



Department
for Education

Skills England: Sector skills needs assessments

Financial services

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Summary

The financial services sector is one of the UK's greatest economic assets. It drives growth through providing finance to businesses, mortgages to consumers, directing capital to productive investments, and will play a key role in providing the finance needed for the net zero transition. The UK, along with the US, is one of two global financial centres, and is a leader in FinTech, sustainable finance and insurance.¹ The sector includes²:

- Capital markets (i.e. the venues where funds are exchanged – sold/bought);
- Banking (retail, commercial and investment);
- Asset management;
- Insurance/reinsurance;
- Sustainable finance; and
- FinTech (the interaction between financial services and innovative technologies).

At the time of writing, definitions of the eight Industrial Strategy growth-driving sectors are still in development. Our analysis uses the best available definitions and evidence, setting out what we already know and where further work is needed to understand the skills landscape within these sectors. The forthcoming Industrial Strategy Sector Plans will set out analysis of the highest growth potential subsectors.

Priority jobs and skills

In 2024, there were 1.2 million jobs in the UK financial services workforce, around 3% of the total number of jobs in the UK. In the last decade, the number of jobs in the sector has increased by 8% (89,000).³

The financial services sector has become more highly skilled in recent decades, reflecting the rapid growth of the fintech industry and the adoption of innovative technologies and new working practices; 73% of roles in 2022 were highly skilled compared to 52% in 2004.⁴

Financial Services has seen an 11% increase in employment since 2020⁵, with future employment growth in the sector likely to be driven by more technical roles. Between 2021 and 2024 the number of Information Technology Professionals in the wider economy increased by 236,000, or 21%.⁶ There is significant and growing demand for

¹ [Invest 2025: the UK's modern industrial strategy](#), DBT (2024)

² For statistical purposes we use the "Financial Services" standard industrial code (section K).

³ [Workforce jobs by industry - December 2024](#), ONS (2025)

⁴ [People + Technology: How skills can unlock value for Financial Services](#), Financial Services Skills Commission (2023)

⁵ [EMP13: Employment by industry](#) (average employment in 2024 compared to 2020), ONS (2025)

⁶ [Annual Population Survey Dec 2021 - Dec 2024](#), ONS (2025)

these roles from within the financial services sector, with future employment increasingly likely to be focused on these more technical roles as the sector continues to digitalise.

Results from the Employer Skills Survey (ESS) 2022 show that 24% of vacancies in the financial services sector were hard-to-fill due to skill shortages, below the UK average of 36%.⁷ Shortages were primarily in:

- Operational skills required for roles in the sector;
- Complex analytical skills;
- Sales and customer skills; and
- Self-management skills.

The ESS also found that 7.7% of employees were not yet fully proficient in their role, often due to staff being new to the role and initially lacking the required skills, or due to the introduction of new technologies or working practices. This is higher than the UK average skills gap of 5.7% and is the second highest sector overall reported in the survey.⁸

Despite having lower vacancies due to skill shortages than other sectors, 69% of the overall workforce are in jobs experiencing elevated or critical demand, higher than all other industry sectors in the UK. Underwriters are facing critical demand, and some of the largest occupations in the financial sector are experiencing elevated demand. This includes finance and investment analysts and advisers, financial managers and directors, and programmers/ software developers.⁹

This is supported by research by the Financial Services Skills Commission (FSSC) which indicates that technical roles including data, software developer, cyber and risk, as well as project management roles, are currently hardest to fill across the sector.¹⁰

Our engagement with employers¹¹ highlighted that many of these skills challenges are amplified for businesses situated away from urban areas that contain financial service clusters, such as London, Edinburgh, Glasgow and Manchester. Rural employers face difficulties in attracting talent due to limited access to apprenticeships, digital infrastructure, and in-person training opportunities.

The trend towards technological integration and an increasing demand for high skilled and technical roles in financial services looks set to continue:

⁷ [Employer Skills Survey 2022](#), DfE (2023)

⁸ [Employer Skills Survey 2022](#), DfE (2023)

⁹ [Occupations in Demand](#), DfE (2024)

¹⁰ [Bridging the skills gap in a rapidly evolving sector Skills for the future of Financial Services 2024](#), Financial Services Skills Commission (2024)

¹¹ During this engagement process and the drafting of this publication, Skills England was set up in shadow form within the Department for Education (DfE). [Skills England - GOV.UK](#)

- The financial services sector is more exposed to disruption from developments in AI than other sectors.¹²
- The growth of fintech has the potential to create more high-income tech-based employment in the financial sector.¹³
- The transition to net zero and expansion of sustainable finance could add to demand for new skills and expertise.¹⁴

There is a slight gender imbalance in the total workforce, with female employees making up 47% of the workforce in 2020. Workforce projections suggest that this imbalance will continue; by 2035 there are projected to be 14,000 fewer women in the sector compared to 2020, while the number of men will remain stable.¹⁵ This is due to a projected decrease in administrative and secretarial roles, which have historically employed more women, alongside an increase in professional roles which have historically employed more men. This widening gender gap reduces the talent pool and could deepen the skills challenges discussed above if these imbalances are not addressed.

Research by FSSC describes a demographic bulge in the financial services at ages 31-50. Many of these experienced employees will be retiring in the next 10 years and will take with them expertise that is hard to replace, this is made more difficult by sector struggles to retain workers past age 55.¹⁶

Key skills challenges

AI, cybersecurity, and emerging technology

As the financial services sector transitions to cloud-based technology solutions and integrates more advanced AI tools and faces escalating cyber threats, the demand for specialists in these areas is rapidly increasing. Our engagement with the sector highlighted that:

- Employers are expecting substantial increases in AI and cybersecurity roles.
- Cloud developers and DevOps engineers are now critical for modernising banking infrastructure.

¹² [The impact of AI on jobs and training](#), DfE (2023)

¹³ [Kalifa Review of UK Fintech](#), HMT (2021)

¹⁴ [People + Technology: How skills can unlock value for Financial Services](#), Financial Services Commission (2023)

¹⁵ [Labour market and skills projections: 2020 to 2035](#), DfE (2023)

¹⁶ [People + Technology: How skills can unlock value for Financial Services](#), Financial Services Commission (2023)

- Data analytics roles now require candidates to work with and ensure the outputs of machine learning models on top of the traditional processing and presentation of raw data.

Employers told us that education and training pipelines are failing to produce the qualified professionals to meet the demand. Recruiting for these key technical skills is further complicated by the need for candidates who also have a good contextual and regulatory understanding. This blend of skills is rare, and difficulty recruiting is slowing the integration of technological advancements.

Foundational and transferable skills

The financial sector is facing significant challenges in cultivating essential foundational and transferable skills. These deficits hinder the effective application of technical expertise and the sector's ability to meet rapidly evolving demands. Our conversations with the sector highlighted:

- **Leadership:** As experienced professionals retire, there is a noticeable gap in succession planning. Employers need leaders capable of navigating uncertainty, making strategic decisions, and driving organisational growth in a rapidly evolving landscape.
- **Communication:** While technical employees are proficient in their domains, they often struggle to translate technical jargon into actionable insights for clients and colleagues, which is critical for collaboration and client relationships.
- **Adaptability:** Technological advancements continually reshape roles and processes, and workers must demonstrate the agility to pivot quickly to new tasks, tools, and strategies.

Employers told us that transferable skills are not just complementary to technical expertise; they amplify its impact, making them indispensable for future leadership and workforce resilience.

Training routes into the sector

The financial services sector is highly skilled, and most employees have graduate level education or higher; 52% of the workforce are qualified to at least degree level (Level 6), and 83% have at least a Level 3 qualification. This compares to 39% at Level 6 or higher and 72% at Level 3 or higher on average for the UK.¹⁷

¹⁷ [Annual Population Survey Jul 2023-Jun 2024](#), ONS (2024)

Recruitment comes from a diverse range of higher education courses, in 2021 to 22, at least 10,500 graduates were working in the sector five years after their graduation¹⁸. By volume the main graduate qualifications are in:

- Business and management (24% of the total, includes finance and accounting);
- Economics (10%);
- Mathematical sciences (8%);
- Computing (6%).

The latest available data shows that there were 9,040 new apprenticeship starts in the sector in 2021/22 across a range of skill levels. The largest include the insurance practitioner Level 3 and insurance professional Level 4 apprenticeships, team leader or supervisor apprenticeship, and the data analyst apprenticeship.¹⁹

FSSC analysis shows that university graduates are more likely than apprentices to fill the high skill and technical jobs that are likely to expand over the next decade. Graduate recruitment has remained stable, but as a proportion of overall graduates it has been decreasing.²⁰

Securing the future workforce

Our engagement highlighted that apprenticeships are valued by the sector. They are widely used to upskill current employees, particularly in scarce specialist and technical skills, and to help ensure the pipeline of leadership skills. FSSC research reports similar findings; a high proportion of their member firms use apprenticeships for reskilling and upskilling, and firms are reporting successes in using apprenticeships to grow the supply of core future skills, such as data analysis.²¹

Gaps in Provision

Employers underlined three areas of concern regarding the current apprenticeships system:

¹⁸ [LEO Graduate and Postgraduate Outcomes 2021/22](#), DfE (2024). Skills England analysis of industry destinations of first degree graduates 5 years after graduation. Data captures 87% of employed graduates, meaning the true number is likely to be higher.

¹⁹ [Apprenticeships in England by industry characteristics 2021/22](#), DfE (2024)

²⁰ [Bridging the skills gap in a rapidly evolving sector: Skills for the future of financial services 2024](#), Financial Services Skills Commission (2024)

²¹ [Bridging the skills gap in a rapidly evolving sector: Skills for the future of financial services 2024](#), Financial Services Skills Commission (2024)

- The system lacks the flexibility to keep pace with the fast-moving demands of the modern financial services workplace. The duration and curriculum requirements are too rigid to adapt to meet specific skills challenges, and employers are unable to use funds to improve graduate training, develop internal leadership programmes, or to fund resits and modular qualifications.
- Apprenticeships are too slow to adapt to changes in skills needs within industry. Standards take too long to update and are often out-of-step with industry needs by the time they are complete.
- There should be better recognition of prior learning built into the apprenticeship programme. Apprentices are required to repeat content they have already mastered, which discourages employee and employer engagement.

To address these issues, employers suggested:

- Expanding levy use for short and modular, targeted training aligned with industry certifications, particularly in AI, data analytics, and cybersecurity.
- Enabling funding for broader workforce training, including graduate upskilling, professional development, and internal leadership programmes.

These findings are similar to difficulties highlighted in the review of UK fintech, which reported the pace of the sector meant firms struggled to use apprenticeships due to the duration of the programmes, and are mirrored in recent policy recommendations from the FSSC, which call for greater flexibility in the apprenticeship system and deeper partnership with government to deliver this.^{22,23}

²² [Kalifa Review of UK Fintech](#), HMT (2021)

²³ [Bridging the skills gap in a rapidly evolving sector: Skills for the future of financial services 2024](#), Financial Services Skills Commission (2024)



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