



CFA Institute®
Future of Finance

INVESTMENT PROFESSIONAL OF THE FUTURE

CHANGING ROLES, SKILLS,
AND ORGANIZATIONAL CULTURES

EXECUTIVE SUMMARY



MAY 2019



As the investment industry undergoes accelerating change, the investment professional of the future must adapt and embrace new challenges and opportunities for career success. This report considers how investment industry roles, skills, and careers (the employee's lens) and the organizational context and culture (the employer's lens) are shaping the attributes of the investment professional of the future.

We look out over the next 5-10 years, and define "core investment professionals" as those working in investment industry roles involved with making investment decisions and understanding client needs.

More than 4,000 individuals provided input to this report. Quantitative inputs are described in About the Report, and qualitative inputs came from more than 100 participants in industry roundtables held in Abu Dhabi, Dubai, Hong Kong, London, Mumbai, and Shanghai and individual interviews.

Industry Trends and Size

- The total number of core investment professionals is estimated to be approximately 1.05 million.
- Expectations are for a 1.5% compound annual growth rate (CAGR) in head count over the next 10 years. India is expected to have the highest growth rate—2.9% CAGR versus 2.3% in China, 1.0% in the United Kingdom, and 0.9% in the United States.
- The pipeline of CFA Program candidates remains strong, with an 18% CAGR over the last three years, driven primarily by growth in Asia. There are currently more than 300,000 CFA Program candidates globally.
- Globally, 75% of survey participants are proud to be associated with their industry (70% of members and 78% of candidates). However, only 40% of members and 46% of candidates are committed to a career in the investment industry.
- Compensation levels are expected to be relatively stable in real terms over the next 5-10 years.
- The two trends most cited as driving change in the roles of investment professionals are (1) machine learning, AI methods, and alternative data for portfolio construction and (2) solutions investing and greater customer need integration.

About the Report

Unless otherwise noted, data in the report are from surveys conducted from 18 January 2019 to 1 March 2019.

The CFA Institute member/candidate survey on skills, experience, and motivations includes 3,832 responses with a margin of error of +/-1.6%. The respondents have 23 different functional roles. Overall, respondents come from the Americas (29%), Asia Pacific (33%), and Europe, Middle East and Africa (38%); 72% are men and 27% are women with 1% unspecified. In terms of client base, 46% work with institutions, 39% work with individuals, and for 15%, it is not applicable.

CFA Institute members are 24% of the total, and 96% are currently working in the investment industry.

CFA candidates represent 76% of the total, and 75% are currently working in the investment industry.

The industry leader opinion survey includes 133 responses, with a margin of error of +/-8%. Respondents come from the Americas (43%), Asia Pacific (21%), and Europe, Middle East and Africa (36%).





Changing Roles

Adaptability is essential: 89% of industry leaders agree that "individuals' roles will be transformed multiple times during their careers; adaptability and lifelong learning will be the most essential skills."

Change is anticipated: 43% of investment professionals think the role they perform today will be substantially different in 5–10 years' time.

AI+HI will become the norm: Significant professional roles at the investment firms of the future will include investment roles, technology roles, and innovation roles. "AI+HI" denotes the interaction of artificial intelligence (AI) and human intelligence (HI). For certain interactions, the combined model adds more value than either component alone because it leverages the benefits of both. Ethical orientation, transparency, communication, empathy, tacit knowledge, and trust interaction are the key human elements that technology cannot (yet) reproduce.

Teams will dominate: A preference for portfolio management teams and a reduced reliance on star portfolio managers have prompted a focus on workforce diversity to improve decision making.

Work-life integration is the goal: Technology blurs boundaries between "work" and "life," and professionals seek to move beyond work-life *balance* to work-life *integration*.

Asia Pacific growth continues: Asia will exhibit higher demand for investment professionals. China will experience multinationals establishing foreign majority-owned asset management firms and large international asset managers forming wholly owned subsidiaries. India—because of the increasing demand for financial services, its strong economic growth, and its number of capable engineers—could become the world's investment hub.



Changing Skills and Careers

More investment professionals are motivated by learning than by compensation: Investment professionals are motivated most by having interesting work (65%), learning new things (63%), and having competitive compensation and benefits (51%). Key reasons to leave an employer are compensation and benefits (61%), not working for a good team or supervisor (58%), and not having interesting work (51%).

Soft skills is the topic most pursued across all career phases: Early career professionals also favor portfolio risk optimization and data interpretation. In later-career phases, sustainability and alternative investments are prioritized more highly.

T-shaped skills are valued: T-shaped people are subject matter experts, they adapt to changing environments, and they can work across disciplines, which includes being at ease with technology. Traditional learning and learning by doing both contribute. Investment industry leaders rank T-shaped skills as the most important future skill category (49% rank these first), followed by leadership skills (21%), soft skills (16%), and technical skills (14%).

Many important skills are difficult to find: The most important skills in each category are solutions skills, creativity/innovation skills, ability to articulate mission and vision, and situational fluency/adaptability. Creativity/innovation skills, ability to connect across disciplines, and solutions skills are the most difficult to find.

Time spent in on-the-job learning is high: CFA candidates spend 38% of their working time learning new things. More experienced CFA Institute members still spend 25% of their time on new work.

Career catalysts exist: These include mentors and sponsors, career roadmaps, acquired diversity, and a network of contacts.



Changing Cultures and Organizational Context

The world of work is changing: 77% of investment leaders expect the industry's world of work to change more than it did in the past 10 years. We define the world of work as overall workplace features, roles and skills, work methods, and compensation and incentives.

Firms are managing the employee experience more: Employee experience will become a more common lever for organizations to differentiate themselves, including a commitment to an increased per-employee investment in training programs.

Workplace design is an enabler of culture: Workplace design focuses on functional elements (e.g., the environment, layout, and the quality of any enhancements in the workplace) but influences all aspects of the employee experience.

Technology will change cultures: Because a group's collective intelligence will matter more than individual intelligence, investment firms will increasingly favor teams supported by technology. Organizations will seek to use technology to enhance human roles with some net cost and efficiency gains. Technology opportunities will cause role displacement, creating challenges as leaders manage the cultural transition.

Training will increase: 60% of industry leaders surveyed expect firms to increase training and development. Organizations recognize the need to continuously upskill professionals to remain effective. Benefits of providing ongoing learning opportunities include higher-quality analytical work, deeper client engagements, retention of a firm's best people, and a stronger bench of talent. People who develop a deep expertise stay longer because their key development needs are being met.



CONCLUSIONS

A Roadmap for Investment Professionals

KEEP LEARNING AND ADAPTING

Use the career flywheel. An effective career flywheel sustains its momentum through a series of well-executed and well-timed interventions and adaptations on the career journey. Career paths today vary more than in the past, and employers are less likely to prescribe a preferred path. The critical success factors are maintaining a learning and growth mindset, building a "give and get" alliance with each employer, and having healthy work-life integration.

INVEST IN NEW ERA SKILLS

Apply the skills pathway. At the start of a career, build a technical edge. Blend in soft skills for mid-career effectiveness. Add leadership skills that produce value from influences on others. Make connections, and develop lateral thinking (i.e., T-shaped skills). Think of a portfolio of these skills, and take career planning to more detailed and forward-thinking levels.

BE TECH-SAVVY

Navigate and harness technology. The ability to work with technology is a necessity for all professionals. The success of AI+HI applications will be dependent on T-shaped teams with shared team space and shared language. The opportunities for specialist roles in technology to build financial context into technology development and deployment are particularly significant.



CONCLUSIONS

A Roadmap for Investment Organizations

ENHANCE EMPLOYEE EXPERIENCE

Cultivate stronger culture. The view that a company can take specific actions that both increase profits and improve the economic and social conditions in the communities where it operates is a new societal norm that is likely to progress further in the next 5–10 years. Managing culture involves deliberate strategy and leadership action to establish cultural signatures that are particularly motivational and sustainable.

INVEST IN EMPOWERING LEADERSHIP

Communicate. The workplace of the future must respect the whole-life considerations of employees and calls for greater emotional intelligence than has ever been needed before. This change will require openness and for the communication abilities of organizations to become more authentic, inclusive, and empathetic.

BE CHANGE-SAVVY

Transform your worldview. There is only one way to progress—become a firm that uses technology and innovation effectively alongside talent and strong culture. The opportunities for innovation in the workplace are considerable when leaders broaden their frame of reference and become more T-shaped in their understanding of technology.