

pontoon

MARKET SEGMENT REPORT

Financial Services

INDUSTRY OVERVIEW

The Financial Services segment is in the midst of a major digital transformation that is drastically changing the way businesses and consumers access their services everyday.

This segment has shown promising growth in recent years in both established and new markets. New financial regulations have aimed to provide more stability and encouragement to companies looking for opportunities to expand.

Leading examples are the French and Swiss governments recently creating and revising laws strengthening controls around foreign investment parameters.

Innovation in Fintech has enabled new technology to become an integral foundation of banking and investment services. By 2021, an estimated 3 billion global users will have access to retail banking services through smartphones, tablets, PCs and smartwatches. Companies are now focusing on development of data-centric tools, AI and predictive technologies to better serve the needs of their customer.

As the industry changes, so do the required skills of the workforce. Professionals and companies alike must find ways to prepare for the future of work and emerging jobs that may not exist today. Jobs such as Bookkeeping, Payroll Processors and Tax Preparers will be replaced by automated tools and end-user friendly programs. New skillsets will be needed such as Financial Data Scientists and Machine Learning Programmers to develop applications that support Digital Transformation efforts.

Availability of talent in the sector is scarce resulting in a deficit between supply and demand. Projections show a labor skills shortage of 10.7 million workers in Financial and Business Services by 2030. Companies must evolve hiring strategies to attract and retain talent to progress innovation and keep up with the transformation.

With 35% of all data breaches happening in the Financial Services sector, organizations must constantly mitigate risk surrounding data privacy and cybersecurity. Governments and regulatory bodies are also concerned by these risks and putting their own policies in place such as EU's GDPR and India's Personal Data Protection Bill.

Pontoon is here to help our clients understand the changes in the industry and prepare for the future of work. We have the tools to implement MSP and RXO solutions that will ease hiring in a candidates' market, reskill the workforce for future jobs and find alternate workers to fill any need a hiring manager may have.



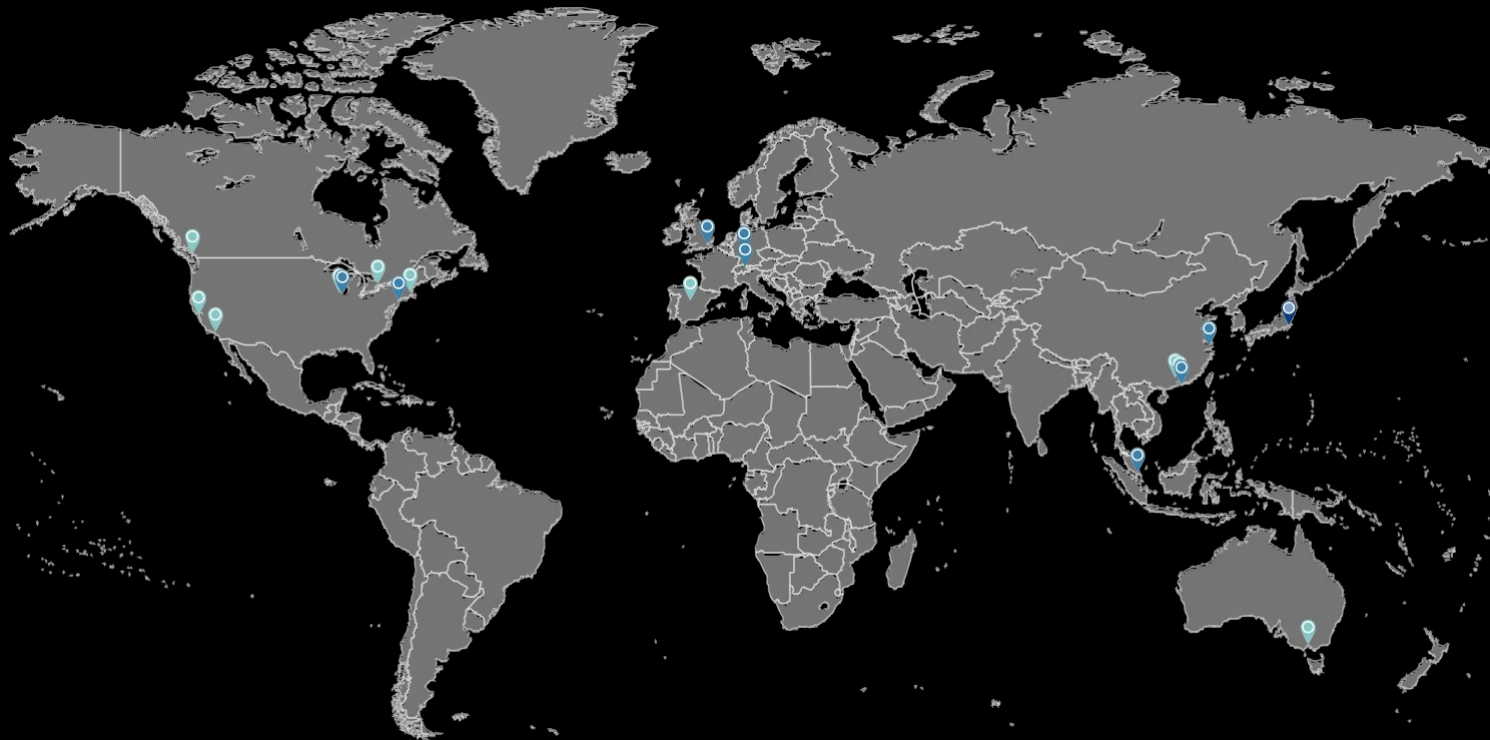
ESTABLISHED AND EMERGING FINANCIAL MARKETS

MARKET SEGMENT REPORT

Financial Services

FINANCIAL SERVICES MARKETS

Where are the regional leaders



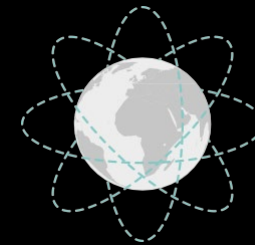
Established Financial Markets

London, Singapore, Zurich, New York, Hong Kong, Chicago, Tokyo, Frankfurt, Shanghai



Emerging Financial Markets

Toronto, Shenzhen, Boston, San Francisco, Madrid, Los Angeles, Chicago, Vancouver, Guangzhou, Melbourne



APAC is experiencing an influx of new financial centers gaining traction in Shenzhen, Guangzhou and Melbourne.

The US and Canada have also seen many financial leaders expanding operations in places such as San Francisco, Vancouver, Chicago and Toronto.

NEW MARKETS

Latin America and South America

New regulations and legislative reforms are aimed to attract foreign investment and expansion of Financial Services

Fintech investment In 2017 reached **\$600 million** which was a **20% increase** from the prior year.

Mexico and **Brazil** have established new policies to better regulate financial service offerings as incentive for new companies. These policies also are intended to create stability and reduce risk within the previously uncharted territory of financial services.

Chile, Colombia, Peru are also passing reforms to enable financial services companies to find success in their markets

By 2021 **Fintech** market in Latin America is expected to **exceed \$150 billion**



OPPORTUNITIES FOR EXPANSION

Europe

In response to shifting skills needs, European companies surveyed by WeForum planned to do the following:



Hire new permanent staff with skills relevant to new Technologies



Hire new temporary staff with skills relevant to new technologies



Retrain existing employees

Bulgaria's
Financial services workforce grew by
19% (2016-2017 y/y)

Norway by
17%

Belgium by
11%

MARKET SEGMENT REPORT

Financial Services

As the workforce grows in these regions, companies will the expand their operations based on the increasing availability of talent

LEGAL UPDATES

Europe

UK

With uncertainty surrounding Brexit, projections are showing London could lose 10,000 banking jobs and 20,000 roles in financial services, with \$2.1 trillion of assets potentially being moved out of the UK, according to Bruegel, Brussels.

In December 2018, workplace reforms were approved to cover:

- Consulting on the recommendations on non-compliance in supply chains
- Creating new powers to impose penalties for employers who breach employment agency legislation like non-payment of wages;
- Consulting on Salaried Hours Work and Salary Sacrifice Schemes to ensure National Minimum Wage rules do not inadvertently penalize employers

France

In 2019 French official have their sights set on foreign investment control. The idea to broadening the scope of its scrutiny and strengthening its control will be seen in new legislation throughout the year.

France's 2019 Budget Bill will reduce business taxes by €18.8 billion. The intention is to revive the economy and create jobs while abiding by EU rule to keep budget deficit below 3% of GDP.

Germany

“Bridge part-time” (Brückenteilzeit) – As of January 1, 2019, new employee entitlements to a temporary reduction in working time were made effective in Germany. Under this statute, an employee may request a reduction in their working time for a determined amount of period (1-5 years), without cause or reason, so long as company requirements are met.

Brexit will result in Frankfurt becoming a substantial financial hub with 20 banks planning to expand their presence in Germany creating thousands of new finance-related jobs.

Switzerland

Fintech License- FINMA act as license to allow companies to accept public funds up to a maximum amount of CHF 100 million (stipulation: funds may not be invested nor paid interest). Governing body of this license: Swiss Financial Market Supervisory Authority.

On the horizon in 2020: Swiss Financial Services Act investment advisors will be required to be entered in client advisor register and affiliate with an ombudsman.

OPPORTUNITIES FOR EXPANSION AND LEGAL UPDATES

Asia Pacific

LEGAL UPDATES

Guangzhou

Government office of Municipal Financial Affairs Bureau approved policies to support foreign investors operations in the city. Officials aim to attract finance and insurers to the area to grow the economy by lower barriers of entry, time constraints and share caps on foreign holdings.

Singapore

Well on it's way of becoming a major Financial hub in Southeast Asia, Singapore has anticipated more hiring in financial services than any other market sector.

Employers in the finance, insurance and real estate sector anticipated a hiring surge adding +26% to their workforce in 2019.

Singapore's GDP (gross domestic product) is expected to grow by 2.3% on average year on year within 2018-2022.

UAE

December 2018 - Abu Dhabi Global Market (ADGM) signed Memorandum of Understanding. This agreement aims at cooperation and coordination between the organization and auditors to promote high standards of financial audits in the UAE.

Federal Decree-Law (No.14 of 2018) was recently enacted to regulate financial services within the UAE and operations of the UAE Central Bank. New law also increases CBUAE capital to AED 20 billion.

India

Deadline approaching- By 31 March 2019, India's bank must fully comply with Basel III Capital Regulations. Initial rollout in 2013 was brought about to ensure banks have adequate liquid capital, risk management measures and market discipline.

Japan

Japan's Government Pension Investment Fund ("GPIF") will reevaluate the policy assets mix in.

OPPORTUNITIES FOR EXPANSION AND LEGAL UPDATE

North America

San Francisco

San Francisco is not only a tech hub but also home to headquarters of 14 financial services firms. As of 2017, San Francisco banking establishments held \$2.28 TRILLION IN ASSETS making it the #2 banking center in the US – following New York City and pushing Charlotte to #3. San Francisco ranks #8 AMONG THE GLOBAL FINANCIAL CENTRES INDEX 23 – 9 places upward from the previous evaluation.

Toronto

Toronto has become a recognized leader in financial services having added 55,000 new jobs between in the sector between 2012 and 2017 – an increase of more than 25% - making the city rank 3rd in the world for employment growth. In Toronto, one out of every 12 jobs is in financial services which makes it the second highest city when comparing concentration of financial services jobs.

LEGAL UPDATE

United States – In response to major Fintech trends of 2018- cybersecurity, crypto assets- in 2019 the SEC will produce simply stated material for how they intend to treat prospective token sales and tokens post-initial offering as securities offerings.



TRENDS IN FINANCIAL SERVICES

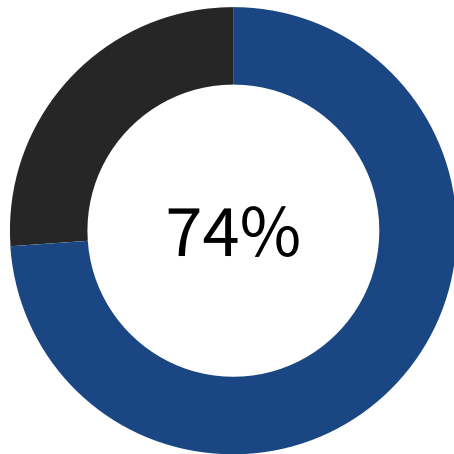
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Financial Services

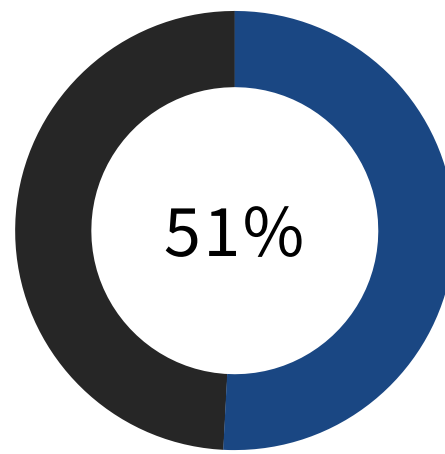
CONSTRAINTS THAT LIMIT THE FUTURE

Factors Impacting Growth

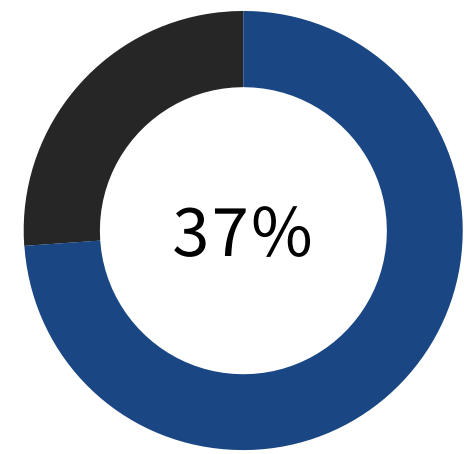
Leaders in the financial sector worry the industry's skills gap, talent shortage and uncertainty of the future will hinder their growth potential. Companies must address and remedy these issues or else they risk significant losses to competition.



of Financial Services companies reports seeing a skills gap within their local market



of companies do not understand the opportunities that new advances can bring



of companies find there is a skills gaps within global labor market

BY 2030:

Financial Services will face a labor skills shortage of

10.7 million workers and unrealized output of **\$1.313 trillion**

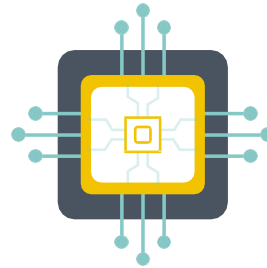
IMMINENT ADVANCES ON THE HORIZON

Digital Transformation



Advances in mobile internet

Financial transactions can now be done anywhere with use of apps - changing the way services are offered



Advances in artificial intelligence

- Task Automation
- Tools to detect fraud and money laundering identification
- Process Automation- document review and data extraction



Increasing availability of big data

- Data-driven, tailored products for customers
- Strengthened security
- Compete with other FinTech companies and their offerings
- Converged Data Platforms to support cross functions services

23%

of finance leaders surveyed by EY said their top priority is to Improve big data and analytics capabilities to transform forecasting, risk management and understanding of value drivers

HIRING TRENDS FOR 2019

Digital transformation will bring about new compliance regulations and change managers to ensure intended outcomes remain compliant and effective.

Hiring will increase as a result of New Compliance Standards.

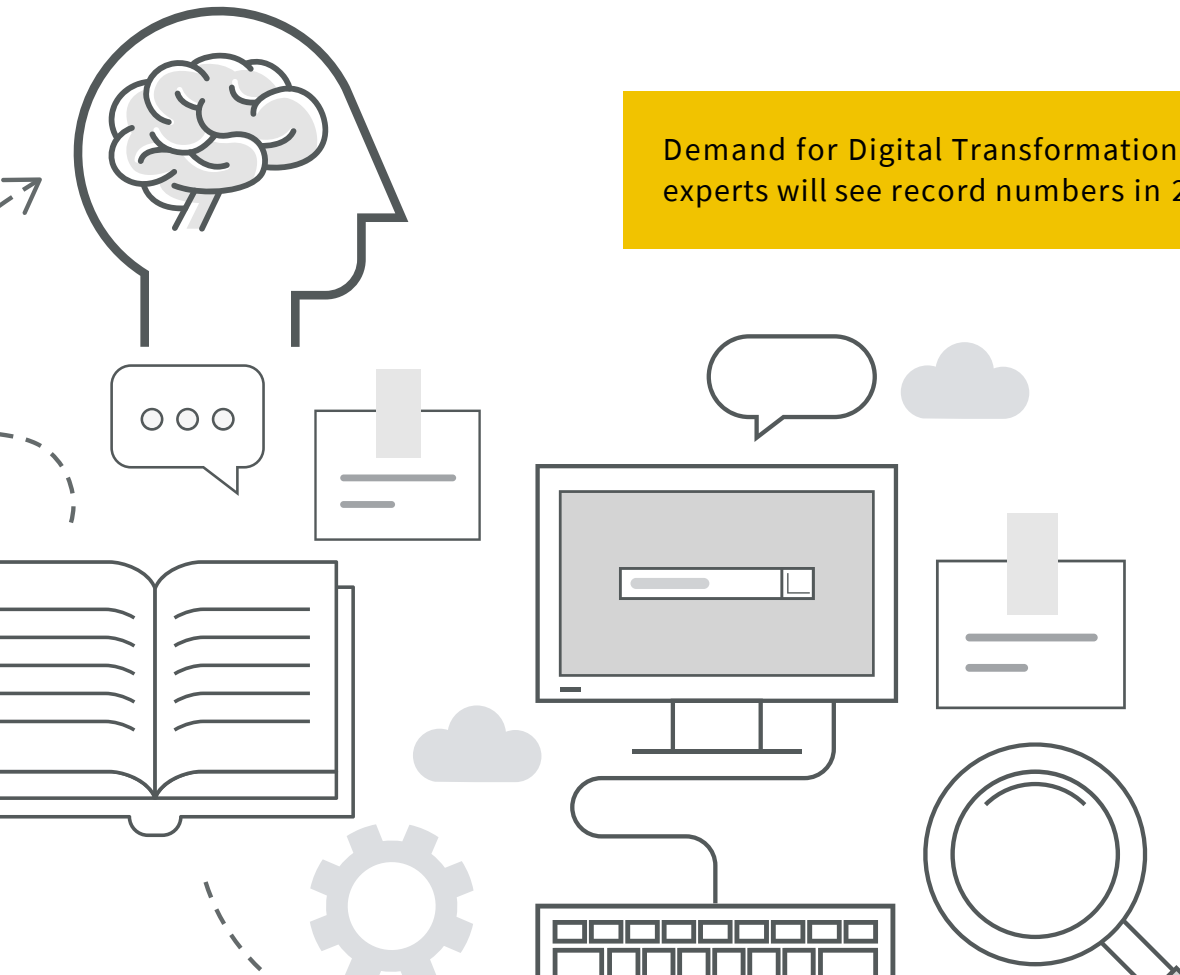
Nearly one third of banking execs expect gig workers to make up 51% of the workforce over the next year.

Gig Economy will be a mainstay in Financial Services.

Demand for Digital Transformation experts will see record numbers in 2019.

As more finance and banking processes become automated, the need for emerging technical expertise will be critical.

16% of the banking and insurance workforce is already independent freelancers.





JOB IN FINANCIAL SERVICES

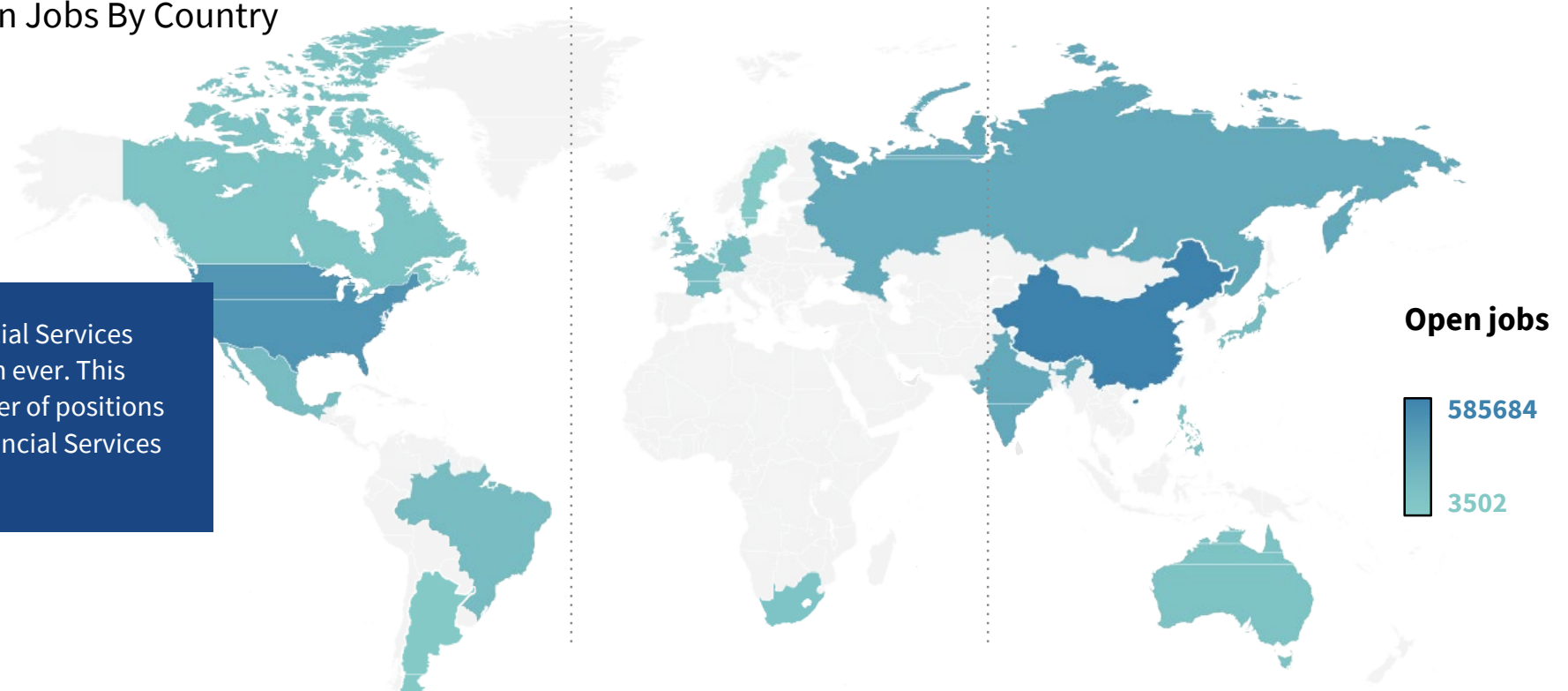
MARKET SEGMENT REPORT

Financial Services

EMPLOYER HIRING IN FINANCIAL SERVICES

Current Open Jobs By Country

Demand in the Financial Services industry is higher than ever. This map shows the number of positions currently open in Financial Services in each country.



328,069

Jobs open in Americas

South America

Argentina 3,502
Brazil 14,589

North America

Canada 16,337
Mexico 28,482
USA 265,159

147,834

Jobs open in EMEA

Belgium 4,269
France 26,226
Germany 27,339
Netherlands 4,364
Russia 49,603
Sweden 3,157
UK 24,750
South Africa 8,126

704,922

Jobs open in APAC

Australia 10,051
Philippines 15,643
China 585,684
India 51,470
Japan 33,326
Singapore 8,748

TRADITIONAL JOBS WILL SOON BE REPLACED

Future of Jobs



Emerging occupations

Automation in Financial services will result in the following skillsets being highly sought-after:

- Data Analysts and Scientists
- AI and Machine Learning Specialists
- User Experience and Human-Machine Interaction Designers
- Digital Transformation Specialists
- Sales and Marketing Professionals
- Client Information and Customer Service Workers
- Innovation Professionals
- Information Technology Services
- Information Security Analysts General and Operations Managers



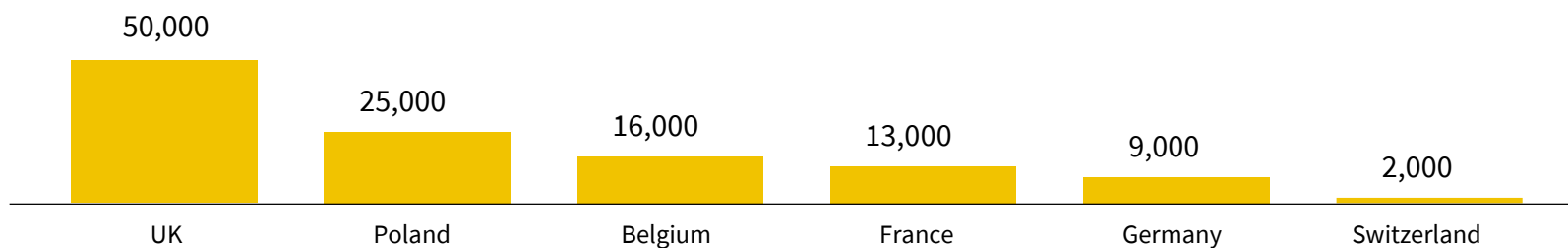
Diminishing occupations

Automation and computerization will make the following position obsolete. Each occupation scored over 95% likelihood of facing automatization risk:

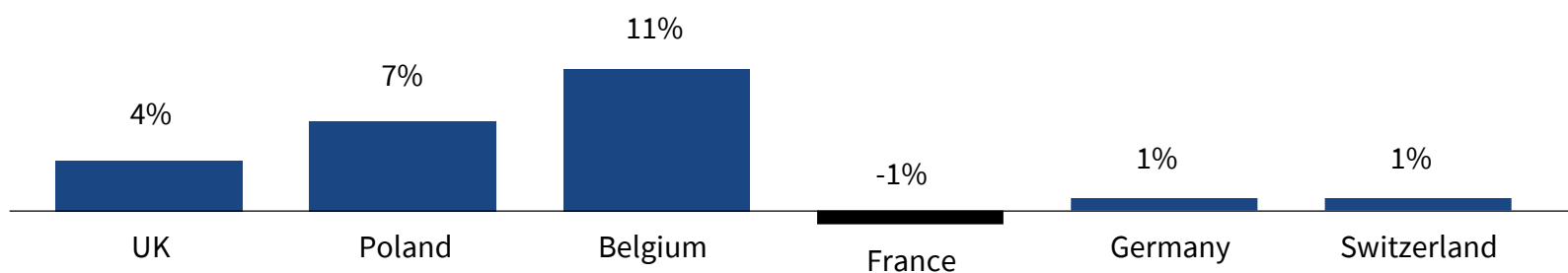
- Insurance Underwriters Tax Preparers Loan Officers Credit
- Bookkeeping, Accounting, and Auditing Clerks Insurance Claims and Policy Processing Clerks Payroll and Timekeeping Clerks
- Billing and Posting Clerks Bill and Account Collectors

JOB LANDSCAPE IN EUROPE

Jobs added (number of new positions opened per year)



Y/Y change (percent increase of new jobs added)





TALENT LANDSCAPE

MARKET SEGMENT REPORT

Financial Services

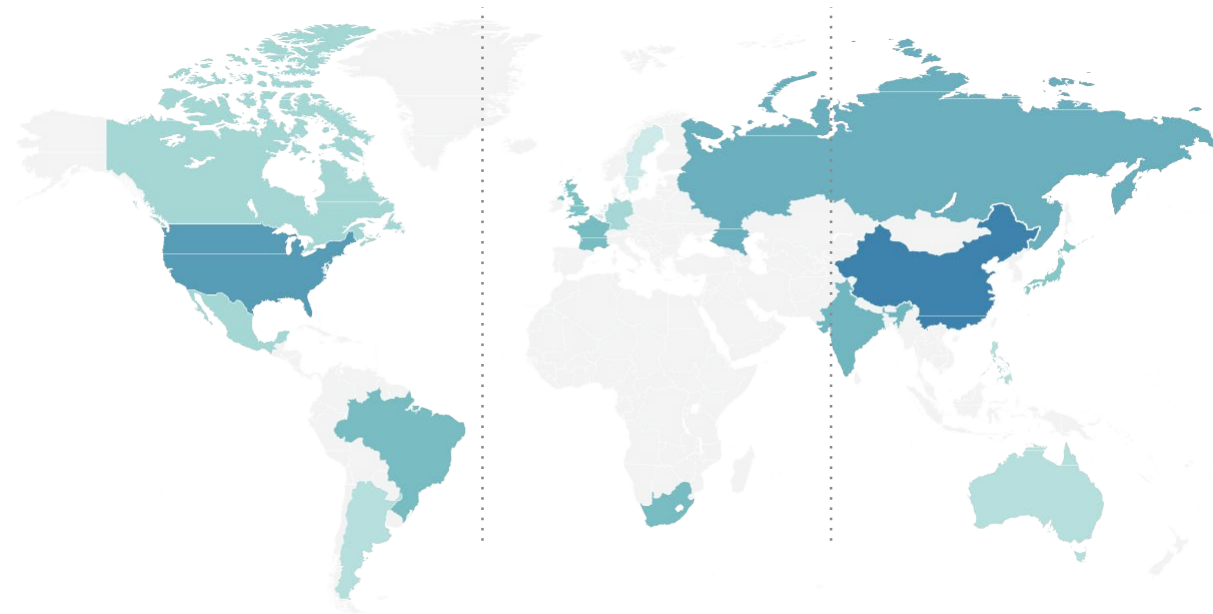
WORKFORCE SUPPLY

Talent By Region

This map shows the current headcount of Financial Services professionals employed within each country

PROFESSIONALS IN THE WORKFORCE BY COUNTRY

DATA COLLECTED FROM
TALENT SOURCING REPORT:
FINANCIAL SERVICES; FINANCE
and ACCOUNTING



OPEN JOBS



9,334,000

Professionals In The Americas

North America

Canada	977,000
Mexico	924,000
USA	5,742,000

South America

Argentina	322,000
Brazil	1,369,000

8,373,000

Professionals In EMEA

Belgium	198,000
France	1,359,000
Germany	813,000
Netherlands	260,000
Russia	3,418,000
Sweden	310,000
UK	533,000
South Africa	1,482,000

20,018,000

Professionals In APAC

Australia	466,000
Philippines	302,000
China	15,440,000
India	2,725,000
Japan	1,006,000
Singapore	79,000

IMMINENT ADVANCES ON THE HORIZON

Digital Transformation

Shifting Responsibilities at Work

To be most valuable within organizations, financiers must have clear visibility of business drivers, be thought leaders in process optimization and embrace new technology.

70%

Will be data gurus
Who connect with the business



30%

of the future Finance workforce
Will focus on by-the-books tasks

“ The finance function of the future will be defined by flexible and adaptive processes, near real-time reporting, and predictive analytics

- PWC

”

RE - SKILLING

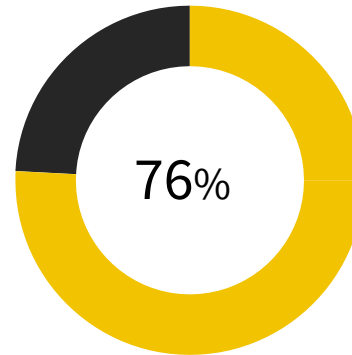
Skills for The Near Future

Technology Focused Up- and Re- Skilling

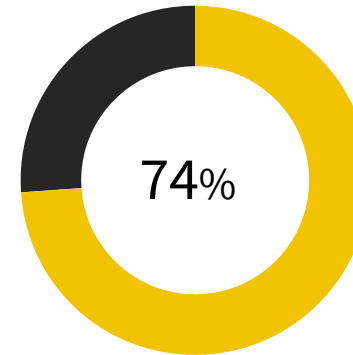
The Digital Transformation has forced finance professionals to evolve from number crunchers to technology experts. Everyone in banking organizations will be effected including customer service teams, accounting departments and even compliance.

As financial establishments evolve to be data and AI centric, their workforce must prepare to learn new skills quickly and effectively.

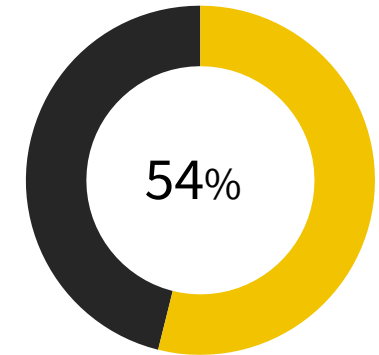
Bank executives realize that AI is critical to their growth strategies and now must invest in up-skilling their workforce. At this point, executives feel that only 1 in every 4 employees is equipped to work with intelligent technologies.



Executives said that intelligent technology will be critical to their organization's market differentiation



Banking executives believe the industry will be completely transformed by intelligent technologies



The growing skills gap is the leading factor influencing their workforce strategy



Currently only **1 out of 4** financial services **employees are ready** to work with **intelligent technologies**
Accenture

The logo for Pontoon, featuring the word "pontoon" in a white, lowercase, sans-serif font. The letters are bold and modern, with a slight gap between the 'n' and 't'. The logo is set against a solid black rectangular background.

pontoon

CHALLENGES AND RISKS

MARKET SEGMENT REPORT

Financial Services

CHALLENGES

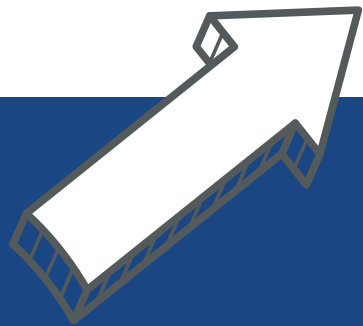
Brexit

Considerable uncertainty in the UK with Brexit around the corner

- Companies must focus on providing a stable environment for their workforce during the uncertain times of Brexit. Business will need to find a way to continue to employ non-UK residents to fulfill the abundance of open positions at various skill levels.
- Currently 37% of the continent's financial assets are managed in London, this will change as a result of Brexit.

Brexit will have direct impact on Financial firms regardless of a deal or no deal scenario

- Trade and custom fees will rise dramatically
- Passporting will be disrupting. Fintech and other professionals will no longer be able to move and work freely throughout EU countries
- UK firms will face barriers to entry and new regulations when attempting to operate in other countries

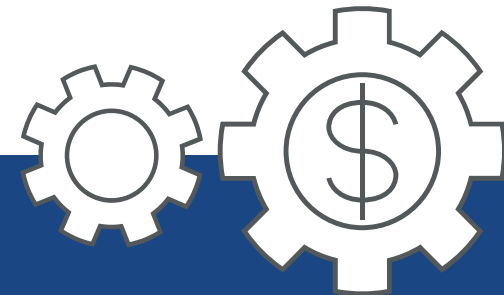


11%

of organizations are considering relocating all or part of their UK operations outside the UK

9%

of companies plan for future growth outside the UK as a result of the vote to leave the EU



11%

of businesses say the number of EU nationals they've recruited has decreased since Brexit was announced

CHALLENGES

H1B Visa Program

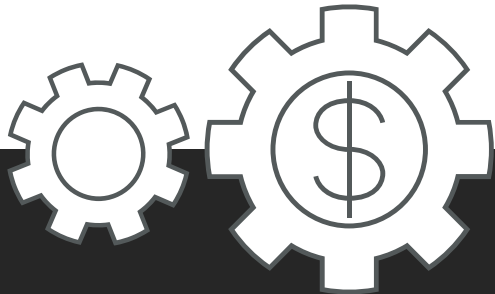
Program changes present hardships for candidates and companies alike.

Stricter requirements and the changing structure of the H1B visa processing will have detrimental effects on the availability of talent in the US job market. Recent changes include:

Adjudicators now have full discretion to deny applications, petitions, and requests without first issuing a Request for Evidence (RFE) or Notice of Intent to Deny (NOID).

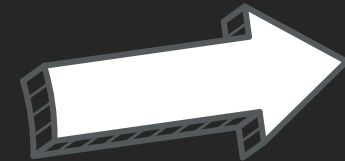
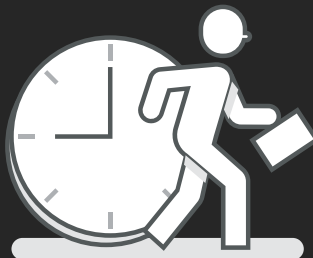
Premium processing has resumed as of January 28, 2019 after a suspension since September 2018.

A new rule effective April 1, 2019 is intended to give preference to foreigners with advanced degrees obtained at US universities.



Hiring and retention have been effected as a result of H1B program changes

26% of employers have seen a delay in projects



22% have already had to move work overseas



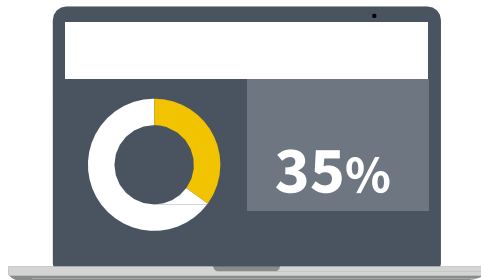
RISKS THAT ACCOMPANY DISRUPTION

MARKET SEGMENT REPORT

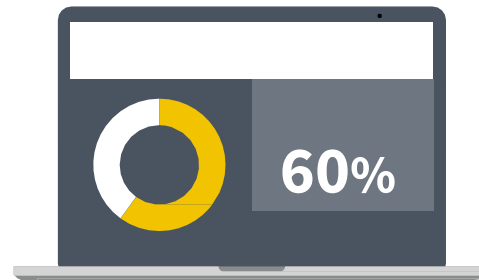
Financial Services

CYBER SECURITY THREATS WITHIN BANKING

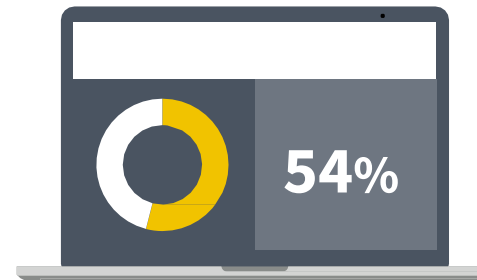
Leaders in the financial sector worry the industry's skills gap, talent shortage and uncertainty of the future will hinder their growth potential. Companies must address and remedy these issues or else they risk significant losses to competition.



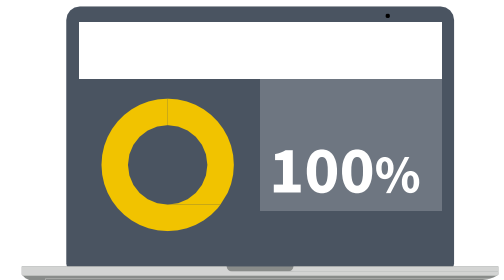
Data breaches happen in the financial services sector



Data is stolen within hours



Breaches remain undiscovered for months



Companies connect to domains that host malicious files or services

Cyber Security professionals is a critical component for financial services Blockchain and other integrated security measures must be continually upgraded to reduce this risk.



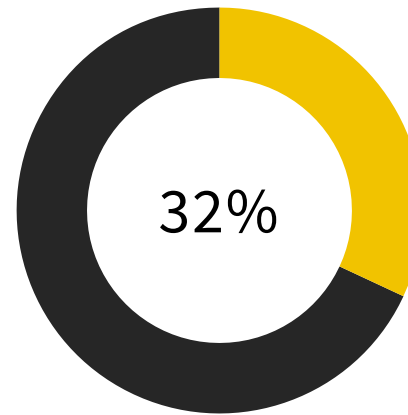
We must arm our client's workforce with qualified experts that can prevent and resolve these attacks.

NEW TECHNOLOGY CREATES UNCERTAINTY IN THE WORKPLACE

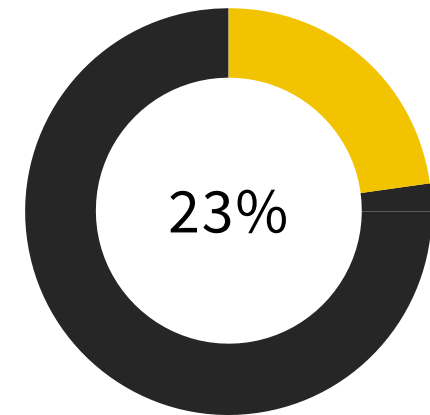
Automation, Machine Learning and Artificial Intelligence will cause job churn

New advancements in technology will create a skills gap within the existing Financial Services workforce. Companies must be prepared to upskill their qualified workforce by providing training on new technologies.

Workers will need to take responsibility in re-skilling to stay valuable for their employers and in the marketplace.



32% jobs in the financial and insurance sector could be rendered obsolete due to advances in automation and artificial intelligence



By 2027, 23% of the jobs in China's financial sector will either be cut by AI or transformed into new positions. This figure represents 2.3 million workers



TOOLKIT TO GUIDE CONVERSATIONS
WITH FINANCIAL SERVICES CLIENTS

MARKET SEGMENT REPORT

Financial Services

SKILLS GAP

Growing the skills of the existing workforce



Only 21% of US workers surveyed by Accenture said they had received any formal training at work in the previous five years



How to close the skills gap

Offer external training courses to employees through **General Assembly**

Inter-department shadowing of colleagues to **develop additional skills**

Learning and development courses to develop skills of existing workforce

TALENT SHORTAGE

Managing the workload with fewer traditional workers



36% of senior finance professionals said **external training** or higher education was an **effective strategy to upskill staff**



How to win the war for talent

Access to large pools
of
freelancers candidates for project-based
work

Re-skill existing
workforce with
General Assembly
courses

Partner with **Lee Hecht Harrison** to
restructure the
current workforce
to best utilize the
employees

COMPETING FOR TALENT

Attracting talent in a limited market



Prospective candidates want to join companies that offer opportunities for growth and outlets for creativity

Organizations must set themselves apart from the pack to attract top tier talent



Win talent with a strong employer brand

Promote a workplace that:

Fosters innovation
among your
workforce

Provides learning
opportunities for
skills development
with **General
Assembly**

Offers
competitive pay,
benefits,
bonuses,
incentives

Offers flexible
work
arrangements

NEW COMPOSITION OF THE WORKFORCE

Workforce 2.0 Freelancers



Freelancers will make up
50% of the workforce
by 2025



“Legacy models of employment will be
“dissolved and replaced with talent
marketplaces driven by the surge of on-
demand labor platforms and online work
management solutions.” Accenture

In the United Kingdom, France and the Netherlands, freelance growth has outpaced overall employment growth.

Ways to prepare for the Gig Economy

Evaluate what part of the business can
be outsourced to freelancer
– project work, seasonal influxes

Tap into the freelancer talent pool by
implementing an FMS tool like **Yoss**



ADDRESSING TRENDS AND CHALLENGES WITH PONTOON'S ECOSYSTEM

MARKET SEGMENT REPORT

Financial Services

Adecco



BADENOCH
+ CLARK



LEE HECHT
HARRISON

modis

Spring
Professional

VETTERY 

pontoon

GENERAL ASSEMBLY

Building the talent pool by up -skilling and re-skilling

Pontoon's partnership with General Assembly faces this issue head on. GA aims to identify skills that are most in demand then provide training to increase the number of skilled workers in a given market

Today's talent shortage is being felt across the global and across all industries. Financial Services are seeing the effects of advances in technology in many skillsets and not enough talent to keep up with the changes landscape of this field.

Employees can enroll in programs while working in their current role with plans to transition into the new roles or expand responsibilities once the GA programs have been completed



We must focus on developing the skills within the current workforce as the world of work rapidly transforms



GENERAL ASSEMBLY

YOSS

Connecting organizations to the freelancer talent pool

Yoss is a fast-growing pool of highly-skilled technical and professional talent. Their current pool of talent contains 40% data engineers; 20% technical project managers; 20% backend and CRM developers; 14% other professionals

OVER 500

New freelancers are added to Yoss's talent pool every week

As more professionals become independent workers favoring freelance and project based work over full time or contract work, employers must be ready to adapt. With talent already scarce, employers must embrace and incorporate freelancers into their workload to stay efficient and complete tasks.

Yoss acts as the vital connector between companies and freelance technology professionals. Accessing this vast and growing pool for candidates will be essential as much of the workforce transitions to this style of engagement.



86% of professional freelancers choose freelancing

Field Nation



LEE HECHT HARRISON

Transforming the workforce

Lee Hecht Harrison has the expertise to guide organizations through strategic workforce transformation. With AI driven services including internal talent redeploy, outplacement and change management program, LHH will guide companies to be most effective in the current tight labor market

LHH has the capability to identify talented candidates through their powerful AI platform reaching of all levels and industries. Retaining and engaging talent is done through career development and coaching of both employees and leadership.

Employers can leverage Lee Hecht Harrison's industry insight to optimize their workforce developing leaders be a consultative partner best suit business needs.



“The alignment between organizational talent needs and an individual's career goals can be a potent force that not only prepares your organization to meet the challenge of business transformation, but also boosts engagement, retention and productivity.”

Melanie Stave SVP, Talent Development Practice Leader, LHH

LEE HECHT

pontoon

THANKYOU

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MARKET SEGMENT REPORT

Consumer Products and Retail