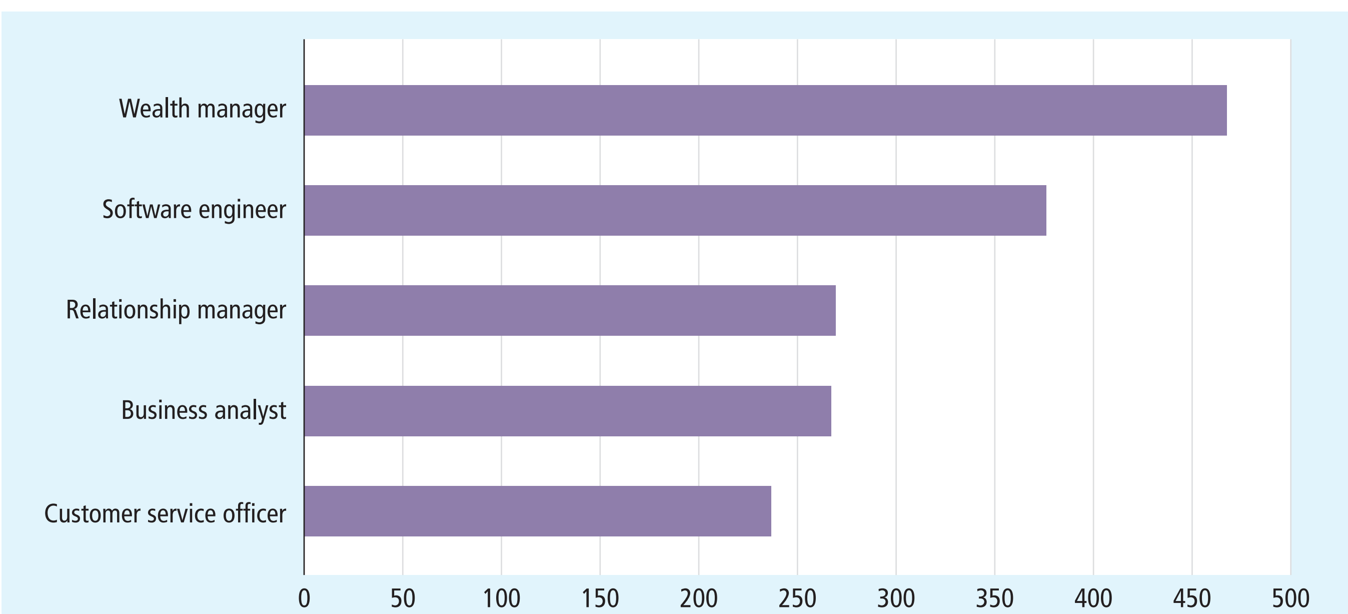
Language proficiency replaced operations management as the skill with the sixth highest unmet online demand in Hong Kong. The substantial demand for language skills, especially English, Putonghua and Cantonese, coupled with the high growth rates of customer experience and financial advisory skills, reflects Hong Kong's emergence as a leading centre for international wealth management.

The importance of both soft and core skills in Hong Kong is also evident in Figure 3.13, which illustrates the titles with the highest unmet online demands. Among the top five hardest-to-fill titles, three (wealth manager, customer service officer and relationship manager) require excellent soft skills, such as customer engagement and language proficiency, and core finance skills, such as banking and insurance. As Hong Kong is consolidating its leading position in wealth and risk management, financial services firms in the city should invest more in both soft and core finance skills.

Unlike technical skills, which typically require years of full-time training, soft and core finance skills can be more efficiently cultivated through reskilling and upskilling existing professionals. This suggests that there is significant potential for firms and the industry in Hong Kong as a whole to benefit from investing in reskilling and upskilling initiatives.[24]

Insights derived from online professional profiles highlighted the significant movement of talents, the increasing importance of non-monetary aspects of a job, and the persistent unmet online demand for financial, soft and technical skills globally. In the context of Hong Kong, the next chapter will further the discussion to include financial services firms, aiming to gain a comprehensive understanding of the talent landscape that incorporates both employee and employer perspectives.

Figure 3.13: Titles with the highest annual unmet online demand in Hong Kong



Note: Annual unmet online demand is the average number of unfilled online job postings for a given job title per year in Hong Kong from January 2021 to March 2023.

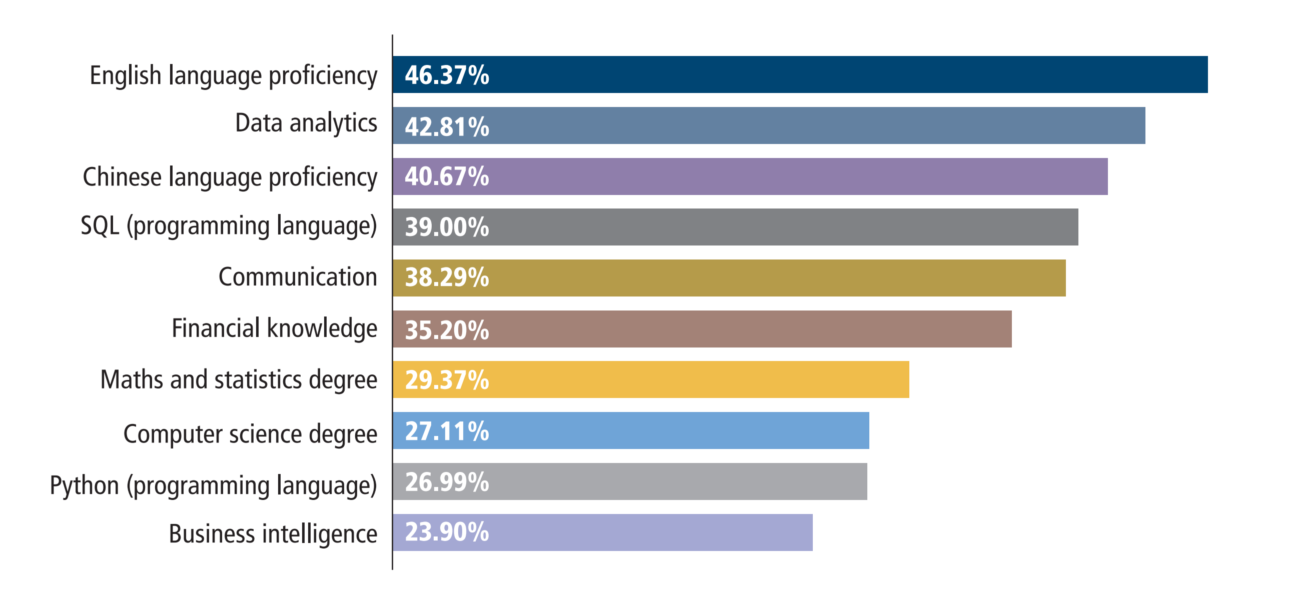
Source: Tam (2023) and HKIMR staff compilation.

[24] *Utilising job advertisements collected from a free job posting site, HKMA (2020) conducted a big data analysis of Hong Kong's labour market by skill level.*

Box 3.1: Emerging Jobs and Skills Portal

The Emerging Jobs and Skills Portal, under development by the HKUST Business School, tracks job and skill trends in the financial services industry in Hong Kong.[25] Powered by AI and big data, the portal gathers intelligence on emerging fields such as ESG, AI and machine learning. It provides near-real-time data on job openings by sector and title. The Portal also displays the key duties and skills required for positions. Figure 3.14 shows the most common skills required of a business analyst in Hong Kong, with the percentages indicating the industry's demand for different skills. Prospective and current practitioners can use the search function to explore how their skillsets match market demand and plan skill development and career transitions.

Figure 3.14: Skills required of a business analyst in Hong Kong



Note: Each number represents the percentage of business analyst job postings in Hong Kong that required that skill as of June 2023.
Source: HKUST Business School.

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[25] https://jobsskillsportal.hkust.edu.hk/

Chapter 4
The Talent Landscape and Recruitment Strategies in Hong Kong: Perspectives from Human Resources Leaders

HIGHLIGHTS:

- Hong Kong faces challenges in attracting external talents due to obstacles such as high living costs. Nonetheless, the city offers various advantages, including legal and regulatory environment, infrastructure, location and connectivity, that appeal to external talents and remains an attractive destination.

- In addition to compensation and career trajectory, quality of life and a firm's culture and reputation are increasingly prioritised by financial services professionals in Hong Kong.

- For a majority of roles in financial services, employers are seeking professionals who can deliver sound solutions, communicate well and embrace technology. Leadership and some technical skills are scarce locally and require further development through the collaborative efforts of various stakeholders.

To achieve a holistic understanding of the industry's talent landscape, it is crucial to incorporate the insights of employers alongside professionals' views and the quantitative evaluations of talent trends reported in the previous chapters. To this end, the HKIMR conducted the *Financial Services Talent Development in Hong Kong: Perspectives from Human Resources Leaders* Survey (HR Leaders Survey). A diverse group of industry HR leaders were invited to share their insights and experiences in this survey. These leaders, who are responsible for HR strategies at their respective firms, possess valuable knowledge about attracting talents, employee engagement and skills development in Hong Kong. The respondent pool represented a broad spectrum of leadership roles, including C-suite executives and regional and global heads of HR from eight industry segments.[26]

4.1. TALENT FLOWS: CAUSES AND CONSEQUENCES

The participating HR leaders shed light on the unique challenges and opportunities faced by Hong Kong in attracting and retaining talents. The challenges were primarily due to real and perceptual hurdles. The real hurdles encompassed the high cost of living, particularly housing and international school tuition fees, and limited access to international schools. These obstacles made it difficult for financial services firms to attract external candidates with young children, especially those with special education needs. Some HR leaders also noted that obtaining a work visa could be time-consuming and costly for small and medium-sized enterprises. Furthermore, expats on work visas cannot bring their parents to Hong Kong, discouraging candidates with caregiving responsibilities.

The primary perceptual hurdles arose from challenging narratives about Hong Kong, which made it difficult for external talents to fully grasp the opportunities and realities of living in the city. Some misunderstandings were further exacerbated by travel restrictions during the COVID-19 pandemic, preventing external candidates from visiting Hong Kong to gain an accurate understanding of the city. A few respondents encountered external candidates who were still concerned about travel restrictions even after Hong Kong's borders had fully reopened. Such perceptions have complicated efforts to attract talents, especially those from developed markets who had no prior experience in Hong Kong.

However, the respondents noted that talents from Mainland China and Association of Southeast Asian Nations (ASEAN) member states such as Malaysia and the Philippines were more open to opportunities in Hong Kong, with compensation, role and career growth being the primary factors considered. The city remained a preferred destination for talents within the Asia-Pacific Economic Cooperation (APEC) region. This was particularly true in certain job functions, such as technology, where there was a notable shift towards external talents from these markets in recent years.

During the pandemic, hiring external talents in Hong Kong was virtually paused for three years. Initially, both local and overseas employees remained in their positions. However, as social distancing measures were elevated and the economy began to recover in 2021, tensions escalated within Hong Kong's talent market. The resumption of travel and economic activities in other parts of the world added to this pressure, intensifying the competitive environment. This situation accounted for the notable surge in talent demand that could not be adequately met in 2022.

The respondents noted that the average time needed to fill open positions has increased in the past few years, with significant differences across seniority levels. For junior roles, the recruitment process typically took less than three months, indicating that the talent market for junior-level positions was still relatively efficient. In contrast, filling mid-level roles

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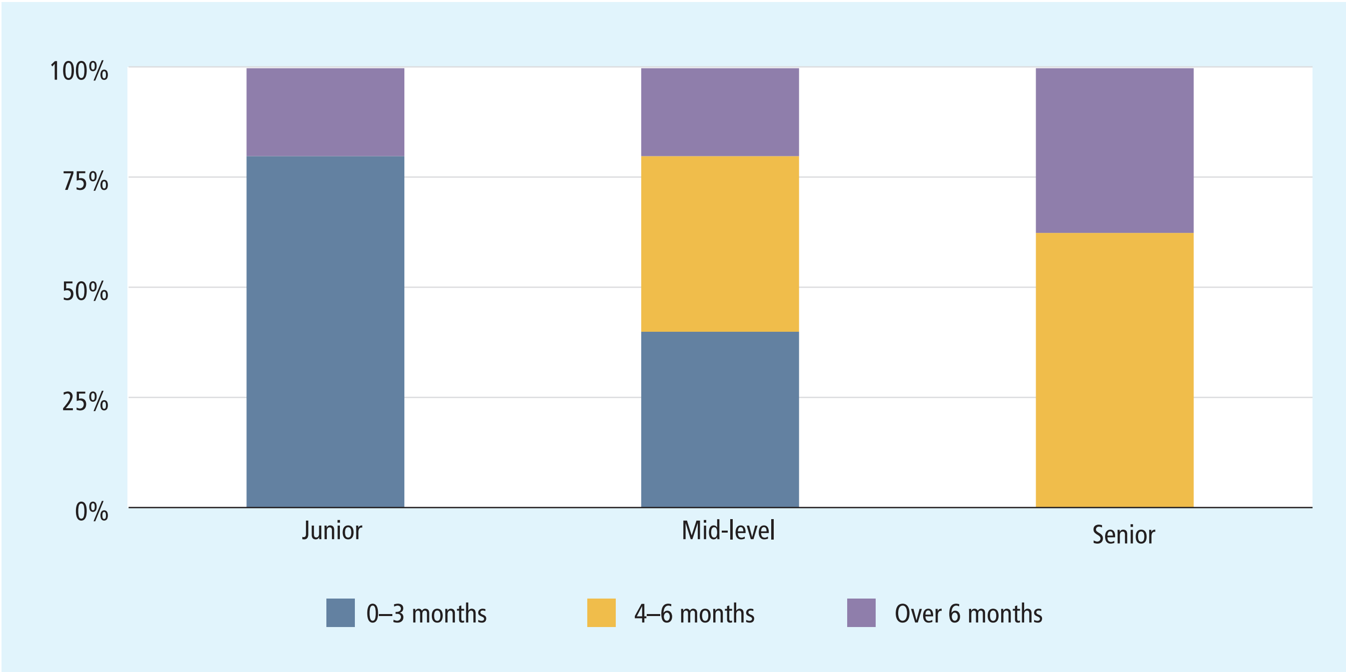
[26] *Details of the HR Leaders Survey can be found in Appendix C.*

Figure 4.1: The average time needed to fill an open position in Hong Kong



Source: HKIMR staff compilation based on the HR Leaders Survey.

often required six months, with considerable variation in duration. For senior roles, the hiring process extended beyond six months, revealing the challenges in identifying and securing top-tier talents (Figure 4.1).

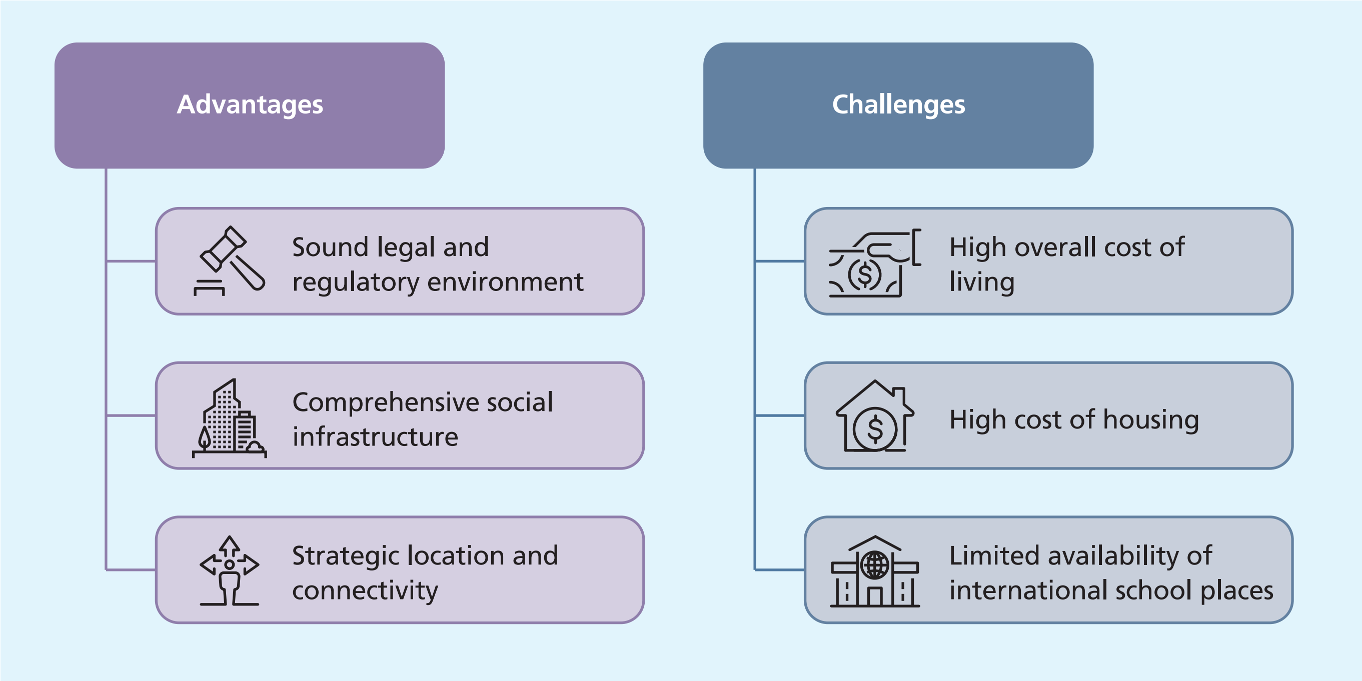
On a more positive note, the talent situation in Hong Kong slightly improved after the relaxation of travel and social restrictions, with increased interest from external candidates and some who had previously left showing interest in returning. However, the job market in Hong Kong remained tight, particularly as a result of a surge in cross-boundary demand for financial services in recent months. In addition, the respondents expected that the demand for Hong Kong-based employees would further increase when the economy regained momentum.

Although the high cost of living and limited availability of international school places were considered important factors when external talents evaluated new opportunities in Hong Kong, HR leaders emphasised that Hong Kong offered numerous advantages to talents. Among these advantages, a sound legal and regulatory environment and comprehensive social infrastructure are cited as the most significant attractions. Hong Kong's strategic position at the heart of Asia, combined with its international connectivity, facilitates both business and leisure travel and is also highly valued by external talents. (Figure 4.2).

Despite not being the foremost priorities, the low and simple tax system, personal safety, quality of life and the availability of affordable domestic helpers were also cited as significant benefits. Hong Kong's status as a gateway to Mainland China, particularly the GBA, remained a key selling point that resonated with financial services professionals. These factors contributed to Hong Kong's enduring appeal as a location for both work and residency.

Hong Kong's status as a gateway to Mainland China is a key selling point that resonates with financial services professionals.

Figure 4.2: Key considerations of external candidates in evaluating new opportunities in Hong Kong



Source: HKIMR staff compilation based on the HR Leaders Survey.

4.2. CHANGING EMPLOYEE PRIORITIES THAT REQUIRE FIRMS TO ADAPT

The respondents observed that the pandemic had altered the power dynamics between employers and employees in Hong Kong, necessitating a renewed focus on employee priorities for financial services firms. HR leaders echoed the opinions of industry practitioners, affirming that compensation, career trajectory, growth potential and job responsibilities continued to be critical factors in attracting and retaining talents. In particular, local talents regarded compensation as an essential element when evaluating new opportunities.

However, the significance of these aspects has altered in recent years. The shift to remote and hybrid working models during the pandemic has meant that there are expectations of adequate work–life balance and flexible work arrangements in Hong Kong, as in other international financial centres. The respondents observed that candidates often inquired about a firm's work-from-home policy during job interviews and might reject an offer if unsatisfied with the response.

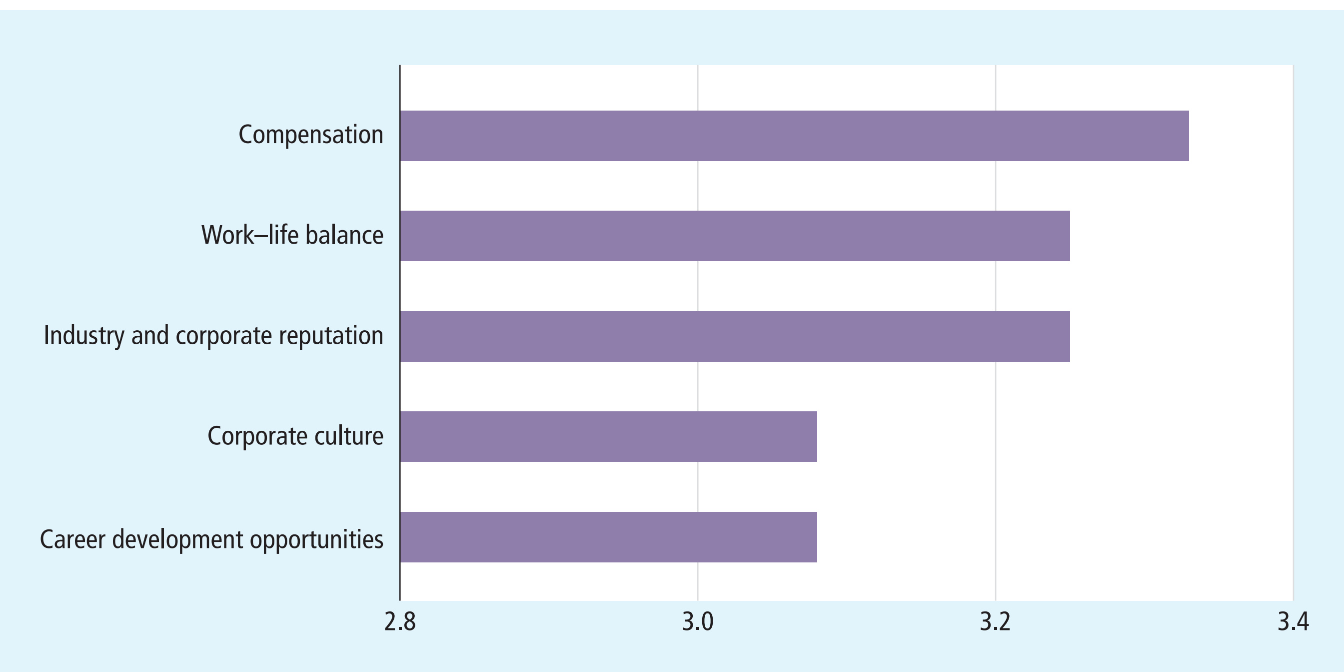
The pandemic accelerated the trend towards remote working, and many financial services firms adopted a two-day work-from-home policy to balance work and life. Although remote working has been effective in maintaining business continuity, HR leaders emphasised the need for face-to-face collaboration and office time for better teamwork and culture building. In the post-pandemic era, hybrid working, which combines remote and in-person working, is expected to become a standard practice in the financial services industry.

While attractive compensation is essential, work–life balance and flexible work arrangements have become a standard expectation.

HR leaders also noted that younger generations prioritised purpose, making a difference and commitment to doing good over revenue or profit generation. They considered the reputation of both the industry and the specific firm when applying for jobs and planning their career trajectories. Consequently, a firm's overall purpose, culture and reputation are increasingly important to young candidates. For example, the respondents observed that job candidates often researched a firm's purpose and ESG initiatives before interviews. In response, several financial services firms recently unveiled their purpose statements and initiated rebranding campaigns to showcase their meaningful and positive contributions to the communities they serve. The respondents suggested that diversity, equity and inclusion had also gained traction in the industry, albeit not as significantly.

Another key factor appreciated by young professionals was being entrusted with responsibility early in their careers. Young employees sought a sense of autonomy in their roles, enabling them to exercise creativity and analytical skills. Moreover, internal mobility and job rotation programmes appealed to young candidates and employees, as these opportunities provided exposure to different roles and expanded their professional networks within the firm (Figure 4.3).

Figure 4.3: Aspects of a job that employees consider most important



Note: Each bar represents the average score assigned by the respondents. A score of 4 signifies the highest level of importance, and 3 indicates above average importance. A score of 2 represents average importance, and 1 denotes the lowest level of importance.

Source: HKIMR staff compilation based on the HR Leaders Survey.

4.3. SKILL DEMANDS AND CHALLENGES

HR leaders' perspectives on essential skills supplemented the views of global industry practitioners.[27] Industry knowledge and relevant experience, which was not explicitly a skill in online professional profiles, were identified by HR leaders as the most crucial attributes of an ideal job candidate. However, the respondents also highlighted other important qualities not directly tied to work experience.

For instance, there has been growing demand for financial services professionals in Hong Kong with strong analytical skills and creativity, who can develop sound and innovative solutions for their firms and clients. However, hiring individuals possessing these qualities proved difficult, resulting in challenges filling roles such as sales, marketing and advisory. The respondents recommended adapting educational priorities to better align local graduates with market demands, ultimately benefiting both employers and job seekers.

Regarding technical skills, the respondents suggested that financial services firms in Hong Kong had been seeking candidates with expertise in quantitative finance, financial engineering and structured products. However, such skills were scarce within the local talent pool. Furthermore, there were few experienced professionals in information technology, software engineering, data science, user experience and user interface design in the local candidate pool. This shortage compelled financial services firms to source talents from abroad. However, attracting top tech talents posed a unique challenge for traditional financial services firms, as they struggled to appeal to local and external candidates within the tech space.

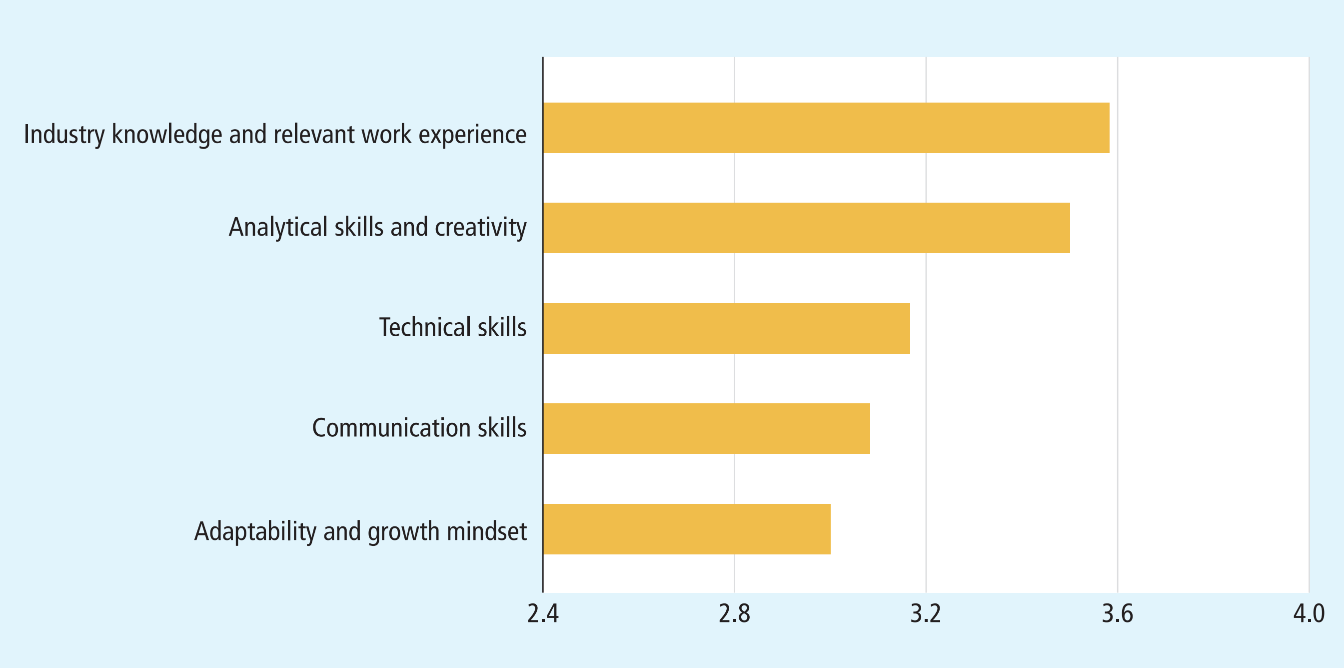
Although tech specialists are essential for developing a firm's technical architecture, HR leaders suggested that advanced technical skills may not be required for most roles. Instead, financial services firms often seek candidates with excellent soft and core finance skills, combined with good technological literacy, who can understand and manage applications of technology. Moreover, the respondents pointed out that certain tech skills can quickly become obsolete. As a result, firms should promote a culture of continuous upskilling and cross-functional collaboration.

Additionally, the respondents highlighted the importance of communication skills for financial services firms in Hong Kong. Key competencies include fluency in Putonghua and English, the effective articulation of ideas and impactful presentation delivery. The respondents also emphasised the need for effective cross-cultural communication, active engagement in debates and the ability to discuss contrasting perspectives. Some HR leaders who oversaw junior recruitment at their firms observed a significant gap in communication skills among local graduates, indicating a need for improvement in this area.

In addition to skill set, which can be readily observed from a candidate's resume, having the right mindset was also considered essential for achieving workplace success. Financial services firms valued attributes such as adaptability, resilience and a willingness to learn. Some respondents further suggested that financial services professionals in Hong Kong need to proactively embrace changes and new opportunities (Figure 4.4).

[27] *As a supplement to the observations in this subsection, interested readers may also refer to Financial Services Development Council (2023) on the young generation's skill priorities, HR leaders' views on critical skills for young professionals and strategies for nurturing young talent in Hong Kong.*

Figure 4.4: Top attributes sought by employers



Note: Each bar represents the average score assigned by the respondents. A score of 4 signifies the highest level of importance, and 3 indicates above average importance. A score of 2 represents average importance, and 1 denotes the lowest level of importance.

Source: HKIMR staff compilation based on the HR Leaders Survey.

For senior-level professionals, the focus shifted from technical expertise to soft skills. Leadership abilities, including talent development and team motivation, were essential for senior executives. Other human aspects, such as stakeholder relationship management and sound and ethical decision-making in challenging situations, were also crucial. HR leaders noted that although technical skills were relatively well-developed among experienced local professionals, leadership, people skills and entrepreneurship required further cultivation.

Another crucial insight was the need for financial services firms to invest in coaching and mentorship to develop employees' soft skills, such as leadership, working with diverse teams and driving performance. These efforts required not only financial investment but also time for learning and development. However, some HR leaders observed insufficient investment in coaching and mentorship had led to a reliance on recruiting talents from outside the firm, underscoring the necessity for firms to focus on upskilling their own employees.

HR leaders also emphasised that it is insufficient to rely solely on individual firms to train their employees, and industry-wide collaboration is needed to develop talents. The industry should recognise the importance of investing in both hard and soft skills to ensure its long-term success and competitiveness. Collaborative initiatives between the industry, government and academic institutions were deemed essential in nurturing the next generation of financial services professionals.

Collaboration between the industry, government and academic institutions is vital for nurturing the next generation of talents.

When asked about the potential impact of GenAI on talent and skills demand in financial services, the respondents forecasted that although significant changes were anticipated within the next five years, GenAI would not cause an existential crisis for current professionals. To prepare for the future, embracing GenAI tools was deemed crucial. HR leaders emphasised that although GenAI could enhance practitioners' abilities and eliminate mundane tasks, it could not replace creativity, analytical skills and sound judgment, which would remain in high demand as the business landscape continues to evolve.

Looking into the future, financial services firms in Hong Kong recognised the paramount importance of acquiring and nurturing specific technical and soft digital skills to maintain their competitive edge. The respondents suggested that key competencies such as AI, data analytics, data privacy and compliance, cybersecurity and digital marketing were essential to the industry's future success. AI and data analytics enable firms to obtain useful insights from vast amounts of data, fostering informed decision-making. Data privacy and compliance ensure the protection of sensitive information while adhering to regulations. Cybersecurity protects a firm's digital infrastructure and its customers against malicious threats. Lastly, digital marketing enables financial services firms to target and engage with their audience more effectively (Figure 4.5).

HR leaders provided key insights into Hong Kong's talent landscape, highlighting the main areas of focus in talent attraction, employee priorities and skill development. The next chapter adds a final perspective by exploring the international and local talent development policies that have been put in place to address the most pressing challenges.

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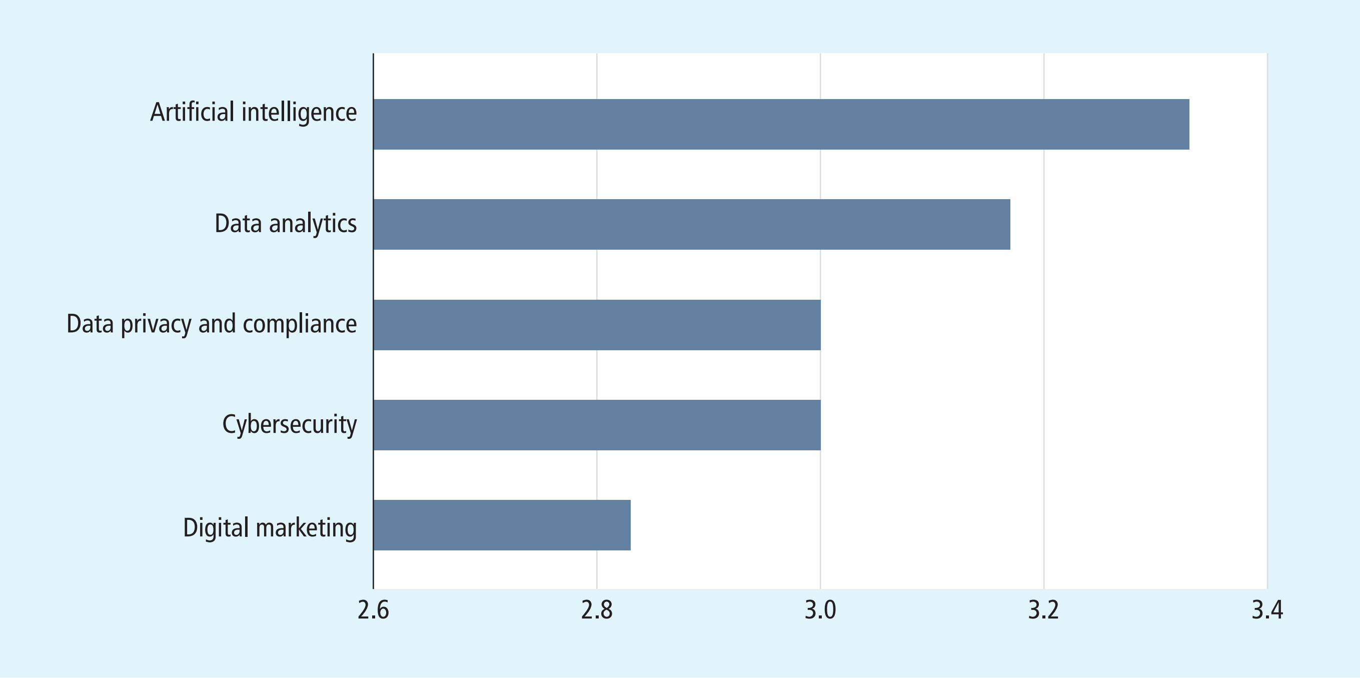
Figure 4.5: Technical and digital skills financial services firms in Hong Kong seek to remain competitive in the future



Note: Each bar represents the average score assigned by the respondents. A score of 4 signifies the highest level of importance, and 3 indicates above average importance. A score of 2 represents average importance, and 1 denotes the lowest level of importance.

Source: HKIMR staff compilation based on the HR Leaders Survey.

Chapter 5
Talent Development Policies: The Existing Experiences

HIGHLIGHTS:

- Providing skills information to job seekers, employers and training providers is a fundamental step in addressing talent and skill gaps.
- Numerous jurisdictions have implemented new measures to facilitate the admission and settlement of external talent at various career stages, thereby intensifying global competition for talent.
- Strategies adopted globally vary in their approach to reskilling and upskilling potential and existing practitioners as well as future industry leaders.
- The development of a FinTech talent pipeline requires close collaboration among industry stakeholders, academia and the public sector.
- Hong Kong has introduced competitive measures to provide skills information, admit external talent, upskill early-career practitioners and cultivate FinTech talent.

Following an in-depth exploration of perspectives from professionals and firms within the financial services industry, this chapter explores the existing experiences with talent development policy measures across Mainland China, Hong Kong and other overseas jurisdictions to identify suitable initiatives and shape future potential strategies to deal with a global competitive talent market.

5.1. THE EXISTING EXPERIENCES ACROSS MAINLAND CHINA AND OTHER OVERSEAS JURISDICTIONS

Identifying skill gaps

The overarching objectives of any jurisdictional talent strategy are to attract, develop and retain talent in the face of disruptive sociodemographic trends. However, as different regions and financial centres face distinct talent and skill trends, an effective skill information system is necessary for tracking territorial skill supply and identifying skill gaps.

Table 5.1 outlines five initiatives that aim to provide useful skill information using various approaches. For instance, Shanghai has published the 'Catalogue for the Development of Scarce Talents in Key Areas

Table 5.1 Selected skill information initiatives

Initiative	Description	Institution
Catalogue for the Development of Scarce Talents in Key Areas (Finance) in the 14th Five-Year Plan (Shanghai)[28]	An **official catalogue outlining the types and degrees of talent shortages** in Shanghai to prioritise public talent development initiatives. Financial institutions and universities are also encouraged to adapt their training and educational programmes in alignment with the catalogue's specifications	Shanghai Municipal Financial Regulatory Bureau[29]
European Skills, Competences, Qualifications and Occupations (European Union)	A European Commission project that **provides a common skills taxonomy** to inform job seekers, employers and training providers about the skills required for occupations and gained through qualifications. It also facilitates the digitalisation of labour market information	European Commission
Skills Framework for Financial Services (Singapore)	A collaborative initiative between government, industry and academia that aims to promote skills mastery and lifelong learning. The Framework seeks to **help individuals plan for career development and transition**, understand skills required and identify relevant training programmes in financial services	SkillsFuture Singapore
Future Skills Framework and Skills Gap Analysis Toolkit (United Kingdom)	As an industry body established to increase and diversify talent supply for the financial services industry, the Commission has developed a suite of skills tools to **help firms identify the technical and soft skills they will need** in the future and prioritise skill development initiatives	Financial Services Skills Commission
Labour Market Pulse (Ireland)	A partnership between a statutory body and a professional networking platform that provides **quarterly updates on labour market trends** such as changes in hiring rates, sectoral skill shifts and employment opportunities in growing areas	Industrial Development Agency Ireland

Source: HKIMR staff compilation.

[28] 上海市重点领域（金融类）“十四五”紧缺人才开发展目录。

[29] 上海市地方金融监督管理局。

(Finance)' as part of its 14th Five-Year Plan (2021-2025), focusing specifically on the financial services industry. The Catalogue's main purpose is to articulate the specific types and extent of talent shortages. As an example, RegTech professionals are classified as extremely scarce. It serves as a guide for shaping talent policy measures and for developing training and educational programmes.

The European Skills, Competences, Qualifications and Occupations framework was developed by the European Commission to establish a common taxonomy of skills, occupations and qualifications across industries and member countries. In contrast, Singapore's Skills Frameworks are tailored for each industry, including Financial Services, and mainly seek to guide individuals' career development and transition.

The Financial Services Skills Commission in the United Kingdom, as an industry-led independent body, serves the industry by developing tools to help financial services firms identify skill gaps. Labour Market Pulse in Ireland exemplifies public–private collaboration in identifying skill trends through analysing a combination of public and proprietary data to track the latest labour market developments and keep the public informed.

Despite the differences, several characteristics are shared by all established skill information initiatives. These include robust governing frameworks, procedures to guarantee the acquisition of accurate and current skill data, coherent classifications of skill descriptions and the availability of skill information to policymakers, labour market participants and training providers.[30]

Attracting external talent

Once the talent and skill trends in a jurisdiction are identified, attracting external talent can be a viable way to address the industry's manpower and skill needs in both the short and long term. As global talent competition has intensified, many jurisdictions have introduced new talent admission initiatives. Table 5.2 lists initiatives targeting different talent groups and highlights their salient features.

Employment-based work visas remain the most common policy tool for attracting external talent. Work visas in Canada, Singapore, and the United Kingdom can all be extended multiple times. Singapore's work visas uniquely allow those earning over S$144,000 (approximately US$106,000) to bring their parents. Singapore also recently introduced a point-based assessment framework to facilitate visa applications in job roles where there is a skills shortage in the economy. The United States stands alone in allowing only one visa extension.

Non-local graduates of local universities, who are just starting their careers, are familiar with local conditions, and therefore, more likely to stay than mid-career external talent. All of the selected locations offer recent graduates one- to three-year visas to find jobs. Visas in Singapore and the United Kingdom can be extended or converted if one's salary is above a certain level. Canada's policy is most generous, as graduates are eligible for permanent residency after just one year working. By contrast, external talent seeking to convert a graduate visa in the United States faces the same caps as other applicants.

The United Kingdom also admits non-local graduates of non-local universities seeking employment. Based on the current criterion, recent graduates of around 40 top universities can seek work opportunities in the United Kingdom. Singapore admits high earners making over S$360,000 (approximately US$270,000) to relocate without job offers. The reviewed graduate and high-earner visas are all tied to the person, not the job. Successful applicants can start, operate and work for different companies during their stay.

All of the selected jurisdictions facilitate admitting and settling sought-after financial services talent. In Canada, designated innovative firms or those hiring for in-demand roles can get work visas for their perspective employees within 10 business days. Singapore issues individualised visas to external tech talent, allowing them to hold multiple roles as investors, employees, mentors or founders.

[30] *Siekmann, G. and C. Fowler (2017).*

Table 5.2 Selected international talent admission schemes

Jurisdiction	Target				
	Non-local workers with a job offer	Non-local graduates of local universities without a job offer	Non-local graduates of non-local universities without a job offer	High earners without a job offer	Facilitation measures for in-demand talent in financial services
Canada[31]	A work visa lasts up to two years initially and can be extended multiple times	A three-year visa that allows the holder to apply for permanent residency with 1 year of work experience	N/A	N/A	Approval of work visa within 10 business days
Singapore[32]	A work visa lasts two years initially and can be extended multiple times; high earners can bring parents	A one-year visa that can be converted into a work visa if income is at the top 1/3 of the local workforce	N/A	Individuals with an annual salary of S$360,000 are eligible	Eligible for taking on multiple roles concurrently
United Kingdom[33]	A work visa lasts up to five years and can be extended multiple times	A two- to three-year visa that can be converted into a work visa if the occupation is eligible and income is at the market level	Recent graduates of the world's top 50 universities in two or more selected rankings are eligible	N/A	Eligible for applying to settle permanently in three years
United States[34]	A work visa lasts three years, is subject to an annual cap and can be extended once only	A one- to two-year visa that can be converted into a work visa if annual income is above US$60,000, but is subject to an annual cap	N/A	N/A	A direct path to permanent residency

Source: HKIMR staff compilation.

[31] *Employer-specific Work Permit; Post-graduation Work Permit; Global Talent Stream.*

[32] *Employment Pass; Long-term Social Visit Pass; Overseas Networks and Expertise Pass; Tech Pass.*

[33] *Skilled Worker Visa; Graduate Visa; High Potential Individual Visa; Global Talent Visa.*

[34] *H-1B Visa; Optional Practical Training; Employment-Based Immigration: Second Preference EB-2.*

Both the United Kingdom and the United States facilitate the settlement of qualified external talent. Leaders in FinTech, AI and cybersecurity can apply for permanent settlement in the United Kingdom after three years instead of five. Similarly, the United States provides a direct path to permanent residency for those with advanced degrees or exceptional business ability.

Locally, Shanghai encourages the hiring of external talent for mid-to-senior leadership roles and specialised positions within the financial services industry. The city further facilitates work permit and permanent residency applications for high-level finance professionals. Moreover, it extends support to international innovators and members of startup teams by assisting them in securing work permits.[35, 36]

Reskilling and upskilling local talent

A sustainable financial hub cannot depend solely on attracting external talent and must prioritise the development of local talent as well. By addressing the soft and core finance skill gaps identified in previous chapters, upskilling and reskilling initiatives can effectively bolster local talent. Leveraging an efficient skills information system, training can be tailored to accommodate the diverse needs of prospective and current practitioners at various career stages. A range of initiatives implemented across different jurisdictions is concisely presented in Table 5.3.

Leadership is an increasingly in-demand skill in financial services, especially in Asia-Pacific. To nurture future leaders, Shenzhen launched the Leading Talent Enhancement Programme, dedicated to providing high-end training to 100 promising professionals annually. The programme aims to foster a thorough understanding of both local and global financial trends, encourage a grasp of regulatory requirements, and nurture an innovative mindset. Funding for experiences in other financial centres are also available. Singapore developed the International Postings Programme to give international exposure to emerging local talent. Under this programme, financial institutions can receive up to 50% funding support when sending promising Singaporeans on overseas attachments or postings.

Industry practitioners worldwide indicated that the need to pursue different roles and stay current in existing roles are the major motivations for developing new skills. This finding underscores the importance of reskilling and upskilling opportunities. Shenzhen initiated the Key Talent Cultivation Programme, designed to offer specialised training to 1,000 mid-career professionals each year. The programme's objective is to nurture talent in fields experiencing significant shortages, including FinTech, trading, venture capital, and financial regulation.

Singapore launched the Career Conversion Programme to identify and retrain mid-career new hires and current employees to take on new or redesigned job roles within their firms. The programme provides support covering up to 90% of salaries during training. In Ireland, the government co-funded the International Financial Services Skillnet under industry leadership to identify shared skill needs and develop customised training and education programmes.

Given demographic shifts and declining industry attractiveness, building a sustainable talent pipeline is essential for the industry to thrive. To this end, Shenzhen launched the Young Talent Support Programme to provide online and offline learning resources to 10,000 early-career professionals to improve their core competencies. Singapore also introduced the Finance Associate Management Scheme to support financial services firms in hiring recent graduates and inter-industry converts and providing the new hires with two years of comprehensive training, mentorship and job rotations. Additional funding support is available for overseas exposure.

[35] *上海金融领域“十四五”人才发展规划。*

[36] *In a recent development, the Shenzhen Municipal Committee Talent Work Leading Group（深圳市委人才工作领导小组）unveiled its opinions on the Implementation of a More Active, More Open and More Effective Talent Policy to Promote the High-Quality Development of Talents（关于实施更加积极更加开放更加有效的人才政策促进人才高质量发展的意见）. Four talent schemes and a number of supporting measures will be implemented to attract top-tier, corporate, entrepreneurial and young talent.*

Chapter 5

The United Kingdom introduced two initiatives to tap into non-traditional talent pools. The Social-Economic Diversity and Inclusion Toolkit guides financial services firms to adopt an inclusive approach to hiring and progressing staff from low socio-economic backgrounds. Degree Apprenticeships allow secondary school graduates to earn a bachelor's or master's degree in three to six years while working most of the time at a financial services firm.

Table 5.3: Selected international upskilling and reskilling initiative

Target	Initiative	Description	Institution
Leaders	Leading Talent Enhancement Programme (Shenzhen)[37]	Offers **high-end training to nurture leaders** who are innovative and familiar with global financial trends and regulatory requirements	Shenzhen Municipal Financial Regulatory Bureau[38]
Mid-career	Key Talent Cultivation Programme (Shenzhen)[39]	**Provide specialised education resources**, focusing on cultivating FinTech, trading, venture capital, and financial regulation professionals	Shenzhen Municipal Financial Regulatory Bureau
	International Postings Programme (Singapore)	Salary support for **international postings** to increase international exposure	Financial Sector Development Fund
Early-career	Young Talent Support Programme (Shenzhen)[40]	Offer a combination of **online and offline training resources** to continuously improve the competencies of young talent	Shenzhen Municipal Financial Regulatory Bureau
	Career Conversion Programme (Singapore)	Salary and course fee **support to reskill** current financial services professionals to take on jobs in growth areas or redesigned job roles	Workforce Singapore
	International Financial Services Skillnet (Ireland)	Co-fund industry-led business networks to provide **upskilling** and education programmes tailored to the need of the industry	Financial Services Ireland
	Finance Associate Management Scheme (Singapore)	**Provide job rotations, training and mentorship** to prepare recent graduates and cross-sector convertees for specialist and management leadership roles in the industry	Financial Sector Development Fund
	Social-Economic Diversity and Inclusion Toolkit (United Kingdom)	Guidance on **building a diverse workforce** from different social-economic backgrounds	Social Mobility Commission

[37] 深圳市支持金融人才发展实施办法: 领军人才提升计划。

[38] 深圳市地方金融监管局。

[39] 深圳市支持金融人才发展实施办法: 骨干人才培养计划。

[40] 深圳市支持金融人才发展实施办法: 青年人才支持计划。

Students	Internship Subsidy Scheme for Students from the World's Top Universities (Shenzhen)[41]	Provides a **lump-sum subsidy to students** from the world's top universities for internships at financial services firms	Shenzhen Municipal Financial Regulatory Bureau
	Bachelor's and Master's Degree Apprenticeships (United Kingdom)	Apprenticeship which **combines paid work with learning** at a partner university or training provider	Education and Skills Funding Agency
	Work-Study Support Programme (Singapore)	Work-study curricula co-designed and **co-delivered by companies and universities** to produce job-ready graduates	Financial Sector Development Fund

Source: HKIMR staff compilation.

Shenzhen developed the Internship Subsidy Scheme for Students from the World's Top Universities to incentivise financial services firms to offer internships to students from the world's top universities. The scheme provides lump-sum subsidies directly to the interns. Singapore's Work-Study Support Programme is designed to produce job-ready graduates. The programme entails close collaboration between universities and the industry, with both working together to blend academic concepts with practical applications and jointly evaluate students' performance in the workplace.

Building a FinTech talent pipeline

As highlighted by industry practitioners, advanced technical skills differ significantly from soft and core financial skills, as reskilling and upskilling existing professionals can be much more challenging. Moreover, the financial services industry faces stiff competition in attracting top-tier tech talent. Consequently, cultivating a FinTech talent pipeline necessitates a collaborative approach, one that involves not only financial services firms and the public sector but also stakeholders such as academia, industry organisations, FinTech firms and strategic partnerships.

Numerous leading universities have joined forces with the FinTech sector to develop a skilled talent pipeline. For instance, Australian universities have collaborated with distinguished industry partners and experienced professionals to offer FinTech-specific degree programmes and intensive courses as well as establish the world's first Blockchain Research Innovation Hub. Similarly, prestigious universities in the United States and the United Kingdom provide FinTech boot camps, combining classroom instruction with practical projects to prepare students for careers in the sector.

Industry organisations also play a vital role in nurturing FinTech talent. A prominent industry organisation in New York has partnered with leading financial services firms to create a FinTech accelerator programme operating in New York, London, and Hong Kong. This programme offers early-stage FinTech founders mentorship, coaching, and networking opportunities for growth. The largest FinTech member association in the United Kingdom supports talent development by coaching existing FinTech professionals and raising awareness of FinTech and its diverse career opportunities among students.

Public–private partnerships aiming to foster FinTech talent are common in many jurisdictions. For example, the United Kingdom launched the Kickstart Programme to generate placement opportunities in the FinTech sector. This initiative subsidises FinTech companies to host six-month placements for individuals aged 16 to

[41] 深圳市支持金融人才发展实施办法: 全球知名高校在校大学生实习补助项目。

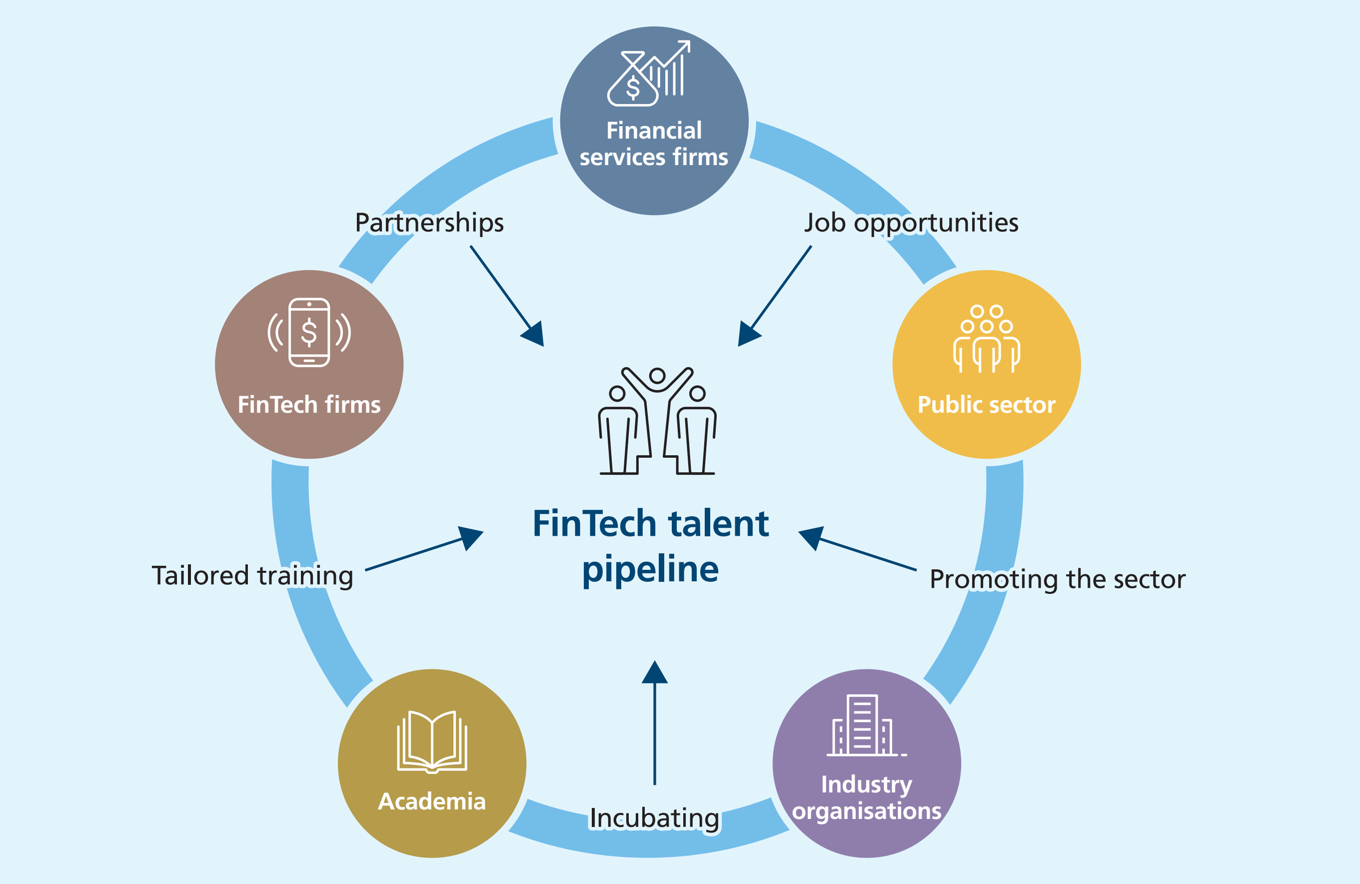
24. Singapore also introduced the Financial Sector Artificial Intelligence and Data Analytics (AIDA) Talent Development Programme to enhance AI capabilities within the industry. To facilitate this, an AIDA Talent Consortium was established, which enables financial services firms and training institutions to co-curate training programmes based on the industry' skill needs.

Drawing on the experience of established professional certification programmes in the industry, the financial regulatory authorities of Shenzhen, Hong Kong, and Macau, in conjunction with industry associations and higher education institutions, launched the Shenzhen-Hong Kong-Macau FinTech Professional Programme to nurture FinTech talents in the GBA. The programme developed an integrated cultivation mechanism encompassing training, examinations, and certification.[42]

Financial services firms in Singapore are also investing in FinTech talent development initiatives. For example, one major local bank plans to hire 1,500 technology professionals between 2022 and 2025. A global bank is also establishing one of its two overseas cybersecurity centres in Singapore, creating 800 technology-related jobs. Other prominent examples include a Mainland Chinese bank setting up its first overseas innovation centre and a global insurer launching innovation labs in Singapore.

Partnerships and collaborations between established financial services firms and emerging FinTech companies are widespread in Canada. Over 62% of Canadian financial institutions have partnered with FinTech firms, substantially exceeding the global average of 47%. These partnerships have resulted in the creation of AI

Figure 5.1: Public–private–academic collaborations for FinTech talent development



Source: Tam (2023) and HKIMR staff compilation.

[42] 深港澳金融科技师专才计划。

labs and innovation centres focusing on developing tech capabilities and attracting talents to Canada. Additionally, several financial institutions have forged significant partnerships with incubators and accelerators to further drive innovation in the sector.

The development of a strong FinTech talent pipeline is a multifaceted endeavour, requiring collaboration and coordination among various stakeholders. By utilising customised educational programmes, fostering industry alliances, establishing public–private partnerships and promoting cross-sector collaborations, the financial services industry can secure long-term success in an ever-evolving digital landscape (Figure 5.1).

5.2. HONG KONG'S TALENT DEVELOPMENT STRATEGIES

Given today's highly competitive global talent market, policymakers in Hong Kong understand the need to attract and nurture financial services professionals. Consequently, they have adopted a comprehensive approach to foster talent development in the city.

The Enhanced Competency Framework for Banking Practitioners serves as the skill information system for Hong Kong's banking sector. Developed by the HKMA in collaboration with the banking industry, the framework establishes common and transparent competency standards at the entry and professional levels for enhancing the level of core competence and on-going professional development of banking practitioners. This facilitates training for new entrants and development for existing practitioners in various work streams such as compliance and cybersecurity.

To attract external talents, Hong Kong implements admission schemes targeting each of the five talent groups outlined in Table 5.2. Under the General Employment Policy, non-local workers with a job offer can receive a three-year work visa, which may be extended multiple times. The Immigration Arrangements for Non-local Graduates also enable non-local graduates of local universities to obtain work visas without a job offer. Graduates receive a two-year visa, which can be extended if their income is at the market level. A noteworthy feature of this scheme is that it considers campuses of local universities in the GBA as local universities.

Highly skilled individuals with an annual salary of HK$2.5m (approximately US$320,000) and recent graduates from the top universities worldwide can also explore employment opportunities in Hong Kong under the Top Talent Pass Scheme. Moreover, Hong Kong offers measures to facilitate the admission of in-demand talents in financial services, allowing employers to bypass the need to prove recruitment difficulties and granting bonus points when these professionals apply for visas not tied to employment. These admission schemes demonstrate Hong Kong's openness, making it competitive in attracting external talent.

Beyond competitive talent admission schemes, the Hong Kong Government has also taken measures to strategise recruitment and support for external talents. To this end, it has launched the Hong Kong Talent Engage (HKTE) online platform to streamline access to information on various talent admission schemes and simplify the application process. A physical HKTE office has also been established to extend support to incoming talents, attending to their development and needs upon arrival (Table 5.4).

In addition, the government has engaged directly with potential external talents and offered facilitation services for employees of targeted businesses, encompassing areas such as education arrangements for their children. Beginning with the 2024/25 academic year, the admission quota for non-local students to government-funded tertiary institutions will be doubled, the quota of Belt and Road (B&R) Scholarship for non-local students from B&R countries will also be increased by half.

An array of strategies has been introduced to upskill existing and prospective financial services professionals in Hong Kong. The Hong Kong Academy of Finance

Table 5.4 Hong Kong's talent admission schemes

Target	Non-local workers with a job offer	Non-local graduates of local universities without a job offer	Non-local graduates of non-local universities without a job offer	High earners without a job offer	Facilitation measures for in-demand talent in financial services
Scheme	General Employment Policy	Immigration Arrangements for Non-local Graduates	Top Talent Pass Scheme Categories B and C	Top Talent Pass Scheme Category A	Talent List Immigration Facilitation
Description	A work visa lasts 3 years initially and can be extended multiple times	A 2-year visa that can be extended if income is at the market level	Recent graduates from over 180 of the world's top universities are eligible	Individuals with an annual salary of HK$2.5m are eligible	Exempted from labour market availability test or eligible for immigration facilitation

Source: HKIMR staff compilation.

established the Financial Leaders Programme, which targets emerging leaders in financial services. The programme aims to equip high-calibre practitioners with a leadership mindset and broader perspective, fostering the growth of future industry leaders. Early and mid-career professionals in the industry can also receive funding support for acquiring relevant professional certifications and qualifications under the Pilot Green and Sustainable Finance Capacity Building Support Scheme.

Other initiatives in Hong Kong are specifically tailored to meet the needs and circumstances of individual sectors. In addition to providing skills information, the Enhanced Competency Framework also enables banking practitioners who have completed relevant training and assessment, and/or have acquired the relevant work experience to obtain corresponding qualifications. The Framework set out the modular exemption and continuing professional development requirements for different modules.

Moreover, an accreditation mechanism has been developed as part of the Enhanced Competency Framework for training institutions to have their learning programmes accredited as meeting the common standards and ensuring that the quality of the training programmes. Leveraging on the Framework's FinTech module, the Pilot Scheme on Training Subsidy for FinTech Practitioners subsidises banking practitioners at different career stages to acquire FinTech professional qualifications at the core and professional levels. In addition, a FinTech qualifications framework for practitioners in the securities and insurance sectors is under development.

Bridging the skill gap between education and work is a priority in Hong Kong. The Banking Graduate Trainee Programme creates entry-level job opportunities in fast-growing areas of banking, providing participating banks with funding support for up to 50% of apprentices' salaries. The Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector offers subsidies for practitioners taking eligible courses and provides paid internships in these two sectors. Paid summer apprenticeship in private wealth management is also available under the Apprenticeship Programme for Private Wealth Management.

The Future Banking Bridging Programme provides short courses on banking knowledge, ESG, soft skills and technology to university students, in addition to job shadowing and networking opportunities. Banking GPS is a one-stop platform that introduces the major functions of a bank and the available career opportunities, including job and internship openings. The platform also offers resume and job interview tips to university students, preparing them for successful careers in the banking sector (Table 5.5).

Table 5.5: Selected upskilling and reskilling initiatives in Hong Kong

Target	Initiative	Description	Institution
Leaders	Financial Leaders Programme	Provides a structured programme to **groom well-rounded financial leaders** for tomorrow	Hong Kong Academy of Finance
Mid-career	Pilot Green and Sustainable Finance Capacity Building Support Scheme	**Subsidises acquisition of** internationally recognised **professional qualifications** in priority areas	Green and Sustainable Finance Cross-Agency Steering Group
	Enhanced Competency Framework	Provides a **qualification framework for recognising banking practitioners** who have completed relevant training and assessment, and/ or have acquired the relevant work experience	Hong Kong Monetary Authority
	Pilot Scheme on Training Subsidy for FinTech Practitioners	Provides **tuition fee reimbursement** for banking practitioners to acquire **FinTech professional qualifications** under the Enhanced Competency Framework on FinTech	Financial Services and the Treasury Bureau
	Development of FinTech Professional Qualification Framework for Securities and Insurance Sectors	The Government is conducting a consultancy study on developing **FinTech professional qualifications** for the securities and insurance sectors, with a view to developing an applicable FinTech Qualifications Framework for practitioners in the two sectors	Financial Services and the Treasury Bureau
Early-career	Banking Graduate Trainee Programme	Provides **job opportunities in high-growth areas** for recent university graduates with training and up to 50% salary support	Hong Kong Monetary Authority and the banking sector
	Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector	Provides **fee reimbursement/subsidy** for practitioners to undertake professional training and **internship** positions for tertiary students in the two sectors	Financial Services and the Treasury Bureau

Students	Apprenticeship Programme for Private Wealth Management	Offers **paid summer apprenticeship** for university students to obtain front-to-back experience in private wealth management	Hong Kong Monetary Authority and Private Wealth Management Association
	Future Banking Bridging Programme	Offers **short courses for university students** taught by industry practitioners, covering practical finance knowledge and the latest developments in the sector	Hong Kong Monetary Authority and Hong Kong Institute of Bankers
	Banking GPS	Provides a one-stop platform that **introduces career paths in banking**, provides job-hunting tips and aggregates job openings in the sector	Hong Kong Monetary Authority
	GBA FinTech Two-way Internship Scheme for Post-secondary Students	**Internship positions** for students studying in FinTech related subjects to acquire practical work experience in FinTech enterprises in Hong Kong and the Greater Bay Area	Financial Services and the Treasury Bureau

Source: HKIMR staff compilation.

In addition to the aforementioned initiatives, it is crucial to highlight that opportunities for upskilling and reskilling are integrated within the licensing frameworks across financial services sectors in Hong Kong. Individuals who are recent graduates or transitioning from different sectors, and intend to engage in activities regulated by the Insurance Authority, Mandatory Provident Fund Scheme Authority or Securities and Futures Commission are obligated to upskill or reskill to secure the necessary licenses. Furthermore, licensed professionals are mandated to take part in Continuous Professional Training/Development activities annually to maintain, enhance, and broaden their professional knowledge and skills.

Public–private–academic collaborations are emerging in Hong Kong's FinTech talent pipeline development. The Hong Kong Government introduced the Financial Practitioners FinTech Training Programme, which provides online training and subsidises sector-specific training. The Gap Year Placement Programme of the FinTech Career Accelerator Scheme, initiated by the HKMA, offers full-time internships for university students to work on FinTech projects at the HKMA, banks (including virtual banks) or stored value facility operators for six months or a year. An insurance track was also launched in collaboration with the Insurance Authority in November 2022. The Industry Project Masters Network (IPMN) scheme provides postgraduate students with opportunities to work on banks' FinTech or industry projects, from which participants may gain hands-on experience and skills. Students participating in the IPMN scheme are jointly supervised by mentors from various fields including the academia and tech/FinTech industry, ensuring a well-rounded learning experience.

Hong Kong's ability to tap into both global connections and the GBA opportunities gives it a unique competitive advantage. Numerous FinTech talent development initiatives capitalise on this strength. The Cyberport–University Partnership Programme is a FinTech-focused entrepreneurship bootcamp which is held at prestigious overseas universities, with mentorship and sharing provided by industry elites and start-ups. The MIT Entrepreneurship and FinTech Integrator is a 10-day FinTech startup bootcamp for MIT and local university students, which prepares them to become future FinTech entrepreneurs.

The Greater Bay Area FinTech Talent Initiative, launched in partnership with Bloomberg, the HKMA and the Hong Kong United Youth Association is designed to accelerate local talent development. The initiative equips students with the skills and knowledge needed in the rapidly evolving business landscape of the region. The Shenzhen Summer Internship Programme enables students to experience the FinTech ecosystem in Shenzhen, a major FinTech hub in the GBA, by working at prestigious firms during the summer.

Furthermore, the Hong Kong Government has launched the GBA FinTech Two-way Internship Scheme for Post-secondary Students. The Scheme is designed to provide students studying FinTech related subjects in Hong Kong and the GBA with first-hand experience in FinTech firms. Internship positions in Hong Kong and three Mainland cities within the GBA are available to eligible postgraduates, undergraduates, higher diploma students and associate degree students (Table 5.4).

In 2023, the HKMA unveiled a FinTech Promotion Roadmap to enhance FinTech adoption in Hong Kong over the next year. The Roadmap focuses on areas such as WealthTech, InsurTech, GreenTech, AI and Distributed Ledger Technology. The HKMA will assist financial institutions in implementing FinTech solutions and will establish a FinTech Knowledge Hub, organise seminars, and publish resources. Developed in collaboration with various industry stakeholders, the initiative aims to build a cross-sectoral FinTech ecosystem, further enhancing Hong Kong's appeal to FinTech talents.

Although Hong Kong has already implemented a variety of globally competitive initiatives to cultivate talents, there is still scope for improvement. Drawing on the views of market participants and HR experts as well as the survey of existing local and international talent development initiatives, the next chapter offers some considerations for further enhancing talent development within Hong Kong's financial services industry.

Chapter 6
Facilitating Financial Services Talent Development in Hong Kong

HIGHLIGHTS:

- Enhancing Hong Kong's attractiveness to external talents and fostering job-ready local graduates are both vital steps in addressing the industry's talent gap.
- A supportive work and social environment can enable the industry to adapt to modern employee priorities, which is a key factor in bridging the performance gap.
- Both employer-led initiatives and public sector support, including informational and financial resources, are crucial for reskilling and upskilling existing practitioners, thereby reducing the skill gap.
- Cultivating a dynamic FinTech ecosystem and endorsing international and regional cooperation are vital strategies to further develop the industry's talent pool.

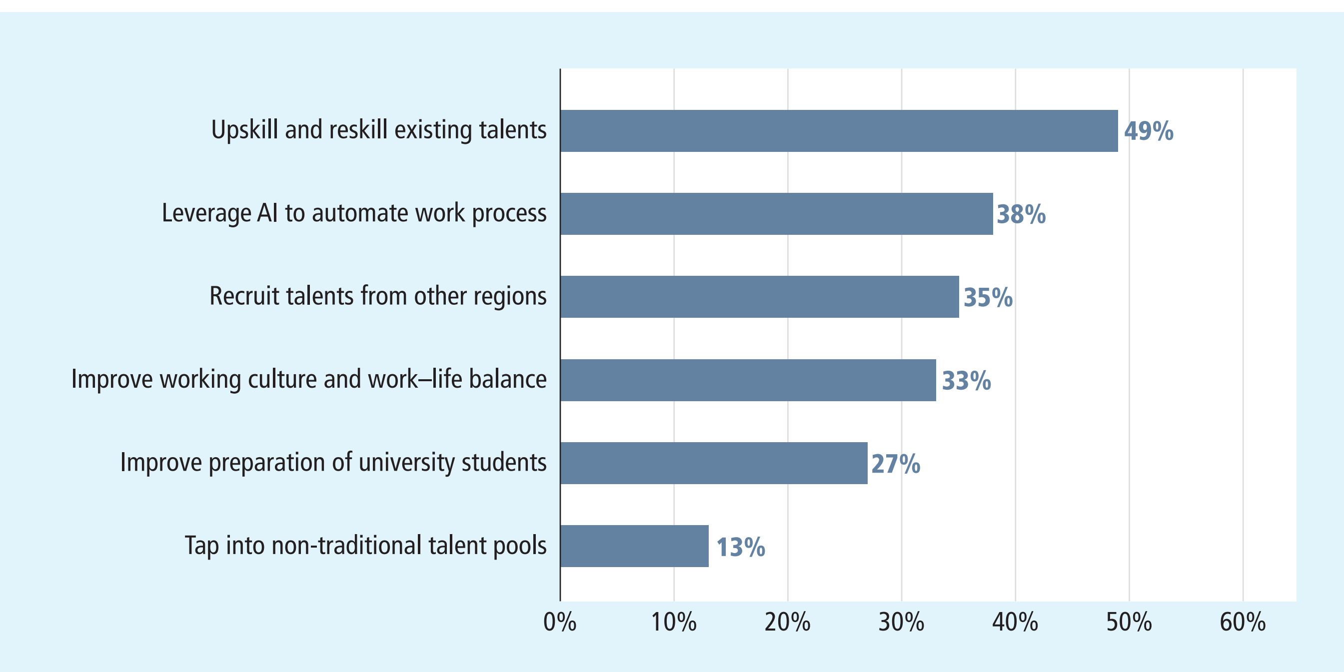
6.1. MARKET VIEWS ON EFFECTIVE STRATEGIES TO ENHANCE EXISTING POLICIES

In addition to obtaining market participants' views on the current talent landscape, as reported in Chapter 2, the Talent Survey also explored their perspectives on effective strategies to foster talent development in Hong Kong. Notably, half of the respondents proposed that upskilling and reskilling current financial services professionals should be the primary strategy. This consensus, shared across various financial services sectors and seniority levels, underscores the importance of investing in learning and development to bridge skill gaps and adapt to evolving skill demands.

Three additional strategies were also advocated by at least one third of respondents from Hong Kong. The most favoured strategy was leveraging the potential of AI to automate work processes, indicating the city's eagerness to embrace technology to augment productivity. The recruitment of talents from other regions was also perceived as crucial for reducing the talent gap in the city. This sentiment was particularly strong within the insurance, banking and securities trading sectors. Additionally, improving workplace culture and work–life balance was deemed an effective way of addressing employee priorities related to purpose and flexibility, thereby narrowing the performance gap.

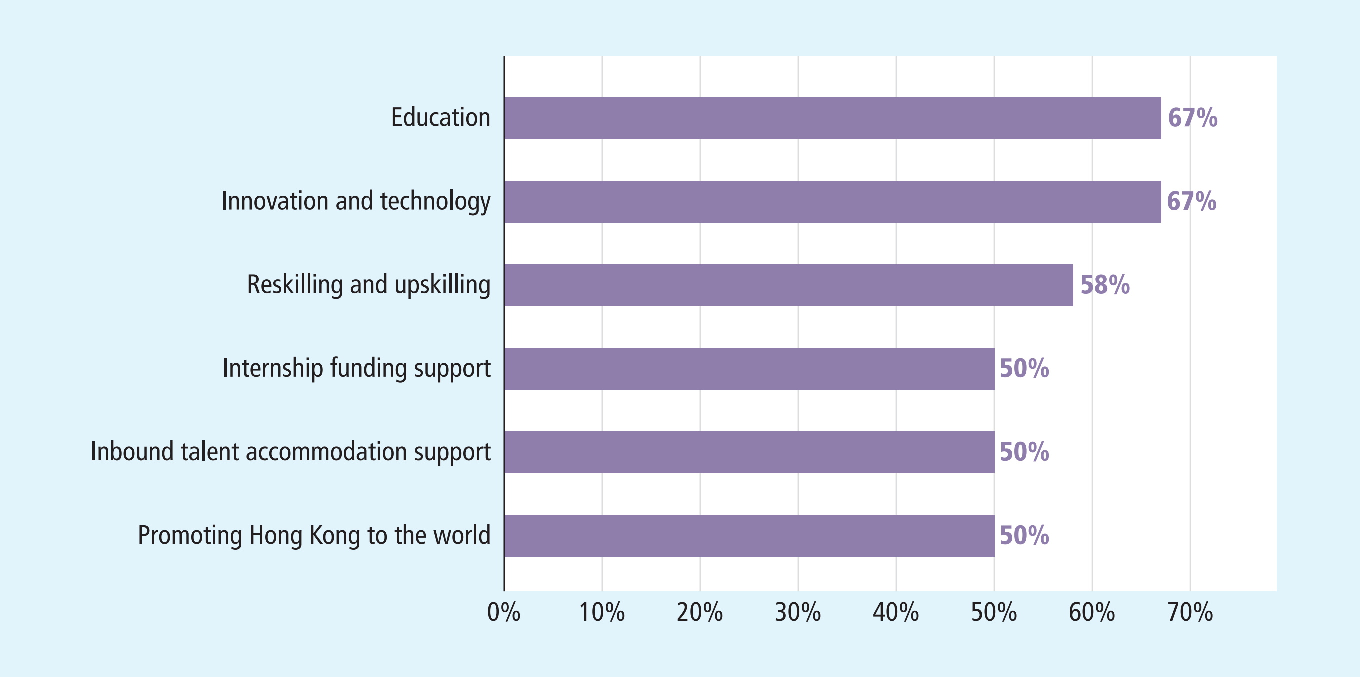
Although enhancing university students' preparedness for the industry was perceived as a longer-term solution to the talent and skill gaps, it still garnered support from over a quarter of the Hong Kong respondents. In contrast, far fewer respondents identified the recruitment of non-traditional talents as a top strategy, indicating an adequate supply of traditional talents in Hong Kong (Figure 6.1).

Figure 6.1: Market participants' views on strategies for addressing the talent and skill gaps



Source: HKIMR staff compilation based on the Talent Survey.

Figure 6.2: HR leaders' views on the areas of talent development that require support in Hong Kong



Source: HKIMR staff compilation based on the HR Leader Survey.

The HR leader survey also asked about the talent development areas where Hong Kong should allocate more financial and investment support. A significant majority of HR leaders advocated for increased investment in education and technology. This underscores the important role of education in fostering a sustainable talent pipeline and the essential contribution of innovation and technology to enhancing industry productivity.

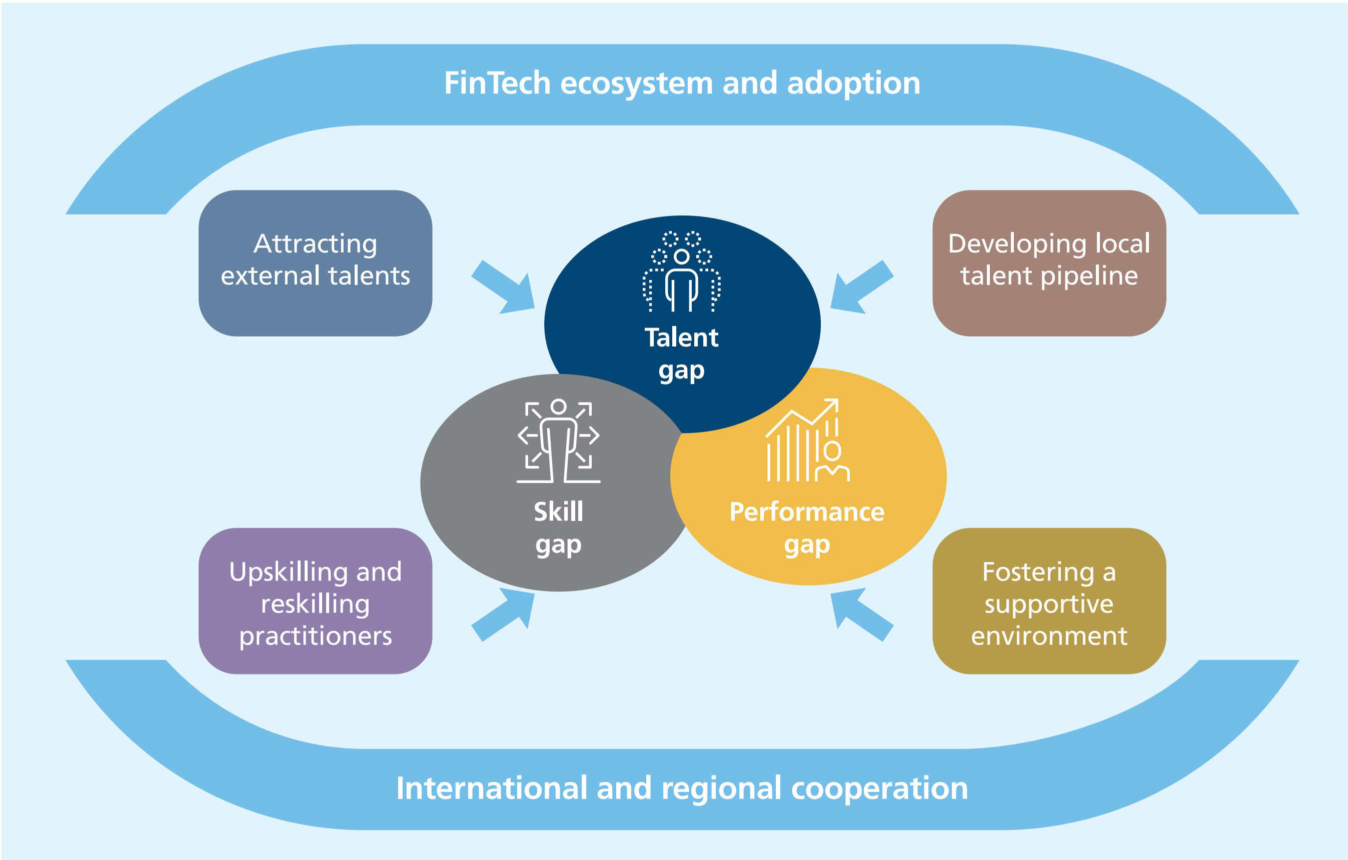
Consistent with market participants' observations, over half of HR leaders also identified investment in upskilling and reskilling as a critical area. This emphasises the significance of continuous learning in an industry where skill requirements are rapidly evolving. Other aspects of talent and skill development, including subsidised internship programmes, accommodation support for incoming talents and enhancing Hong Kong's global image, were also highlighted by half of the HR leaders. Enhancement in these diverse areas would necessitate close cooperation among all industry stakeholders (Figure 6.2).

6.2. STRATEGIES FOR ADVANCING TALENT DEVELOPMENT IN HONG KONG'S FINANCIAL SERVICES INDUSTRY

The preceding chapters highlight how the gaps in talent, performance and skill pose significant threats to the sustainable development of the financial services industry. Despite these challenges, Hong Kong has demonstrated remarkable resilience and implemented robust talent development initiatives. Bolstered by a strong workforce and proactive stakeholders, the financial services industry in Hong Kong remains a compelling hub for talents.

The insights gathered from survey participants, coupled with international experiences and the unique circumstances of Hong Kong, illuminate potential strategies for the city to enhance its existing strengths. A comprehensive approach, driven by the collective efforts of all stakeholders, could pave the way to further cultivate a robust,

Figure 6.3 Strategies for fostering talent development in Hong Kong's financial services industry



Source: HKIMR staff compilation.

motivated, and future-ready talent pool in Hong Kong's financial services industry (Figure 6.3).

Enhancing Hong Kong's appeal to external talents

There is a consensus amongst practitioners and HR leaders in Hong Kong that attracting external talents presents a practical solution to the talent gap in the financial services industry. When benchmarked against international standards, Hong Kong's talent admission schemes are competitive, yet there is potential for further enhancement. By expanding the list of recognised universities and qualifications, Hong Kong could admit a broader range of talents to fill the gaps in financial services. Moreover, offering expedited work visa processing could strengthen the city's appeal to professionals considering multiple destinations.

Nevertheless, attracting external talents extends beyond offering robust and efficient admission schemes. As relocating to Hong Kong is a significant life decision for many, Hong Kong must articulate its value proposition effectively, highlighting the unique benefits of living and working in the city. To underscore its attractiveness, Hong Kong could promote its distinctive advantages. These include its status as an international city and the gateway to Mainland China, coupled with its robust legal and regulatory systems and world-class social infrastructure. The city's low tax rates, cultural richness, safety, convenience, high quality of life and diverse experiences could be key considerations for external talents. In addition, Hong Kong's emerging FinTech ecosystem could be a magnet for candidates with strong technical skills.

Specific actions could help to deliver the value proposition more effectively. For instance, hosting promotional events in various cities worldwide could provide an accurate portrayal of Hong Kong's many positive qualities. Encouraging local residents to become ambassadors for their city who are ready to share their experiences and insights could also be beneficial. Collaborating with influencers and thought leaders could generate a positive buzz about Hong Kong, as could targeted marketing campaigns that highlight the city's strengths to financial services professionals. Moreover, extending invitations to external celebrities, business leaders and potential job candidates could provide them with first-hand experience of Hong Kong's unique advantages. Such personal experiences have proven effective in reshaping perceptions.

To attract external talents, it is crucial to effectively communicate the city's unique positioning and value proposition, highlighting its distinctive advantages.

Strengthening the pathway from education to industry

To develop a strong and sustainable talent pipeline, Hong Kong could enhance its education system. This step would develop job-ready local graduates and help narrow the talent gap. In a rapidly evolving world, future-proofing the education system is crucial. Such a step would ensure that students are armed with the competencies needed to succeed in the future. Given AI's ability to automate routine tasks, one significant focus could be on cultivating problem-solving abilities, analytical skills, innovation, entrepreneurship, creativity and technological literacy. All of these competencies are highly valued by the financial services industry and beyond.

The proliferation of AI increases the demand for effective human interaction. Communication skills and strong emotional intelligence are integral for future financial services professionals. These skills enable effective interactions with customers, colleagues and other stakeholders. Moreover, Hong Kong's role as a bridge between Mainland China and the rest of the world emphasises the need for language proficiency, especially in English and Putonghua, which play a central role in global and regional business communication.

To equip students with future-ready skills and enhance their employability, the financial services industry could strengthen partnerships with academia. Financial services firms may collaborate with educational institutions to develop practical and up-to-date curricula. This collaboration would ensure that students possess the skills and knowledge to thrive in the financial services industry.

Building upon the established internship and apprenticeship programmes in Hong Kong, financial services firms can proactively strengthen their collaborations with educational institutions.[43] Job shadowing and mentorship programmes can provide insights into the industry, especially for disadvantaged students. Internships and experiential learning opportunities are also effective strategies, as they can bridge the gap between academic learning and the professional environment. Furthermore, partnerships can foster communication and collaboration between industry and academic institutions. Initiatives such as student challenges can offer students the chance to tackle real-world problems and experience different perspectives and ways of thinking.

Additionally, the industry can leverage the world-leading academic research capabilities of Hong Kong's universities to address its challenges. Such collaborations can also help academic institutions to better understand which skills and knowledge are in high demand and tailor their learning and research

[43] *For more details about the existing internship and apprenticeship programmes in Hong Kong, please refer to Section 5.2 of this report.*

programmes accordingly. One effective method to create synergy is through joint research and development projects, which can provide researchers and students with hands-on experience and exposure to real-world challenges.

To establish a sustainable talent pipeline, a collaborative effort between industry and academia is required to equip students with future-ready competencies.

Fostering a supportive environment to retain and motivate talents

Building a local talent pipeline and attracting external talents are only the beginning. It is vital to foster a supportive work and social environment that places employee and resident well-being at the centre. This approach forms the foundation for addressing the performance gap and demands concerted efforts from both financial services firms and society as a whole.

A pivotal factor is the adaptation of HR policy. Building a robust talent brand and corporate culture by championing a sense of purpose and open communication is an effective practice for motivating and retaining talents. When employees are united by a common purpose and vision, they become more engaged and committed to their work. This increased engagement can lead to higher employee satisfaction and improved job performance. Moreover, a shared sense of purpose and vision can encourage teamwork and collaboration among employees, resulting in a more productive work environment.

Creating an environment where all employees feel comfortable sharing their thoughts and ideas is another important factor in shaping corporate culture. This practice can encourage open communication and mutual understanding, leading to innovative solutions. Additionally, it helps build a culture of trust and respect, as employees feel valued and heard, which can increase job satisfaction and a sense of belonging. Promoting a culture of open communication also supports diversity and inclusivity by accommodating various perspectives and experiences, avoiding groupthink and improving decision-making.

In the face of evolving and diversifying employee priorities, the conventional 'one-size-fits-all' HR approach is no longer sufficient. It is crucial for financial service firms to understand the needs and key drivers of diverse groups, considering aspects such as gender, age, life stage and family circumstances. Policies and benefits can subsequently be tailored to specific groups: for instance, career development opportunities for those seeking advancement and flexible work arrangements for employees with family obligations. To institutionalise an accommodative work culture, firms can implement structured reward systems that recognise and incentivise employee well-being and satisfaction.

To address the problem of waning industry attractiveness, it is essential to recognise the different career expectations of the younger generation. They seek purpose, flexibility, achievement recognition and autonomy at work. This may make a career path in the financial services industry less appealing. However, the industry could enhance its appeal to young talents by providing growth and learning opportunities, conveying a sense of purpose and meaningful work and addressing work–life balance concerns.

Considering the significant demographic changes impacting Hong Kong, financial services firms are encouraged to make their retirement policy more flexible. Raising the retirement age could help to retain experienced employees and encourage them to continue contributing to the firm and mentoring younger employees. Such mentorship arrangements can facilitate not only experience transfer but also culture embedding.

Given the importance of both work and life to talents, Hong Kong can introduce initiatives to enhance the quality of life for both external and local talents. The overarching goal should be to make Hong Kong an inviting place to live. Hong Kong can help external talents to settle down by catering to their needs and those of their family members. Measures such as providing additional time for displaced external talents on work visas to secure new jobs, accommodating the partners or parents of external talents and increasing the number of international school places can provide a sense of security and stability, making it easier to attract high-calibre external talents.

Improving the quality of life for all residents and nurturing a stronger sense of community in Hong Kong necessitates investment beyond the financial services industry. This could involve fostering a vibrant arts scene, promoting Hong Kong's natural scenery, creating open community spaces and cultivating a diverse and inclusive community. Instilling hope and confidence in the younger generation about their future prospects is also vital, enabling them to lead fulfilling lives in Hong Kong. By creating a diverse and inclusive community, Hong Kong can offer a more welcoming environment for talents.

To retain and motivate talents, HR policies could cater to their diverse needs, while social changes could be directed towards improving their quality of life.

Facilitating the reskilling and upskilling of industry practitioners

Reskilling and upskilling have been identified by existing practitioners as the most effective strategy to bridge the skill gap in the industry. Moreover, practitioners in Hong Kong have demonstrated a robust desire to advance their skills and seize career growth opportunities. This observation highlights the importance of fostering continuous learning and development, a goal that necessitates concerted efforts from both financial services firms and other industry stakeholders.

To realise this objective, financial services firms must acknowledge the significance of investing in their employees' professional development. Executives and managers should understand that such investment can enhance productivity, elevate employee satisfaction and contribute to a prosperous and sustainable business. By cultivating an environment conducive to learning and development, financial services firms can attract and retain top talents, stimulate innovation and maintain competitiveness in a rapidly evolving business landscape. Achieving this goal requires not only financial commitment but also a willingness to invest in coaching and job rotational programmes, and to allocate time for employees to polish their skills and knowledge, alongside a recognition programme and career advancement opportunities.

Other organisations and institutions also have a role in facilitating reskilling and upskilling. Expanding the well-established sectoral skill information system could benefit more firms and practitioners in the industry. This information can assist financial services firms in crafting their talent strategy by helping them to identify the skills and resources they require, and enabling them to invest in developing these skills among current employees. Skill information can also enable practitioners to identify high-demand skills and relevant training programmes as well as plan their career development and transition.

As HR leaders have observed, it is inadequate to rely solely on individual firms for employee training. International experiences suggest that Hong Kong has established a strong foundation for nurturing future leaders, students and early-career practitioners. Nonetheless, additional measures could be introduced to upskill and reskill mid-career practitioners, who constitute the majority of the workforce, to maintain relevance in their roles, advance their careers or facilitate career transitions. Furthermore, more industry-wide initiatives can be introduced to consolidate training needs across sectors.

The financial regulators in Hong Kong have initiated a variety of effective reskilling and upskilling programmes.[44] To make further progress, industry stakeholders can provide additional financial support to co-fund industry association training programmes, offer subsidies to firms that invest in employee skills and subsidise tuition for individual practitioners. Industry stakeholders can provide financial support to facilitate collaborations between the industry and academia to aggregate skill needs and co-develop reskilling and upskilling programmes.

To facilitate reskilling and upskilling, employers must acknowledge that it is an investment with returns, and industry stakeholders can contribute by providing necessary information and financial support.

Fostering a vibrant FinTech ecosystem and promoting technology adoption

Characterised as the future of financial services, digitalisation is pivotal to retaining Hong Kong's position as a leading international financial centre. This transition not only lays the groundwork for confronting talent and skill gaps but also nurtures tech talents and promotes burgeoning areas such as GreenTech, RegTech, Web 3.0 and virtual assets. However, the FinTech sector is different from its traditional counterparts as it requires long-term investment, a cadre of well-trained specialists and collaboration amongst established financial services firms, start-ups and academia.

Developing a thriving tech scene in Hong Kong calls for tangible actions to foster the development of technology. Industry stakeholders can bolster emerging areas with financial and policy support, streamline the application process to expedite assistance to start-ups, facilitate the pilot trial of emerging FinTech solutions and foster the incubation of new ideas through partnerships with incubators and accelerators.

To cultivate top-tier tech talents, it is essential to provide advanced training and practical learning opportunities. Hong Kong can champion the establishment of globally leading technology and innovation research institutions. By attracting high-potential individuals for in-depth research, these institutions can develop a robust tech talent pipeline for the industry. Simultaneously, local universities can enhance the supply of graduates with relevant skills, and initiatives can be implemented to stimulate students' interest in technology as early as high school.

Tech development also requires established financial services firms and practitioners to embrace technology. Practitioners in Hong Kong have recognised the significance of the skill gap in AI and exhibited a keen interest in harnessing AI to automate tasks. Given that AI adoption necessitates substantial investment, the industry can collaborate to pool its demand for AI technology and deepen

[44] *For more details about the existing reskilling and upskilling initiatives in Hong Kong, please refer to Section 5.2 of this report.*

partnerships with emerging FinTech firms. The adoption of AI can automate repetitive tasks and enhance decision-making. Preliminary studies also suggest that GenAI can facilitate training and boost productivity, with the largest gains observed among inexperienced employees.[45]

A vibrant technology ecosystem can cultivate a tech talent pipeline and assist the financial services industry in adopting technology that bridges the gaps in talents, skills and performance.

Deepening international and regional cooperation

To enhance Hong Kong's financial services talent development, its strong international ties and unique strategic position as a gateway to Mainland China can be further leveraged. On the international stage, Hong Kong can facilitate knowledge exchange, technology development and market connectivity by forging more partnerships with other international and regional financial centres and international financial institutions. In addition to established markets such as Europe and North America, Hong Kong can also strengthen its financial connectivity with emerging economies in Southeast Asia and the Middle East. Such collaborations can further cement Hong Kong's position as an international talent hub in financial services, thereby increasing its appeal to global practitioners.

To attract younger international talents, it is vital that Hong Kong offers programmes that capture the interest of young talents, both locally and globally. By drawing exceptional international students to study at its local universities, Hong Kong can cultivate a diverse and talented workforce. This not only strengthens the international connections of the financial services industry but also enriches its cultural fabric. Furthermore, agreements that allow tech talents from emerging tech hubs such as India and the Philippines to hold short-term positions in Hong Kong could significantly enrich the city's pool of FinTech talents.

Due to its strategic location, advanced infrastructure and vibrant tech scene, the GBA has been recognised as an emerging economic, financial and technology powerhouse. Capitalising on the GBA initiative, Hong Kong could invite leading firms and talents at both the national and global level to pursue new opportunities in the city, thereby importing technology expertise, market experience and entrepreneurial flair. Enhancing collaborations between financial services firms in Hong Kong and leading universities and research institutions in Mainland China could further this endeavour.

Hong Kong's unique advantages within the GBA, such as its robust legal and regulatory environment and diverse business culture, can be leveraged to attract external talents. It is equally crucial for financial services practitioners in Hong Kong to gain exposure to overseas markets and the GBA. To this end, financial services firms and other industry stakeholders can sponsor GBA and overseas postings to build capacity and forge connections for future regional and global roles, thereby capitalising on Hong Kong's competitive edge.

Hong Kong can capitalise on its global connections and the opportunities of the GBA to invigorate the financial services industry, enhance its appeal and enrich its talent pool.

[45] *Brynjolfsson et al. (2023)*

Conclusions

The financial services industry, around the world and particularly in Hong Kong, is navigating a rapidly evolving talent landscape. This landscape is marked by sociodemographic trends, including demographic shifts, changing employee priorities and the need for new skills, all of which present significant challenges. This report, based on surveys and interviews with industry practitioners and HR leaders as well as a review of international experiences, examines both the causes and consequences of these challenges and their potential solutions. We hope that this report can serve as a useful resource for prospective and current practitioners, financial service firms and other industry stakeholders, assisting them in developing their future-ready talent and skill strategies.

For those who aspire to join or are in the early stages of a financial services career, the industry foresees a robust demand for young talents in the expected future. **Aspiring practitioners are advised to focus on polishing their analytical and communication skills, technological literacy and growth mindset to prepare themselves for this dynamic industry.** The rapid digitalisation of financial services has positioned FinTech as a high-growth area. There are ample opportunities for newcomers with strong technical skills, creativity and entrepreneurship to make significant changes in the industry. Prospective practitioners can take advantage of a wide variety of initiatives in Hong Kong designed to assist them in entering the industry and enhancing their skills.

For seasoned practitioners, the industry in Hong Kong is experiencing large gaps in core finance skills (e.g. wealth and risk management), soft skills (e.g. management and language proficiency) and technical skills (e.g. AI and data analytics). There is a strong industry consensus that reskilling and upskilling existing practitioners is the best solution to the problem and that the rise of AI will not replace the human element. **Practitioners equipped with a current skill set and an adaptable mindset will find opportunities for career advancement.** In addition, financial services firms are already taking steps to address their employees' needs. They are encouraged to express their views on enhancing the corporate and industry culture.

Financial services firms can take actionable steps to address their human resource challenges. To mitigate talent shortages, firms can attract the younger generation by developing their talent brand, targeting external talent groups drawn to Hong Kong and making retirement policies more flexible. To remedy performance deficiencies, **firms can engage their employees and proactively address the diverse needs of different groups,** such as by offering career progression opportunities and flexible work arrangements to those who cherish them the most. To overcome skill mismatches, firms should **recognise that employee training is a fruitful investment and foster a supportive culture for skill development.**

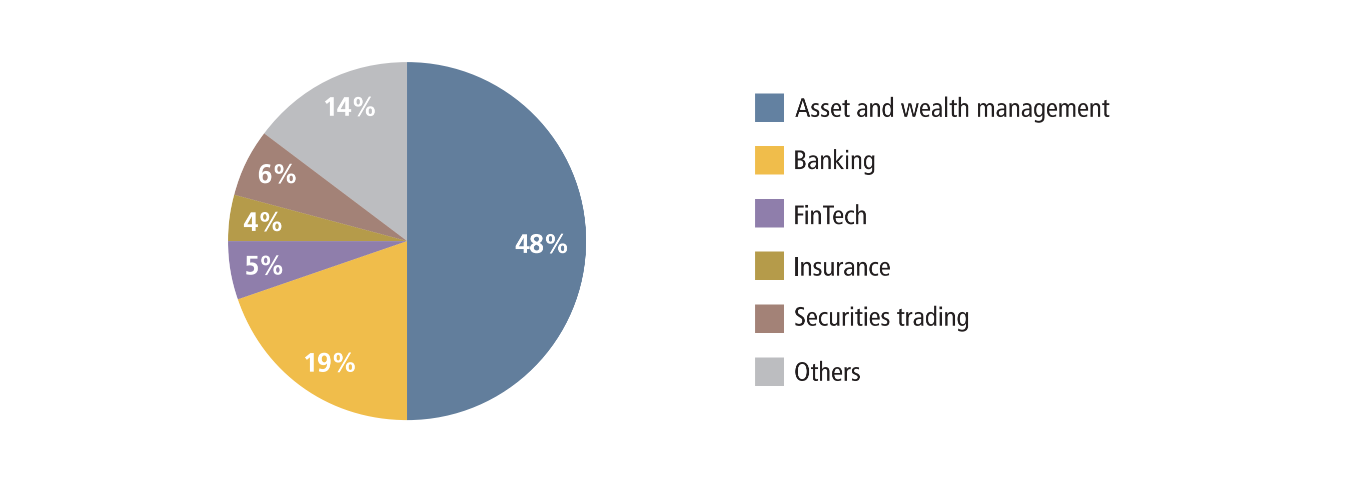
The sustainable development of the financial services industry in Hong Kong requires collaborative efforts beyond the industry. Industry stakeholders can take the lead in enriching the available skill information and extending policy and financial support for reskilling and upskilling practitioners. Cross-sectoral efforts are necessary to make Hong Kong more appealing to external talents and to improve the quality of life of all residents. **Close collaboration between the public, private and academic sectors is crucial for developing a sustainable talent pipeline, especially in FinTech.** To attract and retain high-calibre talents, Hong Kong should also foster its emerging FinTech ecosystem and expand regional and international cooperation.

The evolving talent landscape within the financial services industry presents both challenges and opportunities. With the combined efforts of industry practitioners, financial service firms and the wider society, the financial services industry in Hong Kong will be able to overcome the challenges and seize the opportunities to become an attractive hub for skilled and engaged talents.

Appendix A: Background of the Talent Survey

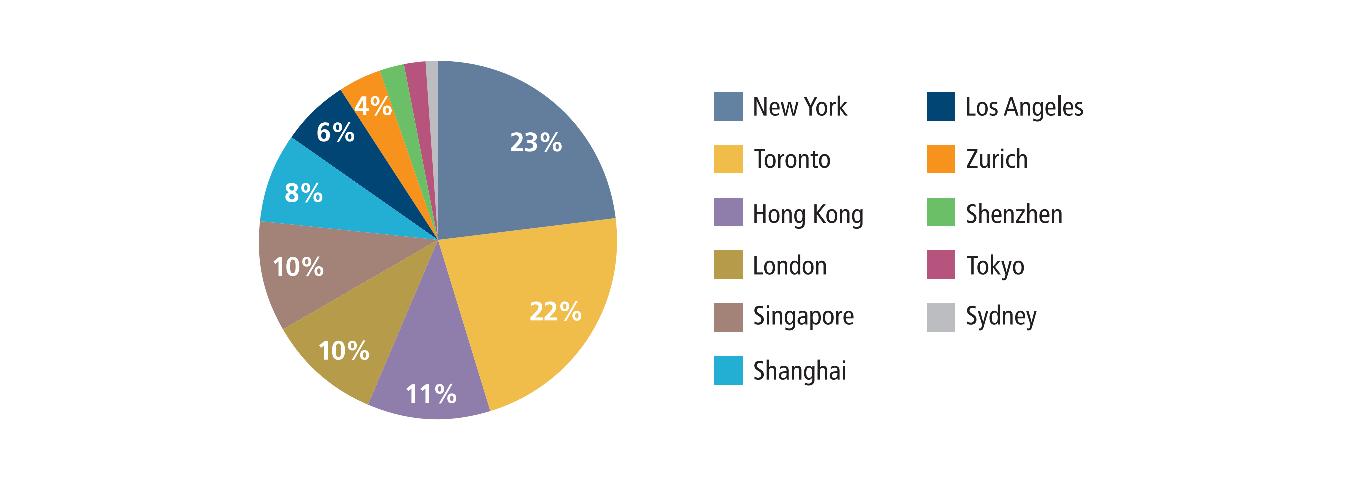
The *Emerging Trends in the Talent Markets for Financial Services* survey (Talent Survey) was designed to gather insights on the evolving dynamics within the talent markets of the financial services industry. It emphasised the ways in which individuals and financial services firms around the world are identifying emerging trends and strategically planning for future talent requirements. The survey was commissioned by the HKIMR and executed by CFA Institute. The data collection spanned April to May 2023, during which 1,239 valid responses were obtained. The respondents represented five major financial services sectors (Figure A.1) and eleven major international financial centres (Figure A.2).

Figure A.1: Representation of financial services sectors



Source: HKIMR staff calculations based on the Talent Survey.

Figure A.2: Representation of major global financial centres

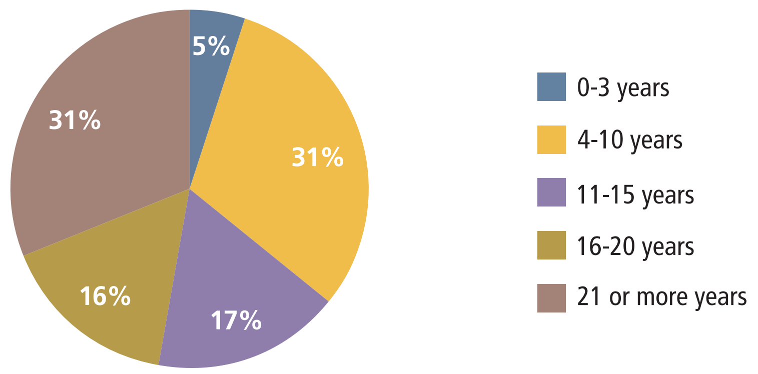


Source: HKIMR staff calculations based on the Talent Survey.

Appendix

The respondents in the survey represented a broad range of seniority levels, with over 64% of them having worked in the financial services industry for more than a decade. This composition suggests a substantial level of experience and expertise within this group of market participants (Figure A.3).

Figure A.3: Representation of seniority (years in the financial services industry)



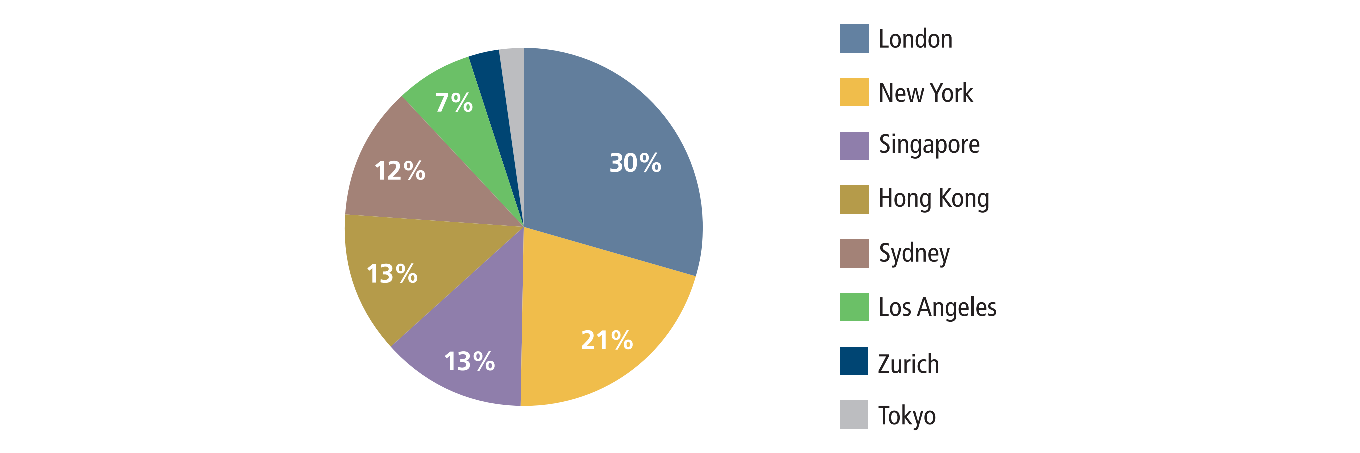
Source: HKIMR staff calculations based on the Talent Survey.

In addition, 13 focus group interview sessions were conducted with 39 executives from the financial services industry. These executives were based in nine different international financial centres, ensuring a comprehensive understanding of emerging trends in talent markets worldwide.

Appendix B: Background of the Global Talent Study and Estimation of Unmet Online Talent and Skill Demand

The *Global Trends in the Markets for Talents in Financial Services* study (Global Talent Study) was designed to quantify the trajectories of talents and skills in the international financial services industry. It covers eight major international financial centres: Hong Kong, London, Zurich, New York, Los Angeles, Tokyo, Singapore and Sydney. Commissioned by the HKIMR, the study was carried out in collaboration with Professor Kar Yan Tam. It involves an analysis of LinkedIn data from January 2021 to March 2023, exploring 1.6 million profiles of financial services professionals (Figure B.1).

Figure B.1: Breakdown of professional profiles based on location



Source: Tam (2023) and HKIMR staff calculations.

The method for estimating unmet online talent demands, as reported in Chapter 3 and used as an approximation of talent gaps, involved two steps:

> Step 1: The total online talent demand for a financial centre in a given year was approximated by the actual number of online job posts published that year. This figure was obtained by summing up the weekly job posts and dividing by the average active period of a job post within that year.
>
> Step 2: The met online talent demand for a financial centre in a given year was approximated by the sum of the number of professionals who changed employers and the number of new professionals entering the industry that year. The unmet online talent demand was then estimated as the difference between total demand and met online demand.

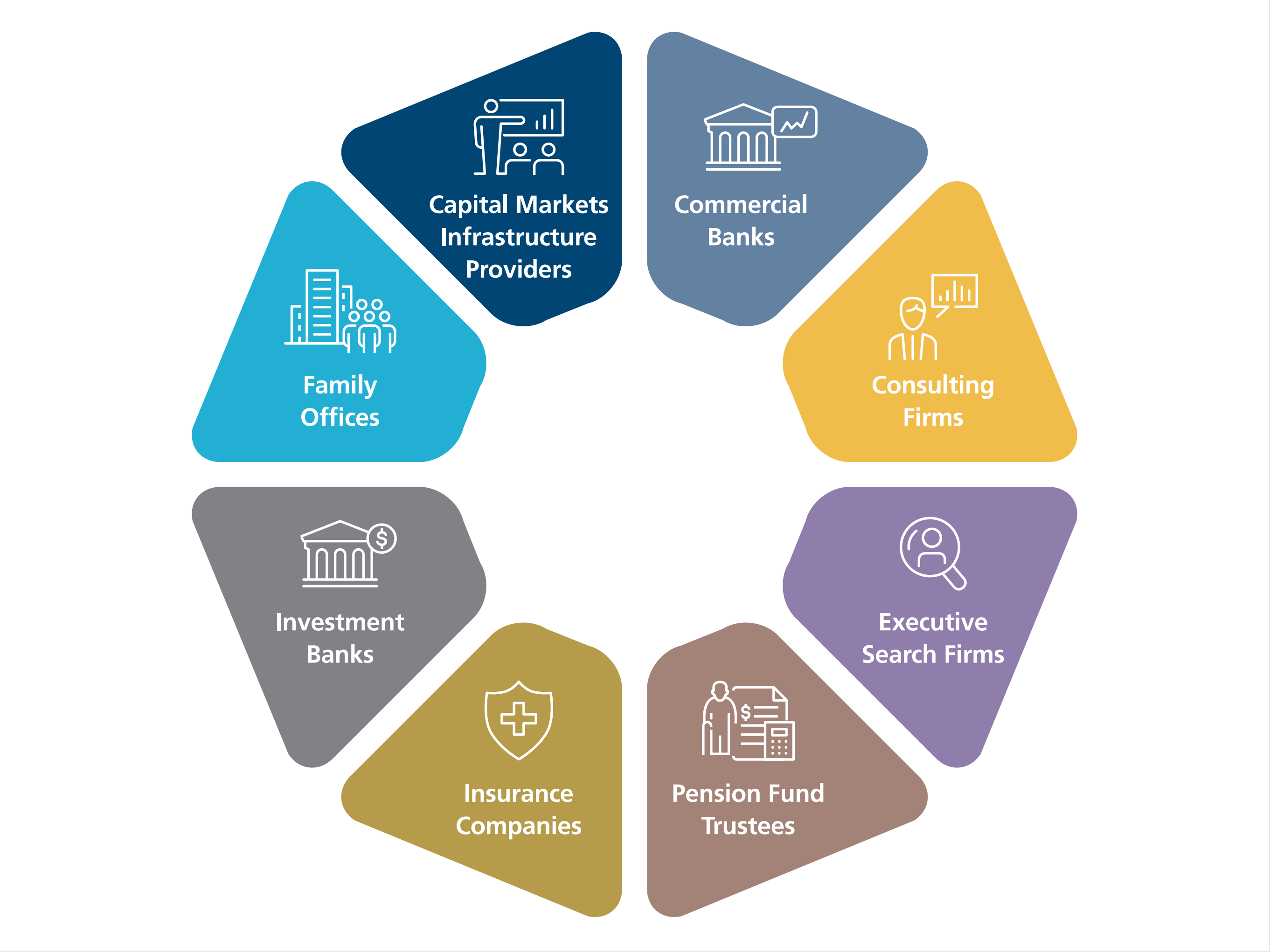
To estimate the unmet online talent demand for a specific skill, the job posts and professional profiles used to compute the total and met online demand were limited to those pertaining to that particular skill.

In addition, the Global Talent Study reviewed the experiences of talent development strategies worldwide. The results are reported in Chapter 5.

Appendix C: Background of the HR Leaders Survey

The *Financial Services Talent Development in Hong Kong: Perspectives from Human Resources Leaders* survey (HR Leaders Survey) was designed to gain insights into the current landscape and trends in talent acquisition, skill development and human resources best practices in Hong Kong. Commissioned by the HKIMR, the survey and interviews were conducted in collaboration with Mr Robert Rooks from April to May 2023. The 13 groups of participants included C-suite executives and regional and global heads of human resources from a variety of industry segments, including capital market infrastructure providers, commercial banks, consulting firms, executive search firms, family offices, insurance companies, investment banks and pension fund trustees (Figure C.1).

Figure C.1: Groups of market participants surveyed



Source: HKIMR staff compilation based on the HR Leaders Survey.

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The AoF is set up with full collaboration amongst the Hong Kong Monetary Authority, the Securities and Futures Commission, the Insurance Authority and the Mandatory Provident Fund Schemes Authority. By bringing together the strengths of the industry, the regulatory community, professional bodies and the academia, it aims to serve as (i) a centre of excellence for developing financial leadership; and (ii) a repository of knowledge in monetary and financial research, including applied research.

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The HKIMR is the research arm of the AoF. Its main remit is to conduct research in the fields of monetary policy, banking and finance that are of strategic importance to Hong Kong and the Asia region. The Applied Research studies undertaken by the HKIMR are on topics that are highly relevant to the financial industry and regulators in Hong Kong, and they aim to provide insights on the long-term development strategy and direction of Hong Kong's financial industry.

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