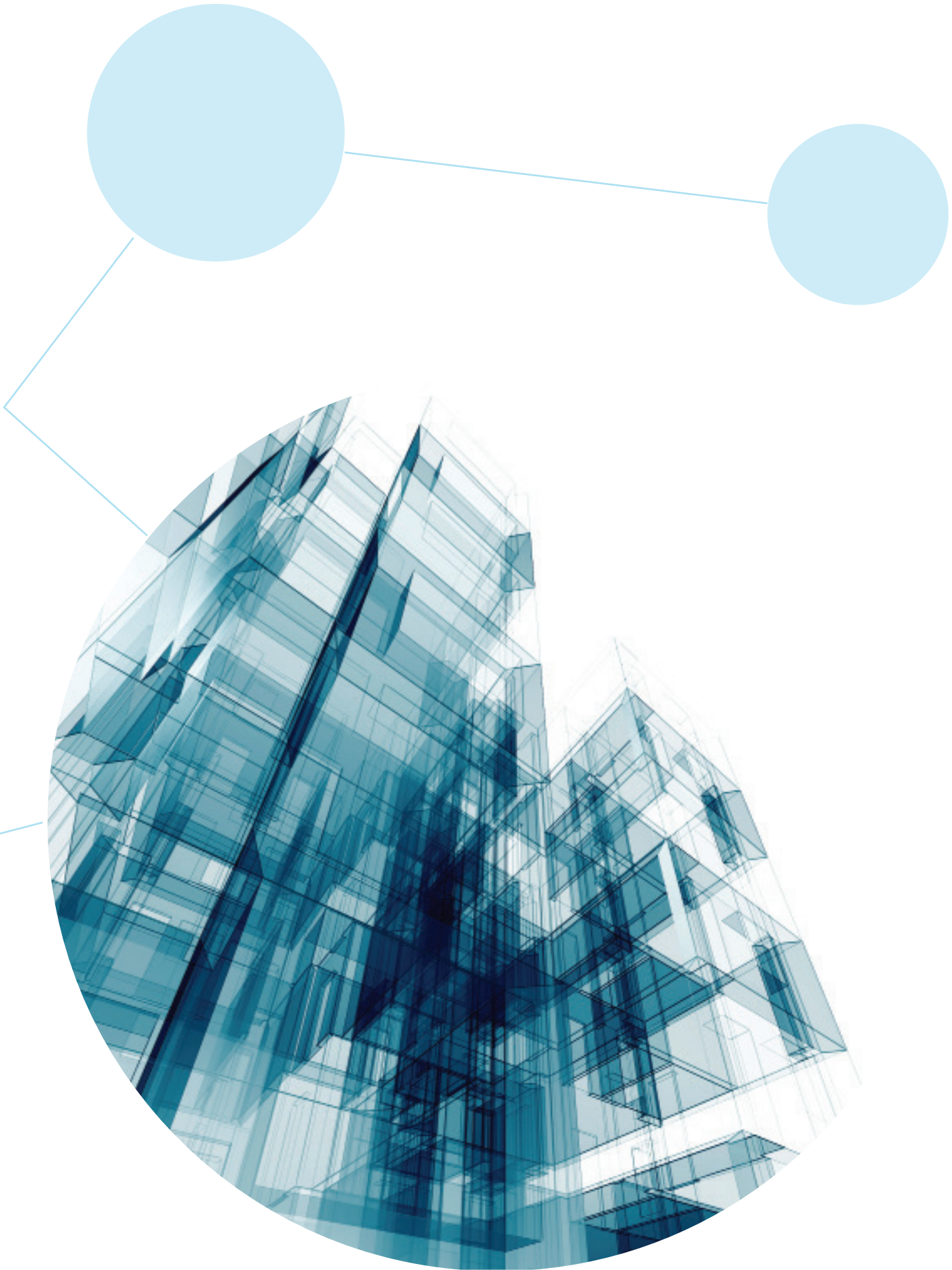




# IFS Skills Needs Analysis Report



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# Foreword

The International Financial Services (IFS) sector in Ireland has grown impressively not only since its inception in 1987 but even through the financial crisis and, most recently, as Ireland resumes its position as Europe's fastest growing economy. The facts speak for themselves: Between the very challenging years of 2009 to 2012 employment in Ireland's International Financial Services sector rose by 20 per cent. The government's IFS2020 strategy for the industry sets a target of at least 10,000 net new jobs by 2020. With this growth comes challenges. One of the key challenges will be to ensure that there is an adequate supply of the necessary skills to meet anticipated demand.

With that challenge in mind, Summit Finuas Network, sponsored by Financial Services Ireland, set out to engage with key IFS stakeholders to assess the skills needs now and in subsequent years. We would like to acknowledge and thank all the companies and individuals in the IFS sector, including the industry associations and the IDA and Enterprise Ireland who contributed to this report via participation in interviews and surveys. This report, conducted in partnership with Accenture, presents the findings and insights gathered across the industry and also provides recommendations for action and follow-up. It also highlights how a continuing collaborative approach across industry and the public sector can proactively deliver the training and skills required to drive and grow the IFS into the future.

We look forward to being part of that collaboration and providing support to ensure continued success for all organisations engaged in the international financial services community in Ireland.

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**Brian McMahon**  
Manager,  
Summit Finuas Network



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**Marc Coleman**  
Director,  
Financial Services Ireland, Ibec



“ A first step in a collaborative approach across industry and the public sector ”

Our research and experience informs us that high performing organisations, industries and economies take a strategic view in order to develop the talent required to fuel their growth on an ongoing basis. They continue to look out ahead, considering technological advances, changing consumer behaviours and trends, regulatory requirements and pressures, in order to build a view of the workforce required to thrive in a dynamic environment. In this study, we aim to take this strategic view and explore the high level skill gaps which need to be addressed to fuel the growth of the Irish Financial Services industry. We see some challenges across the sector as well as unique challenges by sub-sector. The ability to identify these and then aptly respond with pace, will support the industry's efforts for growth.

The findings of this study can be taken in conjunction with other drivers impacting the workforce of the future. Digital technologies are changing the way we work and the kind of work we do. It is estimated that 47% of jobs are at risk of being automated within 20 years. This is a striking statistic, forcing us to consider the make-up of our workforce now and how it's likely to change to accommodate and take advantage of the new digital world. In addition, research suggests that the expectations of millennials are vastly different to the older generations of workers. Millennials, who will be approximately 40% of the workforce by 2020, rate working time flexibility

more highly than pay as a factor in considering employment options. In striving to attract the talent required to succeed in the future, the industry will need to take these expectations into consideration. The job itself may not be enough.

It should also be considered that much of the talent sought after by the IFS sector will also be in demand in other industries such as technology, retail banking and communications. As these industries grow and develop, and automation of certain roles eliminates differentiators, they become more alike in the skills required to drive success e.g. analytics, user experience design, digital technology. It will be vital that the sector develops a compelling proposition to attract and retain the talent of the future. It will also be critical to continue to consider the talent pool globally in order to sufficiently meet the needs of the industry.

**Ryan Shanks**  
Managing Director,  
Accenture Talent & Organisation



“Digital technologies are changing the way we work and the kind of work we do”

# Executive Summary

Ireland has a thriving and growing IFS sector. Over the past 25 years the sector has expanded not just in its original Dublin Docklands home but nationally with up to 30% of current employment (c. 10,000) located outside of Dublin.

The IFS sector is a broad based industry with companies operating in Funds; Banking and Payments; Insurance and Reinsurance; Investment and Asset Management; Aircraft Leasing and Financing; Payments; Fintech and BPO. While Ireland is well regarded internationally as a competitive location for IFS investments it still faces significant challenges, including growing international competition for IFS investment, rapid transformation of financial services business models and products, driven by factors including technological innovation, data, demographic and geopolitical trends, the impact of emerging markets and the changing regulatory and taxation environment.

These changes will not only impact on the types of products and services offered by financial services companies, they will also challenge the very basis on which companies can compete. While there is no guarantee that today's leading financial services companies will continue to dominate the market, there is every reason to expect that the skills and competencies that IFS companies require from their workforce will be very different from those required today.

The key findings described in this report outline the people capability challenges IFS companies face now and into the future in terms of key skills needs, talent availability and recruitment issues.

Across a range of IFS sectors, the research highlighted the increasing requirement for skills and knowledge relating to regulation, risk and compliance. Similarly, demand for IT skills is increasing given rapid changes within IFS, particularly in relation

to data analytics and data security management. The report examines required skillsets at sectoral level and recommends the development of an IFS Skills Action Plan and leveraging opportunities for even greater collaboration between industry, providers of education and training and Government.

Despite capability challenges, the findings of this report must be seen in the context of Ireland's position as Europe's fastest growing economy and in the context of a sector that is going through significant growth and transformation.

## Research Methodology

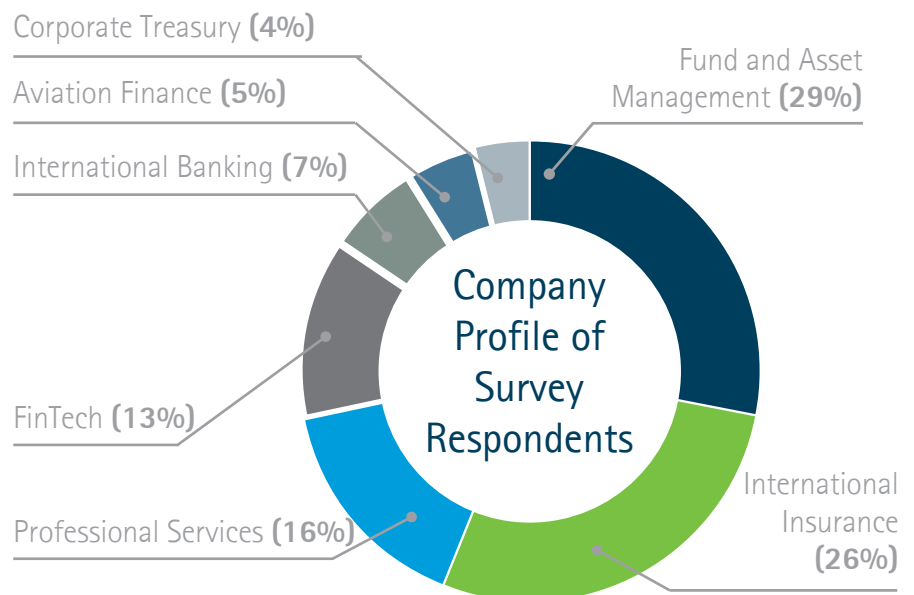
In order to develop a comprehensive and representative understanding of the people capability challenges and key skills needs facing IFS companies in Ireland the research was conducted in three parts:

1) Over 60 senior industry stakeholders participated in either interviews and/or group workshops for the IFS companies operating across the sectors outlined below:

- Fund and Asset Management
- International Banking (including Securitisation)
- International Insurance
- Aviation Financing
- FinTech (including Payments & Money Transfer)
- Corporate Treasury
- Professional Services

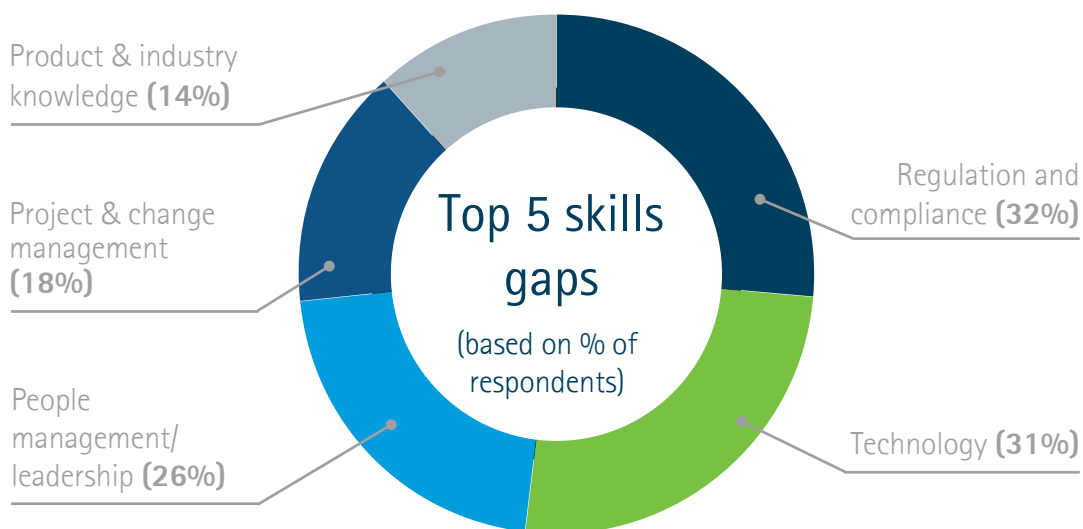
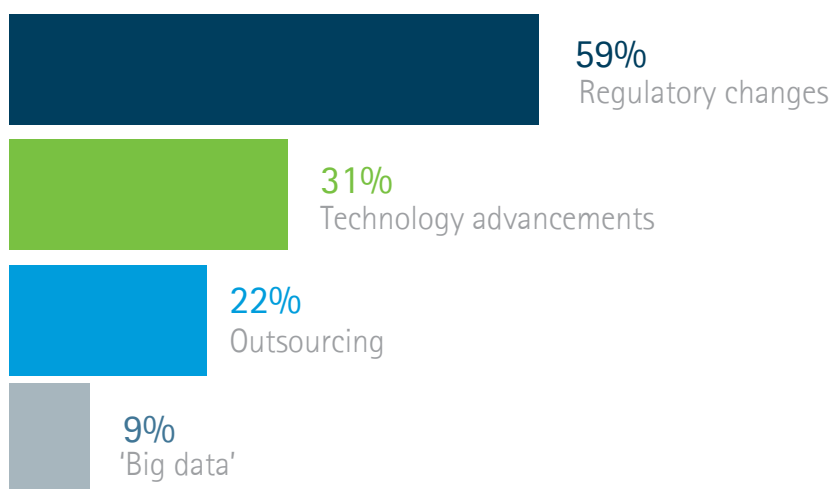
2) A number of interviews were carried out with representative bodies such as Irish Funds (IF), Dublin International Insurance & Management Association (DIMA) and Banking and Payments Federations Ireland (BPF) as well as semi-state bodies including Enterprise Ireland and IDA Ireland.

3) An online survey was carried out with over one hundred IFS companies responding.



# Summary of Key Findings

Top industry trends driving the skills gaps (based on % of respondents)





"  sixty one per cent of respondents said that developing skills will be a determining factor in future growth"

"Over **NINETY**% of respondents said that recruiting key talent will be a significant driver of future growth"



# Common Industry Trends

There are a number of common global and domestic industry trends primarily driving the skills needs across all IFS sectors in Ireland. These trends are driving IFS companies to undergo significant business and operational change with a focus on cost reduction and optimisation in order to survive, compete and grow. In Ireland these primarily consist of the following:

- Regulatory changes
- Technology advancements
- Outsourcing
- 'Big Data'

IFS companies are now refocused on growth which is creating a demand for a different type of skillset as they continue to move up the value chain.

- 61% of IFS companies surveyed said that acquiring the required skills set is important for enhancing growth.
- The FinTech sector faces the most significant people capability challenges with 89% of companies surveyed highlighting that skills needs are a factor affecting the pace of growth. The Fintech sector also faces the greatest challenge when it comes to recruitment and retention of employees.

## Skills availability

The long-term success of the IFS sector relies on the availability of key talent to meet current demands as well as a guaranteed pipeline for the future. The survey evidence suggests that the domestic labour market supply may not yet be sufficient to support the financial services sector's entire skills needs due to strong industry growth and rising demand for skills.

- The survey findings highlight that over 90% of IFS companies say that recruiting key talent will be a significant issue in the next three years.
- Demand for niche skillsets will be particularly strong.
- Due to rapidly growing business demands and more modest growth in available talent, over half of IFS companies will look to supplement their recruitment needs with overseas employees in the next three years. However, IFS companies did not quantify the extent to which they will recruit from abroad and their preference is to recruit within Ireland wherever possible.
- Europe, UK and India are key sources of these complementary talent pools.

The demand being experienced in general across financial services globally is for applied skills that are relevant for the sector and/or organisation. This demand highlights the need for industry specific training to complement the underlying education and qualifications of the individual.

For those with highly specialised skills the demand pressures are particularly evident in areas such as:

- Regulation
- Compliance
- Digital – predominantly software programming and marketing
- Data analytics – predominantly data management and analytical skills
- Aviation financing knowledge
- Project management and change management

In Ireland as in other countries, technology companies operating in the Information and Communications Technology (ICT) sector are attracting a significant proportion of graduates with these skillsets.

## Attracting talent

The ability to attract the best people within a competitive marketplace has never been more challenging. The growing emphasis on work-life balance, the need for cultural values in the workplace aligned with personal values and the overall image of the industry makes recruitment particularly challenging in an age of millennial workers.

- Over 76% of IFS companies responding to the survey are looking to grow headcount in the next three years while 19% expect employment to remain the same.
- 54% of IFS companies said that their training spend would increase in 2015 compared to 2014 while 59% suggested that the average hours spent in training would increase. This may suggest IFS companies are looking for a mixture of developing in-house employees while also remaining open to outside recruitment.
- Smaller organisations (<100 employees) are most likely to experience recruitment bottlenecks as they compete with larger organisations in terms of remuneration, location and employee value proposition.
- As the economic outlook improves, the labour market appears more fluid and favours the employee rather than the employer.

- While IFS companies compete with each other to attract key talent in areas such as compliance, they also compete with other industries such as ICT, particularly for digital skills.
- Companies in the International Insurance sector also expressed the need for foreign languages skills particularly to enhance distribution and servicing in the European markets in which they compete.
- Retaining graduates is a continuing concern. This was particularly highlighted by survey respondents from the International Insurance and Aviation Financing sectors.
- Among companies surveyed it was found that attrition is lower and retention is higher for IFS companies in regional locations such as Cork and Limerick versus Dublin. While graduates are more inclined to seek opportunities in Dublin, experienced candidates, particularly those aged 35 and over are looking for opportunities outside of Dublin. Primary reasons suggested were cheaper cost of living and a better work-life balance in regional locations. The fact that approximately one third of employment in the sector is located outside Dublin is, both from the point of view of spreading employment across all the regions of Ireland, and also in terms of offering different lifestyle possibilities, a highly positive factor.

Employers now recognise the importance of brand and employee value proposition and the significance they both play in attracting and retaining key talent.

## Retaining key talent

Not only is the race for new talent challenging but so too is the need to retain existing talented individuals.

- As the economy improves, it appears that it is an employee's labour market and staff retention is firmly back on the agenda. 92% of survey respondents said staff retention would be a significant issue in the next three years.
- A consistent theme that also emerged from interviews was the impact of experienced employees with valuable skillsets leaving the organisation either through natural attrition or more commonly moving to competitor companies. The concern is that this leaves behind a pipeline of less experienced people who don't have the necessary skills to fill existing roles and demands.

**"The availability and quality of skills is already a key determinant of success in attracting foreign direct investment. In this context, further growth in our international financial services industry will require increasing attention to skill formation across a range of disciplines to support back, middle and front office functionality. Areas such as risk management, compliance, innovation and financial technology will be particularly important."**

Kieran Donoghue  
IDA

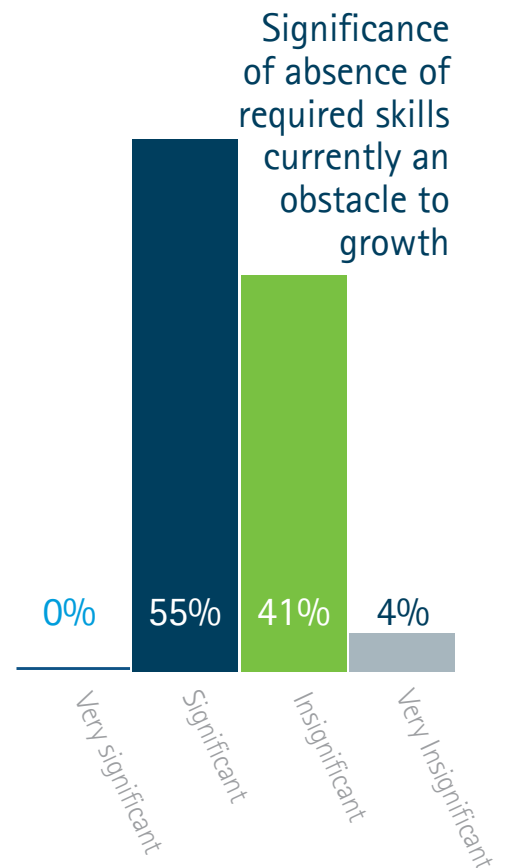
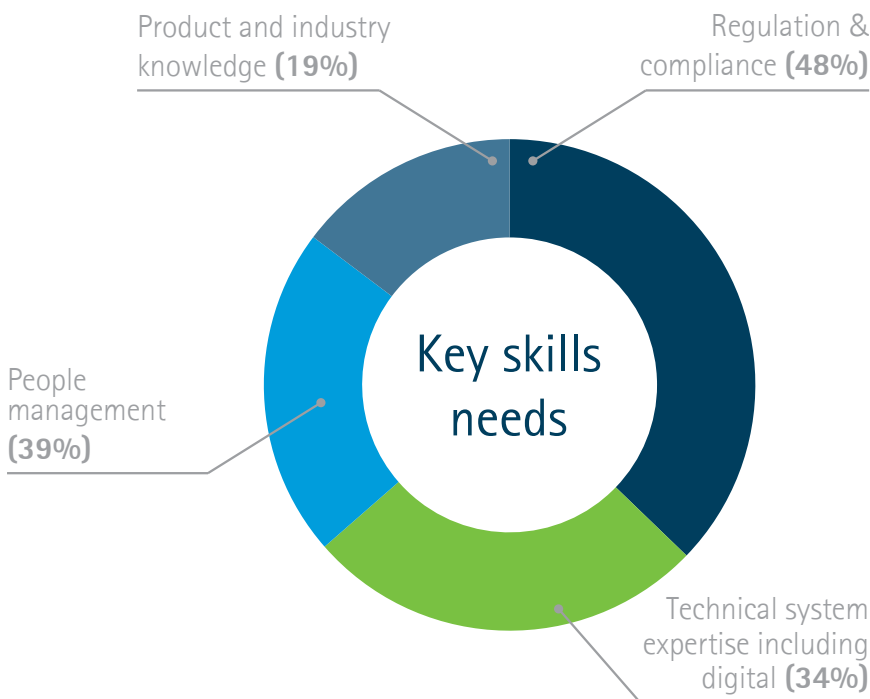
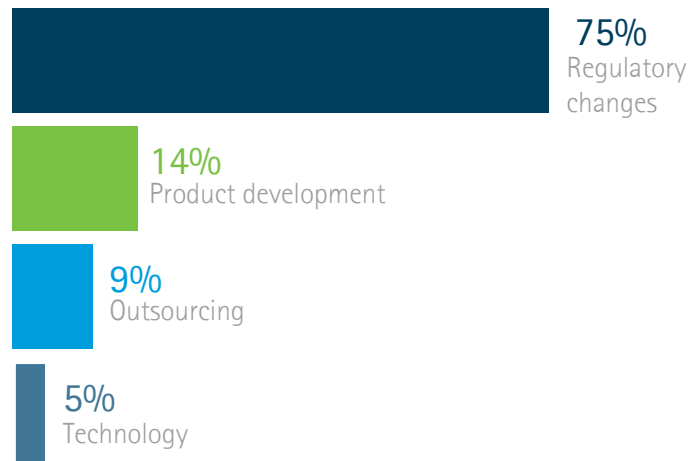
# Skills Needs by Sector

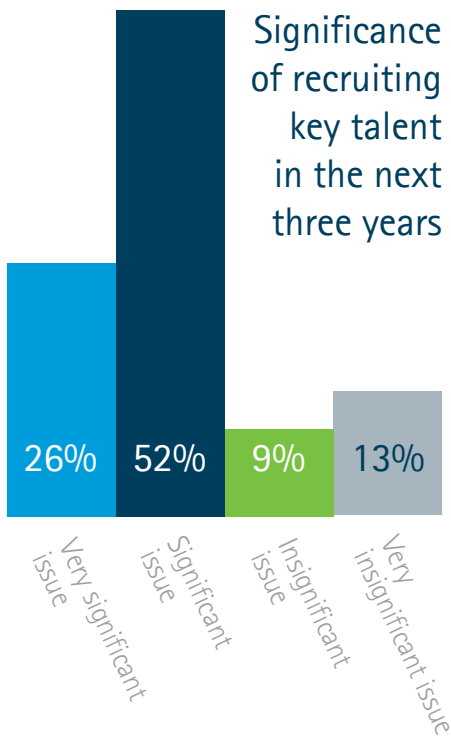
In this section of the report, the key trends, skills needs and people capability challenges including recruitment and retention issues are identified per IFS sector.

## Fund and Asset Management

The Funds and Asset Management sector has been one of the leading IFS sectors in terms of jobs growth in the past five years. Since 2010 approximately 2,000 new jobs have been created bringing overall employment to over 13,000 in this sector. While the outlook for growth in the Funds and Asset Management sector remains positive, this research finds that the industry is certainly facing some people capability challenges. However, these challenges should not prevent growth if addressed with the correct approach.

## Industry trends that are driving skill requirements





Significance of recruiting key talent in the next three years

highlights that there is a labour shortage in these highly specialised skills, for which they are difficult to recruit and are also in high demand.

Outsourcing and offshoring is seen as a current trend impacting the skills need. 9% of respondents say that this trend is set to continue over the next three years. As Irish based Fund and Asset Management companies move up the value chain, they are moving from a traditional role of fund administrator to a governance and oversight role. Job roles are becoming less functionalised, require more end-to-end business process knowledge and teams are moving to a more complex matrix environment. The matrix team environment is compelling management to have an increased focus on managing teams remotely as well as managing external vendors.

The research highlights that the key trends impacting the skills needs in the Fund and Asset Management sector are:

- Changes in the regulatory landscape
- New product offerings
- Outsourcing/offshoring fund administration activity
- Increased automation
- Increased globalisation of fund hubs

The findings of this survey identify regulation such as AIFMD, UCITS and FATCA as being the primary driver of the skills need within the Fund and Asset Management sector. 48% of survey respondents mentioned regulation expertise as the number one skills need. The adoption of AIFMD has provided growth by creating new business in the sector and has led to an increase in demand for those with highly specialised skillsets in areas such as compliance and AML/KYC. The research

Product Knowledge was mentioned by 19% of survey participants as being a skills need. Fund Managers are now expected to provide more innovative, diverse and attractive hybrid products, building the requisite valuation expertise as well as preparing more increasingly complex models and implementing the supporting operational procedures.

Retention and recruitment are expected to become a significant issue in the next three years. Retention of key talent is seen as a concern at all levels, due to a combination of a more fluid labour market and an improving economic outlook.

“For the managers, the challenges all depend on their background. Traditional hedge fund managers entering the hybrid space will have to build the requisite valuation expertise for real assets...it will be necessary for them to prepare complex models and implement operational procedures to deal with capital calls and distributions.”

William Keunen [4]  
Global Director, Citco Fund Services

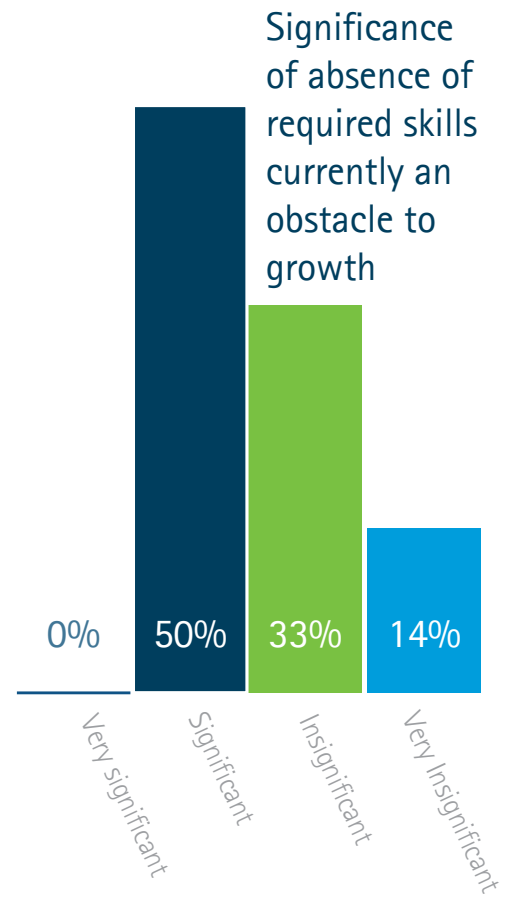
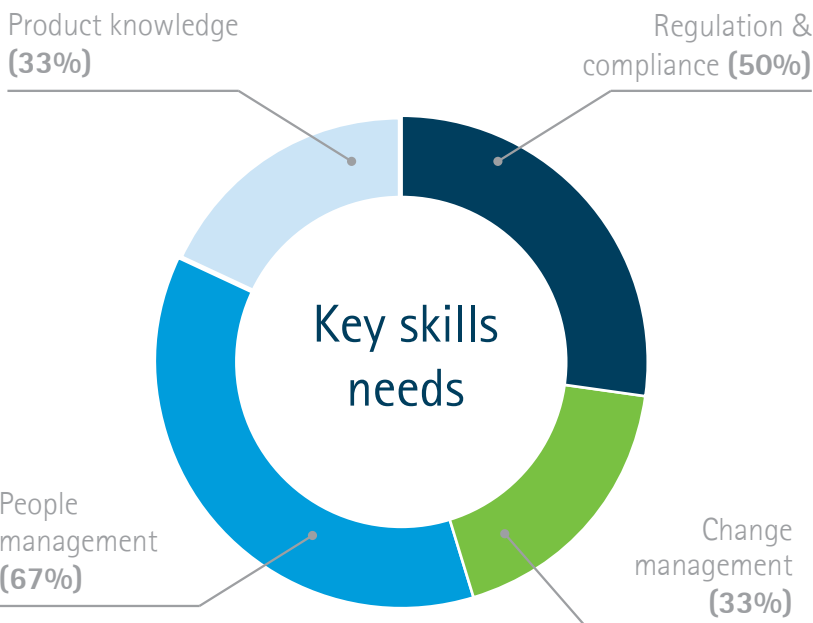
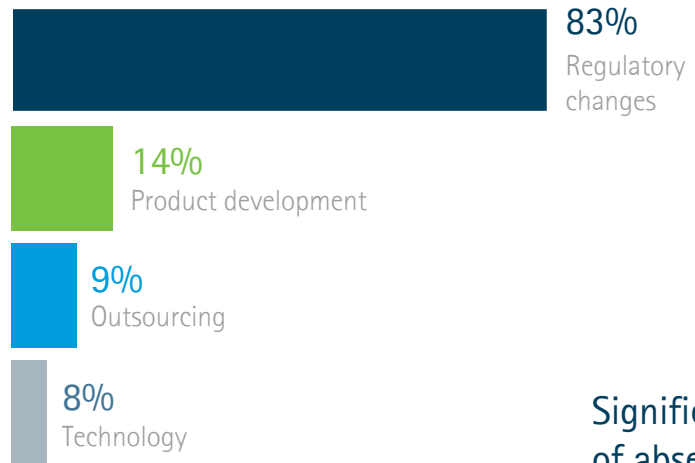




## International Banking (including Securitisation)

The skills needs for international banking are most evident where specialist skills are required. The skills needs are seen as modest but also potentially a barrier to growth with over half of survey respondents mentioning this.

### Industry trends that are driving skill requirements



The International Banking sector has faced increased regulation in the last number of years and this trend looks set to continue. More than 4-in-5 international banking organisations mentioned that this trend is having an impact on the skills need. It has led to a rise in demand for expertise with regulatory and compliance skills.

While regulation is having an impact on the skills demand for the sector, there is growing demand for people management skills more so than technical skills. Over two thirds of survey participants mentioned this as the primary skills need and it is the only sector to mention a soft skill as the number one skills need.

Currently, much more emphasis is being placed on the risk management framework and this has led to a growing demand for those skilled in the area of operational risk. The research highlights that there is an escalating shortage of people with these skills readily available.

Almost a third of International Banking respondents cited that there is a growing demand for technology skills particularly in digital, with a rising demand for people with the following skills:

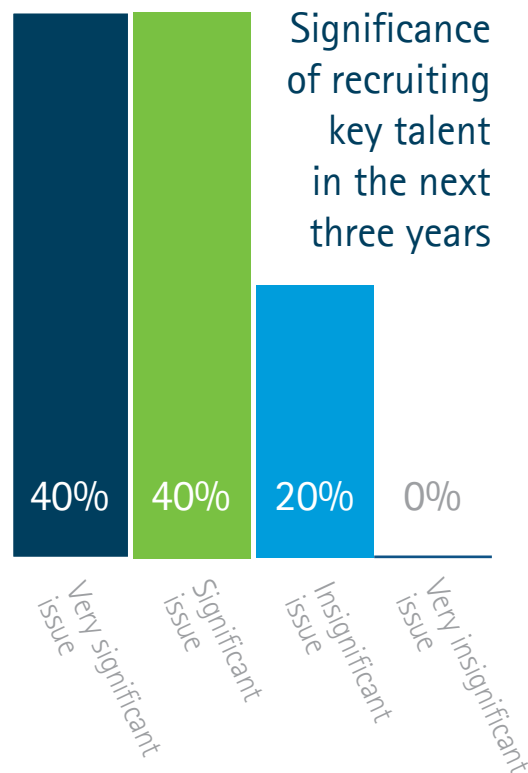
- software programming
- agile development
- database management
- mobile technology skills
- Change management

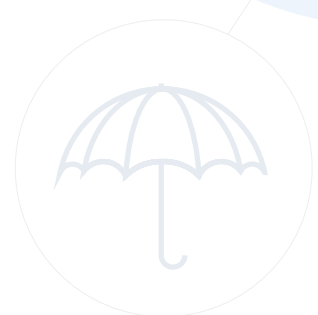
The International Banking sector is competing with other financial services companies (both domestic and international) as well as other industries such as ICT for these highly sought after technology skills.

Transactional financial data is increasing exponentially and the ability to use this quantitative data to shape decisions and outcomes has become a key source for competitive advantage. There is an increasing requirement from International Banks to source specialists with data modelling and analytical skills. Open roles are being filled by overseas talent due to immediate business requirements and a shortage of readily available talent in Ireland.

This vast amount of data also places a requirement for both cyber and data security and has led to an increased demand for these niche and highly desired skills. It is recognised by industry that there is a talent shortage in this growing area.

Future trends such as the impact of the Capital Markets Union and competition from non-banking financial institutions are expected to have an effect on the skill requirements as well as retaining key talent. Risk management and technology experts are expected to be highly sought after as a result. This is supported by 60% of International Banks surveyed mentioning that retention will be a significant issue over the next three years.

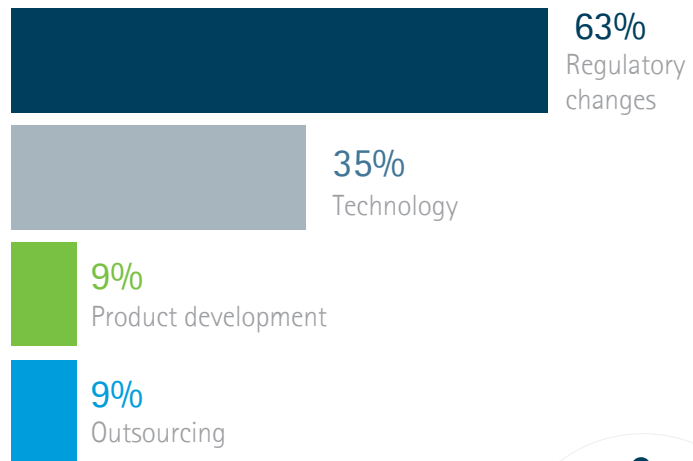




## International Insurance

Future growth for the International Insurance sector looks positive. Over 70% of respondents estimate that the size of their company will increase in the next three years. However, 74% of respondents said that skills needs are a factor in determining future growth. 95% said recruiting key talent with the right skillsets will be a significant issue within the next three years.

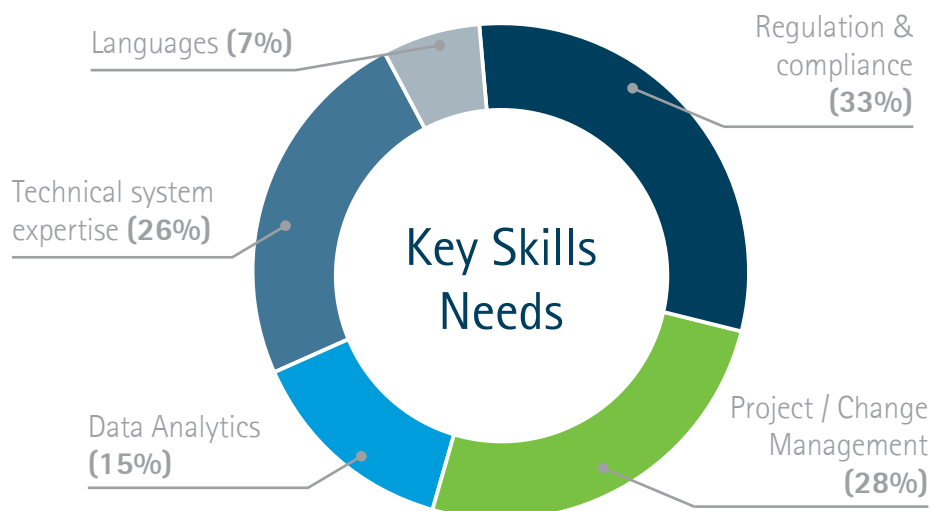
## Industry trends that are driving skill requirements



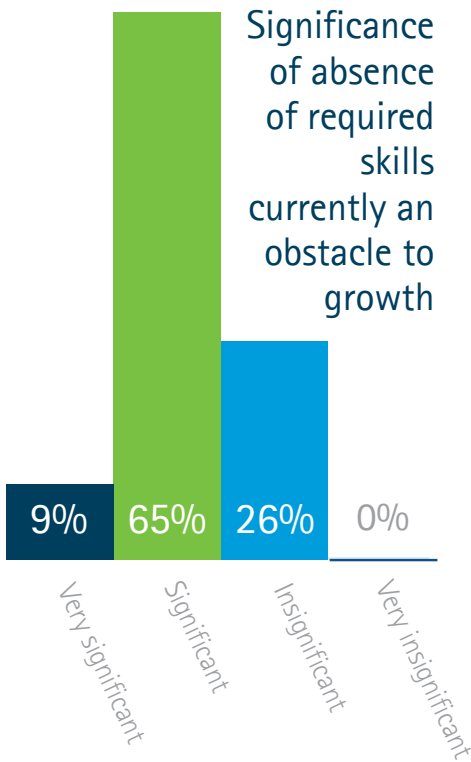
"It is difficult to secure highly skilled professionals in the market at times. It appears to be a candidates market at present and so counter offers are common."



HR Manager  
Reinsurance Company







The research highlights that 63% of the International Insurance companies surveyed are primarily concerned with the skills need being driven by regulatory changes and compliance requirements, predominantly driven by Solvency II. On the other hand, International Insurers based in Ireland are looking to significantly increase investment for product innovation and technology advancements in order to pursue growth opportunities, particularly in the area of digital. In doing so, many organisations are transforming their business models and undergoing major change programmes.

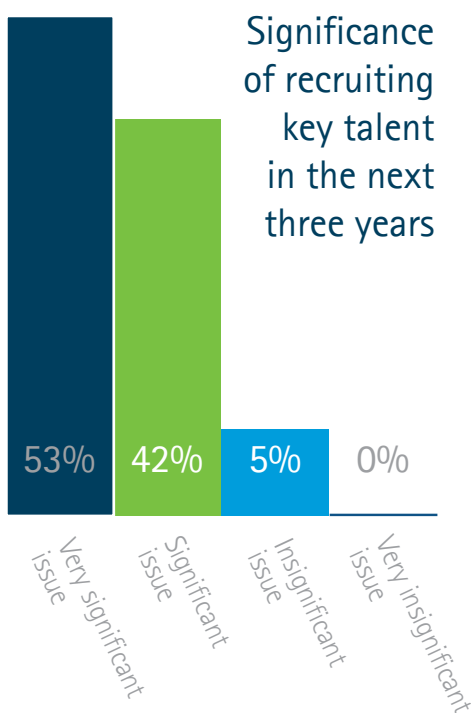
In order to drive strategic change initiatives, Insurance companies are looking within their own organisations for key talent with general insurance and/or cross-border insurance knowledge combined with project management and change management skills to deliver the change initiatives. With 74% of companies surveyed saying that the absence of required skills is currently an obstacle to growth, these combined skillsets are not yet meeting the rate of anticipated growth in this sector, nor the required pace for change.

Ensuring the risk framework is properly resourced is essential and staffing with the right skillsets such as business analytics, risk modelling and actuarial skills is key. However, there is a shortage of people with these specialist skills, which is forcing 60% of organisations to recruit from or relocate specific skillsets overseas. One of the companies interviewed cited that they had off-shored all actuarial activity to Bratislava due to lower costs and more readily available talent.

Cross-border selling is a key function of the sector and certain organisations have a demand for language fluency combined with client servicing skills. For this, the sector mainly recruits from overseas. The most sought after languages are Italian and French, whilst German was highlighted as the most difficult to recruit for, even from abroad. For these combined skillsets, the sector competes with ICT companies such as Google, Paypal and Facebook to fill open roles.

Technology is at the core of competitive developments and the sector is playing catch up with other IFS sectors. Companies are now investing heavily in offering new products and services through digital channels such as mobile and online. While the International Insurance sector's digital agenda is considered cutting edge, attracting talent with digital marketing and digital technology skills is difficult due to cross industry competition. Similar to other IFS sectors, the International Insurance sector is competing strongly for talent with domestic financial services companies and other industries such as ICT.

Data analytics is now a core capability for the market leading companies, providing better insights for risk management and customer profile understanding. The availability of niche skills required in areas such as information management, business analytics and data visualisation are limited and not readily available in Ireland.

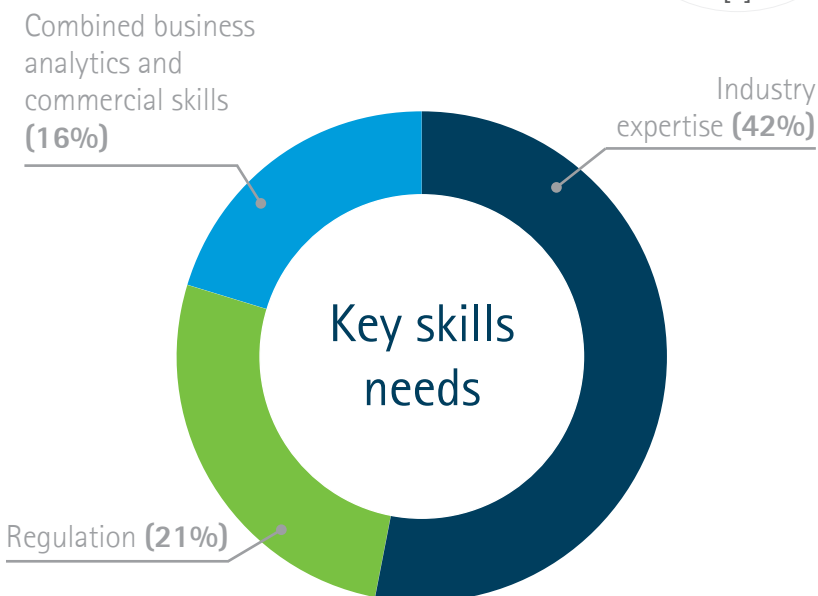
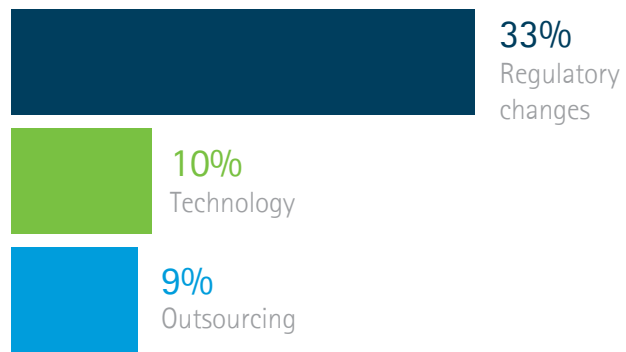




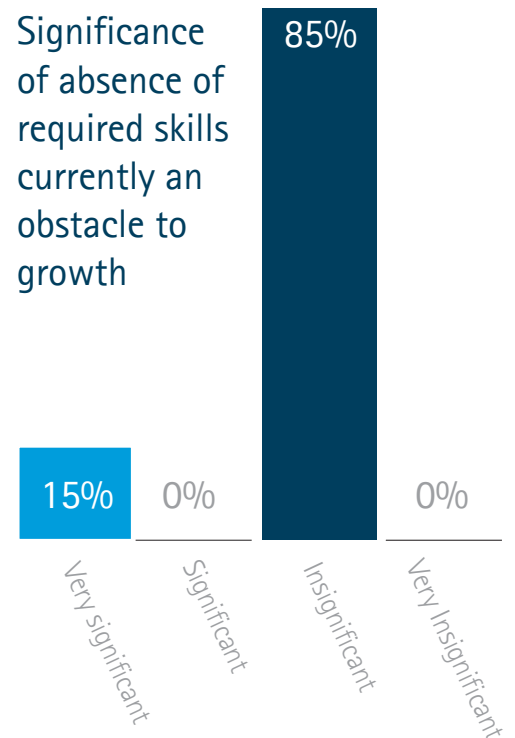
## Aviation Financing

With over 30 top aviation leasing companies operating from bases in Dublin and Shannon, Ireland is the world leader in this fast growing financial services sector. The outlook for the sector looks positive with over 100 new jobs announced in 2015, in addition to the 650 employees currently employed in the sector.[4] But this is only the start of what could be significant further demand: \$2.5 trillion additional aircraft leasing demand is expected to materialise globally in the next two decades of which Ireland is well placed to attract half, ie \$1.2 trillion.

### Industry trends that are driving skill requirements



### Significance of absence of required skills currently an obstacle to growth



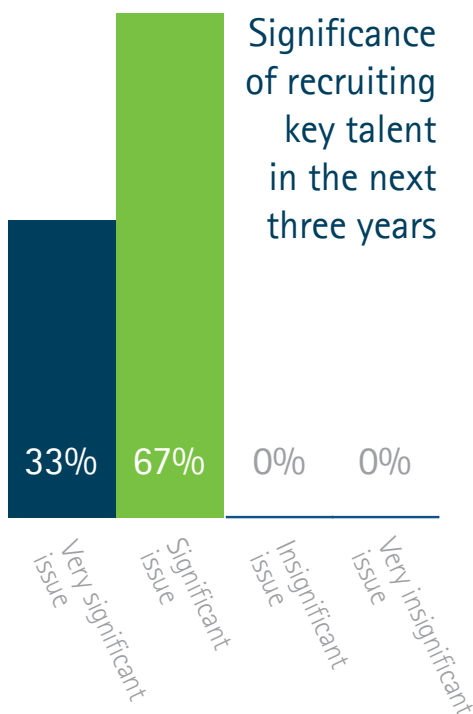
"Basing operations in Ireland will allow existing lessors and newcomers access to a quality labour force with significant depth across all the different areas of expertise necessary to manage an aircraft finance and leasing operation including lawyers, aircraft technical specialists, tax advisers and leasing specialists.

Over time it is likely that Ireland will face increasing competition as other countries try to attract the aviation finance sector, but so long as Ireland continues to nurture the industry and provide the tax network and skilled workforce it has, it is unlikely another jurisdiction would replace Ireland"

Mitchel Simpson [6]

Chief Financial Officer, Amentum

85% of Aviation Financing companies surveyed said the skills need is currently not affecting growth potential. Industry



knowledge was considered as the primary skills need for companies and similar to other IFS sectors, regulation was also considered as one of the key skills needs. The skillsets required for Aviation Financing are considered niche and highly specialised. One of the key capability challenges for the sector is recruiting staff with the right combined commercial and technical skills in parallel with extensive industry knowledge.

While there seems to be no difficulty in finding highly qualified legal and accounting personnel, finding candidates that have these skills combined with aviation financing experience or technology skills is proving extremely challenging. This is particularly relevant when recruiting for contract management and commercial roles.

The research findings identify that the local talent pool is modest, there is increasing competition both at a domestic and global level seeking industry experienced professionals and, the future supply of talent is uncertain.

This has led to Irish based companies recruiting from overseas locations such as Russia, Singapore and Hong Kong. Recruiting overseas is particularly prevalent when seeking to fill senior commercial roles. For these senior roles advanced commercial negotiation and influencing skills combined with aviation financing experience is required.

Some companies who participated in the compilation of data for the report stated that recruiting and retaining employees at graduate level is a considerable challenge and has the potential to impact talent flows.

"As the Irish labour market has improved, we are finding our level of attrition, particularly of employees on graduate programmes, has increased which has the potential to impact our future talent/succession management as well as impact the retention of knowledge in the business."

HR Manager

Aircraft Leasing Company, Dublin

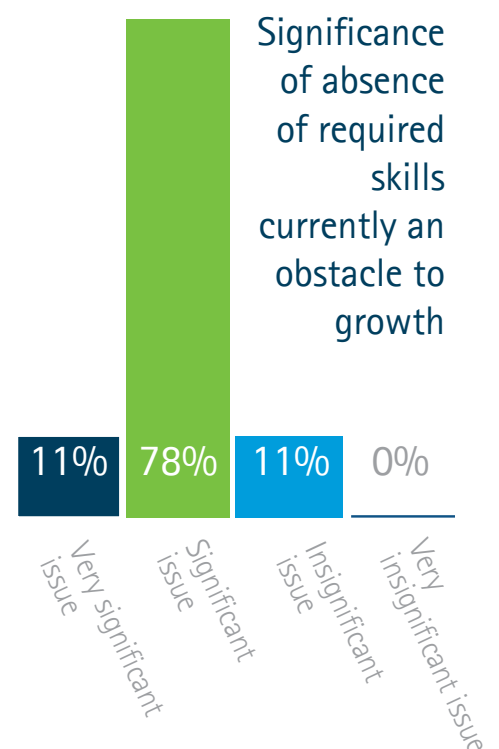
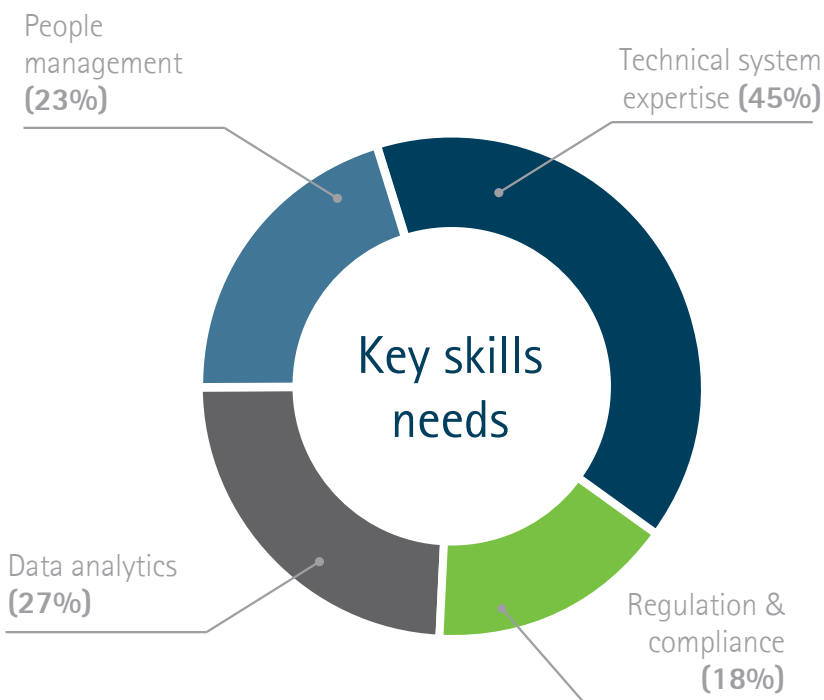
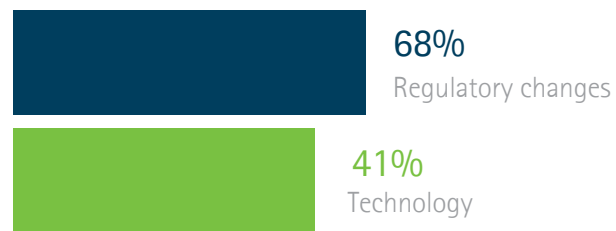


## FinTech (including Payments and Money Transfer)

FinTech is described in its broadest terms as innovation in financial services enabled by technology, through the development of new products and services from both start-ups and established players.

A recent report from Accenture[8] revealed that investment in FinTech technology in the UK and Ireland rose from \$264 million in 2013 to \$623 million in 2014, or 42 percent of total investment in Europe.

### Industry trends that are driving skill requirements

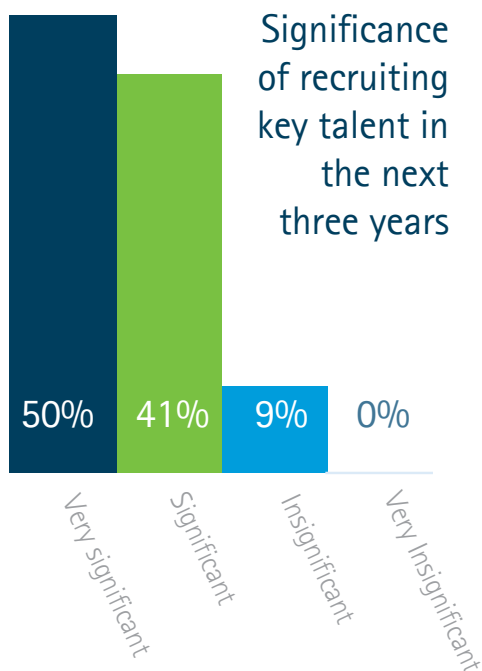


The outlook for growth in Ireland's FinTech sector is very encouraging. 91% of FinTech companies that responded to the survey said that they expect to increase the size of their organisation in the next three years. One note of caution is that a comprehensive 89% said that the current skills needs were a barrier to growth, the highest percentage of all IFS sectors surveyed.

Just under half of all FinTech companies surveyed identified technology as the number one skills need and that there is a "critical labour shortage particularly in the digital space" as mentioned by the CEO of a global leading FinTech company in the survey. The following technology skills needs were identified:

- software programming in an agile environment
- mobile technology
- data management & analytics
- cloud technologies

Immediate demands to fill technology roles are driving FinTech companies to



Significance of recruiting key talent in the next three years

recruit overseas in order to attract the right skills. FinTech companies surveyed mentioned Eastern Europe and India as the top two locations from which to either source talent or outsource work.

In common with most high growth sectors such as Aviation Finance, over a quarter of all FinTech respondents identified people management as a key skill need. As well as focusing on hiring operations talent who develop the products and services, FinTech companies must also not lose sight of the need for high performing managers with excellent people management, communication and leadership skills. Regardless of company size or maturity, start-up or established, the research shows that FinTech companies are all facing similar capability challenges - it is proving difficult to find the talent to keep up with growth. While all FinTech companies surveyed said that retaining key talent was going to be a significant issue in the next three years, 9-in-10 companies surveyed said that recruitment would also be a significant challenge.

On the technology front, start-ups highlighted that they are finding it quite challenging to compete for talent with the more established organisations. Start-ups need to differentiate themselves in terms of type of work and potential for growth with the often more attractive remuneration packages and defined career paths of the mature organisations.

FinTech companies are also competing across all IFS sectors for regulation and compliance. This represents both a challenge and an opportunity for IFS as a whole, to increase the number of people with these skillsets.

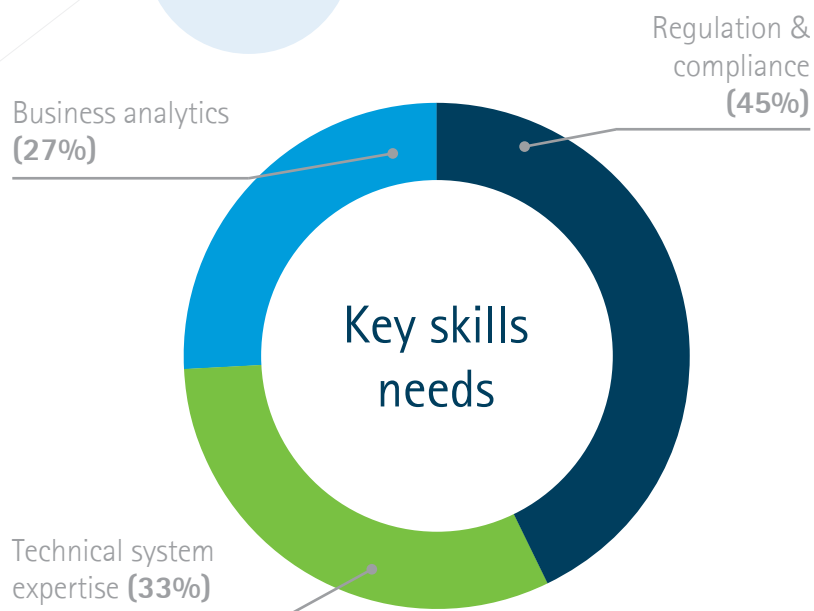
**"Dublin has the momentum now to capitalise on FinTech opportunities which are going to be huge in the coming years. Dublin has all the ingredients, people with strong tech and finance backgrounds, a proactive government, access to funding, and a vibrant tech scene that enables the kind of mentoring required."**

**Brett Myers [5]**  
Chief Executive, Currency Fair

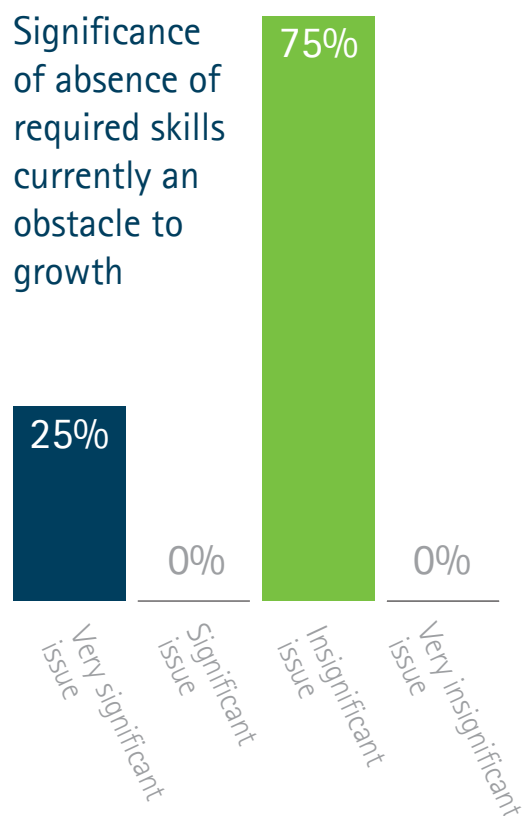
## Corporate Treasury

The Corporate Treasury sector primarily consists of standalone functions of large non-financial services organisations (e.g. Pfizer, Xerox and Securitas), which conduct in-house treasury functions for their parent company.

### Industry trends that are driving skill requirements



### Significance of absence of required skills currently an obstacle to growth



Employment numbers in the Corporate Treasury sector are low in comparison with the Fund and Asset Management or International Banking sectors. Employment numbers are expected to remain stable in the next three years unless a sizable number of companies relocate their corporate treasury functions to Ireland.

While there are skills needs, it is not a major concern for the sector's growth right now. 75% of Corporate Treasury companies surveyed do not see the skills needs as a barrier for growth.

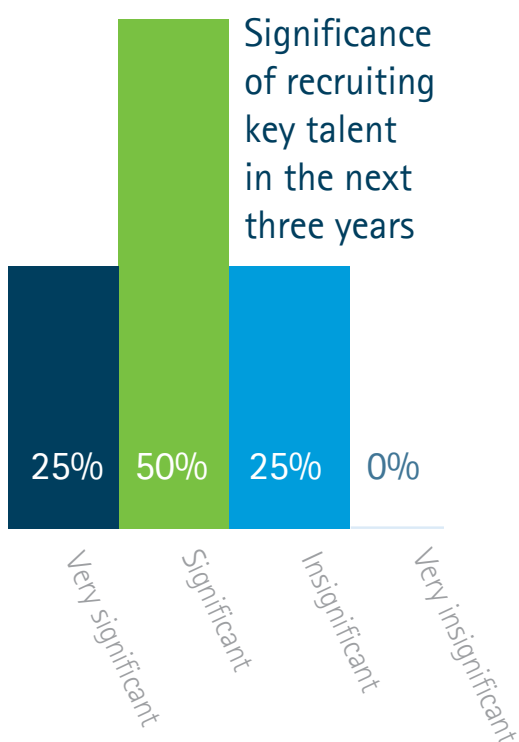
The main skills needs are similar to those across the IFS Sector:

- Regulation & compliance
- Technical system expertise
- Business analytics
- People management

The main skill challenges for this sector are keeping up with the increasing amount of regulatory requirements (e.g. BEPS, EMIR, MiFID II) as well as trends in banking and accounting adoption such as Irish GAAP / UK GAAP / IFRS.

The talent pool with Corporate Treasury skills currently remains small and the main industry concern relates to succession planning. The research finds that there would be a skills shortage if new companies are to relocate corporate treasury functions to Ireland.

Reskilling those with similar skillsets from other sectors of the financial industry is a possible solution.



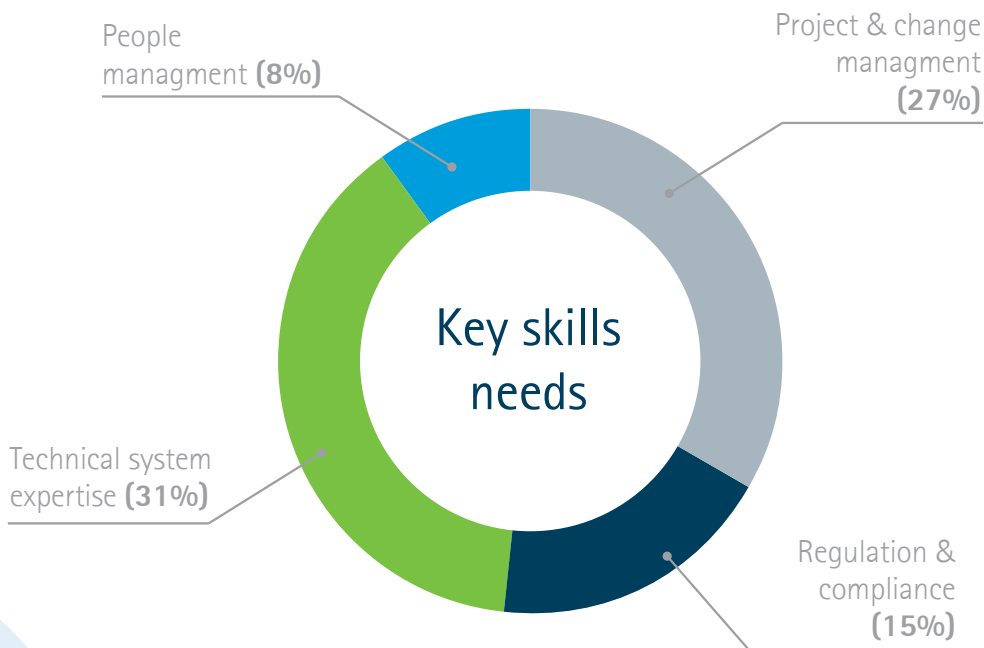
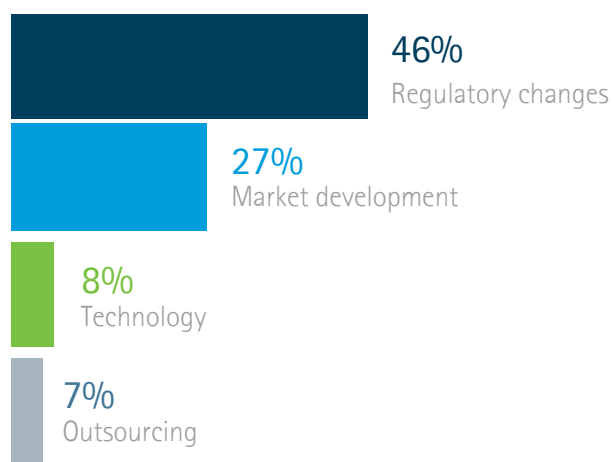


## Professional Services

The growth potential for the sector looks positive. The people capability challenge is similar to that of the industry sectors that they support. A shortage in the supply of people with IT and financial consulting skills is a concern.

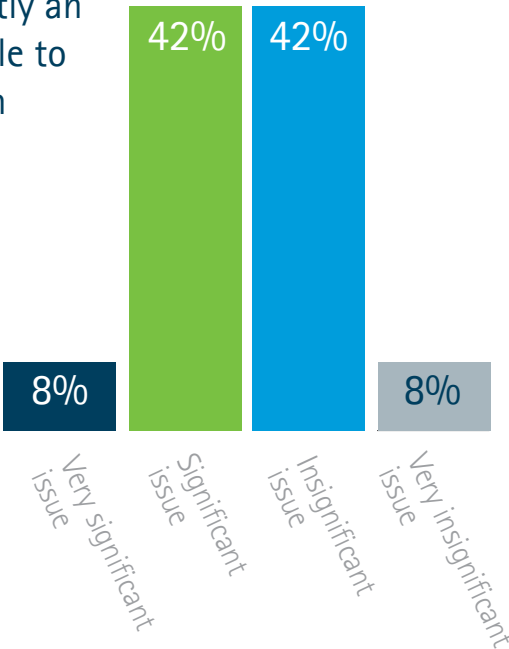


### Industry trends that are driving skill requirements





Significance of absence of required skills currently an obstacle to growth



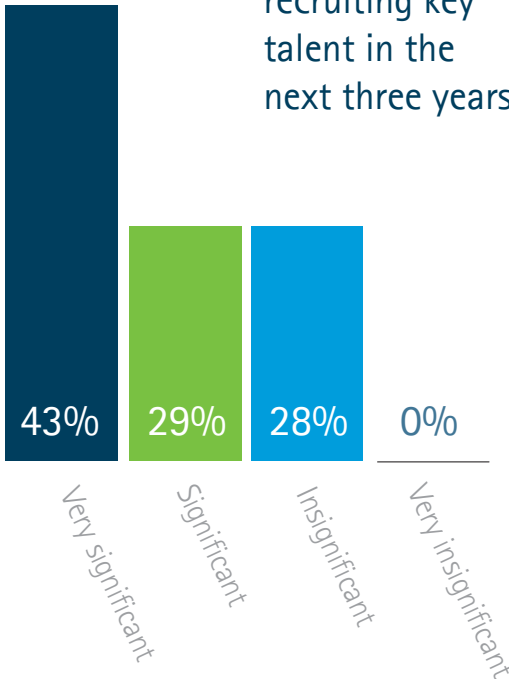
Activities in the IFS Professional Services sector vary widely across areas such as:

- financial consulting
- supply chain
- legal advisory
- IT consulting

Staying ahead of the industry curve in keeping up with regulation, technology and digital advances are the key skills needs facing professional services firms.

While the recruitment may not be such a significant issue now, over 70% of Professional Services companies surveyed said recruitment will be an issue in the next three years.

Significance of recruiting key talent in the next three years



“Demand on scarce resources challenges our current operations and could be a significant factor in preventing our firm growing. Sometimes we have to turn down work as a result.”

Director of Global Financial Services  
Consulting firm located in Dublin

# Addressing the skills needs

This research clearly shows that the IFS sector in Ireland faces certain skills needs that will require a significant focus and proactive approach to address. While there is no quick solution for closing the skills needs, the sector's ability to secure its' long-term growth will depend on IFS companies recognising the significance of the skills needs and their ability to take action. Continued investment from Government in education and training is also required, ensuring a future pipeline of talent. A number of initiatives to address the skills needs of the IFS have already commenced which are outlined in this section of the report and we also set out some additional recommendations both for industry and public sector to consider.

## Recommendations

- 1 Ensure availability of skilled personnel to enable continued growth of IFS sector
- 2 Organisation-specific skills needs analysis
- 3 Collaboration between IFS and ICT sectors on programme development in the areas of FinTech and data analytics
- 4 Partner with educational institutes
- 5 Align organisation's talent and learning strategies with business goals
- 6 Identify and develop in-house talent
- 7 Leverage the new IFS "brand banner" as a great place to work
- 8 Develop well-formed employee value proposition to attract & retain key talent

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### 1. Ensure availability of skilled personnel to enable continued growth of IFS sector

With a target of 10,000 new jobs in the sector by 2020 it is imperative that the skills required to enable this growth are available. With 76% of survey respondents stating that their companies will be growing headcount in the next 3 years and 90% stating that recruiting key talent will potentially be a significant issue over the same time period, it is vital that IFS companies, education providers and government take steps to ensure that gaps are identified and measures taken to both minimise and remove them. Key to this happening is the early identification of changes, e.g. regulatory, technological, data, consumer, that have the potential to create skills/knowledge gaps.

Higher education institutions have and will continue to play a key role. The Finuas Networks Programme primarily deals with the upskilling of existing employees and also has an important role to play. As does Springboard, an initiative co-ordinated by the Higher Education Authority, and the new Financial Services apprenticeships all of which aim to create a pipeline of new entrants for the IFS sector.

### 2. Organisation-specific skills needs analysis

To address the current skills need, it is important that IFS companies define the detailed skills that they need now and the skills they will require in the future. From this research it is apparent that many employers are reactive in identifying their skills needs. Developing a portfolio of skills requirements will enable IFS companies to adopt a more

strategic, proactive approach. Knowing which skills are needed, where and when required, will help organisations manage the immediate demand and fuel longer-term growth.

Collaboration between industry, education providers and government to produce an IFS Skills Action plan could help underpin the focused development of required skills.

### 3. Collaboration between IFS and ICT sectors on programme development in the areas of FinTech and data analytics

A common feature throughout the report is the competing demand for skills between IFS and ICT particularly in the areas of Regulation, Compliance, Technology and Data Analytics. Closer

collaboration between the two sectors on identifying where specific overlaps exist could lead to the development of programmes that meet the requirements of both sectors.

The Skillnets Training Networks Programme and Ibec are ideally placed to facilitate the setting up of a cross-sectoral approach through existing networks already operating in the IFS, ICT and Software sectors.

## 4. Partner with educational institutes

IFS companies need to continue to build on the strong partnerships that exist with third level institutions. IFS companies are in a position to provide input into course development with real industry expertise whilst also providing internships to give potential talent a real-life experience.

Alex Fisher, Head of Training at State Street International (Ireland) comments "In State Street we have identified clear benefits for both parties from offering longer internships. In complex Financial Services companies interns need the time and learning opportunities to properly understand the industry, operating model, systems, products and clients. This provides interns with a solid foundation and allows them to better contextualise the topics covered in their future studies, ultimately resulting in a stronger pipeline of graduates for the IFS. In addition, the extended internship allows both State Street and the intern to make more robust employment decisions in the long-run".

## 5. Align organisation's talent and learning strategies with business goals

Given the increasing divergence between available and required skills, as noted by survey respondents, IFS companies need to improve how they identify their skills requirements. From this research it is evident that creating a line of sight is considered good practice that will build a better picture of the current and future key skill requirements that are aligned to business' goals. It ensures that employees' learning is more focused and training paths are concentrated on the "must haves" rather than the "nice to haves".

For example, a Dublin based Fund Services company recently implemented a similar annual, top down approach to developing its' learning & development strategy. This approach "created tangible and measurable learning objectives" that are aligned to the key activities employees must carry out in order to achieve operational and business objectives. A well-defined, blended learning & development program through on-the-job training, coaching and classroom training supports employees achieving these realistic learning objectives.

## 6. Identify and develop in-house talent

As the emphasis and dependency increases on the need to align business requirements and the organisation's skills, there is an opportunity for IFS companies to examine in-house

talent with fresh eyes to address the skills needs and gaps to close. While this may not present a short term solution, identification, investment and development of in-house talent provides an opportunity to address future skills needs.

Resist the urge to hold out for the "perfect" match before filling a job vacancy. Instead, think internal, think competencies and "developable fit". Seek employees who demonstrate a capacity to learn, who fit with the company's culture and who possess broad competencies. This approach provides access to a larger pool of candidates.

A holistic approach to employee learning and development must be adopted. By applying the 70/20/10 (On-the-job/coaching/classroom training) learning & development model as a guide, emphasis should be on on-the-job training and coaching which can enhance development and speed to competence. Three good practices are outlined below:

- Provide stretch experiences that help employees learn and develop.
- Set clear expectations and explain how performance will be measured.
- Take time to reflect and help team members learn from experience.

Ensuring the right support mechanisms such as, clear career paths and a competent learning development plan can support, nurture and provide the ability for key talent to flourish.

## 7. Leverage the new IFS "brand banner" as a great place to work

The IFS 2020 Strategy Report [9] launched in March 2015 describes the need for the sector to develop a new "brand banner" in order to promote Ireland as a global financial services hub. On the back of this, the IFS sector should work collaboratively to re-invent and leverage the new brand in order to demonstrate the sector as an attractive and great place to work.

The Multinational Technology Forum established in 2013, is a voluntary industry-led forum of business leaders from multinational technology companies in Ireland such as Google, IBM, PayPal and Accenture. The forum collaboratively looks at cross-industry initiatives such as what Ireland should be doing to ensure a greater supply of talent for the technology sector. Recently it has launched an initiative to better educate people on the types of non-tech roles in the technology sector in Ireland. The IFS sector in Ireland should adopt a similar initiative in order to attract new talent, particularly those who may not have considered a career in the sector.

## 8. Develop well-formed employee value proposition to attract & retain key talent

To be truly successful, an employer needs to reflect who they are as an organisation, demonstrate their values and core principles as well as creating a great employee experience. In doing so, organisations should review their own brand. Competition to fill existing and future roles is proving more difficult. Employers should be asking what steps they can take in order to improve how they are perceived as the best employer to potential job seekers and their own employees.

IFS companies should also review their own Employee Value Proposition (EVP). A well-formed EVP provides many benefits including better attraction and retention of key talent, focuses the talent agenda, creates a strong employee brand, promotes a better employee experience and can re-engage a disenchanted workforce.

Determining mobilisation opportunities, reviewing office ergonomics and offering non-financial rewards such as recognition are simple but very effective levers that can also be used to retain staff.

As mentioned earlier in this report, IFS companies located in regional cities such as Cork and Limerick highlighted attrition is lower and retention is higher than those located in Dublin. Survey respondents mentioned that those over 35 years of age are seeking new opportunities outside of Dublin for a better work-life balance and a lower cost of living. IFS companies could assess their current location selection strategy and identify if regional Irish cities may offer opportunities to nearshore activity, source new talent whilst also reducing costs. A similar trend is occurring in the UK with financial services companies such as Deutsche Bank and HSBC nearshoring activity from London to Birmingham creating a mini financial services hub to London.

# Current Initiatives

In addition to the above recommendations it is also important to recognise that there are many initiatives already working within the IFS sector many of which can be utilised to facilitate the roll-out of these recommendations:

## Finuas Networks Programme

The Finuas Networks Programme, established in 2009 consists of three networks whose focus is on providing training in a variety of specialised areas within the IFS. The three networks are:

- Summit Finuas Network – covers all areas of IFS, including Fund and Asset Management, International Insurance, FinTech, Investment Management and International Banking.
- Law Society Finuas Network specialises in professional services – Legal and Tax
- Aviation Finance Finuas Network specialises in Aviation Finance and Leasing

## Financial Services Research and Development

There are currently three main publicly funded organisations which are leading the way in facilitating research and development activity between the education sector and the financial services sector. These are:

- Financial Services Governance Risk and Compliance Technology Centre (GRCTC), ([www.grctc.com](http://www.grctc.com)), funded by Enterprise Ireland and IDA Ireland,
- Financial Mathematics and Computation Cluster (FMC<sup>2</sup> – funded by Science Foundation Ireland)), [www.fmc-cluster.org](http://www.fmc-cluster.org)
- Financial Services Innovation Centre (FSIC), [www.fs-innovation.org](http://www.fs-innovation.org)

### Finuas Networks Programme: (2009-2014)

 **7900**  
Trainees

 **400**  
Member companies

**1000+**   
Training Courses  
Provided

Training Days  
delivered   
**76000**

## Springboard Initiative

The Springboard Initiative supports third-level courses at IFS-relevant areas like Financial Services, Risk Analysis, Data Analytics, Fund Accounting and ICT. In 2014 alone, Springboard funded over 600 places on IFS-specific higher education courses.

## Expert Group on Future Skills Needs (EGFSN)

The Expert Group on Future Skills Needs (EGFSN) who advise the Irish Government on current and future skills needs of the economy and on other labour market issues has carried out research in a number of areas applicable to IFS such as "Assessing the Demand for Big Data and Analytics Skills, 2013-2020" [11] and "Addressing the Demand for High Level ICT Skills" [12].

## Apprenticeship Council

New Financial Services Apprenticeships – Financial Services Ireland and National College of Ireland have been given the go ahead to develop three Financial Services Apprenticeships in 2015. These new apprenticeships will specifically address skills needs in the areas of; Data Analytics, FinTech and Risk, Regulation and Compliance.

Zurich Insurance and the Irish Insurance Institute are also working on a new apprenticeship for the insurance sector.

## Higher Education Authority (HEA)

The HEA is the statutory planning and policy-advisory body for higher education and research in Ireland. Based on the establishment of the HEA's Skills & Enterprise Engagement Unit and the HEA's recent publication of the Strategy for Higher Education-Enterprise Engagement 2015-2020, there is clear evidence of commitment within higher education to deepen and enhance engagement with the enterprise community.

# Conclusion

Solving Ireland's IFS skills needs and people capability requirements is a challenging but certainly realistic objective. However, a collaborative and proactive approach is required across all IFS sectors and public/private sector organisations. A number of strategic imperatives emerge from the analysis and interpretations contained in this report.

- Given the rapid pace of change within IFS, it will be important for education and training providers to periodically review provision. Such reviews will maximise opportunities to develop sought after skills, in areas such as regulation, risk, compliance and data analytics.
- Proactive approach to talent management and training. Recognising that education and qualifications need to be applied to the sector & organisation needs through tailored training and development.
- Recognise that Talent Management should be a key strategic goal for all IFS organisations to support a sustainable supply of skillsets to meet the business needs into the future.
- Partnering with Educational Institutes - IFS companies need to continue to build on the strong partnerships that exist with third level institutions.

The IFS2020 Strategy is timely as are the ongoing range of government initiatives outlined in this report. One of the primary goals of IFS2020 is to create at least 10,000 net new jobs by 2020. To achieve this, there is also a significant dependency on ensuring the right supply of talent and skillsets are available to meet the demand.

While this report clearly highlights the skills challenges facing the sector it is important to acknowledge the wide range of initiatives that are currently addressing these challenges. International Financial Services has been one of the most dynamic growth sectors for employment in Ireland for the past 25 years. With IFS2020, there is recognition that the key success factors that delivered this growth are not necessarily the same required to sustain and grow IFS into the future. While government has clear responsibilities here, industry cannot afford to ignore these challenges. Its own long term growth may hinge on it.

Adoption of the recommendations outlined in this report will be key in this regard. This will take time, effort and investment. By acting now industry in collaboration with education providers and in parallel with the government's 5 year action plan - can ensure that by 2020 Ireland has a thriving, competitive nationwide IFS sector.

## Footnotes

1. National Skills Bulletin, 2014. Available at: [www.solas.ie/docs/NationalSkillsBulletin2014.pdf](http://www.solas.ie/docs/NationalSkillsBulletin2014.pdf)
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11. Assessing the Demand for Big Data and Analytics Skills, 2013-2020, May 7 2014. Available at: [www.forfas.ie/media/07052014-Assessing\\_the\\_Demand\\_for\\_Big\\_Data\\_and\\_Analytics\\_Skills\\_Full-Publication.pdf](http://www.forfas.ie/media/07052014-Assessing_the_Demand_for_Big_Data_and_Analytics_Skills_Full-Publication.pdf)
12. Addressing the Demand for High Level ICT Skills , November 4 2014. Available at: [www.forfas.ie/media/04112013-Addressing\\_ICT\\_Skills-Publication.pdf](http://www.forfas.ie/media/04112013-Addressing_ICT_Skills-Publication.pdf)
13. IFS 2020 Actions  
**Action 10**  
Establish an IFS Education and Skills Liaison Group  
Establish an IFS Educational and Skills Liaison Group to provide a forum for the IFS industry to liaise with education sector stakeholders and relevant Government Departments and Agencies on implementing the skills/education elements of IFS2020, and to facilitate dialogue between industry, education/training providers and policy makers on emerging opportunities and challenges for the sector, feeding as appropriate into other for a and bodies including the Expert Group on Future Skills Needs and the IFS2020 High Level Implementation Committee.  
Responsible: IFS Public Sector Coordination Group, Labour Market Council  
Timeline: Q2 2015  
**Action 11**  
IFS Training and Future Skills Needs Assessment  
Deliver training needs and future skills needs assessment for the sector, taking into account the drivers of change within the industry, positioning for international competitiveness and the range of activities involved in a broader internationally Trading Financial services sector.  
Responsible: IFS Education and Skills Liaison Group, D?ES, Summit Finus Network, Skillnets, Financial Services Ireland  
Timeline: Q3 2015



## Action 12

### Enhance Finuas Network

Enhance the Finuas Network to take account of the broadening of IFS activities in Ireland with a particular focus on Payments and FinTech.

Responsible: D/ES, Skillnets

Timeline: Ongoing

## Action 17

### Marketing the overall opportunity in the SDZ

There is further scope for the key stakeholders in the SDZ area to work together to market the overall opportunity to interested end user/ investors in the IFS sector. In this context, Dublin City Council (as the SDZ Development Agency) will co-ordinate with the IDA, Enterprise Ireland and NAMA (as funder and facilitator) around the identification of prospective end user demand with the focus on the pipeline of new space in Dublin Docklands. Enterprise Ireland will consult with key stakeholders in the Irish start-up ecosystem regarding a designated IFS incubator space with the SDZ.

Responsible: NAMA, Dublin City Council, IDA Ireland, Enterprise Ireland

Timeline: Ongoing

# Abbreviations

BPO	Business Process Outsourcing
SOLAS	(An tSeirbhís Oideachais Leanúnaigh agus Scileanna)
AIFMD	Alternative Investment Fund Managers Directive
AML	Anti-money laundering
BPFI	Banking and Payments Federations Ireland
BEPS	Base Erosion and Profit Shifting
DIMA	Dublin International Insurance & Management Association
EVP	Employee Value Proposition
EI	Enterprise Ireland
EMIR	European Market Infrastructure Regulation
FATCA	Foreign Account Tax Compliance Act
GAAP	Generally accepted accounting principles
IDA	Industrial Development Agency (Ireland)
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
IFS	International Financial Services
IF	Irish Funds
KYC	Know your customer
MiFID II	Markets in Financial Instruments Directive II
SDZ	Strategic Development Zone
UCITS	The Undertakings for Collective Investment in Transferable Securities



# Summit Finuas Network

The Summit Finuas Network is part of the Finuas Networks Programme (Finuas), managed by Skillnets. It is funded from the National Training Fund through the Department of Education and Skills. The aim of the programme is to support the International Financial Services sector in maintaining Ireland's position as a top international financial services centre, through ongoing investment in the development of the skills and expertise of this workforce.

The Network is led by a steering group which includes member companies and the leading financial services industry associations. It comprises of , Financial Services Ireland (FSI), the Federation of International Banks in Ireland (FIBI), Irish Funds (if), the Dublin International Insurance & Management Association (DIMA), and the Irish Association of Investment Managers (IAIM).

Further details at:  
[www.summitfinuasnetwork.com](http://www.summitfinuasnetwork.com)

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# Accenture

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