

Annex

Good Practices for Talent Development

The HKMA embarked on the Skills Transformation and Empowerment Programme (STEP) in 2022. Under the Programme, a focused review of talent development practices was conducted to better understand major retail banks' strategies and action plans in addressing their future talent needs, which cover (i) manpower planning; (ii) upskilling the workforce; (iii) reskilling the workforce; and (iv) recruiting talents. This Annex outlines the HKMA's expectations on AI's talent management, sets out a range of practices adopted by surveyed AIs and highlights some good practices for reference by the industry.

Manpower planning

HKMA's expectations

The HKMA expects the business developments of AIs to be supported by (i) sufficient manpower in terms of headcounts and skill-sets; and (ii) adequate financial resources for training their staff and nurturing prospective practitioners. AIs should have a clear and robust process to map out manpower planning that corresponds to their business plans, and put in place effective action plans with measurable targets to fill any talent gaps.

More specifically, as part of the overall strategic planning for the AI, the Board of Directors (the Board) should set a clear direction for manpower development to support business priorities. Along this direction, the senior management should formulate future manpower projections and draw up effective strategies and action plans for addressing the talent needs for approval by the Board. The action plans should include measurable targets and clear parameters, and there should be a sound mechanism for the Board to track and review the effectiveness of the action plans at least on an annual basis. To ensure effective implementation, the action plans should be communicated properly within the institution and adequate financial resources should be committed.

Key observations

- **Manpower planning** – To identify the future manpower and skill-sets that will be required, many surveyed AIs are guided by the business development strategies and plans approved by the Board. The projections will be mapped against the existing human resources in terms of headcounts and skill-sets to identify the manpower gaps and actions needed to be taken for the senior management's endorsement and the Board's approval. However, some AIs do not have longer-term manpower planning and their action plans lack clear parameters and measurable targets to monitor implementation progress and effectiveness.
- **Manpower priorities** – With fintech, green and sustainable finance, and cross-boundary wealth management business for the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) becoming the growth engines and business priorities of the banking industry, many surveyed AIs have formulated a multi-year digital transformation plan and sustainability plan, and intend to recruit more staff in these three fast-growing areas in the next few years.
- **Training sponsorship policies** – All surveyed AIs have training sponsorship policies in place to encourage staff training. Most of them provide up to full sponsorship to their permanent staff for attending external training courses, depending on the nature of the course, job relevancy and job requirements. However, a few surveyed AIs' training sponsorship policies only offer partial sponsorship to their staff.

Good practices

The following good practice observed during the review can be considered by other AIs to facilitate manpower development.

- **Enhancing incentives to further promote learning** – Many surveyed AIs provide full sponsorship upfront for relevant training courses. Some of them also extend the sponsorship to contract staff on a case-by-case basis.

Upskilling the workforce

HKMA's expectations

As the most fundamental step of talent management, AIs are expected to put in place policies and procedures to monitor staff competence, and appropriate arrangements to equip their staff with up-to-date skills and knowledge that can help them keep pace with the ongoing changes of the industry and fulfil their duties and responsibilities properly in their existing job roles. AIs should determine the upskilling needs of their staff at regular intervals and provide suitable and timely trainings to them. The upskilling needs should cover both qualitative (e.g. training scope) and quantitative (e.g. minimum training hours per year) considerations. AIs should also promote a conducive learning environment and culture to motivate and facilitate their staff in enhancing their competence levels.

Key observations

- **Staff competency policies and procedures** – All surveyed AIs have policies and procedures in place to monitor, develop and maintain the competence of their staff throughout an employee's life cycle, including recruitment, on-going performance monitoring, promotion and job rotation.
- **Staff training plans** – In order to support the competence development of their staff, the surveyed AIs formulate staff training plans annually according to the business development strategies and their staff's competence gaps. In general, the trainings provided by AIs cover both technical knowledge and soft skills for employees in different job roles and at different levels. To support fresh graduates and employees recruited from non-financial services industry who typically have less experience in the banking industry, the surveyed AIs also provide bank-wide induction programmes covering bank culture, fundamental banking knowledge, regulatory landscape, etc. However, it is not common for the surveyed AIs to set minimum training hours per year for staff's capacity development purposes.
- **Conducive learning environment** – Many surveyed AIs have launched various empowerment programmes, such as seminars and workshops, and make available learning resources like study kits to support staff learning. To foster a conducive learning environment, flexible work arrangements, study leave and examination leave are generally provided by the surveyed AIs. They also offer training sponsorship to support their staff in acquiring professional qualifications and job-related knowledge.

Good practices

The following good practices observed during the review can be considered by other AIs to promote the effectiveness of staff upskilling.

- **Fostering a learning culture** – A number of surveyed AIs organise town hall meetings and sharing sessions regularly to foster a growth mindset and a positive learning culture within the institution.
- **Leveraging on technologies and external training providers** – A number of surveyed AIs provide not only classroom trainings but also online / app-based learning to facilitate staff's self-learning anytime, anywhere. Many of them also partner with education institutes and professional bodies to provide bespoke training courses on specific topics for their staff.
- **Promoting professional qualifications** – The surveyed AIs generally consider professional qualifications as an objective measure of technical knowledge in a given area. Many of them adopt the Enhanced Competency Framework (ECF) as one of the assessment factors for staff development purposes, and encourage their staff to pursue the relevant professional qualifications.
- **Setting up reward schemes** – A number of surveyed AIs have set up monetary reward schemes to give due recognition to staff who have attained professional qualifications, or award schemes to applaud functional units or individual staff members with strong commitment to learning.
- **Facilitating dedicated learning time** – A few surveyed AIs have introduced a development day to provide dedicated time for their employees to acquire future skills and knowledge.

Reskilling the workforce

HKMA's expectations

The HKMA expects AIs to assess the impact of technological advancement and changes in customer behaviour / expectations on the transformation of tasks in different job roles. AIs should formulate a long-term reskilling plan with effective reskilling strategies to ensure that relevant staff can learn new skills and knowledge for new or emerging job roles while leveraging on the useful experience acquired in their previous roles. There should be measurable targets in the reskilling plan for approval by the Board.

During the planning process, AIs should distinguish routine job rotations from reskilling needs arising from technological or business changes, which may render an employee's original job skills obsolete in the near to medium term and necessitate the need for the employee to take on a position in a different functional area. An example is a teller being reskilled to be a relationship manager or a data analyst due to the digitalisation of the teller function. AIs should maintain dialogue with the affected staff during the process and review the reskilling plan regularly in response to the changing trends and risks.

Key observations

- **Reskilling strategies and planning** – The surveyed AIs generally consider that the effectiveness of reskilling strategies hinges on the aspirations, motivation and learning ability of relevant staff, as well as clear communications with them. In general, the surveyed AIs would identify potential staff of the right calibre or impacted by transformation or restructuring, and recommend suitable internal career opportunities to them based on their experience and aspirations. At the same time, the AIs also encourage their staff to explore internal job opportunities. However, some surveyed AIs lack a structured assessment of the impact of technological and business changes on different job roles, and mix up reskilling needs arising from these changes with routine job rotations.
- **Successful cases** – A number of AIs shared successful cases where some employees were reskilled and redeployed from branch operations to other functional areas, such as wealth management.

Good practices

The following good practices observed during the review can be considered by other AIs to increase the chances of successful reskilling and redeployment of staff.

- **Promoting transparency of job vacancies** – Some surveyed AIs publish vacancies and arrange virtual job fairs internally to increase staff awareness and understanding of different positions available in the bank.
- **Encouraging career development opportunities** – A number of surveyed AIs have launched dedicated programmes for interested staff to explore new development opportunities and get “on-the-job” experience through project assignments, short-term attachment, secondment and job shadowing.
- **Facilitating transition to new job roles** – Job conversion courses, on-the-job coaching, and mentoring are provided to equip relevant staff with new skills in order to facilitate their smooth transition to new job roles.

Recruiting talents

HKMA’s expectations

The HKMA expects AIs to devote efforts to expanding the overall talent pool for the banking sector by attracting and better equipping prospective industry practitioners, rather than poaching existing practitioners from other AIs to satisfy their own talent needs. In particular, AIs should take part in industry-wide initiatives on promoting the banking industry and collaborate with industry institutes¹ and universities to attract talents to the banking industry. During the recruitment process, due consideration should also be given to professional qualifications attained from training institutes or professional bodies recognised by local regulatory authorities¹, which should be made known to potential candidates in job advertisements.

¹ For example, The Hong Kong Institute of Bankers, the Treasury Markets Association, the Private Wealth Management Association and the Hong Kong Securities and Investment Institute.

Key observations

- **Building a sustainable talent pipeline** – As part of their efforts to build a sustainable pipeline of young talents, particularly in the fast-growing business areas, many surveyed AIs have launched various internship, placement and trainee programmes for university students. They have also actively participated in industry-wide initiatives spearheaded by the HKSAR Government, the HKMA and other regulators.
- **Expanding the talent pool** – Many surveyed AIs have expanded their reach to potential candidates in non-banking industries who possess the required skill-sets and knowledge. In addition to local talents, these AIs also proactively target talent supply from overseas and the Mainland, particularly the GBA. However, some AIs still tend to rely on poaching existing practitioners from other AIs to address their own talent needs, rather than other more sustainable options that would help expand the talent pool for the banking industry as a whole.

Good practices

- **Promoting the banking industry to the younger generation** – To attract more young talents, many surveyed AIs have proactively reached out to prospective candidates from not only universities but also other higher education and vocational training institutions as well as secondary schools through career talks, job fairs, workshops, scholarships, case competitions, social media platforms, etc. The HKMA appreciates AIs' efforts in showcasing banking career opportunities and prospects to the younger generation.
- **Recognition of professional qualifications when recruiting talents** – A number of surveyed AIs have included ECF professional qualifications as one of the assessment factors in their job advertisements. The HKMA appreciates AIs' efforts in promoting public awareness and industry recognition of certifications under the ECF, which was developed jointly by the HKMA and the banking industry.

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