

## Ravi Menon: Future of finance jobs

Opening remarks by Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore, and Chairman of the Institute of Banking and Finance, at the Launch of the Study on Future of Finance Jobs, Singapore, 23 April 2019.

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- ♦ Mrs Josephine Teo, Minister for Manpower, members of the IBF Council, ladies and gentlemen, welcome to IBF.

IBF will be turning 45 this year. It is hard to imagine the financial sector today without the IBF.

- ♦ Not all countries have the equivalent of an IBF.
- ♦ Fewer still have as strong a collaboration as we do here in IBF – among financial institutions and between financial institutions and the regulator.
- ♦ And all for a common cause that has been consistent for the last 45 years – to equip the professionals in our financial sector to do their jobs better, and to make the Singapore financial centre more competitive

IBF began life in much simpler times.

- ♦ Its primary aim in the 1970s through the 1990s was to provide training for the financial sector professionals.
- ♦ In the 2000s, IBF shifted its focus to setting competency standards and facilitating skills development for the industry.

Looking to the future, the jobs and skills landscape in the financial industry is a lot more complex and uncertain.

- ♦ Technology is transforming finance – the way financial services are produced, distributed, and consumed.
- ♦ This means that jobs in financial services will also be transformed.
- ♦ We need to take a more sophisticated, integrated, and purposeful approach to prepare our workforce for the future of jobs.

This is why MAS and IBF commissioned Ernst & Young to study the impact of data analytics and automation – the two most immediate technologies – on jobs in the financial sector.

The study takes a three to five year time horizon.

- ♦ It reviewed 121 distinct job roles in the financial industry, examining how data analytics and automation are likely to change the individual tasks in these 121 job roles.
- ♦ It identified the additional skills that would be necessary to perform these new tasks.
- ♦ The study took nine months to complete and the findings have been validated extensively with more than 80 industry participants.
- ♦ Many of you here contributed to this study.

You will be hearing from Ernst & Young later on the study findings, and Minister Teo will speak more on this, including how the industry, the labour movement, and government are coming together to put into action the key strategies emerging from the study.

I want to make three key points that I think are worth keeping in mind:

- ♦ First, the biggest impact of technology is to *transform* jobs rather than to destroy existing ones or create new ones.
- ♦ Second, our strategy to help finance professionals must address skills, jobs, and careers in an *integrated* manner.
- ♦ Third, workforce transformation must become a core business capability for all financial institutions.

Let me elaborate.

***First, the main effect of technology is to transform jobs rather than create or destroy them.***

- ♦ Go to any conference on technology and the future of jobs, and the most frequently asked question is: will technology create jobs or destroy jobs?
- ♦ The question misses the main point – which is that *technology affects tasks within jobs rather than entire jobs*.
- ♦ Many of the jobs we have been doing all these years have not disappeared, but the tasks we do within jobs have changed substantially because of technology.
- ♦ And these new tasks require new skills.

And this is what the E&Y study also finds.

Data analytics and automation will augment one out of two job roles in the financial sector.

- ♦ In other words, workers will be able to deliver over and beyond what would traditionally be expected.
- ♦ While some rules-based tasks will be automated, data analytics and automation will amplify the importance of tasks requiring human judgement.

The study also finds that one out of three job roles will be heavily transformed.

- ♦ This means that a proportion of tasks within these jobs will be substituted using data analytics and automation, and the remaining tasks will converge into new job roles that require more judgement, customisation and creativity.
- ♦ In some other cases, most of the tasks could become automated and these job roles could be displaced.

The key take-away from all this: focus on tasks that will be affected by data analytics and identify the skills necessary to perform these new tasks.

***Second, we need to look at skills development, job placements, and career pathways in an integrated manner.***

- ♦ We cannot look at skills in isolation from job roles.
- ♦ And we cannot look at job roles in isolation from careers.
- ♦ In other words, skills are the engine that will propel career mobility – laterally or upward.

This is why IBF took two important steps last year.

- ♦ In April, IBF began to facilitate the implementation of Professional Conversion Programmes for the industry.
- ♦ Then, in August, IBF launched, together with our tripartite partners, the IBF Careers Connect, providing career advisory and job matching services.

IBF is now the one-stop, single point of contact for all matters relating to jobs, skills, and careers in the financial industry.

It is too early to tell if this new integrated approach will work, but the preliminary signs are promising.

- ♦ IBF has secured commitment from 19 financial institutions to reskill 4,000 existing finance professionals – to equip them with the skills necessary to take on new or expanded roles against the backdrop of transformed business activities.
- ♦ IBF has also provided career advisory and job matching services to more than 600 finance professionals whose jobs have been affected by change.

***Third, we cannot do business transformation without workforce transformation.***

- ♦ But workforce transformation is a capability that financial institutions are only beginning to build up.
- ♦ Traditionally – and this is true of the industry globally – financial institutions dealt with business transformation through a simple hire-and-fire strategy: hire from the market people with the skills to do the new emerging jobs and fire those in jobs that have become less relevant.
- ♦ This strategy will no longer work.

The combination of deep domain skills, broad lateral skills, and the digital skills of the future does not often come in a package.

- ♦ The superior strategy is to continually train, upskill, and transform the existing workforce.
- ♦ This calls for a comprehensive workforce transformation strategy that is closely aligned to the business strategy.

All the industry CEOs that I have spoken to understand this well. Together, let us build an agile and responsive training ecosystem that will transform the financial sector workforce.

Let me now invite Mrs Josephine Teo, Minister for Manpower, to deliver her keynote address.