

# A Workforce Transformed: Technology, skills and the future of work in financial services

First report of the Financial Services  
Skills Commission to HM Treasury

May 2026

 **Financial Services  
Skills Commission**



HM Treasury

Supported by:



and

TheCityUK



“Never let the future disturb you.  
You will meet it, if you have to, with the  
same weapons of reason which today  
arm you against the present.”

**Emperor Marcus Aurelius, Meditations,  
c.170-180 AD**

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# Introduction

**We are entering a period of profound change driven by Artificial Intelligence (AI) and other disruptive technologies. This brings significant implications for the economy, society, and the nature of work. While these technologies present major opportunities for productivity and growth, they also raise important questions about how work will evolve and how prepared the financial services sector is to navigate this change and realise the benefits on offer.**

AI adoption is already well underway. While the technology offers substantial growth potential, effective deployment requires careful management to maintain strong customer outcomes, regulatory alignment, and accountability. The pace and success of this transformation will also depend on strong leadership, effective governance, high-quality data, robust cyber security, and modern systems as well as customer acceptance. Successful adoption and realisation of opportunities can only happen if the required skills and expertise is in place. AI-driven technology is not new to the sector, and firms are already realising benefits with experienced professionals acting as the 'human in the loop' to govern, assess and challenge AI outputs.

The impact on work will be significant. Up to 50% of the tasks that are the basis of most roles will be automated, with the balance between augmentation and full automation of roles continuing to evolve, particularly as advanced tools such as Agentic AI emerge.

As the workforce evolves, so too will the skills required to succeed. Demand will grow for a combination of high-level technical, interpersonal, and financial services-specific expertise, alongside continuous learning and adaptability. Experience will remain critical for governing and augmenting AI outputs. At the same time, collaboration between employers, education providers,

and government will be essential to redesign entry pathways and ensure individuals develop the skills and experience needed for future leadership roles.

The sector has experienced a long period of a shift from lower to higher skill levels, and this trend will accelerate. As roles become more complex, there will be a need to rethink how skills are developed across both organisations and the wider economy, including how entry-level pathways are structured to support the next generation of talent.

This first report, produced by the Financial Services Skills Commission and supported by Lloyds Banking Group, PwC, City of London Corporation and TheCityUK, is the result of engagement with 190 attendees at roundtables and interviewees from 113 unique organisations. It presents a uniquely detailed view of how AI is reshaping tasks, roles, and skills within a single UK sector, and identifies a clear set of challenges to be addressed in the next phase of this work.

We look forward to the next phase of this research, where we will work with stakeholders across the sector to develop practical recommendations to ensure the UK financial services industry remains world-leading in an era of rapid technological change.

**Mark Hoban, Chair**  
**Claire Tunley, Chief Executive**

# About the Financial Services Skills Commission

**The Financial Services Skills Commission is an independent, not for profit, member-led body, representing the UK's financial services sector on skills. We work directly with the sector, government and stakeholders to ensure that businesses have the talent and skills they need for the future.**

We make the case for investing in upskilling and reskilling, while also promoting a culture of continuous learning. We do this by providing practical tools, data-led insights, and collaborative environments that help shift the dial on the sector's skills challenges.

We have around 50 members from across the sector and all parts of the UK, collectively representing almost 300,000 employees.

As the collective voice on skills in financial services, we advocate on behalf of our members to ensure their perspectives shape policy decisions, and support economic growth, through skills.

Financial services firms who are regulated in the UK are eligible to join the Commission, visit [financialservicesskills.org/members](https://financialservicesskills.org/members) for information.



# About this report

In its *Financial Services Growth and Competitiveness Strategy*, HM Treasury announced its intention to commission the Financial Services Skills Commission “to analyse and recommend how the skills system can drive growth and productivity by supporting the adoption and innovation of AI and other disruptive technologies...”<sup>1</sup>

The scope<sup>2</sup> was formalised in November 2025 and has three parts:

1. An assessment of the technologies expected to have a significant impact on the sector’s business practices, workforce, and skills needs over the next five-to-ten years; the impact of these technologies on the sector’s growth potential and productivity at national and regional levels, and on customers; the skills that the sector will need for the successful adoption and deployment of these technologies.
2. What the sector needs to do to build these skills, across all UK nations and regions, including the responsibilities of employers, employees, education and training providers, government at all levels, and others. This includes the training, qualifications and delivery models.
3. An action plan, including cost-benefit analysis where appropriate.

This report fulfils the first part of that scope. A final report will follow, by early 2027.

Many technologies which may be prevalent by the end of the five-to-ten-year horizon for this report may not even have been invented yet. This report looks ahead to a time by which we expect AI to have become a predominant technology in use by firms and their customers for the transaction of financial services in the UK.

This report is divided into five sections:

**Section 1** examines **disruptive technologies** in financial services operations, identifies the potential benefits of AI use, the current state of adoption and what may hold back further adoption.

**Section 2** assesses the impact that technologies are having on **tasks and roles** across financial services and what changes we can expect this to make on role compositions.

**Section 3** focuses on the **skills the sector will need**, given the impacts on tasks and roles.

**Section 4** examines the **consequences for the financial services workforce**, including its size and shape, and options such as offshoring and entry level hiring.

**Section 5** summarises the skills landscape for the **current and future workforce, setting out potential gaps**, and the challenges we need to address in the next phase of this research.

This report is based on qualitative and quantitative research carried out between November 2025 and January 2026. We have used original external data to quantify some of the likely impacts on tasks, roles and skills. The **methodology** section describes the process in full.

This analysis builds on our 2025 report, *Unlocking AI's Potential*.<sup>3</sup> It is a report primarily about skills and the financial services workforce. This is not a report about technology per se and it is agnostic about individual technologies and providers.

## Supporters

The Financial Services Skills Commission was commissioned by HM Treasury to undertake this research. This report was made possible by and with the generous support of Lloyds Banking Group, PwC, TheCityUK and City of London Corporation.



and

TheCityUK



We are also grateful to EY and KPMG for supplying quantitative data that features throughout the report.

# Key findings

## AI is driving profound changes in the sector:

### 1) AI is driving a structural, system-wide shift

AI is a universal technology, which everyone working in the sector will use. Adoption is not simply a technology project: AI represents a structural transformation which will reshape business models, operations and the tasks, roles, and skills of the workforce. Its impact should not be underestimated. AI presents a significant opportunity for growth and productivity but requires a critical and decisive response. *(Section 1)*

### 2) Current AI adoption is enthusiastic but cautious

Adoption use cases are growing rapidly, and firms are implementing generative AI while exploring the potential of Agentic AI. While some firms are realising significant benefits, others are content to be 'fast followers.' It's not only about cost savings or immediate ROI but embedding use for positive customer outcomes, sustainable growth, new markets and products and quality of service. *(Section 1)*

### 3) Other technologies will impact skills in the medium to longer term

Quantum computing, tokenisation and blockchain are on the horizon, but skills implications are limited and will be felt in the longer term. *(Section 1)*

### 4) Success depends on execution

The sector's productivity remains high: financial services remains one of the key productive sectors in the UK economy. Further technology investment and adoption should help maintain this, but achieving optimal results from AI goes beyond the technology. It relies on strong data, modern systems, effective governance, confident leadership, clear strategy, customer confidence, organisational readiness, and an enhanced focus on workforce skills. Access to the technology itself is universal and not a differentiator. *(Section 1)*

## Work and skills are being completely transformed:

### 5) Work is being redesigned, not eliminated

Most roles will see gradual but significant automation of 30%-50% of their component tasks. Longer-term employment impacts will depend largely on the depth and breadth of Agentic AI adoption and the extent to which AI is used to drive growth and not just efficiency. *(Section 2)*

### 6) The shift towards a more highly-skilled workforce will accelerate

The skills required by the sector will be massively and permanently changed by the large-scale adoption of AI tools. AI adoption will drive demand for high-level skills in data, governance, software engineering, interpretation and product design, alongside behaviours and capabilities such as adaptability, creativity and critical thinking. A combination of technical skills, behaviours and financial services-specific skills will be most highly valued along with the attitude and ability to keep learning. *(Section 3)*

## Our approach to building skills and talent must evolve:

### 7) Workforce planning will evolve and entry level pathways will come under increasing pressure

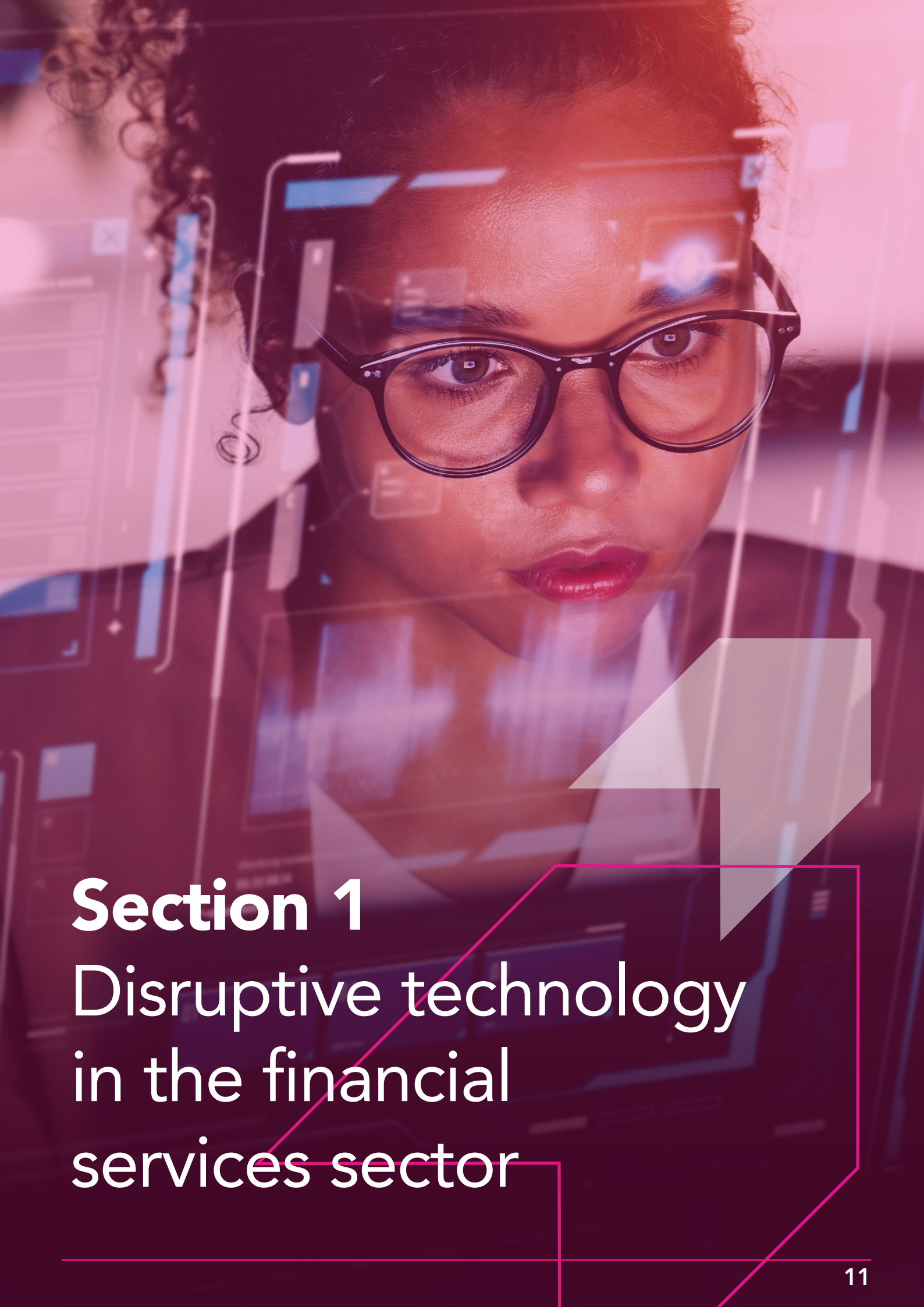
As adoption of Agentic AI advances, workforce planning will evolve, changing how firms structure their organisations and teams. Automation of lower-skilled tasks and rising skill requirements will put pressure on entry-level roles, requiring redesigned pathways into the sector to ensure ongoing financial services expertise competence and maintain the longer-term talent pipeline. *(Section 4)*

### 8) Regional and geographic impacts may emerge as adoption accelerates

AI is being adopted at a similar pace across all of the UK's nations and regions. However, places with a high concentration of repetitive and automatable roles will experience a deeper impact while firms focussed on higher levels of personal service (e.g. building societies) may adopt automation more slowly. *(Section 4)*

### 9) Competition for highly skilled-talent will increase

By 2035, the sector could lose up to 450,000 of its 780,000 highly-skilled workforce through turnover or retirement. This is at a time when demand for these capabilities is intensifying across the economy making it increasingly difficult and costly to replace talent and posing a significant risk to sector competitiveness. *(Section 5)*



# **Section 1**

## Disruptive technology in the financial services sector

The financial services sector has a high dependence on technology. Our research shows that the pace of disruption is accelerating as firms adopt AI more widely, with opportunities and benefits arising that go well beyond firms in the sector. There are challenges and potential barriers to the adoption of AI tools which will affect the speed at which the benefits of these technologies will be realised. Other technologies, such as tokenisation and quantum computing, will not impact as quickly or universally as AI, but will bring change in time.

Key findings in this section:

### **AI is driving a structural, system-wide shift**

AI is a universal technology, which everyone working in the sector will use. Adoption is not simply a technology project: AI represents a structural transformation which will reshape business models, operations and the tasks, roles, and skills of the workforce. Its impact should not be underestimated. AI presents a significant opportunity for growth and productivity, but requires a critical and decisive response.

### **Current AI adoption is enthusiastic but cautious**

Adoption use cases are growing rapidly, and firms are implementing generative AI while exploring the potential of Agentic AI. While some firms are realising significant benefits, others are content to be 'fast followers.' It's not only about cost savings or immediate ROI, but embedding use for positive customer outcomes, sustainable growth, new markets and products and quality of service.

### **Other technologies will impact skills in the medium to longer term**

Quantum computing, tokenisation and blockchain are on the horizon, but skills implications are limited and will be felt in the longer term.

### **Success depends on execution**

The sector's productivity remains high: financial services remains one of the key productive sectors in the UK economy. Further technology investment and adoption should help maintain this, but achieving optimal results from AI goes beyond the technology. It relies on strong data, modern systems, effective governance, confident leadership, clear strategy, customer confidence, organisational readiness, and an enhanced focus on workforce skills. Access to the technology itself is universal and not a differentiator.

## **AI in financial services builds on a longstanding digital foundation**

Since the initial public release of ChatGPT supercharged the subject, investigation, implementation and experimentation with Gen AI tools and now Agentic AI has been happening at enormous speed. The 'hype cycle'<sup>4</sup> of expectations and speculation about impacts on jobs and consumers has created fertile ground for a group of technologies that many see as the biggest

upheaval to the financial services sector's business environment at least since the mass availability of the internet in the 1990s.

The sector is far from homogenous and firms view the AI revolution through a variety of lenses, thanks to a diversity of business models, sizes, customer bases, growth strategies and their own technology capabilities and challenges. But, there is consensus that the transformational potential of AI is real.



We've been investing in machine learning for over a decade supported by a large community of data scientists that use our data in machine learning to drive our pricing, underwriting and claims decisioning.

**Craig Fazzini-Jones, Group Chief Operating Officer, Aviva**

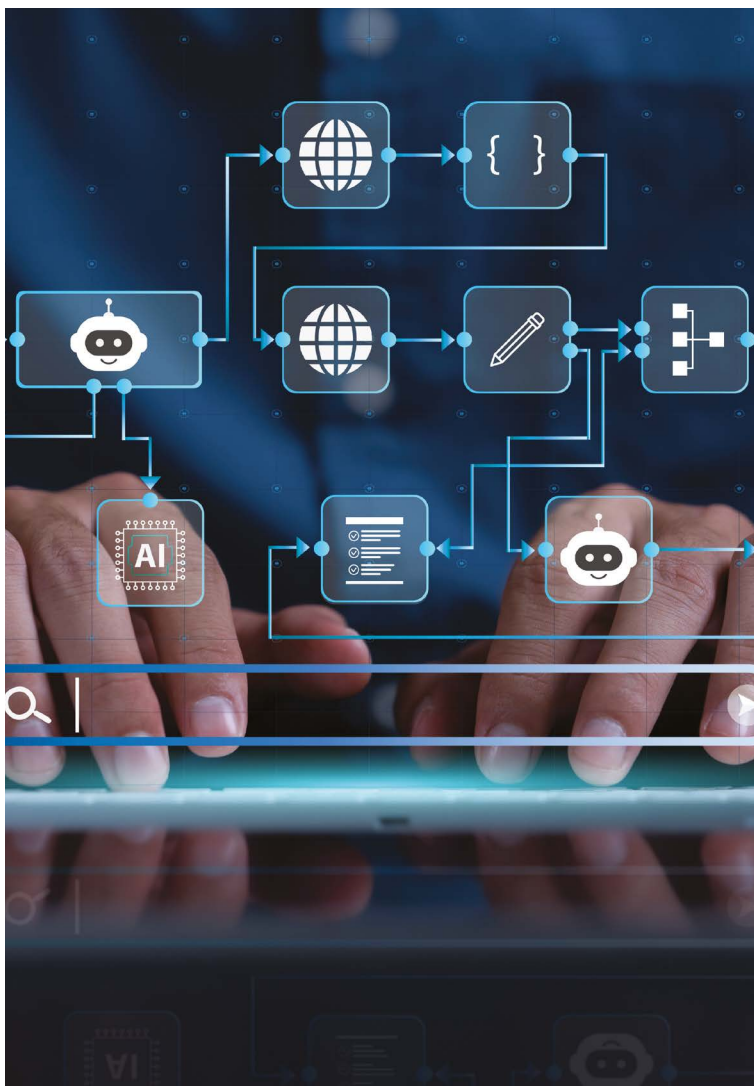


AI is not new to the financial services sector. Firms have long used machine learning in core processes such as credit risk modelling and fraud detection.<sup>5</sup> More recently, large language models have been implemented in specific business operations including Anti-Money Laundering (AML) and Know Your Customer (KYC) narrative analysis, intelligent document processing, and real-time fraud monitoring.<sup>6</sup>

Machine learning's use has proliferated due to the sector being significantly data driven. Spotting patterns is crucial to understanding behaviours and this produces benefits in, for example, risk pricing, anti-fraud, customer support and marketing, compliance, and trading strategies. Machine learning is prized for its ability to integrate with generative and Agentic AI interfaces that make insights more accessible and usable to non-technical colleagues.<sup>7</sup>

## Generative AI including Large Language Models (LLMs) is becoming deeply embedded

All firms are embedding Gen AI use into their organisations: from smaller firms buying licences for employees and encouraging use within operational boundaries, to deep, firm-wide deployment for use in key operations, with *all* colleagues having licences and the expectation that they will be used. The Bank of England and Financial Conduct Authority's



joint survey of 118 UK financial services firms in November 2024 reported that 75% of firms were using AI.<sup>8</sup> Progress Together found in March 2025 that 83% of firms in financial services were piloting Gen AI (although only 8% had successfully scaled it across the enterprise).<sup>9</sup> From our qualitative evidence we expect those figures to have now risen to near 100%.



It feels more like a revolution than an evolution.

**Andrew Crowe, Head of People Enablement, Leeds Building Society**



## Gen AI use cases are growing, but firms are cautious

Our fieldwork found that across banking, insurance and asset and wealth management, LLMs such as Copilot and custom GPT tools are being used to draft communications, summarise complaints, prepare and analyse regulatory returns, assist underwriting decisions and synthesise research. In insurance, this includes claims summarisation and reviewing evidence and medical reports; in banking, complaints drafting and call transcription; and in asset and wealth management, research synthesis and portfolio commentary generation.

A common growing use case is in ensuring fair outcomes for customers: Gen AI produces summaries of contact, such as calls and emails, throughout the entire customer journey, which humans can assess. On-screen prompts during customer conversations also ensure the right questions are asked by contact centre teams and that key points are made. The picture is of AI in the background, assisting employees to make the right decisions faster, invisible to customers. The tools operate with a human in the loop, reflecting regulatory obligations and risk sensitivity to guard against inaccuracy. Annex A summarises a range of use cases found in our research.

Financial services, which some inside the sector had felt was not ahead of the curve on innovation, is now seen as catching up. A senior executive told us:



**The sector had been quite successful without having to make fundamental changes, but artificial intelligence really has been a game changer and will continue to be a game changer.**

**Gillian Painter, Director of Membership, Enterprises & Marketing, The Investment Association**



Many firms are treading carefully before scaling deployment. They want the proof of concept to be clear even before the short-term return on investment. One insurer told us, “We’ve deployed Copilot on a basic level to all colleagues and the advanced level to only a few. We wanted to see whether it was helpful, especially for part-time colleagues.” We also heard that reliability has caused hesitation to go further with adoption, due to the difficulties in mapping the technology’s capabilities to current business models and future plans. It was described as a ‘moving train’ that was tricky to board.

## Agentic AI is live in limited use cases, more trials are ongoing

Agentic AI use is currently mostly limited to front end tasks such as basic customer service triage, internal operations, and early workflow automation pilots. But there are some interesting examples of deeper deployment: Standard Chartered Bank is using Agentic AI in its talent marketplace to match colleagues’ skills to projects where they are most needed, overcoming the need for traditional roles and job descriptions.<sup>10</sup> Starling Bank has launched an agent that aims to help users manage their personal finances more effectively, and improve financial literacy, carrying out tasks on behalf of their customers.<sup>11</sup>

A small but growing set of firms are experimenting with agentic workflows — multi-step systems capable of executing tasks autonomously, such as processing claims, triaging more detailed compliance queries or conducting structured research. Insurance is particularly active in piloting agents for claims intake and underwriting support. There are also some pilots around agents writing and checking each other’s software programming. However, most institutions are still in experimentation mode, given uncertainty around governance, risk management and accountability.

Agentic AI's autonomy means that checks and guardrails are a key determinant of firms' decisions about how it is deployed. Governance and transparency must be strong, to counter bias and regulatory risk. Despite these caveats, we expect Agentic AI to expand quickly in coming years, this will fundamentally change organisational structures and roles. How fast that happens will depend on the same factors as Gen AI: reliability, skills to build the tools, data quality, and governance, among others. Annex B contains a summary of key factors around adoption.

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## Other technologies are still on the way: Tokenisation

AI is not the only technology that presents opportunities for the sector, but there is wide variation in the sector's interest in and expectation for other technologies. Many in banking and asset management felt that tokenisation held significant potential, while others, particularly in insurance and pensions felt it is not suitable for them and had only peripheral impact. Some made the point that AI was dominating the technology landscape to such a degree that other innovations had to take a lower priority.

While the potential for tokenisation is clearly great in some areas, this appears to be an area where the opportunity is yet to be realised. Reflecting uncertainty and the need for a stable and careful approach, experimentation is progressing through regulatory channels, with a range of Bank of England and Financial Conduct Authority (FCA) initiatives:

- digital securities sandbox<sup>12</sup>
- guidance published on tokenised funds<sup>13</sup>
- innovation challenge on programmable ledgers<sup>14</sup>
- paving the way for systemic stablecoins<sup>15</sup>
- integrating payment services into core financial services regulation.<sup>16</sup>

Banking sees clear short-term opportunity in settlement efficiency. More uses for exploring and implementing tokenisation and Distributed Ledger Technology (DLT) include secure, efficient transaction processing and compliance; securely transferring data; underpinning new payment systems, especially for cross-border transactions; and enabling digital assets and programmable money. The UK is moving more cautiously than the US in stablecoin development, partly reflecting regulatory emphasis on financial stability and consumer protection.


Some mentioned the potential for blockchain to play a role in providing confidence in aspects of financial services, especially for registers of owners/purchasers of property such as houses and vehicles. However, it was felt that these would require government intervention to make them a reality. One roundtable participant told us that "people are excited about blockchain but it's unclear how useful it's been...so far. There hasn't been a substantial impact." This situation could change if recommendations in TheCityUK's 2026 *No time to lose* report with PwC,<sup>17</sup> making the case for more rapid progress on stablecoin and tokenisation to keep up with other jurisdictions, are adopted.

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## Quantum computing is emerging as a key cyber risk for experts

Quantum computing<sup>18</sup> is emerging as a transformative technology, but mainstream adoption is not imminent. Ongoing pilots and early investments are shaping future strategies. There is broad recognition that the sector acknowledges the need to stay ahead of developments to safeguard data and operational integrity. HSBC and Aviva have been engaged in some targeted experimentation. IBM sees quantum advantage by the end of 2026 for select financial problems and is targeting fault-tolerant systems by 2029.<sup>19</sup>

Although quantum computing is becoming increasingly tangible, it is unlikely to become mainstream, in terms of routine use across a broad spectrum of the sector, within the next five years, but there are predictions that it may not be too long after that.<sup>20</sup> The high cost and novelty present key barriers to widespread adoption.



The immense processing power of quantum computing poses considerable challenges and opportunities for cyber security. It could enable easier access to networks and the potential to break digital authentication keys. This capability makes it a significant threat, particularly for financial infrastructure. Many organisations in our research struggled to identify practical use cases for quantum computing in financial services beyond cyber security applications.

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## Digital twins: a technology waiting to happen?

One area where there is potential future development is in 'digital twins.' There are three main examples of these. The more benign type twins roles, workflows and team structures rather than individual people. This can help firms to model how changes in headcount, hybrid working policies or skill mix might affect productivity before implementing them. To do this, virtual replicas of workforce ecosystems are created including job roles, work habits, collaboration patterns and office layouts. Use cases include virtually testing seating arrangements, remote work policies or resourcing plans before rolling them out.

The second type recreates the working knowledge, style and habits of highly productive colleagues and which could theoretically perform many of the same tasks as a human. This requires a vast quantity of data about individuals and their roles, to create a constantly learning and evolving twin.

The third example builds on this through an avatar of an individual, who could attend meetings and do other 'in-person' tasks.

The ethical, practical and technological concerns are many, most immediately privacy and security issues. It must be emphasised that none of the firms we spoke to described plans for trial or deployment and digital twins must be considered a longer-term concept but can be seen as a logical progression from current AI tools.<sup>21</sup>

# The benefits of AI: realised and potential

## AI implementation is the priority but ROI is a longer-term play

The vast investments made in developing AI technologies reflect expectations that benefits will be of even greater magnitude. Much discussion, and some macroeconomic concern,<sup>22</sup> has focused on whether investors' returns will be realised and the consequences if they are not. A survey (across all sectors in Europe and the Middle East) of firms using AI in late 2025 suggested that the return on investment was taking between two and four years to realise for most firms, with just 13% seeing a positive return within 12 months.<sup>23</sup>

But solace comes from positive results in the UK financial services sector already. Lloyds Banking Group reports that Gen AI delivered £50m of value in 2025 and is expected to generate over £100m in 2026.<sup>24</sup> Aviva has deployed over 80 AI models and reported savings in excess of £60m in 2024 as a result.<sup>25</sup>

Some firms told us that their approach to AI adoption was 'wait and see', not at the cutting edge, but as either 'fast followers' or even 'middle of the pack.' These were often smaller firms with a niche customer base or less ambitious growth plans. Industry evidence has shown a drop-off between piloting and scaling. BCG's August 2025 analysis of the insurance sector found only 7% of insurance companies had successfully brought AI to scale, with two-thirds still in a piloting stage. Organisational and individual resistance – rather than technology itself – was identified as the primary barrier.<sup>26</sup>

One executive told us that "the return on investment doesn't matter right now – we just need our people to start using it". That attitude stands out: there won't be any benefits if the technology isn't embraced. These findings reflect a noticeable shift in sentiment over the last year: many firms are concentrating less on immediate hard cash returns and more on embedding AI use across the whole workforce for the long term.

These examples do not diminish the enthusiasm or the expectations for AI or technology across financial services, as KPMG's 2026 global tech report highlights. There is also recognition on the part of many firms that they also need to focus on their own technology stack, either for overhauls, or in recognition of the fact that the best results from AI will come when legacy systems and data quality are brought up to a higher level.<sup>27</sup>

## Future benefits are expected to be substantial

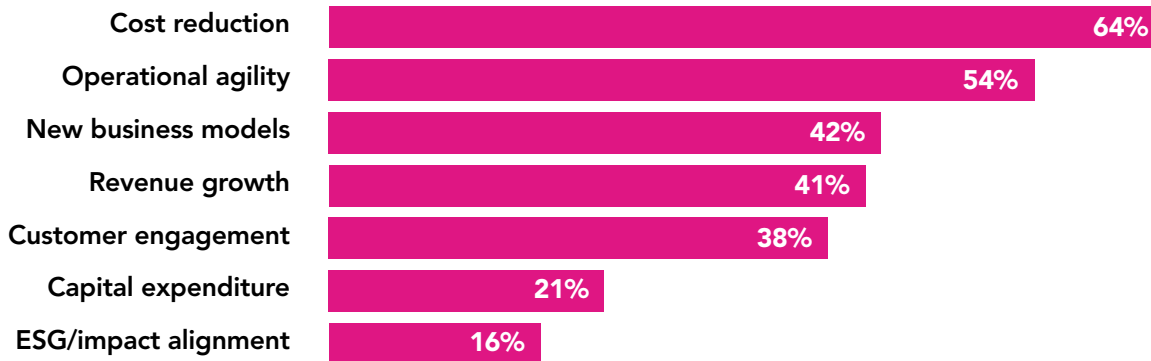
Many forecasts have been made of the potential benefits to the sector, the UK and to the world economy as a result of AI adoption. Research from the City of London Corporation and KPMG has highlighted the potential for a productivity boost for financial and professional services that could reach 50% by 2030, and worth £35bn in gross value added (GVA) annually.<sup>28</sup> Progress Together/Accenture 2025 research projected potential annual cost savings of £25.8bn across capital markets, banking and insurance from productivity gains, a total of £163bn by 2038 from Gen AI, of a total boost to the UK economy of up to £736bn.<sup>29</sup> McKinsey's 2023 analysis of the global economic potential of Gen AI for the sector suggested additional annual value of between \$200bn and \$340bn.<sup>30</sup>

These impressive figures must be tempered by the fact that productivity gains are hard to measure with accuracy. They will depend heavily on the speed, depth and breadth of adoption by individuals and firms, the quality of the tools, and the specific tasks they are applied to.

PwC's Global Investor Survey<sup>31</sup> gives an important sense of the expectations around AI benefits from that crucial stakeholder group. They asked investors where they expected AI to create the most value. It illustrates that AI is seen as a driver of cost reduction, and clear optimism around its capacity to boost innovation and capture the customer's imagination.

## Where investors expect AI to create the most value

Q: In which areas do you think AI will create the most shareholder value?  
Select up to three.



Note: Not showing 'Other' and 'Don't know' responses.  
Source: PwC's Global Investor Survey 2025.

How fast some of the benefits will be competed away is a question still to be properly understood. Over time many of the AI tools in use may start to coalesce in terms of their capabilities, functionality, quality, and outputs. As an academic study emphasised, "Every serious technical advance ultimately becomes equally accessible to every company. Personal computers, the internet... blockchain... genetic sequencing – these technologies are no longer competitive advantages for any organization... while there will doubtless be transitory competitive advantages in embracing AI, AI does not change the fundamentals of what makes for sustainable competitive advantage."<sup>32</sup> Other benefits, such as speed of responses, reducing error and fraud, improved customer service, new products and productivity, should be longer-lasting.

## Firms are finding many ways to realise value from AI use

- **Speed** – Gen AI assistants reducing the time a range of workflows take such as preparing reports, data management, pre-population of forms, research and fraud checks.
- **Consistency** – ensuring processes are carried out consistently means better quality control and fewer errors.
- **Reduced fraud** – fraud is a major drag on firms: faster know your customer checks, recognising fraud patterns, and assessment of real-world data can help reduce it.
- **Accurate claims payments** – quickly analysing more data points can help insurers to ensure claims reflect real losses more closely. Accurate claims mean, for example, satisfied customers and better reserving for insurers.<sup>33</sup>
- **Customer retention** – consistency, speed (especially in complaints handling) and accuracy can all help to ensure customers are content.
- **Opportunity and risk assessment and management** – noticing patterns and behaviours can help firms identify risks to customers and opportunities to provide better products.

The table below summarises benefits being realised now, and those that should accrue in future if adoption proceeds as expected. They fall on firms, the sector, employees, customers, and the UK as a whole, and in many cases overlap.

### Summary of potential\* benefits of AI tools

Type of Benefit	Who benefits	Description	When can firms expect to benefit?
Productivity	Firms	Efficiency, speed, management of workloads. Time saved can be used for other higher-value tasks.	Now and future**
Costs	Firms	Process efficiencies, reduced outgoings through automating tasks.	Now and future
Risk management and regulatory compliance	Firms	Enhanced through rapid identification and management of emerging issues, and data gathering for regulatory reporting.	Now and future
Growth, profitability	Firms, Sector	Opportunities created through new or enhanced products thanks to faster insights and customer knowledge, with access to new markets and customers.	Now and future
Resilience and reduced fraud	Firms, Sector, Customers	Technology can help the resilience of the business through cyber security, ability to spot and counter fraud attempts.	Now and future
Professional development and fulfilment	Firms, Employees	Ability to learn new skills, expand careers into new areas, conduct more valuable and interesting work. Firms can use AI to drive knowledge transfer from retirees to existing or entry-level employees.	Now and future
Democratisation of skills	Employees	Equal access to knowledge, expertise and 'how-to' guides, reducing sometimes costly training needs. But this also requires judgement, critical thinking and a learning mindset, and may not last as a competitive advantage for individuals.	Now and future
Customer service	Customers	Faster customer journeys and improved complaint handling.	Now and future
Competition: prices and products	Customers	Boosts to efficiency can keep prices down for customers. Potential for new and improved products and services including personalised products.	Future

\* Many benefits are dependent on conscious decisions made by AI tool creators/owners, firms, and in some cases, regulators and government to enable them, e.g. transparency.

\*\* 'Now' means benefits are being, or could be, realised immediately, 'future' means benefits that may accrue within the next five-to-ten years (as well as lasting beyond that).

Type of Benefit	Who benefits	Description	When can firms expect to benefit?
Transparency	Customers	Transparent processes and decision-making are a potential benefit. This depends on firms' decisions, and customer/regulatory influence.	Future
UK Economic Growth and Competitiveness	Nation	A more globally competitive UK financial services sector if opportunities can be grasped ahead of competitors.	Future
Onshoring	Nation	Technology may enable talent and processes to return to the UK, but this depends on factors including business strategies and taxation.	Future
New job creation	Nation	As in other historic transformations AI will lead to the creation of new jobs over time, even if the overall long-term net effect on jobs is unknown.	Future



# Realising the benefits: challenges to overcome and factors shaping adoption

## Leadership and systems are two key fundamentals

Our 2025 report *Unlocking AI's Potential* signalled managerial support and clear governance as prerequisites for realising full benefits of AI-based tools. The research for the present report also showed broad consensus that strategic leadership was paramount, as are systems that can handle high-quality data management needs.

Firms that have already been most successful in rapidly seizing the opportunities offered by AI are those whose leaders have made AI a strategic business priority, not just another technology rollout. Evidence shows that firms who focus on the growth potential and recognise the need to redesign workflows rather than simply add AI tools for productivity are making the earliest gains. These firms are more likely to have a 'responsible AI framework' and a cross-functional AI governance board, initiatives which drive trust among the workforce and therefore lead to more sustained and effective use.<sup>34</sup>

Leaders need to ensure investment in the necessary systems is in place, to deliver the platform that AI tools work from. They also need to demonstrate how AI will improve their customers' experience, and from there the business-critical objectives and rationale for deployment. Crucially, they must ensure that their workforce's skills are absolutely ready for the changes wrought by AI on tasks and roles. And they must be certain that they have a strong grasp of how the tools work and their risk framework, including accountability at Board level.

## Legacy system issues must be overcome

Some firms are still addressing their dependence on complex legacy systems, a threat to their own, and the sector's, potential productivity and growth ambitions through AI.

In 2021 the FCA found that 92% of firms classed their production infrastructure and applications as partly (58%) or mostly (33%) legacy systems.<sup>35</sup> A 2025 survey reported the costs of maintaining core legacy systems equated to £3.3bn per year, or 24% of banks' annual IT budgets.<sup>36</sup> While recent entrants to the sector built their systems as cloud-native, and many established firms have now completed the transition, others are still working to modernise away from their legacy systems. Some are working in hybrid environments where old systems coexist with new components.

Optimal AI use requires modern systems that can handle data quantity and speed of compute. The costs, complexity and time-consuming nature of technology modernisation – especially for smaller firms – alongside reliance on third-party providers, which can bring concentration,<sup>37</sup> and geopolitical and reliability<sup>38</sup> risks, are factors that may hinder effective AI adoption.

## Data quality is at the heart of AI excellence

Across our research, data quality emerges as one of the most critical enablers for – and constraints on – AI, automation, and wider digital transformation in financial services. AI has been described as an “engine” whose power depends entirely on the quality of the “fuel” i.e. data. Fragmented, poorly stored, incomplete or inaccessible data will severely hold back firms’ ability to exploit AI tools to their maximum, as well as being a regulatory and reputational risk. Many organisations, we were told, lack the internal capability to create AI-ready datasets.

## Cloud computing is a prerequisite for scaling AI tool use

Cloud computing also emerged as a prerequisite for deploying AI at scale, including Gen AI tools, testing environments and digitalised workflows. For smaller- and medium-sized firms in particular, public cloud<sup>39</sup> can enable capabilities they lack, such as handling large datasets, experimenting with new tools and accessing scalable compute. Cloud adoption has already reshaped operating models and decision-making, offering scalability, deployment and cost efficiencies.

Hybrid cloud remains the norm for many firms – balancing on-premises environments for cost, governance and high-compute needs with selective use of public cloud. As cloud maturity grows, firms are building capability in cloud fundamentals, DevOps<sup>40</sup> and security. But increasing reliance on third-party providers is also elevating the importance of supplier management, risk assessment, resilience, and audit. We heard concerns about the UK’s dependence on a small number of US ‘hyperscalers’ and potential systemic concentration. Third-party risk is a live issue for firms and regulators.<sup>41</sup>

The EU Cloud and AI Development Act,<sup>42</sup> aimed at expanding high-performance cloud and AI infrastructure, could impact on UK firms’ cloud ambitions, with effects felt through competitive pressures, multinational operations and any wider shifts in global infrastructure it brings about.

## Guardrails and ethical use create the right culture for adoption

Ethical and responsible use of AI tools to meet customer, regulatory and risk concerns means having the right culture: one which empowers colleagues, making them feel secure and confident in their use. The prospect of operational transformation is inherently unsettling, but the right training and clear guardrails, with relevant use cases, leadership support, and confidence can be a considerable aid to adoption. Many firms have appointed AI champions as a first point of contact to deal with uncertainty or to raise ethical concerns. Regulators have taken a clear approach to AI use,<sup>43</sup> which is helping firms to guide their approach, and the potential for reputational risk due to errors is ensuring that firms tread carefully, which can sometimes mean slowly.

## Customer trust and experience remains key

The customer experience of financial services has already changed because of AI, with chatbots a first touchpoint for many. Our research reported a consistent pattern: AI tools are being used to support staff in more intensive customer-facing roles rather than to replace the customer interaction itself.

Agentic AI has the potential to shift this picture. Where current tools support the person serving the customer, Agentic AI systems could act directly on the customer's behalf, executing account changes, navigating product options, flagging financial risks and, in time, initiating product purchase decisions. Data showing that only 18% of the UK public currently trust AI to make decisions or take actions on their behalf, suggests this shift will require careful communication and guardrails.<sup>44</sup> FCA rules are that firms are responsible for good customer outcomes regardless of whether those outcomes are delivered by a person or a system, and the consumer duty applies fully to AI-mediated interactions. The Mills Review into the long-term impact of AI on retail financial services should deliver further clarity.<sup>45</sup>

UK consumers and sector employees alike are also expressing concern about the environmental impact of the processing required for AI, a point which came through clearly in our research. Mitigation of these impacts are a part of building public confidence.

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## Technology quality must pass the confidence test

Gen AI is still a relatively young technology. This means that errors – known as 'hallucinations' – are inevitable.<sup>46</sup> But these can have a significant impact on trust and confidence. Human errors are more easily forgiven than computers'.<sup>47</sup> If firms are to rely on AI tools that have a high degree of autonomy, they will need an ultra-high level of confidence, without which they will be reluctant to roll it out. In turn, AI's productivity potential is also dependent on its own quality and reliability, otherwise the workforce will spend so much time on validating its outputs that those productivity gains will evaporate, an example of 'so-so automation'.<sup>48</sup>

## Conclusion: Optimal results are a consequence of strategic choices

To realise benefits, firms need strong foundations if they are to move beyond simple improvements to personal productivity. To apply Agentic AI, they will need to reimagine business processes and jobs: improving efficiency and creating new opportunities. This does not exist in isolation from issues such as data quality, leadership and broader business strategy, and ethics and governance, and reimagining business processes and jobs is a substantial project in its own right. Organisations today are structured predominantly around jobs and roles, but in the world of agentic, the detailed understanding of tasks and skills becomes vital.



# Testing the untestable: How PwC is building trust in Gen AI

**PwC supported a leading UK bank to safely adopt Generative AI (Gen AI) within its organisation. While the potential to enhance productivity and decision-making was clear, testing Gen AI is a brand-new problem, and the bank faced key challenges around model risk and regulatory compliance. Rather than waiting for others to pilot Gen AI in banking, the company aimed to embed a Gen AI-assistant productivity tool directly into employees' workflows - so testing to understand the risks was crucial.**



PwC helped the bank to design and implement a testing framework and created testing technology. The joint team – of data scientists, technologists, AI experts, prompt model risk and model validation experts - ran live tests to build a full picture of errors, hallucinations, bias and toxicity, using AI to test AI - or 'LLM as-a-judge' technology. This complemented more traditional testing approaches using statistical techniques and specialist human testing experts.

The framework enabled systematic identification of where the Gen AI assistant added value and where it fell short, while also introducing guardrails and controls aligned to the bank's risk appetite. Alongside technical validation, the approach emphasised human oversight and training, ensuring a "human-in-the-loop" model remained central to deployment.

The engagement established a trusted foundation for scaling Gen AI across the organisation. By improving prompt design and applying structured validation, the accuracy of AI outputs increased significantly, enabling reliable use in tasks such as document creation, summarisation and coding support.

Crucially, the initiative unlocked substantial productivity gains by automating repetitive activities, allowing employees to focus on higher-value, judgement-based work. There is still a huge range of use cases to explore, and the tool will evolve as it learns more about the bank's policies, documents, standards and data – it will become richer and more intelligent, giving more accurate outcomes.

By demonstrating that Gen AI can be rigorously tested and governed, PwC helped redefine how financial institutions can innovate responsibly, laying the groundwork for a scalable, AI-enabled future.



# Section 2

## AI impacts on tasks and roles

A key area of understanding will be the tasks which can be automated or that are better suited to augmentation. There is significant potential for both. These will happen at different moments and will be a shifting picture as the technology and responses to it evolve. Analysis shows task automation potential is high across roles. There will be a diverse experience of role change according to job function and business units.

Key findings in this section:

### **Work is being redesigned, not eliminated**

Most roles will see gradual but significant automation of 30%-50% of their component tasks. Longer-term employment impacts will depend largely on the depth and breadth of Agentic AI adoption and the extent to which AI is used to drive growth and not just efficiency.

## Potential for automation and augmentation is massive

How roles change through the automation and augmentation of tasks may be more important than how many roles there are. One insurer taking an enthusiastic approach to AI adoption told us, "Almost all of our roles have already changed and will continue to change."

**Automation** – AI acting as a substitute for human intelligence – and **augmentation** – AI acting as a complement to human intelligence. The primary goal of augmentation is to improve human productivity, creativity, and decision-making by complementing human skills with AI's capabilities. Automation, on the other hand, typically applies to routine, repetitive tasks that can be clearly defined and executed by machines more efficiently than humans. The extent of automation depends upon how manual and repeatable the tasks are.

Financial services is highly exposed to automation with changing tasks through the broad adoption of AI tools. A 2023 research report indicated that 32-39% of the work performed across capital markets, insurance and banking firms has high potential to be fully automated and 34-37% holds high augmentation potential. This analysis places financial services behind only the technology sector.<sup>49</sup> Research from Skills England puts financial services and insurance at the head of the list of sectors with jobs most exposed to AI.<sup>50</sup>

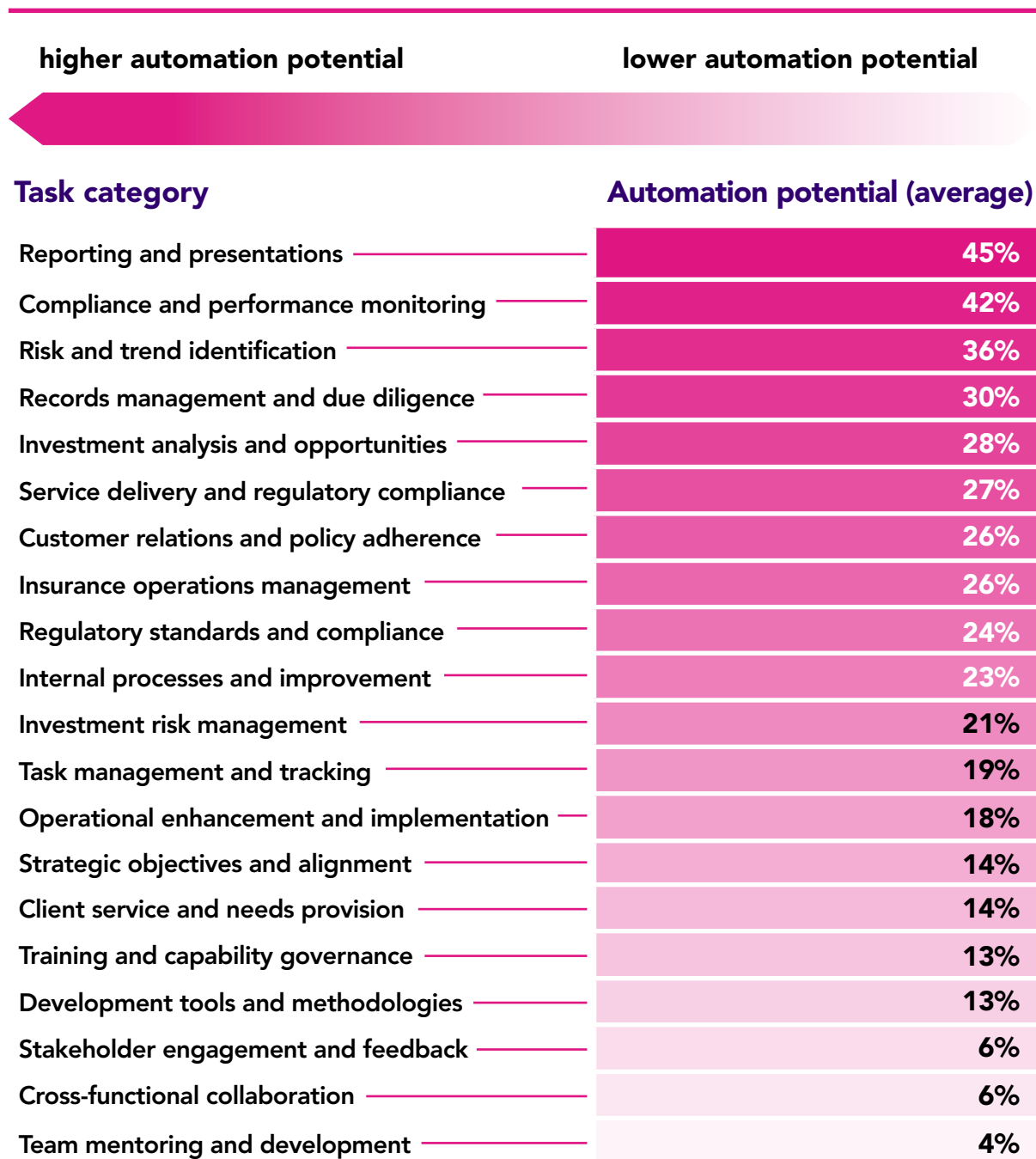
Research by Anthropic (March 2026) confirms this analysis, showing that roles in the occupational category of 'finance' rank alongside management, tech and administrative for theoretical exposure to LLMs of 90%+. But they also suggest that usage has barely reached one-third of its eventual saturation level.<sup>51</sup>



## Task change is at the core of transformation

Every role is composed of a set of tasks, which can be examined individually for their automation and/or augmentation potential. Most tasks within each role will include a blend of automation and augmentation.

Using new KPMG research which leverages its AI workforce system to assess the automation potential of tasks and roles we build a picture of change across financial services. The chart below visualises this for the top 20 task clusters within the sector, creating an average across banking, insurance and asset and wealth management (and auxiliary services). It indicates the tasks where AI is most likely to enhance efficiency and productivity, and where uniquely human capabilities remain central.



**Source:** KPMG AI workforce system, 2025, average automation potential score across banking, insurance and asset and wealth management (and auxiliary services), based on analysis of 20 task clusters which make up the 30 largest roles by employment for each sub-sector.

Tasks with the highest automation potential tend to involve digital systems, structured workflows, and manual, repeatable processes. These include activities such as producing reports and presentations, monitoring performance, conducting data analysis and identifying risks. Tasks with the lowest automation potential are more human-centric, such as mentoring, coaching, working across functions and engaging with stakeholders. These activities rely heavily on interpersonal engagement, contextual judgement and strategic thinking, focusing on human interaction. While this analysis reflects the automation potential of existing tasks based on technology available today, it also highlights structural differences between task types that may persist over time. However, advances in AI, particularly in personalisation and adaptability, could shift the relative ordering of some categories.

## Job family analysis reveals where the changes happen

Job families describe broad clusters of roles with shared objectives, skillsets and modes of delivery so they can provide a useful lens to examine how disruptive technologies are reshaping work in financial services. Our engagement suggests a more fundamental shift is underway: that job families themselves are changing.

As AI becomes embedded in core processes, risk, technology, finance, product and customer teams are working more closely, often in multidisciplinary groups. Through a blend of role redesign, new specialisms and the gradual shifting of task composition within job roles, these job families will evolve further and boundaries become less distinct.

### 1. Customer, sales and relationship management

e.g. customer service agent, relationship manager, account manager, complaints handler.

Maintaining the trust and confidence of customers is the core of financial services. Firms told us that their focus remains firmly on delivering outstanding service and are exploring how AI can enhance that.

Firms want to identify situations where human-to-human interaction has the greatest impact, ensuring that they can offer appropriate support in high-impact scenarios, such as customers who are in financial difficulties or making complex insurance claims. While automation and augmentation can play a role here, it is not a viable substitute for the human element of customer care.

As digital chat and advice agents become more sophisticated, contact centres are likely to decrease in size. But human roles, where the personal interaction between, for example, insurance brokers, commercial banking relationship managers, or portfolio managers, is complex and based on ongoing trust, advice and good faith, are likely to remain high value work.

Many firms emphasised how customer demand drives their decision making, especially those with strong geographical roots, e.g. building societies and mutuals. For these and other firms, customer service is seen strongly as an area of competitive advantage, so there is a business case for retaining human contact centres and a physical branch network. In other areas, such as in insurance claims handling, where customers are potentially vulnerable or cases are more complex, the customer care and human interaction would be more difficult to automate.



The main impact...is disrupting how we run the firm as opposed to how our customers interact with us.

Fraser Ingram, Chief Operating Officer, Yorkshire Building Society



## 2. Operations and service delivery

*e.g. operations analyst, settlements officer, payments processing.*

There is a widespread expectation that back-office functions, such as data processing, IT, finance and accounting, administrative roles, and marketing will be the earliest and most affected by the short-to-medium term adoption of AI.

Roles in these functions contain the highest proportion of tasks that can be automated with some research<sup>52</sup> suggesting that 70% of working hours spent on routine tasks could be automated or augmented through Gen AI. Fewer back-office roles therefore seem likely to exist in their current form, with managing errors and exceptions forming a large part of the work that remains. City of London Corporation research suggests that by 2035 around 119,000 clerical workers in financial and professional services could be displaced by automation, most of them women.<sup>53</sup>

## 3. Risk, compliance and legal

*e.g. credit risk analyst, compliance officer, AML/ KYC analyst.*

Governance for the AI-enabled sector is a burgeoning need, and is expected to remain so for some time, at least until there is a settled understanding of the longer-term capabilities, weaknesses and broader impacts of the technologies. Some firms reported hiring at more senior levels in these areas, including a bias towards experts in change management. These should ideally bring with them strong technical knowledge of AI tools alongside detailed regulatory knowledge, demonstrating the increasing importance of composite skills in the modern workforce.

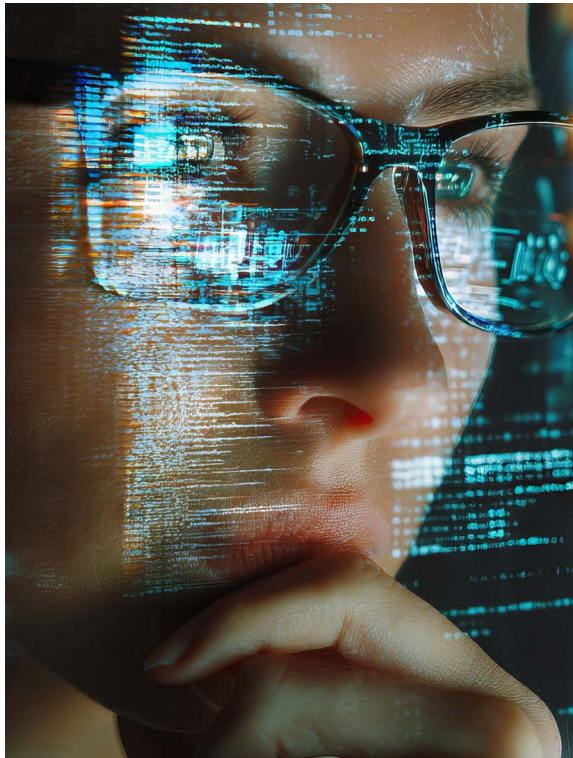
New products and services developed through AI tool use will also require the involvement of risk and compliance teams. New digital channels, automated decision making and Agentic AI workflows all require early involvement from these teams to manage emerging risks such as data privacy, risk management including model drift,<sup>54</sup> bias, fraud and cyber threats, AI assurance, understanding data lineage and in collaborating with technology teams on controls, guardrails and monitoring frameworks.

## 4. Finance and treasury

*e.g. financial analyst, management accountant.*

Finance and treasury functions are among the most exposed to task-level change, given the structured, data-intensive nature of core financial services activity. Across industry engagement, firms described widespread application of AI to reporting, reconciliation, forecasting, budgeting and variance analysis. Many noted shorter reporting cycles, more dynamic scenario planning, and greater accuracy in anomaly detection as early benefits.

This is prompting a gradual re-weighting of finance roles. Rather than focusing on producing information, finance teams are increasingly oriented towards interpreting it: supporting strategic decision-making, enhancing business partnering and providing forward-looking insights. The skills most frequently highlighted as rising in importance include data literacy, the ability to work with automated workflows, and confidence in challenging or validating AI-generated outputs.



Several firms observed that routine elements of junior finance roles – such as basic reconciliations, data extraction and first draft analysis – are already being automated.

## 5. Investment, markets, trading and execution

*e.g. investment analyst, trader, portfolio manager.*

AI is reshaping this job family through automation, augmentation and structural change. Firms emphasised the growing use of AI for research synthesis, portfolio analytics, risk modelling and transaction documentation. These tools are speeding up complex workflows, improving the consistency of research outputs and supporting better informed decision-making.

In trading and execution, firms described early adoption of AI assisted analytics, surveillance tools and document automation, particularly in investment banking and capital markets. A more speculative frontier – Agentic AI trading systems – was acknowledged, but firms stressed that extensive guardrails, explainability and accountability requirements make near-term full automation unlikely.

The main shift for this job family is towards higher-order human roles, with AI enabling analysts and traders to focus on judgement, market interpretation and client engagement. Junior roles are changing in parallel. Routine tasks such as compiling reports, summarising market movements or preparing pitch material are increasingly automated, requiring early career colleagues to apply analytical reasoning and commercial understanding sooner.

## 6. Technology, data and digital

*e.g. data analyst, software engineer, cyber security analyst.*

Expectations are that a significantly high proportion of the financial services workforce – perhaps a majority – will need more advanced technical skills to get the most from AI tools. This is likely to change where technology roles sit in an organisation, they will need to be diffused and embedded through every function even more than today.

The crucial importance of data quality in achieving optimal outputs from AI tools has been discussed, but that does not imply that *all* data roles will remain of equal value in the future. Some more basic data roles such as cleaning and simple analysis may disappear to be replaced by more complex roles, such as orchestration and interpretation.<sup>55</sup>

Beyond this, AI tool capabilities will change roles such as software programmers and developers, and many see it as inevitable that these departments will shrink as AI carries out coding, although some human oversight will be required for validation of this. Higher-level roles in software and hardware architecture and infrastructure are seen as likely to grow, as well as managing the digital estate, especially for larger, more complex firms.

Specialist AI roles are being established, including positions such as Head of AI and Lead AI Solution Architect, to coordinate the expertise being embedded in business units across the entire firm.

Risks around cyber security are already ramping up<sup>56</sup> and are strongly expected to become even more of a priority for firms as AI tools develop in sophistication, and even further as quantum computing develops.

## 7. Product, change and management

*e.g. change manager, product owner, transformation lead.*

Product, change and transformation roles are expanding in importance as firms scale AI adoption. Firms emphasised that successful deployment of AI depends on strong cross-functional coordination, clear business ownership and robust change management. As a result, these teams are increasingly acting as the bridge between technology, operations, risk and commercial units.

The potential for new products to be developed, or for existing products to be substantially enhanced, is one of the most exciting but also unpredictable aspects of the use of AI. It is particularly true of insurance, a heavily statistics and behaviour-based product. We may see increased demand for product development roles in the short-to-medium terms at least.

Roles within this job family are becoming broader and more multidisciplinary. They require a blend of technical understanding, business insight, user-centred design, regulatory awareness and stakeholder management. The shift is likely to be towards more strategic, orchestration-focused work, with AI supporting documentation, analysis and project administration.

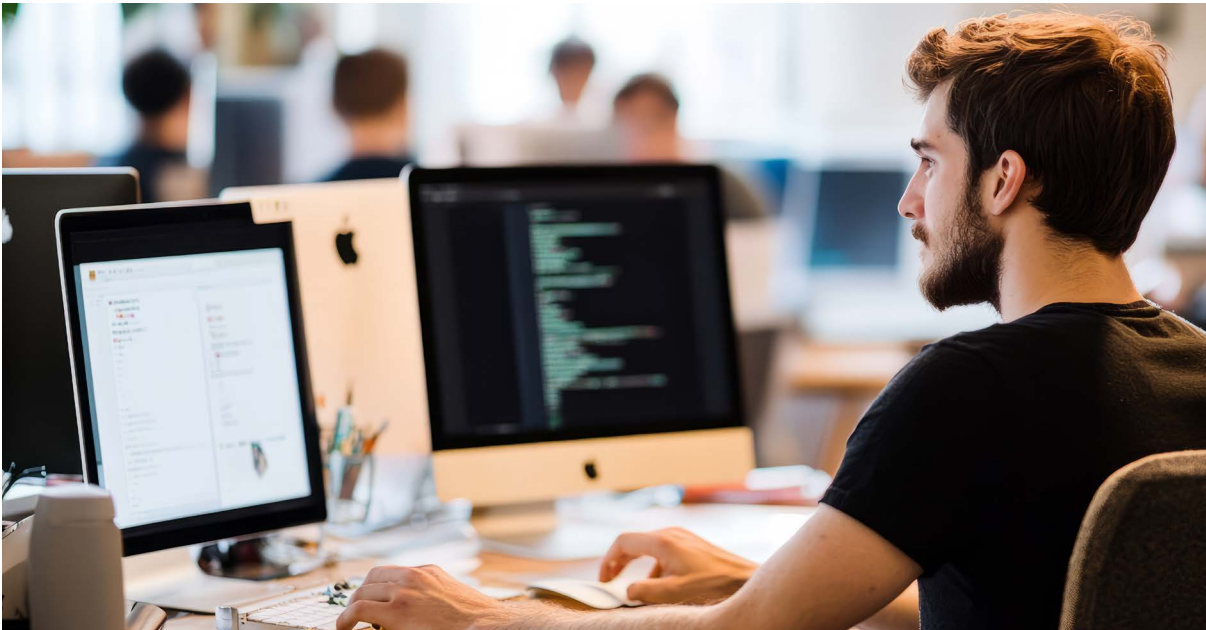
## 8. People, learning and corporate

*e.g. HR business partner, talent manager, communications manager.*

People and corporate functions are undergoing dual change: applying AI within their own activities while supporting workforce transformation across the organisation.

Across our fieldwork, HR leaders described increasing use of AI in recruitment processes, workforce planning, learning and development, and internal communications. Tools are helping to identify skills gaps, produce targeted learning pathways, streamline administrative processes and provide data-driven insights for leaders. Communications teams reported early use of AI to support drafting and analysis, particularly for complex or sensitive content requiring multiple iterations.

At the same time, these functions are central to managing the organisational implications of AI adoption. They are leading work on role redesign, skills frameworks, capability development and employee engagement, areas highlighted repeatedly in interviews as critical to maintaining trust and confidence during periods of rapid change.



## The automation potential of roles

Roles, skills and teams will be in a constant state of adaptation and development as the technology develops and organisations invest in it. “We will need more people to change the systems/processes and to check the work,” we were told, but as the technology matures “will it just condense into fewer, highly skilled people?” Another replied that they were seeing job loss, job creation and job transformation all happening together, and that change, when it comes “is happening at the task level.”

The precise nature of this change will be determined by organisational structures and the types of work involved. While AI can take over certain process-oriented tasks, such as those found in contact centres, it will struggle with elements such as the cultural and political implications of decisions. Therefore, human-augmented systems will remain necessary.

Increasingly, individuals will oversee the work of AI agents and critique their outputs, moving away from traditional duties. Similar to onboarding a new team member, initial supervision of agents will be intensive, gradually reducing as confidence in the AI grows and delegation becomes feasible. Ultimately, AI will be treated as a team member to whom tasks can be assigned. The approach is akin to assembling a high-performing team and evaluating the unique strengths of each member. Key human responsibilities will include monitoring model accuracy, regulatory compliance, exercising judgement, and addressing edge cases. Subject matter expertise will be at a premium.

## Role automation will exceed 30% in almost every example

The data from KPMG identifies the automation potential for the top 10 roles by volume within banking, insurance and asset and wealth management (and auxiliary services). Role automation is calculated by multiplying the automation potential of each task by the proportion of the role attributed

to that task and then aggregating this across all tasks relevant to the role. It is worth noting that while role titles may be consistent, the composition of tasks within roles is likely to differ across sub-sectors, which can lead to variation in the results. A list of the top 10 roles by volume in financial services, and its main sub-sectors, is in Annex C.

There is a relatively high degree of automation potential across all roles, with only a small number showing less than 30% automation potential. Within banking, ‘analysts and advisors’, ‘other administrative occupations’ and ‘programmers and software developers’ have the greatest automation potential. Within insurance, ‘brokers’, ‘project managers’, ‘estimators, valuers and assessors’, and ‘underwriters’ rank highest. And within asset and wealth management, automation potential is greatest for ‘account managers.’

This pattern reflects the task-level analysis. Roles with higher automation potential tend to include a greater proportion of structured, technical and repeatable activities, such as data analysis, reporting, performance monitoring, documentation, compliance checking and risk identification. For example, analysts, underwriters and estimators often rely heavily on processing structured data, applying predefined criteria and generating outputs based on established methodologies. Similarly, administrative and project-based roles frequently involve workflow coordination and document production, where digital tools can enhance efficiency and accuracy.

In contrast, while these roles do also contain human-centric elements, those with lower automation potential typically involve a higher share of complex interpersonal interaction, nuanced judgement, negotiation and strategic decision-making. For example, it may seem that IT managers focus largely on digital tasks, but KPMG’s analysis suggests that customer engagement and product assistance (highly human-centric tasks) is a focal point of these roles. Likewise, the role of financial managers and directors requires a high degree of decision-making and interpretation. These roles are more likely to be complemented, rather than substantially transformed, by AI.

### Automation potential

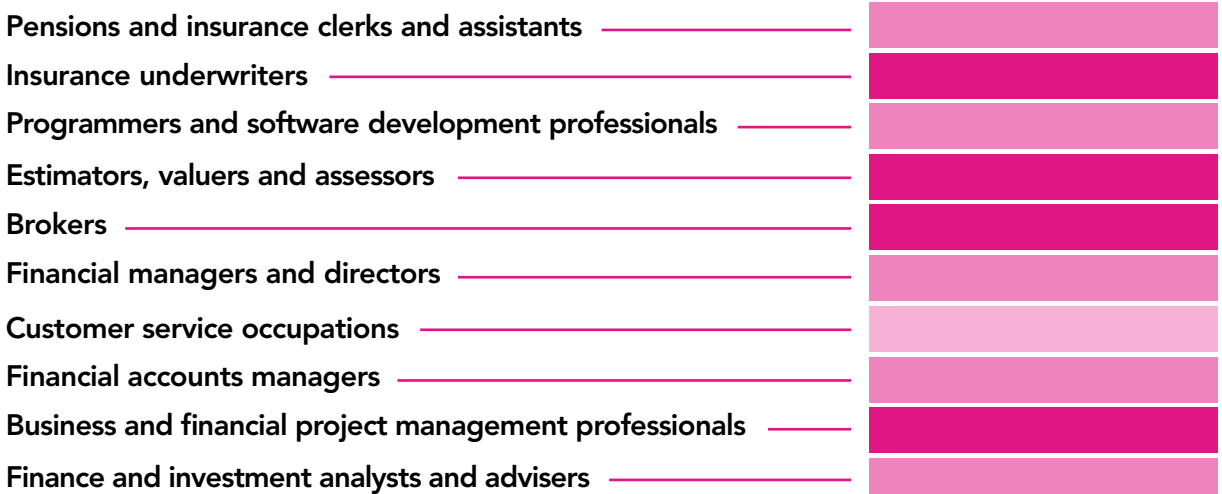


#### Banking roles



#### Automation potential

#### Insurance roles



#### Automation potential

#### Asset and wealth management (and auxiliary services) roles



#### Automation potential

Source: KPMG AI workforce system, 2025, based on 30 roles with the greatest employment across banking, insurance and asset and wealth management (and auxiliary services). Top 10 roles for each sub-sector shown in order of volume of employment.

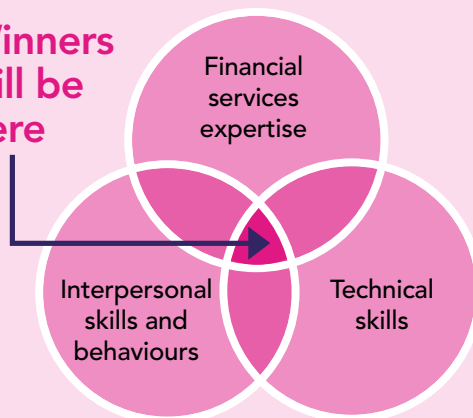
## Conclusion: Automation, augmentation and the challenge for skills

To maximise the value of investing in new technologies, firms will need to disaggregate tasks within existing roles and then reassemble them between people and technologies. No role will be untouched in this process, so firms will need to assess carefully where they believe they can achieve the greatest benefit through the adoption of AI and other technologies.

Roles and teams of the future will fuse technical, behavioural and financial service sector-specific tasks in a way that creates opportunities for firms and individuals but brings challenges for those who do not broaden their skillset.

Those with a more siloed or traditional role focus are therefore disadvantaged against those who can translate their needs (e.g. a specific use for data) into a technical solution (e.g. a data architecture). This has been a core hypothesis throughout the Commission's work, as our 2023 report *'People+Technology'*<sup>57</sup> described. The growth of AI tools is likely to exacerbate the scale of this challenge: rapid, effective uptake by individuals will drive commercial success and individual effectiveness. Acquiring, maintaining and applying skills is therefore critical.

Winners  
will be  
here



# Danske Bank upskills 1,000 colleagues through immersive AI experiment

*Make It My Business* is an immersive, bank wide learning experience designed to strengthen curiosity through colleague collaboration. Themed on *The Chemistry of Learning*, it captures the idea that when different skills and experiences combine – like elements in a formula – they unlock new potential. As part of Danske Bank’s long-term ambition to build a future fit workforce, *Make it My Business* helps colleagues grow, adapt, and thrive as technology and customer expectations rapidly evolve and, just as important, was helping them reconnect, recharge, and invest in their own development.

## Danske Bank

Workforce skills profiling at Danske Bank highlighted **relationship management and AI & machine learning** as the priority capabilities for development. HR and Technical & Digital Development Teams set to work on addressing the capability gaps.

Through *Make it My Business*, the bank was able to design a three-element AI experiment for 1,000 colleagues across every business area and at all levels of AI familiarity, from customer facing teams to technical specialists. Its purpose was to demystify AI, build confidence, and showcase how emerging technologies can genuinely transform how they work; all delivered through a safe, fun and interactive workshop.

### Element 1. The Evolution of AI

Participants explored the journey from Artificial Intelligence → Machine learning → Deep Learning → Generative AI → Agentic AI. This provided a clear, accessible view of how these technologies power today’s solutions and how frontier models are reshaping work, decision making, and customer expectations.

### Element 2. Becoming a Prompt Engineer

Colleagues learned to use the TRACI model (Task, Role, Audience, Create, Intent), to craft precise prompts and achieve reliable AI agent performance results. This practical skill enabled everyone, from beginners to digital experts, to see how high-quality prompts underpin effective AI agents.

### Element 3. Building Their Own Agent

In teams, colleagues used iPads to design a fully autonomous holiday planning agent. They determined the knowledge the agent needed, used TRACI-based prompts to guide agent actions as to how it should respond to new or changing information. Teams then observed their agents autonomously coordinate every step of the holiday, refining prompts and experimenting with its capabilities along the way.

### Outcomes from the AI Session:

The AI session significantly boosted colleagues’ confidence and strengthened their prompt engineering skills, with even complete beginners successfully building and operating an agent using a reusable framework for everyday tasks. Through hands-on practice, colleagues saw how Agentic AI can automate multistep processes and support better decision making. Mindsets also shifted, with AI increasingly viewed as a collaborative partner rather than a threat, highlighting the continued importance of human judgement.

Through the *Make it My Business* experiment, colleagues generated over 400 ideas for how Agentic AI could support improved productivity, customer experience and efficiency across the Bank. Many are now being explored for inclusion in Danske Bank’s 2026/27 AI roadmap. Building AI capability is embedded in its business targets, reinforcing their commitment to building a future fit workforce and future focused skills.



## **Section 3**

# The skills we will need

The sector’s extensive use of technology has changed the sector’s skills needs and greatly increased the proportion of higher skilled roles in the sector. This trend is likely to continue, but the skills themselves will change in importance over time as adoption continues. New skills will emerge, and current skills will decline in significance.

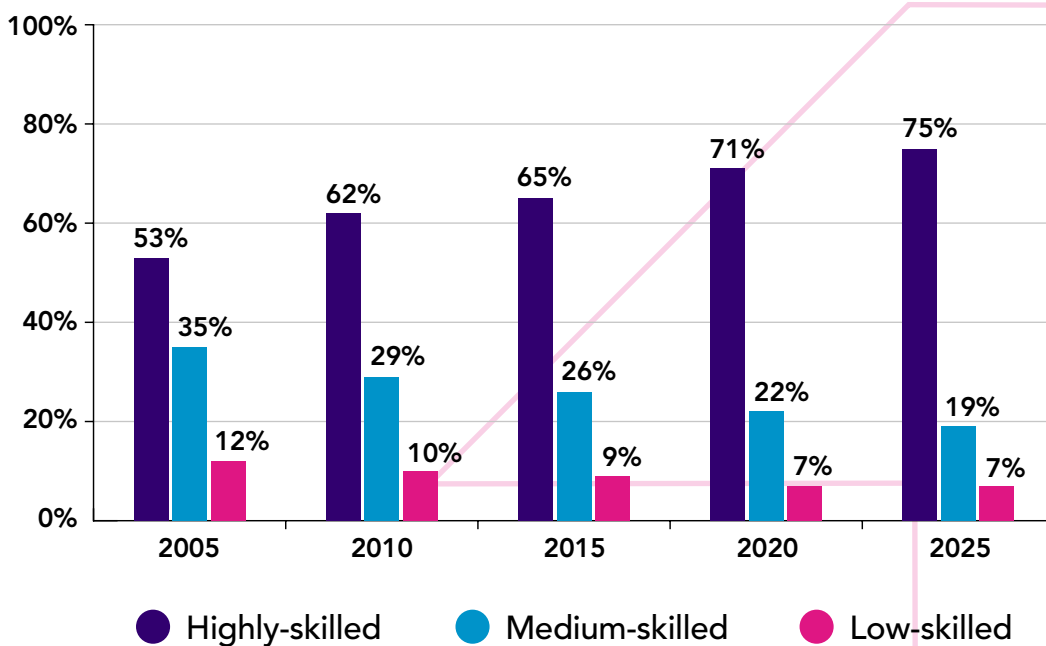
Key findings in this section:

**The shift towards a more highly-skilled workforce will accelerate**

The skills required by the sector will be massively and permanently changed by the large-scale adoption of AI tools. AI adoption will drive demand for high-level skills in data, governance, software engineering, interpretation and product design, alongside behaviours and capabilities such as adaptability, creativity and critical thinking. A combination of technical skills, behaviours and financial services-specific skills will be most highly valued along with the attitude and ability to keep learning.

**Skill levels of roles in the sector have increased relentlessly**

Every year, on average, an additional 10,000 financial services roles become classed as highly-skilled. The proportion has increased from 53% of roles in 2005 to 75% of roles in 2025.<sup>58</sup>



Many factors drive this change, including digital transformation which has increased reliance on technology and the long-term shift away from face-to-face and manual transaction of business; the rise of FinTech to become a core part of the sector; changes in customer behaviour and sophistication; consequences of technology change bringing

new roles especially in cyber security; and increased sophistication in data use. The way that firms think about recruitment, upskilling and reskilling their current workforce, and develop their new and emerging talent has been fundamentally altered and will continue to change.



The Commission has been tracking the evolution of skills needs in the sector, as well as actions firms have taken to ensure the sector is keeping up with a rapidly changing economy, society and global forces. Our most recent [annual skills report](#),<sup>59</sup> published in March 2026, highlights the key developments:

- **The sector’s headcount in 2025 decreased by 5%**, while vacancy postings increased slightly. Firms were continuing to hire into technology, software and industry specialist roles but less likely to backfill leavers.
- **Early careers intake grew in 2025**, driven by apprenticeships rather than graduate numbers. Compared to 2024, firms hired more apprentices and fewer graduates.
- **Skills gaps for technical skills and behaviours widened in 2025**, on average. Demand for machine learning/AI was highest, and adaptability replaced coaching as the most in-demand behaviour.
- **Learning and upskilling activity was stable with 70% of the workforce being ‘active learners’** but meaning that 30% did not proactively engage with learning beyond what was mandated. Reskilling activity proved difficult to scale from pilot cohorts, and the rate of internal mobility was the same as in 2024.

Skills gaps remain a moving target. Progress is being made towards filling these gaps, but disruptions to tasks, roles and wider business operations will always create new needs. Sometimes these needs may be more easily managed and addressed by upskilling the current workforce, but at other times they need more significant interventions. This is true as much for the whole economy as it is of the financial services sector. The Commission’s [2025 AI research](#) showed that only around 1.5% of the workforce would need specialist, technical AI skills, but that skills in using the tools themselves would be universal, and behaviours were particularly important to build.<sup>60</sup>

While we are still in the relatively early stages of fully understanding AI tools’ long-term capabilities, there is broad agreement that they will drive the skill level of roles even higher and at increasing speed, as routine and lower-skilled tasks are automated and the tasks and roles that most resist automation become more sophisticated.

# Current high priority skills



We're all competing for the same skills. It's very limited supply and high demand.

**Danny Harmer, Group Chief People Officer, Aviva**

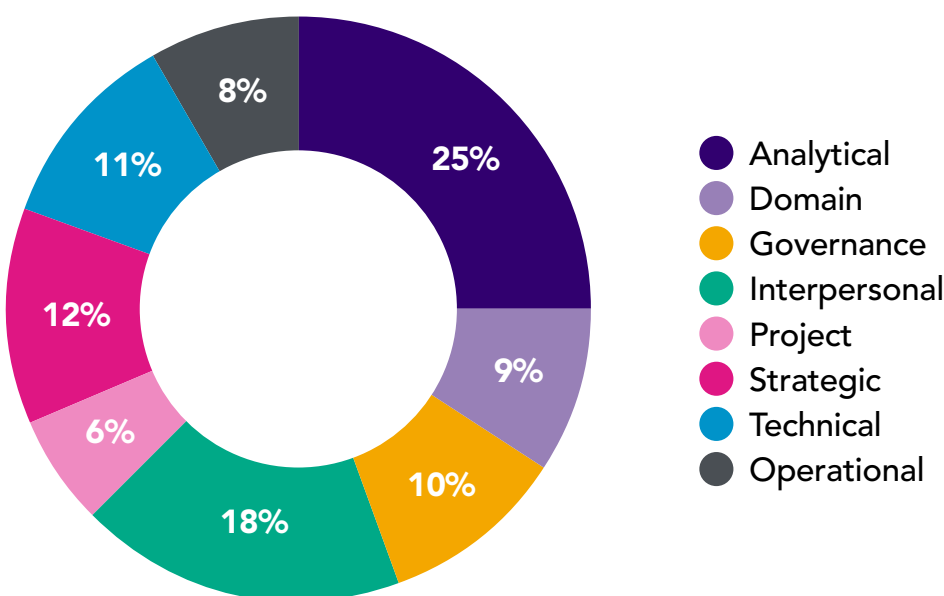


Analysis from EY provides insights into the 'high priority' skills currently required across the sector to adapt to technological disruption. These are skills that were identified as most critical to role performance in terms of cognitive complexity, financial service sector-specific knowledge and regulatory sensitivity. The skills were drawn from an analysis of recent job vacancy and EY Skills Benchmark data and have been grouped into 8 categories.

The Commission's annual member survey collects data on the supply and demand members are experiencing for the thirteen skills contained in our future skills framework. Significant increases in demand for technical skills such as machine learning/ AI, data analysis, digital literacy, cyber security and agile change management are being observed alongside demand for behaviours such as adaptability, relationship management, coaching, teamwork and creative thinking. Increases in supply of these skills are not being observed at the same rate, creating larger skills gaps.

There is a strong alignment across all the skill categories identified in this research and overall differences between them are relatively small. While analytical, interpersonal and strategic skills emerge as the largest by volume, firms are evidently seeking to build hybrid capability within their workforce, combining technical and analytical expertise with strong communication and strategic thinking.

## 'High priority' skills categories



**Source:** EY AI Analysis, 2025, based on 14 roles with high employment across financial services. Percentages may not total 100% due to rounding.

Skill category	Example 'high priority' skills
Analytical	Financial trading strategies; risk planning and management; market analysis and intelligence; investments concepts and portfolio strategies; analytical and critical thinking; forecasting; data analysis and interpretation; decision-making; problem solving; software quality assurance and testing; database integration and data modelling.
Financial service sector-specific (or 'domain' skills)	Financial products and instruments knowledge; quality and stock market knowledge; investment concepts and strategies; financial management; corporate finance and capital allocation; financial accounting and GAAP application.
Governance	Regulation and legal compliance; financial reporting and statements; risk planning and financial risk management; internal controls and audit coordination.
Interpersonal	Customer centricity; negotiation and deal structuring; listening and interpersonal skills; leadership and stakeholder influence; client presentation and relationship management; business communication.
Project	Sales management; agile and scrum delivery; version control and collaboration.
Strategic	Decision making under uncertainty; business development; business strategy; initiative and leadership; consulting and client advisory; team management and leadership.
Technical	Automation and tooling; tool testing; JavaScript development; SQL and relational databases; spreadsheet modelling; software design.
Operational	Cash and liquidity management; account management; DevOps and CI/CD practices.



Source: EY AI Analysis, 2025, based on 14 roles with high employment across financial services.

## Which skills will the sector need?

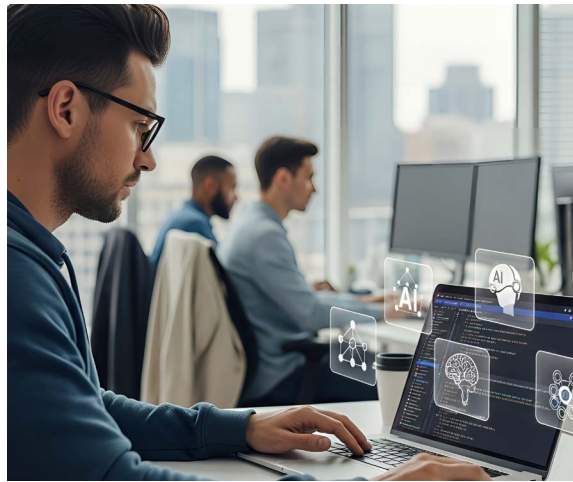
Our qualitative research drew out the skills which participants saw as growing or declining in importance, based on the anticipated adoption of AI tools. As one would expect, many skills were discussed throughout the research, and the diversity of the sector's business strategies, practices and operations means that they are hard to

quantify. This list below illustrates how broad its skills needs are. We have grouped them into the following categories: behaviours, technical skills, financial service sector-specific skills, examples of hybrid skills in practice and declining skills. A more comprehensive list is contained in Annex D at the end of this report.

## Behaviours

Expected to grow even further in importance as more tasks are automated or augmented.

- **Creativity and innovation** – breaking the status quo; designing new solutions and finding new ways to use AI-driven insights; employee creativity is key to competitive advantage through AI.<sup>61</sup>
- **Critical thinking and judgement** – the ability to challenge AI output and spot inaccuracies and risks; sound decision making about when to use AI tools and when not to.
- **Adaptability, resilience and learning agility** – coping with fast-changing technology, transforming roles and the “change muscle”. The ability to keep learning.
- **Customer-centricity, emotional intelligence & empathy** – skills which will be needed to embrace deeper customer focus made possible by AI facilitating and removing more routine tasks.
- **Communication & collaboration** – cross-functional working, the abilities to work with colleagues from all parts of the organisation to realise new objectives and in ways enhanced through use of AI.
- **Leadership & change management** – leading firms and teams through the massive changes to come, inspiring and empowering individuals to be part of the change; setting examples and coaching through change.



- **AI literacy / fluency / assurance** – understanding how AI works, risks, limitations.
- **Risk, governance & compliance skills related to AI** – essential for ensuring the tools are used in a safe way with optimal customer outcomes.
- **Cyber security & cyber resilience, including related to quantum** – critical to assessing where risks increase and managing them.
- **Software engineering / systems engineering** – elements of these skills which will not be automated.
- **AI/ML engineering; MLOps / DevOps** – key to developing the tools.
- **Cloud engineering & architecture** – crucial for enabling AI to reach its potential.

## Technical skills

Many of the skills below are needed by the entire workforce or a majority. Others are needed by a smaller number of experts (e.g. quantum cyber resilience and AI engineering).

- **Digital literacy** – foundational skills needed by the entire workforce to participate fully in the dynamic workforce of the present and future.
- **Data literacy, science, curation, analysis, engineering** – understanding and critiquing data & outputs; organising and managing data so that tools function well.

## Financial services sector-specific skills

Financial services sector-specific skills are the knowledge and skills specific to banking, insurance and investments, which we expect to remain crucial: they are fundamentals of the sector. Examples of sector-specific skills include:

- **Ledger accounting.**
- **Underwriting.**
- **Actuarial.**
- **Product development.**
- **Market analysis and trading.**

Strong sector-specific skills are generally developed through a combination of experience and formal learning, and few working outside the sector will possess them. These skills are particularly crucial in understanding, challenging and improving the outputs of AI tools, providing the 'critical oversight' that was repeatedly discussed during this research, described as "not just taking things at face value." But there are concerns that as more junior sector-specific tasks are being automated this will create gaps in the future workforce – how individuals learn the principles and judgement associated with the sector from the earliest part of their career.

Other risks associated with losing sector-specific skills include the loss of knowledge associated with customer behaviour, and the vital elements of understanding what customers need and how to help them get it. Applying this to customer comfort and their risk appetite for using AI tools, whether these tools are managed by the financial institution or third-party tools used by customers for advice, may be highly significant.

Training and professional standards associated with sector-specific skills will remain of central importance, such as that provided by the sector's chartered and professional bodies.

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## Hybrid skills in practice

Those who will thrive most, we were often told, would be those who can combine the behaviours and technical skills, and layer business insight onto them. Examples include:

- Translating business needs into technical solutions.
- Process mapping, task breakdown and workflow redesign.
- Multidisciplinary team collaboration.
- Supplier management and third-party orchestration.
- Customer insight and product development.
- User-centric design / service design skills.

## Skills declining in importance

The financial services sector is used to seeing some skills decline in importance as others rise. Contributors to our research fieldwork are seeing, and expecting to see absolute or relative declines in the following skills:

- Manual data processing.
- Routine administrative tasks.
- Basic coding / traditional programming as LLMs generate some code.
- Routines elements of risk analysis.
- Basic research skills (e.g. retrieving, digesting and summarising sources of information).
- Some actuarial / accounting tasks as routine parts become automated (e.g. data preparation/cleaning, running standard actuarial models, producing regulatory reports).
- Siloed skillsets associated with single product specialisms (e.g. CRM and Agile business analysts).
- Prompt engineering (as a standalone skill) seen as already declining rapidly.
- As auto generation and Agentic AI systems advance, demand decreases for:
  - web engineering
  - data engineering (basic roles) – though advanced engineering still needed
  - some programming disciplines (repetitive application development, UI assembly; basic scripting).
- Skills in roles whose value depends on ladder progression through low complexity tasks e.g. for accounting and finance junior roles, historically, their careers would have progressed from data entry and reconciliation; to preparing simple statements; and then to analysis and judgement-heavy work.



## How 'new' skills in the sector may evolve and change

Analysis from EY also presents a view of how 'new' skills are likely to emerge as disruptive technologies are adopted across financial services. These skills may not currently be central to roles in the sector but were identified by the model as necessary for working effectively alongside automated systems - covering areas such as oversight, governance, workflow design, and the application of ethics to AI-assisted decisions.

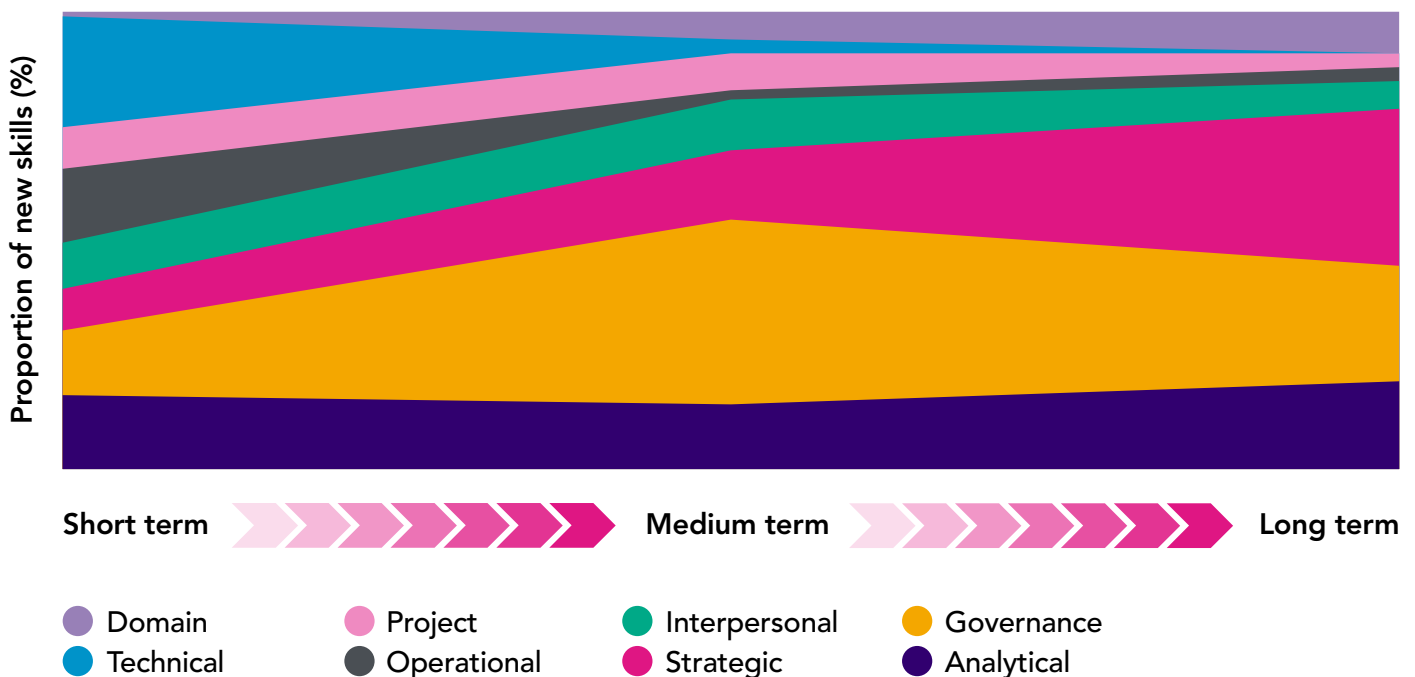
The diagram amplifies the findings of our qualitative research and provides a sketch of how skills may grow and shrink in significance over time. This dynamic pattern of change will inevitably vary across roles and organisations. They form additional areas of skill need, complementing the high-priority skills identified above. For example, interpersonal skills are less prominent in this analysis relative to other categories, despite being well represented in the 'high priority' skills above. This is because such skills remain essential and are not newly required.

In the shorter term (within about 2 years), skills needs grow across multiple categories, reflecting the breadth of change and experimentation that accompanies the early stages of technology adoption and transformation. Firms require a diverse mix of new skills to implement, test and adapt new technologies.

In the medium term (around 2 – 3 years), governance skills become more prominent, reflecting regulatory, risk, and oversight challenges. These include skills around developing ethical AI frameworks, fairness assessment, bias awareness and data stewardship and governance. Over time, relative demand for these newly emerging governance skills stabilises as frameworks and controls mature.

Over the longer term (around 3 – 5 years), strategic skills increase as firms shift from technology adoption to integration and value creation. New analytical skills gradually increase in importance, indicating sustained demand for capabilities in data interpretation, modelling, and insight generation.

### 'New skill' categories



Source: EY AI Analysis, 2025, based on 14 roles with high employment across financial services.



Skill category	Example 'new' skills
Analytical	AI quality control / stress testing / scenario analysis; financial modelling oversight; interpretation; validation.
Financial service sector-specific (or 'domain' skills)	Data lineage and provenance tracking; data stewardship for AI-enabled project portfolios.
Governance	Ethical AI frameworks / fairness assessment / bias awareness; data stewardship & governance; data privacy awareness; risk management.
Interpersonal	Client education on augmented services; explainable AI communication; cross-functional collaboration on risks, literary and controls; transparent AI reporting.
Project	Cross-functional AI change management; continuous feedback loop on AI tools; AI-centric change management.
Strategic	Human-AI workflow design; regulatory engagement; strategic portfolio; client interaction design; ethical AI decision frameworks.
Technical	Prompt engineering & prompt libraries for various roles; design of AI-enabled dashboards.
Operational	Exception handling; monitoring and guard railing Gen AI; AI-assisted debugging and triage.

Source: EY AI Analysis, 2025, based on 14 roles with high employment across financial services.

### Conclusion: business success means constant focus on changing skills

It would be a mistake that to think that only technology skills are set to change - organisations and their people will need to develop a wider set of skills to manage both the opportunities and challenges of AI implementation. Managing skill supply will be vital. This will require strategic workforce planning, dynamic learning and development programmes and clear signposting to employees about new skills and behaviours they are expected to grow. Without the right skills being available at the right time, firms could find it more challenging to realise the full value of their technology investments. Leading firms will be those who have thought through the consequences of AI on the skills required in their workforce.



# Lloyds Banking Group: Scaling AI for Value Creation

AI isn't new to Lloyds Banking Group. It has been developing data science and modelling capabilities for over 30 years, with expertise and use cases continuing to grow and evolve. Today, LBG is reimagining how it operates by harnessing the full potential of AI to transform customer and colleague experiences.



With a strong ethical foundation and partnerships with leading UK universities and fintechs, AI is being embedded safely, responsibly, and at scale as part of a broader digital transformation and investment in people, processes and technology. The Group was the first in the UK to appoint a Head of Responsible AI, and has since established an AI Centre of Excellence, which brings together expertise in data, technology, ethics and skills to help the Group design, build and scale AI safely and responsibly. It has also launched a data and AI graduate scheme with over 100 participants and deployed more than 50 generative AI use cases into production.

AI is driving smarter, quicker and more personalised banking – enhancing customer experiences, streamlining operations, and unlocking new sources of value across the business. **Generative AI delivered around £50m of value in 2025, and the Group expects to generate over £100m from next-generation AI in 2026.**

2026 marks a step-change: the rise of Agentic AI from experimentation to enterprise-wide deployment across financial services. Lloyds Banking Group is leading the shift, applying agentic to customer interactions, operations, colleague enablement, and engineering, all while ensuring agentic systems operate safely, ethically, and with human oversight.

Scaling AI at pace requires more than technology investment – it depends on workforce readiness and confidence. To support this, Lloyds Banking Group has launched an AI Academy, designed to

upskill colleagues across the organisation as AI becomes embedded into everyday roles. The Academy offers tailored learning pathways to equip colleagues with the skills and judgement needed to apply AI responsibly and effectively, with 98% having completed a module on working responsibly with AI. Additionally, every colleague has an AI focused development goal, reinforcing a culture of continuous learning as roles and ways of working evolve.

In 2026, Lloyds Banking Group will bring the UK's first large-scale, multi-feature Agentic AI powered financial assistant to its customers. This is set to bring the power of AI to 21 million customers who use its mobile apps, helping them manage their money with ease and reach their financial goals. Designed to make life easier, the AI assistant helps customers feel confident and in control – offering guidance whenever they need it, in order to help them reach their financial goals.

By scaling next-generation AI, Lloyds Banking Group is unlocking greater productivity, improved outcomes, and long-term value creation.



**The integration of AI into financial services is not just about adopting new technology; it's about reimagining the entire banking experience.**

**Rohit Dhawan, Director and Group Head of AI & Advanced Analytics**





# **Section 4**

## The financial services workforce now and in the future

Financial services has leveraged new technology to meet the changing demands of its customers while still employing around one million people, delivering growth by acquiring the right level of skills in aggregate. Firms' challenge is tailoring their skills requirements to their individual needs. The trajectory of the impact on jobs at firm and sector level is hard to predict, but long-term trends show that earlier waves of technology adoption has left headline employment levels static. A premium on higher skill levels and experience is likely, which may put at a disadvantage those with lower levels of skills and young people who lack experience.

Key findings in this section:

### **Workforce planning will evolve and entry-level pathways will come under increasing pressure**

As adoption of Agentic AI advances, workforce planning will evolve, changing how firms structure their organisations and teams. Automation of lower-skilled tasks and rising skill requirements will put pressure on entry-level roles, requiring redesigned pathways into the sector to ensure ongoing financial services expertise competence and maintain the longer-term talent pipeline.

### **Regional and geographic impacts may emerge as adoption accelerates**

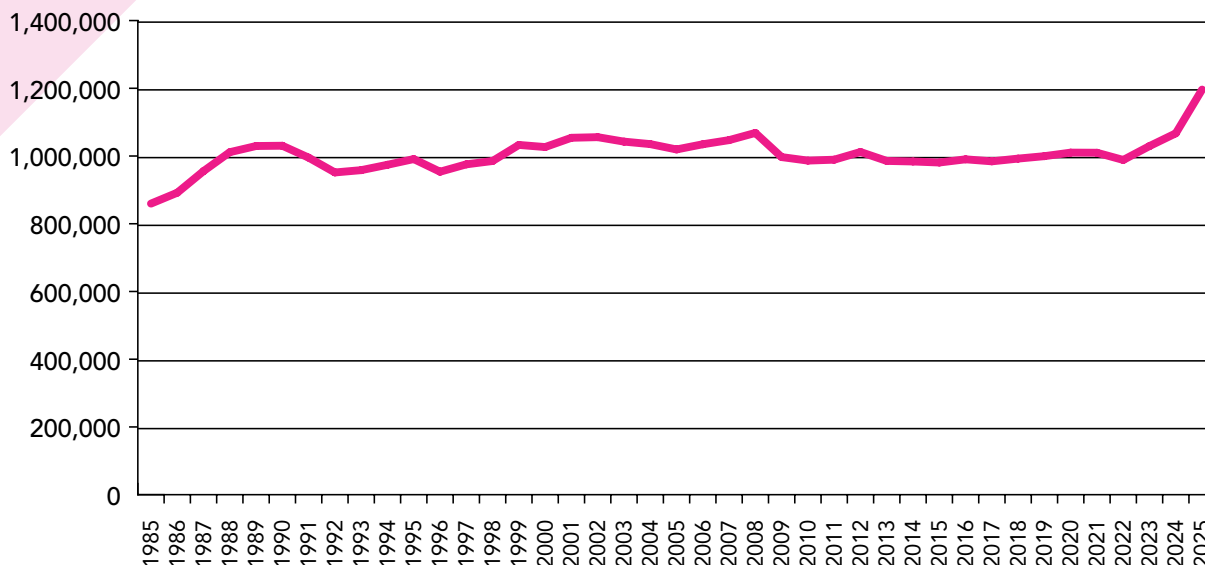
AI is being adopted at a similar pace across all of the UK's nations and regions. However, places with a high concentration of repetitive and automatable roles will experience a deeper impact while firms focussed on higher levels of personal service (e.g. building societies) may adopt automation more slowly.

## **The financial services workforce has been stable for decades**

The short, medium, and long-term impacts of AI adoption on the size of the financial services workforce are the subject of intense debate. Short-term impacts suggest **small but not significant reductions** in graduate recruitment.<sup>62</sup> Predictions of significant longer-term reductions in the size of the workforce have been made, but there is no consensus. We note strongly here that a multiplicity of factors are at play in recruitment decisions, particularly market conditions such as fiscal and broader economic policies, labour market fluctuations, consumer behaviour, and business strategy. To assign shifts in employment as all due to AI deployment would be a mistake.

The size of the sector's workforce has not changed significantly since the current AI revolution began around 2023 and has been largely stable since the early 1990s. Data from the Commission's most recent member survey, conducted in November 2025, suggests a 5% reduction in the workforce last year, but it is impossible to say if this is a response to AI or to other prevailing economic factors. Domestic and global business conditions and the wider environment, such as national insurance increases and continued global instability may have impacted recruitment.

## Jobs in financial services: 1985-2025



**Source:** ONS Workforce jobs data 1985-2025, totals aligned to Business Register and Employment Survey to correct for over-statement.

### Contrasting signals evident from recent research

PwC’s 2025 Global AI Jobs Barometer showed that job numbers increased by 38% in highly AI-exposed occupations between 2019 and 2024, suggesting that AI is, for now at least, reshaping rather than eliminating roles.<sup>63</sup> In contrast, October 2025’s report from King’s College London showed that firms (across the whole economy, not just financial services) whose workforces are highly exposed to AI capabilities reduced total employment by 4.5% on average, with the effect concentrated almost entirely in junior positions, which fell by 5.8%. Highly exposed firms became 16.3 percentage points less likely to post new vacancies. Technical roles like software engineers and data analysts saw the steepest declines in job listings, while customer-facing positions such as sales representatives saw a slight increase.<sup>64</sup>

A further study showed that *global* job postings in financial services for roles requiring 0–2 years of experience fell 24% leading up to early 2025. Within that number, some roles were affected sharply: postings for data entry clerks fell by 63%, auditors by 43%, payroll specialists by 41% and financial analysts by 46%. Conversely, demand for senior professionals with ten or more years of experience rose by 6%.<sup>65</sup> A December 2025 report<sup>66</sup> from the US suggested little to no

change in job numbers in financial services in that jurisdiction.

### Trends that may lead the workforce to shrink

Assessing the potential impact of AI and other technology disruption on the size of the financial services workforce, necessarily involving much speculation, requires some assumptions, based in evidence.

- **What can be automated, will be automated** – while there is a major difference between automation and augmentation, augmentation may also result in the simplification and/or acceleration of tasks.<sup>67</sup> Where tasks are accelerated and simplified, we may see employers rationalise.
- **Some will opt out** – some will find the roles that automation or augmentation has left them with are not stimulating, rewarding or interesting. Others will find the switch to working closely together with AI tools unappealing or impossible. As we were told, “not everyone will be able to make the shift needed, not everyone will want to. Sometimes it’s about a stage of career, sometimes it’s about attitude.” Some of these individuals may leave the sector and will not necessarily be replaced.



- **Economic pressures** will continue to apply in competitive markets: where firms find an efficiency, they will take it. Financial services remains highly competitive – firms are evolving and responding to their shareholders and to their competitors. Where they can deliver the same or improved results through strategic and tactical use of AI tools, at a reduced cost, they are likely to do so.
- **Agentic AI capability** will continue to develop in sophistication, quality and thus in use. Agentic has not begun to approach the Gen AI's depth of adoption, and its potential for replacing tasks is considerably greater. One contributor to our research put the stark question "Are we looking at having a billion-dollar turnover company with only one employee?"



The future isn't going to be these teams using tech based on LLMs for productivity, it's not having these people at all. AI agents will be doing these jobs.

**Jordan Mayo, co-founder & CEO,  
Embedded Advice**



Some firms have been clear on the direction they expect the sector's workforce to go. "There is nowhere where we'd expect to have more FTEs. [AI] is more of a threat to jobs than the internet was," said one, while another said "a very significant number of roles will not exist in the next five or ten years. What the new roles will be is unclear." The outsourcing and offshoring of roles, as discussed below, also complicate the picture on the UK-based workforce size. Morgan Stanley has predicted a loss of 10% of jobs (c.200,000 roles) in banking across Europe by 2030 as a result of AI.<sup>68</sup>

### Many do not see a smaller workforce as inevitable

We should not reject the prospect of automation and augmentation leading to the emergence of new, more diverse opportunities. There is a widely held perception that many colleagues will be able to spend time on deepening their knowledge, innovating, with more time for creative thinking or intensive client care and management, for example. Some may help to develop more innovative products and services. This could result in a workforce of the same size, rather than a smaller workforce. One major institution told us that "roles might be eliminated but that doesn't mean people are on an exit path...they might be deployed into roles that we don't know about yet."

There is some inevitability that AI tools may generate tasks that do not currently form part of existing roles, and entire new roles. This report has already commented on the need for cultural and political oversight of AI outputs, new requirements around ethics and compliance, for training and greatly expanded cyber security needs, among others.<sup>69</sup> There will also be opportunities in deploying talent to explore and exploit other new fields which open up from time expected to be freed up. As one roundtable attendee told us, “We will see things evolving rather than jobs falling away. The tech will refocus people’s attention on other stuff...an evolution in how people spend their time.”

## AI may provide growth without adding headcount

After experiencing strong productivity growth leading up to the 2008 global financial crisis, the sector’s productivity levels have fallen back somewhat. This has been variously ascribed to firm relocations, regulatory changes, and the J-curve of technology adoption.<sup>70</sup> However, the sector remains among the most productive in the UK economy, producing around 2.7 times the national average.

In terms of output, the sector accounts for around £200bn of GVA (2024), which represents 8.6% of total GVA, up from 6.6% in 2000. Financial services has grown over this period but it has done so largely by deploying technology and increasing the skill levels, rather than the size, of its workforce, which has remained at around one million throughout. Given that the adoption of AI is expected to bring productivity and growth potential while automating many tasks, we should not expect to see jobs increase in the near- or medium-term future.

Some firms with business growth plans told us that they are already looking to the future with the same-sized workforce as now, expecting the AI revolution to provide them with the capacity they need to grow. ‘Employability’ for an AI-driven future is essential. “It’s not necessarily that AI is

going to take your job, but someone with AI knowledge and skills will take your job,” we were told.

## The shape of the workforce: Entry-level roles are under pressure

There is understandable concern that junior and entry-level roles are under most threat as AI becomes more capable of automating the routine tasks that younger people often start their career undertaking, potentially performing them with a greater level of accuracy and speed. King’s College London research discussed above highlights the threat. While any reduction cannot yet be solely attributed to AI, the sector is aware that an inability to offer new entrants meaningful work would be a fundamental risk to its long-term future.

A US-based report found that workers aged 22–25 in highly AI-exposed occupations experienced a 13–16% relative decline in employment, even after controlling for firm-level effects. Critically, more experienced workers in the same occupations saw stable or rising employment, suggesting that AI may currently be reducing entry-level hiring rather than having a uniform impact on headcount.<sup>71</sup>

**Recent evidence** from the Commission’s members has been mixed, showing a 5% increase in apprenticeship recruitment in 2024/25, but a 2% reduction across graduates.<sup>72</sup> As roles have become considerably more highly skilled, and automation potential of lower-skilled tasks and roles becomes common, the recruitment of young people may reduce if no action is taken. Entry-level positions certainly still exist, but we heard evidence that master’s degrees, PhDs and higher-level apprenticeships, are becoming an entry-level benchmark for some roles, raising the bar again for early career applicants. We also heard that young people are finding the skills that they have developed through their formal education at risk of becoming out of date before they enter the workplace, such is the pace of change.

Despite these trends, firms expect early career roles to evolve rather than disappear altogether. They are moving towards analytical, commercially-aware positions that use AI-enabled tools from the outset, with an emphasis on interpretation, communication and scenario thinking.

## Recruitment and training responses put pressure on early career roles

The challenge for early career recruitment now centres on identifying areas where new entrants can provide genuine value. This could lead to a growing need for coaching and mentoring by senior staff, potentially augmented by AI, to support young people in gaining the technical and financial service sector-specific expertise in a shorter period than would previously have been the case. Given the attention that the sector has put on reskilling in recent years, there is some evidence of internal recruitment into new roles, with small cohorts of employees transitioning into these positions through a graduate-style process.

Automation may undermine entry-level training. As early career staff lose hands-on exposure to foundational tasks and core processes become 'black-boxed', their opportunities to learn how systems work are reduced and the transmission of institutional knowledge weakens. Foundational experiences such as learning how to collaborate, lead, and interact with customers at a basic level can be lost, too. This raises questions about how to effectively train individuals for highly-skilled roles when traditional lower-skilled pathways are disappearing. This impacts the long-term development of subject matter experts within organisations.

## Work readiness is an ongoing concern for employers

Evidence that many young people entering the sector are facing increasing challenges with the expected level of interpersonal and professional skills also emerged from our research. Firms highlighted gaps in communication, workplace behaviours and the ability to operate confidently in professional environments. Common issues include limited experience of structured work, difficulty adapting writing and communication styles, uncertainty in meetings, and variable judgement in regulated or customer-facing contexts. They noted challenges with resilience, critical thinking and attention to detail. As a result, some firms are investing more heavily in early career support – through enhanced onboarding, structured training and mentoring – to ensure new entrants can develop the confidence and professional maturity required to progress in roles that are becoming more complex from the outset.

This is far from a new challenge for young people or employers. But there is a perception that it has worsened since the pandemic, and more concerted and collective action is likely to be required to reverse the trend.

But many graduates are enthusiastic about certain technological applications, viewing them as tools that enhance their job performance. Conversely, senior staff may be less receptive, given their existing expertise. This dynamic has prompted debate about organisational choices between the relative sizes of their early career intake and retention of experienced, but more costly senior staff.

## Early careers – ‘time to competence’ lengthens

Jobs in sectors such as financial services continue to increase in complexity, leaving younger people particularly caught in a pincer movement of requiring ever-higher proficiency in core technical skills and behaviours, while struggling to gain the experience and foundational sector-specific knowledge at the start of their careers. As a result, the ‘time to competence,’ at which an individual is able to carry out their role fully, is lengthening.

Firms nevertheless continue to view the pipeline of future talent as crucial, and many are aiming to at least maintain their current graduate and apprenticeship programmes. Their plans must be informed, though, by the speed of changing roles and skills, the time and cost of getting new talent up to full competence, and the UK’s flexible labour market. If the economics of recruiting and training younger workers do not stack up for individual firms, they will inevitably consider other sources of talent.

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## Offshoring and outsourcing decisions being driven by speed and depth of AI adoption

The questions of offshoring, onshoring and outsourcing are related, as are ‘sovereign AI’ and geopolitical risk. Despite ongoing global turmoil, offshoring remains part of firms’ options for controlling costs and efficiencies and is “still very much part of the strategy,” as one firm told us. Some plan to continue taking advantage of the fleet-footed innovation that outsourcing offers, expecting “significant amounts of offshoring to overseas expertise,” suggesting that the UK should keep prioritising investment in its own high-quality AI sector. And this is true of talent, too: where skills are in short supply in the UK, they can and will be sought in other places, not just to import from, but to export to.

Some sector representatives expressed the view that a slow pace of AI implementation was likely to put more jobs at risk of offshoring. Firms may offshore the remaining, human elements of partially-automated roles to cheaper parts of the world, indeed this is already happening in areas such as copywriting and other public-facing content.<sup>73</sup> In contrast, other opinions held that the parts of those roles that remain after automation are so small and specialised that they can be returned to the UK. “Agentic [AI] is now largely going to be dealing...with offshore partner headcount rather [our] direct headcount,” as one firm representative told us. Agentic AI was mentioned as a potential driver of keeping functions in the UK – firms who have not offshored some roles may not ever need to, due to automation and augmentation reducing the business case for doing so.

The challenge presented by sovereign AI, whereby control of data and algorithms lies outside the UK’s jurisdictional control and/or in firms based overseas, could lead to more roles being created or returned to the UK. Equally, if the UK’s AI capabilities can meet the world’s best, this could also lead to a job boost based here. Validating AI outputs will have an impact. The political and cultural sensitivities of transacting business, making decisions and working with clients may be amplified by AI. To counter the biases that AI can learn from society,<sup>74</sup> jobs may be retained in or transferred to locations where decisions are implemented. One global bank told us that “we are insourcing more than outsourcing to third parties, especially in the tech space...so we can be more agile and move people around the organisation.”

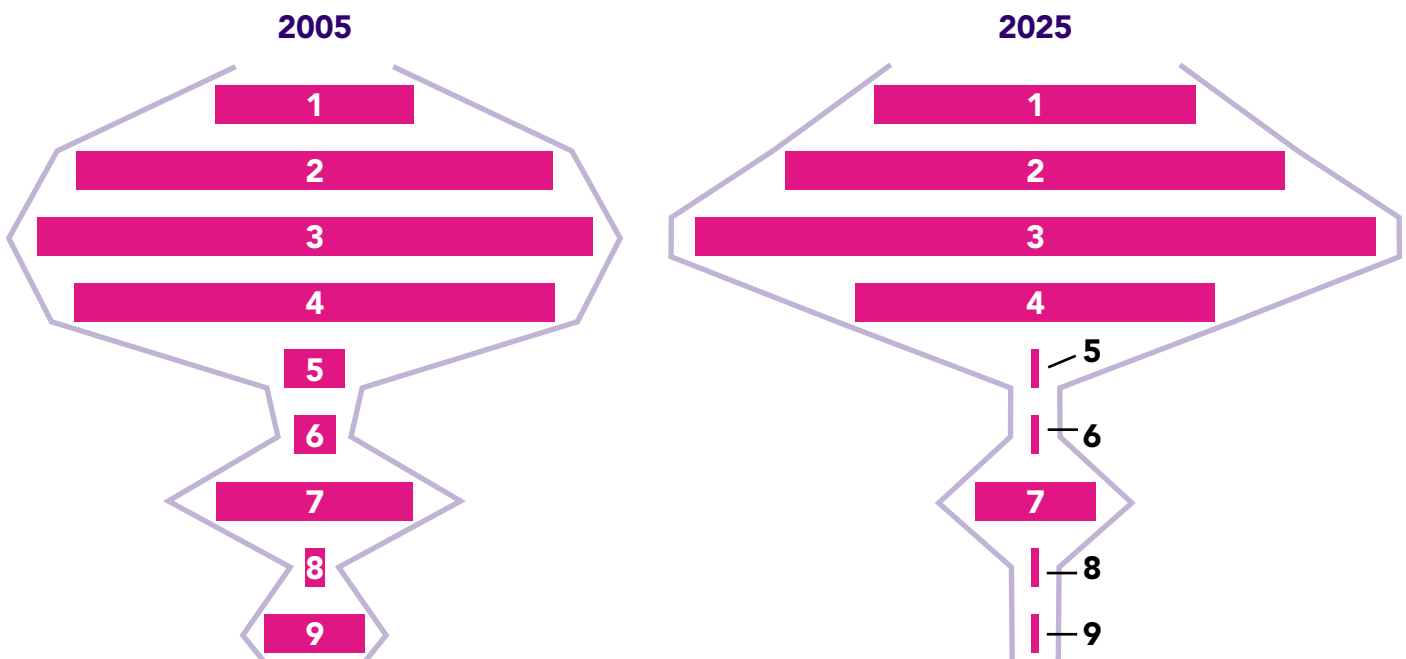
## The workforce shape – the ‘diamond’ is already in place

Exploring the shape that the future financial services workforce could take is useful, to visualise where change is coming, and what challenges the sector will face in where it will need people, and at which levels.

Our analysis shows that essentially the shape of the financial services workforce has evolved to a broad diamond shape between 2005 and 2025. Jobs in the three most highly-skilled levels have grown considerably, with a huge decline in roles at the lower-skilled levels. The most noticeable reductions being in SOC-level 4 (admin and secretarial) and SOC-level 7 (sale and customer service) over that time, while others have disappeared almost completely (SOC 5, 6, 8, 9).

### Change in workforce shape between 2005 and 2025

Data shown is percentage of total roles at nine workforce levels.



**Source:** Office for National Statistics, Annual Population Survey (APS) user requested data, occupation by 4-digit soc by sector, 2005-2025 (SOC 2010 methodology).

SOC groups: 1 Managers, directors and senior officials; 2 Professional occupations; 3 Associate professional occupations; 4 Administrative and secretarial occupations; 5 Skilled trades occupations; 6 Caring, leisure and other service occupations; 7 Sales and customer service occupations; 8 Process, plant and machine operatives; 9 Elementary occupations.

This evolution of the workforce shape is having impacts now and will continue to do so. As people leave the sector through retirement and natural turnover, filling those roles from new entrants to the workforce becomes more challenging. Entry points are narrower, and more highly skilled. It is becoming unclear what the pipeline of middle management looks like and how financial service sector-specific skills are built. We heard many strong arguments during our fieldwork to maintain a broad base of entry-level roles due to this challenge.

They told us “We don’t know how broad it goes in that diamond shape until we’ve really solved the conundrum about AI agents...it’s partly AI, but it’s partly just simplification and agility. But we will absolutely be a smaller organisation.” Another firm told us that they were “quite keen to see that progression to a more diamond [shape] in the sense that we know agents are going to come in...But I guess our organisation is looking to move those people that are on the bottom part of that diamond to the next rung up and have agents fill the gap to make it more diamond shaped.”

Several firms expressed concerns about the loss of the career path, one asking, “what kind of work would we be requiring early careers to be focused on? We haven’t got any answers yet, but it’s certainly an area of focus [for us].” One insurer broke down the changes likely in their business, where coming in through an underwriting academy or contact centre and claims handling route will shift towards technology and data entrants eventually forming the middle of the diamond.

Another firm argued that the loss of current team structures, with middle managers running teams of humans, creates its own risks. These managers, lacking support and advice from their team to make the right decisions, may come to rely more on like-minded peers who may be inclined to agree with them, rather than a broad-based team: confirmation bias. This firm is keen to build a flatter structure with many small teams which collaborate on time-bound projects. Another approach is to have more flexible job profiles to allow the workforce to move

across customer facing functions. The growth of cross-functional teams was a strongly recurring theme across our research, with many firms already operating in this way.

## AI adoption risks the sector’s skills base: women could lose out

Financial services has seen a long-term trend of declining numbers and share of women employed in the sector, from 51% in 2004 to 42.6% in 2025. This reflects a reduction in roles in which women were over-represented, which were generally lower-skilled, and an increase in technology roles, in which men are over-represented. The share of women employed in higher-skilled roles has risen, though, albeit slightly, and is now around 35.5%, and this has not been enough to reverse the overall trend.<sup>75</sup>

Workforce impacts of technological change are unlikely to be gender neutral. Evidence from our research indicates that women are disproportionately represented in roles that are more exposed to earlier task automation, including administrative, clerical and routine operational functions, roles which have been important entry and progression routes into financial services. These roles also tend to have higher concentrations of part-time and flexible working roles, which are also mainly occupied by women. One interviewee noted that part-time employees historically progressed more slowly than full time colleagues, raising concerns that technology driven role redesign could widen existing disparities if performance assessment and progression frameworks do not evolve correspondingly.

At the same time, women remain underrepresented in many of the roles expected to grow as AI adoption deepens. 2025 research from Credera indicates that women account for around a fifth of the global AI talent pool and remain less likely than men to engage with Gen AI tools, at least in the early phases of adoption.<sup>76</sup> As a result, women are more likely to experience disruption to roles earlier in the adoption cycle than men, and the risk of women’s opportunities in the sector declining further has increased.

While our research noted that usage gaps can narrow as technologies mature and become embedded, it also emphasised that early experimentation and informal learning shapes longer-term skill accumulation and career progression. Without deliberate support, lower early engagement risks growing a capability gap over time. Roundtable participants also stressed that as firms place greater weight on software, data and engineering skills, recruitment and assessment practices will play a critical role in shaping future workforce composition, particularly given longstanding gender imbalances in these pipelines.

Opportunities were identified in reskilling and redeployment of women that may be moving out of operational and administrative roles. These individuals often possess transferable skills in customer engagement, process design and organisational knowledge that align closely with emerging digital and AI enabled roles. Where firms invest in structured reskilling and broadened criteria for digital roles, several reported improved retention and faster filling of vacancies compared to external recruitment alone, helping to address persistent skills shortages across financial and professional services.

These choices have macroeconomic significance. Digital skills shortages hold back growth potential, and a focus on building skills, role redesign and progression pathways can deliver not just for women but for UK plc. The City of London Corporation's *Women Pivoting to Digital* Taskforce has shown how utilising women's skills to fill key workforce gaps could produce £10.8bn in productivity across financial and professional services, and the tech sector, as well as over £3.3bn in additional profits, over the next decade.<sup>77</sup>

Without specific attention, productivity gains from AI risk being accompanied by a widening of gender gaps in job security and career progression. By contrast, approaches that actively broaden access to emerging skills and redeployment opportunities offer a route to mitigate disruption while strengthening the sector's long-term talent base.

## UK nations and regions will be impacted unevenly

The impact of technological change on the financial services workforce is an issue for all the UK's nations, regions and crown dependencies. The sector's workforce is spread across the entire UK. £52bn of GVA is created outside the capital, with large concentrations in cities such as Birmingham, Manchester, Edinburgh, Glasgow, Leeds and Bristol.<sup>78</sup>

Our evidence suggests that both the risks and the opportunities associated with technology adoption are widely distributed. However, the nature of the impact varies by region, reflecting differences in the composition of local workforces. Regions with a higher concentration of operational and back office roles are more exposed in the near term to task automation, especially in areas such as contact handling, processing and routine service delivery, while regions with a greater share of relationship-led, advisory or analytical work are seeing more gradual change.



Contact centres emerged as the clearest regional pressure point. Roundtables in Edinburgh and Cardiff highlighted expectations that digitally mediated service, including increasingly autonomous systems, will reduce the overall volume of contact centre roles, even as the remaining work becomes more complex and advice led. This has particular regional significance because contact centres serving financial services customers are disproportionately located outside London and the south-east, often in areas with more limited alternative employment opportunities.

Firms based outside the south-east of England are often, although certainly not exclusively, on the smaller side of the sector, and this can bring particular challenges in accelerating AI tool adoption. Smaller technology budgets can mean these firms are dealing with legacy systems for longer, and unable to complete the full data transformation that enables the highest quality outputs.

Areas with low unemployment and other constraints on labour supply, such as

Northern Ireland, Isle of Man and Jersey face additional challenges focussed on upskilling, reskilling and movement of existing talent in a competitive market as well as attracting new talent.

These firms can also be those with the strongest regional identities, most obviously in building societies, which see their geographical links and personal customer service as a core competitive advantage. This may result in their choosing to maintain human involvement rather than switching to more automation.

Shortages of advanced and user-centred skills outside established technology hubs were cited as limiting factors. Several roundtables questioned whether current education and training pathways are keeping pace with these shifts, raising concerns that without coordinated action by firms, government and regional bodies, productivity gains from technology adoption risk accruing disproportionately to existing centres of advantage rather than to regions where employment growth has been strongest in recent years.

## Conclusion: A series of individual choices will shape the workforce

300 years of industrial and technological invention and innovation have left us in a world where there is now more work than ever before. But it is also easy to believe that there is something different about this revolution, in its all-encompassing nature and potential. Firms' challenges in shaping their future workforce and responses will vary depending on their strategy, existing workforce, approach to AI implementation, and the balance between automating tasks and augmenting them.

AI creates choices for firms, for example whether tasks need to be offshored, outsourced or automated. It also asks firms to look ahead and consider how choices made today will affect the workforce of the future. We know, for example, that where we rely on AI to deliver a wider range of outputs, we will need experienced people to provide governance around them. But often AI will be automating tasks previously undertaken by people with relatively lower levels of skills and experience, for example as part of early career jobs. Ensuring that there is a pipeline of early career roles that will equip firms with the leaders and managers of the future will be critical.

There will be no single right answer, just as there is no definitive path to higher or lower headline employment levels. Historically, the aggregate impact of these drivers and decisions has left the number of people employed in the sector unchanged, but with a significant shift to higher level roles.

# Zurich Insurance UK: Z-Assist – Accelerating motor liability decisions using Agentic AI

As part of Zurich Insurance UK's ongoing technology and data transformation, they are exploring how advanced AI can improve claims outcomes, enhance colleague experience, and future-proof critical decision-making skills across the workforce.



Motor liability decisions are complex and time critical, requiring claims handlers to analyse large volumes of evidence, interpret case law, and apply regulatory and highway standards. This process is often slow and cognitively demanding, impacting efficiency, consistency, and the ability to scale high quality decision making in line with strategic claims transformation objectives.

Zurich UK developed Z-Assist, an Agentic AI prototype, designed to support motor liability assessments by providing claims handlers with clear, evidence based recommendations.

The solution was created in just three weeks as part of Zurich's global Agentic AI challenge, bringing together a small, cross functional team spanning Claims and its Internal Data Office. The team combined deep subject matter expertise in motor claims with advanced data and AI engineering capability, ensuring the solution was grounded in real operational needs.

Z-Assist operates by autonomously completing multiple decision support tasks. It retrieves and reviews relevant case law, interprets applicable highway code rules, and analyses both first- and third-party evidence such as reports and imagery. The system validates the completeness of information, requests additional inputs if required, and identifies exceptions by flagging potential fraud or inconsistencies. Crucially, it presents claims handlers with a transparent liability recommendation, supported by a clear rationale rather than a black box output.

The team's objective was not to replace human judgement, but to augment it - reducing cognitive load, improving

consistency, and freeing claims professionals to focus on complex cases and customer interaction. By embedding legal reasoning and evidential logic into the AI workflow, Z-Assist demonstrates how emerging technologies can safeguard technical expertise while reshaping future skills requirements.

Following internal judging at the Zurich Innovation Championship, Z-Assist was selected in the top ten winning solutions from over 1,000 participants across more than 40 countries. This recognition has unlocked support to further develop, test, and refine the solution using broader real world data sets.

## Next steps

Z-Assist is now live with diverse claims data, scalability and integration into claims workflows. Future phases will focus on performance validation, governance, and understanding workforce skill impacts as Agentic AI becomes embedded into liability decision making.

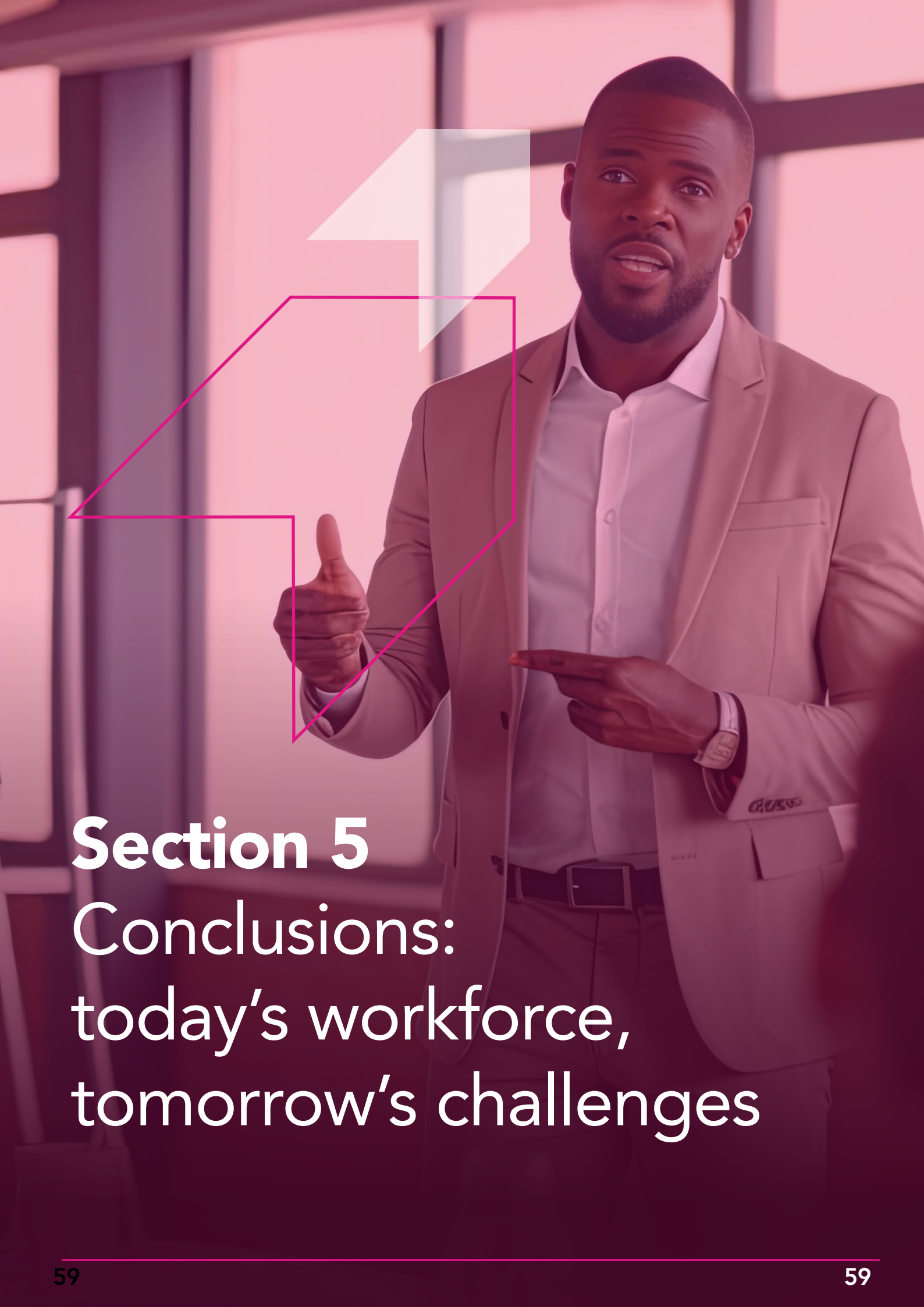


**Z-Assist has the potential to transform the way our claims handlers determine liability. The collaborative way it's been delivered – a true partnership between Claims and the Data Office – has been exceptional.**

**Their willingness to challenge the status quo enabled the team to deliver a practical solution at pace, with real potential to improve outcomes for our customers through faster, clearer and more consistent liability decisions, while preserving the critical role of human judgement.**

**James Nicholson, UK Chief Claims Officer**





# Section 5

## Conclusions: today's workforce, tomorrow's challenges

This research highlights the need for the sector to proactively plan for workforce transformation. Filling the roles that will become available over the coming decade will require the sector to adopt an open, comprehensive approach to sourcing and building talent. Understanding the current composition of the workforce will be critical in guiding how the sector and its stakeholders prepare to address skills and talent challenges.

Key finding in this section:

**Competition for highly skilled-talent will increase**

By 2035, the sector could lose up to 450,000 of its 780,000 highly-skilled workforce through turnover or retirement. This is at a time when demand for these capabilities is intensifying across the economy, making it increasingly difficult and costly to replace talent and posing a significant risk to sector competitiveness.

## Today's financial services workforce in numbers

The findings outlined in this research should compel the sector, and all those associated with it, to consider carefully how its future workforce will evolve and the importance of planning for the longer-term. We expect displacement and disruption of roles, but the scale cannot be predicted in detail.

The sector's large, diverse workforce can be broken down in many ways. The data below provides an overview which, in certain key areas, guides where the focus should be for the sector and other key stakeholders, when trying to ensure that the future workforce is prepared for disruption.

### Financial services sub-sectors

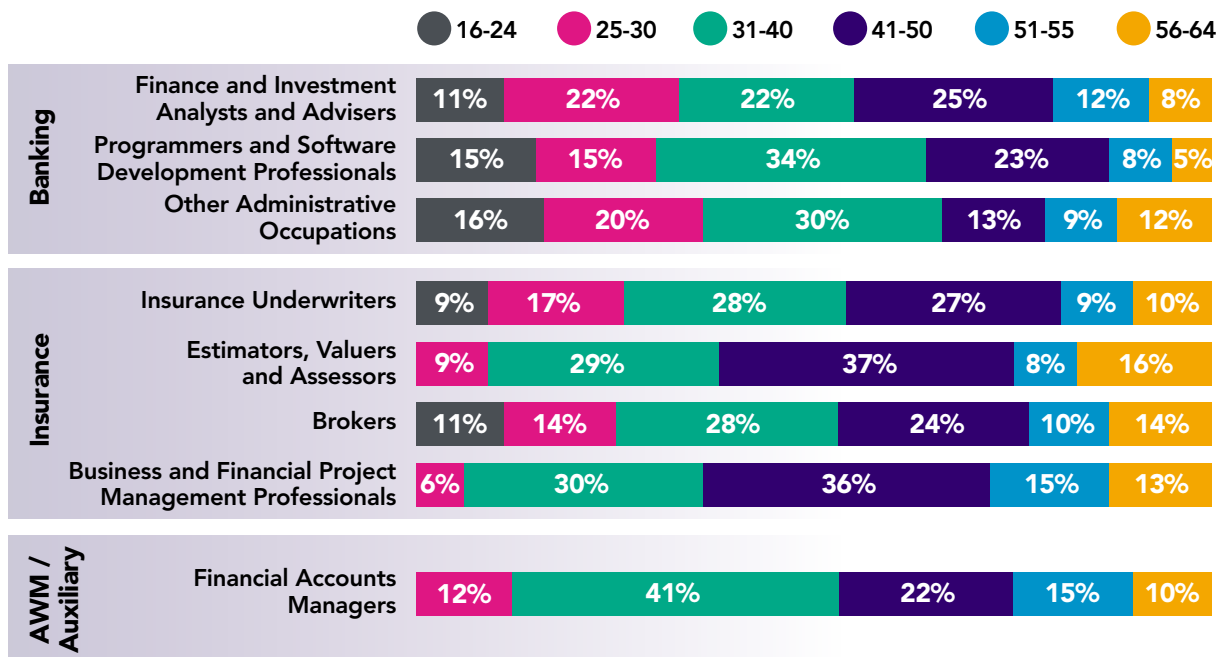
Banking employs around 39% of the total financial services, while insurance represents around 20%. Asset and wealth management (and auxiliary services), account for approximately 41%.

### Age

Financial services has more middle-aged workers compared to other sectors. Only 6.4% of the sector's workforce is aged under 24, compared to 11% of the general workforce. There is a significant 'bulge' with 54% of workers aged between 30 and 49, compared to 45% across all sectors. Further up the age scale, only 12.3% of the financial services workforce is aged between 55 and 64, significantly below the general working population at 17.6%.<sup>79</sup>

The table on the following page outlines the age breakdown of roles with more than 50% automation potential within each sub-sector. It suggests that there will be a significant need for reskilling of people over the age of 40.

## Age breakdown of roles with greatest automation potential (by sub-sector)



Source: Office for National Statistics (ONS), Annual Population Survey (APS), 2025.

Roles shown have over 50% automation potential within a particular sub-sector according to KPMG’s AI workforce system, 2025. Automation data is specific to each sub-sector, whereas the age breakdown shown is for the role within financial services overall.

### Size of firm

More than three-quarters of the financial services workforce are employed by large firms (defined as those with over 250 employees). This share rises to 90% in insurance and 86% in banking. In asset and wealth management, while most employees also work in large firms (61%), employment is more evenly distributed across firms of different sizes compared with the other sub-sectors. This pattern has remained largely unchanged in recent years.

### Workforce skill levels

As discussed earlier, 75% of roles in financial services are now classed as highly skilled, and this has been rising consistently for more than a generation at an average rate of 10,000 roles per year. The sector’s workforce has a high overall skill level. Over half of the workforce (51.5%) is educated to RQF Level 6 or above (6 = undergraduate degree or equivalent, 7 = master’s degree or equivalent, 8 = PhD or equivalent).<sup>80</sup>

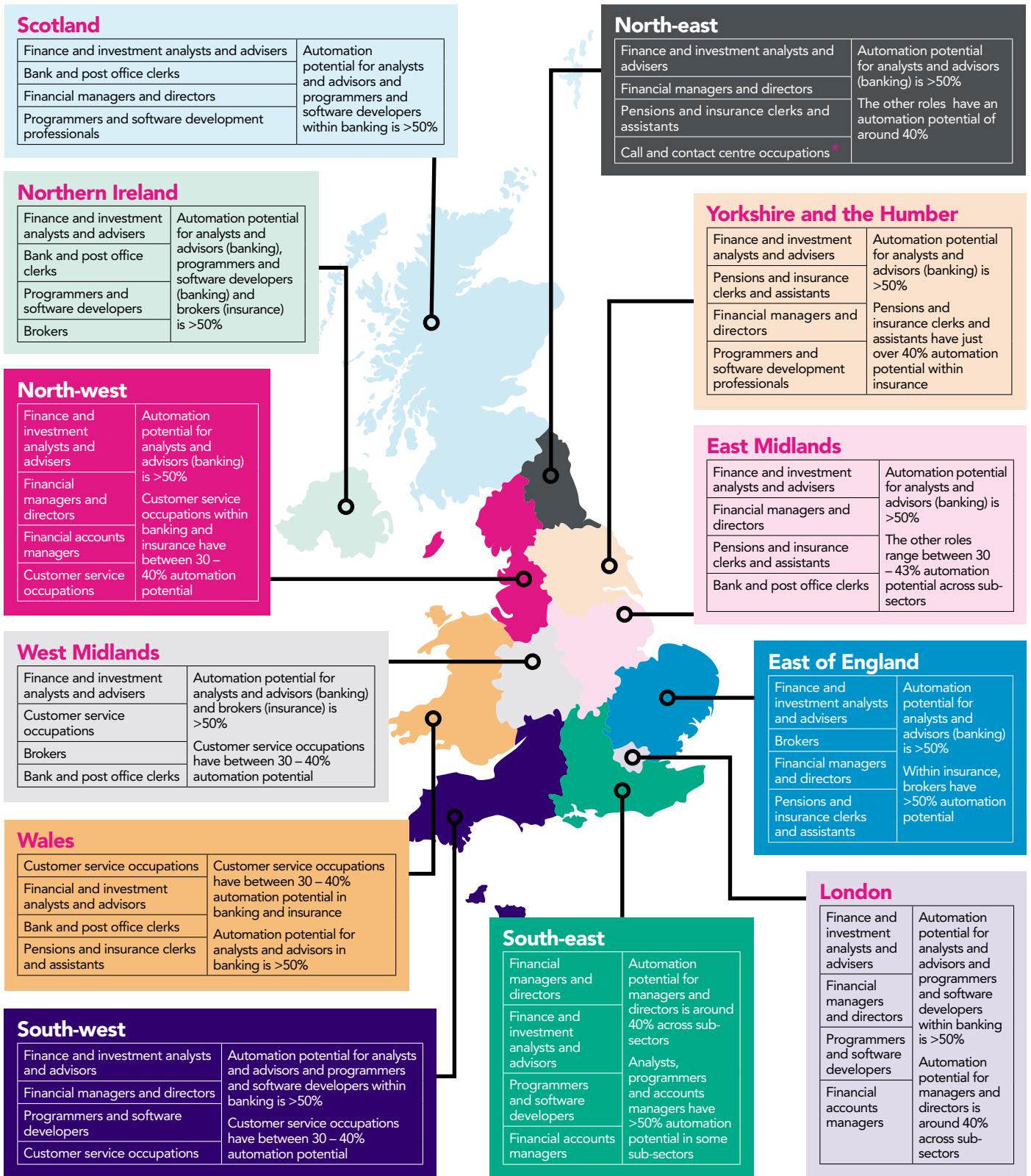
We expect the sector’s required skill levels to continue rising, given the findings of this research. At recent levels of skill increase in roles (almost 1% per year), 90,000 more of the sector’s roles would become highly skilled by 2035. NFER has estimated 4.6% growth, which equates to around 36,000 roles over the same period.<sup>81</sup>

### Location

The largest proportion of financial services roles – just under 42% – are located in London. The proportion of jobs in the capital has been increasing steadily from 35% in 2015. The next largest regional employment in England is the south-east, with 10%, followed by the north-west at 9%. Scotland has 8.5% of the UK’s financial services roles, Wales has 2.8% and Northern Ireland has 1.7%.<sup>82</sup>

## Top roles and their task automation potential in financial services by UK nation and region

The map shows where many of the roles that will most be subject to automation potential are located. This is not a comprehensive picture and is not a prediction, but it helps to illustrate the broad scale of the challenge for the sector and for policymakers at all levels.



Source: Office for National Statistics (ONS), Annual Population Survey (APS), 2024.

The top occupations by employment (SOC20M) in 'Financial and insurance activities' are provided for each region (top 4). Automation potential data is specific to occupations within financial services sub-sectors, produced by KPMG's AI workforce system.

\* Call and contact centre occupations were not included in the KPMG automation potential analysis because this role is not within the top 10 by employment within a financial services sub-sector. However, the role is included here because it is within the top 4 financial services roles in the north-east of England.

## Outflows: Sector set to lose 452,000 highly skilled workers by 2035

Given what we know about the age of the sector’s workforce, and the trends of data over recent years, we can make a prediction about the changes in our workforce by 2035. The biggest challenge for the sector will be replacing highly skilled workers, of which it now has around 784,000. *Note: This analysis does not forecast the overall size of the workforce in 2035 and is based on a steady-state workforce of around one million, which has been the case for over 25 years.*

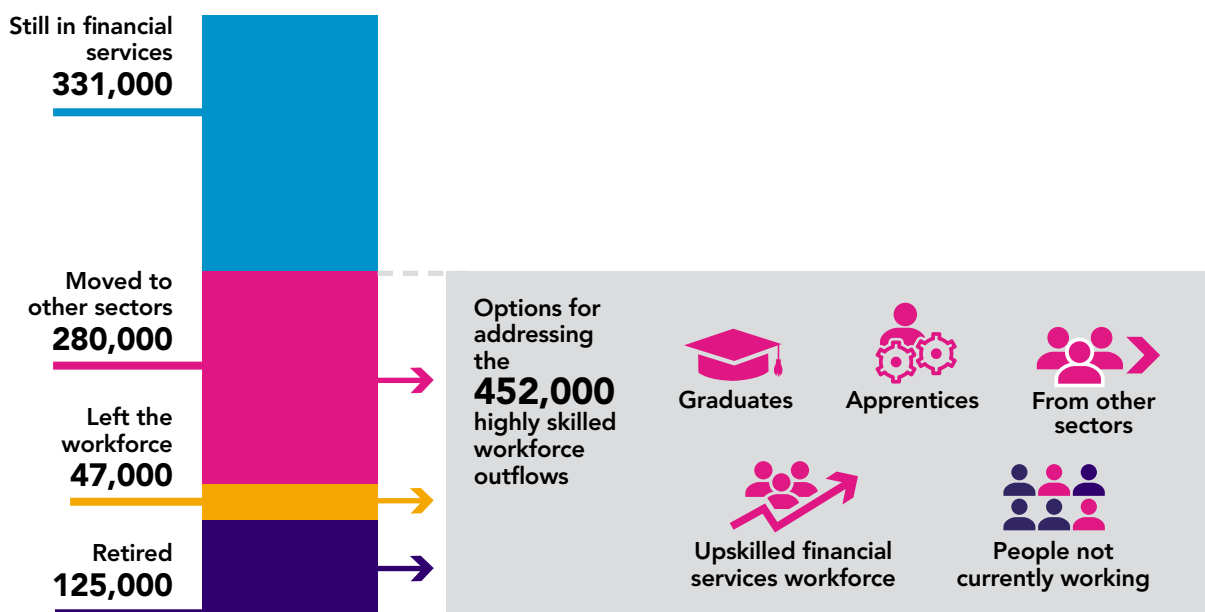
We would expect around 16% of the current highly skilled workforce to retire by 2035, which is around 125,000 people. It should be noted that financial services employees tend to retire earlier than in most other sectors.

In addition 47,000 of this group are estimated to have left the workforce altogether by 2035, for non-retirement reasons. Data shows that on an annual basis around 4.2% of the sector’s total employees leave the UK workforce, below the national average of 6.6%, though some may return to work in the sector later.<sup>83</sup>

We also estimate that a further 280,000 of today’s highly skilled workforce will have left the sector altogether. While 52% of the sector stay with their employer for at least five years, those who don’t, especially the 27% who stay with their employer for fewer than two years, may well leave the sector altogether.<sup>84</sup>

This creates a total of around 452,000 highly skilled employees who will not be in the sector compared to today’s workforce. The graphic below summarises a view of outflows from the sector.<sup>85</sup>

### Outflows to 2035



**Source:** ONS, APS user requested data, Employee turnover & inactivity by industry, 2024; Job movers by industry by skill, 2024; employment by age, 2025; NFER, 2035 Skills Imperative Labour market projection (updated 2024); Business Register and Employment Survey, 2024 data; Gov.uk Apprenticeships by industry, 2022/23; LEO, postgraduates outcomes data 1YAG industry, 2022/23.

## What this means for the sector and the UK: Key challenges

Replacing these employees with those with the right skills, at the right levels, is a major task, and one that firms cannot tackle alone, but through collective effort and the collaboration of policymakers, the education and training sectors, and individuals themselves.

That challenge is exacerbated by the fact that skill levels will continue to rise. At the lower estimate, this would mean a total of 490,000 highly-skilled roles to fill over the next nine years.

Of course, the sector recruits to fill its vacancies. By 2035, we could expect almost 100,000 graduates and 65,000 apprentices to have been welcomed into highly-skilled roles in the sector, based on current trends. And every year, thousands join financial services from other sectors. But the sector's performance, its competitiveness, growth potential and productivity, are under challenge if it cannot source these individuals quickly and assimilate them into the sector easily. And this has serious implications for its customers, and the economic performance of the UK.

The key challenges are likely to be these:

- **Increase upskilling and reskilling across the UK financial services workforce** – Large-scale upskilling and reskilling across technical, behavioural and financial services-specific skills is required to keep pace with evolving role requirements and increasing demand for high-level skills.
- **Redesign routes into the sector for early careers** – As routine tasks are automated and roles become more highly-skilled, pathways into the sector must be redesigned for building the required technical, behavioural and financial services-specific skills to ensure future talent supply. Graduate and apprenticeship routes are especially sensitive to economic, societal and public policy pressures.

- **Close the growing 'time to competence' gap** – As skill requirements increase, the gap between the skills of new entrants and existing employees, and the requirements of employers is widening. Improving understanding of skill capabilities and requirements, and where these can be addressed, is necessary to reduce time to competence and close the skills gap faster.
- **Enable effective transition from other sectors** – Securing the skills the sector needs will require drawing on talent from other industries and prioritising transferable skills and capabilities over sector-specific knowledge. Entry routes should enable individuals to build financial services expertise while developing high-level technical skills and behaviours.
- **Deepening the pool of talent in the UK** – The skill levels of the whole UK workforce must increase to meet the collective challenges posed by accelerating technology change. Government, employer and stakeholder action must be aligned to deliver coordinated change.

Faced with spending much more time developing talent or buying in expensive talent from outside, on which it will compete with other highly skilled sectors, significant additional costs pressures are likely. This puts the sector's efficiency, innovation and competitiveness at risk.



## Focus for the next phase of research

In the next phase of this research we will address the challenges set out above, examining how the sector builds its future talent and fills its likely skills gaps. We will do this through the lens of people who will provide its future workforce: those currently in financial services, those working in other sectors, those not in work, and those who are still in formal education and make up the talent pipeline.

In addressing how to meet the challenges, the next phase will include focus on:

- UK nations and regions
- apprenticeships
- secondary and tertiary education
- international comparisons of skills approaches
- cross sectoral comparisons.



# PwC deploys Microsoft Copilot to transform work for 230,000+ people

**PwC is reimagining how it works by integrating Microsoft Copilot across the global network. The true power of AI isn't efficiency – it's empowering people to think, decide, and act with greater insight. As AI extends deeper into organisations, it unlocks new capabilities. But its real impact comes when people can use it to make faster, smarter, and more informed decisions.**



PwC approaches AI with this mindset. As a firm that operates at a remarkable scale, its approach needed to be grounded in Responsible AI, global governance, and enterprise-grade security – capabilities it brings to organisations of various sizes. Its focus went beyond productivity to include security, governance, and trust – embedding AI in an enterprise-grade foundation that could scale responsibly across the network.

PwC collaborated with Microsoft to build a Copilot AI framework designed for today's high-velocity business environment. It began the rollout in 11 countries, using a decentralised, hub-and-spoke model and global knowledge centre that let each region set adoption priorities and adapt functionality to its need. It was an approach few organisations know how to operationalise at this scale, combining global reach, deep governance expertise, and a commitment to Responsible AI. It's now one of the world's largest deployments, reaching 230,000 users across more than 100 countries.

PwC teams are now using Copilot to simplify tasks, surface insights and drive productivity across front- and back-office functions. From building agents that query data sources to quickly surface information, AI is helping PwC's people spend less time searching for information and focusing on what matters – delivering value for its

clients. In one month, PwC employees executed over 8.7 million actions in Copilot, freeing up over 500,000 hours of capacity in the process. With 54% of PwC's global workforce using AI tools weekly, employees average nine prompts per week. Today, Copilot isn't just an assistant. It's an integrated AI framework that powers smarter, faster, and more trusted work for PwC and for its clients.



**At PwC, Copilot is helping our people work smarter, handling the routine so they can focus on what really matters: our clients. We see AI as a way to amplify our human edge, unlocking more time, creativity, and insight for our people.**

**Daghan Or, AI Enablement and Experience Leader, PwC US**



# Annexes

## Annex A – AI use cases

This table is a non-exhaustive summary of current use cases for AI that emerged from our qualitative research. It stretches across many sub-sectors and areas of business operations.

Use case	Description
Customer call summarising	For use in ongoing case management, for MI, and to illustrate where main customer issues arise.
Livechat augmentation with suggested responses	Helping customer service agents with prompts on which questions to ask or reminders of previous engagement.
Triage of regulated vs nonregulated complaints	Firms need to understand which complaints fall under regulated matters quickly. AI can be better at this than humans.
Chatbots handling routine queries	Longstanding practice across the sector and the economy.
Automated complaint response drafting	Gen AI can produce response letters quickly based on what it knows about the circumstances of the complaint. Humans check these before sending.
Contact/policy/claims history summarisation	Producing summaries of all contact and data connected to an insurance policy. Can lead to faster claims experience.
Speeding up bereavement processes	Large firms can receive many notifications per month and administration is currently a manual process. Using AI tools for the routine elements of this can speed up the process and make it more efficient.
Machine learning for pricing & underwriting (already long-established)	Longstanding processes across the sector to understand risk in insurance, loans, credit decisions. Accurate pricing of risk is core to business. Credit risk analysis and actuarial capabilities.
Analysis of medical reports e.g. for life insurance underwriting	AI tools scan very lengthy reports for key data. Qualified human intervention reviews findings.
Fraud detection	Spotting key patterns or risk factors of fraud.
Parametric <sup>86</sup> and automated insurance product decisions	The growth of parametric insurance is well adapted to the use of AI tools to understand when risks have occurred or are likely to.
Risk modelling using expanding data sources	Firms can use wider and deeper data sources to model risk.
Actuarial capabilities	Actuarial work is being enhanced in multiple ways from model accuracy, analysis of very large datasets and routine task automation.
Robotic Process Automation (RPA) <sup>87</sup> is used together with AI for workflow automation	RPA is not an AI tool, but it can be enhanced by AI to perform more tasks and release productivity advantages.

Use case	Description
Detailed calculations (e.g., with profits fund calculations)	AI tools can help to make detailed calculations more efficient, using variables to produce faster results.
Automated Know Your Customer (KYC), onboarding, Anti-Money Laundering (AML)	Tools are being used to automate key parts of the regulatory requirements.
Automated regulatory reporting & documentation	Automating the collection and production of data from systems in the required formats, which is always checked manually.
Checking legal contracts	In some complex cases such as establishing liability firms can need to check many legal contracts. AI can look for key text and clauses fast.
Cybersecurity and managing phishing emails	Firms are using AI to spot risks. One firm reported 99.95% accuracy.
Machine learning for portfolio optimisation	Tools have been in use for a while which help to build effective investment portfolios depending on strategy. Trend evaluation is a particular strength.
Automated market scanning & research reports	Gen AI draws key data out of huge quantities of business and market information and summarises it.
Investment summaries	Producing concise breakdowns of historic and recent performance, for example.
Advisory tools	Experimentation with Agentic AI in advising on certain investment strategies and decisions. Heavily dependent on regulatory boundaries.
Automated suitability, affordability, documentation	Production of documents that can be personalised to individuals' circumstances for various products.
Orchestrating end-to-end processes	Agentic AI used for whole product cycles requiring minor input from users – completing purchase, sale and management processes.
Hyperpersonalised products driven by data	Massive potential for products tailored to an individual's behaviour and circumstances.
Scenario building for workforce models, strategic workforce planning and organisational redesign	HR teams and employees using Agentic to allocate resources to tasks, identify future needs, and map business strategy to workforce and skills.
Retirement planning	Helping customers visualise their possibilities considering variables that customers chose for their own retirement.
Price comparison via AI intermediaries	Established aggregators are facing disruption from AI tools.
Consumer controlled agents using open banking/finance	Agentic AI will make many transactions much more straightforward and responsive.

## Annex B – Summary of future factors affecting adoption

This table collects the major internal and external factors that will drive the speed, depth and breadth of AI tool adoption, and which are referenced in this report.

Factor	Description
<b>'Internal' factors</b>	
Workplace culture and leadership	The way that AI tools are adopted will depend on colleagues' sense of empowerment and confidence in their ability to use them without excessive risk; the fears they may have for their future employment, of 'doing themselves out of a job'; and how leaders set the right examples. Leaders can reassure, educate and show the way for the business, ensuring employees understand the 'why' of AI use.
Technology readiness	AI tools built on firm data and existing systems will only be as good as those systems. Firms with out of date, legacy systems will need to update them. Data quality needs to be maximised. Digitalisation was raised several times as a central factor. And firms need well explained and communicated use cases that colleagues can utilise to start their journey.
Workforce skills as an internal factor	The supply of skills in the current financial services workforce will be a significant driver of adoption speed. Foundational AI and digital literacy are core to this. Firms are upskilling in specific skills linked to the tools they are using but they need to be mindful of the wider skills, particularly behaviours, that will grow in demand.
Return on investment	While many firms have told us that the return on investment is not their current priority, eventually it will become more crucial in determining the extent of adoption. Pilots and use cases will need to show positive impacts in order for adoption to keep momentum.

Factor	Description
<b>'External' factors</b>	
Regulation	Regulatory approaches to AI have so far been to encourage safe and ethical use focused on existing regulatory outcomes. Regulation will have to be regularly updated on the tools being implemented, and errors and negative outcomes may force a rethink. Public attitudes will play a role in how regulation evolves.
Technology cost and availability	The cost of technology could cause future barriers to adoption, and a high unit cost could see firms choosing to roll it out only to certain users or only for certain business units. This will clearly prove a delaying factor to adoption if it happens. Concentration risks and 'sovereign AI' are also relevant.
Technology quality	The longer that AI tools 'hallucinate' or make other errors, the longer it will take for firms and customers to trust it, and the more workforce time it will take to check and validate the outputs it produces. One firm has told us that quality is the main factor holding back their further rollout.
Public trust and acceptance	The public has not yet experienced the full impact of AI on their daily lives and won't for some time. Attitudes remain cautious with 18% saying they trust AI to make decisions or take actions. <sup>44</sup> High profile errors could undermine any future increases in trust. Positive experiences will be key, and public attitudes will drive future political and regulatory decisions.
Societal impacts	Firms are aware of the impacts on wider society of the potential of AI to reduce employment and what that means if it happens on a broad scale. Choices taken now that shape the future of the sector will reverberate for many years, and the sector is keen to work through what they mean with the communities they serve.
Market and economic conditions	The overall UK economic outlook, and that of the financial services sector, will have an impact on adoption. Business investment in technologies that make AI work well, alongside the tools themselves, will depend on wider economic conditions.
Sustainability	Concerns about the environmental impacts of AI were raised several times during our research, particularly from the workforce, which is worried about the amount of energy and water required. Quantum computing has its own issues with technology having to be kept at very low temperatures to function. This concern is likely to be shared very widely across the population and could impact on adoption speeds if solutions and mitigation are not evident.
Workforce skills as an external factor	Skills in the whole UK workforce (and those who can come to this country to work) will also determine the sector's ability to reap the benefits. The sector will always recruit from other sectors, and the future pipeline of talent will have an impact too: the workforce of the future is in our schools, colleges and universities today.

## Annex C – Top ten sector roles by employment

The top ten roles by employment across the sector are shown below, also split by the main sub-sectors of financial services.

Financial services overall	Banking	Asset and wealth management (and auxiliary services)	Insurance
<ol style="list-style-type: none"> <li>1. Insurance underwriters</li> <li>2. Financial administrative occupations</li> <li>3. Brokers</li> <li>4. Pensions and insurance clerks and assistants</li> <li>5. Business and financial project management professionals</li> <li>6. Bank and post office clerks</li> <li>7. Financial accounts managers</li> <li>8. Programmers and software development professionals</li> <li>9. Financial managers and directors</li> <li>10. Finance and investment analysts and advisers</li> </ol>	<ol style="list-style-type: none"> <li>1. Financial managers and directors</li> <li>2. Financial and investment analysts and advisors</li> <li>3. Bank and post office clerks</li> <li>4. Financial accounts managers</li> <li>5. Programmers and software developers</li> <li>6. Business and financial project management professionals</li> <li>7. Financial administrative occupations</li> <li>8. IT managers</li> <li>9. Customer service occupations</li> <li>10. Other administrative occupations</li> </ol>	<ol style="list-style-type: none"> <li>1. Finance and investment analysts and advisors</li> <li>2. Financial managers and directors</li> <li>3. Programmers and software development professionals</li> <li>4. Financial accounts managers</li> <li>5. Brokers</li> <li>6. Business and financial project management professionals</li> <li>7. Financial administrative occupations</li> <li>8. Management consultants and business analysts</li> <li>9. Pensions and insurance clerks and assistants</li> <li>10. Quality assurance and regulatory professionals</li> </ol>	<ol style="list-style-type: none"> <li>1. Pensions and insurance clerks and assistants</li> <li>2. Insurance underwriters</li> <li>3. Programmers and software development professionals</li> <li>4. Estimators, valuers and assessors</li> <li>5. Brokers</li> <li>6. Financial managers and directors</li> <li>7. Customer service occupation</li> <li>8. Financial accounts managers</li> <li>9. Business and financial project management professionals</li> <li>10. Finance and investment analysts and advisers</li> </ol>

**Source:** Office for National Statistics, Annual Population Survey, UK, January – December 2024, top 10 roles per sub-sector

## Annex D – Skills growing and declining

This is a more comprehensive list of the skills that were highlighted by participants in our research of skills which are likely to grow or decline in importance in coming years due to AI use.

### 1. Skills mentioned as *more important* or growing

#### A. Human skills / behaviours

These are universal requirements and are likely to increase in value:

- Critical thinking – ability to challenge AI output and spot inaccuracies.
  - Judgement – human oversight of AI systems, risk assessment, decision-making.
  - Adaptability and learning agility – coping with fast-changing technology; “change muscle”.
  - Resilience – handling transforming roles, complex customer interactions.
  - Creativity and innovation – breaking status quo, designing new solutions.
  - Emotional intelligence and empathy – especially for customer-facing roles.
  - Communication and collaboration – cross-functional working, stakeholder engagement.
  - Leadership and change management – especially in AI-enabled organisations; coaching through change.
- 

#### B. Digital, data and AI-specific skills

These skills are broadly required across the workforce, not only for specialists:

- Digital literacy.
  - Data literacy – reading, understanding, critiquing data and outputs.
  - AI literacy / AI fluency – understanding how AI works, risks, limitations.
  - Prompting / prompt engineering (but seen as declining in long-term importance).
  - Model oversight / AI assurance / responsible AI skills.
  - Risk, governance and compliance skills related to AI, including ethical use.
  - Cyber security and cyber resilience.
- 

#### C. Technical specialist skills

These are needed for smaller groups of technical experts:

- AI/ML engineering.
  - Data science and analytics.
  - Software engineering / systems engineering.
  - Cloud platform skills.
  - MLOps / DevOps.
  - Cloud engineering and architecture.
  - Data engineering.
  - Distributed systems / cryptography / blockchain skills.
  - Quantum related cyber security skills (emerging).
- 

#### D. “Fusion” or hybrid skills

Combining technical understanding with business insight:

- Ability to translate business needs into technical solutions.
  - Product ownership for AI products.
  - Process mapping, task breakdown and workflow redesign.
  - Multidisciplinary team collaboration.
  - Supplier management and third-party orchestration.
  - Customer insight + technology understanding.
  - User centric design / service design skills (notably scarce).
-

## E. Customer and relationship skills

These remain core despite automation:

- Relationship management.
- Customer experience and advanced customer conversation capabilities.
- Rapport building, listening, care.
- Understanding customer journeys and pain points.

## F. Change and transformation skills

- Change management.
- Transformation leadership.
- Ability to rethink roles, tasks, operating models.
- Strategic thinking.
- Vision, bravery, entrepreneurial mindset.
- Ability to “change before the change happens”.

## 2. Skills mentioned as *less important* or declining

### A. Routine, repetitive, or automatable skills

These are losing value due to AI or automation:

- Manual data processing.
- Routine administrative tasks.
- Basic coding / traditional programming (“LLMs can generate code”).
- Highly specialised software development (narrow roles).
- Risk analysis / research analysis (routine parts).
- Operational workflow tasks with low complexity.

### B. Narrow or single financial service sector-specific expertise

Several points note declining demand for:

- Overly specialised financial service sector-specific-only roles.
- “Mortgage only” or similarly siloed skillsets.
- Roles that rely on expertise built through lower-level tasks that may disappear.
- Deep technical skills without the human/leadership layer.

### C. Prompt engineering (as a standalone skill)

- Seen as already **declining rapidly** because models are better at natural language input.

### D. Some traditional technical skills

- As auto generation and Agentic AI systems advance, demand decreases for:
  - o Web engineering.
  - o Data engineering (basic roles) – though advanced engineering still needed.
  - o Some programming disciplines.
  - o Some actuarial / accounting tasks (routine parts automated).

# Glossary

**Below is a list of commonly-used terms throughout this report. For some of these terms there is no single definition upon which every individual or organisation would agree. We have sought to find definitions that are widely understood.**

## **Financial services sector – ‘the sector’**

In this report we refer to the financial services sector as meaning firms that are regulated by the FCA and/or the PRA.

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## **Disruptive technology**

A new technology – or the new application of an existing technology – which has the potential to bring significant change to the sector’s business operations and working practices, customer experience, and which impacts on the sector’s skills and workforce.

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## **Artificial intelligence (AI)**

Technology that enables computers and machines to simulate human learning, comprehension, problem solving, decision making, creativity and autonomy.

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## **AI tools**

In this report we use the broad term AI tools where we are referring to the use of *both or either* Generative or Agentic AI.

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## **Generative AI (Gen AI)**

Deep learning models that can create complex original content in response to a user’s prompt or request. At a high level, generative models encode a simplified representation of their training data and then draw from that representation to create new work that’s similar, but not identical, to the original data.

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## **Agentic AI**

An autonomous AI program that can perform tasks and accomplish goals on behalf of a user or another system without human intervention, by designing its own workflow and using available tools (other applications or services).

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## **Large language model (LLM)**

A category of [deep learning](#) models trained on immense amounts of data, making them capable of understanding and generating natural language and other types of content to perform a wide range of tasks.

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## **Machine learning (ML)**

The subset of AI focussed on algorithms that can “learn” the patterns of training data and, subsequently, make accurate inferences about new data. This pattern recognition ability enables machine learning models to make decisions or predictions without explicit, hard-coded instructions.

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## **Distributed ledger technology (DLT)**

Secure, transparent, and decentralised record-keeping across a network, enhancing data integrity and reducing the need for audits. See: [What Is Distributed Ledger Technology \(DLT\) and How Does It Work?](#) (Investopedia)

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## **Tokenisation**

Digital tokens being used to speed up the settlement of transactions between institutions. See: [What Is Tokenization?](#) (IMF)

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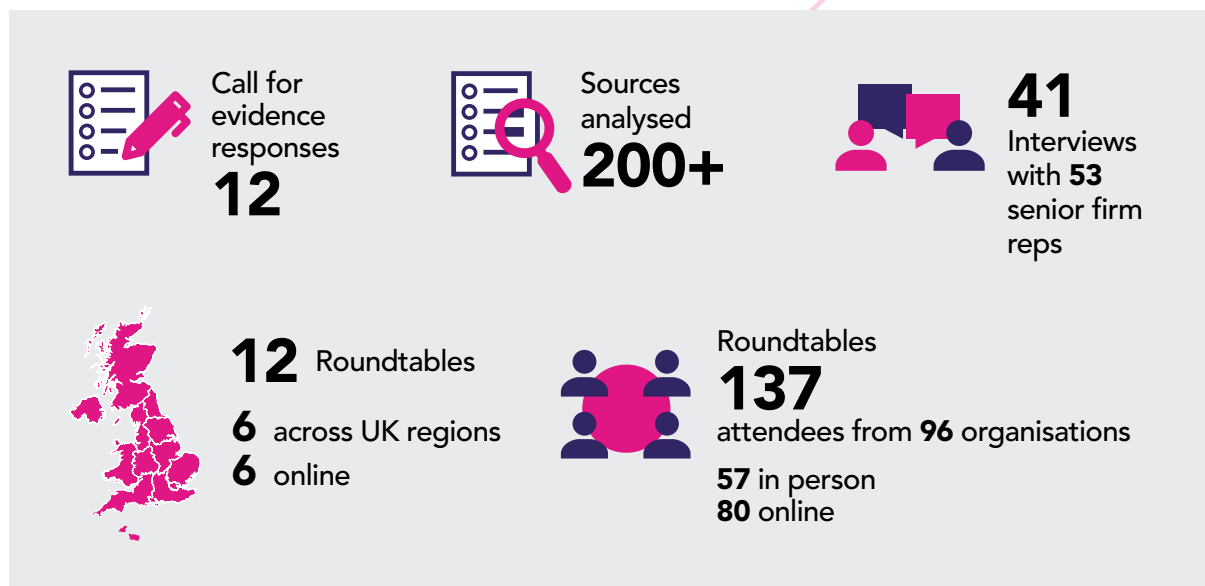
## **Quantum computing**

Quantum computing is an emergent field of computer science and engineering that harnesses the unique qualities of quantum mechanics to solve problems beyond the ability of even the most powerful classical computers.

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# Methodology

This report is based on a mixed-method approach conducted mostly between November 2025 and January 2026. The objective was to capture a broad, representative set of views from across financial services, and those connected to it.



## Primary research

We conducted 41 interviews with 53 people from across the financial services sector. Participants included senior executives, HR and talent leaders, technology and AI specialists, risk and compliance professionals and operational leaders. Interviewees were representative of sub-sectors, including retail and commercial banking, insurance, asset and wealth management, capital markets, financial market infrastructure and professional services supporting the sector.

We convened 12 roundtable discussions across the UK, bringing together industry leaders, practitioners and other stakeholders totalling 137 attendees from 96 firms. This included six regional roundtables (Belfast, Birmingham, Cardiff, Edinburgh, Leeds and London) and six sub-sector roundtables.

An online call for evidence, open through November 2025, invited written submissions. We received 12 formal responses.

## Secondary research

Alongside primary research, we reviewed over 200 pieces of relevant desk research. This included academic literature, industry reports, regulatory publications, consultancy analysis, labour market data and international studies. Sources covered both UK-specific evidence and international comparisons. While most research was specific to the financial services sector, others were sector agnostic.

We received quantitative data contributions from EY and KPMG with specific insights into the automation of key tasks and roles and as assessment of future skills needs.

## Approach to analysis

This report is primarily qualitative in nature. While external quantitative data sources are referenced where relevant, we have not conducted our own quantitative research in this phase. While technology is often discussed in quantitative terms, for example projected productivity gains, its real-world impact on workforce design, organisational culture and skills development is more complex and less easily quantified. The research approach was deliberately designed to capture the depth, nuance and diversity of perspective across the sector.

Initial findings and thematic analysis were triangulated during discussions that took place in February 2026 and through an expert review panel to test consistency.

## EY – AI Workforce Impact Analysis

EY's AI workforce impact analysis uses a structured AI model to evaluate how automation and intelligent systems affect the skills required for a given job. The purpose is to show how skill demands may change, where human contribution becomes more important, and what new skills may be needed.

High priority skills were identified in two stages. First, Global Lightcast job posting and EY Skills Benchmark data were used to establish the universe of skills most referenced across 14 of the top roles in financial services. Common or generic skills (such as Microsoft Excel or Word) were consolidated or removed to avoid skewing the outputs. Each remaining skill was then assessed using an 'Importance Weight' – a composite measure of how critical the skill is to role performance which considers cognitive complexity, financial service sector-specific knowledge dependency,

and regulatory sensitivity. Skills scoring most highly on this measure were classified as high priority, reflecting both employer demand and the degree to which the skill remains essential for human performance in the role.

New skills were identified through the model's forward-looking workforce planning outputs. For each skill assessed, the model identified where automation is likely to create gaps in human capability and flagged the complementary skills workers will need to remain effective. These emerging capabilities were assigned a time horizon (near term: 1–2 years; medium term: 2–3 years; longer term: 3–5 years) based on the projected pace of technology adoption, with a rationale connecting each new skill to a specific automation-related gap.



## KPMG – AI Workforce System

KPMG’s AI workforce system is an agentic, multi-stage AI analytics engine that transforms minimal job-level inputs into full task maps, skill profiles and estimates of automation/augmentation potential. The system combines two key data sources:

- 1) External labour market datasets, including sources such as WEF, O\*NET and Lightcast, which provide global benchmarks on occupational characteristics, skills requirements, and automation exposure.
- 2) KPMG’s own Global Workforce Data Model (WDM), an extensive proprietary dataset compiled throughout its many years of industry activity.

External datasets, including Lightcast, inform the broader labour market context, while the WDM provides detailed analytical structure underpinning task decomposition and scoring.

ONS occupational data was used to identify the roles with the greatest employment across banking, insurance and asset and wealth management (and auxiliary services). For each role, an AI agent identified a list of unique tasks and skills. These were grouped into 20 discrete task clusters and 20 skill buckets, using a combination of vector-embedding models, similarity scoring, hierarchical clustering and human-guided iterative refinement.

The proportion of overall role content attributed to each task was calculated (‘Task Proportion’). For each task, ‘Automation Potential’ was estimated using KPMG’s internal AI models. ‘Automation Potential’ was then combined with ‘Task Proportion’ to calculate a weighted impact score for each task:

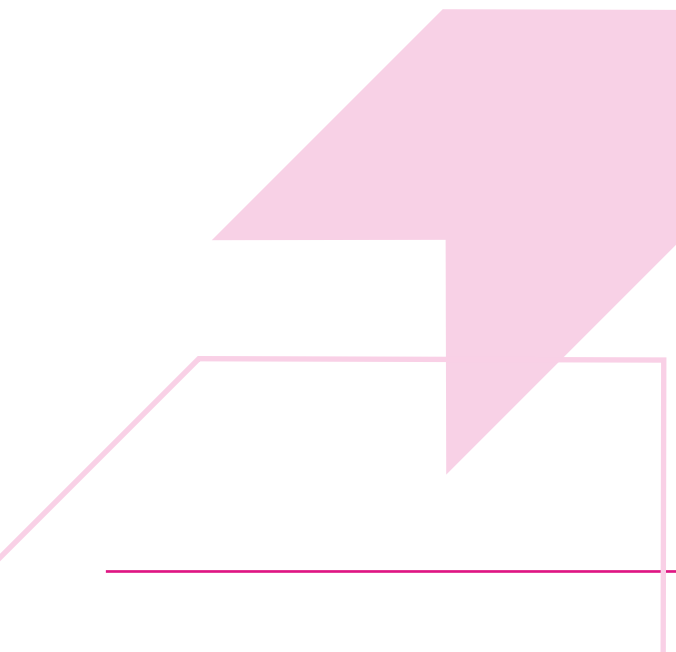
$$\text{Weighted impact} = \text{Task Proportion} \times \text{Task Augmentation Potential}$$

Summing weighted impacts across relevant tasks provided an ‘Automation Index’ for each role and for each task category:

$$\text{Task / Role Automation Index} = \sum(\text{Task Proportion} \times \text{Automation Potential})$$

While the primary analysis focused on task and role automation potential, additional analysis provided further detail on the essential and desirable skills required to complete each role. The results of the skills analysis have not been included directly in this report but were used to support interpretative judgements around why certain tasks, and therefore roles, exhibit high or low automation potential.

The analysis provides an indicative view only and should be interpreted with appropriate caution, recognising the inherent limitations, assumptions and potential biases within AI models and underlying data sets.



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# Financial Services Skills Commission

**The Financial Services Skills Commission** is an independent, not for profit, member-led body, representing the UK's financial services sector on skills. We work directly with the sector to ensure that businesses have the talent and skills they need for the future.



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## Financial Services Skills Commission

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