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#### **DISCLAIMER:**

The survey results presented in this report are based on a limited-sample survey distributed, with data collected by a paid service provider appointed by the FSDC. Numerical results shown are weighted to improve representativeness.

### **Executive summary**

Hong Kong's economic success owes much to its comprehensive financial services industry, which has long been recognised as one of the world's foremost financial hubs. Over the years, the industry has constantly evolved to meet the demands of a changing global market, driven by the emergence of new technologies, evolving customer expectations, and changing geopolitical conditions. Following these changes, the talent market of the financial sector has also undergone significant changes in tandem with the overall landscape.

The ageing population and declining birth rate have led to a shrinking labour force, creating talent shortage in many industries, including the financial services sector. Coupled with the disturbance of the pandemic and the rise of global mobility, these factors have prompted employees to move between countries and take advantage of new opportunities, leading to a higher turnover rate in a more competitive talent environment.

Furthermore, the younger generation's priorities and career aspirations are evolving, with a greater emphasis being placed on work-life balance and career development. As this new generation begins to enter the workforce and become key contributors of junior-level talent, it is crucial to recognise these changing traits of the talent market landscape.

In light of the opportunities at hand, the growing interconnectivity among neighbouring cities and the development of the Greater Bay Area (GBA) present opportunities for Hong Kong's financial services industry to expand its market reach and access previously untapped talent and capital resources. Concurrently, digital transformation is revolutionising the finance sector, fostering innovation, growth and efficiency. Advanced technologies, such as AI, blockchain and cloud computing have enhanced operations and customer experiences, leading to a heightened demand for tech-savvy professionals with proficiency in data analytics and cybersecurity. Nevertheless, to fully capitalise on this growth potential, the availability and capacity of talent that supports the functioning of Hong Kong's financial market is of the utmost importance.

The Financial Services Development Council (FSDC) is pleased to note that, the Hong Kong Special Administrative Region (HKSAR) Government has pledged to spare no effort in attracting global talent, as laid out in various talent policies in the 2022 Policy Address and 2023 Budget Speech, respectively. In order to maintain Hong Kong's competitiveness in the global market, it is imperative for the Government to communicate the forthcoming key development priorities and articulate the necessary steps to meet future competition. By providing clear directions on strategic areas of focus, especially those related to the talent market, the Government can align the effort of stakeholders more effectively. Hence, a top-down approach led by the Government is deemed to be more effective in cultivating the talent market and achieving the city's long-term objectives.

In light of this, and as a continued effort to drive the development of the talent market within the financial services sector, the FSDC aims to identify and address challenges pertaining to the talent market landscape. This report identifies the key talent challenges in Hong Kong's financial services industry, and puts forward policy recommendations structured under four key dimensions for the Government's and relevant agencies' consideration –

## It's a people business: Enhancing students' command of soft skills and fostering a growth mindset

- i. Soft skills training to be added as an elective or, better, foundational subject for university and secondary students. To begin with, it may be easier to add it to the curricula of graduate programmes.
- ii. In tandem with the above, fostering a growth mindset can further amplify students' potential; this can be done through giving them a taste of real-life working environment. The Government to consider setting aside a budget for a Career Tasting Programme to be administered by a designated organisation, which will arrange company visits to financial institutions in Hong Kong and other GBA cities.

#### Investing for the future: Cultivating a diverse environment

- iii. The Government to provide or to coordinate efforts among key industry players who would be willing to provide scholarship for students with diverse backgrounds to study abroad.
- iv. The Government to design and/or sponsor a programme aimed at diversifying the student pool, focusing on students from international markets.

#### Paint the right picture, and promote it

v. The Government to dedicate specific efforts towards promoting Hong Kong's universities, as well as internship/job opportunities for young professionals.

#### Look no further: Collaborate and nurture together with our neighbour

vi. GBA campuses of Hong Kong universities to work closely with Hong Kong stakeholders in programme construction.

### Introduction

As one of the leading international financial centres in the world, Hong Kong's economy has been well supported by the comprehensive offerings of its financial services industry. The financial services sector contributed to 21.3% of the city's GDP in 2021 (compared to the 12.8% two decades ago), with 277,500 jobs (accounting for 7.6% of the total employment) in 2021.

The availability of talent for the commercial and financial services sector is a key attribute of Hong Kong's competitiveness. Besides its homegrown talent, given the presence of over 1,400 regional headquarters of international corporations residing in Hong Kong¹, the city has been attractive to foreign talents from other major markets, owing to the well-established financial market system, favourable tax rate, and sizable development opportunities. Amidst the global war for talent, with an aim of upholding Hong Kong's position as one of the leading international commercial and financial centres, the HKSAR Government has launched various talent schemes and expedites the granting of expatriate visas to help them enter and contribute to Hong Kong's economy, including the financial services industry.

#### The current state of the financial services industry

The financial services industry is traditionally recognised as a sector that delivers financial products and offerings to individuals, enterprises, and other public stakeholders. The industry is a fundamental component of both Hong Kong's economy and the global economy as it facilitates the flow of capital and provides financial products and services that enable economic growth and development (Sutton & Jenkins, 2007)<sup>2</sup>.

As one of the largest sectors globally, Sutton & Jenkins (2007) asserted that the financial services industry comprises a wide range of business, including merchant banks, credit card companies, stock brokerages, and insurance companies, among others. Nonetheless, with the evolution of the global market landscape underpinned by the pervasiveness and advancement of new technology, the scope of the financial services industry has been changing, too.

According to a report in 2022, while traditional sectors such as banks, insurance companies and asset managers still account for 65% of the global industry value, emerging players such as financial infrastructure and technology companies constitute the remaining 35%. This contrasts with the situation in 2012, when traditional players accounted for 90% of the industry value<sup>3</sup>.

Indeed, over the past few years, an increasing number of market players have emerged within the sub-segments of the overall sector; examples include financial technology (Fintech) and environmental, social, and governance (ESG) as identified in the FSDC's report on talent strategy in 2021<sup>4</sup>. With the increasing awareness of ESG-related matters and the integration of technology into the provision of financial services becoming an important theme, their implications for labour and skills demand, should be studied.

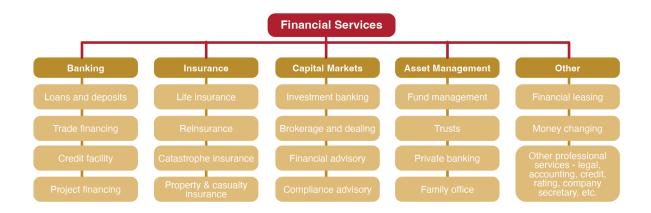
<sup>1</sup> Hong Kong Census and Statistic Department. Foreign-affiliated Companies in Hong Kong. Retrieved May 26, 2023, from https://www.censtatd.gov.hk/en/scode360.html

<sup>2</sup> Sutton, C. N., & Jenkins, B. (2007). The role of the financial services sector in expanding economic opportunity. Harvard University. https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/programs/cri/files/report\_19\_EO%2BFinance%2BFinal.pdf

<sup>3</sup> Oliver Wyman. (2022). The State Of The Financial Services Industry 2022. https://www.oliverwyman.com/our-expertise/journals/state-of-financial-services.html

<sup>4</sup> FSDC. (2021). Careers of Tomorrow: Financial Talents in the Digital, Sustainable Economy of Hong Kong. https://www.fsdc.org.hk/media/kdrbqtp1/20210816-talent-strategy-report-eng-2.pdf

Figure 1. Sectors in the financial services industry



To say the least, the financial services industry, being a complex and dynamic field, requires an extensive range of talent with a variety of skills and knowledge. From investment banking to insurance, there are a variety of roles within the industry that require both specialised expertise and general interpersonal skills. Coupled with the changes in priorities and ways of working under trends such as digitalisation, fintech, and increasing consumer demands for personalised services, the shifting paradigm has led to implications for how talent is acquired, developed, and retained in the financial services sector.

As a continuum of FSDC's efforts in driving human capital development in Hong Kong, we aim to identify measures to ensure Hong Kong's standing as a regional talent hub, which will continue to nurture and sustain competent professionals to support the growth of the overall financial services sector. Such effort is carried out by probing into the overall evolving talent landscape, current hiring demand trends, as well as the readiness of local young talents and aspiring financial professionals for employment in the sector.

## Methodology for collecting stakeholder views

Similar to our previous talent study published in 2021, this study is informed by insights gathered from a comprehensive literature review, a primarily interview-driven qualitative study, and a survey-based quantitative study.

#### Literature review

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30+

talent development studies and talent trend reports across Hong Kong, Mainland China and overseas

#### **Qualitative study**



A combination of one-on-one in-depth interviews and focus group discussions

#### Quantitative study



An online questionnairebased study



20+

C-suites, senior management HR leaders of financial institutions and seasoned recruiters



200+

aspiring and incumbent professionals in the Hong Kong financial services industry (with less than three years of working experience)



10+

educators and career office professionals in tertiary institutions and secondary schools



250+

students enrolled full-time in a local tertiary institution

#### a. Literature review

Similar to the research approach used in the FSDC's 2021 study, we began our research by conducting a literature review to develop a deeper understanding and sense of the market's current status. Among some 30 studies reviewed in depth (see Appendix 1), a majority focused on exploring how structural developments, including digital transformation, changing social norms and career aspirations, and the impact of economic globalisation, have urged most, if not all, financial institutions to reorganise their business models and reassess their hiring needs.

#### i. Impacts of digital transformation

Driven by technology advancements and evolving business needs, the financial services industry has undergone significant digital transformation over the past decade. Digital technologies have reshaped all facets of the industry ranging from payments, lending, insurance and wealth management (Bank for International Settlements, 2021)<sup>5</sup>. This process of digitalisation has had a profound impact on the talent market landscape, as both employers and employees must adapt to the changing business models and skill requirements.

The rapid pace of digital transformation has presented significant challenges for employers, particularly in terms of attracting and retaining talent. Companies now compete for a limited pool of digital talent, and the demand for digital skills such as data analytics is driving up remuneration packages. Additionally, the changing nature of work and the rise of remote work have introduced

<sup>5</sup> Bank for International Settlements, (2021). Fintech and the digital transformation of financial services: implications for market structure and public policy. https://www.bis.org/publ/bppdf/bispap117.pdf

new challenges for companies in managing and engaging their workforce (Kropp, 2021)6.

Nevertheless, the trend of digitalisation also creates complexities for employees, particularly in terms of job security and career development. The rise of digital technologies, such as data automation and artificial intelligence, has led to the creation of new roles and changed the requirements of existing ones. Concurrently, it has also resulted in the displacement of many traditional roles such as tellers, data entry and processing, putting individuals without digital skills at risk of being left behind (Cascio & Montealegre, 2016)<sup>7</sup>.

As Cascio & Montealegre (2016) note, the displacement of traditional roles due to digitalisation puts a strain on the whole of society as individuals without digital skills face increasing challenges in finding employment. The rapid pace of change means that employees must continuously upskill and reskill to remain relevant in the workforce, which requires a significant investment of time and resources and may create additional stress and anxiety for employees (Charan et al., 2018)<sup>8</sup>.

Mercer's (2017) Talent Strategies for a Changing Financial Services Sector<sup>9</sup> asserted that the pace of skills change among talent has accelerated in recent years to meet the emerging needs of new business. In parallel to these changes, there is a growing demand for individuals with skills in areas including data analysis, artificial intelligence, and cybersecurity, according to the World Economic Forum (2023)<sup>10</sup>.

Thus, it is crucial for employers in financial services to develop new approaches to attract talent and empower them to build the skills needed for roles that may not exist today. The transition into the digital era has the potential to raise various talent-related issues across different businesses within the financial services industry, in terms of the way employers attract, develop, and retain their talents. Against this backdrop, the outbreak of the global pandemic has further accelerated the process of digital transformation across industries, fundamentally altering the way of work and productivity (IMF, 2023)<sup>11</sup>.

In addition to the disruptions in the business and corporate world, the pandemic has also impacted the development of social skills due to social distancing measures (Hernandez & Jabbari, 2022)<sup>12</sup>. This could be a concern for the talent market and could potentially have far-reaching implications. As the OECD (2019)<sup>13</sup> pointed out, soft skills such as communication, problem-solving, and adaptability remain essential for an individual's success in the modern workplace, as recognised by an increasing number of employers.

<sup>6</sup> Kropp, B. (2021, April). 9 Work trends that HR leaders can't afford to ignore in 2021. Gartner. https://www.gartner.com/smarterwithgartner/9-work-trends-that-hr-leaders-cant-ignore-in-2021

<sup>7</sup> Cascio, W. F., & Montealegre, R. (2016). How technology is changing work and organizations. Annual Review of Organizational Psychology and Organizational Behavior, 3(1), 349–375. https://doi.org/10.1146/annurev-orgpsych-041015-062352

<sup>8</sup> Charan, R., Barton, D. & Carey, D. (2018). Talent Wins: the new playbook for Putting People first. Harvard Business Review Press.

<sup>9</sup> Mercer. (2017). Talent Strategies for a Changing Financial Services Sector. https://www.marshmclennan.com/content/dam/mmc-web/insights/publications/2020/july/Talent-Strategies.pdf

<sup>10</sup> World Economic Forum. (2023, April). The Future of Jobs Report 2023. https://www.weforum.org/reports/the-future-of-jobs-report-2023/digest/

<sup>11</sup> IMF. (2023, March 21). How pandemic accelerated digital transformation in advanced economies. https://www.imf.org/en/Blogs/Articles/2023/03/21/how-pandemic-accelerated-digital-transformation-in-advanced-economies

<sup>12</sup> Hernández, R., & Jabbari, J. (2022). Disrupted and disconnected: Child activities, social skills, and Race/ethnicity during the pandemic. Frontiers in Education, 7. https://doi.org/10.3389/feduc.2022.869183

<sup>13</sup> OECD. (2019). Getting skills right: Future-Ready adult learning systems. https://www.oecd-ilibrary.org/education/getting-skills-right-future-ready-adult-learning-systems\_9789264311756-en

#### ii. Impacts of changing social norms and career aspirations

Due to the globally ageing population and decreasing fertility rate<sup>14</sup>, talent pipelines in all industries around the world are shrinking (Rahilly et al., 2022)<sup>15</sup>. Amidst these challenges, staff turnover rates across different segments in the financial services industry, particularly among junior-level professionals, have been increasing in recent years. With Hong Kong's average staff turnover rate standing at 24.1% as of 2022, talent retention remains as one of the top priorities for companies in the city (HKIHRM, 2023)<sup>16</sup>.

This high turnover trend is largely driven by the changing career aspirations of today's younger generation, who place a greater emphasis on work-life balance, career advancement opportunities, and meaningful work that aligns with their personal values (Deloitte, 2021)<sup>17</sup>.

As the Generation Z (Gen Z, i.e., those born between 1997 - 2012)<sup>18</sup> enters the workforce, it is essential to acknowledge that their career aspirations and expectations from work differ from previous generations (Gaidhani et al., 2019)<sup>19</sup>. Gen Z individuals are generally perceived to have placed a higher priority in seeking purpose, impact, and work-life balance in their careers, and are more likely to opt for meaningful work that aligns with their personal values over other job attributes such as compensation (Bain & Company, 2022)<sup>20</sup>.

According to Accenture (2022)<sup>21</sup>, young professionals are seeking careers that offer continuous learning and development opportunities, rather than traditional career advancement and job stability. Such a trend has significant implications for the financial services industry, which has traditionally offered a clear career path with well-defined roles and responsibilities.

The rise of fintech and the adoption of digital technologies have also influenced the career aspirations of Gen Z. Being considered as the most tech-savvy generation of workers, they are more likely to pursue careers related to technology, such as programming and software engineering, as opposed to going through conventional recruitment channels at global financial institutions (LinkedIn, 2021; Manpower Group, 2017)<sup>22,23</sup>.

The financial services industry has always been associated with long working hours and high stress (Giorgi et al., 2017)<sup>24</sup>, which has led many new entrants to seek alternative roles elsewhere after short stints in the industry, prioritising work-life balance, flexible working options and purpose of work, in contrast to previous generations, who were primarily motivated by financial rewards, job security and career progression.

The COVID-19 pandemic also acted as a catalyst in accelerating the shift in work motivations among young finance professionals. During the pandemic, many organisations were compelled to adopt remote working policies, which has given employees greater flexibility and control over their own work schedules. As a result, work-life balance has become a higher priority for many young

<sup>14</sup> The World Bank. (2022). The World Bank Data [Dataset]. https://data.worldbank.org/indicator/SP.DYN.TFRT.IN

<sup>15</sup> Rahilly, L., Dowling, B., Hancock, B., Schaninger, B. (December 2022), *Talent in a changing market: What now?* [Podcast], McKinsey & Company, https://www.mckinsey.com/~/media/mckinsey/business%20functions/people%20and%20organizational%20performance/our%20insights/talent%20 in%20a%20changing%20market%20what%20now/talent-in-a-changing-market-what-now.pdf

<sup>16</sup> HKIHRM. (2023). Manpower Statistics Survey 2022

<sup>17</sup> Deloitte. (2021). A call for accountability and action.

https://www2.deloitte.com/content/dam/Deloitte/mk/Documents/about-deloitte/2021-deloitte-global-millennial-survey-report.pdf

<sup>18</sup> Pew Research Center. (2019, January 17). Defining generations: Where Millennials end and Generation Z begins. https://www.pewresearch.org/short-reads/2019/01/17/where-millennials-end-and-generation-z-begins/

<sup>19</sup> Gaidhani, S., Arora, D., & Sharma, B. K. (2019). *Understanding the Attitude of Generation Z towards Workplace*. ResearchGate. https://www.researchgate.net/publication/331346456\_UNDERSTANDING\_THE\_ATTITUDE\_OF\_GENERATION\_Z\_TOWARDS\_WORKPLACE

<sup>20</sup> Bain & Company. (2022). The Working Future: More Human, Not Less. https://www.bain.com/contentassets/d620202718c146359acb05c02d9060db/bain-report\_the-working-future.pdf

<sup>21</sup> Accenture. (2022). Work in Progress: How the Future of Work Depends on Us. https://www.accenture.com/content/dam/accenture/final/capabilities/strategy-and-consulting/talent-and-organization/document/Accenture-Work-In-Progress-How-The-Future-Of-Work-Depends-On-Us.pdf#zoom=40

<sup>22</sup> LinkedIn. (2021). Jobs on the Rise Reports. https://business.linkedin.com/talent-solutions/emerging-jobs-report?selectedFilter=all

<sup>23</sup> Manpower Group. (2017, May 10). GigResponsibly – The Rise of NextGen Work. https://www.manpowergroup.co.uk/the-word-on-work/gig-responsibly/

<sup>24</sup> Giorgi, G., Arcangeli, G., Perminiene, M., Lorini, C., Ariza-Montes, A., Perez, J. F., Di Fabio, A., & Mucci, N. (2017). Work-Related stress in the Banking sector: A review of incidence, correlated factors, and major consequences. Frontiers in Psychology, 8. https://doi.org/10.3389/fpsyg.2017.02166

professionals, who have had a taste of the benefits of working from home and spending more time with their families. On the other hand, according to Cigna (2020)<sup>25</sup>, given the pandemic's significant impact on employees' mental health, this had also elevated the importance of work-life balance, mental health and wellbeing among workers.

To attract and retain top talent in the financial services industry, employers must find ways to balance the demands of the industry with the changing career expectations of younger generations. For instance, offering a healthy work-life balance and flexible schedules can be challenging in financial services. Employers will need to strike a balance between these priorities and the demands of the industry in order to attract and retain top talent (Harvard Business Review, 2022)<sup>26</sup>.

#### iii. Impacts of globalisation and multilateralism

Globalisation refers to the increasing interconnectedness of economies, societies, and cultures across national boundaries (Bhagwati, 2007)<sup>27</sup>. In contrast, multilateralism refers to the cooperation between multiple nations to achieve common goals, often through the formation of international organisations and agreements (Eichengreen, 2007)<sup>28</sup>. The impact of globalisation and multilateralism on the world economy and the financial services industry over the past few decades is undeniable, and the talent market of the financial services industry is no exception.

As the financial services industry has become increasingly global, the rise of global trade agreements and the interconnectedness of economies have created opportunities for finance professionals to work in diverse environments with teams operating in multiple countries and regions. As financial institutions increasingly hire and relocate talent from diverse backgrounds and nationalities, the greater cultural diversity in the workplace requires professionals to possess cross-cultural communication skills, adaptability, and knowledge of international cultural norms, as well as the ability to work in a diverse and multicultural environment (Hurn & Tomalin, 2013)<sup>29</sup>.

According to a market report (EY, 2023)<sup>30</sup>, over 93% of surveyed employees embrace a cross-border career as they regard working internationally as a "life-changing" experience. In light of increasing cross-border activities and global workforce mobility, being multilingual offers career development benefits over those who are not (Worp, 2016)<sup>31</sup>. Serving as a leading regional financial hub, Hong Kong's proximity to Mainland China and its role as a global connector are two of the major factors in its success. For this reason, proficiency in Hong Kong's three principal languages - i.e. Cantonese, English and Mandarin – can be seen as an edge for working professionals to succeed in a globalised business environment.

Moreover, globalisation and multilateralism are creating opportunities for financial institutions to tap into a wider pool of talent from around the world, enabling them to access specialised skills and expertise that may be in short supply in their home market. This has led to an increased competition for talents, as financial institutions compete to attract and retain the best talent from around the world, driving up salaries and benefits for professionals with specialised skills in fields such as machine learning, data science and artificial intelligence<sup>32</sup>.

<sup>25</sup> Cigna. (2020). CIGNA COVID-19 Global Impact Study: Future Uncertainty Hangs Heavy. https://www.cignainternational.com/static/docs/pdfs/en/Cigna\_Covid-19-Wave-IV-Report.pdf

<sup>26</sup> Harvard Business Review. (2022, October 3). Competing in the new talent market. https://hbr.org/2022/10/competing-in-the-new-talent-market

<sup>27</sup> Bhagwati, J. N. (2007). In defense of globalization: with a new afterword. Oxford University Press. https://EconPapers.repec.org/RePEc.oxp:obooks:9780195330939

<sup>28</sup> Eichengreen, B. (2007). The European economy since 1945: coordinated capitalism and beyond. Princeton University Press.

<sup>29</sup> Hurn B.J., Tomalin B. (2013) What is Cross-Cultural Communication? In: Cross-Cultural Communication. Palgrave Macmillan, London. https://doi.org/10.1057/9780230391147\_1

<sup>30</sup> EY. (2023). How can reimagined mobility help organizations see reward and not risk? https://www.ey.com/en\_gl/workforce/how-can-reimagined-mobility-help-organizations-see-reward-and-not-risk

<sup>31</sup> Worp, K. V. D. (2016). Multilingualism in the workplace: the voice of professionals. https://www.semanticscholar.org/paper/Multilingualism-in-the-workplace%3A-the-voice-of-Worp/76cc7f94443964c662211ee26a7db5e17e025fcf

<sup>32</sup> Bloomberg. (2019, August 20). Bloomberg - Are you a robot? https://www.bloomberg.com/news/articles/2019-08-20/finance-needs-people-who-work-well-with-robots?leadSource=uverify%20wall#xj4y7vzkg

The forces of globalisation have also catalysed the free movement of highly skilled labour across borders (Freeman, 2010)<sup>33</sup>. This trend, while promising greater access to world-class talent, also poses serious challenges for employers with respect to talent retention and workforce planning. Organisations must take concerted action to retain their top performers and ensure effective leadership continuity through well-developed succession strategies.

Of particular importance are diversity and inclusion initiatives that create a welcoming environment for professionals of all backgrounds. Employers that fail to foster an inclusive culture will struggle to attract and retain knowledge workers, who can pursue opportunities in more inclusive workplaces. There is a pressing need for organisations to implement strategic talent management programmes that encompass global best practices around attraction, retention, and succession planning for key roles.

Although global talent mobility enables greater access to human capital, it is ultimately a double-edged sword. The most competitive employers will be those that proactively build an employer brand and employee experience suited to a global workforce. This will require significant investment in acquiring and developing leaders with an international mindset and skillset (Iles et al., 2010)<sup>34</sup>. For multinational corporations, getting global talent mobility right is not merely an option but an operational imperative to drive business performance, service quality, and sustainable growth in an interconnected world. Overall, global talent management will be a defining boardroom issue for the foreseeable future.

Global talent mobility must be met with forward-looking strategies to engage, develop and retain internationally-minded professionals. This will be key to building innovative, culturally fluent organisations that can unleash the potential of globalisation. While the challenges are substantial, so too are the rewards for employers able to transform this trend into a strategic advantage.

On top of the key global trends identified by the literature highlighted above, one of the key observations referred to the exodus of talent from Hong Kong - a phenomenon that is also acknowledged by the Government. According to the 2022 Policy Address, Hong Kong's workforce has contracted by about 140,000 people over the past two years<sup>35</sup>. The workforce in Hong Kong has entered a downward trend post-2019, and the total working population reached a decade low of 3.78 million in 2022, showing a decline of 94,100 or down 2.4% compared to 2021 (i.e. the most significant y-o-y drop that the market has seen since workforce record started in 1985) (Figure 2)<sup>36</sup>. Placing much value on preserving talent, the Government has pledged to spare no effort in attracting global talents as laid out in various talent policies in the 2022 Policy Address and 2023 Budget Speech, respectively (see Appendix 2).

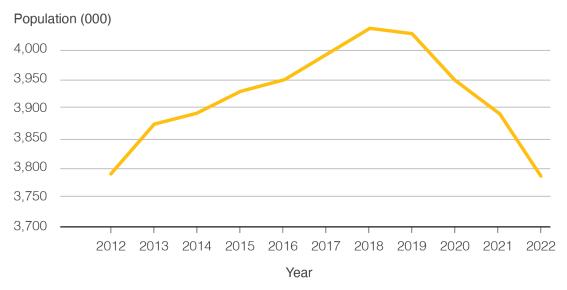
<sup>33</sup> Freeman, R. B. (2010). Globalization of scientific and engineering talent: international mobility of students, workers, and ideas and the world economy. https://doi.org/10.1080/10438590903432871

<sup>34</sup> Iles, P., Chuai, X., & Preece, D. (2010). Talent Management and HRM in Multinational companies in Beijing: Definitions, differences and drivers. Journal of World Business, 45(2), 179–189. https://doi.org/10.1016/j.jwb.2009.09.014

<sup>35</sup> The HKSAR Government. (2022). *The Chief Executive's 2022 Policy Address*. https://www.policyaddress.gov.hk/2022/en/policy.html

<sup>36</sup> Hong Kong Census and Statistics Department. (2023). Statistics on labour force [Dataset]. https://www.censtatd.gov.hk/en/web\_table.html?id=210-06101#

Figure 2. Hong Kong's labour force



Source: Hong Kong Census and Statistics Department

#### b. In-depth interviews and focus group discussions with industry practitioners

In addition to observations on the talent market informed by the literature review, with a view to developing more practical and forward-looking understanding of the talent demand, we conducted numerous one-on-one interviews and focus group discussions with senior leaders and human resources (HR) practitioners from consulting firms, professional organisations, and financial institutions across different sub-sectors, as well as educators working for tertiary institutions and secondary schools<sup>37</sup>.

- i. 11 C-suites and senior management of financial institutions<sup>38</sup>;
- ii. 13 HR leaders of financial institutions<sup>39</sup>, seasoned recruiters, and training providers; and
- iii. 15 professors, key personnel of career offices and career masters at tertiary institutions and secondary schools

Through a series of interviews with informed, frontline practitioners who work closely on human resources matters, it became clear that general observations on the talent landscape, as viewed by current industry practitioners in Hong Kong, largely align with global trends.

Our discussions revealed that top senior management and HR leaders of financial institutions across various subsectors share similar observations of the talent landscape. In particular, there is a consensus on how motivations for work are changing among junior-level professionals and new entrants under the changing nature of work. Additionally, they recognise the need to empower the younger generation by enhancing their soft skills, notably in areas such as language proficiency.

<sup>37</sup> Interviews and focus group meetings were conducted between November 2022 and February 2023 by the FSDC Policy Research Team together with an independent market consultancy company.

<sup>38</sup> C-suites and senior management of financial institutions with a diversity of backgrounds (Hong Kong, Mainland, multinational), sizes (500+, 250-499, 50-249, <50 employees) and sectors (banking, asset and wealth management, insurance, securities, fintech start-ups, etc.)

<sup>39</sup> HR leaders of financial institutions with a diversity of backgrounds (Hong Kong, Mainland, multinational), sizes (500+, 250-499, 50-249, <50 employees) and sectors (banking, asset and wealth management, insurance, securities, fintech start-ups, etc.)

Lastly, they emphasised the need to address the issue of climbing turnover rates across different levels of staff (This is discussed further in later sections).

#### c. Surveying young finance professionals and local tertiary students

Building on the findings identified from the interactions with industry practitioners, the FSDC believes that it is equally crucial to consider potential and incumbent employees' perspectives. It is especially important in determining whether the financial services industry remains appealing to them and whether they find themselves ready for the current and near-future industry landscape. Against this backdrop, we appointed an independent market consultancy company, which successfully gathered a total of 534 valid and qualified responses from university students and incumbent industry practitioners (with less than three years of full-time working experience), who all responded to an online survey on an anonymous basis<sup>40</sup>.

Through the survey exercises, we posit that the financial services industry remains attractive to the new generation, with many expressing interests in joining the industry upon graduation. However, our survey and interview/focus group exercise revealed a mismatch of expectations between the talent demand and supply sides in terms of the attributes that are perceived as important for a job in the industry.

One key area where this mismatch exists pertains to career aspirations. Our survey found that a significant portion of aspiring talent highly values work-life balance, which may not consistently align with the fast-paced intensive working nature of the financial services industry. In comparison to findings from interviews conducted with market participants, we also discovered that new potential entrants to the industry had a limited understanding of the market, as well as their own strengths and weaknesses, highlighting the need for greater communication and education.

The survey results presented in this report are based on a limited-sample survey. To improve representativeness, all numerical results shown are weighted figures of the full survey population, according to the following parameters:

For Young Professionals: The results are weighted based on the employment proportions across the financial services sector in Hong Kong. This includes banking, insurance, other financial services<sup>41</sup>.

For University Students: The results are weighted based on the student enrolment figures of the UGC-funded universities and other self-financing institutions<sup>42,43</sup>. Additionally, the faculty/ department data is adjusted according to the enrolment in business/ accountancy/ economics and finance, compared to other faculties/ departments<sup>44</sup>.

<sup>40</sup> Survey data collection started in November and ended in December 2022. The online self-completion survey was responded by 250 incumbent financial services industry practitioners in Hong Kong (with less than three years of working experience across front, middle, and back offices of financial institutions of different sectors) and 284 tertiary institution students (majoring in different disciplines at doctorate, master's, bachelor and sub-degree levels).

<sup>41</sup> Hong Kong Census and Statistics Department. (2022, April). Hong Kong Monthly Digest of Statistics - The Financial Services Sector in Hong Kong. https://www.censtatd.gov.hk/en/data/stat\_report/product/FA100091/att/B72204FB2022XXXXB0100.pdf

<sup>42</sup> University Grants Committee. (2022). Student Enrolment (Headcount) of UGC-funded Programmes by University. https://cdcf.ugc.edu.hk/cdcf/searchStatSiteReport.action#

<sup>43</sup> Concourse for self-financing post-secondary education. (2022). Advanced data search. https://www.cspe.edu.hk/tc/

<sup>44</sup> University Grants Committee. (2022). Student Enrolment (Headcount) of UGC-funded Programmes by Broad Academic Programme. https://cdcf.ugc.edu.hk/cdcf/searchStatSiteReport.action#

# How the talent market landscape has evolved in Hong Kong's financial services industry

#### The growing trend of global competition for talent

The term "war for talent" was originally used to describe the competitive environment for recruiting and retaining talented executive and senior-level employees (Chambers et al., 1998)<sup>45</sup>. However, in recent years, the competition for talent has intensified across all levels, driven by factors such as changing workforce demographics, pandemic-induced turbulence, rising geopolitical tensions, and economic volatility.

In line with global trends, the financial services industry faces fierce competition for talent, that is being fuelled by several factors, including the increasing demand for specialised skills, changing workforce demographics, and the rise of the gig economy (Kehoe & Wright, 2010)<sup>46</sup>. This competition for talent is a global phenomenon and, as a result, there has been an increase in global mobility, as employees move to different countries to take up new roles or gain international experience.

According to a recent research report, the turnover rate of non-officer employees<sup>47</sup> in the financial services industry rose from the 16.2% in 2021 to 23.4% in 2022<sup>48</sup>. This rise clearly indicates the intensifying competition for talent as companies compete to attract and retain skilled staff within their organisations. In response, organisations are adopting effective talent management strategies, such as offering clear career paths, opportunities for development and exposure, and competitive compensation packages, to meet the expectations of the next generation.

As highlighted in the FSDC 2021 report, ESG and fintech represent two key trends that are significantly reshaping the financial services industry. These trends are driving the adoption of innovative technologies, novel business models, and new regulatory frameworks. Consequently, the skills required within the sector are undergoing significant changes. Recognising the importance of staying ahead in these rapidly evolving domains for the long-term success of their businesses, companies are increasingly engaging in fierce competition, dedicating resources to attract top talent with expertise in these areas.

In this context, the increasing prominence of digital technologies in the financial services industry has led to a growing demand for professionals with specialised skills in areas such as cybersecurity, blockchain, and data analytics. Whereas for sustainable finance, employers are increasingly seeking talent with an understanding of global ESG frameworks, proficiency in ESG data analysis and reporting, and the ability to identify and assess ESG risks and opportunities.

Considering these developments, it has become crucial for organisations to invest in upskilling and reskilling programmes to ensure that their employees have the necessary skills to adapt to the changing demands of the industry. By investing in these initiatives, organisations will not only attract and retain top talent, but also ensure that their employees are equipped with the skills to thrive in a rapidly evolving landscape.

Different approaches to tackling the pandemic around the world have further escalated this phenomenon of global competition for talent, as evidenced by the noticeable impact on expatriates

<sup>45</sup> Chambers, E. G., Foulon, M., Handfield-Jones, H., Hankin, S., & Michaels, E. G. (1998). The War for talent.

<sup>46</sup> Kehoe, R. R., & Wright, P. M. (2010). The impact of High-Performance Human Resource Practices on employees' attitudes and behaviors. Journal of Management, 39(2), 366–391. https://doi.org/10.1177/0149206310365901

<sup>47</sup> Non-officer employees refer to employees who are not direct, nor officers of the corporation.

<sup>48</sup> Crowe. (2022). 2022 Crowe bank compensation and benefits survey highlights. https://www.crowe.com/-/media/crowe/llp/widen-media-files-folder/2/2022-crowe-bank-compensation-and-benefits-survey-highlights-cfs2304-003b

working in Hong Kong over the past few years. As Hong Kong returns to normalcy, it is an opportune time to examine the current state of the talent market within the city's financial services industry. This will ensure the quality and capability of the talent pipeline in meeting the evolving demands of the industry.

#### Confidence in Hong Kong's financial services industry

Despite unexpected external factors in the last few years, Hong Kong's well-established system for conducting business, financial, and investment activities have laid a solid foundation for the continuous development of the market. Our qualitative interviews with experienced industry practitioners confirmed that, despite the challenges, Hong Kong's business environment in the financial service industry remains resilient.

Interviewees noted that Hong Kong's free flow of capital, sound taxation system, and robust legal and regulatory frameworks instil confidence. Additionally, the city's highly skilled workforce and world-class infrastructure contribute its status as a leading financial centre.

Furthermore, international interviewees highlighted Hong Kong's proximity to Mainland China as a competitive advantage because it allows the city to serve as a strategic gateway connecting Mainland China with the world in terms of investment opportunities and capital, while also providing investors with access to the world's second-largest economy. In short, interviewees believe that Hong Kong's unique position as a Special Administrative Region of China provides it with a competitive advantage not found in other financial centres in the region.

Our research indicates that, aside from C-Suite and senior management, aspiring industry practitioners in the financial services industry are also optimistic about the industry's prospects for the coming five to ten years (see Figure 3). Specifically, 75% of the young incumbent practitioners, particularly those in back-office roles, are "extremely optimistic" or "optimistic". On the other hand, less than half (46%) of the tertiary institution students shared the same view, with over a quarter of them (28%) expressing a lack of confidence in the prospects of the industry. This is partially due to a limited understanding of the industry and concerns over the availability of employment opportunities upon graduation (Figure 4).

Figure 3. Perceived prospect of financial services industry in Hong Kong in the next 5-10 years

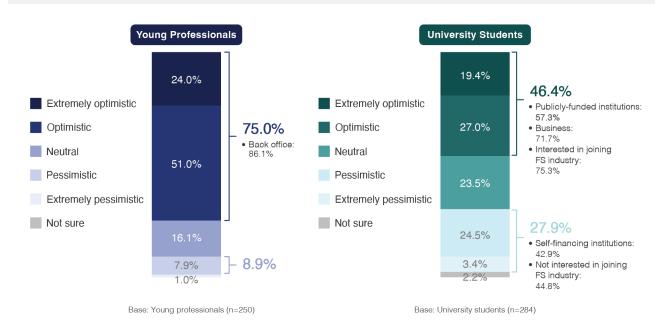
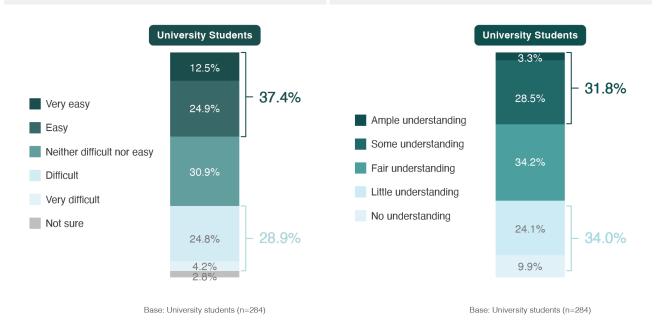


Figure 4.1 Ease to secure full-time employment within the financial services industry in Hong Kong

Figure 4.2 Understanding of the job market of the financial services industry in Hong Kong



#### Gaps to fill to cement Hong Kong's role as a regional talent hub

Although Hong Kong is widely recognised as a leading global financial centre, our interviews with employers have revealed several factors that could influence their confidence in the current talent market. Specifically, interviewees expressed apprehension over the residual impact of the pandemic-induced relocation of skilled workers and expatriates in the financial services industry. Despite the city's return to normalcy, interviewees are uncertain whether this group of workers will return, as many might have already settled in and established themselves in other locations.

While there remains strong interest among homegrown aspiring entrants and university students in pursuing careers in Hong Kong's financial services industry, interviewees have observed noticeable changes in career aspirations and work motivations among the younger generation. Our interviewees also suggested that the perceived qualities and skills of homegrown junior talents and students could be improved to meet the current market landscape, which includes a growing need to conduct business with Mainland China and other international counterparts (this topic will be discussed further in a later section).

On top of this, a recent market report<sup>49</sup> revealed that 60% of employees in Hong Kong are considering switching jobs in the first half of 2023, which is in line with the high turnover rates observed in other sectors in recent years. Almost all of the HR leaders and senior executives interviewed agreed that the high turnover rate is among one of the most substantial challenges facing Hong Kong's talent market.

A majority of the interviewed C-suites and senior management acknowledged the growing need to compete for talent in an increasingly global and competitive market. As local and non-local talents with global business acumen become more mobile, companies in Hong Kong will need to redesign and, perhaps, offer more attractive compensation packages, opportunities for skill development and career advancement, and a positive work environment to retain top talent. Failure to do so can result in a loss of competitiveness and a decline in Hong Kong's status as a leading financial centre.

In view of the talent shortage, it is crucial to scrutinise the supply of sought-after talent. Addressing the pressing knowledge gap and enhancing the readiness and empowerment of our homegrown talent as they enter the workforce is of paramount importance. This requires a thorough understanding of the skills gap between local students and young professionals and the talent demands of employers in the current evolving business environment.

<sup>49</sup> Morgan McKinley. (2023). 2023 Salary Guide Hong Kong SAR. https://www.morganmckinley.com/hk/salary-guide?utm\_source=pressrelease&utm\_medium=press&utm\_campaign=Salary\_Guide\_2023&utm\_id=SG2023

#### Deeper dive: The state of play of the insurance industry in Hong Kong

Hong Kong's insurance market is regarded as one of the most developed markets in the world, and it has been playing an instrumental role in supporting the development of Hong Kong's financial market. The insurance industry has become increasingly important to the economy, with its contribution to Hong Kong's GDP increasing from 1.2% in 2011 to 4.1% in 2021<sup>50</sup>, and it is well-

positioned to maintain a significant role in the economy in the near future.

Hong Kong's silver hair population (i.e., those aged 65 or above) is projected to increase from 19.6% of the total population in 2021 to over a quarter (27.9%) in 2031, and further expanded to nearly a third (31.7%) in 2041<sup>51</sup>. With an ageing population, there is potential for a rising demand for insurance products tailored to the needs of senior citizens. These products may include long-term medical care insurance, annuities, and life insurance. However, the increasing life expectancy and prevalence of chronic diseases also present significant risks to the insurance industry, as insurers may face higher claims and medical costs.

Furthermore, capitalising on the continued development of the GBA, which is home to over 80 million people, with an insurance penetration rate of just 5.5% for the nine other GBA cities (Accenture, 2022)<sup>52</sup>, the future growth trajectory for Hong Kong as the region's premier insurance hub is evident.

As the insurance industry in Hong Kong continues to demonstrate growth potential, the availability of skilled and talented professionals will be critical to its sustained expansion. That said, the fact remained that the industry has already been facing an acute talent shortage. A recent study by a recruiting firm (Randstad, 2023)<sup>53</sup> confirmed an increasing and urgent demand for skilled professionals in roles such as actuary, underwriting, digital transformation, data management, insurance operations and analytics. It is worth noting, however, that the level of talent scarcity varies among the over 150 players, both large and small, in Hong Kong's insurance industry.

With the reopening of borders and the "rebound in travel, the insurance industry is anticipating positive growth in both life and general insurance. However, the industry is currently grappling with a severe shortage of talent across a wide range of client-facing and back-office roles."



Ms Winnie Wong CEO & Executive Director Asia Insurance & Avo Insurance Co., Ltd

We have a positive long-term outlook on "the future of the life insurance industry in Hong Kong, the growth of the industry will be driven by the immense health, wealth and retirement needs of the city's rapidly ageing population and the ongoing influx of Mainland Chinese residents within the GBA. Beyond the increasing demand for qualified actuaries, the industry has a continued shortage of skilled specialist insurance technical practitioners such as expert claims assessors and underwriters."



Mr Damien Allen Green Chair of the Board Manulife Financial Asia Limited

<sup>50</sup> Hong Kong Census and Statistic Department. (2023). Value added and employment in respect of the Four Key Industries [Dataset]. https://www.censtatd.gov.hk/en/web\_table.html?id=655-82101#

<sup>51</sup> Hong Kong Census and Statistic Department. (2020). Hong Kong Population Projections. https://www.censtatd.gov.hk/en/data/stat\_report/product/B1120015/att/B1120015082020XXXXB0100.pdf

<sup>52</sup> Accenture. (2022, July 20). GBA's post-COVID insurance era demystified. https://www.accenture.com/hk-en/insightsnew/insurance/cross-border-insurance-greater-bay-area

<sup>53</sup> Randstad. (2023). Market Outlook & Salary Snapshot 2023. https://www.randstad.com.hk/s3fs-media/hk/public/2022-12/randstad-hong-kong-2023-market-and-salary-trends-digital-report.pdf

In addition to the expansion of hiring needs, the surge in demand for traditional roles such as actuarial science, can be partly attributed to government-subsidised professional mobility schemes offered in foreign countries, including Australia and Canada. High attrition rates, a result of the stressful working environment, further exacerbate the situation for roles like underwriting. According to the C-suite executives and senior management from the insurance industry we interviewed, one of the main challenges facing insurers is the shortage of experienced and qualified professionals, particularly in specialised areas such as actuarial science, underwriting, claims and risk management.

Compounding this issue, the talent landscape of the insurance industry is undergoing significant changes due to the increasing adoption of technology. There is now a growing demand for professionals who possess expertise in areas such as data analytics, artificial intelligence, and digital transformation. This trend has been driven in part by the rising awareness of Insurtech, which means the company taking advantage of new technologies to provide coverage to a more digital-savvy customer base in the insurance sector (McKinsey, 2017)<sup>54</sup>, and the establishment of four digital insurers (with another being later established through the acquisition of a traditional player) under Hong Kong's 2019 licensing regime for virtual insurers.

This talent shortage has led to intense competition among insurance companies, with many insurers offering attractive compensation packages and benefits to attract and retain top talents. Given the prevailing circumstances, some insurers are considering the possibility of establishing offsite support centres outside of Hong Kong. Potential locations include nearby cities within the GBA or Southeast Asia, where a pool of skilled professionals can be recruited to perform supporting or operational functions at a lower cost in terms of wage allowances.

Through our interviews, we have observed that addressing the talent shortage and skills gap is a top priority for many insurers. To this end, some insurers are reskilling and upskilling their existing workforce by providing training programmes in areas such as data analytics, digital marketing, and cybersecurity.

We are thankful for the Government's "incentivising policies aimed at attracting targeted insurance trades and talents. It would be highly beneficial if the Government could continue to allocate sustainable resources dynamically to tertiary education for professional insurance studies in order to build a strong talent pool for the industry."



Mr Eric Hui CEO, Zurich Insurance (Hong Kong) Chairman, Zurich Insurance (China)

In addition to reskilling, some insurers are also redesigning and creating new roles to optimise their workforce. For instance, some insurers are establishing dedicated data scientist and digital marketing roles to drive their digital transformation initiatives. They are also expanding their targeted pool of talents by recruiting individuals from diverse backgrounds. By reskilling and redeploying existing employees to these new or redesigned roles, insurers can tap into their in-house talent pool to meet emerging business needs in a cost-efficient manner.

<sup>54</sup> McKinsey. (March 2017). Insurtech—the threat that inspires. https://www.mckinsey.com/~/media/McKinsey/Industries/Financial%20Services/Our%20 Insights/Insurtech%20the%20threat%20that%20inspires/Insurtech-the-threat-that-inspires.pdf

Reskilling the existing workforce is crucial, but it may not be enough to meet the growing demand for talent, particularly in emerging areas such as Insurtech. The insurance industry needs to explore additional avenues to widen the talent pool. One approach is to collaborate with local universities and vocational training institutions to develop specialised courses in Insurtech and related domains. Insurers can work with academia to groom students by sponsoring scholarships, internships, and industry projects that equip them with the relevant skill sets to join the industry.

Insurers must also raise awareness and promote the attractiveness of the insurance industry to nonbusiness major students in Hong Kong, especially those with a digital and computing background. Although the insurance industry has traditionally been perceived as less innovative than other sectors, such as telecommunications, the rise of Insurtech is rapidly transforming the industry, creating many exciting and meaningful career opportunities. Insurers should proactively promote these opportunities on university campuses and via social media to attract students from diverse academic backgrounds to consider a career in the insurance industry in Hong Kong. By tapping into a wider range of talent sources, the insurance industry can better position itself to address the talent shortage and skill gaps in the long run.

I believe that talent follows opportunity "and Hong Kong will continue to provide ample opportunity for talent in the insurance industry. All of the fundamentals of Hong Kong as an IFC remain intact, and the significance of the city as a regional/global insurance hub is on the rise."



Mr Erik Bleekrode Head of Insurance of KPMG China & Asia Pacific KPMG in China

Overall, it is essential for insurers to adopt a strategic and proactive approach to talent management. This includes reskilling and upskilling their existing workforce, creating new roles, collaborating with academia, and promoting the industry to a wider range of talent sources. However, as individual insurers have limited capacity to alter the course syllabus offered by relevant tertiary institutions, the progress of the entire industry is inextricably linked to the direction of the Government and its commitment to building and nurturing a pool of competent talents in areas such as risk management and sustainable insurance studies. Only then can insurers stay ahead of the curve, drive innovation, and fuel growth in the global market.

# Exploring the dynamics of the talent market: Trends and opportunities

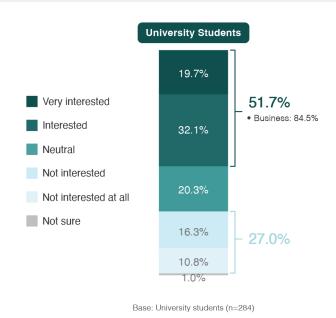
#### The talent supply and demand trend in the financial services industry

Our interviews with HR leaders and recruiters in Hong Kong's financial services industry reveal that the sector has faced several challenges in recent years due to changing talent market trends. One such trend is the diminishing number of workers, which has impacted the industry's ability to attract and retain top talent. The pandemic also exacerbated this trend, with many companies implementing hiring freeze policies or downsizing their workforces in response to the economic uncertainty.

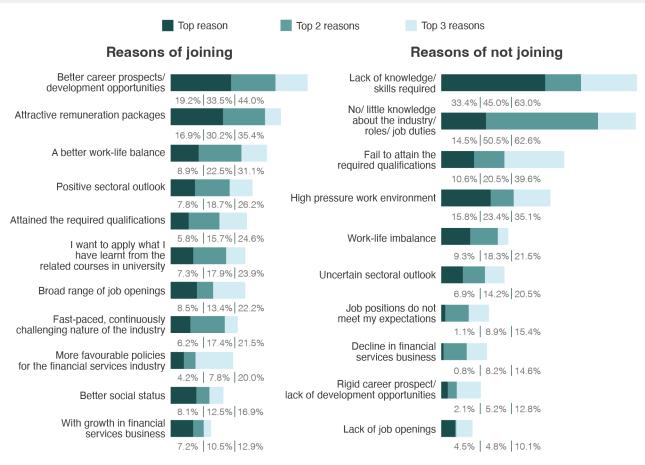
Despite these challenges, our interviews indicated that the overall demand for talent in the financial services industry has remained solid. This is due in part to the need for replacement hires, as there have been skilled professionals relocated to other cities during this period, particularly mid-level, and senior-level professionals in front/middle office roles. This trend has contributed to a shortage of experienced talent in some areas of the industry, which has further compounded the challenge of attracting and retaining top talent.

On the other hand, the ample supply of local tertiary graduates in Hong Kong has ensured that entry-level professionals remain largely sufficient. Our survey with tertiary institution students, particularly those studying business and business-related majors, found that almost half of them expressed interest in joining and were considering the financial services industry among their top three preferred industries to kick-start their career upon graduation (see Figure 5). Interviewees associated the industry with better career prospects, development opportunities, and more attractive remuneration packages compared to other industries in Hong Kong (see Figure 6).

Figure 5. Interest level in entering the financial services industry after graduation







Base: University students who consider joining financial services industry (n=203)

Base: University students who do not consider joining financial services industry (n=81)

While there is a relatively steady supply of entry-level professionals in the financial services industry, employers have observed a decreasing number of applicants (local graduates and young incumbent financial professionals) from target schools for highly selective entry-level roles, such as investment banking analysts, over the past two years. This can partly be explained by an increasing number of top students opting to pursue careers in other emerging sectors, such as fintech, or engaging in entrepreneurial activities rather than traditional segments of the financial services industry, as revealed in our interviews with educators at tertiary institutions.

Employers have also observed a disparity in the motivation for success and drive for work, amidst the increasing portion of Gen Z in the entry-level workforce today. While the newest generation shares some common motivations with the millennial clientele (i.e., those born between 1980-1996)<sup>55</sup> when looking for career development options, such as remuneration packages, interviewees have observed key motivational differences between Gen Z and millennials.

<sup>55</sup> Pew Research Center. (2023, May 22). Where Millennials end and Generation Z begins. https://www.pewresearch.org/short-reads/2019/01/17/where-millennials-end-and-generation-z-begins/

Among others, it is worth noting that while the younger generation places importance on work-life balance and meaningful work (as discussed in other sections), remuneration packages remain a top priority for students seeking their first job in the financial services sector. This can be due to the financial pressures many students face such as the need for repayment of student loans and the high cost of living, among others. A competitive salary and benefits package can provide much needed financial security. Moreover, remuneration packages are often associated with a company's commitment to investing in and how it values its employees, which can be a crucial factor in attracting and retaining talent.

Having said that, our interviews suggest that remuneration packages are not the only key factor in attracting Gen Z talent to the financial services industry. Specifically, as students join the full-time workforce and develop a stronger sense of financial security, they may begin to reassess their priorities. Many Gen Z professionals in Hong Kong, namely those who experienced the turbulence of the global pandemic during their university years or their first job, value flexibility in career growth, development opportunities, and exposure as some of the top criteria when selecting a job (see Figure 7). As a result, more potential entrants are opting for emerging sectors in the industry to kickstart their careers, rather than securing a graduate offer at top and prestigious employers.

Figure 7. Important criteria in job selection process

Young Professionals **University Students** Most important Top 2 important Top 3 important Most important Top 2 important Top 3 important Growth and development Remuneration package opprtunities/ Exposure 19.1% 37.2% 49.4% 19.0% 42.8% 56.4% Career prospects Career prospects 16.4% 34.0% 46.7% 14.5% 29.2% 40.3% Growth and development Remuneration package opprtunities/ Exposure 23.2% 33.6% 44.0% 16.7% 27.8% 40.0% Company culture and Work model work environment 7.7% | 20.0% | 33.9% 10.7% 22.3% 35.8% Company culture and Work model work environment 10.0% | 19.6% | 33.5% 11.4% 21.0% 32.5% Working hours Working hours 7.0% | 18.2% | 27.3% 3.3% | 13.0% | 24.0% Company background Company background 6.8% | 16.1% | 23.8% 10.0% | 15.9% | 21.5% Company reputation Job scope 9.4% | 15.6% | 22.2% 5.7% | 11.8% | 19.0% Job scope Company reputation 4.2% | 10.9% | 17.9% 5.0% | 11.0% | 16.7% Base: Young professionals (n=250) Base: University students (n=284)

24

#### Navigating the opportunities and challenges under rising global talent mobility

The shift in motivations for work among the new generation also foreshadows the composition base of the future workforce among the financial industry. Given the growing trend of global talent mobility under the impact of globalisation, it is observed that nearly half of the young professionals and students interviewed have considered leaving Hong Kong to develop their career elsewhere (see Figure 8). However, based on our survey, only 7.5% and 13.9% of aspiring practitioners and young students, respectively, indicated concrete plans to relocate outside of Hong Kong. Among those with concrete plans to relocate, two-thirds of them aim to do so within the next five years (see Figure 9).

Figure 8. Plan to leave Hong Kong

**University Students** Young Professionals Yes Yes 43.3% 48.3% With concrete plan With concrete plan With rough plan With rough plan

7.5% 35.8% 13.9% 34.3%



Figure 9. Time to leave Hong Kong

Base: Young professionals who plan to leave Hong Kong

Base: University students who plan to leave Hong Kong

Aside from unexpected external factors such as the outbreak of the global pandemic, both groups of interviewees cited "high-pressure working environment" and "uncertain sectoral outlook" as top reasons for considering leaving the city in which they were born and raised. Interviewees also expressed a desire for more promising career prospects, development opportunities, and a more favourable business environment in other cities (see Figure 10).



Base: Young professionals who plan to leave Hong Kong (n=107)

Base: University students who plan to leave Hong Kong (n=147)

Apart from changing motivations for work and job selection criteria, the decision to relocate is often influenced by a range of factors, including the availability of career opportunities, quality of life, and cultural fit. For instance, young professionals in Hong Kong may be attracted to regions with lower costs of living and more favourable immigration policies. Additionally, some may be drawn to other emerging markets and nearby cities, where there are growing opportunities in fintech and other related sectors. According to a recent market study by HSBC and Oliver Wyman (2022)<sup>56</sup>, over 72% of surveyed Hong Kong permanent residents are interested in working, studying, setting up a business, or retiring in another city in the GBA.

The retention of nurtured and groomed talent is equally important. The stated reasons for considering departure from Hong Kong represent deeper issues such as work-life balance, job security, and career progression. Neglecting these concerns can lead to a talent drain and can undermine the growth and competitiveness of Hong Kong's financial services industry. Therefore, a robust strategy should be developed to address their concerns and foster a conducive environment for talent retention and growth.

Despite the challenges presented by global talent mobility, there are also potential opportunities for businesses in Hong Kong's financial services sector to attract and retain top talent. For example, the HKSAR Government has recently launched an expanded talent scheme, which aims to attract and retain talent in the technology and innovation sectors. This scheme includes measures such as

<sup>56</sup> HSBC and Oliver Wyman. (July 2022). An Area for all: Fostering mobility into the Greater Bay Area. https://www.about.hsbc.com.hk/-/media/hong-kong/en/news-and-media/220720-hongkongers-attracted-to-mainland-gba-opportunities-en.pdf

granting fast-tracked visas and providing subsidies for eligible companies to recruit overseas talent.

Another potential opportunity for businesses is the growing demand for sustainable finance and green investment products in Asia. Hong Kong is well positioned to become a leading hub for sustainable finance, with its strong financial infrastructure and regulatory framework. By investing in talent and expertise in these areas, businesses in Hong Kong can differentiate themselves and tap into new growth markets.

# Developing future-ready talents in the financial services industry

#### Critical skills for young professionals to excel in the financial services industry

The financial services industry is a dynamic and fast-paced sector, driven by constant innovation across financial products, technologies, and evolving client needs. To thrive in this competitive industry, young professionals must possess and develop essential skills and competencies.

From our interviews with C-Suites and senior management, almost all of them commonly pointed out that written and verbal communication skills were considered the most valued qualities for young professionals establishing a career in finance. Technical skills, such as accounting, analytics, trading, programming, and computing, were also identified as crucial building blocks, depending on the sector and role. However, language proficiency stands out as a highly desirable and marketable asset that can help talent differentiate themselves from their peers in an increasingly global industry.

The global finance industry operates in a rapidly evolving landscape characterised by technological advancements and increasing cross-border activity. As a result, financial institutions and other companies operate in diverse cultural working environments, making proficiency in other languages an essential attribute for career success. In international financial centres such as Hong Kong, this attribute takes on even greater importance. Our findings from a series of interview sections highlighted the critical role that cross-cultural communication skills, combined with language proficiency, play in navigating this dynamic and competitive industry. Aspiring professionals should prioritise gaining exposure to multiple languages and developing strong cross-cultural communication skills, particularly for front-office roles, to succeed in today's global finance industry.

Employers in the finance industry generally look for talent capable of applying logical reasoning to determine optimal solutions for complex problems with limited information. Depending on the role, technical skills will be needed to analyse numerical data, understand investment risks and rewards, model various financial scenarios, and determine optimal solutions for clients. However, most of the HR leaders and seasoned recruiters interviewed admitted that while adequate technical skills are essential criteria for mid-level talents but not for entry-level positions, having foundational knowledge of technical skills would be an add-on for young talents. On the other hand, soft skills prevail among other competencies under such circumstances, as employers do not expect fresh graduates and young professionals to have sophisticated financial knowledge. Instead, they look for the right candidate with a positive attitude, willingness to learn, and proficient language skills.

In conclusion, we are of the view that young professionals seeking to establish a career in finance should be reminded of the importance of focusing on developing their command of superior soft skills, including written and verbal communication, cross-cultural communication, and proficiency in multiple languages. As the financial services industry continues to evolve, these skills will remain indispensable attributes for success. Employers value a positive attitude and willingness to learn, and young professionals should be prepared to continually develop their skills and competencies to thrive in this dynamic and competitive industry.

11

Proficiency in English and Mandarin is a must-have skill for entrants applying for front/middle office roles.

HR leader of a multinational bank

For new entrants, good communication is the number one priority, as it allows them to deal with stakeholders at all levels.

Seasoned recruiter specialised in graduate and entry-level positions

To establish a successful and long-term career in the financial services industry, one needs a combination of soft skills and technical skills. With experience, these skills will strengthen, and present more opportunities for career growth and advancement. As the global finance world continues to evolve, these essential skills will serve as the foundation for any role in the financial services industry.

In addition to these essential skills, other competencies considered advantageous, in the eyes of employers, include computing skills such as programming knowledge and coding, which are particularly important for front-office traders and investment professionals. Other in-demand technological skills for junior talent in the sector include data analytics and data sciences, and while knowledge of emerging trends such as ESG would be a bonus, it is not a must-have skill.

Young Talents	Mid-level Talents	Senior Talents
<ul> <li>Employers are looking for young talents with a positive attitude, willingness to learn and effective communication skills</li> <li>Sophisticated financial knowledge and qualifications are not expected; employers expect young talents to acquire and polish relative technical skills on the job in the future</li> <li>A solid technical skills foundation is an add-on</li> </ul>	<ul> <li>Both technical skills and soft skills are required for mid-level positions</li> <li>Solid experience and interpersonal skills are essential for operations and talent leadership roles</li> <li>Mid-level talents are expected to have relevant exposure in the industry and specific field, along with a personal network</li> </ul>	<ul> <li>Senior talents are expected to have rich and specific experience in their role</li> <li>Soft skills are the key requirement for senior roles, as their responsibilities are heavily related to building relationships, providing leadership, and driving growth among the team</li> </ul>

#### **Examining the current competence level and readiness of local talents**

The financial services industry is increasingly reliant on digitalised platforms and new-age technologies to drive businesses. Coupled with an evolving global market landscape and changing customer demands, it is crucial to ensure that fresh graduates and young professionals are equipped with the necessary skills and mindset to thrive and eventually support market developments. While there may not be a one-size-fits-all definition for the readiness of young talents for careers in the financial world, the right combination of skills, mindset, and exposure can create a solid foundation for any role in their lifelong career.

Among the HR leaders we interviewed, all of them see Gen Z, who grew up with technology, as comfortable with computing skills relevant to finance jobs. However, as discussed in an earlier section, technical skills are only part of the requirements. Soft skills such as communication, language proficiency, collaboration skills, and critical thinking are equally important for success in the industry. Although the local education curriculum aims to equip students with both, there is still room for improvement.

Owing to the fast-paced and dynamic nature of the financial services industry, talent is required to be proactive, adaptable, and nimble. C-suites and management revealed that they favour junior talents who are willing to learn continuously and take on new responsibilities as needed.

Under Hong Kong's education system, which has, at times, been criticised as rigid, it is observed that homegrown talents and local students are considered less competitive in areas such as proactiveness and taking ownership when compared to other international and Mainland talent. While it is common for scalable financial services firms to invest heavily in learning and development to build skills, they also expect a certain level of competence and learning potential in new hires.

11

The work environment in investment banks and other financial institutions (FIs) can be high-pressure at times, demanding strong resilience from employees. Young talents need to have the proactiveness, learning mentality, and perseverance to sustain their career in such environments.

C-suite, multinational asset management firm

International talents and local talents with overseas background are more expressive and open-minded. They are generally good at expressing their ideas with a logical flow explanation.

HR leader, multinational asset management firm

Most interviewees generally felt that the current education curricula across Hong Kong's tertiary institutions are able to provide students with a basic understanding of the industry and fundamental financial knowledge, thereby meeting the needs of the industry. However, there is a clear need to help local students build and further polish their soft skills to be more prepared for full employment within the financial services industry.

Language proficiency and communication skills are key aspects that almost all interviewees stressed. Aside from client-facing roles, a good command of communication skills is essential for employees to clearly articulate concepts, services, and work progress with different stakeholders, while solid language proficiency would allow young employees to build credibility and trust, as well as to avoid slip-ups in language usage that could lead to issues with interpretation or clarity.

As discussed in FSDC's 2021 report, there is increasing awareness of the importance of incorporating on-the-job elements by educators in Hong Kong in recent years. The extensive internship opportunities and career exposure events currently available are seen as helpful for young talent in terms of readying themselves for the business world prior to graduation.

Alongside the development of the GBA, with green finance and fintech being key, interviewees generally see Hong Kong's role in providing financial services support becoming more prominent. Against such a background, there will be an increasing demand for talent with global and regional business acumen and a good understanding and awareness of the developments of Mainland markets. The general opinion from the interviews was that local talent are considered less competitive in these areas compared to talent from Mainland China.

## Young talents vs industry professionals: Divergent perspectives on essential attributes

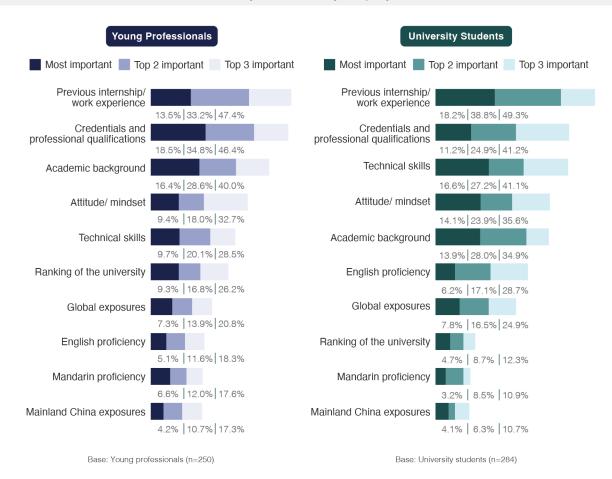
When it comes to hiring junior roles in the financial industry, our survey found significant differences between the attributes that young professionals and tertiary institution students prioritise, compared to employers' expectations.

#### Important skills and attributes, in the eyes of...

Inc	dustry Professionals	Yo	ung Talents
•	Strong communication skills are highly valued for young professionals beginning their careers	•	Respondents identified "previous internship/work experience" as the primary factor influencing hiring decisions
•	Proficiency in language is crucial, given the rapidly evolving landscape characterised by technological advancements and expanding cross-border activities	•	Young professionals placed a high value on credentials and professional qualifications, as well as academic background  Language proficiency (in English and
•	Soft skills are considered more important than other competencies in such circumstances		Mandarin) and cultural awareness were recognised by the smallest number of respondents surveyed as crucial criteria for
•	While having sufficient technical skills is essential for mid-level talent, it is not necessarily a prerequisite for entry-level positions. Nevertheless, possessing technical knowledge and a strong foundation can provide a competitive edge for young talent	aspiring entrants in the workplad	aspiring entrants in the workplace

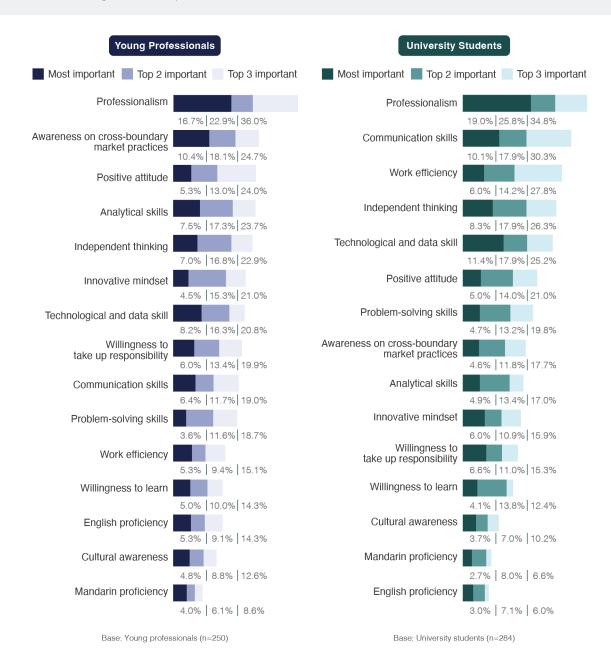
"Previous internship/work experience" emerged as the top criterion for making hiring decisions among the young professionals and students surveyed, with close to half of respondents agreeing that to be a top three important quality that hiring managers look at. Among the surveyed young professionals, "credentials and professional qualifications" and "academic background" followed closely "previous internship/work experience." In contrast, the surveyed students placed "credentials and professional qualifications" as the second among the top three important attribute, followed by "technical skills" (see Figure 11).

Figure 11. Perceived important criteria for making hiring decision of entry-level role by employers



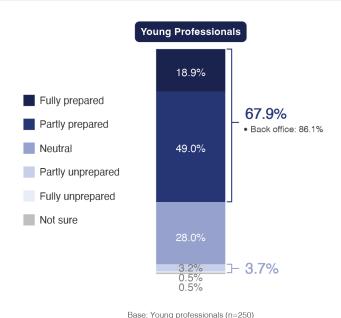
While "professionalism" was commonly regarded as the most essential trait to have in the financial world, there were notable trends regarding how the two groups ranked other important attributes. While "communication skills" were chosen by almost 30% of the surveyed students as one of the top three elements, the lowest percentage of young professionals and tertiary institution students ranked "language proficiency (English and Mandarin)" and "cultural awareness" as the most important criteria for a working talent among the workplace, despite their importance according to experienced practitioners (see Figure 12).

Figure 12. Important skills and attributes for financial services talent



In terms of self-awareness and evaluation, our survey of young finance professionals and local tertiary students revealed an interesting paradox. Approximately two out of three young professionals (68%) we interviewed, particularly those with back-office roles, claimed that they were prepared to work full time within the financial industry when asked to rate themselves in terms of readiness (see Figure 13). This result seems to align with our interviews with experienced professionals in the industry who generally agreed that younger generations seem to be ready for full-time employment regardless of their functional roles, due to their digital savviness and the increasing availability of internship programmes that provide a glimpse into the industry and prepare aspiring entrants with the necessary hard skills. However, it is also important to note that these mildly experienced professionals do not have high expectations in terms of knowledge and skill level, particularly for non-technical roles.

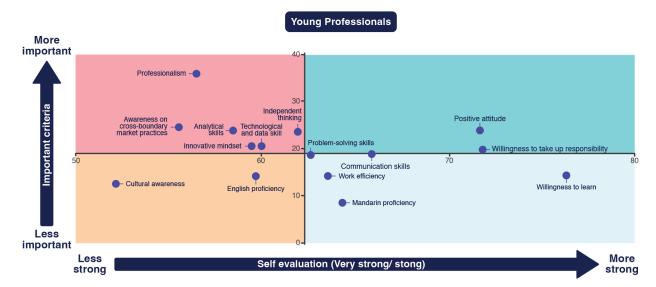
Figure 13. Readiness for working full-time within the financial services industry in Hong Kong



On the other hand, although both groups ranked "language proficiency (English and Mandarin)" and "cultural awareness" as the least important criteria for a new entrant to establish and sustain their career in the industry (see Figure 14), these same individuals recognised that there is room for improvement in these areas. This dichotomy reveals that, perhaps, the survey respondents are

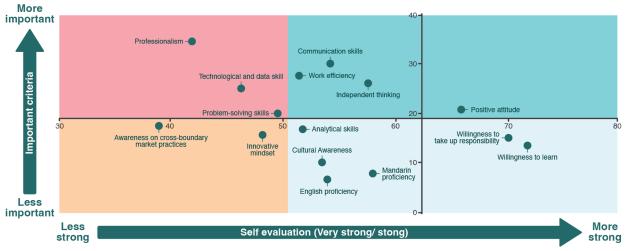
mindful of the inadequacy and are looking for improvement.

Figure 14. Important criteria for financial services talent & self-evaluation



Base: Young professionals (n=250)

#### **University Students**



Base: University students (n=284)

X-axis: The self assessment of the survey respondent on criteria for financial services talent, based on a 5-point scale for the rating Y-axis: The top three criteria the survey respondent believe are most essential for talents in the financial services industry

Our interviews with senior executives and HR leaders consistently revealed that language proficiency is a key factor for young talent to succeed in the financial industry in the long run. However, our survey of aspiring entrants and students ranked the importance of "language proficiency" as one of the lowest criteria, highlighting a disparity in perceptions between experienced practitioners and the younger generation. This disparity may explain why experienced practitioners perceive the younger local generation as weaker in terms of language capability, despite their digital savviness. It also raises the question of whether there is a misunderstanding among aspiring entrants to the industry about what attributes are most valued by market practitioners.

Given the talent shortage, changing hiring needs under the impact of digitisation and increasing global mobility, as well as the evolving career aspirations of the younger generation, there is a need for the industry to take action to address these issues in a timely and necessary manner. To sustain the availability and quality of the future talent pipeline to Hong Kong's financial services industry, investment in talent development initiatives is essential to ensure the sustainability and growth of the financial industry. As FSDC's continues its effort in driving human capital development, we are committed to promoting talent development initiatives and providing thought leadership to industry stakeholders, thereby supporting the sustainability and growth of the financial industry.

## Recommendations

## It's a people business: Enhancing students' command of soft skills and fostering a growth mindset

As illustrated in the previous sections, from the literature review and our discussion with leading practitioners, soft skills are considered a key quality required for young professionals<sup>57</sup>. With this in mind, the FSDC is of the view that the provision of soft skills training to students is of utmost importance. Complementary to the command of soft skills, fostering a growth mindset is fundamental for holistic development of our young professionals. This dual focus equips students with the necessary tools and outlook to succeed in their professional journeys. Potential ways of taking it forward include, but are not limited to:

- Recommendation 1: Soft skills training to be added as an elective or, better, foundational

   subject for university and secondary students. To begin with, it may be easier to add it to the curricula of graduate programmes.
- Recommendation 2: In tandem with the above, fostering a growth mindset can further amplify a student's potential; this can be done through giving them a taste of real-life working environment. The Government to consider setting aside a budget for a Career Tasting Programme to be administered by a designated organisation, which will arrange company visits to financial institutions in Hong Kong and other GBA cities.

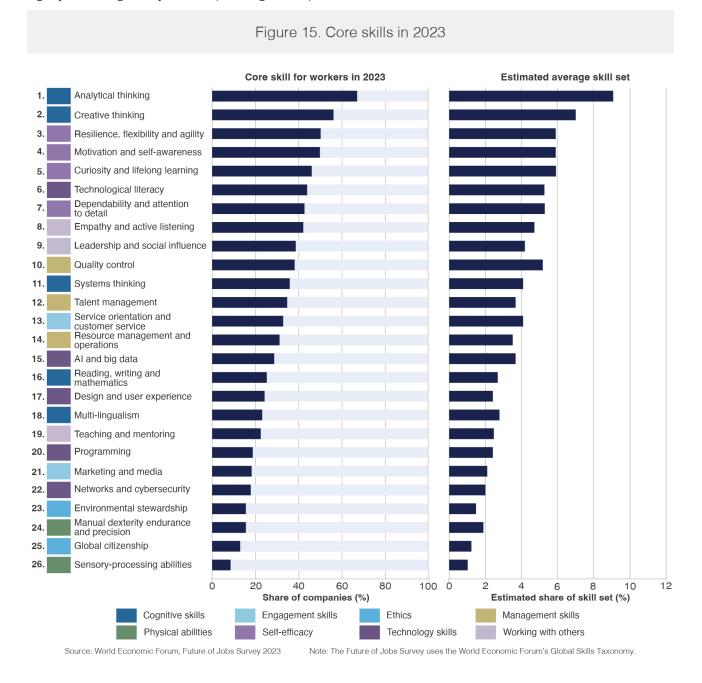
#### Definition of soft skills in the context of this research

Soft skills, also known as interpersonal or non-technical skills, refer to the personal attributes and abilities that enable an individual to interact effectively and harmoniously with others. As the world of work continues to evolve rapidly, there is an increasing recognition of the importance of soft skills in the workplace. According to the World Economic Forum (WEF)<sup>58</sup>, soft skills, such as communication, leadership, and collaboration, will be in high demand in the future of work. This literature review provides an overview of the importance of soft skills in the workplace of the future.



 <sup>57</sup> Soft skills refer to a range of personal attributes and interpersonal skills that enable individuals to navigate social and professional situations effectively.
 Soft skills include communication, teamwork, problem-solving, leadership, adaptability, and time management, among others.
 World Economic Forum. (2023). Future of Jobs Report 2023. https://www3.weforum.org/docs/WEF\_Future\_of\_Jobs\_2023.pdf

Soft skills are becoming increasingly important in the future of work due to the changing nature of work, in part as a consequence of the rise of automation and the adoption of artificial intelligence in our everyday lives. As technology replaces an increasing share of routine and repetitive tasks, there will be a greater emphasis on skills that are uniquely human, such as emotional intelligence, creativity, and critical thinking. According to a report by the WEF<sup>59</sup>, the core skills for workers are largely driven by soft skills, including analytical thinking, creative thinking, "resilience, flexibility and agility", among many others (see Figure 15).



Employers are actively and increasingly looking for candidates with good command of soft skills, recognising that these skills are essential for effective collaboration, communication, and leadership in the workplace. In a survey of employers conducted by the National Association of Colleges and Employers, communication skills ranked as the most important attribute that employers look for in

job candidates<sup>60</sup>. Similarly, a survey by the Adobe Acrobat team found that the top three skills valued the most by business owners are all soft skills - communication, organisation, and problem-solving<sup>61</sup>.

In short, soft skills have increasing importance in the future of work as they enable individuals to interact effectively with others, adapt to change, and tackle complex problems. As the displacement of routine tasks by automation and artificial intelligence continues, uniquely human skills such as emotional intelligence, creativity, and critical thinking will be in stronger demand. With the above in mind, some adjustments are needed to better equip the talent of the future with enhanced soft skills.

# Recommendation 1: Soft skills training to be added as an elective – or, better, foundational – subject for university and secondary students. To begin with, it may be easier to add it to the curricula of graduate programmes.

While university education equips students with technical expertise and academic knowledge, our interviewing exercise indicates that students' soft skills show room for improvement in the workplace.

The FSDC proposes addressing such issues through adding soft skills training in the curriculum of both secondary school and university levels – as an elective subject at university level and as a curriculum segment in secondary schools. Members are of the view that starting soft skills training early is vital because it lays the groundwork for developing essential interpersonal and communication skills that contribute to personal and professional success. By introducing these skills at a young age, students can build a strong foundation that becomes progressively ingrained in their behaviour and thought processes, this also allows them to continuously refine and enhance their soft skills throughout their educational journey and into their careers. Moreover, developing soft skills early can lead to improved collaboration, problem-solving, and adaptability, which are increasingly crucial in today's fast-paced and globalised workforce. In essence, early soft skills training fosters well-rounded individuals who are better equipped to navigate the complexities and challenges of their future careers and personal lives.

Among the financial sector workplace, with the increasing demand for higher levels of collaboration and communication, soft skills such as teamwork, leadership, communication, and problem-solving have become critical competencies for success. These skills, essential for forging effective relationships with clients, colleagues, and other stakeholders, are particularly crucial for the future leaders of the industry.

Soft skills training can be delivered through workshops and practical exercises at both the university and secondary school levels. This can be further complemented by the experience gained through exchange programmes with Mainland and overseas universities for university students. This multifaceted approach allows students to practice and refine their skills in a supportive environment. Individuals with proven success in such areas can guide students in a classroom setting.

The 15-year school curriculum in Hong Kong, spanning from kindergarten to secondary education, has infused an array of generic skills across various subjects and life-wide learning experiences to foster the holistic development of students. However, there is room to broaden this approach by incorporating a more specialised curriculum segment in secondary schools that places greater emphasis on soft skills training. This can potentially be included within the 'Other Learning Experiences' category under the existing secondary curriculum. On the other hand, universities can collaborate with industry partners to provide students with real-world examples and insights into the skills required for success in different professions.

<sup>60</sup> NACE Center. (2017, November). The key attributes employers seek on students' resumes. https://www.naceweb.org/about-us/press/2017/the-key-attributes-employers-seek-on-students-resumes/

<sup>61</sup> Adobe Acrobat Team. (2023, April). Time to get technical: debunking the digital literacy gap. Adobe Blog. https://blog.adobe.com/en/publish/2023/04/12/time-to-get-technical-debunking-digital-literacy-gap

There are a variety of soft skills that universities can teach to help students develop the skills they need to succeed in their careers. The following are some specific examples:



#### **Communication skills**

Skills such as active listening, effective verbal and written communication, and non-verbal communication



## Teamwork and collaboration

Working effectively in a team, building trust, resolving conflicts, and managing diverse opinions.



## Problem-solving and critical thinking

Skills such as analysing information, identifying problems, generating solutions, and making decisions.



#### Leadership and management

Skills such as setting goals, delegating tasks, motivating others, and managing resources.



#### **Emotional intelligence**

Skills such as self-awareness self-regulation, empathy, and social skills

In addition to the above, it is essential to recognise the importance of data literacy within the context of today's data-driven and digital economy. Data literacy refers to the ability to read, write, analyse, reason with data, and to communicate data insights effectively. The skill is particular crucial for empowering individuals and supporting their career development in the future of work<sup>62</sup>.

Data literacy correlates with the development of various soft skills, such as:



#### **Critical thinking**

Data literacy sharpens critical thinking skills by enabling individuals to glean insights from analytics and apply them to problem-solving. It equips them with the necessary tools for robust, data-driven decision making.



#### Curiosity

Critical thinking prompts deeper inquiries and spurs curiosity to explore more data and gain further insights.



#### Creativity

Innovative insights from data analytics can help reframe problems, challenging conventional ways of thinking and acting. This fosters creativity in problem solving and innovation.



#### **Empathy**

A data-driven mindset improves the understanding of customer behaviours through analytics and data insights, reinforcing empathy for customer experiences.

Personalised customer experiences can, in turn, create competitive advantages for businesses.



#### Communication

By honing data storytelling skills, individuals learn to effectively convey insights and narratives from data.

This is achieved through visualisations of analysis and insights, connecting and tailoring data stories to meet audience needs, and crafting compelling communication.

In the digital era, data has emerged as the new business language that everyone should be proficient in. Just as a strong command of languages like English and Chinese empowers future generations to communicate effectively and advance their careers, so too should data be treated as a daily business language. This analogy underscores the idea that fluency in data literacy is as essential in the modern world as traditional linguistic skills.

While it is no easy task for universities and secondary schools to assess the effectiveness of soft skills teaching/learning, a degree of flexibility should be allowed given the "soft" nature of such courses. A "pass or fail" assessment may also be adopted, noting that the ultimate goal of such courses is not to rank the students' capabilities, but to guide the development of and strengthen their soft skills.

With the above in mind, some possible solutions are as follows:

- **Self-assessment:** Students may be asked to reflect on their own development in specific soft skills over the course of a semester or academic year. Students can fill out self-assessment forms, write reflective essays, or participate in group discussions to provide feedback on their own progress at different checkpoints.
- **Peer assessment:** Students can be asked to assess and evaluate each other's soft skills. This can be done through group projects or in-class activities, where students provide feedback to each other on their communication, teamwork, problem-solving, leadership, and other soft skills.
- **Instructor assessment:** As with other traditional subjects, instructors can provide their assessment and evaluation of students' development.
- **Rubrics:** These are commonly used in some Western education systems and can be used by both instructors and students to set clear criteria and expectations for the development of specific soft skills.
- **Portfolios:** Students can create portfolios that demonstrate their development of specific soft skills over time. For example, a student may include examples of their communication skills, such as papers they have written or presentations they have given, along with reflections on how they have improved in this area.

Enabled by the proliferation of technologies such as virtual reality, education institutes may collect feedback from students and provide assessment results to them through different means. For instance, while traditional means such as online surveys and video assessments can be used to collect and provide feedback, learning management systems can be used to track and evaluate students' progress in developing specific soft skills through the provision of data on performance and engagement.

As with our recommendation set forth in an earlier paper regarding ESG training<sup>63</sup>, it is not the FSDC's intention to introduce a one-size-fits-all approach for such soft skills training, given that the broad nature of the topic. Indeed, universities are suggested to develop the curriculum with emphasis on and relevance to their respective students. Taking inspiration from the UGC's Fund for Innovative Technology-in-Education (FITE) initiative, universities should consider implementing a similar approach for the financial services sector. The FITE initiative focuses on bringing industry practitioners into classrooms to familiarise students with industry practices and emerging trends, and also arranging credit-bearing placements for co-training in technologies. In a parallel manner, universities can enhance the practicality of such courses by inviting financial services practitioners to participate in the teaching. This would enhance the practicality of such courses, and better prepare students for careers in the financial services industry. This collaborative approach not only better prepares students for careers in the financial services industry, but also fosters a stronger connection between academia and the industry. By ensuring that course content remains current and aligned with market demands and trends, such an exchange can bridge the gap between the industry's expectations and students' understanding of these skills and priorities. Overall, although assessing and evaluating the development of soft skills will likely require adoption of an approach different

<sup>63</sup> FSDC. (2021, August). Careers of Tomorrow: Financial Talents in the digital, Sustainable economy of Hong Kong. https://www.fsdc.org.hk/media/kdrbqtp1/20210816-talent-strategy-report-eng-2.pdf

from that for a traditional curriculum subject, education institutes can provide a comprehensive evaluation of students' soft skills development and help students to identify areas for improvement.

Furthermore, coupling soft skills training with overseas exchange programmes can create a synergistic effect. This integrated approach can offer students an immersive, practical environment to apply and cultivate their soft skills. Therefore, it is worth exploring strategies to broaden the inclusivity of student participation in these enriching exchange programmes. In addition, universities can consider expanding the exchange programmes to regions that Hong Kong is seeking to establish stronger connections with, such as the Middle East and ASEAN markets. Such an expansion will not only enrich the cultural experience and diversity for students, but also align it with the city's strategic interests.

University exchange programmes operate on a reciprocal basis. This means that for every student that a Hong Kong university sends abroad, a slot must be available for a foreign student to come to Hong Kong. This arrangement not only ensures a fair exchange but also fosters a rich multicultural environment within local institutions, benefiting domestic students who may not have the opportunity to study abroad. However, some challenges persist at different times. According to our discussion with some programme administrators, the number of local university students interested in going outbound surpasses inbound ones at different times, limiting Hong Kong students' opportunities to participate in these meaningful programmes. In addition, financial support is another consideration.

In this context, support from the Government becomes crucial. This can take various forms, such as financial assistance through student scholarships, launching or increasing incentives for private sector contributions, as well as introducing initiatives promoting the benefits of studying in Hong Kong to international students (ties to recommendation 5). Fostering a balanced two-way exchange of students can enable more students to benefit from these valuable experiences. Investing in such programmes is an investment in the future of our students, equipping them with the soft skills necessary to navigate and excel in the global marketplace.

Recommendation 2: In tandem with the above, fostering a growth mindset can further amplify a student's potential; this can be done through giving them a taste of real-life working environment. The Government to consider setting aside a budget for a Career Tasting Programme to be administered by a designated organisation, which will arrange company visits to financial institutions in Hong Kong and other GBA cities

Throughout the research exercise, the FSDC noted that many practitioners considered it essential for soft skills to be developed outside of the classroom. In fact, it was drawn to our attention that students' understanding of the importance of soft skills can be strengthened if they had the opportunity to have a taste of the working environment in a financial services firm.

In this regard, the FSDC believes it would be constructive if, say, the Financial Services and the Treasury Bureau can set aside a budget for a Career Tasting Programme (CTP). Given a reasonable budget, the CTP can be administered by a designated organisation, which will arrange company visits to financial institutions in Hong Kong and other GBA cities, equipping students, at both the university and secondary school levels with not only better soft skills, but also deeper understanding of the financial services industry in both Hong Kong and other GBA cities. This may be considered a continuum of the *Set Sail for GBA – Scheme for Financial Leaders of Tomorrow* programme launched in 2021 and 2023, which was well received by university students and professionals involved in the programme.<sup>64,65</sup>

<sup>64</sup> The programme was led by the industry and supported by the Financial Services and the Treasury Bureau.

<sup>65</sup> Greater Bay Area Homeland Youth Community Foundation. 2023 Set Sail for GBA - Scheme for Financial Leaders of Tomorrow. Retrieved May 26, 2023, from https://www.gbayouth.org.hk/en/scope/set-sail-for-gba-scheme-for-financial-leader-of-tomorrow



#### What is the Career Tasting Programme (CTP)

The proposed CTP is a type of career exploration activity that allows individuals – and, in this case, students who had not gained any full-time job experience – to "taste" or sample different careers to gain a better understanding of what they entail. The programme typically comprises job-shadowing or interning in various industries, firms, and/or job roles for a short period of time, such as a few days or weeks. Furthermore, its impact can be further optimised by incorporating mentorship, encompassing traditional and reverse mentoring, into the programme. This allows young talents to gain career guidance from experienced professionals, supporting them in industry navigation, goal setting, and skill development. Conversely, these young talents can impart their knowledge on emerging trends such as AI, NFTs, blockchain, many others, and also communicate their career expectations to their senior counterparts. This two-way knowledge exchange fosters continuous learning and bridges generational gaps within the industry.

The goal of the proposed CTP is to help individuals make more informed decisions about their career paths by providing them with hands-on experience in different fields. This can be especially beneficial for students who are trying to decide on a major or for individuals who are considering a career change.

In the context of soft skills development, the FSDC is of the view that the proposed CTP would allow students to learn the importance attached to soft skills in the working environment of a financial services setting. Informed by discussions among senior leaders and HR professionals, such real-life experiences are complementary to the skills learned in the classroom.

Such an approach is familiar to firms and practitioners in the financial and commercial sectors. Indeed, other organisations have set up similar programmes that have gained certain recognition. For instance, *Project WeCan* initiated by Wharf Limited as an "initiative providing students who are disadvantaged in learning with opportunities and care to empower them", has launched a well-received job-tasting programme targeting secondary school students<sup>66</sup>. Additionally, the "I am ..." Youth Portal, organised by St. James' Settlement and sponsored by Hang Seng Bank, offers a comprehensive digital programme that provides full-scale support for young people, including secondary students. The programme offers personalised career advice and development experiences, all in one place<sup>67</sup>. Moreover, the Junior Achievement Hong Kong is also dedicated to empowering young individuals, especially secondary school students, by offering a range of business-in-community experiential programmes. These include workplace experience, workshops, interactive sharing, and more<sup>68</sup>.

Despite the availability of similar programmes, the Working Group is of the view that more structured and frequent initiatives can be specifically designed for the financial services industry. This may

<sup>66</sup> Project WeCan Foundation. Job Tasting Programme. Retrieved May 26, 2023,

from http://www.projectwecan.org/category/joint-school-programmes/job-tasting-programme/

<sup>67</sup> I Am. . . Youth Portal. Retrieved May 26, 2023, from https://i-am.hk/main/about-us/intro

<sup>68</sup> Junior Achievement Hong Kong. Retrieved May 26, 2023, from https://www.jahk.org/who-we-are/

involve augmenting, or potentially incorporating, the latest structure of the Citizenship and Social Development subject for secondary students, which mandates that secondary schools provide students with an opportunity to participate in Mainland study tours during the three years at the senior secondary level<sup>69</sup>. Alternatively, it may be worthwhile to draw references from the initiatives under the current iteration of the Funding Scheme for Youth Life Planning Activities (2022-2025), launched by the Youth Development Commission. This scheme encourages sponsored organisations to orchestrate more activities aimed at helping young individuals delve deeper into development opportunities emerging from the National 14th Five-Year Plan and the growth of the Guangdong-Hong Kong-Macao Greater Bay Area.

Developing a financial sector focused CTP, not only can it offer training opportunities to students, such a programme is attuned to the importance of sustainable development of the financial services industry. It can also serve as a platform to educate young talents about the crucial importance of ethical behaviour, good conduct and responsible practices of the financial services industry. This initiative can incorporate training modules on critical aspects such as compliance and risk management, highlighting the role that each individual plays in fostering a strong risk and good governance culture. This gives participants a comprehensive view of the industry's operations. Adopting this approach, the CTP can effectively shape the attitudes and skills of future industry professionals, underlining the value of integrity and responsibility in their career growth. Furthermore, early recognition of the highest standards of behaviour by these talents is a precondition for sustained success as an International Financial Centre.

Moreover, in recognition of the GBA's significance, expanding the scope of coverage and allowing students, at both university and secondary school levels, to gain first-hand experience in other GBA cities would equip them with essential skills and understanding of the working culture through such short-term tasting programmes.

With the above in mind, and acknowledging the potential impact of such a programme on students' readiness to contribute to the industry, the FSDC proposes that the Government set aside a budget for the CTP. The budget would be administered by a designated organisation responsible for arranging company visits to financial institutions in Hong Kong and other GBA cities.

Alongside the development of soft skills, instilling a growth mindset in students is equally important for their future career development. There have always been generational differences, and today's younger generation displays a distinct mindset and set of values shaped by a rapidly evolving environment, markedly different from previous generations. As societal evolution accelerates, these differences are becoming increasingly pronounced. Industry leaders observe a trend towards individualism among young people, with a strong focus on personal goals and ambitions. This sharp focus on individualism, while potentially empowering, may also be the root of certain challenges faced by students in their career development.

Addressing this tendency necessitates the cultivation of balanced perspectives. This involves fostering a growth mindset that values continuous learning, responsibility, resilience in the face of challenges and adaptability in a rapidly evolving professional landscape, particularly in the financial sector. It is important for students to understand that their future career success is not solely determined by academic achievements or technical abilities. Equally important are their attitudes, critical thinking skills, and ability to collaborate effectively with others. By fostering this growth mindset in tandem with enhanced soft skills training, we can better prepare students for the complexities and demands of the modern workplace. This holistic strategy empowers young talent with the comprehensive soft skills and mindset necessary to navigate and excel in their future careers in the financial sector.

<sup>69</sup> Hong Kong Examinations and Assessment Authority & Curriculum Development Council. (2021). Citizenship and Social Development Curriculum and Assessment Guide (Secondary 4 - 6). https://ls.edb.hkedcity.net/file/C\_and\_A\_guide/202106/CS\_CAG\_S4-6\_Eng\_2021.pdf

#### Investing for the future: Cultivating a diverse environment

Through the research exercise, it was suggested by numerous interviewees that a diverse mindset would be appealing to employers. While employers are the main responsible parties for such an environment in the workplace, the public sector has an important role to play in attracting a diverse group of talents from around the world to Hong Kong and adding the flavour of internationalism to our local talent. To this end, the FSDC has designed some relevant proposals for the Government's consideration:

- **Recommendation 3:** The Government to provide or to coordinate efforts among key industry players who would be willing to provide scholarship for students with diverse backgrounds to study abroad.
- **Recommendation 4:** The Government to design and/or sponsor a programme aimed at diversifying student pool, focusing on students from international markets.

Cultivating a diverse university and work environment is crucial for creating a more inclusive and equitable society, which aligns well with the vision of the Government. It is widely assumed that, through bringing together individuals from different backgrounds, we can create a space that is more reflective of the diverse world we live in. A diverse environment provides an opportunity for individuals to learn from one another, challenge their biases, and broaden their perspectives. In turn, this will, create a space where individuals can grow and thrive, while also contributing to the growth and success of their organisation and society as a whole.

In a diverse university environment, students have the opportunity to learn from individuals who come from different racial, ethnic, cultural, and socioeconomic backgrounds. This exposure can help to break down stereotypes and promote a deeper understanding and appreciation for different cultures and traditions. When students are exposed to a diverse range of perspectives and ideas, they are better equipped to navigate the complex and interconnected world.

Similarly, in a diverse work environment, employees can bring their unique perspectives, experiences, and ideas to the table. This diversity can lead to more creative problem-solving, better decision-making, and a more innovative and competitive organisation. In addition, a diverse work environment can create a culture of inclusion, where employees feel valued and supported in their roles. This can lead to increased job satisfaction, productivity, and retention rates.

As an international financial centre, there are apparent benefits that a diverse environment can bring to the development of the financial services industry and our society at large. Against this background, the FSDC believes that incentives to broaden the horizon and exposure of our younger talent will be essential.

## Recommendation 3: The Government to provide - or to coordinate efforts among key industry players who would be willing to provide – scholarship for students with diverse backgrounds to study abroad

As an international financial centre, Hong Kong thrives on its internationalism, as illustrated by the diverse backgrounds of its firms and talents. It is notable that there are scholarship programmes driven by philanthropists, foundations, and private sector organisations in Hong Kong, that offer scholarships for students to study abroad. For instance, according to a non-profit charity, there are numerous scholarship schemes covering tertiary education in the UK, US, Canada and other places<sup>70</sup>. Similarly, according to the British Council, different foundations, schools, and other entities

provide scholarships to students to facilitate cultural exchange and enhancement of diversity<sup>71</sup>.

While these lists of largely private-sector-driven programmes are by no means exhaustive, it raises the question as to whether the public sector can be more forthcoming in providing such opportunities. The Hong Kong Scholarship for Excellence Scheme (HKSES) was launched by the Government in 2014 with the aim of supporting outstanding local students to pursue studies at universities outside of Hong Kong. However, considering that almost a decade has passed since its inception, it is worth exploring whether the programme could be further revised and enhanced to benefit a wider range of students and address the current shortage of highly sought-after talent.

Numerous studies have shown that students who studied abroad benefit from broadened horizons and enhanced learning capabilities. These students gain valuable experience that they can bring back to Hong Kong and apply to their future careers in our city. Additionally, by encouraging talented individuals to return to Hong Kong after their studies, we can help ensure that the economy benefits from their internationalism, driven by skills, networks, and knowledge gained from other markets.

With the above in mind, the FSDC proposes that the Government creates a new scholarship programme or expands the existing HKSES to provide funding for a more diverse range of capable local students to study abroad.

The new initiative, whether through a new scholarship programme or an expansion of the existing one, should be open to students from a wide range of academic disciplines and should be merit-based. Similar to the current arrangement of HKSES (i.e undertake to return to Hong Kong upon graduation to work for at least two years), there should be an agreed commitment between the scholarship-giver and the receivers. For instance, requiring such students to return and work in Hong Kong for a certain number of years, within a specific sector or for the public service. There are plentiful examples of such arrangements in other markets, doing so will ensure that only individuals committed to the future development of Hong Kong are selected to participate in the programme. For instance, the Public Service Commission Scholarship in Singapore is available to Singaporean students at both local and overseas universities. Scholarship recipients are required to serve in the Singapore's public services for a specified period upon graduation, which can be done through one of three different schemes, namely Public Administration, Professional Service and Uniform Service (see Appendix 3 for more examples). Such an exercise will help ensure that the skills and knowledge gained by these students are put to use to benefit Hong Kong's economy.

To expand on the proposal, the FSDC believes that there are some additional points to consider. For instance:

• **Funding:** As observed in existing programmes, scholarship programmes can be funded through a variety of sources, such as charitable organisations, foundations, private sector companies, and schools, to name a few. While private sector contributions have been a key financing source in the past, some contribution from the Government is deemed appropriate, which can be done in combination with non-government monies. For such programmes to be partnerships formed between public and private sectors through, say, a matching component, participants on both sides can yield the benefits of not only positive publicity, but also preferential access to a deep pool of talented students. From the scholarship recipients' point of view, such a combination would also widen the scope of work for which they would be eligible in our city, as they can return to Hong Kong and choose between joining the private or public sector as they launch their careers.

<sup>71</sup> British Council. Other scholarships. Retrieved May 26, 2023, from https://www.britishcouncil.hk/en/study-uk/scholarships/other-scholarships

- **Selection criteria:** Established scholarship programmes have long been based on merit, enabled by selection criteria that are transparent and objective. This ensures that the most talented students are selected to participate in the programme and that there is no favouritism in the selection process. At the same time, noting that the rise of diversity, equity and inclusion is becoming a more prominent topic in the space of financial services, we consider it appropriate to potentially make equity a consideration in the selection process, which may allow students of some traditionally underrepresented groups (e.g. ethnic minority) to be included in such scholarship programmes with government involvement.
- Destinations: Scholarship programmes fully or partially funded by the Government can offer students the opportunity to study in a variety of top universities in various destinations. Besides traditional markets such as the US and UK, given the rising global significance of its economy and the ever-improving recognition of universities, these scholarships should include universities on the Mainland as potential colleges for students.
- Evaluation of success and return on investment: The Government should evaluate the
  effectiveness of such scholarship programmes periodically to ensure that they are achieving
  their goals. Such an evaluation can be tied to different metrics, including the number of students
  returning to Hong Kong after their studies, ranking of Hong Kong's competitiveness with a focus
  on manpower availability and quality, as well as the long-term career development outcomes of
  the scholarship recipients.

## Recommendation 4: The Government to design and/or sponsor a programme aimed at diversifying the student pool, focusing on students from international markets

Hong Kong, as an international financial and commercial centre, is built on its diverse pool of talent and commercial businesses. This is in line with the government and the University Grants Committee's (UGC) efforts to bring more non-local students to the city, broadening diversity and enhancing the internationalism of Hong Kong:

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It is the common goal of the Government, the UGC and the entire higher education sector to ensure that our graduates are globally competitive. That means having an international outlook and an ability to understand and work with people from different cultures and background. The UGC believes that the presence of quality non-local students can help create a more international environment for the students, enhance cultural exchange, introduce positive competition, and widen local students' perspectives. For society as a whole, it allows Hong Kong to attract more talents and enhance the quality of our population. This will, in turn, facilitate economic development and enhance Hong Kong's overall competitiveness in the long run.

University Grants Committee (2017)<sup>72</sup>

While the Government and universities have tried different initiatives to diversify the student-base, the effectiveness of such efforts remains unclear. According to the Immigration Department, in 2021, Hong Kong was home to 43,732 non-local students, with the majority of them originated from Mainland China (a total of 37,087)<sup>73</sup>. Aiming to broaden the student base, the heads of Hong Kong's public universities are reportedly launching a HK\$10 million marketing campaign that will target students from Belt & Road countries as well as other markets, such as Saudi Arabia. However, because the results will not be seen for many years<sup>74</sup>, a need for alternative solutions has emerged.

73 Immigration Department. (2021). Annual Report 2021. https://www.immd.gov.hk/publications/a\_report\_2021/en/chapter2.html

<sup>72</sup> University Grants Committee. (2017, January). FAQs. https://www.ugc.edu.hk/eng/ugc/faq/q602.html

<sup>74</sup> SCMP. (2023, April 26). Hong Kong's public universities 'to launch HK\$10 million campaign to attract students from belt and road countries. https://www.scmp.com/news/hong-kong/education/article/3218348/hong-kongs-public-universities-launch-hk10-million-campaign-attract-students-belt-and-road-countries

The Government's recent update of its Talent List and launch of the Top Talent Pass Scheme are positive steps towards attracting international talent to Hong Kong. The Working Group is of the view that another effective approach to enticing top students involves fostering strong faculties at universities, where exceptional educators and researchers can act as magnets for bright minds. By attracting renowned researchers and professors in fields such as economics, biotech, chemistry, and physics, Hong Kong's reputation as a premier academic and research hub would be bolstered. Therefore, it is essential for Hong Kong to continue its efforts in attracting relevant academic talent to the city, as this will help maintain its competitive edge on the global stage.

In addition, the FSDC considers it an opportune time for the Government to set aside more funding for scholarships to attract international students to study at universities in Hong Kong. While there are existing scholarship programmes targeting at, mostly, postgraduate students<sup>75,76</sup>, this proposed initiative will not only enhance the internationalism of our city, but also facilitate cultural exchanges between local and international students. This, in turn, will boost the attractiveness of our university programmes among local students and those attending our local universities.

In fact, governments around the world have been administering a range of scholarships to attract international students and foster a diverse study environment at the undergraduate level. For example, the Holland Scholarship, funded by the Dutch Ministry of Education, Culture and Science, offers scholarships to non-European Economic Area students who intend to complete their bachelor's or master's degree in the Netherlands<sup>77</sup>. Similarly, the Australia Awards Scholarships, financed by the Australian Government Department of Foreign Affairs and Trade, provide full scholarships for students from developing countries, particularly those located in the Indo-Pacific region, to pursue both undergraduate or postgraduate programmes<sup>78</sup>. In Asia, the Japanese Government Scholarships, administered by the Ministry of Education, Culture, Sports, Science and Technology, offer scholarships covering tuition and travel costs for international students at both the undergraduate and postgraduate levels<sup>79</sup>.

According to Holoien (2013), most of the literature on interactional and curricular diversity suggested that diversity and civic engagement have positive relationships<sup>80</sup>. Individuals exposed to a more diverse environment are generally more likely to be engaged in activities leading to improve outcomes for others, which will, in turn, "make a difference in their homes, neighbourhoods, workplaces, churches, and communities" (p. 14).

Notwithstanding the above, investment by the Government should warrant return on investments. Along the same lines as suggested in Recommendation 3, the Government and other scholarship-giving bodies may consider including an agreement with such incoming international talent, such that students graduating with scholarships would be willing to stay and work in the Hong Kong for a certain number of years. Not only can this ensure that our city would have preferential access to a top group of talent, in the case that they would return to their home market or move to another market for future career opportunities, Hong Kong and our country would benefit from having a pool of talent with deep understanding of our society.

<sup>75</sup> Hong Kong PhD Fellowship Scheme: This scheme was established by the Research Grants Council (RGC) in 2009 to attract the best and brightest students from around the world to pursue PhD studies in Hong Kong. The scheme provides a monthly stipend of HKD 26,600 (approximately USD 3,400) and a conference and research-related travel allowance of HKD 13,300 (approximately USD 1,700) per year.

<sup>76</sup> Hong Kong Special Administrative Region Government Scholarship Fund: This fund was established in 2008 to support outstanding local and nonlocal students to pursue full-time undergraduate or postgraduate studies in Hong Kong. The scholarship provides a full tuition fee waiver and a living allowance of HKD 15,000 (approximately USD 1,900) per month for up to 24 months.

<sup>77</sup> Nuffic. Study in NL. Retrieved May 26, 2023, from https://www.studyinnl.org/finances/holland-scholarship

<sup>78</sup> Students are required to leave Australia for a minimum of two years after completing their study, Australian Government Department of Foreign Affairs and Trade. Australia Awards scholarships. Retrieved May 26, 2023, from https://www.dfat.gov.au/people-to-people/australia-awards/austra-lia-awards-scholarships

<sup>79</sup> Japan Student Services Organization. The Japanese Government (Monbukagakusho) Scholarship program. Retrieved May 26, 2023, from https://www.studyinjapan.go.jp/en/planning/scholarship/types/

<sup>80</sup> Holoien, D. S. (2013). Do Differences Make a Different: Princeton University. https://inclusive.princeton.edu/sites/g/files/toruqf1831/files/pu-report-diversity-outcomes.pdf

#### Paint the right picture, and promote it

Overall, Hong Kong's combination of academic excellence, vibrant culture, and strategic location make it an attractive destination for students seeking a world-class education and a life-changing experience. At the same time, through our research exercise, the FSDC found that much of the promotional effort would focus more on the business sector and less so on the education sector. As an attempt to promote a more diverse university environment, some targeted efforts can be deployed.

As many of us living in Hong Kong would agree, our city is vibrant and offers a unique blend of Eastern and Western cultures, making it an attractive place for students to spend their collegiate years. With world-class research institutions<sup>81</sup>, students have access to top-notch education and research opportunities. Many times, these students are exposed to a buoyant job market.

Indeed, apart from its academic offerings, Hong Kong is a bustling metropolis that offers an abundance of cultural and recreational activities. From exploring the vibrant street markets and shopping districts to hiking in the beautiful countryside, students can experience the best of both worlds. The city also has a thriving arts scene, with a wide range of museums, galleries, and theatres that showcase both local and international talent. Hong Kong's food culture is also a major draw, with an endless variety of delicious cuisines from around the world, as well as local favourites such as dim sum and wonton noodles.

Hong Kong's location makes it an ideal base for exploring Asia. With its efficient transportation network, students can easily travel to nearby destinations such as Mainland China, Taiwan, Japan, and Southeast Asia, providing them with unique opportunities to experience different cultures and broaden their horizons.

All of the advantages of Hong Kong enlisted above are widely known to the locals and expats living in our city, but they can be better known to students who are contemplating where to spend their collegiate years in. With that in mind, the FSDC is of the view that targeted promotional efforts with tailored messages are warranted.

## Recommendation 5: The Government to dedicate specific efforts towards promoting Hong Kong's universities, as well as internship/job opportunities for young professionals

Hong Kong is a dynamic and vibrant city that attracts students from all over the world. However, with increasing competition from other study destinations, it is crucial to highlight the unique advantages of studying in Hong Kong. While the city is a hub for international business and finance, offering students access to a wealth of career opportunities, targeted messaging is needed to convince students and their parents of the outstanding job prospects available in the city. By highlighting the city's strong economic growth and the availability of internships and job placements, universities can attract more students and help them secure their dream careers.

Parents indeed play a vital role in their children's education decisions and are often the key decision-makers when it comes to studying abroad. To convince parents to send their children to Hong Kong, for instance, universities must address their concerns about safety and the quality of education, as well as communicate the unique cultural experiences that Hong Kong offers:

 Hong Kong is known for its world-class academic institutions, where statistics (e.g. job placement, graduate school entrants, etc.) and rankings can demonstrate the quality of education that students can expect

<sup>81</sup> South China Morning Post. (2022, October 12). 5 universities in Hong Kong make list of top 100 institutions worldwide, with 1 contender moving up more. SCMP. https://www.scmp.com/news/hong-kong/education/article/3195678/5-universities-hong-kong-make-list-top-100-institutions

- Universities can reassure parents by sharing information about the safety and support systems in place for students (e.g. highlighting the low crime rate)
- Hong Kong offers a unique blend of Eastern and Western cultures (e.g. the celebration of both Western and Eastern festivals)

By highlighting these cultural experiences, universities can attract students who are looking for not only a top-notch education, but also a transformative life experience that will shape their future careers and personal growth.

With the above in mind, we are of the view that *Invest Hong Kong (InvestHK)* and/or other relevant departments of the Government, such as the Labour and Welfare Bureau, should strengthen its promotional efforts among secondary schools and students in other markets. Some of the potential initiatives that can be explored include:

- Develop a talent network (secondary schools): In order to attract the best and brightest minds
  from around the world, we must be able to identify such talent. By partnering with reputable
  high schools in targeted markets, such as the US, UK, Mainland China, Southeast Asia and the
  Middle East, we can create a talent pipeline that brings highly skilled individuals to Hong Kong.
- Showcase success stories: By highlighting the achievements of individuals and companies who have thrived in Hong Kong and the Greater China region, we can inspire others to follow in their footsteps. According to Cisco's study in 2018, video content would represent over 80% of all internet traffic by 2022<sup>82</sup>. With this in mind, the Government can consider designing a series of videos and distribute them through different channels and social media campaigns<sup>83</sup>.
- The power of networking: Many successful entrepreneurs and professionals in Hong Kong have, at a certain point, been educated in other cities and presumably possess a strong network with other education institutions. Other times, there are education consultants who have established relationships with secondary institutions in other markets. The Government may explore organising networking events, conferences, and seminars in other markets with the help of these parties, which can facilitate meaningful conversations and collaborations in cultivating non-local students' interest and understanding in Hong Kong. Importantly, such networking opportunities can also serve as a platform to inform non-local talents including students with Hong Kong roots studying overseas about the array of job and internship prospects available in Hong Kong, offering them a comprehensive view of the city's dynamic professional landscape.

Separately, while promotional efforts play a crucial role, an attractive and well-structured internship programme can be instrumental in attracting local and global young talent. Internships serve as a bridge, allowing individuals from various backgrounds, cultures, and academic disciplines to contribute to and learn from Hong Kong's dynamic business environment. This initial exposure often forms the basis for long-term professional and personal commitments, creating mutual benefits for both the interns and their employers. However, there are some critical aspects that require our attention to ensure the longevity and mutual benefit of these internship programmes. Some practitioners noted a trend where traditional entry-level positions for graduates are being replaced by lower-paid internships, serving as a prerequisite for more financially rewarding full-time employment. Such practices necessitate vigilance to guarantee fair opportunities for all members of the workforce. In this context, the Government can play a role in fostering a more equitable and appealing internship landscape. Offering financial incentives can encourage the provision of more adequately compensated internships, thereby enhancing the attractiveness of Hong Kong as a global hub for young talents.

<sup>82</sup> CISCO. (2018). VNI Complete Forecast Highlights.

https://www.cisco.com/c/dam/m/en\_us/solutions/service-provider/vni-forecast-highlights/pdf/Global\_Business\_Highlights.pdf

<sup>83</sup> Forbes Agency Council. (2023, January 27). 15 Unique Ways To Capture Audiences' Attention With Video In 2023. Forbes. https://www.forbes.com/sites/forbesagencycouncil/2023/01/27/15-unique-ways-to-capture-audiences-attention-with-video-in-2023/?sh=71e4f28d613b

In summary, immersive experience and dedicated messages are essential to convince students and their parents to choose Hong Kong as a study destination. By emphasising the city's outstanding job prospects, its worldclass academic institutions, and its unique cultural experiences, universities can stand out in a crowded market and attract more students. With its strategic location, robust economy, and diverse community, Hong Kong offers a wealth of opportunities for students to succeed both academically and professionally. In this context, the Government can play a significant role in providing strategic leadership and facilitating necessary policy measures to attract overseas talent. By working synergistically, the industry and the Government can effectively showcase Hong Kong's job opportunities to the global talent pool, thereby strengthening its financial sector and reinforcing its position on the international stage.

#### Look no further: Collaborate and nurture together with our neighbour

Learning from our targeted interviews with leaders of the insurance sector, the FSDC identified that there is an unmet demand for actuaries in Hong Kong. These leaders, however, believe that the talent available on the Mainland can be a solution. Currently, there are three local universities, namely Hong Kong Baptist University (HKBU), The Chinese University of Hong Kong (CUHK) and The Hong Kong University of Science and Technology (HKUST), that have established GBA campuses in Zhuhai, Shenzhen and Guangzhou, respectively<sup>84</sup>. Surprisingly, none of these campuses offer actuarial science as a major. Using this as an example, it is suggested that local universities with GBA campuses can match the demand for talent with supply.

## Recommendation 6: GBA campuses of Hong Kong universities to work closely with Hong Kong stakeholders in programme construction

The GBA is home to a significant number of high-tech companies, and there is a growing demand for skilled professionals to support the region's economic growth. Hong Kong universities can play a vital role in nurturing this talent by providing high-quality education and training that meets the needs of the GBA's job market.

From the insurance sector's perspective, Hong Kong universities have a unique opportunity to groom talent in the GBA and bring them to Hong Kong as specialists/skilled professionals.

One significant advantage of grooming talent in the GBA is the opportunity to tap into the region's vast potential while being connected to the rest of the world. Amidst its growth potentials, Hong Kong universities can play a key role in supporting this growth by developing talent with the necessary skills and knowledge. Students being trained in GBA campuses are not only equipped with hands-on experience and exposure to the latest developments in the Mainland China, they are also educated through internationally recognised programmes provided by Hong Kong universities. This approach enables students to be globally competitive while possessing valuable local insights, making them highly sought-after professionals in the region and beyond.

Another advantage of grooming talent in the GBA is the opportunity to foster greater collaboration and knowledge exchange between academia and industry. Using the insurance industry as an example, while the risk appetite and underwriting process would largely be similar between Mainland China and international markets, the familiarity with data, culture and other socioeconomic factors would vary significantly. By building strong partnerships with industry leaders, Hong Kong universities' GBA campuses can ensure that their graduates are equipped with the skills and knowledge that are in demand, making them highly attractive to employers in the GBA and beyond.

To bring talent to Hong Kong, universities can take several approaches. One way is to offer internships and job placements in the GBA, allowing students to gain practical experience and establish connections with potential employers. The FSDC believes that it will be complementary to the recently deployed efforts of the Government, including the update of its Talent List<sup>85</sup> and launch of the Top Talent Pass Scheme<sup>86</sup>.

As regional connectivity continues to grow, another way forward is to establish joint academic programmes and research collaborations between Hong Kong campuses and campuses in other GBA cities. Universities can capitalise on the presence of Mainland Chinese academic staff teaching in Hong Kong's eight publicly funded universities<sup>87</sup> to create opportunities to facilitate

<sup>84</sup> Greater Bay Area - Education. Greater Bay Area. Retrieved May 26, 2023, from https://www.bayarea.gov.hk/en/opportunities/education.html

<sup>85</sup> HKSAR Government, Talent List Hong Kong. Retrieved May 26, 2023, from https://www.talentlist.gov.hk/en/index.html

<sup>86</sup> Immigration Department, Top Talent Pass Scheme. Retrieved May 26, 2023, from https://www.immd.gov.hk/eng/services/visas/TTPS.html

<sup>87</sup> University Grants Committee. Retrieved May 26, 2023, from https://www.ugc.edu.hk/eng/ugc/index.html

cross-boundary understanding and exchange, thereby benefiting local students and the wider academic community. By sharing knowledge and expertise, Hong Kong universities can build a regional network of talent that supports the development of the GBA. Joint academic programmes can also foster a broader perspective and exposure to different cultures and ways of thinking for students, preparing them to be global leaders in their fields.

In conclusion, by taking the insurance sector as an example, Hong Kong universities should better utilise their access to vast talent through their campuses in other GBA cities. By addressing the demand for talent from international and local employers will help shape education programmes catering to the needs of the industry. The FSDC believes that this will result in a win-win situation for students, universities, and companies, as the region's economic growth and development will benefit from a skilled workforce trained for the industry and students will have access to a wide range of career opportunities in the GBA and beyond.

## **Conclusion**

The financial services sector in Hong Kong has traditionally been one of the cornerstones of its economic prosperity. However, the industry is presently facing significant shifts in its talent landscape, primarily due to an ageing population, declining birth rate, changing career aspirations of the younger generation, and an increasingly competitive talent market.

Furthermore, the development of the GBA presents both opportunities and challenges for the financial services sector to expand its market reach and access new sources of skills and funds. The dynamic market landscape, shaped by globalisation and the advancement of technologies, also creates new demands for skillsets, which can be challenging for the market to meet. As the industry adapts to these changes, it is important to take a proactive approach towards talent development by leveraging the sector's expertise and resources.

To this end, the FSDC, through engagement with subject matter experts, has put forward recommendations that are considered useful in assisting aspiring young professionals and local university students to be better equipped for full employment within the financial services industry. While we are heartened by the Government's commitment to attracting global talent, as evidenced in the 2022 Policy Address and 2023 Budget Speech, we believe that the recommendations in this paper can focus on building the talent pipeline to support the industry's future growth.

By collaborating and pooling its resources, Hong Kong's financial services sector can position itself to adapt to the evolving talent landscape, reinforcing its continued success and competitiveness on the global stage. In turn, this will further bolster Hong Kong's position as a leading financial hub.

# **Appendix 1 - Summary of key findings in the literature review**

Report / Article	Date	Selective Key Findings	Region
The Future of Jobs Report 2023 by the World Economic Forum	April 2023	<ul> <li>Technology adoption remains a key driver of business transformation</li> <li>Big data, cloud computing and AI feature highly on the likelihood of adoption.</li> <li>Broader application of ESG standards will also have a significant impact.</li> <li>Employers anticipate a structural labour market churn of 23% of jobs.</li> <li>44% of workers' skills will be disrupted.</li> <li>Six in 10 workers will require training, but only half of the workers are seen to have access to adequate training.</li> </ul>	Global
Time to get technical: debunking the digital literacy gap by Adobe	April 2023	<ul> <li>The top skill required by job posts is communication (43%) — with a 93% of business owners and 94% of employees agreeing that it's an extremely important skill.</li> <li>25% of employees do not feel comfortable when asking their employer for more training on technology skills, and over 1/3 of employers do not view that is their responsibility to offer training for their staff to learn new technologies.</li> <li>Employees state that some of the top frustrations they see in terms of technologies related to the workplace include "outdated technology", "lack of training", "difficulty learning new software", the need to constantly adapt to new technology.</li> </ul>	United States
How Pandemic Accelerated Digital Transformation in Advanced Economies by the IMF	March 2023	<ul> <li>Digitalisation varied widely by countries before the pandemic. However, it was found that digitalisation increased by an average of 6% points across advanced economies.</li> <li>Possible gains of digitalisation using two different productivity gauges: labour productivity, which measures output per hours worked; and total factor productivity, which tracks output relative to the total inputs used in its production.</li> </ul>	Global
How can reimagined mobility help organisations see reward and not risk? by EY	March 2023	<ul> <li>The new ways of working have brought greater expectations for workforce flexibility, and employers with workforce mobility programmes have powerful strategic and operational importance in the global race of talent.</li> <li>93% of employees agree an international assignment can be life-changing for themselves and their families.</li> <li>92% of respondents believe that aligning mobility strategy to organisational objectives helps in attracting and retaining top talent, and 90% of employers believe aligning their mobility strategy to organisational goals drives business growth.</li> </ul>	Global
Global Talent Trends 2022-2023 by Mercer	February 2023	Global HR leaders and executives recognise the need to address potential sociopolitical and economic uncertainty. In general, there are five trends that have been shaping talent strategy "reset of relevance", "work in partnership", "deliver on total wellbeing", "build for employability", "harness collective energy".	Global
Talent in a changing market: What now? By McKinsey & Company (Podcast)	December 2022	<ul> <li>Relationship between employees and employers has fundamentally shifted, with a large number of people quitting their jobs.</li> <li>Companies are revamping their business models and strategies for hard-to-fill roles.</li> <li>Companies are customising propositions to meet the needs of their own workers, amid the talent shortage trend.</li> </ul>	United States
The Future of Work 2022 by Accenture	November 2022	<ul> <li>Only 26% of surveyed CEOs are ready to think in new ways on "Leveraging organisational purpose", "Worker experience and technology to shape the future of work".</li> <li>Only 35% of the surveyed workers are satisfied with their company's approach in terms of addressing the evolving ways of work.</li> <li>Workers desire a truly effective hybrid work model that is designed for productivity across onsite and remote work environments.</li> </ul>	Global

Report / Article	Date	Selective Key Findings	Region	
Competing in the New Talent Market, by Katy George, Harvard Business Review	October 2022	<ul> <li>Three workplace trends have been prompted by the pandemic across the world,: the search for meaning, the desire for flexibility, and the pace of technological transformation.</li> <li>Organisations are therefore examining how they recruit, develop, and retain talent, as employees expectations have increased.</li> <li>It has also led to "the great attrition" — meaning the unceasing restlessness of much of the workforce.</li> </ul>	Global	
An Area for all: Fostering mobility into the Greater Bay Area by HSBC and Oliver Wyman	July 2022	<ul> <li>72% of the respondents indicated that they intended to work, study, or retire in GBA cities in the Mainland China.</li> <li>Nearly 50% of respondents who expressed interests in exploring cross-border opportunities are keen to pursue more than on activity, such as study and then finding a job.</li> <li>People from Hong Kong prefer Shenzhen as their most preferred destination because of its better living environment, industry prospects, and local economic development.</li> </ul>		
The State Of The Financial Services Industry 2022 by Oliver Wyman	May 2022	Shift with risk, data and technology is occurring in the financial services industry.  Dramatic shift in value, and the potential misalignment of cost and risk management with said value, could pose risks.  A new, wider financial services industry has emerged, in which incumbent players such as banks, insurance companies, and asset managers have shrunk as a proportion of the total from 90% of the industry value 10 years ago to about 65% of the industry value today.		
Hong Kong Towards a Leading Global FinTech Hub by the Hong Kong University of Science and Technology	April 2022	<ul> <li>Case study by benchmarking practices in foreign countries.</li> <li>Singapore encouraging local fintech development while restricting foreign talents.</li> <li>New York and San Francisco overcome tech talent shortage across the US.</li> </ul>	Hong Kong	
Disrupted and Disconnected: Child Activities, Social Skills, and Race/ Ethnicity During the Pandemic, by the Social Policy Institute, Washington University in St. Louis	April 2022	Relationships between changes in activities during the pandemic and children's social skills.	United States	
Global talent wars: learning from locations that attract the best Economies by the NSW Innovation and Productivity Council	March 2022	<ul> <li>The global fight for talent: It is observed that the war for talent is largely fought between the Group of 20 (G20) countries, which account for a significant share of overall movements</li> <li>Developed regions such as Japan, Taiwan, and Italy are experiencing talent deficits, partly due to an ageing talent pool. This is compared to a younger, rapidly growing talent pool in developing countries such as India and Brazil.</li> <li>The availability of talent plays a significant role in driving the amount of innovation that occurs within an organisation and an economy.</li> </ul>	Australia	
The Working Future: More Human, Not Less by Bain & Company	January 2022	<ul> <li>Motivations for work are changing.</li> <li>Beliefs and expectations of what makes a good job are diverging.</li> <li>Automation is helping to rehumanise work.</li> <li>Technological change is blurring the boundaries of the firm.</li> <li>Younger generations are increasingly overwhelmed.</li> </ul>	Global	

Report / Article	Selective Key Findings	Region	
Fintech and the digital transformation of financial services: implications for market structure and public policy by the Bank For International Settlement	July 2021	<ul> <li>Digital innovation is bringing about economically meaningful changes in the production of financial services, with implications for the industrial structure of finance.</li> <li>Existing regulatory perimeters may not adequately cover emerging providers of financial services, and new players may pose challenges for day-to-day financial supervision.</li> </ul>	Global
9 Work Trends That HR Leaders Can't Ignore in 2021 by Gartner	April 2021	<ul> <li>Employers will shift from managing the employee experience to managing the life experience of their employees.</li> <li>More companies will adopt a stance on societal and political issues.</li> <li>Flexibility will shift from location to time.</li> <li>Mental health support will expand.</li> <li>Employers will "rent" talent to fill the skills gap.</li> <li>Jurisdictions will compete to attract talent rather than trying to get companies to relocate.</li> </ul>	Global
The Deloitte Global 2021 Millennial and Gen Z Survey by Deloitte	February 2021	<ul> <li>More than 40% of millennials and Gen Zs expressed deep concern about climate change and the environment.</li> <li>About 33% of millennials and Gen Zs focus more on mental health challenges, in the workplace.</li> <li>Millennials and Gen Zs focus more on flexibility as the most critical employee characteristic for a successful business.</li> </ul>	Global
The Jobs on the Rise Report by LinkedIn	January 2021	<ul> <li>Features 15 fastest-growing job trends.</li> <li>It is identified that skills are more important than ever to landing a new job opportunity.</li> <li>Digital transformation is having a powerful impact on the world economy, leading to the momentum that prompt a shift into more remote work.</li> </ul>	Global
Cigna Covid-19 Global Impact Study: Future Uncertainty Hangs Heavy	December 2020	<ul> <li>Following the global pandemic, work-life balance and mental health wellbeing a higher priority among workers.</li> <li>48% of respondents indicated that uncertainty about the future has been regarded as their biggest stress, and financial concerns play a big role in feelings of uncertainty.</li> </ul>	Global
Talent Strategies For A Changing Financial Services Sector by Mercer	July 2020	<ul> <li>More traditional firms are forced to invest in innovative solutions and explore alternative business models due to new technologies and the rise of digitally savvy market entrants.</li> <li>Impact of globalisation. One of the key challenges for companies will be to reallocate resources to faster-growing economies and to build talent based in regions such as China, India or Mexico.</li> </ul>	Global
Talent Trends 2020: Upskilling: Building Confidence in an uncertain world by PwC	January 2020	<ul> <li>Employees with the right skillsets are scarce: 74% were concerned about the availability of key skills.</li> <li>Progress on upskilling can breed confidence: 38% felt very confident about growth over the next 12 months.</li> <li>Upskilling delivers more than skills: 41% said their upskilling programme has been "very effective" in creating a stronger corporate culture and engaging employees.</li> <li>More talk than action: Only 18% have made "significant progress" in "establishing an upskilling programme that develops a mix of soft technical and digital skills.</li> <li>20% of CEOs said their upskilling programme is reducing skills gaps and mismatches.</li> </ul>	

Report / Article	Date	Selective Key Findings	Region	
Hong Kong Private Wealth Management Report 2019 by Private Wealth Management Association & KPMG	October 2019	<ul> <li>88% think technology enablement will reduce the administrative burden</li> <li>General Comment:         <ul> <li>Address the talent gap and improve lateral hire success rates:</li> <li>industrywide approaches to promote RM careers and increase pipeline of potential recruits.</li> <li>industrywide coordination on approaches to candidate screening to establish shared best practices.</li> <li>government funding for re-training individuals from other industries.</li> <li>Enhance talent programmes to recruit and retain talent.</li> </ul> </li> <li>Invest in technology that drives administrative efficiency, allowing RMs to focus more on higher value activities.</li> <li>Invest in CRM platforms that better equip RMs with the information they need to better serve their clients as a way to retain both clients and RMs.</li> </ul>	Hong Kong	
Hopes and Fears Survey 2019 by PwC	September 2019	<ul> <li>Education matters: 34% without school education or training beyond school say they are not learning any new digital skills.</li> <li>Change is coming: 77% are willing to upskill in order to become more employable; 53% believe automation will significantly change or make their job obsolete within the next ten years.</li> <li>Opportunity awaits: 50% believe automation presents more opportunities than risks; 60% think technology will improve their job prospects.</li> <li>Digital skills are key: 61% are positive about the impact of technology on their day-to-day work; 33% are given many opportunities to develop digital skills outside their normal duties.</li> </ul>		
Talent Development Survey 2019 by Hong Kong Institute of Bankers	September 2019	<ul> <li>98% believe general banking practitioners should develop FinTech skills.</li> <li>66% think the skills gap issue exists in the local banking industry.</li> <li>Roughly 70% believe banks should reskill or upskill existing staff to resolve skills gaps and enhance the local talent pool.</li> <li>97% think banking practitioners should develop FinTech capabilities.</li> <li>Around 70% of respondents think development in the Greater Bay Area will bring business opportunities to the banking sector in Hong Kong in the next two to three years.</li> <li>71% agree competition will become keen between virtual banks and traditional banking institutions in the next two to three years.</li> <li>Technical skills: Technological skills (88%), data skills (77%) and cybersecurity (75%) are considered the areas facing the largest skills shortage.</li> <li>Soft and generic skills: Creativity (77%), analytical and interpretive (63%), cross boarder networking (63%) are considered the areas facing the largest shortage.</li> <li>66% think FinTech is more an opportunity for the banking industry overall.</li> </ul>	Hong Kong	
Finance Needs People Who Work Well With Robots by Bloomberg	August 2019	<ul> <li>Expertise in artificial intelligence, machine learning, and data science are among the most in-demand candidates in finance.</li> <li>Business and finance professors who are preparing students for future banking careers are also seeing the trend.</li> <li>While machine learning has the ability to "augment" jobs and enhance the performance of organisations, it will also present risks and the need for "Al auditors.</li> </ul>	Global	
Getting Skills Right: Future-Ready Adult Learning Systems by the OECD	February 2019	<ul> <li>Digitalisation, deepening globalisation and population ageing has been changing the mode of work and the world of work.</li> <li>Soft skills such as communication, problem-solving, and adaptability remain essential for an individual's success in the modern workplace.</li> </ul>	Global	
Emerging Risks Report and Monitor by Gartner	January 2019	63% of respondents indicated that a talent shortage is a key concern for their organisation and signalling this as one of their top five risks in the financial services industry.	Global	
Will robots really steal our jobs? An international analysis of the potential long term impact of automation by PwC	February 2018	<ul> <li>Automation of simple computational tasks and analysis of structured data are affecting data-driven sectors such as financial services.</li> <li>Dynamic interaction with technology for clerical support and decision making.</li> <li>Automation of physical labour and manual dexterity, and problem-solving in dynamic real-world situations that require responsive actions, such as in transport and construction.</li> </ul>	Global	

Report / Article	Date	Selective Key Findings	Region
Work-Related Stress in the Banking Sector: A Review of Incidence, Correlated Factors, and Major Consequences (Giorgi et al.)	December 2017	<ul> <li>Banks and other financial institutions have been going through different changes and evolvement in organisation and structure under new technology.</li> <li>Such changes have been affecting both the employers and employees' way of work, leading to new basic requirements and qualifications.</li> </ul>	Global
The Key Attributes Employers Seek on Students' Resumes by the National Association of Colleges and Employer	November 2017	Respondents indicated that following problem-solving skills (82.9%) and teamwork abilities (82.9%), written communication skills (80.3%), leadership (72.6%), and a strong work ethic (68.4%) are also highly valued attributes that employers want to see on resumes.	United States
#GigResponsibly- The Rise of NextGen Work by the Manpower Group	May 2017	<ul> <li>A growing number of employees prefer alternative models over conventional, full-time and permanent roles.</li> <li>The NextGen Work could refer to part-time, contingent, contract, temporary, freelance, independent contractor, on demand online and platform working among others.</li> <li>87% of respondents indicated that they are willing to do NextGen work.</li> </ul>	Global
How Technology Is Changing Work and Organizations by Wayne F. Cascio and Ramiro Montealegre, Annual Review of Organizational Psychology and Organizational Behaviour	March 2016	<ul> <li>Five technologies that are transforming the very foundations of global business and the organisations that drive it: cloud and mobile computing, big data and machine learning, sensors and intelligent manufacturing, advanced robotics and drones, and clean-energy technologies.</li> <li>The increasing reliance on technologies to get work done within and across organisations, the question of how technology is changing work and organisations is highly salient for scholars of organisational psychology and organisational behaviour.</li> </ul>	Global
The role of the financial services sector in expanding economic opportunity by Sutton, C. N., & Jenkins, B., Harvard University.	January 2007	<ul> <li>The role of large commercial financial institutions such as domestic and multinational commercial banks in expanding economic opportunity.</li> <li>Government measures in various countries to mitigate and manage risks associated with expanding markets.</li> <li>Business models that promote financial inclusion and lists strategies of financial institutions for expanding economic opportunity.</li> </ul>	Global

## Appendix 2 - List of talent-related policies/ initiatives highlighted in the 2022 Policy Address and the 2023 Budget Speech

Talent policies and initiatives	Policy Address / Budget Speech	Attracting talents / Building talent capacity
Establishment of the Talents Service Unit	Policy Address	Attracting talents
Will be led by the Chief Secretary for Administration, for formulating strategies to recruit talents from the Mainland and overseas and co-ordinating relevant work, as well as providing one-stop support for incoming talents.		
Dedicated teams for attracting business and talents in the Mainland Offices and ETOs of the Government	Policy Address	Attracting talents
To proactively reach out to target enterprises and talents and persuade them to pursue development in Hong Kong.		
Allow eligible incoming talents to, upon becoming permanent residents, apply for a refund of the extra stamp duty paid for purchasing the first residential property in Hong Kong	Policy Address	Attracting talents
The talents can apply for a refund of the Buyer's Stamp Duty (15%) and the New Residential ad valorem Stamp Duty (15%). The overall stamp duty charged will be on par with that charged on first-time home buyers who are Hong Kong permanent residents.		
Launch of the Top Talent Pass Scheme to widely entice talents to pursue their careers in Hong Kong	Policy Address/ Budget Speech	Attracting talents
For a period of two years, eligible talents will include individuals whose annual salary reached HK\$2.5 million or above in the past year, and individuals graduated from the world's top 100 universities with at least three years of work experience over the past five years.		
Streamline the General Employment Policy (GEP) and the Admission Scheme for Mainland Talents and Professionals (ASMTP)	Policy Address	Attracting talents
For vacancies falling under the 51 professions with a shortage of local supply as listed in the Talent List or for vacancies with an annual salary of HK\$2 million or above, employers are not required to provide proof to substantiate their difficulties in local recruitment in making applications for talent admission.		
Suspend the annual quota under the Quality Migrant Admission Scheme (QMAS) for two years	Policy Address	Attracting talents
QMAS seeks to attract highly skilled or talented persons to settle in Hong Kong. Successful applicants are not required to have secured an offer of local employment before entry to Hong Kong for settlement.		
Relax the Immigration Arrangements for Non local Graduates (IANG)	Policy Address	Attracting talents
The government will extend the limit of stay from one year to two years to facilitate their staying in or coming to Hong Kong for work; and expand the scope of the arrangements to cover those who graduated from the GBA campus of a Hong Kong university on a pilot basis for a period of two years.		
Enhance the Technology Talent Admission Scheme (TechTAS)	Policy Address	Attracting talents
With a view to speeding up talent admission, it will be no longer necessary for technology firms to employ additional local employees when admitting talent from outside Hong Kong.		

Talent policies and initiatives	Policy Address / Budget Speech	Attracting talents / Building talent capacity
Extend the limit of stay of employment visas	Policy Address	Attracting talents
Talent admitted under the existing and newly launched talent admission schemes and securing employment may be issued with an employment visa which will be valid for a maximum period of three years.		
Establish Hong Kong Talent Engage	Budget Speech	Attracting talents
It is a website established by the Government, serving as a one-stop platform of talent engagement, admission facilitation and support services for incoming talents. The goals of the platform are to share general knowledge on living and working in Hong Kong, provide information about our talent attraction regime and job opportunities in Hong Kong, and facilitate the settlement and job exploration process.		
Introduce a new Capital Investment Entrant Scheme	Budget Speech	Attracting talents
The Government is formulating details of the New Scheme which will generally adopt the framework and application criteria of the original Capital Investment Entrant Scheme, with possible adjustments to be made to such matters as the investible areas in Hong Kong and investment threshold. Details will be released at a later date.		
Launch Fintech Internship Scheme	Budget Speech	Building talent capacity
To subsidise post-secondary students to acquire practical work experience in Fintech enterprises in Hong Kong or the wider GBA, and helps them develop an early interest in pursuing a career in Fintech after graduation.		
Extend the Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector for three years	Budget Speech	Building talent capacity
Since the establishment in 2016, the programme aims to educate the public to better understand the full spectrum of the above sectors and to expand the talent pool, especially for middle and back offices. Tactics include internships for students and professional training for existing practitioners with financial incentives.		

# Appendix 3: Some similar scholarship programmes around the globe for students studying abroad

Name of Scholarship	Benjamin A. Gilman International Scholarship Program <sup>88</sup>	PSC Scholarships <sup>89</sup>	The Khazanah Global Scholarship <sup>90</sup>	National Overseas Scholarship <sup>91</sup>
Countries where candidates reside	U.S.	Singapore	Malaysia	India
Countries to study abroad	Overseas	Overseas	U.S., U.K., and Australia	Overseas
Applicable courses	College level or undergraduate degree	Undergraduate degree	Foundation studies, master's degree, and PhD	Master's degree and PhD
Scholarship tenor	2–4 years	4-6 years	Full course of study	3 years (master's degree) 4 years (PhD)
Funding bodies	Bureau of Educational and Cultural Affairs, U.S. Department of State	Public Service Commission, Singapore Government	Yayasan Khazanah – a foundation under the sovereign wealth fund of Malaysia	Ministry of Social Justice and Empowerment, Government of India
Upper age limit	N/A	N/A	40	35
Compulsory home-country employment upon graduation	N/A	4–6 years depending on the kind of undergraduate degree	Upon completing a program, he/she must return to Malaysia to work for Khazanah Nasional (Malaysia's sovereign wealth fund) or other affiliated organisations. The required employment period matches the length of the programme duration.	All candidates, after having been availed of the award, are required to return to India. However, they are allowed to stay abroad after completion of the course for two years without any financial support if they can obtain employment and an appropriate visa for his/her stay in the foreign country.
Special arrangement	To be eligible for the programme, applicants must be receiving a Federal Pell Grant (financial assistance) during the time of application.  Academic performance, particularly in the applicant's major, is important, although there is no minimum grade point average for participating in the programme.	The PSC Scholarships offer three main career paths in Singapore's Public Services: Public Administration, Professional Service, and Uniformed Service.	The academic requirement is high. For foundation studies, applicants must obtain a minimum of 8As in the recent IGCSE. For a master's degree, applicants must obtain a minimum of an upper second-class (U.K. and Australia universities) bachelor's degree.	To be eligible for the scholarship, at least 60% marks or equivalent grades in the qualifying examination are required.  30% of the awards for each year shall be earmarked for female candidates.  Total family income from all sources shall not exceed Rs. 8.00 lakh per annum in the preceding financial year.

<sup>89</sup> Singapore Public Service Commission, PSC Scholarships, https://www.psc.gov.sg/scholarships/undergraduate-scholarships/psc-scholarships

<sup>90</sup> The Khazanah Global Scholarship Programme,

https://www.yayasankhazanah.com.my/scholarship-programmes/khazanah-global-scholarship-programme

<sup>91</sup> The Centre Sector Scheme of National Overseas Scholarship, https://nosmsje.gov.in/docs/nosGuidelines2022-23.pdf

Name of Scholarship	Holland Scholarship <sup>92</sup>	Australia Awards Scholarships <sup>93</sup>	Chevening Scholarship <sup>94</sup>	Japanese Government Scholarship Programs <sup>95</sup>
Countries where candidates reside	Countries outside the European Economic Area	Developing countries, particularly those located in the Indo- Pacific region	Chevening-eligible countries such as Aus- tralia, Brazil, Canada, India, etc.	Overseas
Countries to study abroad	The Netherlands	Australia	U.K.	Japan
Applicable courses	Undergraduate and master's degree	Undergraduate and master's degree	Master's degree	Undergraduate and master's degree
Scholarship tenor	1 year	Full course of study	1 year	1–5 years
Funding bodies	Dutch Ministry of Education, Culture, and Science, as well as several Dutch research universities	Department of Foreign Affairs and Trade, Australia Government	Foreign, Commonwealth, and Development Office, U.K. Government	Ministry of Education, Culture, Sports, Science, and Technology, Japan Government
Upper age limit	N/A	N/A	N/A	25–35, depending on the type of scholarship
Compulsory home-country employment upon graduation	N/A	Scholars are required to leave Australia for a minimum of two years after completing their scholarship. Failure to do so will result in the scholar incurring a debt for the total accrued cost of their scholarship.	2 years	N/A
Special arrangement	The scholarship amounts to □5,000 and is used for the first year of study. This is not a full-tuition scholarship.	The study and research opportunities provided by the award develop the skills and knowledge of individuals to drive change and contribute to development in the students' own countries. Hence, the award is not available for training in areas related to flying aircraft, nuclear technology, or military training.	Candidates should have at least an upper second-class honours degree when submitting applications.  There is a minimum working experience requirement of two years, equivalent to 2,800 hours.	Four types of scholarship are available: specialised training colleges, undergraduate degrees, postgraduate research studies, and postgraduate Japanese studies.  The written test includes English and Japanese language testing.

<sup>92</sup> The Holland Scholarship, https://www.studyinnl.org/finances/holland-scholarship
93 Australian Government Department of Foreign Affairs and Trade, Australia Awards Scholarships,
https://www.dfat.gov.au/people-to-people/australia-awards/australia-awards-scholarships
94 The Chevening Scholarship, https://www.chevening.org/terms-and-conditions-scholarships/
95 Japanese Government Scholarship Programs, https://www.studyinjapan.go.jp/en/planning/scholarship/

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#### **About the FSDC**

The FSDC was established in 2013 by the Hong Kong Special Administrative Region Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.

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