

# Fast Facts: Financial Services Short Report 2010



*Professional skills needed to fuel the renewal of the financial services sector*

**As the local financial services sector prepares for a sluggish recovery in 2011, it faces a growing shortage of professional skills, despite advances in employment and gender equity and increases in graduate and technical training.**

These are the findings of the Landelahni Recruitment Group's Financial Services Survey 2010. The results show that there is a shortage in every area related to skilled and professional staff, while 82% of auditing firms believe there is a shortage of chartered accountants.

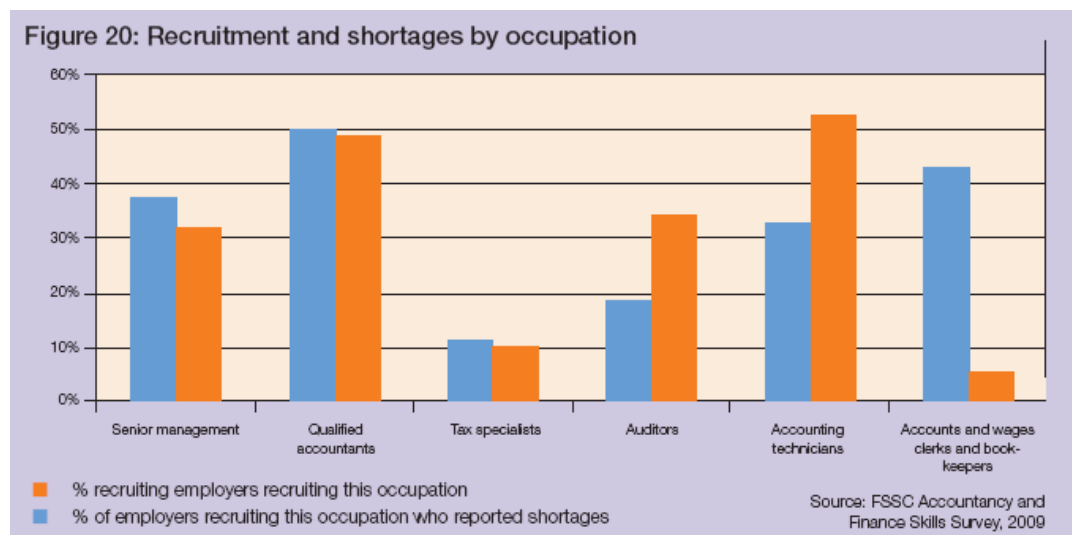
The role that the financial services sector played in the global economic collapse also raises the issue of the quality of leadership. We need to focus on developing the type of quality leadership that will responsibly create and lead a sustainable sector in the long term.

For several years, South Africa has lost accounting professionals, along with auditing, risk management and economics professionals, as well as engineers and information technology specialists, all of whom are in short supply around the world, and subject to offshore poaching by developed and developing economies. These professional skills are highly mobile and in demand across all business sectors globally, not only in financial services.

The number of employees in financial services has dropped from approximately 300 000 in June 2008 to 270 000 in June 2009 according to Fasset, the accounting and financial services SETA, which predicts continued shortages of professional skills in the sector.

**Global market demand**

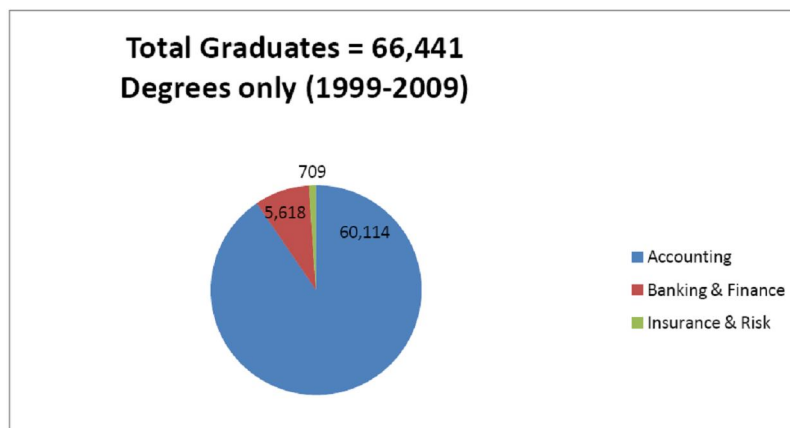
The current skills shortage is likely to become much more acute in the next 10-15 years. According to the World Economic Forum 2010 Global Skill Shortage report, skilled professionals are increasingly mobile globally. The report states: "Companies say they don't have the right people with the right skills at the right place at the right time. Globally, managing talent is a top priority for business."



A recent international survey in 17 countries covering 5 000 companies, found that 56% experienced difficulty in finding skilled financial candidates. In the UK – one of the largest global financial services markets, some 50% of employers reported shortages of qualified accountants and accounting technicians, despite the economic slowdown. And, according to the Association of Chartered Certified Accountants, “The UK is on the brink of a financial professionals skills crisis”.

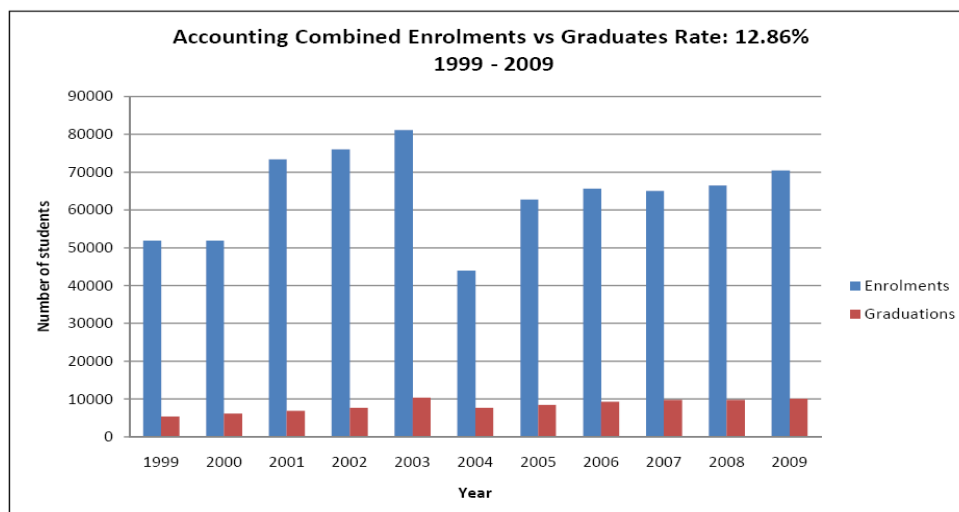
### Financial services graduates

In South Africa, a total of 60 114 accounting students graduated with degrees or diplomas over the 11 years from 1999-2009, averaging 5 465 per year. Over the same period, banking and finance graduates amounted to 5 618 (511 per year) and insurance and risk graduates amounted to 709 (65 per year). This amounts to a total graduate number of 6 041 per year.



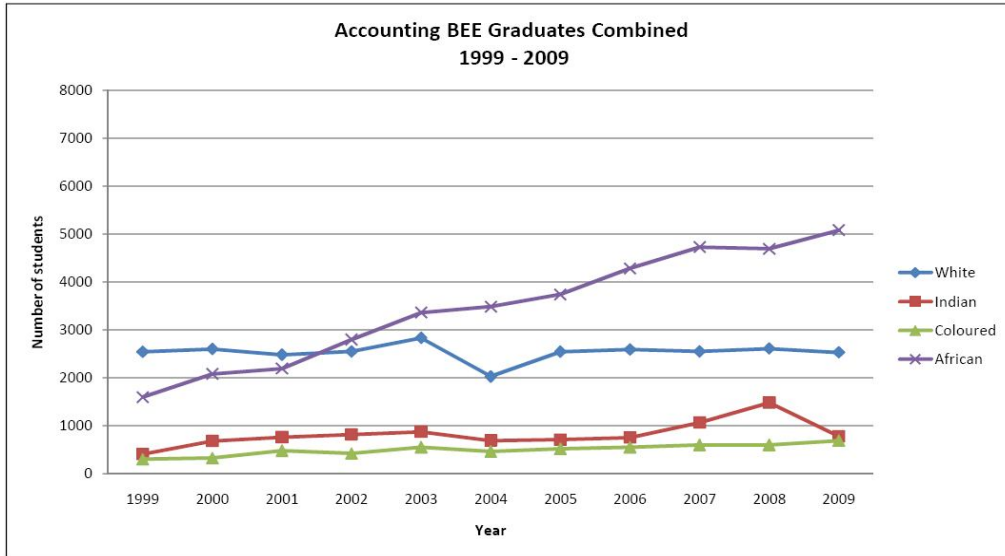
This is not enough to meet demand, particularly since the financial services sector is competing for these skills with businesses across the board.

The picture is even more dismal when comparing enrolments against graduations. Between 1999 and 2009, the total number of university enrolments in accounting was 504 068, against 60 114 degreed graduates over the same period – an 11.9% pass rate.



Technikon enrolments in accounting numbered 204 215 over the same 10-year period against 31 034 diploma graduates – a 15.2% pass rate.

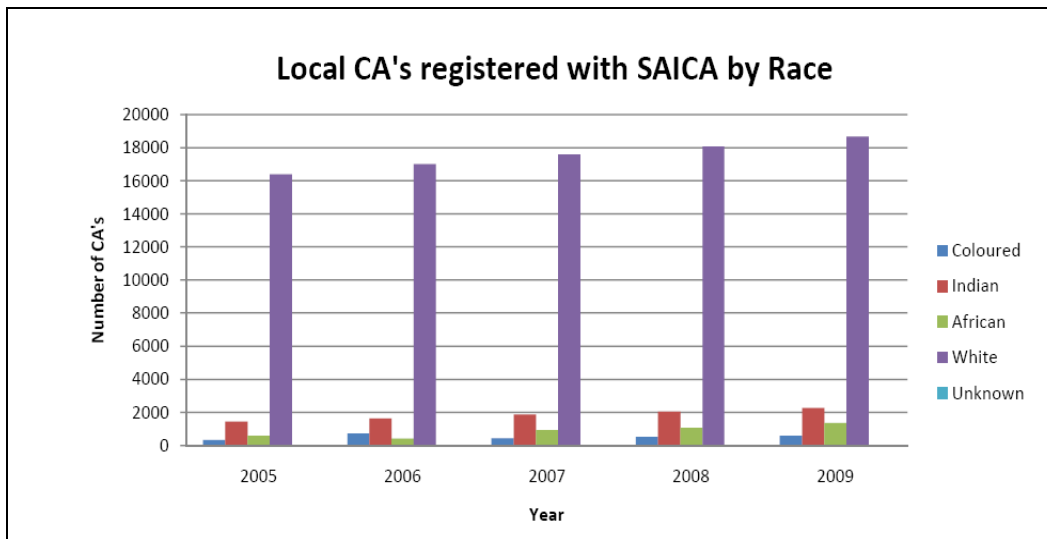
Over the past 10 years, accounting graduates across both universities and technikons were predominantly black, followed by coloureds, Indians and whites.



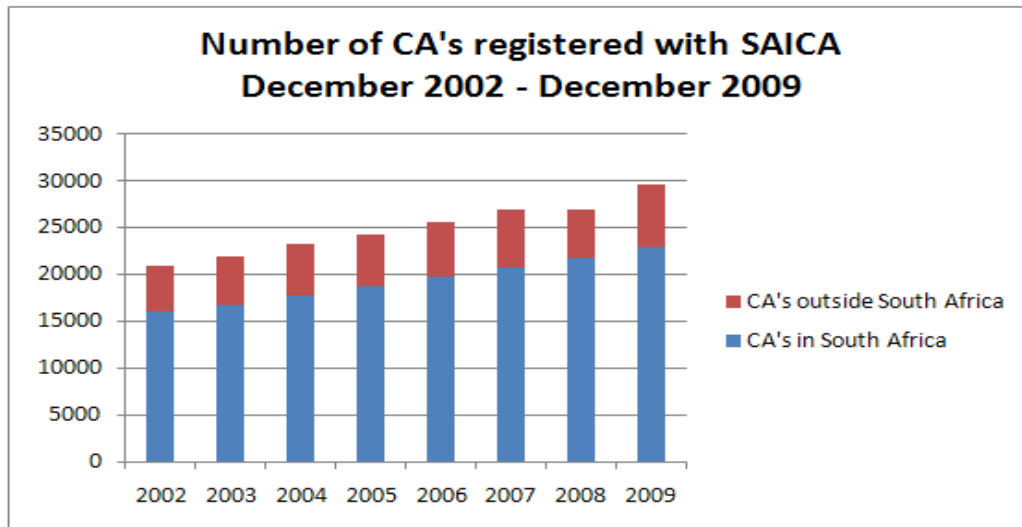
From a gender perspective, female accounting graduates dominated, numbering 5 734 (58%) in 2009, against 4 327 males. This contrasts sharply with qualified chartered accountants where women account for only 23% of the total.

### Chartered accountants working in SA and offshore

SAICA (SA Institute of Chartered Accountants) experienced its highest number of registrations in 2009 – a positive sign for increasing the pipeline in SA for the future.



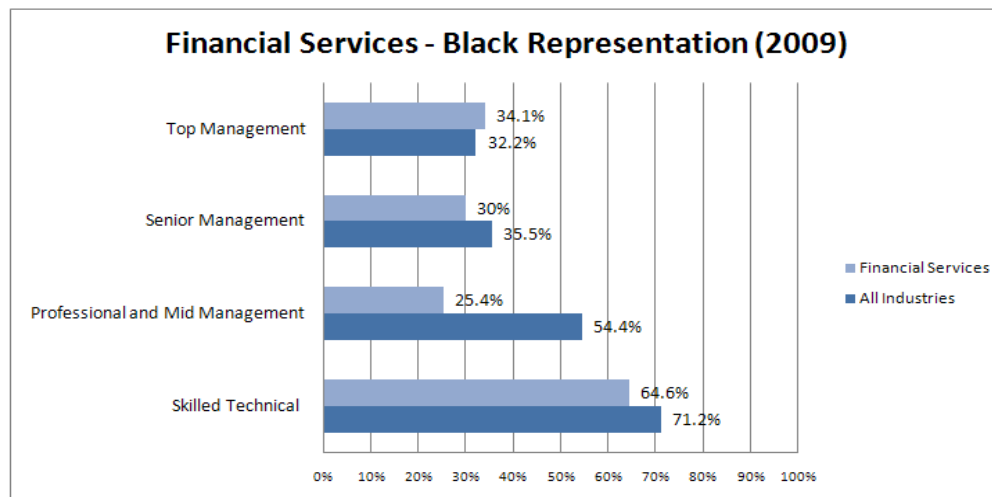
A total of 29 671 chartered accountants was registered with SAICA in 2009, compared to 20 903 in 2002 – an increase of 42%. This total is made up of 18 654 whites, 2 259 Indians, 1 347 blacks and 589 coloureds. Of these 16 426 are male, and 6 462 are female.



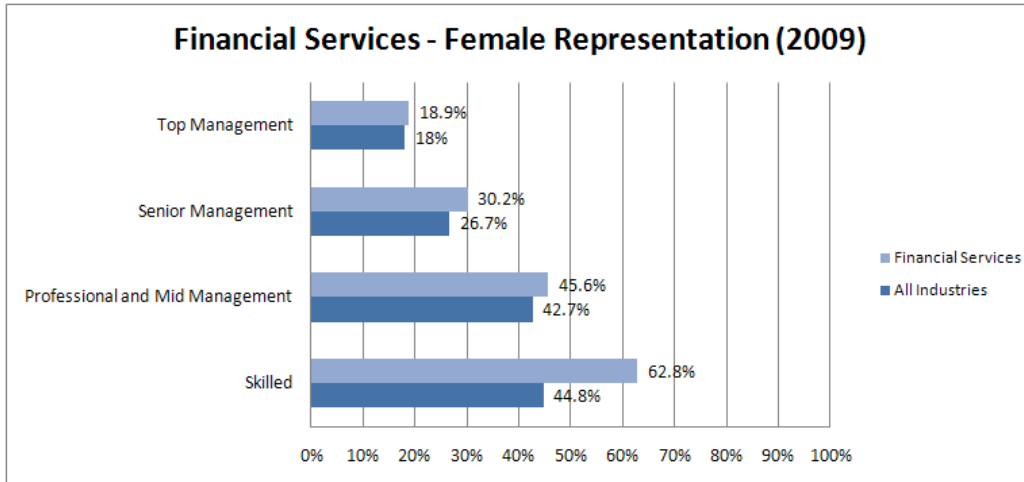
Some 22 888 accountants are working in South Africa, and 6 783 (23%) are working offshore. This means that we are losing some of the benefit of the increase in CAs. Those working outside the country are predominantly whites but, since 2002, blacks working offshore increased threefold off a low base of 32 to 104.

### Employment and gender equity

While the financial services sector, including the accounting profession, continues to be dominated by white males, the face of the profession is changing as more blacks and women graduate. However, the numbers remain insufficient to meet demand given South Africa's equity legislation.



In terms of employment equity, financial services is doing well at top management level with 34.1% black representation, exceeding the all-industry average of 32.2%. At senior management and skilled technical levels, the sector is slightly below the all-industry average. However, at professional level, black representation in financial services at 24.5% lags behind at under half of the industry average of 54.4%.



Compared to other industries, the financial services sector shines in gender equity, outperforming the industry average at every level of employment, and particularly at the skilled technical level (62.8% female) against the all industry average (44.8%).

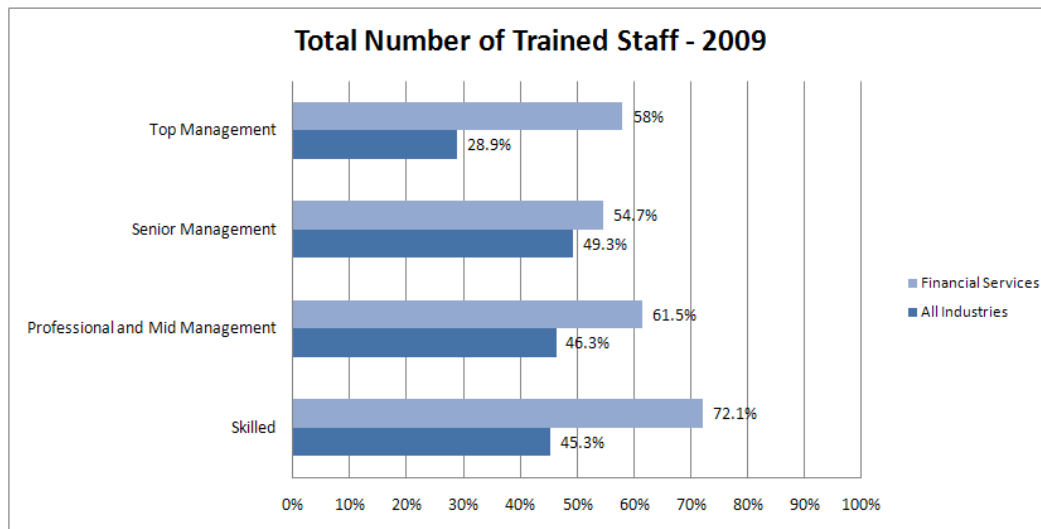
Year	Male	Female
2001	39.5%	60.5%
2002	40%	60%
2003	41.3%	59%
2004	42.6%	57.5%
2005	41%	60%
2006	42%	56%
2007	57.5%	42.5%
2009	57%	43%

In financial occupations overall, gender equity has seen on average 5% increase over the past nine years, so we are still lagging considerably in this area. At the current rate of change it will take about 75 years for women to reach parity with men.

## Training in the financial services sector

In 2009, the financial services industry was ahead of all other industries in respect of the number of employees being trained at every level:

- Top management: financial services 58%, vs all industries 28.9%
- Senior management: financial services 54.7% vs all industries 49.3%
- Professional and mid-management: financial services 61.5% vs all industries 46.3%
- Skilled: financial services 72.1% vs all industries 45.3%.



This shows a significant commitment to developing the skills of all employees. A large part of the training success must be attributed to the three SETAs in the sector (Fasset, Bankseta and Inseta), which focus largely on entry level skills (NQF levels 2-5). In contrast to many other SETAs, these offer qualifications that are relevant to the sectors they serve, and are effective in encouraging companies in their in-house training efforts.

## The race for talent

In view of the pressure of global shortages and talent mobility, Landelahni believes that the scarcity of accounting and financial skills cannot be solved in the short term. It requires long-term strategies from corporates and the state to ensure adequate funding of both education and research.

Information on how many chartered accountants, for example, are practising in South Africa, along with their age groups, will assist us in determining replacement requirements to meet future growth needs. This data is essential for strategic skills planning and talent management.

Demand for accounting professionals, not to mention economists and legal experts, will increase in financial services and businesses across the board, as all sectors focus on risk management, organisational sustainability, transparency and good governance, in the face of increased regulatory pressure.

In SA, we have seen a decline in graduate programmes in financial services. It is crucial we reconsider this vital source of future talent. A comprehensive graduate talent acquisition plan, beginning with a proactive graduate recruitment programme linked to an effective onboarding and mentorship programme is just the start. This needs to be associated with a comprehensive career development plan to fast track top talent and develop recruits into successful leaders who can create and manage sustainable growth.

As the interconnected economy drives the movement of employees between countries, strategic talent management is a prerequisite. We need to make talent management a priority and invest in global leadership development.

Produced by the Landelahni Recruitment Group.  
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