

UTM CAREER CENTRE

INDUSTRY PROFILE:

FINANCIAL SERVICES



CONTENT

 What Do Financial Services Professionals Do?	3
 Fast Facts	5
 Industry Trends	6
 Employment Outlook for Financial Services Professionals	8
 What You Need to Succeed	11
 In-Demand Jobs and Salary Range	11
 Where the Jobs Are	12
 Industry Associations	12
 Where to Find More Information	13

What Do Financial Services Professionals Do?

*Confident number-crunchers who are **comfortable with new technology** and have **great people skills** will excel in financial services.*

Overview

If, as the song says, money makes the world go 'round, then financial services is the industry that looks after the money and keeps it circulating. The sector provides key functions that all businesses and individuals need, such as access to credit, transaction processing and insurance. Without these services, the economy would grind to a halt. Essentially, financial services link all parts of the economy together. Financial services professionals work for banks, government, non-profits, corporations, insurance companies, investment organizations, consulting firms, or they may be self-employed.

Far from being the domain of bean counters, careers in financial services are as interesting and varied as the people who work in them. Following are a few to consider.

Accountant

One of the main players in any business is an accountant, who monitors and records the flow of money through the organization. Accountants verify the accuracy of all financial transactions, analyze profits and losses and provide information that describes the health of an organization for investors and business owners.



Financial Auditors

Financial auditors examine and analyze the accounting and financial records of individuals and establishments to ensure they are accurate and comply with established accounting standards and procedures. They assess financial operations and suggest ways to reduce costs, enhance revenues and improve profits.

The four largest international accountancy and professional services firms, the so-called 'big four', are Deloitte Touche Tohmatsu, Ernst & Young, KPMG, and PricewaterhouseCoopers. These firms handle the majority of audits for publicly-traded companies as well as many private companies. While their focus is audit services, the big four also do actuarial work (risk analysis and management), tax consulting, human resources management, and provide advice on mergers and acquisitions.

Continued on page 4.

What Do Financial Services Professionals Do? (cont.)

Financial and Investment Analysts

Financial and investment analysts conduct research, create financial models, and produce analytical reports and recommendations concerning specific types of stocks, bonds or other investment securities. Investment analysts work for many types of firms in the securities industry, including brokerages, banks, money management firms, hedge funds and pension funds. In a bank or brokerage, investment analysts recommend which investments company agents should sell to clients. On the buy side of the market, which includes hedge funds, pension funds and wealth management firms, analysts usually produce research and recommendations for the company's own investment managers, who use the information to buy and sell securities directly.

Securities Agents and Investment Dealers

Securities agents and investment dealers buy and sell stocks, bonds, treasury bills, mutual funds and other securities for individual investors, pension fund managers, banks, trust companies, insurance firms and other establishments. They work for investment companies, stock brokerage firms, stock and commodity exchanges, among others.

Insurance Underwriter

An insurance underwriter chooses who and what the insurance company will insure based on risk assessment. Underwriting is the process of evaluating the risk of insuring a home, car, driver or individual, in the case of life insurance or health insurance, to determine if it's profitable for the insurance company to accept liability for possible losses. After determining risk, the underwriter sets a price and establishes the premium that will be charged in exchange for taking on that risk. Underwriters use computer programs to analyze and rate insurance applications, make recommendations based on risk and adjust premium rates according to this risk.

Information Security Analysts

Information security analysts protect the sensitive and mission-critical data stored on an organization's computer systems. In the financial services sector in particular, the security analyst's role is crucial to keep people's confidential personal information safe from cyberattacks. Analysts assess risks and vulnerabilities and implement policies and solutions, such as erecting firewalls and encrypting data transmissions. Analysts also respond to security breaches, finding compromised files or systems and securing the network again.

Centennial and Mohawk College offer one-year post-graduate programs in Cybersecurity, designed to address the increasing demand for well-educated security professionals in the public and private sectors.

Fast Facts

Approximately 87,150 people...

work as Financial auditors and accountants in Ontario and 16% are self-employed.

An estimated 36,800 people...

work as Financial and investment analysts in Ontario and less than 5% are self-employed.

Around 13,000 people...

work as Securities agents, investment dealers and brokers in Ontario, with 22% self-employed.

Some 9,800 people...

work as Insurance underwriters in Ontario and less than 5% are self-employed.

Toronto Finance International...

estimates that Canadian organizations will need to fill 8,000 cybersecurity roles

by 2021.

Canada's financial sector...

has been a source of growth for the economy, directly accounting for over 831,000 jobs and 7.1 per cent of GDP in the country. (Conference Board of Canada)

The Global Financial Centres Index...

ranks Toronto the second largest financial centre in North America, directly employing 274,525 in 2017.



Toronto's financial services sector...

accounts for more than 13% of total GDP and 8% of all service employment.

About 8,939 financial services...

businesses were operating in Toronto as of June 2018, according to Statistics Canada's business registry.

Industry Trends

Rapid technological change, changing demographics and cybercrime drive the need for key skills in financial services

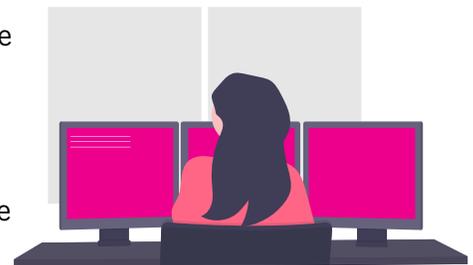
Overview

A 2018 report by Toronto Finance International (formerly the Toronto Financial Services Association), and PricewaterhouseCoopers (PwC), says that one third of Canadian financial services CEOs surveyed believe the availability of key skills is a major threat to the growth of their organizations.

Technology is changing customer expectations of how financial services are provided. Robotic process automation, artificial intelligence, the internet of things, and blockchain are changing the way the financial services industry does business. According to the report, 54% of executives believe 20% or more of tasks will be automated in their organization in the next three to five years. People will no longer be required to perform repeatable, routine, rule-based tasks and will need to learn new skills to remain relevant.

In-Demand Skills

Specialist skills will be required to develop and implement software and re-design processes. Operations staff will need to learn how to configure the tools, oversee operations, and manage both robotic technologies and a human workforce. The executives interviewed believe that the ability to quickly capture, analyze, and leverage data (e.g. customer, supplier data) will become a major competitive advantage for financial institutions. A number of executives are looking to double or triple the size of their analytics team over the next few years in order to leverage their data more effectively.



Soft Skills

Despite the impact of technology on roles and skills, some attributes are still unique to humans such as critical thinking, empathy and creativity. The sector needs people with these capabilities to be able to cater to shifting customer preferences. Along with current technical knowledge, these soft skills will continue to be in high demand in the industry.

Continued on page 7.



Industry Trends (cont.)

Technology

Supporting the growth in technology in the financial services sector, the Toronto-Kitchener-Waterloo “fintech corridor” is part of the third largest IT cluster in North America, and one of the largest start-up ecosystems in the world with more than 190 fintech start-ups, according to Toronto Finance International (TFI).

Also, innovation hubs and incubators such as MaRS, Communitech and DMZ support fintech start-ups in many ways, including facilitating partnerships with government, financial institutions and investors.

Aging Population

Another trend affecting the financial services sector is Canada’s aging population, which Statistics Canada reports will happen more rapidly than elsewhere in the coming years – faster than the US, UK and France. A result will be the largest transfer of wealth ever, predicted to occur over the next decade, with Canadian baby boomers expected to inherit an estimated \$750 billion. TFI states this will create significant economic impacts. Demographic shifts are also changing the financial services customers need today. While older generations are demanding more complex estate planning, millennials are debating whether they need a traditional bank account at all.

Demand for Cybersecurity Professionals

Another report, by TFI and Deloitte, examines the unprecedented demand for cybersecurity professionals across all industries and particularly in the financial services sector, calling the cyber-talent shortage one of Canada’s most critical challenges.

The Government of Canada has committed to investing \$507 million over five years as part of a new national cybersecurity strategy outlined in the 2018 federal budget. This includes a promise to support the creation of up to 1,000 student work placements in cybersecurity.

The Ontario government also announced a \$64-million investment to enhance existing cyber practices and attract highly-skilled and in-demand cybersecurity talent using new recruitment methods through innovative partnerships with post-secondary institutions.

Recruiting Graduates

Financial services organizations are actively recruiting graduates with a mix of technology, analytical and soft skills and are looking to broaden their talent pool outside the traditional IT and STEM areas.

Employment Outlook for Financial Services Professionals

The employment outlook will be good for Financial and investment analysts (National Occupation Code (NOC) 1112) in Ontario for the 2018-2020 period, according to the Government of Canada's most recent Outlook Report.

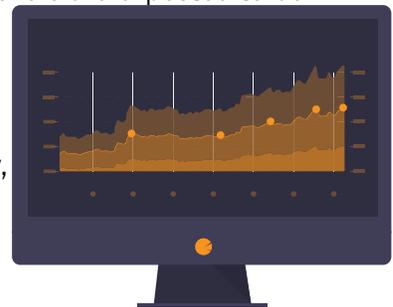
Overview

Employment growth is expected to be higher than the average for all occupations until 2026. The increasing number of baby boomers nearing retirement is expected to encourage growth in this occupation, as they will be placing their lifetime income in various retirement funds which will need to be carefully managed. Also, the growing economy, the effects of globalisation and the increasing diversity of investment options are expected to support growth in this occupation over the projection period. This occupational group is popular among recent graduates due to the very good wages offered and less restrictive employment requirements compared with related occupations (the Chartered Financial Analyst designation is available but not mandatory).

Financial Auditors and Accountants

For Financial auditors and accountants (NOC 1111) over the period 2017-2026, new job openings are expected to total 94,400, while 94,100 new job seekers are expected to be available to fill them.

The majority of job openings are projected to arise from retirements. Employment growth is expected to be higher than the average for all occupations. Globalization, a growing economy, and a complex tax and regulatory environment should continue to contribute to strong demand for accountants and auditors, who will be more and more in demand to manage increasingly complex financial situations. However, job creation in this sector is expected to be limited by productivity gains resulting from the use of new technologies, such as tax software, cloud computing and new computer accounting programs. With the automation of routine tasks, such as data entry, the advisory and analytical duties of accountants will become more prominent.



Continued on page 9.



Employment Outlook for Financial Services Professionals (cont.)

In addition to formal education in an accounting or related discipline, employers usually seek candidates who hold a professional designation. The Chartered Professional Accountant (CPA) certification is a common requirement. Chartered Professional Accountants Ontario is the regulatory body for CPAs in the province.

Some job openings also seek individuals with training as a Certified Internal Auditor (CIA), which is available through the Institute of Internal Auditors of North America, as well as a Certified Information Systems Auditor (CISA), obtained through ISACA, (previously known as the Information Systems Audit and Control Association).

Security Agents, Investment Dealers and Brokers

For Securities agents, investment dealers and brokers, (NOC 1113) over the period 2017-2026, new job openings are expected to total 7,200, while 6,900 new job seekers are expected to be available to fill them.

Trends such as population aging and the increased value of portfolios managed by institutional investors will ensure a good positive growth for this occupational group. However, job creation is expected to be limited by productivity gains resulting from the increasing use of the Internet and Big Data. Indeed, with the wealth of information available online, many investors are leaving unrestricted practice brokers for discount brokers, whose commission rates are much lower. This change in investor behaviour is expected to limit employment growth over the projection period because discount brokering is much less labour-intensive.

This occupational group is relatively popular among recent graduates due to the lower employment requirements and higher accessibility of many of these jobs as opposed to other occupations in the financial sector.

Continued on page 10.



Employment Outlook for Financial Services Professionals (cont.)

Insurance Underwriters

The employment outlook will be good for Insurance underwriters (NOC 1313) in Ontario for the 2018-2020 period.

Employment has grown in this occupation over the last decade. Almost all insurance underwriters are employed in the finance and insurance sector, working at insurance companies. Job opportunities will therefore be affected by the volume of insurance applications and changes in the regulatory environment.

In Ontario, household spending on life, property, health, and transportation insurance, have risen significantly over the last decade. All owners of vehicles in Ontario are legally required to purchase auto insurance and there is an increasing rate of car accidents and collision claims. Over the last 10 years, the incidences of severe weather events and natural disasters have also increased. These factors are expected to generate stable demand for underwriters to assess and quantify the risks involved in these events. Also, the development of new products, such as long-term care insurance or cyber- and privacy- breach insurance, should also create opportunities for underwriters.

The growing use of technology has increased efficiency in the insurance industry. Automated underwriting software for certain standard products will increase the number of claims each underwriter handles. This technology may change the role of underwriters and could moderate job opportunities in this occupation over the longer term. To cut costs and streamline business processes, insurance companies are increasingly outsourcing low-complexity and non-core activities to third-party service providers, which may also affect job prospects in Ontario. Depending on the type of insurance the employer underwrites, such as life, property and casualty (P&C) or commercial sales, there can be different job requirements. A relevant university degree or college diploma is an advantage, as is knowledge of insurance policies and regulations. Organizations such as the Insurance Institute of Canada provide voluntary membership. Designations like the Chartered Insurance Professional (CIP) and the Fellow, Chartered Insurance Professional, which may be required by some property and casualty insurance employers, could also be an asset for career advancement.

What You Need To Succeed

In an environment of rapid technological change, the top five skills employers in the financial services sector seek in the next three to five years are:

1. Change management
2. Statistical analysis and data mining
3. Working with new technology platforms
4. Adaptability
5. Creativity and innovation.

In addition to these, employers value empathy and communication skills, critical thinking and problem solving, business acumen, the capacity to learn and adopt new skills quickly, staying current on key technical skills.



In-Demand Jobs and Salary Ranges

Job Title	Salary Range
Accountant	\$ 33,150 - \$ 87,500
Financial Auditor	\$ 49,384 - \$ 120,738
Financial Analyst	\$ 37,260 - \$ 97,652
Information Security Analyst	\$ 53,650 - \$ 132,600
Insurance Underwriter	\$ 29,250 - \$ 98,786
Investment Analyst	\$ 35,222 - \$ 123,250

Where the Jobs Are

These industries show the strongest demand for financial services professionals:

- Banks and credit unions
- Education institutions
- Government
- Insurance companies
- Investment firms
- Management consulting firms
- Self-employment



Toronto Finance International's [ASPIRE](#) program is a sector-wide initiative designed to attract students learning in-demand skills to the financial services (FS) sector and to grow the pipeline of talent for all FS employers. Membership in the program currently includes 14 Ontario-based FS employers and 28 post-secondary institutions across Canada. The goal of the ASPIRE program is to create 10,000 new work-integrated learning opportunities for post-secondary students by the end of 2020.

Industry Associations

Industry Associations	Website Link
Canadian Bankers Association	cba.ca
CFA Society Toronto	www.cfatoronto.ca
Chartered Professional Accountants Ontario	www.cpaontario.ca
Information Systems Security Association	www.issa.org
Insurance Institute of Canada	www.insuranceinstitute.ca
Investment Funds Institute of Canada	www.ific.ca
ISACA	www.isaca.org
Ontario Securities Commission	www.osc.gov.on.ca
Toronto Finance International	www.tfi.ca



Where to Find More Information

Stay connected with the UTM Career Centre:

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Find more career-related resources at:

- utm.utoronto.ca/careers
- clnx.utoronto.ca