



**FUTUREMATTERS™**  
CENTRE OF EXCELLENCE

# DEVELOPING TALENT & BUILDING CAPACITY TO FILL THE TALENT GAP

Uncovering real insights from leaders driving  
this transformation

Report of the roundtable held during the 2024 Japan FinTech Festival

CO-PUBLISHER



 **ELEVANDI**

**JAPAN**  
**FINTECH**  
**FESTIVAL™**

# Content

About	04
Executive Summary	05
<hr/>	
<b>PART 1</b> Navigating Japan's Talent Terrain	<b>06</b>
New skills for a fast-changing world	06
Demographic shifts in Japan	07
A new framework: SHIME	11
Japan's skills gap, according to SHIME	12
Factors contributing to Japan's skills gap	13
<hr/>	
<b>PART 2</b> Role of Stakeholders in Addressing This Gap	<b>15</b>
Governments and regulators' perspective	16
Educational institutions	17
Third-party educational platforms	17
Industry (Employers, FinTech Companies, and Corporations)	17
Individuals	17

# Content

<b>PART 3</b> Best Practices to Develop Talent and Build Capacity to Fill the Talent Gap	<b>18</b>
Government support	<b>19</b>
Workplace culture and inclusion	<b>21</b>
Global collaboration	<b>21</b>
<hr/>	
Conclusion	<b>22</b>
Authors	<b>23</b>
References	<b>24</b>



## ELEVANDI

Elevandi, established by the Monetary Authority of Singapore, serves as a platform to facilitate an open dialogue between the public and private sectors, aimed at advancing FinTech in the digital economy.

Working closely with governments, founders, investors, and corporate leaders, Elevandi focuses on driving collaboration, education, and the creation of new sources of value at both industry and national levels. Through various initiatives, Elevandi has brought together over 350,000 individuals to propel the growth of FinTech. These initiatives include events, closed-door roundtables, investor programs, educational initiatives, and research endeavours. Elevandi's flagship product is the Singapore FinTech Festival, which runs alongside other prominent platforms such as the Japan FinTech Festival, Point Zero Forum, 3i Africa Summit, Inclusive FinTech Forum, Elevandi Insights Forum, The Capital Meets Policy Dialogue, The Founders Peak, and Green Shoots.

For further information, please visit <https://www.elevandi.io>.



Founded in 2017 in London, Centre for Finance, Technology and Entrepreneurship (CFTE) is a global platform for education in FinTech and the future of financial services. More than 100,000 professionals from 100+ countries have participated in CFTE programmes to accelerate their careers in finance. CFTE's objective is to equip professionals and students with the skills to thrive in the new world of finance. This includes online courses and specialisations, leadership training and hands-on entrepreneurship experiences in topics such as FinTech, Blockchain, AI, Open Banking and Digital Payments.

In total, more than 300 experts teach at CFTE, where they provide a global view of what's really happening in this new world of finance. CFTE believes that emerging technologies and innovation are giving birth to a new era of finance, one that can have a positive impact on the lives of billions. This starts with people having the right knowledge and mindset so that no one is left behind.

View [courses.cfte.education](https://courses.cfte.education) to learn more about CFTE.

## Executive Summary

This whitepaper draws insights from the “Developing Talent & Building Capacity to Fill the Talent Gap” roundtable at the Japan FinTech Festival, exploring the best practices to bridge the widening skills gap in the industry. The discussion generated actionable insights for the industry and addressed three central themes, including:

### **Theme 1: Navigating Japan’s talent terrain**

The modern landscape poses unprecedented challenges as the pace of change accelerates, impacting individuals of all ages. Japan, with its unique demographic factors such as a growing senior population, faces distinct challenges. This section adopts a comprehensive skills framework SHIME to analyse the current skills landscape in Japan. A critical aspect of the current skills gap in Japan stems from deficiencies in soft skills, such as English proficiency and the absence of a mindset geared towards continuous learning and adaptability.

### **Theme 2: Role of each stakeholder in addressing this gap**

To address the evolving skills gap, the role of various stakeholders, including governments, regulators, and educational institutions, undergo transformation as well. Each entity must recognise their unique role in addressing the gap. The participants highlighted the crucial role of governments to focus on policy implementation and funding support to promote lifelong learning; educational institutions to swiftly update curricula to meet evolving workforce demands; and industry stakeholders to create an environment that fosters experimentation, failing and learning.

### **Theme 3: Best practices to develop talent and build capacity to fill the talent gap**

The financial sector faces a skills gap and talent shortage, necessitating both top-down government involvement and bottom-up individual and corporate responsibility to address it. Key pillars discussed include government support through policy initiatives and skills frameworks to foster inclusivity and support continuous learning. Adaptability and continuous learning are emphasised in the face of technological disruptions, with global collaboration highlighted as essential for leveraging diverse perspectives and expertise to tackle the skills gap effectively and drive innovation in the financial sector.

## Part 1: Navigating Japan's Talent Terrain

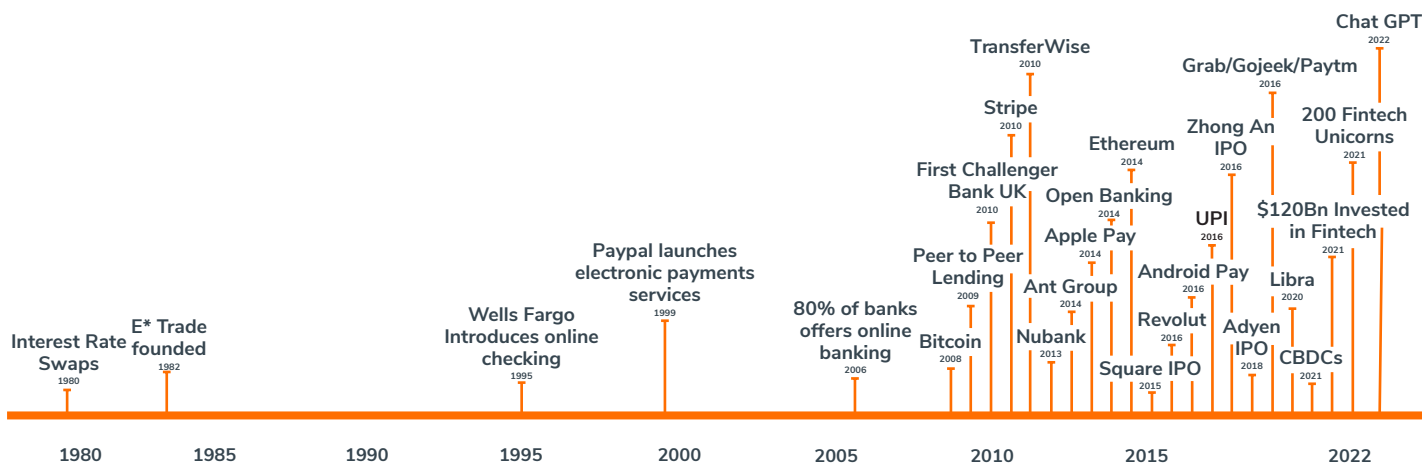


### 1. New skills for a fast-changing world

In today's rapidly evolving world, individuals of all ages are confronted with challenges as the pace of change accelerates. This presents unique obstacles for the workforce, where graduates from a decade ago may find their skills outdated due to the emergence of new technologies and concepts. Particularly in countries like Japan, where demographic factors diverge significantly from global trends, individuals in their 30s or older face pronounced challenges in staying relevant in the rapidly changing landscape.



Figure 1: The evolution of the financial industry



Source: Centre for Finance, Technology and Entrepreneurship (CFTE)

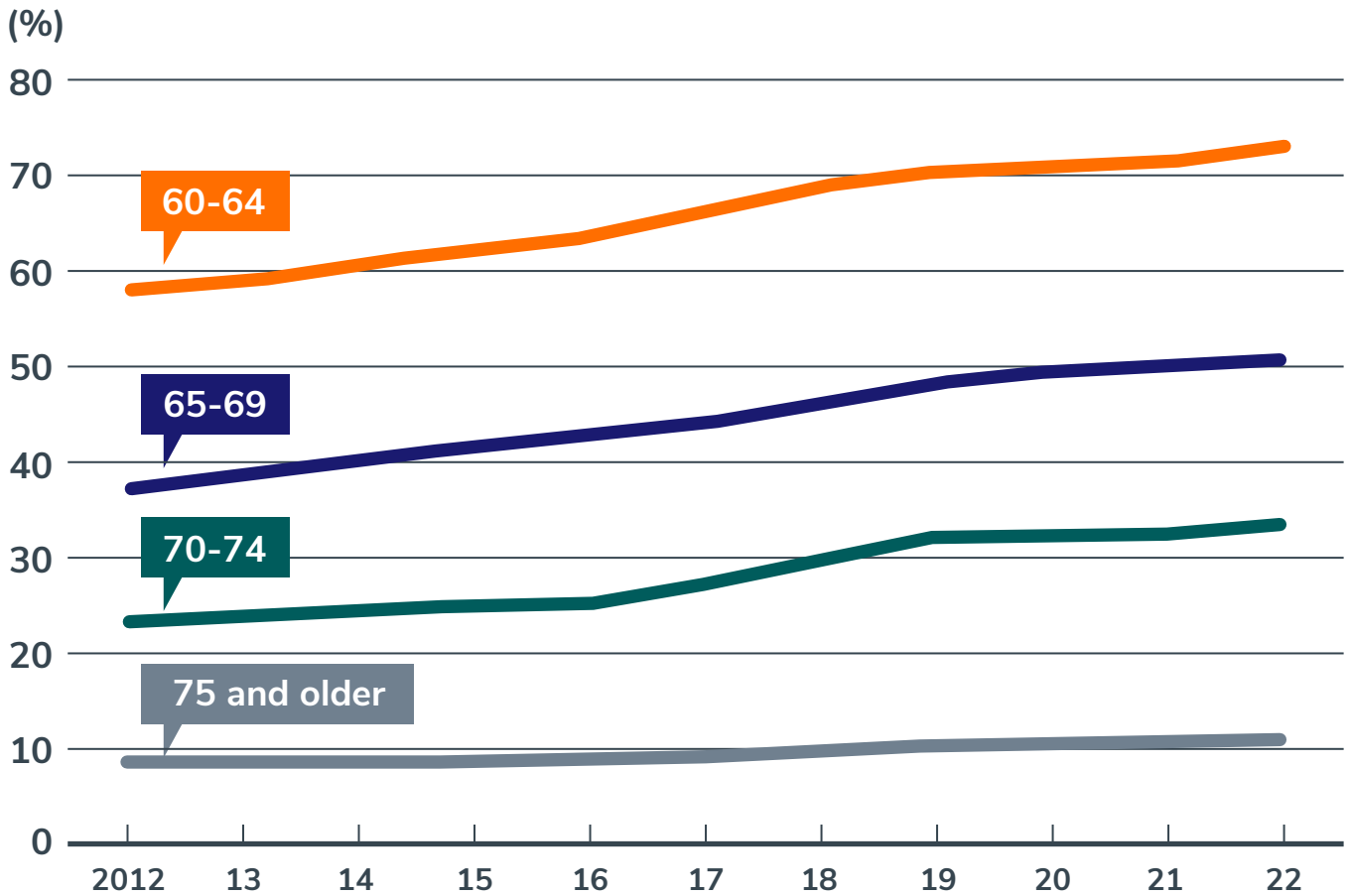
## 2. Demographic shifts in Japan

In Japan, a rise in senior employment alongside the enduring tradition of lifetime employment is a notable trend. However, there's a shift among the new generation towards embracing change, reflecting evolving attitudes towards career longevity and organisational loyalty. These dynamics underscore the evolving landscape of employment practices in Japan.

### Senior employment

In recent years, Japan has undergone a notable demographic transformation, characterised by a growing population of senior citizens. This demographic shift has profound implications for skill development and organisational dynamics, necessitating adaptations within corporate structures. Traditional lifetime employment systems, deeply entrenched in institutions, face challenges in accommodating this ageing workforce.

Figure 2: Senior employment rate in Japan



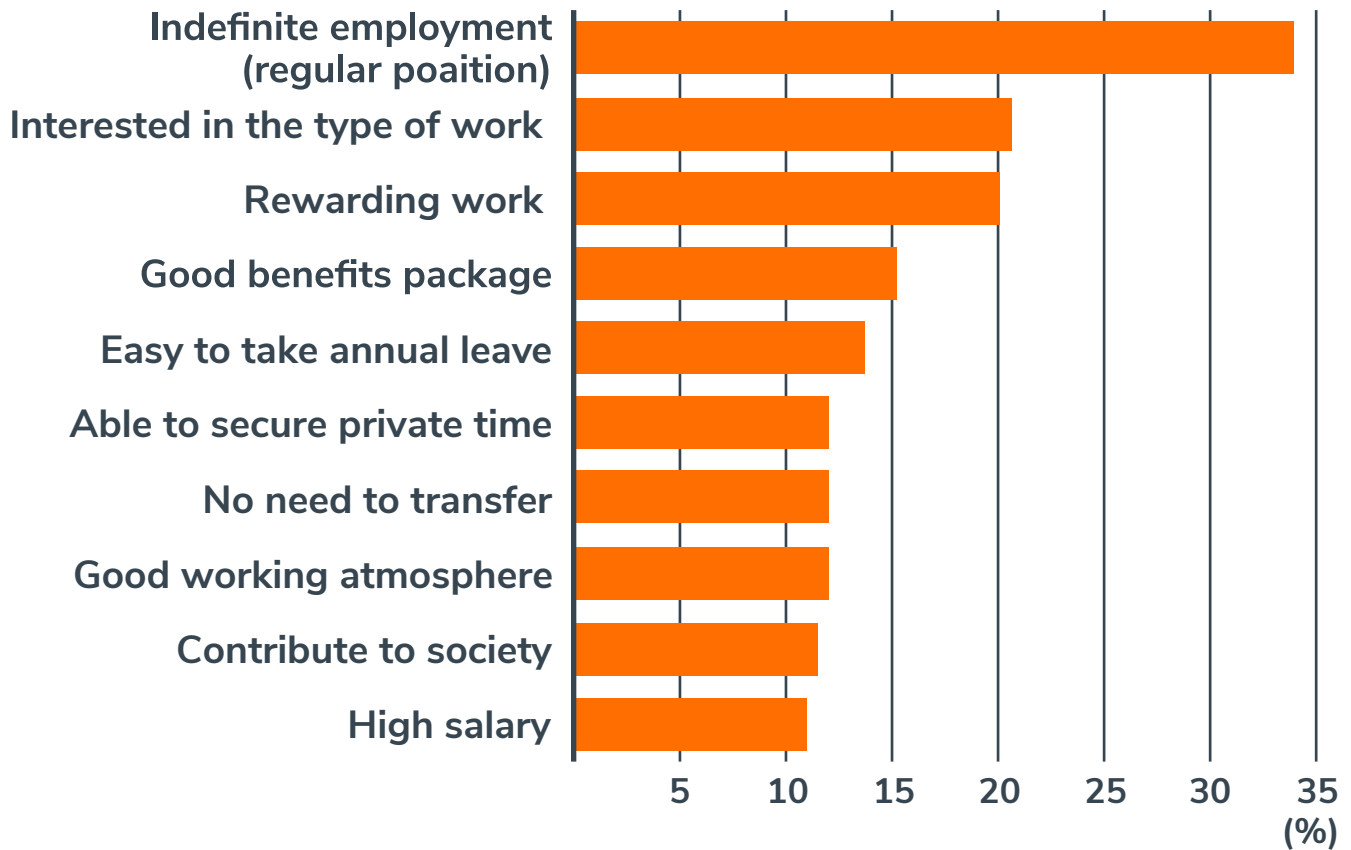
Source: Nippon.com, based on data from the labour force survey

## Lifetime employment: A continuing tradition

There is a substantial proportion of graduates who still prioritise the allure of indefinite employment when selecting their initial job placements, perpetuating the tradition of long-term commitment to a single employee because the value of lifetime employment remains ingrained in Japan's corporate culture.



**Figure 3: Reason for choosing first company after graduation**

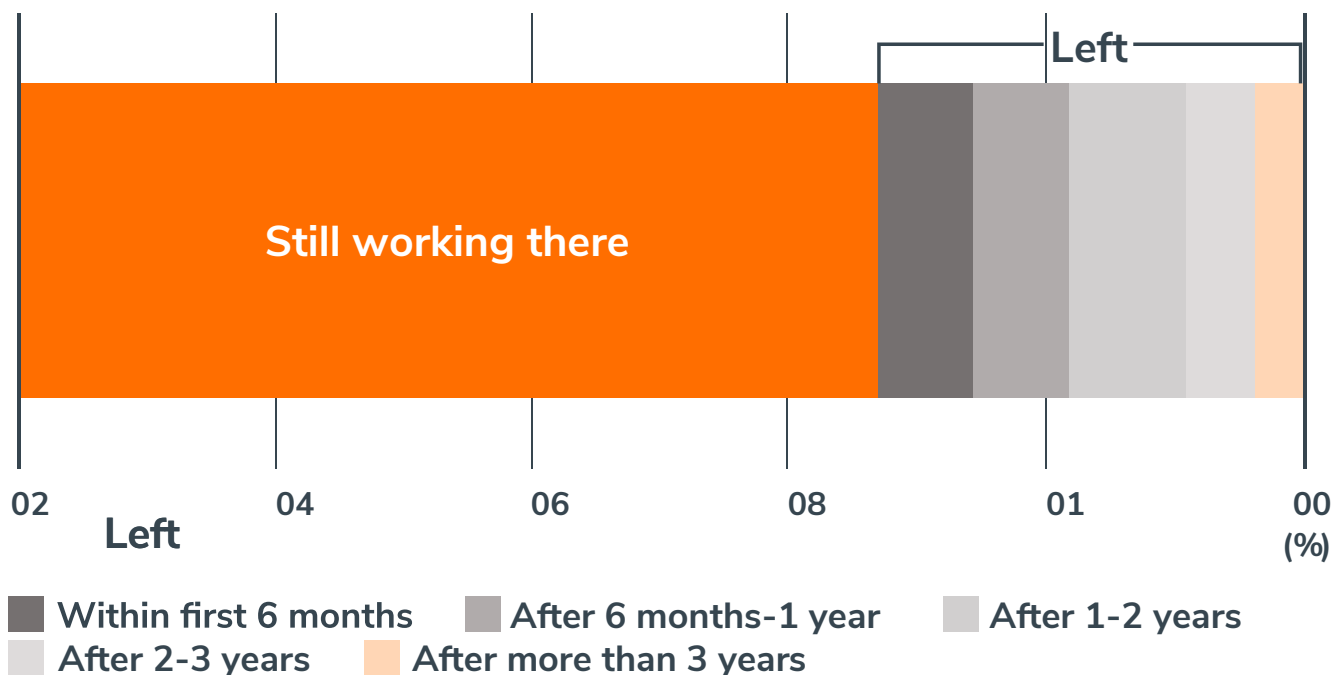


Source: Nippon.com, based on data from the labour force survey

### Shifting behaviours: Embracing change

However, societal norms are undergoing a transformation, reflecting shifting attitudes towards career longevity and organisational loyalty. Observable trends indicate a growing willingness among individuals to explore alternative career paths. An increasing number of professionals are opting to depart from their initial roles within relatively short timeframes, signalling a departure from traditional career trajectories.

Figure 4: Reason for choosing first company after graduation



Source: Nippon.com, based on data from the labour force survey

### 3. Lack of women in senior leadership positions

One of the topics highlighted by the discussants was the lack of women in senior leadership positions, both at the board level and within the executive c-suite. Based on a study by the International Monetary Fund (IMF), bridging the gender gap in STEM fields could raise Total Factor Productivity growth by 20 percent, primarily due to the correction of talent misallocation and increase in the number of researchers. Similarly, having women as senior leaders and at board level enhances decision-making and innovation through diverse perspectives. This gender diversity corrects talent misallocation, leading to higher profitability and economic growth. Furthermore, diverse leadership teams are better at understanding and addressing varied customer needs, and they foster a culture of creativity and inclusiveness, which attracts top talent and improves employee retention.

## 4. A new framework: SHIME

A year ago, CFTE's FinTech Job Report analysed 40,000 jobs in FinTech and found that jobs in FinTech were closer to jobs of tech companies (80%) than jobs of financial services (20%). This led to the title "Tech is Eating Finance". Based on this title, many thought that hard skills such as Python or Data Science were the most important, but this is not the case.

With feedback from FinTech CEOs and senior leaders in Financial Services, our research demonstrated that while hard skills matter, they only represent one dimension of a skill set.

There are other skills that are equally, if not more crucial, in Finance. Soft skills including collaboration and task completion are highly valued, alongside mindset attributes such as resilience and adaptability. In addition, having industry knowledge such as the latest news or trends is vital in digital finance, regardless of one's technical background. Last but not least, previous experience in either Finance or Tech is preferable to none.

When it comes to new skills, it is important to think beyond hard skills. As a result, CFTE designed a framework called SHIME, a qualitative tool incorporating all the important skills— soft skills, hard skills, industry knowledge, mindset and experience.

**Figure 5: SHIME FinTech Skills Framework**



Source: Centre for Finance, Technology and Entrepreneurship (CFTE)



## 5. Japan's skills gap, according to SHIME

### Soft skills

It was agreed that soft skills play a pivotal role in fostering a well-rounded professional profile. In Japan, there's a growing recognition of the importance of soft skills such as digital literacy, problem-solving, critical thinking, and adaptability. These skills are essential across various sectors and contribute significantly to organisational success. However, there remains a gap in the development of these soft skills among the workforce. Additionally, the scarcity of bilingual talent fluent in both English and Japanese poses a challenge for global corporations entering the Japanese market. Efforts to prioritise soft skills training and foster a culture of continuous learning are essential to address this gap effectively.

***“We [Japan] are lacking talent with heavy technology-driven skills”***

### Hard skills

Although hard skills and technical proficiency in areas such as software development, cloud architecture, cybersecurity, product management, and data science engineering are important, it is not seen as the primary hurdle in the current skills gap.

### Industry knowledge

In today's rapidly evolving industries like FinTech where finance is driven by continuous innovation, there's a critical demand for professionals equipped with current industry knowledge. However, there exists a noticeable disparity between the skills imparted by academic institutions and those demanded by the dynamic market. Therefore, the discussion revolved around prioritising continuous learning and adaptation rather than a specific hard skill to remain relevant in the industry.

***“The real challenge lies not in finding mythical candidates with every desired skill but in enabling the current workforce to adapt and learn new skills”***

### Mindset

The challenge is not the pursuit of ideal candidates possessing every desired skill, but rather in fostering an environment conducive to enabling the existing workforce to adeptly acquire and refine new skills. A lot of focus was given to the mindset and culture of continuous learning and adaptability within the industry. It is also mentioned that the skills gap is not exclusively attributable to technological advancements, but it has always been imperative for professionals to continually augment their skill sets, cultivating proficiencies in leadership, analytical thinking, and creativity. Lastly, panellists feel the proclivity towards perfectionism can impede swift innovation and adaptability, thus emphasising the necessity of transitioning towards a more agile and failure-tolerant mindset.

## Experience

Experience plays a vital role in bridging the skills gap by providing professionals with practical knowledge and expertise. However, speakers mentioned the challenges related to the availability of hands-on experience opportunities, particularly for mid-career professionals looking to transition into new roles or industries.

## 5. Factors contributing to Japan's skills gap

### Culture of entrepreneurship building

In the context of Japan, fostering a culture of entrepreneurship is crucial for driving innovation and economic growth. Despite Japan's strong traditional industries, the emphasis on lifelong employment hinders adaptability and creativity. Encouraging an entrepreneurial mindset can transform Japan as an inclusive landscape, enabling both Japanese and international talent to bring fresh perspectives and innovative solutions building a more dynamic and resilient economy. This shift will also attract diverse talents, fostering a culture of collaboration, essential for sustaining growth in the finance and technology sectors.

### Technological and market advancements

Although technological advancement can be an asset in solving problems like language proficiency with the advent of real-time translations, the rate of change of technology is much faster and requires professionals to be extremely adept, agile and continuously upskill themselves. This, coupled with the resilience to accept the need for change, is leading to an increased skills gap in Japan.

Furthermore, the demand for agile skills and global technological competencies is not sufficiently strong in Japan, leading to a gap between the skills developed by the workforce and those required by the market.

### Structural and systemic challenges

In discussing structural and systemic challenges, the speakers delved into the current frameworks that prioritise specific hard skills. However, they also uncovered a more nuanced reality marked by training deficiencies. The conversation highlighted that adapting to new skills may be more challenging for older generations, underscoring a structural challenge that requires comprehensive strategies to encourage lifelong learning and adaptability.

Moreover, the speakers emphasised the impact of Japan's inflexible labour laws on innovation and workforce flexibility. Drawing parallels with parental protection laws, they highlighted the need for disruptive legal reforms to promote reskilling and adaptability in today's dynamic job market.

*“The nail that sticks out gets hammered down  
is an old phrase in Japanese culture”*

## Cultural and interpersonal factors

In the context of Japanese culture undeniably influences Japan's skills gap. Primarily, the language barrier persists, with English proficiency levels remaining low. This hampers effective communication and collaboration in a globalised world.

Additionally, the prevailing mindset and cultural approach to innovation and perfection in Japan pose unique challenges. The fear of failure within Japanese culture inhibits the necessary paradigm shift toward fostering innovation and entrepreneurship. As a result, Japan's skills gap is further aggravated, hindering its competitiveness in the global market.

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Addressing Japan's skills gap is imperative for its economic growth and global competitiveness. Failure to bridge this gap could hinder the nation's ability to keep pace with rapidly evolving industries and emerging technologies, thereby limiting innovation and stifling economic progress. By prioritising continuous learning, adapting to market demands, and fostering a culture of innovation and entrepreneurship, Japan can enhance its workforce capabilities and ensure its relevance in the global market. Additionally, closing the skills gap can lead to greater productivity, higher employment rates, and increased foreign investment, ultimately contributing to Japan's long-term economic prosperity and resilience.

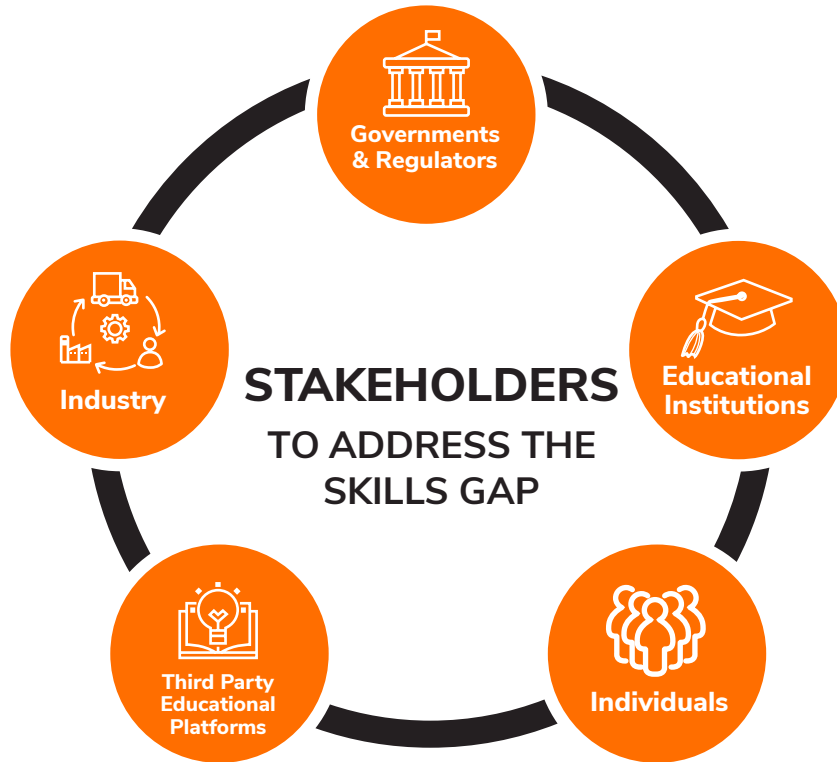


## Part 2: Role of Stakeholders in Addressing This Gap



To address the evolving skills gap, various stakeholders, including governments and regulators, educational institutions such as universities, third party educational platforms, industry participants, as well as individuals have a crucial role to play. Speakers engage in meaningful dialogue about the imperative collaboration among diverse stakeholders to address the widening skills gap in Japan.

**Figure 6: Stakeholders to address the skills gap**



Source: Centre for Finance, Technology and Entrepreneurship (CFTE)

## 1. Governments and regulators' perspective

The crucial role of governments and regulators is emphasised to address the skills gap by implementing policies for education and workforce development. Participants highlighted SkillsFuture, a Singapore government-led programme, as a model example that illustrates and promotes lifelong learning. The government's support and funding significantly facilitate this process, ensuring standardised skills and competencies across educational institutions for consistency and relevance. This emphasises the collaborative effort required to continuously upskill and reskill the workforce. Additionally, recognising the importance of allowing more foreigners to work in Japan, enhancing startups, and promoting diversity and inclusion at all levels of career development is stressed as critical for Japan's economic growth and competitiveness in the global market.

## 2. Educational institutions

The rate of change of required skills in today's world makes it challenging for universities to rigorously update and innovate curricula and programmes to align with future workforce demands. However, universities and institutions that proactively identify and address these needs of the future will be highly sought after. To do that, fostering collaboration with industry is deemed necessary for relevance and lifelong learning.

## 3. Third-party educational platforms

In the ever-evolving landscape of FinTech and other dynamic fields, individuals often find themselves at a loss as to where to begin their learning journey. While it is challenging for traditional educational institutions to rapidly update curricula with the changes in required skills, learners often find themselves seeking alternative sources of education. The emergence of third-party educational platforms offers a solution. These platforms serve as invaluable resources for professionals seeking to quickly acquire relevant skills and adapt to the dynamic FinTech space. By providing accessible and up-to-date educational opportunities, these platforms play a crucial role in bridging the skills gap and empowering individuals to thrive in emerging industries.

## 4. Industry (Employers, FinTech companies, and corporations)

Fostering an inclusive environment through industry collaboration is crucial for facilitating learning and experimentation. This includes offering practical opportunities like internships. To promote dynamism and disruption, an ecosystem that encourages questioning, testing, failing, and learning is essential. Additionally, addressing international and gender diversity, along with diverse ideas in Japan's boardrooms and management teams, is vital for talent attraction, retention, and fostering a culture of innovation. This may necessitate government initiatives and infrastructural changes.

## 5. Individuals

The importance of an environment that encourages the desire to learn and experiment is highlighted during the roundtable. However, individuals are responsible for proactively pursuing continuous learning and career development, adapting to industry changes, and contributing to a diverse and inclusive professional ecosystem. One of the speakers shared their experience of mid-career transformation which explains the importance of formal structures and an encouraging ecosystem, but also the individual's desire for continuous learning and growth.



## Part 3: Best Practices to Develop Talent and Build



The financial sector has undergone significant changes, leading to a skills gap and talent shortage. Addressing this gap requires two main approaches: a top-down approach advocating for government involvement in bridging the skills gap, and a bottom-up approach emphasising individual and corporate responsibility. Experts agree that solving the skills gap from the top down, and cooperating with companies can facilitate capacity building.

Three main pillars highlighted at the roundtable are government support, workplace culture and inclusion, and global collaboration.

**Figure 7: Best practices to develop talent and build capacity**



Source: Centre for Finance, Technology and Entrepreneurship (CFTE)

## **1. Government support**

### Policy initiatives

Government initiatives, such as those observed in Singapore, are crucial for fostering inclusivity and diversity in the workforce. The Japanese Government should work towards their target of achieving a female board member ratio of 30% or more by 2030. Policy changes that support working parents and retirees demonstrate a commitment to creating an inclusive environment. Flexible leave policies and rehiring programmes contribute to a supportive workplace culture for individuals of diverse genders and generations.





## Skills frameworks

At the governmental level, proactive efforts are necessary to identify critical areas for upskilling and reskilling in alignment with future skills demands. During economic disruptions like the COVID-19 pandemic, targeted programmes can assist in facilitating job transitions and supporting displaced workers as they adapt to new roles. In leading by example, governments can effectively guide initiatives aimed at addressing skill gaps and fostering workforce resilience.

## Create continuous learning culture

Speakers highlight the need for reskilling, emphasising both hard and soft skills. The challenge lies in promoting a mindset shift towards prioritising these skills and supporting continuous learning and collaboration. Government initiatives aimed at promoting mid-career learning, in collaboration with third-party educational platforms such as CFTE and subsidised programmes, can play a pivotal role in addressing this challenge.

## 2. Workplace culture and inclusion

### Foster inclusive environments

The COVID-19 pandemic has prompted re-evaluation of traditional office norms, emphasising the need for flexibility to accommodate diverse talents effectively. Embracing diversity within organisational cultures is crucial for nurturing talent and fostering internal innovation.

Encouraging representation of women in senior leadership roles and at the board level, embracing international talent, and enhancing support for working parents are strategies that were discussed to help Japan foster a more inclusive environment.

SMBC's initiatives, such as implementing a dress code-free policy and offering stock options for intrapreneurs, reflect a commitment to fostering an inclusive culture. These measures empower employees to contribute creatively, resulting in advancements in areas like banking apps and establishing SMBC as a leader in retail banking.

### Adaptability and continuous learning

Disruptive technology giants like Google and Amazon demonstrate how technological advancements continuously reshape industries. As the shift from a mobile-first to an AI-first approach takes precedence, the demand for reskilling and upskilling is set to increase. Therefore, speakers agree that companies need to encourage scalable learning systems and services for adapting to the evolving economy.

## 3. Global collaboration

Global collaboration is essential for tackling the skills gap effectively, extending beyond borders to leverage diverse perspectives and expertise. To enhance Japan's economic growth and competitiveness in the global market and establish itself as a FinTech Hub, it's crucial to facilitate the participation of foreign talent, promote diversity and inclusion, and support the growth of startups. By fostering an environment that embraces diversity at all levels of career development, Japan can harness global talent and drive innovation.



## Conclusion

In summary, Japan faces significant challenges in navigating its evolving talent landscape, marked by rapid technological advancements, demographic shifts, and cultural norms. The emergence of a skills gap, particularly in areas such as digital literacy, adaptability, and industry knowledge, underscores the urgency for comprehensive strategies to bridge this divide.

Bridging Japan's skills gap in the financial sector demands a concerted effort from all stakeholders. By prioritising government support, fostering inclusive workplace cultures, and promoting global collaboration, Japan can effectively address the evolving challenges. Embracing a culture of continuous learning and diversity will not only enhance Japan's competitiveness but also position it as a global FinTech hub. With strategic focus and collaborative action, Japan can navigate the complexities of the industry landscape, paving the way for sustainable growth and success in the future.

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