

Capacity Building for Future Banking **2021 - 2025**

Joint Paper by
The Hong Kong Monetary Authority
The Hong Kong Association of Banks
The Hong Kong Institute of Bankers

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The Hong Kong Institute of Bankers

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1. Executive Summary

The growing adoption of technology and the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) will not only bring new business opportunities to the banking sector in the coming years, but also demand a new set of skills from the workforce. Against this backdrop, the Hong Kong Monetary Authority (HKMA) sees a strong need for the banking sector to assess and be prepared for skill gaps that may arise in the industry going forward. In this connection, the HKMA engaged the banking industry in July 2019 to start an industry-wide “Capacity Building for Future Banking” exercise to take stock of potential talent gaps during 2021 to 2025, with the aim of providing the industry with general directions for narrowing such gaps in the years ahead (see section 2). Specifically, this “Capacity Building for Future Banking” exercise aimed at developing a clear directional road map for banks to enhance the skill sets of their staff and expand the talent pool of the industry as a whole to address the industry’s need for the future. This is notwithstanding that the exercise did not intend to arrive at accurate quantification of the demand for different skill sets, given their interwoven and evolving natures.

The key observations of the exercise are as follows:

- (i) The banking industry has plans to expand and explore businesses in a number of key areas over the next five years in relation to the rising adoption of technologies; cross-border businesses, especially those linked to GBA development; as well as climate-related risk management and sustainable finance. At the same time, the industry will continue managing anti-money laundering/counter-financing of terrorism (AML/CFT) challenges. During the transformation of business landscape, tremendous opportunities will arise for both existing staff members at different levels of the industry to develop new skills, and non-banking personnel who will acquire or possess the expertise needed by banks (see section 3);
- (ii) The key skill gaps in the banking workforce that need to be filled to support the planned business expansion of the industry during 2021 to 2025 will primarily lie in three major areas (see section 4):

- Technological and data skills - Gaps will become increasingly apparent in the application of artificial intelligence, data governance and analytic and related technologies, quantitative/algorithmic thinking, and cybersecurity;
 - Banking knowledge - The industry will be found wanting in not only core banking knowledge/skills (such as business and product knowledge, and regulatory and compliance expertise), but also specific knowledge in GBA and cross-border business and climate risk management; and
 - Specific soft skills - There will be inadequate skills involving creativity, cross-border networking skills, analytical and interpretative skills, adaptability, communication, customer connection skills and multitasking ability.
- (iii) The exercise also identified sound practices in talent management that could help narrow the skill gaps, for reference by the industry and other relevant stakeholders (such as industry associations and educational/training institutions). The sound practices involve reskilling and redeploying existing banking practitioners in ways that will help them develop knowledge and expertise in the new skills required, as well as recruiting required staffing resources from outside the sector (see section 5).

People are always the most valuable asset to the banking industry, at both good and tough times, because banks' performance and customer services depend heavily on the capabilities and qualities of their people. Proper investment in human capacity is also critical to the future success of the industry. Accordingly, the HKMA has been undertaking different initiatives over the past several years to facilitate capacity building of the banking sector. These include:

- (i) the development and implementation of different modules under the Enhanced Competence Framework to provide the industry with quality professional training opportunities and a credible qualification framework;
- (ii) the establishment of the Hong Kong Academy of Finance to develop financial leadership and promote research collaboration;

- (iii) various conferences, seminars and workshops at which the strategic and latest developments relevant to the banking sector are shared with bank directors, management teams and other banking practitioners; and
- (iv) a number of apprenticeship and internship programmes organised jointly by the HKMA and the banking/technology industry to provide opportunities to university students to get equipped with specific knowledge required by banks.

This exercise is part of collaborative and ongoing efforts in the sector to further identify and prepare for future skill gaps. It recognises the need for banks and individuals who are interested in exploring those opportunities arising from banks' business expansion and the associated skill gaps in coming years to make self-motivated, determined efforts to fill the gaps. In line with the overall direction and talent management sound practices identified in the exercise, the HKMA collaborated with the banking industry and local universities to launch the Banking Talent Programme earlier this month to provide local university graduates with short-term job opportunities and banking-specific professional training, thereby expanding the future talent pool for the industry. Leveraging the findings and observations in the exercise, the HKMA will continue to work with the industry and other stakeholders in taking necessary steps to address the talent needs for supporting the future development of the banking sector.

2. Approach adopted in the exercise

To provide general directions for the exercise, a Future Banking Committee comprising representatives of the HKMA, the Hong Kong Association of Banks (HKAB) and the Hong Kong Institute of Bankers (HKIB) was formed (see **Annex 1**). Under the Future Banking Committee, a number of work groups led by experienced bank practitioners in talent management were established (see **Annex 1**) to carry out the following three phases of work:

- **Phase 1 – Skills Demand: Taking stock of the industry’s medium-term business expansion plans, from which the corresponding skill requirements that support banks’ business growth are identified.**
- **Phase 2 – Skills Supply: Determining major skill gaps by comparing existing skills and the skill requirements identified under phase 1.**
- **Phase 3 – Skills Replenishment: Identifying good practices in talent management that could help narrow the skill gaps identified in the above two phases.**

During the exercise, findings and recommendations were collected from major industry stakeholders, covering 21 banks (see **Annex 2**) and selected students and academia through various communication channels, **such as focus group discussions, interviews and industry-wide surveys.**

A **quality assurance work group** was also set up to ensure effective communication among subject work groups across the three phases, as well as timely delivery of quality output. Throughout the duration of the exercise, the quality assurance work group issued monthly progress reports to keep the HKMA and the industry up to date.

3. Banking industry's medium-term business expansion plans

Banks' medium-term business plans help indicate the general direction of future skill sets that will be required in the sector. With this in mind, the exercise took stock of banks' overall business plans for the coming five years and noted that the future business development direction would largely **pivot on the emergence of new financial technologies and the increasing global economic importance of Mainland China**. Specifically, the exercise identified the following **key areas of business growth and expansion that would require considerable human capacity in the future**:

3.1. Digital banking

Digital banking is a global trend that will drive innovation and enhance the competitiveness of the banking industry as compared to non-bank financial service providers. In this new era, ensuring cybersecurity, leveraging artificial intelligence and enhancing data governance and analytics will be critical as the banking industry takes advantage of the emerging business opportunities and stays relevant in an increasingly competitive landscape. This is particularly true following the HKMA's launch of digital banking initiatives, such as granting virtual bank licences and the launch of open Application Programming Interfaces (APIs).

3.1.1. Open banking collaborations and partnerships – Open banking stimulates interaction between banks and other players in the technology ecosystem. With open APIs, banks have to develop new business models through more collaborative and partnership efforts in providing integrated financial services.

3.1.2. Artificial intelligence – The banking sector is expected to speed up the adoption of artificial intelligence application and other technological support, such as machine learning and predictive analytics, to streamline business processes and automate manual tasks, with the aim of increasing work efficiency and effectiveness. That said, human interaction with customers will not be eroded completely. Banking services that offer the human touch in combination with machine support will be developed for specific market segments. Examples include integrated human-robot wealth management services for private banking customers and core financial services for vulnerable customers.

3.1.3. Data governance and architecture – Given the intensive use of data in the digital banking environment, such as the technologies for machine learning and predictive analytics, the banking sector needs well-designed data architecture that can maintain data system stability and robust data governance, which will in turn ensure public trust. As such, banks need to drive governance convergence around data management and maintenance, data ownership, data protection and data privacy in the right way.

3.1.4. Data analytics – Data analytics offers more precise insights and facilitates faster and more robust decisions. In addition to real-time risk monitoring, it also helps banks to analyse customer behaviour, and to reach out and deliver suitable financial services to a wider spectrum of customers with the promise of a better user experience. The future of the industry will depend on its ability to leverage the power of advanced analytics and extract the best value from the data so as to arrive at tailored customer services.

3.1.5. Cybersecurity – The banking industry recognises the vital importance of protecting itself from cyberattacks and will continue to devote significant resources to enhancing cybersecurity. Banks are also anticipated to put more efforts into meeting heightened compliance requirements on data protection and cybersecurity, particularly in the open banking environment, where data is shared with multiple third parties.

3.2. Greater Bay Area and cross-border business

The GBA, which combines Mainland China's wealthy areas along the Pearl River Delta into a metropolitan cluster, provides a unique stage for banks in Hong Kong to expand their business. The banking industry will play a crucial role in facilitating relevant capital flows and offering value-added financial solutions to its expanded customer base. The GBA, in particular Shenzhen, is regarded by the banking sector as a growth engine of its cross-border and renminbi business. The development of digital banking in Hong Kong is expected to further facilitate the provision of cross-border banking services in the GBA.

3.3. Global connectedness in anti-money laundering and counter-financing of terrorism (AML/CFT) efforts

As financial crimes, especially money laundering, get increasingly sophisticated and globally connected, the banking industry will need to continue managing cross-border financial crime risks faced by its associates, such as business partners, third-party service providers and customers. To do so, part of the solution will lie in global financial players collaborating to implement new technology, such as applying big data technology in the context of Know-Your-Customer/Counterpart, which is regarded by the industry as one of the examples.

3.4. Climate-related risk management and sustainable finance

Risk management and the relevant disclosure of climate-related risk, along with sustainability-related finance, have been attracting increasing attention in financial and regulatory communities. After the HKMA's launch of "Green and Sustainable Banking" measures in May 2019, banks have identified the need to meet the "Greenness Baseline" assessment and other tangible deliverables that will promote the climate-related risk management and sustainable development of the Hong Kong banking industry in the coming years.

4. Major skill gaps during 2021-2025

Based on the banking industry's medium-term business growth plans and its existing talent pool, the exercise identified major skill gaps that will probably arise in the industry's workforce.

Overall speaking, **technological and data skills** will be in strong demand over the next few years as technology is one of the main forces driving the transformation of skills. Banks will need employees with the skills to understand how technologies can be applied effectively. They will also need an agile and adaptive workforce to navigate these changes. In addition, **banking knowledge and skills** in new business areas that the banking sector is entering **will be highly desirable**. **Specific soft skills** will also be of no less importance for employees to perform professionally after routine and mundane tasks become automated.

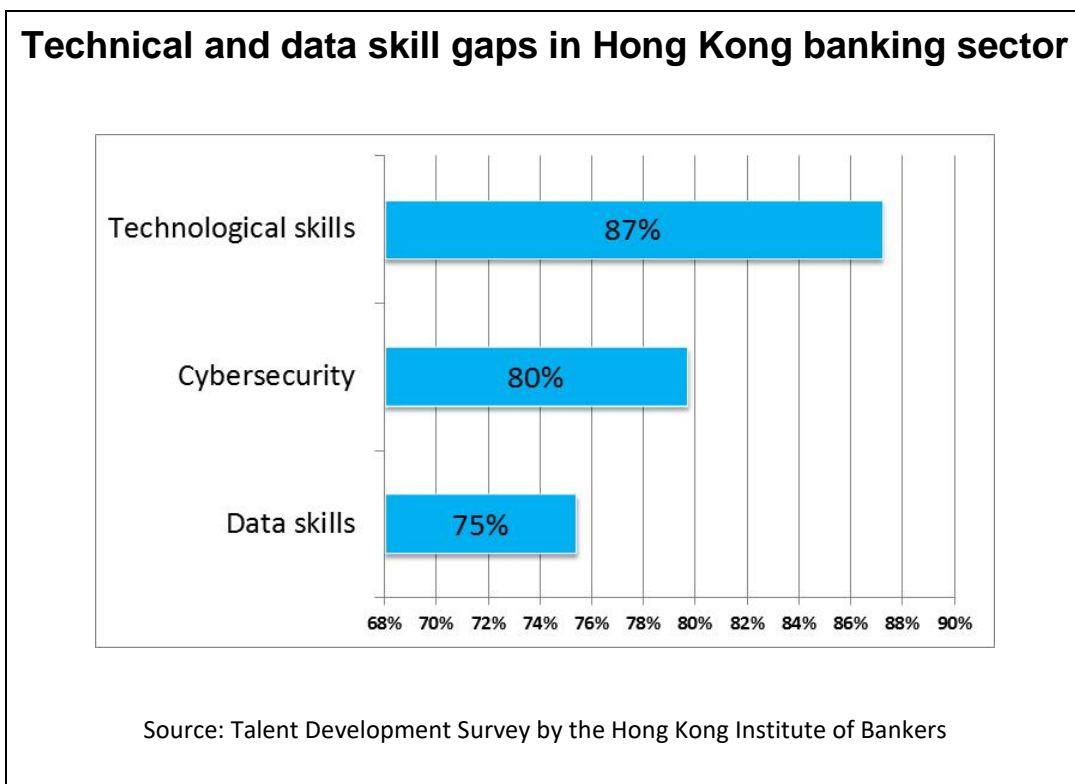
The exercise arrived at the conclusions above through an industry-wide talent development survey conducted in 2019, interviews with banking practitioners and bank customers and other channels of information collection. The survey covered (i) banking practitioners of various functions at all levels, (ii) university students, who will become the future talents of the banking sector, and (iii) other industry stakeholders, such as non-bank financial institutions and academia. It sought to find out in which types of skills the Hong Kong banking industry foresaw the largest future skill gaps.

Based on the data gathered through the above-mentioned survey and information collection channels, the most important skills were identified. While the list below is not meant to be exhaustive, it highlights certain skills which the industry believes to be of great value during 2021 to 2025:

4.1. Technological and data skills

To facilitate digital banking initiatives, banks are redefining job roles and require tech-savvy professionals. It is important to have staff members who have a basic understanding of the major technical aspects of digital banking and know how to apply those aspects to the business. As the use of data plays an increasingly bigger part in the transformation to digital banking, more banking practitioners will need data skills to help banks generate insights, make decisions, solve problems and deliver a better customer experience.

Despite the strong demand for technical and data skills, the exercise identified a shortage of skills, and hence the largest skill gap, in these areas. In the talent development survey, 87% of the respondents identified technological skills as the largest skill gap in the banking sector, followed by knowledge on cybersecurity (80%) and data skills (75%). All three groups of survey respondents attached the most importance to these skills, a common view shared both inside and outside the banking sector.



In particular, attention was drawn to skill gaps in the following areas:

4.1.1. Artificial Intelligence and application – Banks will be more willing to pay a premium for skills that employ artificial intelligence to augment human tasks, such as customer service and interaction with regulators. Future talent who can apply existing scientific knowledge to practical applications will play a critical role in growing the business. Competition among banks for personnel with artificial intelligence fluency and applied science capability is thus expected to intensify.

- 4.1.2. Human-machine/data communication** – This skill refers to the ability to apply technology in work procedures, and by extension the ability to filter and put machine-generated analyses into use.
- 4.1.3. Data architecture and engineering** – This skill refers to the ability to understand logic and syntax to build a database, maintain data quality and facilitate data maintenance, usage and security.
- 4.1.4. Data analytics and insight** – Data analytics goes beyond simple pattern recognition. It may be used to analyse customer behaviours and identify their needs. It is expected that banks will use more data analytics to identify business opportunities, formulate business strategies and provide insights.
- 4.1.5. Data governance** – A sound grasp of the concepts of proper data governance will be crucial to ensure that data is available, usable, well secured and of high quality.
- 4.1.6. Quantitative and algorithmic thinking** – This mode of thought goes well beyond simple computation. It provides a framework to specify, analyse and solve problems efficiently.
- 4.1.7. Cybersecurity** – Skills to defend against cyber threats and unauthorised access to computerised systems will be indispensable, although the impact of future development of quantum computing that may be able to compromise many existing encryption mechanisms should also be considered. Such knowledge will be required to perform different banking functions and may need to be embedded in the design of banking products and their delivery process.

4.2. Banking knowledge

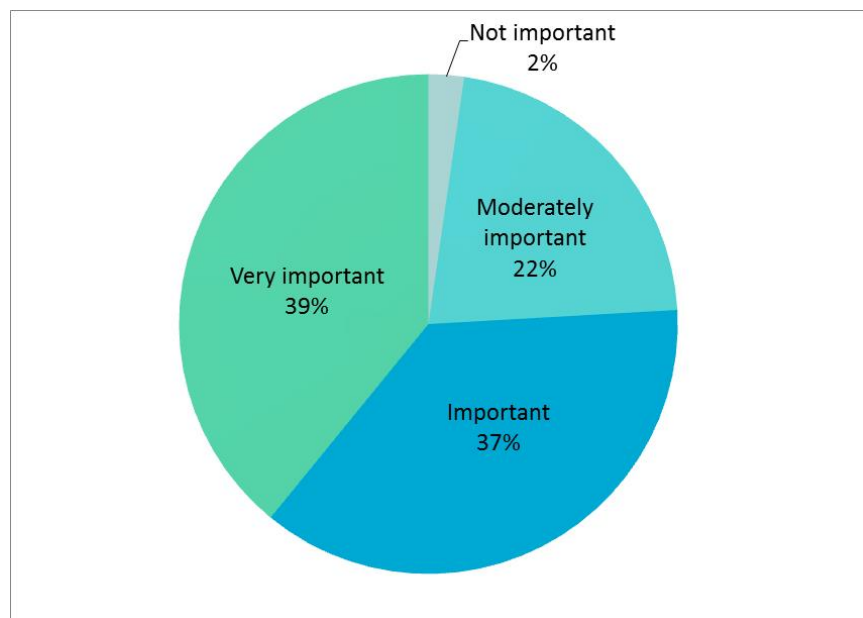
Despite the digital revolution, the banking business will continue to require talent with core banking and financial knowledge. As a regional banking hub, our banking sector thrives on new banking knowledge that goes beyond traditional know-how as much as our close connection with Mainland China and other parts of the world. New businesses will most certainly give rise to a need for new banking knowledge, particularly on customer needs and regulatory requirements in other geographical areas, specialised products, and risk

management practices. Thus, to succeed in the future of banking, aspiring banking professionals need to have a strong knowledge base in diverse aspects, such as the financial system and market infrastructure, the regulatory and AML/CFT regime, and banking services and products.

An overwhelming 76% of the survey respondents considered that core banking knowledge and skills would remain as important assets of Hong Kong banking practitioners in the next five years. Among these respondents, more than half of them even emphasised the high importance (i.e. very important) of these knowledge and skills.

However, it should be noted that 12% of the university students surveyed considered banking knowledge and skills as not important for future banking talent, in contrast to only 2% of banking practitioners and stakeholders who shared the same view.

Importance of core banking knowledge and skills in Hong Kong banking sector



Source: Talent Development Survey by the Hong Kong Institute of Bankers

More than half of the survey respondents believed that skill gaps would also appear in business and product knowledge (58%) and regulatory and compliance skills (56%) in the next five years. The results show a need for banks to start looking in the near future for potential candidates to fill the talent gaps in these two important areas.

Banking professionals are expected not only to possess core banking knowledge and a skill base such as managing conduct and operational risks related to retail banking, but also to acquire new skills on a regular basis as well. Strong business acumen combined with sound knowledge in technology will be a dual requirement for banking professionals in future. Specifically, the exercise identified the following two main sets of banking knowledge that would be critical but in short supply in the next five years.

4.2.1. GBA and cross-border business knowledge – With the GBA, and Shenzhen in particular, presenting enormous business opportunities ahead, the banking sector will require more human capacity in facilitating cross-border businesses. During the exercise, Chinese and Putonghua proficiency were singled out as important skills for future banking practitioners. Bank staff were also expected to have a good understanding of the GBA in terms of its customer needs, legal and policy requirements, and market operations.

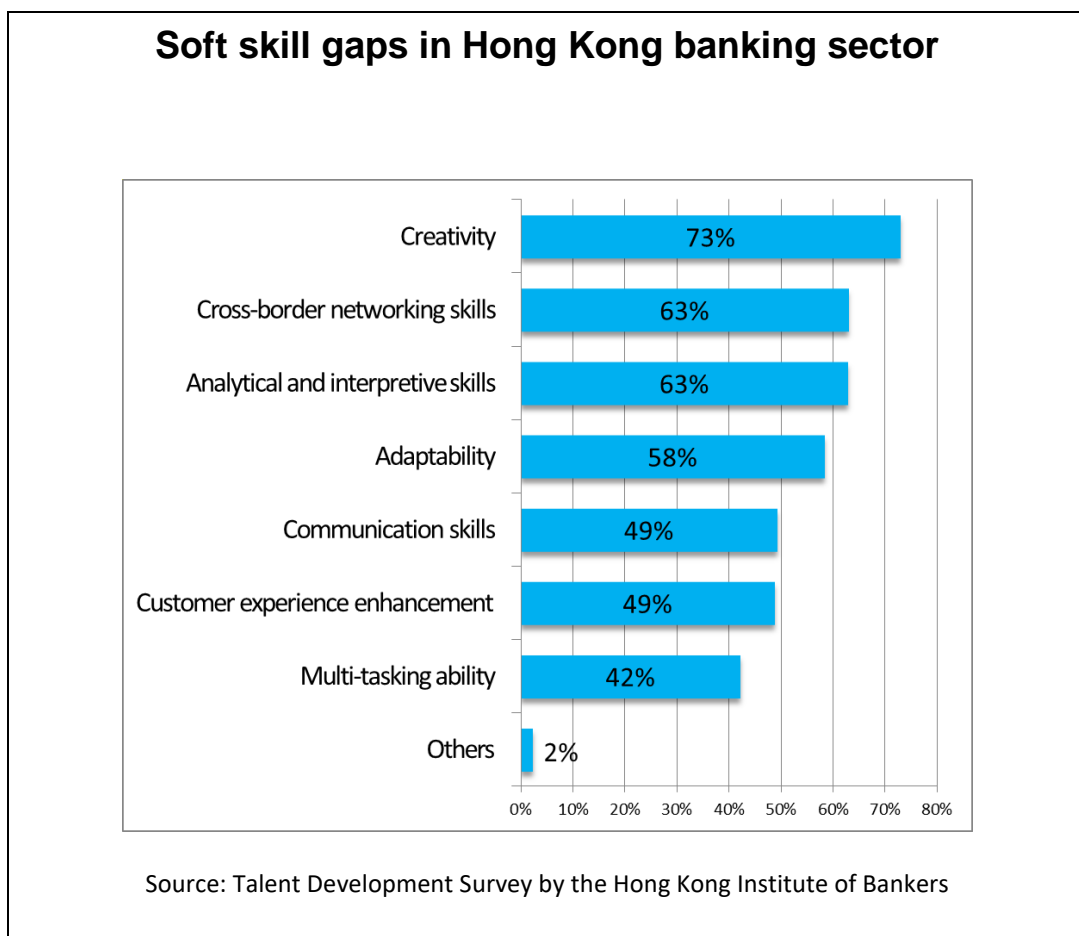
4.2.2. Climate-related risk management – While some leading global banks are already at the forefront of environmental risk management, Environmental, Social and Governance (ESG) research and product innovation remain a skill gap among mainstream banking practitioners. More than 40% of banking practitioners interviewed believed this area would suffer a future shortage of expertise.

Apart from validating/lending weight to the importance of core banking knowledge and the upcoming demand for the above-mentioned areas of knowledge, the exercise findings recognised the need for banks to also take into account and assess the future financial demands of customers in the course of expanding their range of services to meet changing expectations. **It would be judicious to begin assembling the skill sets necessary to meet customers' expectations as the industry evolves and to address the potential skill gaps.**

4.3. Specific soft skills

Technical skills and business knowledge are indispensable in banking, but the industry also has a strong demand for professionals with specific soft skills. As banks continue to navigate through their digital banking transformation, they are on the lookout for professionals who pursue personal excellence and are able to lead and add value with their soft skills, not least because customer service is fast becoming an increasingly important differentiator of competitiveness.

In the survey, creativity was ranked by 73% of the respondents as the most sought-after soft skill in the near future. Other skills rated highly important were cross-border networking skills (63%), analytical and interpretive skills (63%), adaptability (58%), communication skills (49%) and customer experience enhancement skills (49%).



- 4.3.1. Creativity** – The ability to respond to rapid technological and business changes with creative solutions will be valuable in the banking sector and is a skill not replaceable easily by machines. Being innovative is an important trait enabling banking practitioners to take advantage of new opportunities and hence to stay in the banking workforce.
- 4.3.2. Cross-border networking skills** – The ability to network with a variety of people across different cultures will continue to be a critical skill for banking practitioners in an international financial centre like Hong Kong. With the GBA presenting enormous business opportunities in future, talents who are good at developing personal connections with business partners and clients in the region will become even more highly sought-after assets.
- 4.3.3. Analytical and interpretive skills** – The task of presenting ideas clearly will become more challenging with increasing use of vast amounts of data. This calls for talent who have a digital mindset and know how to make sense of massive amounts of data.
- 4.3.4. Adaptability** – With things now changing at a far greater speed than ever before, it is crucial to be adaptable, resilient and forward-looking. The greater role played by technology requires the workforce to stay not only agile but also flexible. Complex problem solving and multitasking will become required skills to cope with the increasing speed and volume of information.
- 4.3.5. Language and communication skills** – Firstly, bank staff will continue to be required to communicate effectively with various stakeholders not limited to bank customers. As public expectation in banking services continues to rise in the future, bank staff will be more exposed to the general public and business partners externally, and co-workers with different cultures internally.

Secondly, both Chinese and English language proficiency, strong relationship management skills and high cultural sensitivity will be sought-after qualities. These skills will help banks better communicate with prospective customers in the Mainland, including the GBA cities, and the rest of the world to seize the increasing business opportunities available.

Thirdly, skills to present ideas and messages eloquently through digital channels are also important in the process of communication. Lastly, bank staff are expected to possess collaboration skills, and be able to work as team players steering clear of silos in the workplace.

4.3.6. Customer connection skills – With an increasing number of service providers willing to offer tailored financial services, customers have become more demanding and yet less loyal. There will be a demand for emotionally intelligent employees who are client-centric and capable of delivering service excellence. Such people are adept at focusing on each customer's unique needs and showing empathy when trying to connect with customers in a personal way.

5. Sound practices in talent management

The banking industry understands that the future of banking is dependent on its ability to retain, develop and attract the right types of talent. One point emphasised in the exercise findings is the need for banks to factor in their own business models and human resources policies when taking specific actions to address a particular skill gap; at the same time, the exercise also highlighted sound practices in talent management (see subsections 5.1 to 5.4) that should be considered by the industry and other stakeholders when investing in human capital so as to address the skill gaps.

Sound talent management is critical in future banking. The work group has deliberated on the general direction and sequencing of different key aspects of talent management in the banking sector: (i) Reskilling, (ii) Redeployment, (iii) Recruitment, (iv) Retrenchment. As the first and most fundamental step to management of in-house talents, banks are generally expected to put in place effective reskilling and redeployment arrangements in order to equip existing banking staff members with the new skills required while leveraging the experience and knowledge they have built up within the bank. When additional staffing resources are needed from outside, banks are advised to adopt constructive recruitment practices. In general banks should also, as a sound practice, explore a retrenchment of existing staff members only as the last resort.

5.1. Reskilling

Reskilling is an important tool to **continue empowering the workforce and promote staff morale and retention**. Enabling staff to build experience and update their skills will strengthen the foundation of the banking sector and help **maintain the stability of the financial system** at large. Through a proper reskilling process, banking practitioners will **learn new knowledge and technical know-how** that support growth and change **while retaining useful experience acquired in their previous roles**:

5.1.1. Talent requirement forecast – It would be good for banks to start **forecasting talent requirements in the medium term based on their business plans, and begin formulating reskilling strategies** that correspond to their business needs. Industry associations are also

recommended to communicate the industry forecast, if any, of talent requirements with various stakeholders so as to facilitate collaborative efforts in filling the skill gaps.

5.1.2. Talent development and reskilling plan – Banks would find it useful to **assess the impact of technological and business changes** on the transformation of tasks in different job roles. One vivid example would be Know-Your-Customer and Due Diligence tasks that are currently carried out with a heavy reliance on spreadsheets and manual processes, which could be cumbersome and time-consuming. With the automation of digital channels, client information will be centralised and workflow engines will generate the corresponding reports and conduct the relevant assessments by artificial intelligence. Hence, the existing skills on manual processes will need to be redeveloped into an ability to perform oversight, case management and data analysis.

With this in mind, banks are advised to start **developing a long-term talent development and reskilling plan**. It would be advisable for banks to demonstrate long-term commitment to reskilling their staff by making the reskilling plan comprehensive, maintaining **dialogue with the affected staff members** during the planning process, and building in regular reviews of the plan in the context of changing trends and risks.

5.1.3. Staff empowerment – To ensure **sufficient opportunities remain available to empower staff**, it would be helpful if banks continue to advocate a **conducive learning environment and culture** to support their staff in obtaining new knowledge or technical know-how that facilitates change while retaining useful experience acquired in their previous roles. Opportunities of **job rotation and short-term secondment across various functions** are examples of empowerment arrangements. Nevertheless, reskilling should **never be a blunt and rigid process carried out** without considering the views of the staff members concerned. Encouragement and support are also important elements in staff empowerment.

5.1.4. Work arrangements and incentives – In addition, banks would be well advised to **encourage and build up momentum in staff reskilling** through supportive work arrangements and incentives. **Flexible work arrangements** would allow staff members to take part in local or overseas training courses and workshops. **Subsidies and examination support**

would also enable the workforce to learn and obtain qualifications in new skills that address talent gaps.

5.1.5. Reskilling course design – It would be logical that reskilling efforts also involve **collaboration between banks and various stakeholders**, such as educational/training institutions. Such opportunities can include designing and **providing a practical training curriculum and flexible training solutions**, such as online programmes that address common reskilling needs. **Soft skills**, such as **communication skills, common language skills, culture sensitivities, adaptability and creativity**, could **well be** critical enablers in operationalising a business plan. The banking sector and other stakeholders would do well to take the benefits of soft skills into account when designing reskilling programmes.

5.1.6. Training resources pool – On top of their own internal training resources, it is advisable that banks also work together by **pooling their training resources** to boost operational areas that exhibit acute needs, and by making **use of external training providers** such as industry institutes and professional bodies. This will result in **better economies of scale and enable knowledge sharing**.

5.2. Redeployment

During times of change, it is not uncommon for some banking practitioners to desire a career transition within the same organisation. The exercise identified a need for banks to formulate a clear staff redeployment policy and to provide sufficient staff support.

5.2.1. Human mobility strategy and policy – In formulating a human mobility strategy and policy, it would be desirable for banks to conduct **regular and structured evaluations of staff capabilities** through role profiling, capabilities assessment, succession planning exercises and other means. Results of the evaluation could be **mapped against the workforce requirements of both existing and emerging roles** to determine staff redeployment needs.

5.2.2. Redeployment opportunities – Banks are advised to identify **redeployment opportunities and communicate such information** to their staff. Clear information, such as job vacancies in certain functional areas

in the coming years, would be useful for staff to look for redeployment opportunities that suit their situations.

5.2.3. Job conversion programme – It is also recommended that banks would **develop a job conversion programme** for different business functions to ensure the redeployment process is smooth. The programme can be so designed as to encourage management team members to keep an open mind when considering internal job conversion applications.

5.2.4. Staff communication – A transparent **and fair redeployment policy** will go a long way towards easing employees into jobs in growth areas. This includes **communicating the bank's talent development and redeployment plan** clearly to its staff. As **candid communication** can help reduce staff anxiety during a redeployment process, it would be helpful for banks to make **timely clarifications** to address concerns raised by staff members.

5.2.5. Staff support – To limit the impact of redeployment on staff and bank operations during the process, banks would do well to provide **sufficient support, such as in-house sharing workshops and course fee reimbursement**. These arrangements will help encourage staff to acquire new skills and professional qualifications needed for new job positions while reducing staff anxiety during the redeployment process.

5.3. Recruitment

Apart from reskilling and redeployment efforts, banks may need to attract outside talent to fill their talent gaps. For recruitment to be effective for the banking sector as a whole, it is constructive for the relevant stakeholders to **attract, cultivate and hence expand the pool of suitable talent** in the workforce within and outside the industry. Some sound practices in this area were identified during the exercise:

5.3.1. Expanding talent pool – It is suggested that banks, industry associations and educational/training institutions would explore **collaboration opportunities in expanding the talent pool** by targeting both current banking practitioners as well as future talent who are not yet in banking. These opportunities can include **conventional activities**, such as regular joint internship/apprenticeship programmes, career workshops and job fairs, and **innovative initiatives** like digital job recruitment boards. In

addition, tech firms can be roped in to co-organise these talent building initiatives. With the skill gaps in mind, the collaboration efforts could also be designed to provide **more practical experience to prospective industry practitioners.**

5.3.2. Educational programme design – Industry associations are in a good position to provide updates on industry business trends and talent requirements to educational institutions, which can then **design programmes and curricula that deliver stronger practical skills training** in addition to textbook knowledge. The provision of professional qualifications relevant to the skill gaps could also be considered as part of the formal curriculum. In case training for certain specific areas of knowledge is not readily available in the market, industry associations are advised to **approach educational institutions to line up new programmes.**

5.3.3. Qualifications and training recognition – It is desirable that banks would identify professional qualifications and training that are useful in addressing their future needs and filling the skill gaps, and incorporate the relevant qualifications and training in their hiring criteria during the recruitment process. With clearer recognition of relevant professional qualifications and training by banks, prospective industry practitioners would then be able to enhance their readiness to join the industry by acquiring the qualifications and banking knowledge.

5.3.4. Skills-based hiring – The recruitment assessment of banks can be enhanced by placing stronger emphasis on **skills-based hiring that stresses the application of skills and knowledge.**

5.3.5. Personality traits in recruitment – During the recruitment process, it is practical for banks to also consider candidates' **personality traits in the context of specific soft skills required in the coming years.**

5.3.6. Talent from other industries and jurisdictions – To attract prospective talent from outside the banking sector or outside Hong Kong, it would be good for banks and industry associations to **refresh the industry image where appropriate, and promote locally and overseas the rewarding career opportunities** in Hong Kong's banking sector.

5.4. Retrenchment

As a sound practice, banks may explore a retrenchment of existing staff members **only after all options have been exhausted**. Moreover, any retrenchment exercise needs to be handled in a **transparent, responsible, respectful and equitable manner**. During the retrenchment process, **statutory and regulatory requirements** should also be observed.

###

Annex 1 - Oversight bodies of “Capacity Building for Future Banking” exercise

Future Banking Committee

Arthur Yuen (Chairman)	The Hong Kong Monetary Authority
Daryl Ho (Deputy Chairman)	The Hong Kong Monetary Authority

The following members are listed in alphabetic order of last names:

Fanny Chan	China Everbright Bank Co., Ltd., Hong Kong Branch
Lisa Cheng [#]	Bank of China (Hong Kong) Limited
Betty Lam [#]	The Hongkong and Shanghai Banking Corporation Limited
Wendy Lee	OCBC Wing Hang Bank Limited
Carrie Leung	The Hong Kong Institute of Bankers
Denise Tai	The Hong Kong Monetary Authority
Fiona Wong	Citibank (Hong Kong) Limited
Florence Wong [#]	Standard Chartered Bank (Hong Kong) Limited

[#] - When the relevant bank is the Chairman Bank of the Hong Kong Association of Banks (HKAB), the member will also represent HKAB

Heads of Work Groups

The following heads of work groups are listed in alphabetic order of last names:

Fanny Chan	China Everbright Bank Co., Ltd., Hong Kong Branch
Lisa Cheng	Bank of China (Hong Kong) Limited
Betty Lam	The Hongkong and Shanghai Banking Corporation Limited
Wendy Lee	OCBC Wing Hang Bank Limited
Fiona Wong	Citibank (Hong Kong) Limited

Annex 2 - Participating Banks

1. Bank of China (Hong Kong) Limited
2. Bank of Communications (Hong Kong) Limited
3. The Bank of East Asia, Limited
4. China CITIC Bank International Limited
5. China Construction Bank (Asia) Corporation Limited
6. China Everbright Bank Co., Ltd., Hong Kong Branch
7. Chong Hing Bank Limited
8. Citibank (Hong Kong) Limited
9. CMB Wing Lung Bank Limited
10. Dah Sing Bank, Limited
11. DBS Bank (Hong Kong) Limited
12. Fubon Bank (Hong Kong) Limited
13. Hang Seng Bank, Limited
14. The Hongkong and Shanghai Banking Corporation Limited
15. Industrial and Commercial Bank of China (Asia) Limited
16. Nanyang Commercial Bank, Limited
17. OCBC Wing Hang Bank Limited
18. Oversea-Chinese Banking Corporation Limited
19. Public Bank (Hong Kong) Limited
20. Shanghai Commercial Bank Limited
21. Standard Chartered Bank (Hong Kong) Limited