



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref.: B9/183C

18 June 2020

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**Capacity Building for Future Banking**

I am enclosing a paper entitled “*Capacity Building for Future Banking*” issued jointly by the Hong Kong Monetary Authority (HKMA), the Hong Kong Association of Banks and the Hong Kong Institute of Bankers in the **Annex** for your information.

In the light of the business development and expansion of the banking industry in coming years, there will be a strong demand for the talent required to support the sector’s planned growth. Against this backdrop, the HKMA has engaged the banking industry to undertake an industry-wide “Capacity Building for Future Banking” exercise to take stock of potential talent gaps during 2021 to 2025, with the aim of developing a clear directional road map for banks to collaborate with other stakeholders in addressing the industry’s talent need for the future. The key findings and recommendations of the exercise are summarised in the enclosed paper. In brief, these observations include:

- (i) The key skill gaps in the banking workforce that need to be filled to support the planned business expansion of the industry during the coming five years will primarily be in three major areas, namely technological and data skills (e.g. application of artificial intelligence), banking knowledge (e.g. specific knowledge in the Guangdong-Hong Kong-Macao Greater Bay Area) and specific soft skills (e.g. creativity); and
- (ii) Sound practices in talent management that could help narrow the skill gaps have been identified in the exercise. These practices involve reskilling and redeploying existing banking practitioners in ways that will help them develop knowledge and expertise in those new skills required.

As set out in the paper, human capacity is always the most valuable asset to the banking industry because banks' performance and customer services depend heavily on the capabilities and qualities of their people. Therefore, proper investment in human capacity is critical to the future success of the industry. Accordingly, it is important that your institution should formulate an appropriate strategy and take adequate actions to address its future talent need, having regard to the findings and recommendations of the paper. In particular, concrete efforts should be made to start reskilling and redeploying existing staff members to acquire knowledge and expertise in the new skills required in the future, especially those staff working in jobs that are of reducing need going forward. The HKMA will review the strategy and action plans adopted by institutions for ensuring that their staffing resources will be properly equipped and empowered to sustain long-term growth and development.

Taking this opportunity, I would like to thank the banking industry again for devoting efforts to this joint exercise. If you have any questions on this circular or the paper, please feel free to contact Ms Denise Tai at 2878 1589.

Yours faithfully,

Arthur Yuen  
Deputy Chief Executive

Encl.

c.c. The Chairperson, The Hong Kong Association of Banks  
The Chairperson, The DTC Association  
The Chairperson, The Hong Kong Institute of Bankers  
FSTB (Attn: Ms Eureka Cheung)