Positive progress?

Skills for the future of financial services 2025

April 2025

Financial Services Skills Commission

Contents

Foreword

Signs of positive progress on skills. Let's keep up the momentum.

The UK's financial services sector is at a pivotal moment. In today's rapidly evolving business environment, organisations face significant challenges driven by technological advancements as well as shifting customer and workforce expectations. These factors have contributed to a widening skills gap, making it increasingly difficult for businesses to attract and retain talent with the required expertise.

Our Future Skills Report 2025 highlights the skills the financial services industry needs to position itself for future success, while fuelling sustainable growth. The report presents robust, data-driven research and showcases the latest skills trends, based on analysis collected from member firms and the wider industry.

Our findings demonstrate that firms are taking concerted action on the skills challenge and, pleasingly, those efforts are beginning to pay off. We're encouraged to see the excellent progress being made to put skills at the heart of business strategy, adopt a skills-based approach and take purposeful action to close skills gaps. By doing so, organisations will be better placed to adapt to the changing demands of the modern economy.

But these positive developments cannot allow us to become complacent. The skills gap remains and we, as a sector, cannot take our eyes off the ball.

The Government's industrial strategy includes financial services as one of eight growth sectors and acknowledged that it must address the skills challenge to achieve its full potential. As the collective voice of skills in the sector, we will be working with members, industry and Government to bring about meaningful change.

It is crucial that skills – an essential component of business strategy – remain a business priority. To maintain momentum, we must redouble our efforts to harness the impact of reskilling, create opportunities for future-focused learning, and make further shifts towards skills-based hiring.

Our 2025 report shows that collective efforts by the sector are beginning to shift the dial on skills. By continuing to work in positive collaboration, we can ensure that the sector has the talent and skills it needs to drive productivity and growth.

Claire Tunley

Chief Executive of the Financial Services Skills Commission

Key findings

1. Skills are becoming embedded in business strategy

2024 saw recognition of the skills challenges faced by financial services, with the sector taking promising steps towards addressing these. The evidence suggests firms are embedding skills strategies. According to new Government data, while vacancies came back in line with the long-term average, the sector has the highest share of in-demand roles across the UK, illustrating ongoing challenges in accessing talent.

2. Skills demand remains high, but employer efforts are having an impact

Demand for critical skills still outstrips supply but has slowed for some technical skills where reskilling activity is high. This aligns with the World Economic Forum's findings and shows that employer efforts to build these skills are starting to pay off. Behaviours remain essential, with demand for coaching increasing for the second consecutive year. Our new data shows that training spending is split relatively evenly between technical skills and behaviours.

3. Firms continue to evolve their approach to learning

Successful efforts have been made to simplify mandatory learning to protect space for future-focused learning and value-add activities. To get a better sense of workforce engagement, the industry is shifting towards measuring 'active learners'. In the context of upskilling, internal mobility increased among most of our members in 2024, compared to 2023.

4. Seven types of talent supply will help tackle the skills gap

We have identified seven types of talent supply – from apprenticeships to retention - to counter the predicted loss of highly-skilled employees by 2035. While the numbers in some talent streams are rising slowly, or staying flat, despite existing efforts, our sector is now acknowledged as the most advanced in skills-based hiring.

5. Positive progress is being made, but we need to maintain the momentum

The positive steps outlined above are encouraging but many skills still exhibit gaps that need addressing, and training is not always widely available or used. While we are making progress, we must double down on our efforts. By working together as a sector, we can unlock opportunity to grow all types of talent supply.

The sector needs to:

a) Make skills central to business strategy

b) Foster clarity on skills needs

c) Create and build the skills we need

d) Collaborate

Introduction and methodology

Findings are based on data from 24 of our member firms as well as 24 firms from the wider industry who participated in our survey. We have also featured user requested data from the Office for National Statistics which we have tested with members and academics in workshops and interviews. Not every set of data is featured in this report, but all have advanced our thinking.

Member survey: **24** responses

Industry survey: **24** responses

Workshop with members: **13 February**

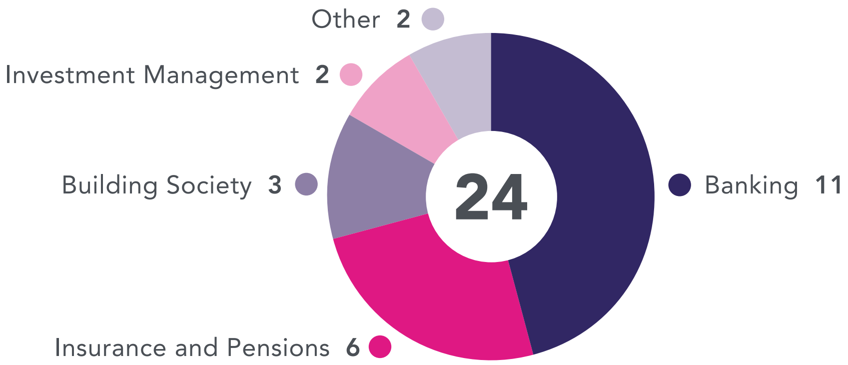
Literature review: More than **20 papers**

ONS data, user requested - and standard skills classification data

EY Skills Foundry data on vacancies

Interviews with **3** academic experts and **dozens** of member conversations

2024 member survey sample



Chapter 1: State of skills in 2024

Growing importance of skills as hiring challenges remain

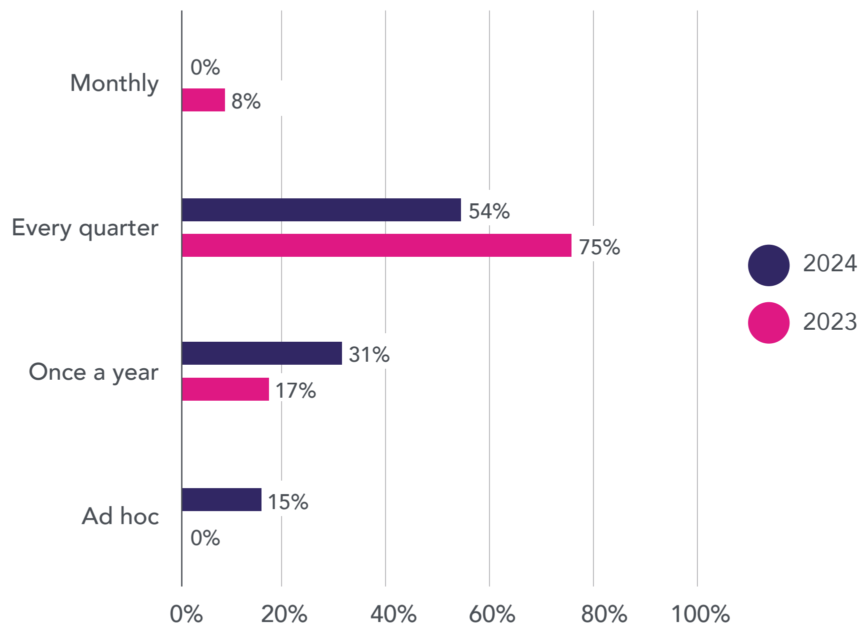
- Fewer firms now need to discuss skills quarterly at board-level, with more firms opting for a yearly and/or ad-hoc place on the agenda.
- Compared to 2023, vacancies have decreased but a new Government index shows that financial services has the highest share of in-demand jobs.
- Data and software roles continue to top the list of hard-to-fill roles.
- Most firms are rolling out artificial intelligence (AI) – but the lack of specialist talent and managerial guidance among the existing workforce hinders adoption.

Skills at the heart of business strategy

Skills are now the currency of choice when it comes to hiring, promoting or measuring learning outcomes – superseding traditional job structures. 2024 saw the launch of our Skills-Based Organisation Framework; the culmination of industry-wide momentum to put skills at the heart of business strategy. This alignment begins with a strong business case for skills, emphasising the critical role that a skilled workforce plays in driving business success.

Our members were asked how often skills are discussed at board-level in their organisation as a measure of the attention skills receive at the most senior level. The share of members discussing skills every quarter has reduced from around three quarters to just over half, while the share discussing them once a year increased. Often it is when skills strategies are first introduced that the most space on the board agenda is needed. This trend could mean that an organisation's awareness of skills has matured and skill strategies have been more embedded, thereby reducing the need for board-level decisions.

Frequency of skills being discussed at board level

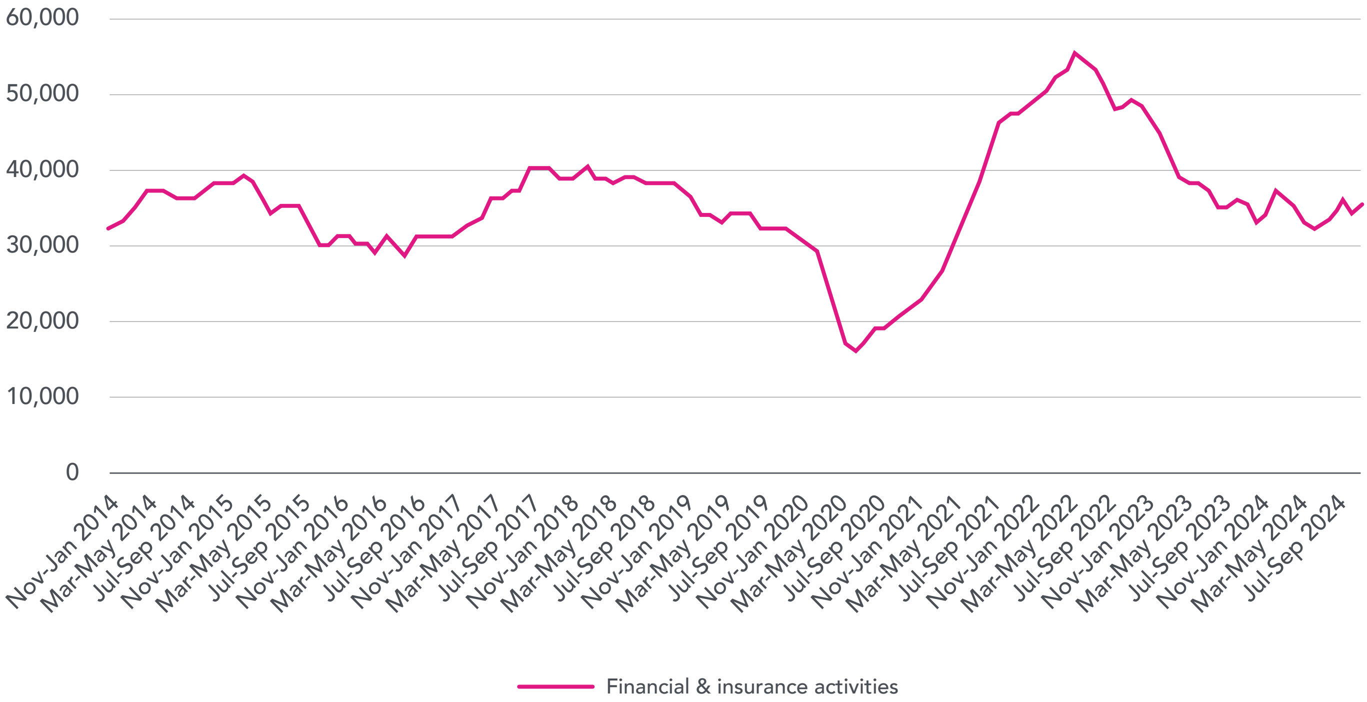


Source: FSSC Member Survey 2024, data from 17 firms (consistent cohort)

Fewer vacancies but hard-to-fill roles remain

Vacancies are normalising after the peaks and troughs of the last few years. Compared to 2023, the overall number of jobs in financial services has grown[1], while vacancies decreased slightly. Our member data also confirms external hiring activity declined in 2024.

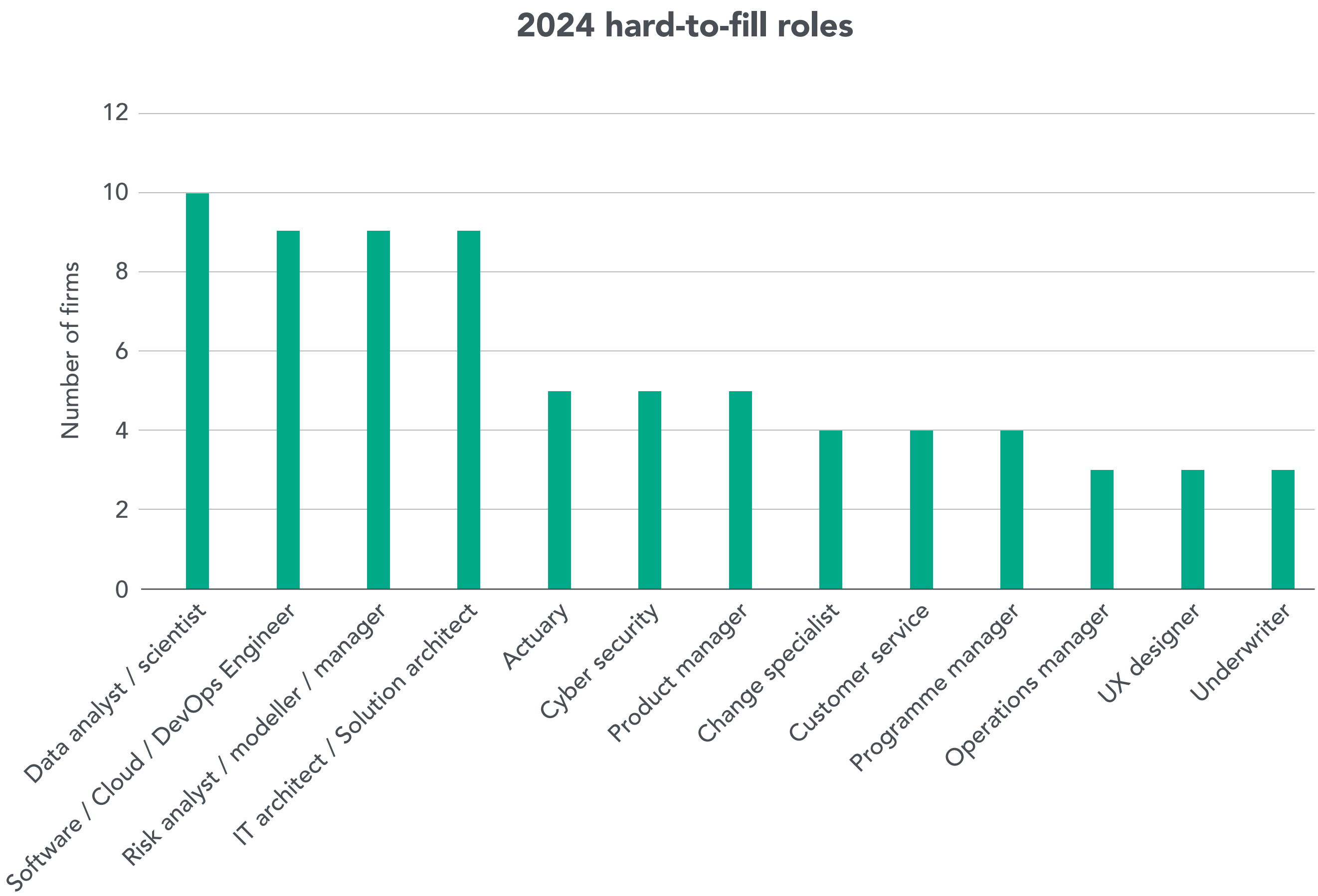
Financial services vacancies 2014 - 2024



Source: ONS, Vacancies by Industry, Jan 2025

1 ONS, Workforce jobs by industry – seasonally adjusted, Dec 2024

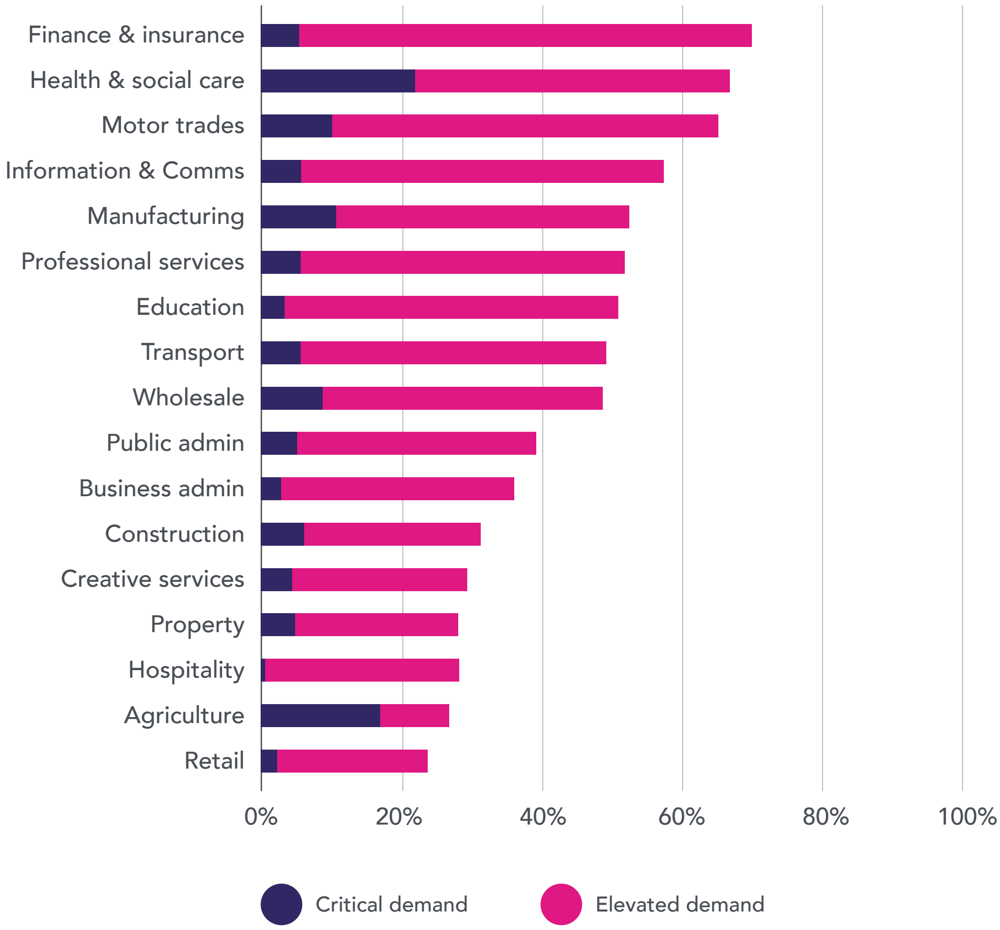
Data roles and software engineers still top the list of hard-to-fill roles and these skills are also the most frequent targets for reskilling, showing firms are actively building these skills (see chapter 2). Product managers and sector-specific roles are also named as hard-to-fill roles. In response to hiring challenges, financial services are increasingly adopting skills-based hiring (see chapter 4). This approach enables our sector to recruit from a broader talent pool by prioritising skills over traditional measures like previous experience and qualifications.



Source: FSSC Member Survey 2024, based on data from 24 firms

A new index shows that financial services has the highest share of in-demand jobs – measured based on seven labour market indicators.[2] This led to the sector being recognised as one of the eight priority sectors in the UK's industrial strategy.[3] The Commission has supported Skills England, the new government agency with responsibility for skills, with our insight on addressing skills challenges and with industry roundtables held in November 2024.

% workers in demand occupations by industry



Source: Gov.uk, Occupations in demand, Sep 2024

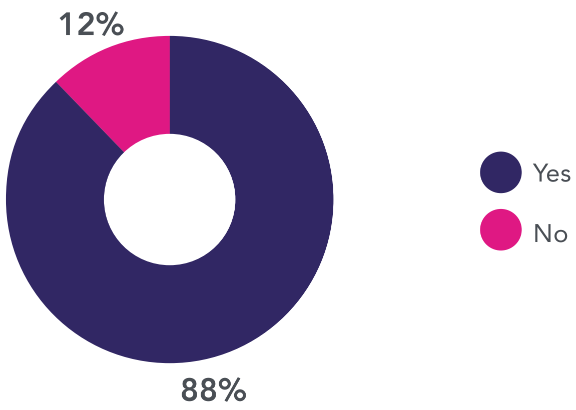
- Critical demand: outliers in relation to seven indicators (used by Government)
- Elevated demand: above-average in relation to the seven indicators

2 Including the number of visa applications, online job adverts and annual wage growth.
3 Gov.uk, Invest 2035: the UK's modern industrial strategy, November 2024

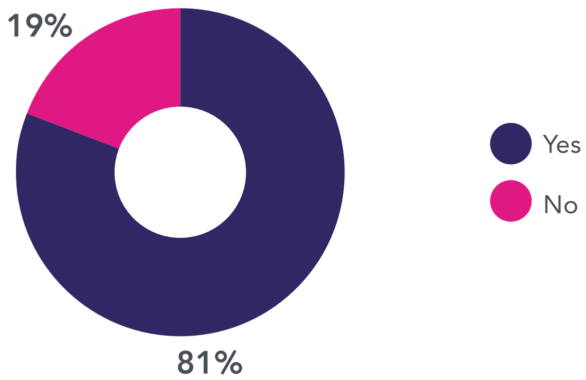
AI adoption slowed by lack of specialist talent and managerial guidance

A large majority (75%) of financial services firms are already using AI in 2024, with a further 10% planning to use AI over the next three years. Among firms surveyed, 81% were concerned about data safety and lack of specialist talent as a barrier to adoption.[4] CEOs may recognise AI as vital for their future success but have not yet put in place all necessary upskilling structures - with only around a third of CEOs in PwC's CEO survey looking to integrate AI into the 'workforce and skills' area of their business.[5]

% of individuals who experience lack of managerial guidance



% of firms who experience lack of specialist talent



Source: Perkowski, Generative AI at work: Survey evidence from three central banks, Sep 2024; Bank of England, AI and Machine learning survey 2024

Meanwhile, individuals see a lack of managerial guidance or use cases as preventing them from adopting AI[6]. Several studies provide evidence of the link between skills and effective tech adoption[7], illustrating a need for training.

4 Bank of England, AI and Machine learning survey 2024
5 PwC, 28th Annual Global CEO Survey, January 2025
6 Perkowski, Generative AI at work: Survey evidence from three Central Banks, Sep 2024
7 BIS, UK skills and productivity in an international context, 2015

Chapter 2: Supply and demand changes reflect reskilling activity

Reskilling efforts by firms are having an impact, although skills gaps remain

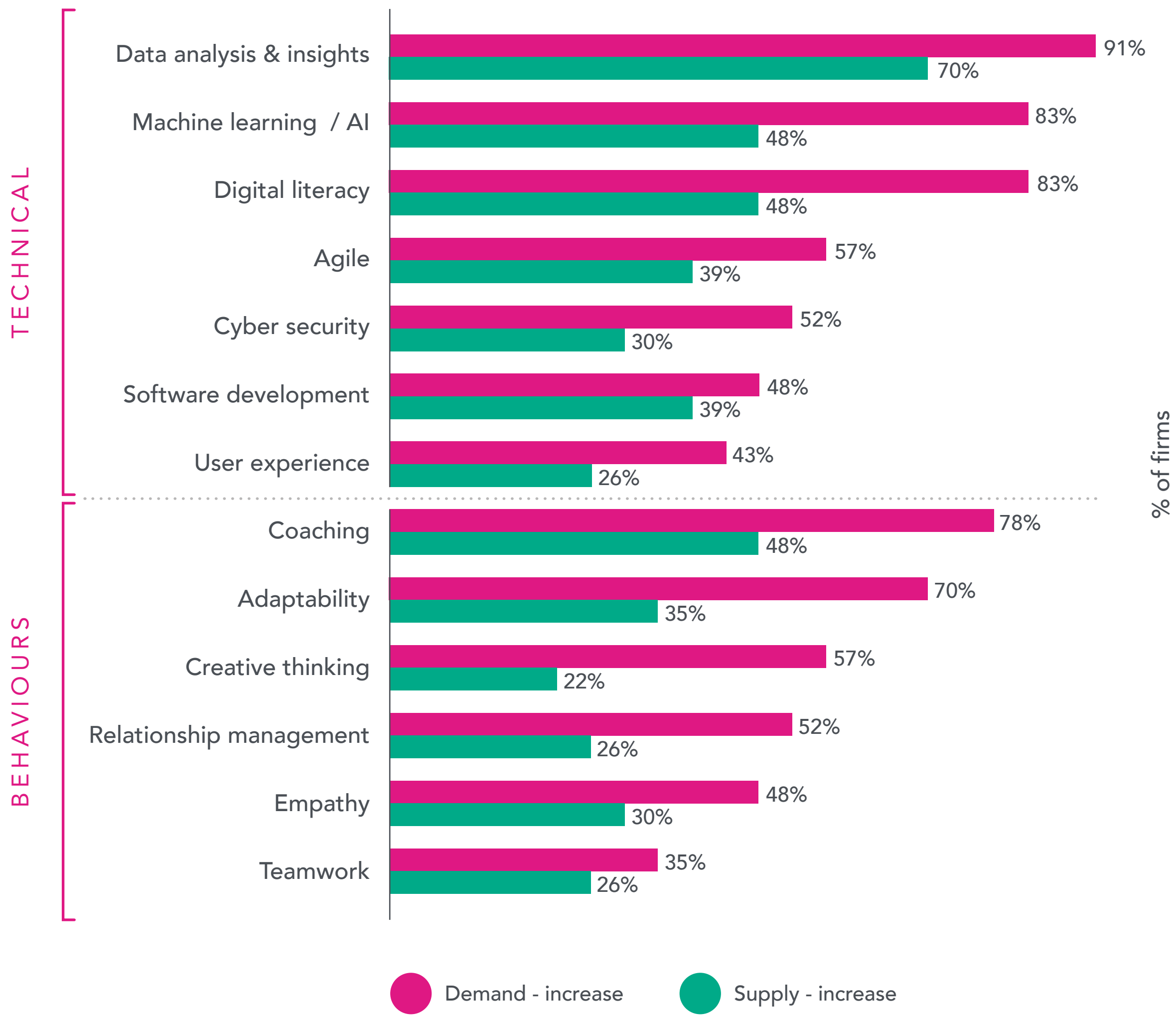
- Demand for future skills continues to outstrip supply.
- Demand increased for machine learning, as well as behaviours such as coaching and creative thinking, while demand for most technical skills, notably software engineering, remained steady or decreased.
- This reflects strong reskilling activity. An example of this is data and software roles – and reduced demand for agile skills where agile ways of working have been adopted.
- Our data aligns with findings from World Economic Forum (WEF) that the share of workers skills being outdated has slowed, as upskilling increased.
- New Commission data shows that corporate spend on learning platforms is relatively evenly split between technical skills and behaviours, and that our sector's investment compares favourably with other sectors.

Skills demand still outstrips supply across the board

Skills demand continues to outstrip supply. Demand for data analysis and insights continues to exceed those for other skills. This is followed by machine learning/AI, digital literacy and a key behaviour, coaching. Machine learning and digital literacy also have the biggest supply-demand gap, together with adaptability.

The effective use of data and AI is expected to enhance commercial decision-making, customer experience, and process efficiency. Data and AI skills are intrinsically linked, given that AI relies on the accuracy of the data with which it is provided. A skilled data and insights team can increase the appetite for AI and support implementation. Similarly, effective coaching can unlock AI adoption.

Supply-demand gap for future skills



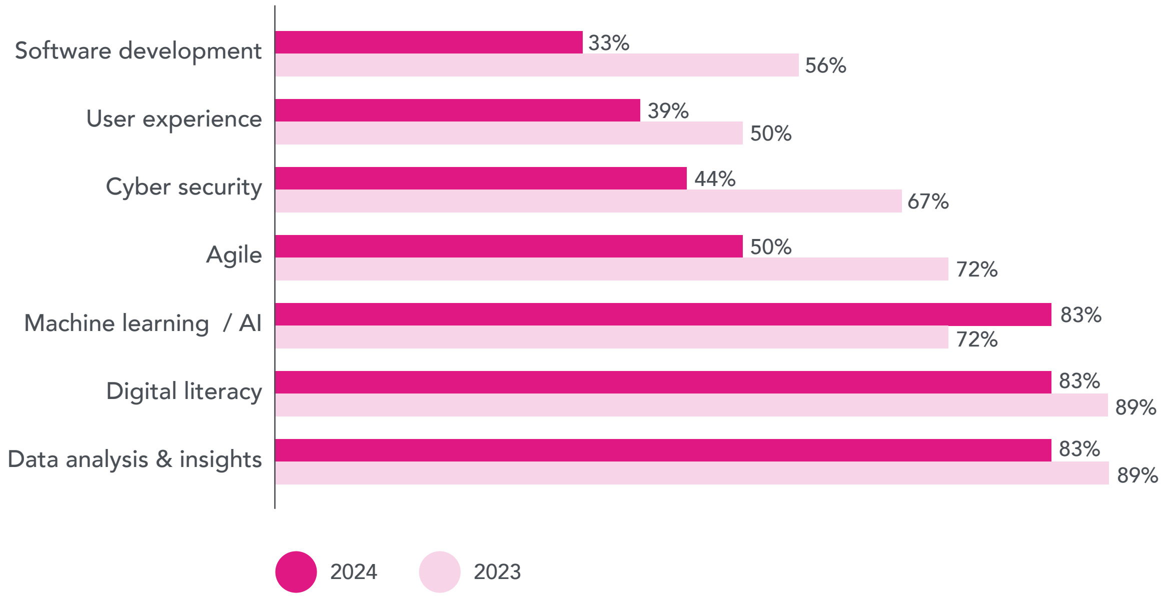
Source: FSSC Member Survey 2024, data from 24 firms; FSSC Industry Survey 2024

For most technical skills demand decreased, but it remains high for some

Demand for software engineering dropped for the second consecutive year, although it remains a crucial skill. Software engineering skills are the most frequent target of upskilling/ reskilling, showing firms are actively building these skills, as we can see in chapter four. Three other skills also saw decreases in 2024, including agile. As agile ways of working become normalised in the workforce, fewer people are being recruited to address the skills gap. Cyber security declined among our sample but had the highest demand among industry participations from the London Market, likely due to the need to insure cyber risk.

Three skills bucked the trend. Data and digital literacy only saw minor drops in demand but remained strong overall. Demand for machine learning increased further from high levels in 2023.

% of firms seeing demand increase in technical skills 2023-2024

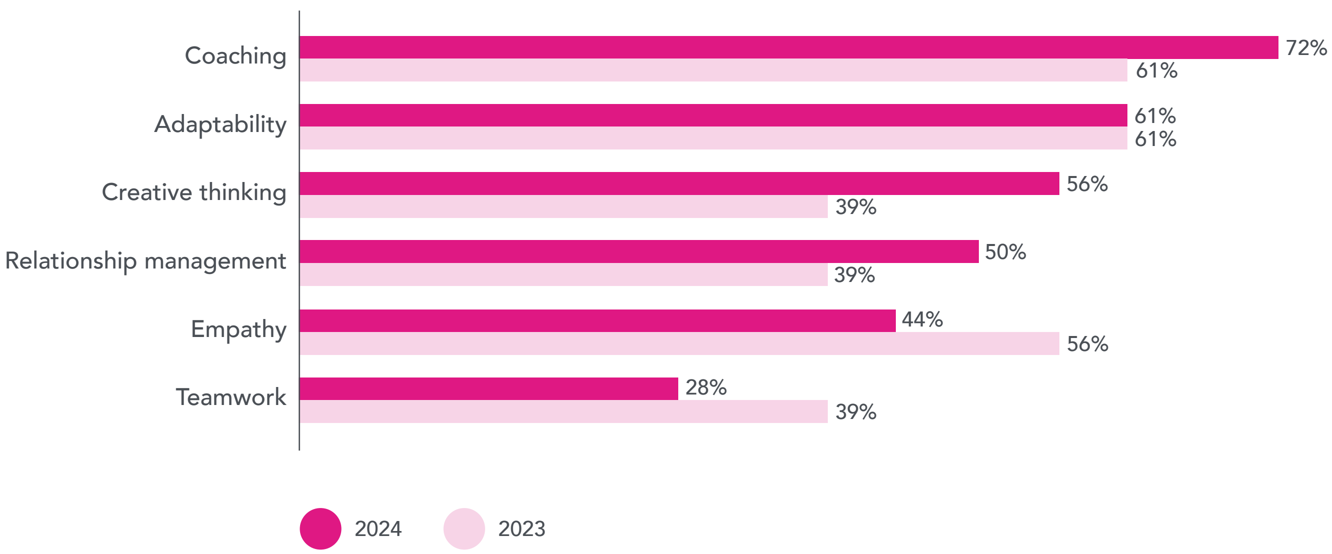


Source: FSSC Member Survey 2024, data from 18 firms (consistent sample – figures differ slightly from supply-demand gap chart)

Demand for most behaviours continues to increase

Demand for many behaviours increased, with the highest increase for creative thinking. Coaching has seen strong increases for the second year in a row, closely followed by relationship management. The data suggests there has been a mindset shift among leaders to include behaviours in upskilling, particularly for coaching. This has been a theme over the last few years. Changes in technology have meant customer service agents are moving into value-add roles, where they not only need more technical knowledge of financial services but also upskilling in behaviours such as adaptability, creative thinking, and communication skills.

% of firms seeing demand increase in behaviours 2023-2024



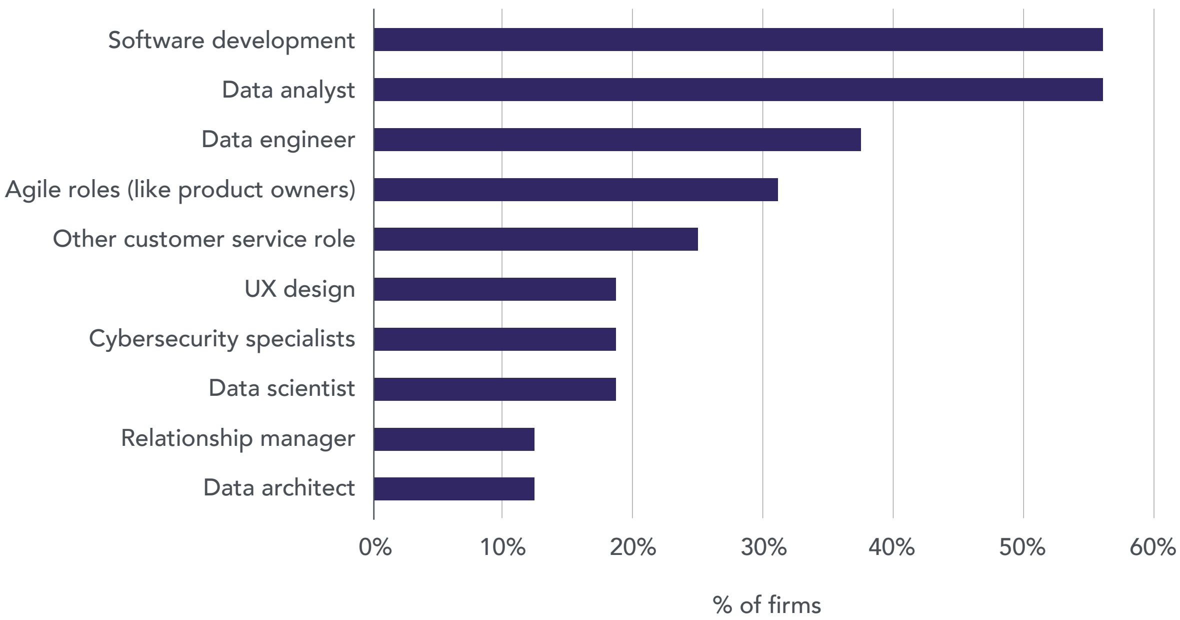
Source: FSSC Member Survey 2024, data from 18 firms (consistent sample – figures differ slightly from supply-demand gap chart)

Reskilling activity is targeted at hard-to-fill roles

Our members are focusing on equipping their workforce with the right skills so that their business can keep up with a changing technology landscape and effectively serve customers in the future. Software engineers and data-related roles are being prioritised for reskilling/upskilling and this may have contributed to the closing of the supply-demand gap for both skills. Investing in these skills is a constant challenge, given the fast-paced changes in skills needs and offshoring pressures. Software engineers require constant upskilling due to the evolving nature of their role and programming languages. But firms have seen successes in building those skills. The NatWest case study (see page 15) illustrates how people have been reskilled from branch networks and customer-facing roles into technical career paths, to both the individual and the firm's benefit.

This chimes with findings from World Economic Forum that the share of workers' skills being outdated has slowed due to upskilling (which increased among employers in their sample).[8] Over 40% of firms use apprenticeships as a mechanism for reskilling/upskilling, as we will see in chapter 4.

Roles firms are reskilling into



Source: FSSC Member Survey 2024, data from 16 firms

8 World Economic Forum, Future of Jobs 2025, Jan 2025

CASE STUDY:
Reskilling at **NatWest**

NatWest's rapid reskilling programme equips colleagues with the essential skills to shift their career direction. Many colleagues with no prior experience have successfully been transitioned to future-focused roles following an intensive period of training. Since 2022, 320 colleagues have completed one of our rapid reskilling programmes primarily in software and data engineering.

The programmes have benefited diverse groups including frontline staff, colleagues from our talent academy, and those facing redundancy.

Why reskilling?

In a rapidly changing world, we're embracing a skills-based approach to address performance pressures, increase agility, manage talent shortages, and promote equity. Reskilling aligns our workforce with business needs, enabling us to respond swiftly to market demands and fill talent gaps while reducing recruitment costs.

People and business impact

97% of colleagues who have gone through our programme have accepted permanent roles in their new field. Colleagues have reported gains in confidence, skills and behaviours using new technologies, which has led to improved job performance.

Retention rates have also increased, as colleagues feel valued and recognise clear development pathways. Post-programme implementation, we've seen a decline in turnover rates and an increase in employee satisfaction, contributing to enhanced morale and engagement across teams.

Employee experiences

Andy Lee

After 16 years working mainly in customer facing roles, Andy enrolled on a software engineering rapid reskill programme when he faced redundancy. He completed a 12-week coding bootcamp and then collaborated on a real-world application project for 24 weeks. He is now a software engineer with the Bankline team.

Reflecting on his journey, Andy emphasises the importance of a growth mindset, explaining the transition from being a 'go to expert' to a 'beginner' was initially a shot to the ego.

Andy explains: "Never when I worked in frontline business banking could I have imagined I would find myself working on a code to make customers lives easier. It still blows me away and I continue to learn every day."

Tessa Hancock

Tessa, who spent 19 years in branch banking, sought a new challenge that led her to a combined software and data engineering programme funded by the apprenticeship levy.

There were times Tessa felt out of her depth. She was one of the oldest members of the cohort, and her starting level of knowledge was low in comparison to peers. Tessa explains: "I questioned if I'd done the right thing."

However, her resilience, combined with excellent support from her manager and cohort, helped her achieve a merit grade in her end assessment.

Tessa feels her experience is a great example to her children. “When my daughter worries that she doesn’t know what she wants to do, I explain that its never too late to embark on career change even in your 40s.”

Conclusion

The rapid reskilling programme at NatWest has transformed the careers of many colleagues while ensuring the bank can meet future challenges with a skilled workforce.

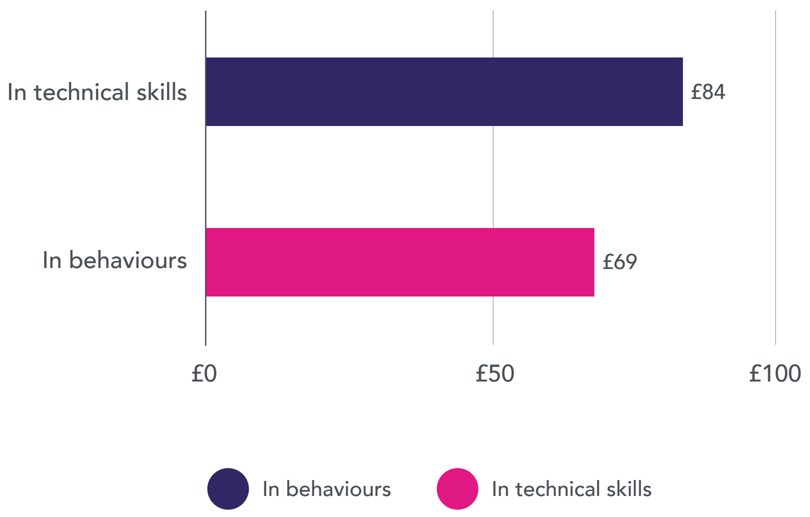
Technical skills and behaviours both prioritised through investment

“[Our figures include] skills-based workshops and external coaching - roughly split equally between technical and behavioural skill development”

Commission member

Our new data suggests firms spend slightly more on technical skills than behaviours, on a per person basis, when commissioning learning and development (L&D) from third parties. Large firms spend less per person on learning platforms than smaller firms (those below 2,000 employees), possibly due to economies of scale.

Average third party L&D spend by type of skills (per person)



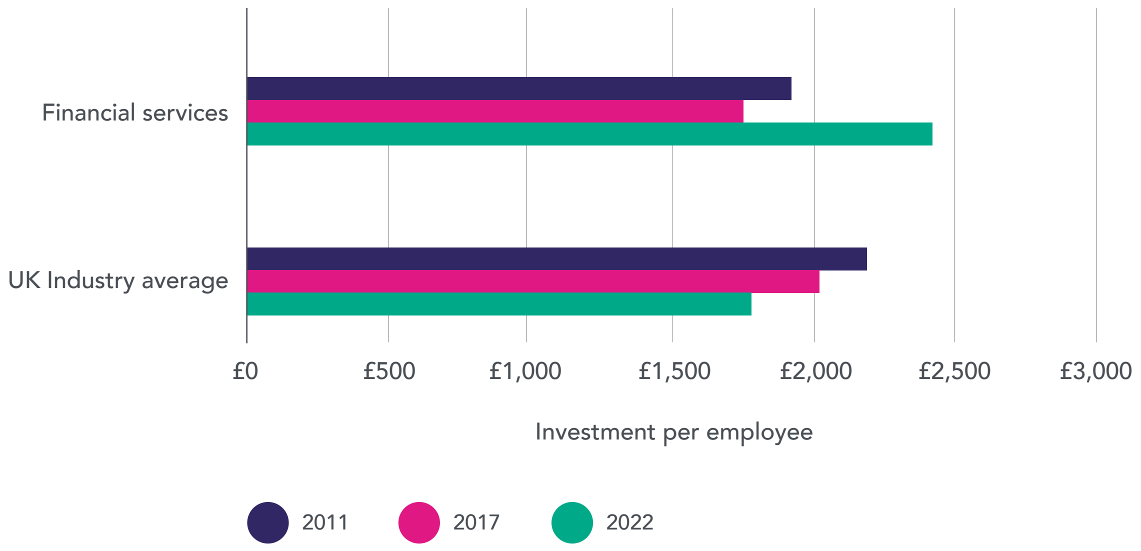
Data is for costs of all third-party L&D for the UK workforce, excluding in-house delivery, apprenticeships, certification fees, and training venues

Source: FSSC Member Survey 2024, data from 10 firms

Total spending is significantly higher for all firms, once in-house delivery, certificates and de-centralised spending are added. Moreover, as training is becoming more bite-sized and digital courses are shorter and cheaper, members tell us that learning spend data is unlikely to fully capture the breadth of available training activity.

While average employer investment may have declined economy-wide over the past decade, this masks sectoral differences. According to the Government's Employer Skills Survey data, financial services is the only sector where per-employee spend in 2022 is higher than in 2017 and in 2011. And it is one of only two sectors – together with IT – to have seen an increase in per-employee spending between 2017 and 2022.

Investment in training per employee by industry 2011 - 2022



Source: Gov.UK, ESS 2022 – Investment in training, user generated tables

This indicates that our sector is acutely aware of the need to address the skills gaps and keep evolving to meet customer needs, which has driven skills building. While cash investment is just one, limited, way of measuring the sector's interest in learning, it adds to the positive trends outlined in this chapter.

Chapter 3: Prioritising learning

How members make time and space for learning

- Non-mandatory learning has remained stable in terms of hours, while mandatory learning decreased following efforts to simplify and shorten courses.
- The industry has begun to shift towards measuring the share of the workforce who are 'active learners,' instead of counting learning hours. Three-quarters of the industry are active learners.
- Self-directed learning on corporate platforms has become universally available, together with short-term project opportunities (gigs), removing the need for lengthy courses.
- When comparing internationally, learning in the flow of work is more common in the UK than comparable countries

Reduction in mandatory learning time

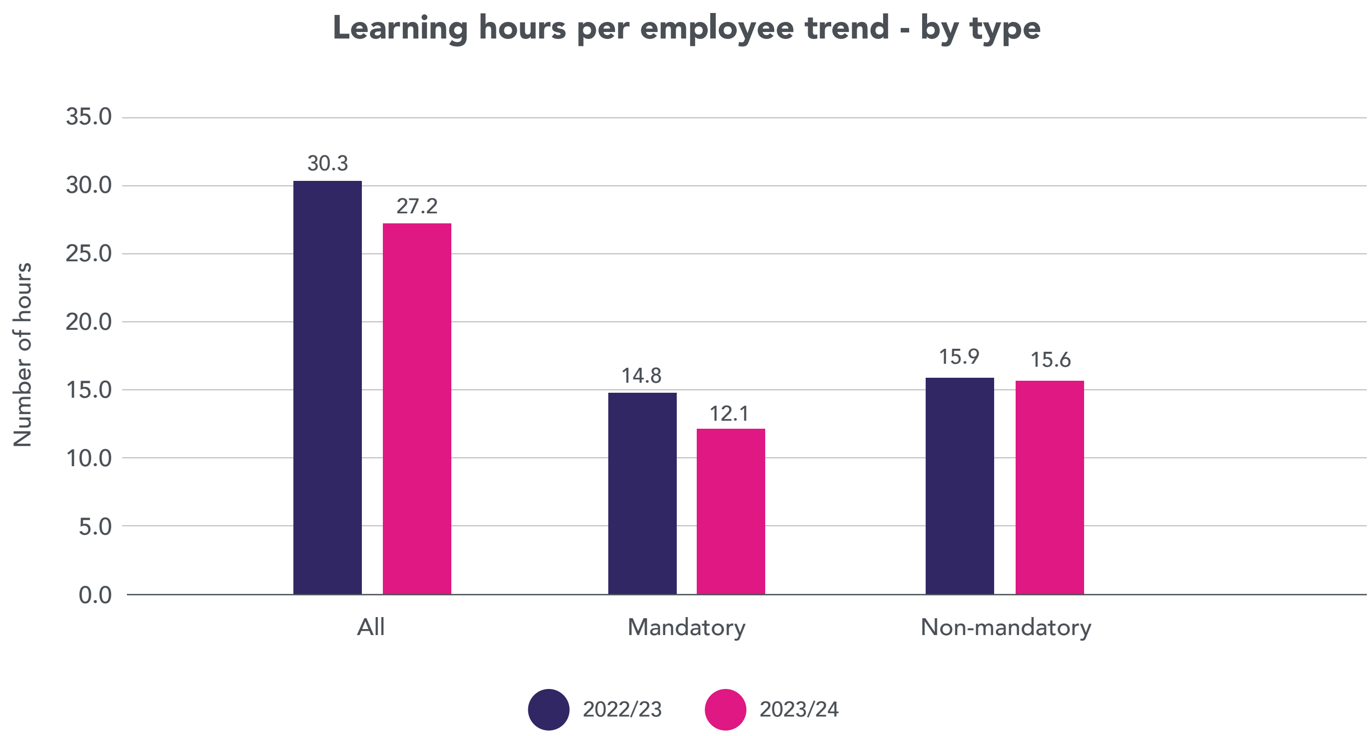
"We've moved to a more agile approach to development, assessing each requirement (…) This has resulted in some activity, which would have taken an hour in 2023, taking 30 minutes in 2024."

Commission member

While still accounting for an average of four days a year, learning hours have decreased minimally, driven by a decrease in mandatory learning. As a result, 57% of learning is now non-mandatory – an increase from 51% last year.[9] However, non-mandatory learning has remained steady in absolute terms at just over two days a year, on average. This could be evidence of efficient delivery, where more learning is now delivered in the same, or less, time. But since this is a crucial lever for driving upskilling, the question remains whether it is sufficient to keep pace with evolving skills requirements. More on this topic in our blog.[10]

9 FSSC Member Survey 2024 & 2023, data from 16 firms (all types of learning) and 14 firms (mandatory and non-mandatory learning) for both years

10 FSSC, Push vs pull: How do we define mandatory learning?, January 2025 https://financialservicesskills.org/news/push-vs-pull-how-do-we-define-mandatory-learning/



We define mandatory learning as regulatory learning, health and safety training, and inductions.

Source: FSSC Member Survey 2024 & 2023, data from 16 firms (all types of learning) and 14 firms (mandatory and non-mandatory learning) for both years

Many members have made conscious efforts to reduce the time it takes to complete mandatory learning, appreciating employees' limited time and conflicting priorities. They have done this, for example, by shortening module duration, giving credit for prior knowledge and using digital design skills to simplify content, as illustrated in the case study from Leeds Building Society (page 20). Where learning is still mandated, the focus is on regulatory compliance in the financial services industry and requirements may differ between specific customer facing or non-customer facing roles.

CASE STUDY:
Essential learning at **Leeds Building Society**

Leeds Building Society

Mandatory learning can cast a shadow. The collective groans as the latest batch of boring, repetitive e-learning drops in your inbox destined to consume hours of your life you'll never see again. Irrespective of the importance of the topic, the general malaise towards this type of learning clouds colleagues' view of corporate training. It eats precious time that could be used to build skills for the future.

The question we asked at Leeds Building Society is 'does it need to be this way'? What if, we made these learning experiences "essential" and "engaging"? See this type of learning as an opportunity to captivate an audience that must be there. This was the attitude we adopted as we set about revolutionising our approach.

To help us on our way we initially partnered with external experts, Elm Design, to help get the creativity and structure flowing. Our mission was to make essential learning just that; essential. By focusing on the relevant content, giving credit for prior knowledge (no more clicking through the same slides each year) and by applying our design skills we've transformed the learning offer. We've arranged learning into themed quarterly packages, worked closely with Subject Matter Experts and brought flair and personality to the learning experiences. Financial crime? That's now a series of expert led podcasts where the learner becomes part of the story to identify the issues. Risk frameworks? Meet the superheroes who keep the Society and its members safe.

We've gradually built our own digital design skills moving 100% of the work in-house, saving money and giving us greater flexibility. Through pre-tests and tailored content we've reduced the time learning takes to complete and made the experiences relevant to the role a colleague plays in the Society. The results have been fantastic, learner feedback is very positive, the time to complete has reduced significantly, and most importantly the experience is delivering a change in colleague actions. For example, we have seen an improvement in the recording and support our colleagues provide to our Customers in Vulnerable Circumstances (CiVC).

So, by resetting our mindset to mandatory learning, we've made it an essential part of our offer, creating a curiosity to explore our wider learning resources. We have reduced mandatory learning hours from 15.2 hours in 2022/23 to 5.8 hours in 2023/24. It has changed the perception of the learning team and unlocked an appetite for development.

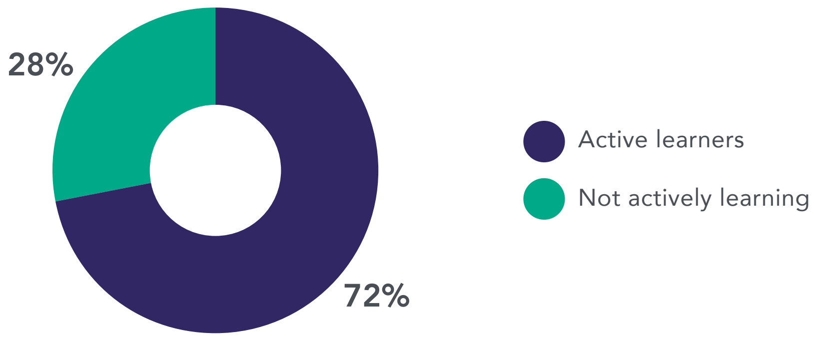
New 'active learners' measure to gauge workforce participation

> *"Following last year's survey (…), we have launched an Engaged Quality Learner measure (in line with FSSC active learner parameters) as a key performance indicator."*
>
> Commission member

Three-quarters of the industry are active learners, when defined as those having completed at least one non-mandated piece of learning over six months. Some members have more ambitious definitions, some have fewer. It varies from counting those who have logged onto a learning platform at least once over six months, to those having completed two pieces of learning *each* month.

We have worked with members to align definitions and enable benchmarking across this new measure, as you can read in our blog. The shift towards measuring active learners has been driven by a desire to get a more accurate picture of engagement within a firm's workforce. Unlike average learning hours, which can be skewed by sporadic or isolated activities, focusing on active learners ensures that the measurement reflects consistent and meaningful participation in learning programs.

% of active learners



Active learners are learners who completed at least one non-mandated piece of learning over six months.

Source: FSSC Member Survey 2024, data from 19 firms

Sentiment measures, like feedback on whether colleagues feel they are able to learn and develop, are important to complement quantitative data like learning hours and share of active learners.

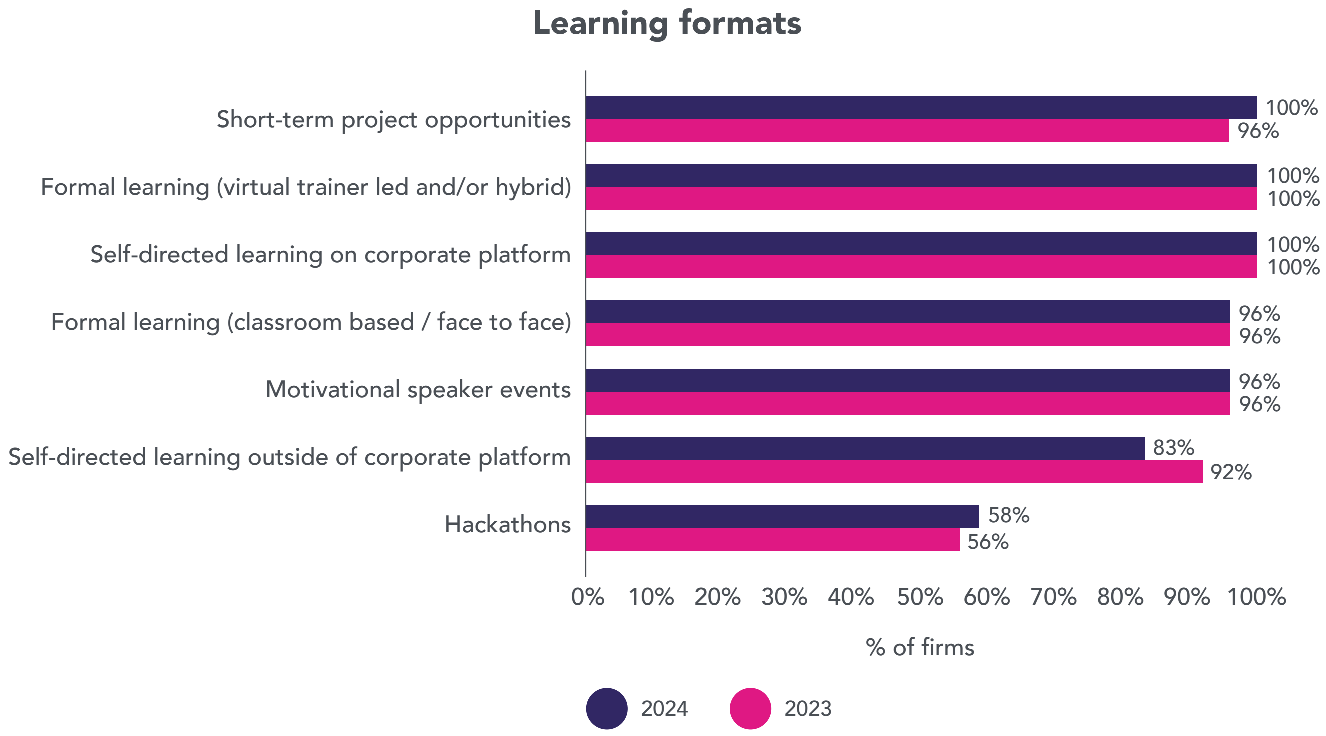
Embedding learning in the flow of work

In a new OECD study comparing adult skills, a higher proportion of adults in England reported learning in the flow of work than across the OECD on average. Those who did had higher average scores in numeracy and literacy, suggesting that more frequent learning is associated with a better command of skills. However, highly-qualified adults are also most likely to enter jobs which offer the freedom for frequent learning so the correlation may run in both directions.

How often does your current job involve...	Country	At least once a week but not every day	Every day
learning by doing from the tasks you perform	England	28%	34%
	OECD average	24%	29%

Source: OECD/Gov.uk, Survey of Adult Skills 2023: national report for England, Dec 2024

Indeed, our member data shows that self-directed learning on virtual platforms has become universally available, together with short-term project opportunities / gigs and various forms of formal and informal learning. The number of firms offering hackathons has also increased. Among firms, there is a desire to drive behaviour change without the need for lengthy courses.



Source: FSSC Member Survey 2024, data from 24 firms in 2024 and 25 firms in 2023

Internal mobility as a result of upskilling

In this context, firms were increasingly leveraging internal talent pools for hiring needs. Most (63%) members increased their share of hires filled internally in 2024, including one firm who saw an increase from 52% to 71% of roles. Overall, this is reflected in a small increase in internal mobility across the sample to an average of 51% of roles being filled internally.

To enable this type of movement, firms are investing significantly into upskilling/reskilling. This happens both within small and large firms, as the share of internal hiring is not correlated to firm size. Both businesses and employees benefit, including through higher satisfaction with career development. The case study from Standard Chartered (page 28) illustrates how their talent marketplace facilitates internal movement.

Internal mobility

	2023	2024
% of vacancies filled internally	49%	51%
Total hires	51,338	44,555

Source: FSSC Member Survey 2024, data from 17 firms. By hires we mean all hires, new positions and replacement positions

Cross-cutting themes drive future skill demands

With the growing demands of technological innovation, regulatory changes, sustainability initiatives and heightened customer expectations, we have identified two cross-cutting themes which embrace several of the distinct skills we have focused on since 2020. This is why they have been incorporated into the Future Skills Framework in a way that illustrates their growing significance.

We are continuing to understand how AI is disrupting skills needs in financial services and what skills are required to enable and embed AI tools and systems. We will publish further insights on this shortly.

Green skills

Green skills are increasingly prevalent in the financial services industry due to the growing emphasis on sustainability and environmental, social and governance (ESG) critera. Organisations are doing more to address climate change and meet the challenge of net zero targets, alongside other customer, regulatory and stakeholder expectations.

Green skills includes:

- Data analytics
- AI skills

Customer centricity

Customers are always central to financial services, but as they become increasingly sophisticated and more technologically aware they are, alongside the introduction of the Consumer Duty, driving the growing importance of customer centricity as a set of skills in financial services. Firms want to enhance client satisfaction, foster transparency and loyalty, and stay competitive in a market where personalised and seamless customer interactions are highly valued.

Customer centricity includes:

- AI / machine learning
- Digital literacy
- Data analytics
- User experience
- Empathy
- Relationship management

Chapter 4: Building our future workforce

- Firms can shape their future workforce through external and internal talent supply. By working together as a sector, we can unlock opportunity for a broad pool of talent.
- The numbers of people being reskilled in member firms have continued to grow, albeit from a low base, while upskilling has stayed flat.
- Talent supply from early career programmes – both graduates and apprenticeships – has remained constant, but numbers have increased for in-demand roles such as data analyst apprenticeships.
- The World Economic Forum finds that financial services is the most advanced sector in terms of skills-based hiring, with many firms removing degree requirements.
- Given the international and highly-skilled nature of the work in our sector, labour inflows from abroad will remain important.

The seven types of talent supply our sector needs to leverage

We have identified seven types of talent supply that firms can use to build a skilled workforce and counter the expected loss of 260,000 highly-skilled employees by 2035. These include three internal and four external types of supply. **External talent supply** is subject to political and economic uncertainties, while firms have greater control to shape **internal supply** by investing in their current workforce. While priorities may differ for each individual firm, their potential to reshape the skills landscape resonates with all members. By working together we can unlock opportunity for a broad pool of talent.

INTERNAL SUPPLY

Reskilling
The number of people being reskilled in member firms has continued to grow for the third consecutive year, as have cohort sizes, albeit only moderately.

Upskilling
Mandatory learning has increased as a share of total learning but stayed flat in absolute terms. It remains a challenge to encourage more of this type of future-focused learning.

Retention
Despite having a higher tenure than some other industries, financial services faces retention challenges for many occupations including underwriters, software engineers and customer service roles.

EXTERNAL SUPPLY

Apprentices
The number of apprentices employed by financial services has plateaued since 2017, although starts in highly-skilled apprenticeship roles have increased.

Graduates
Numbers are relatively steady but firms are rethinking graduate programmes as part of their shift towards becoming a skills-based organisation.

External hires
Our ability to recruit suitable talent will depend on the extent of labour market competition but we are making positive progress on skills-based hiring.

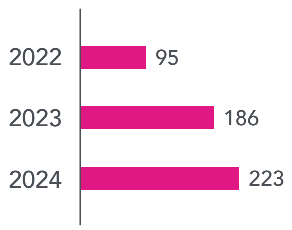
International talent
A sizeable minority of financial services workers are foreign-born, which increases the pool of available degree-level talent in the UK.

We will not achieve major gains in access to skills unless we act on several fronts. Upskilling and external hires have potential to create the most sizeable talent supply. However, this will not be sufficient for all skills unless we also unlock a flow of new talent through early career programmes, skills policy change and access to the international labour market. No skills gap can be closed without taking the issue of retention seriously. This includes providing well-structured career pathways and learner journeys. We should not prioritise early careers at the expense of people mid-career but make upskilling available to all.

Reskilling – a targeted effort

The number of people reskilled in our sample has increased for three consecutive years. Twice as many people were reskilled in 2024, compared to 2022, but the number remains low compared to the size of the workforce. This is reflected in an average number of people reskilled per firm – cohort size – of around 223 people, up from 95 in 2022. Many firms start with small pilot programmes, opening those up to more groups in the business given persistent demand.

Average reskilling cohort size 2022 - 2024



Source: FSSC Member Survey 2024, data from 6 firms

DEFINITION: Reskilling = training individuals whose roles are at risk of being outdated for new roles with the intention of redeployment.

Reskilling activity is higher for hard-to-fill roles such as software engineers and data analysts. A number of members have told us that it is hard to build reskilling programmes for those highly technical roles (e.g. software engineer where tooling / software languages are bespoke to the specific platforms and products that they are responsible for building) and therefore are creating programmes for roles that require less complex skills (e.g. UX design).

Upskilling – a volume piece

DEFINITION: Upskilling = training individuals to equip them with enhanced skills for their current role. Most non-mandatory training will serve this purpose.

Reskilling typically applies to a limited number of colleagues, due to its intensive nature. Whereas upskilling will be needed for almost everyone else throughout their careers; a much higher number of people. This makes upskilling a key challenge to keep pace with the changing world of work.

As chapter three shows, almost three-quarters of our workforce of 1.1 million are currently counted as active learners. This can be used as indicative for the share of the industry which is engaged in upskilling. However, as our understanding of what upskilling people require evolves, colleagues might need to do more upskilling than a minimum of one piece of non-mandatory learning every six months. Some members are already using more ambitious definitions.

Active learners / upskillling

Measured as one non-mandatory instance of learning per six months.

Most firms feel more learning is necessary to build the required skills in a fast-paced environment but creating space for voluntary (non-mandatory learning) is not easy. Lack of time and leadership are two of several barriers to more learning.[11] Non-mandatory learning now takes up a bigger part of the learning that is taking place in the sector, which is encouraging (see chapter 3). However, this masks the fact that overall learning as well as non-mandatory learning has stayed flat in terms of absolute figures, so there is room for growth.

Participating in workplace learning not only helps employees keep pace with change but also enables internal mobility and redeployment to new areas of business need by broadening secondary skills. Businesses develop and use measures of skills adjacency to better understand which existing skillsets lend themselves for upskilling and reskilling to the most sought-after skills.

External research has proven that investment in upskilling has a sizeable and significant effect on labour productivity. One study from 2015 found a 10% increase in training per employee increased productivity by 2%. This indicates that better-trained staff can counter some of the effects of continuing talent shortages.[12] However, more recent data is needed.

Retention – a constant challenge

Financial services has a higher tenure than many other sectors, with employees choosing to stay with their employer for c. 9 years on average. This compares to professional services (8 years) or technology (7 years).[13] For some firms in our sample, the average tenure is as high as 14 years, as many colleagues have long-service careers.[14]

Yet, 10% of all financial services workers change employer each year[15] and retention is an issue for roles where turnover is high, including software, underwriting and customer services roles.

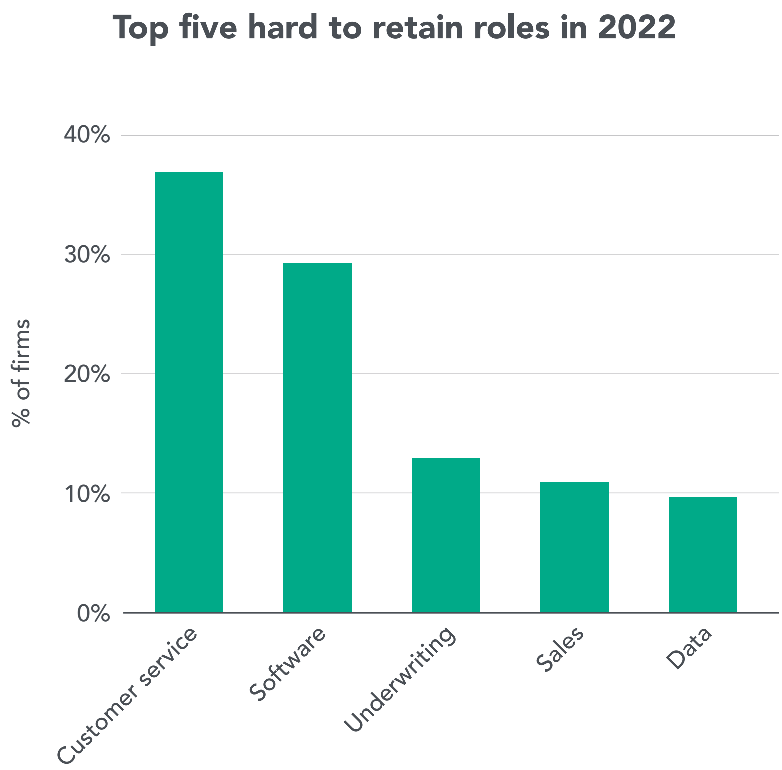
11 FSSC research, unpublished, March 2023

12 Gov.uk/Department for Business, Innovation and Skills, UK skills and productivity in an international context, 2015

13 ONS, Employee turnover by industry, Jan-Dec 2016-2022 (user requested)

14 FSSC Member survey 2022

15 ONS, user requested data on joiners and leavers



Source: FSSC Member Survey 2022, based on data from 19 firms

Labour market economics can make retention hard. Employees who change jobs usually experience higher earnings growth than those who stay, and earnings grow even more for those who change industries, according to ONS data.[16]

Members are conscious that financial benefits alone are not sufficient to retain good staff. Employees value a great culture, learning and development that improves their career opportunities and meaningful work. As such, the current trend regarding the increase in internal mobility (see chapter 3) is encouraging. It reflects a commitment to providing upskilling and career growth opportunities within the organisation, which can significantly boost employee engagement and retention. The case study below illustrates this.

16 ONS, Job changers and stayers, understanding earnings, May 2022

CASE STUDY:
Talent Marketplace at **Standard Chartered Bank**

"When employers talk about the 'war for talent' it is actually a 'war for future skills' that will disproportionately impact business growth and client outcomes."

Tanuj Kapilashrami, Chief Strategy and Talent Officer at Standard Chartered.

We operate in some of the world's most dynamic markets. To support our clients, we need to respond to evolving market conditions, and rapid technological advancements with agility.

Our commitment to build a skills-powered organisation enables this. Our goal is to enable all colleagues to unlock their potential as we build a future-ready workforce that is inclusive, innovative, and performance-oriented. By embedding skills purposefully, we can accelerate the development and deployment of critical skills where they are needed.

We offer a range of tools and resources to support skill development while providing an engaging learning experience. For example, our **AI-enabled Talent Marketplace** connects business needs with employees' skills. Managers post 'gigs' on the marketplace, and employees apply to them using their 'skills passports' which showcase their capabilities beyond their job descriptions. This is part of our targeted approach to ensure skill development aligns with business transformation priorities.

As employees reskill and upskill, they unlock more internal opportunities, setting them up for success within, and beyond, the Bank. This skills-first approach to hiring and developing people means businesses get the skills they need by accessing a wider talent pool. It's no longer just about who you know or where you are. This is a massive contributor to our employee value proposition, as today's workforce wants to work for organisations that enable them to grow without being prescriptive in telling people what, and how, they should learn.

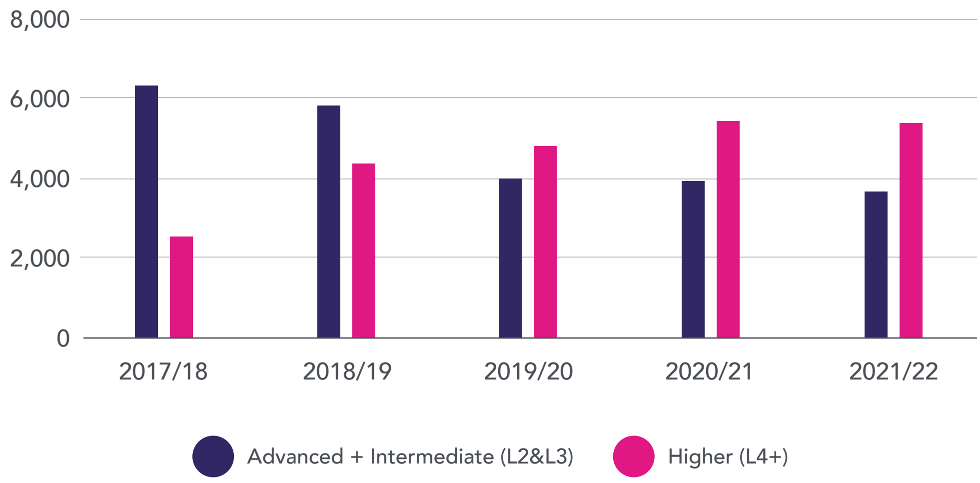
By combining development opportunities with purposeful internal deployment, we continue to enhance colleague experience whilst creating a more agile, resilient enterprise that thrives in the face of change, and continues to drive sustainable business growth.

To-date, over 71,000 employees have engaged in some form of skills development, with 32,000 focusing on at least one of the six key skills aligned to our growth strategy (Data and Digital, Sales, Innovation, Performance, Leadership, Sustainability). Since its inception in 2020, over 43,000 employees have engaged with Talent Marketplace, with over 2,800 projects being assigned. By deploying employees' skills at speed across our network, we unlocked over USD9.5 million in terms of productivity gains, increased internal deployment rate to over 50% and have seen a significant increase in employee satisfaction with career and development opportunities.

Early careers and apprenticeships

Talent supply from early career programmes have stayed relatively flat, with overall apprenticeship numbers around 9,000 and graduates around 20,000. Graduate schemes are an established route but as firms move away from degree requirements, some have started to invest into broader structured programmes supporting internal mobility rather than graduate programmes to offer wider opportunities.

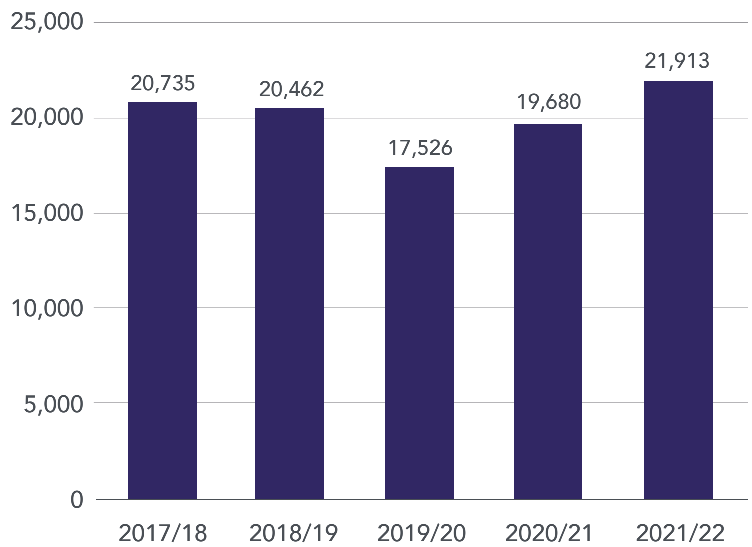
Apprenticeship starts in financial services by level



Source: Gov.uk, Apprenticeships by industry 2021/22, published July 2024

The number of apprenticeship starts in higher-level apprenticeship roles (level 4+) in financial services has increased to 5,000. Starts in popular roles such as data analyst almost doubled from 3,700 in 2020/21 to 6,700 in 2023/24 across industries. This is encouraging, although barriers remain as taking on early career apprentices requires a lot of investment and there is concern about drop-out rates. One member has paused software apprenticeship starts while assessing the impact of AI. Not all apprenticeship starts are in early career roles; about 42% are used to upskill/reskill existing colleagues.[17]

Graduates entering financial services



Source: HESA, graduates by SIC code extrapolated to all qualifications using HESA, Qualifications obtained by level of qualification 2000/01 to 2023/24 awarded

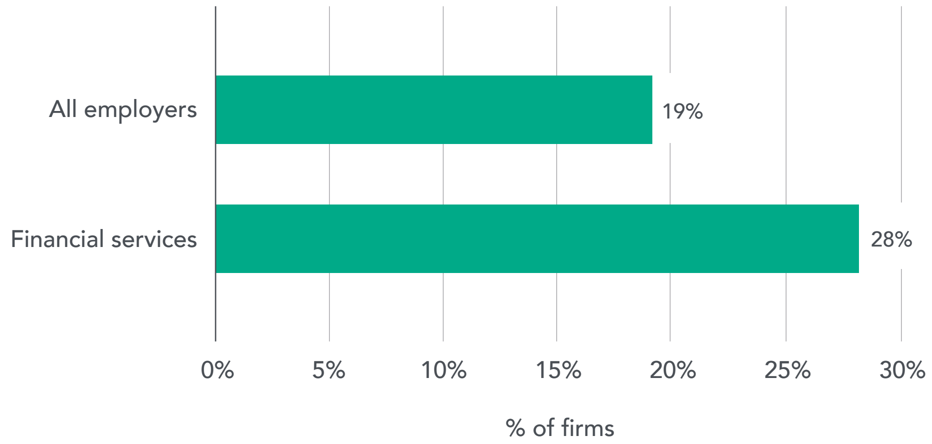
17 FSSC Member Survey 2024, data from 18 firms

Business and social science graduates dominate the flow into financial services, with approximately 12,000 graduates with business and management degrees entering the sector each year. This is nearly four times the number of graduates with computing degrees[18], suggesting financial services is less attractive to tech talent. Members are trying to broaden out from traditional degrees to find sought-after skills, such as data skills, in wider fields like psychology.

External talent - skills-based hiring

Given the extent of labour market competition, our ability to recruit suitable talent depends on being seen as an attractive sector to a wide range of talent and making good recruitment decisions. An average of 28,000 people join our industry from other sectors every year.[19] Financial services firms have worked hard to transform recruitment processes, with many removing degree requirements and relying on skills assessments instead. The World Economic Forum finds that financial services are the most advanced in terms of skills-based hiring.

% firms planning to remove degree requirements in favour of skills-based hiring



Source: World Economic Forum, Future of Jobs 2025

Similarly, many firms have removed not just degree but also A-level requirements, widening the pool of recognised qualifications that candidates can use to secure opportunities in financial services to include, for example, BTEC qualifications.

International talent

A sizeable minority (21%) of UK financial services workers are international[20] and without the foreign-born working population, there would be a deficit of degree-level educated workers in the UK, according to academic research[21]. Our sector has been granted an average 7,500 skilled worker visas per year since 2021[22]. TheCityUK and the City of London Corporation have looked into immigration questions jointly with EY and found that despite progress, businesses continue to struggle with process-related issues.[23]

18 HESA, HE enrolments by subject (table 52); HESA, SIC of graduates by subject area of degree (Fig 11)

19 ONS, Employee turnover by industry, Jan-Dec 2016-2022 (user requested)

20 ONS, EEA jobs City and London by industry 2004-2020, user requested, Nov 2021

21 Pissarides Review, Learning to grow, Oct 2023

22 Gov.uk, Occupations visa data, December 2024

23 TheCityUK, the City of London Corporation & EY, Global Talent Mobility: Ensuring UK competitiveness one year on: our scorecard, September 2021

Conclusion

The positive impact of reskilling, the reduction in mandatory learning aimed at freeing up space for more future-focused learning, and the shift towards skills-based hiring are all encouraging. But many skills still exhibit gaps that need addressing and, in many cases, training is not always widely available or used. CEOs recognise that their workforce need more skills to drive business success. While we are making progress, we must double down on our efforts.

Skills need to retain a place on the agenda as an essential part of business strategy. Industry collaboration remains crucial. Together we can make progress through common measurement, the sharing of skills forecasting data with the Commission, and the exchange of best practice on skills-building.

POSITIVE PROGRESS	LACK OF PROGRESS
• Internal mobility increased	• External supply (graduates, apprentices etc) is flat and retention challenges remain
• Demand for software engineering skills is dropping as reskilling efforts are targeting this skill. Case studies show that purposeful activity achieves positive results	• Overall reskilling numbers remain low, and software and data roles are still hard-to-fill, while off-shoring pressures remain
• Mandatory learning time has been reduced and content simplified	• Upskilling - measured as non-mandatory learning - is steady but needs to increase. We should be more ambitious on active learners
• Financial services sector is leading on skills-based hiring	• More work is required to realise the benefits of a skills-based approach

To secure skills we need to look externally and internally

The sector needs to address the following points:

a) Make skills central to business strategy

- Keep skills on the leadership agenda
- Position skills as a driver of growth within business strategy
- Implement skills strategies with pro-active and purposeful activity, driven by identified needs

b) Foster clarity on skills needs

- Continue to enhance knowledge and understanding of current skills and proficiency, while also enhancing forecasting of future skills needs
- Further explore the 'enabling' skills which support the adoption of Gen AI and other technology such as behaviours included in our Future Skills Framework
- Align on common measurement to enable benchmarking and tracking of progress e.g. on active learners
- Analyse the impact of each type of talent supply towards building the skilled future workforce we need

c) Create and build the skills we need

- Continue upskilling efforts by encouraging non-mandatory learning and simplifying mandatory learning
- Expand and scale reskilling programmes
- Build and expand pipelines to attract, recruit and progress talent, e.g. apprenticeships, experienced hires
- Ensure we are securing talent from all demographic groups

d) Collaborate

- Continue to find industry solutions to skills challenges and collaborate with wider stakeholders, e.g. Government, training providers to build the skills to deliver growth
- Continue to embed a skills-based approach and work together to share knowledge and best practice to address skills challenges for all

Financial Services
Skills Commission

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

The Financial Services Skills Commission, 6th Floor, Fitzwilliam House, St Mary Axe, London EC3A 8BF

www.financialservicesskills.org

Membership
To find out more about the Financial Services Skills Commission and how you can make faster progress as a member, visit www.financialservicesskills.org or email us at **info@financialservicesskills.org**