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Industry brief
FNS

June 2016

Defining the sector

Training Package name:

Financial Services (FNS)

Industry name:

Financial services industry and accounting sector (note: accountants operate within the 'professional services industry', but accounting qualifications are included in the FNS Training Package because they share similar skills requirements to other FNS qualifications).

Training Package includes:

- 45 qualifications
- 8 skill sets
- 395 native and 143 imported units of competency (UoCs).

Recent updates:

Latest update was in January 2016. No major changes.

Occupations served by Training Package:

- **Accounting** includes occupations such as accounting clerks, bookkeepers and tax agents.
- **Financial and banking services** includes occupations such as bank workers, dealers and traders, operations officers, risk and compliance managers, and financial planners.
- **Insurance** includes occupations such as insurance brokers and assessors.
- **Superannuation** includes superannuation managers and agents.
- **Other** occupations such as trustees and financial security specialists.

Figure 1: Composition of the financial services industry (% of industry value added)

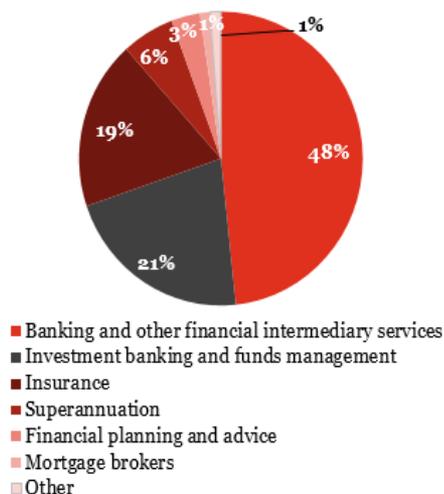
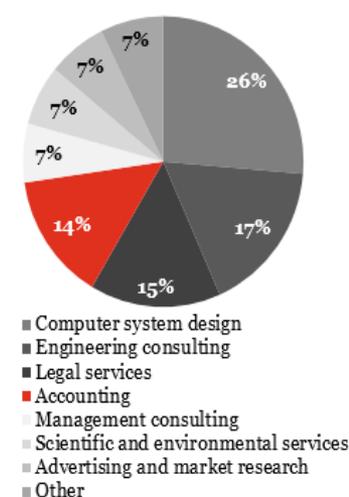


Figure 2: Composition of the professional services industry (% of industry value added)



Sector wide trends

1. FinTech and automation

Job demand:

- Technological innovations are changing the way financial services are delivered, boosting demand for customer centric roles. These include remote customer assistance, customer data analytics and advisory roles.
- Whilst technological innovations create new opportunities, they also threaten to automate process oriented roles such as accounting clerks, bookkeepers and bank tellers.

Skills needs:

- Workers embracing new and emerging roles in the sector must be digitally fluent, customer service focused and adaptable.
- Workers disrupted by new technology must have employability skills such as communication, and adequate literacy and numeracy to facilitate an easier transition between roles.

3. Demographic change

Job demand:

- The ageing population will drive strong demand for health insurance, superannuation and financial advice over the medium to long term, boosting demand for jobs in these sectors.

Skills needs:

- In all three sectors, workers will require specialist knowledge to provide services and advice that caters to the needs of retirees and disabled persons.
- Workers will also require customer service skills, especially as older Australians are less likely to utilise remote technologies, and risk management skills to ensure that retirees have a stable income stream and are able to effectively manage their wealth.

2. Increased regulation

Job demand:

- Industry regulation has tightened in the aftermath of the Global Financial Crisis, following revelations of risky loans practices and the exploitation of financial advisory clients. This landscape is still changing, perpetuating significant uncertainty in the industry, and increasing the risk aversion of most institutions. As a result, there is increased demand for financial services professionals that specialise in compliance and risk management.

Skills needs:

- All workers need the skills to understand and comply with regulations and ethical guidelines.
- Specialist skills demanded by employers include risk management, compliance and audit skills.

4. Demand for higher education

Job demand:

- Employers in the sector are increasingly hiring graduates with a bachelor degree or higher (over 50 per cent of financial services workers in 2014, compared to 34 per cent across the sector). These hiring practices will decrease the supply of financial services jobs requiring vocational education level qualifications in the market. This will increase competition for such roles.

Skills needs:

- Workers need the basic skills and willingness to learn, as people traditionally in roles requiring a vocational education qualification may need to reach a higher level of educational attainment.

Priority skill needs

These skills were identified following feedback from the Education Industry Reference Committee, consultations with industry and our analysis of trends affecting the sector.

Skill	Rationale
Compliance and risk management	The ability to understand and comply with regulations is in high demand, with many financial services employers facing heavy penalties for ethical and regulatory breaches in the lead up to the GFC.
Ethics and conduct	Regulation can have only limited success when working in isolation from ethics, as rapid technological developments and the creation of new complex products means that the regulator will always be playing 'catch up'.
Customer engagement	Technological innovations are changing the way financial services are delivered, giving the consumer more knowledge and control in the transaction. Data analytics will play a pivotal role in improving the customer experience by allowing businesses to tap into information regarding consumer preferences. As customers demand more from their products, and businesses have more information as to what customers want, a clear understanding customer needs and wants will be crucial to gaining a competitive edge in the market and improving the client experience. Strong personnel management and communication skills will also be required.
Adaptability	FinTech is rapidly changing how financial services are delivered. The implication of this trend is that current employees need to keep abreast of new skills requirements and continue to develop themselves to remain attractive to employers. Communication and other skills where humans generally have a competitive advantage over machines will be of particular importance, ensure people can transition both horizontally into growth sectors, and vertically as roles for workers move up the value proposition chain for businesses.

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