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Global Insights

Financials & Real Estate Industry World of Work 2025 Outlook

72%
OF FINANCIALS & REAL ESTATE EMPLOYERS ARE STRUGGLING TO FIND THE SKILLED TALENT THEY NEED.

SKILLED **IT & Data** TALENT IS STILL THE MOST DIFFICULT TO FIND WORLDWIDE.

74%
OF EMPLOYERS ACROSS INDUSTRIES ARE STRUGGLING TO FIND THE SKILLED FINANCE TALENT THEY NEED.

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The global Financials & Real Estate sector is facing a wave of change as disruptive forces alter its global landscape. Economic pressures, shifting labor dynamics, digital advancements and evolving regulations are changing how organizations operate and compete. As a result, companies in the industry are examining workforce strategies and rethinking business priorities that balance transformation, cost savings and reduced risk.

This ManpowerGroup Global Insights report examines how these megatrends will impact the future of work in the financial sector.

- **How will accelerating AI adoption impact the future of finance?**
- **Will return to office mandates help the commercial real estate sector rebound?**
- **How are industry leaders handling the accelerated pace of change?**

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Easing Does It

Central banks are shifting from tightening monetary policy to cutting rates, with more reductions expected in 2025. The pace will vary by region. After significant cuts in 2024, the US Federal Reserve plans to reduce rates by another 50 points in 2025. The European Central Bank (ECB) and the Bank of England are expected to cut rates more aggressively in 2025. However, Japan will cautiously normalize its policy after ending negative rates in 2024 due to weak domestic demand and higher borrowing costs.

- **Netting Out:** Borrowers, especially those with floating-rate mortgages, will benefit from lower interest rates. Companies with debt that needs refinancing will also feel some relief as reduced interest expenses improve their cash flow and solvency. However, banks enjoyed several years of strong profits when interest rates were high, but their profitability will decline in 2025 as these rates decline on deposits and loans. Shareholders' dividends will also fall as a result.[1]

- **Slow and Steady:** Global growth is expected to remain stable yet underwhelming. However, notable revisions have taken place beneath the surface since April 2024, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies, particularly the largest European countries. Projected 2025 GDP growth (3.2%) is flat year-over-year.[2]

- **Sticky Inflation:** Most large banks (77%) say noninterest expenses (e.g., wages) have grown faster than revenues since 2022. Managing these costs will be a key C-suite priority in 2025.[3]

1. Economist Intelligence 2. IMF 3. Deloitte 4. ManpowerGroup Employment Outlook Survey

Workforce Implications:

- As the global economy begins to recover in 2025, managing or reducing workforce costs will continue to be an important priority for this sector.

- The full impact of rate cuts is likely to take time and hiring managers remain cautious. The Financials & Real Estate seasonally adjusted global Net Employment Outlook (NEO) for Q1 2025 of 33% was flat year-over-year.[4]

- Workforce needs will vary as some subsectors (e.g., consumer finance) experience growth and others (e.g., insurance) continue to face challenges.

DESPITE EASING MONETARY POLICY, **EXPENSES** FOR MOST BANKS (77%) **ARE GROWING FASTER THAN REVENUE.**

Seeking AI Dividends

As we enter 2025, the financial services industry is witnessing a significant surge in global AI adoption. Institutions are increasingly leveraging artificial intelligence to enhance their operations, streamline customer service, and strengthen risk management. This growing embrace of AI not only promises to drive efficiency and accuracy but also positions the industry to better navigate the complexities of a dynamic economic landscape.

- **Growing Adoption:** In 2024, more than half (54%) of financial sector employers worldwide reported using conversational AI business tools. This figure increased 26% year-over-year from 2023 sector adoption (43%).[1]
- **Growing Challenges:** When employers in this sector were asked to identify their greatest AI adoption challenges, privacy and regulation (36%), high investment costs (35%) and workforce AI skills gaps (30%) were the top three globally. This sector was more concerned about privacy and regulation than any other industry.[1]
- **Optimism Gaps:** Employers reported more senior leadership optimism (73%) for AI having a positive impact on the future of work than frontline workers (57%).[1]

1. ManpowerGroup Employment Outlook Survey 2. MIT

PRIVACY AND REGULATION
ARE THE TOP AI ADOPTION CONCERNS FOR THE GLOBAL FINANCIALS & REAL ESTATE SECTOR

Workforce Implications:

- **As AI adoption accelerates, it will be increasingly important to close skills gaps as some studies estimate it could enable up to 40% worker productivity gains.[2]**
- **The optimism gap between frontline workers and senior leadership shows more must be done to address worker skepticism.**
- **The importance of managing total workforce costs will grow as investment in scaling AI tools accelerates.**

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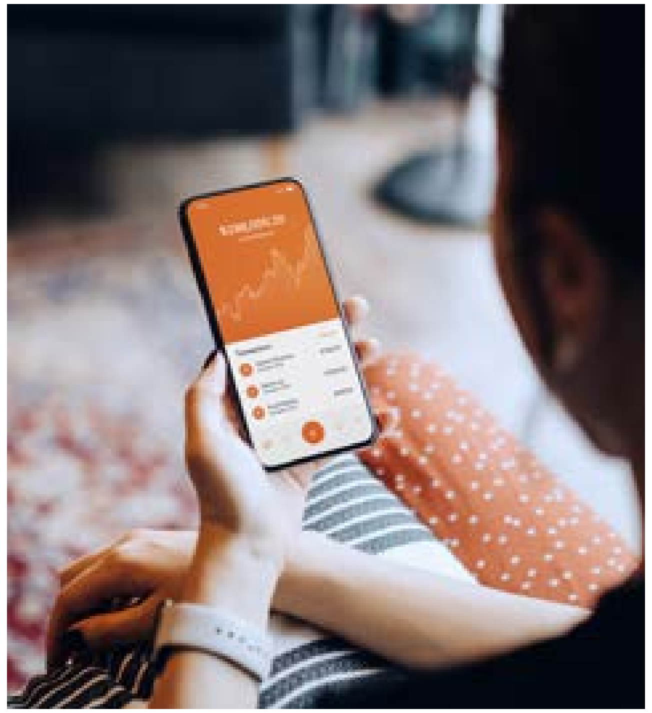
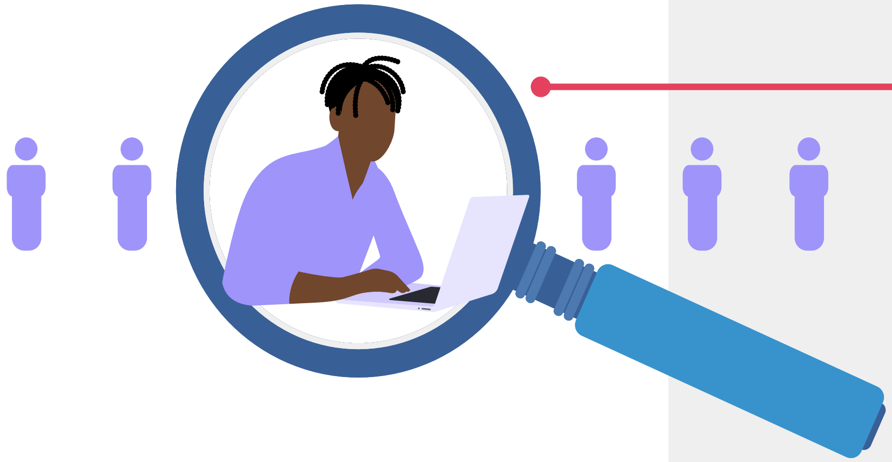
Banking on CX



Innovation is increasingly centered around enhancing customer experience (CX). Financial services leaders are increasingly leveraging AI and big data to anticipate customer needs and improve CX. However, realizing CX gains in an era of accelerating change and increasing costs will be easier said than done

- **Mobile First:** Globally, the share of consumers actively using mobile for their banking needs climbed 18 percentage points between 2020 and 2023, to 57%. Similarly, mobile service touchpoints have proliferated over the same time period. The number of annual touchpoints grew by 72%, reaching 150 annual touchpoints per customer and surpassing some leading e-commerce players.[1]
- **Personalization:** Consumers are looking for more personalized value and convenience. For example, most (60%) say they would be willing to share a lot of data for faster, easier services, such as insurance claim processing without the need for lengthy application forms.[2]
- **Help Needed:** Improving CX is increasingly dependent on the consumer's digital experience. However, financial sector employers around the world say talent with IT and data skills are the most difficult to find. Client-facing sales and marketing skills were the second most difficult to find.[3]



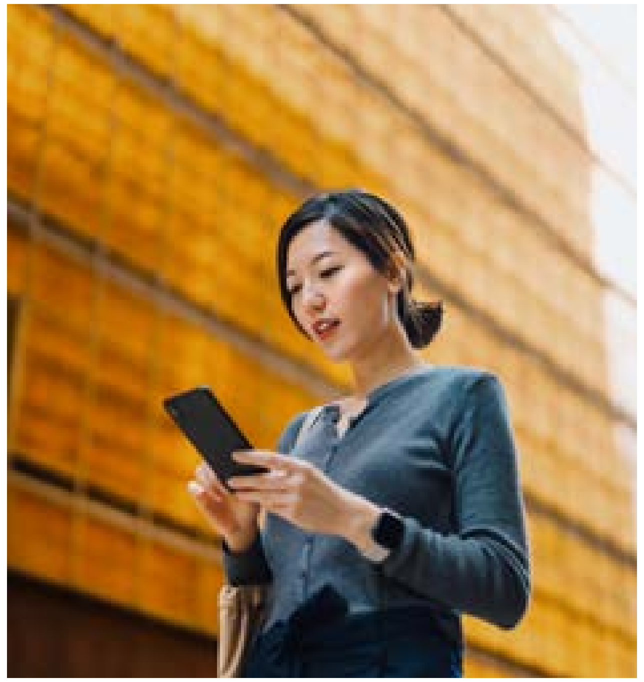
AS THE INDUSTRY SEEKS TO IMPROVE DIGITAL CX, FINANCE EMPLOYERS SAY **IT & DATA SKILLS ARE THE MOST DIFFICULT TO FIND.**[3]

Workforce Implications:

- **As tech innovation accelerates, cross-industry competition for a limited supply skilled tech talent needed to improve digital CX will grow.**
- **Consumers still demand excellent omnichannel experiences, and employers worldwide also report difficulty finding the right sales and marketing talent.**
- **Leveraging standardized strategic workforce planning processes at scale can help mitigate costs as organizations seek to close skilled talent gaps.**

1. McKinsey 2. Accenture 3. ManpowerGroup Employment Outlook Survey

Commercial Real Estate Rebound



The global commercial real estate market is poised for a dynamic shift in 2025, as it rebounds from the challenges posed by the pandemic and adapts to evolving economic conditions. A resurgence in demand across key sectors is expected to drive growth, fueled by heightened investor interest and the gradual stabilization of global economies. Urban centers are likely to experience a renewed influx of commercial activity, underpinned by hybrid work models that integrate both remote and in-office operations.

- **Increasing Owner Optimism:** Commercial real estate owners are optimistic about 2025 as interest rate cuts continue and market conditions improve. Most (88%) anticipate growth in 2025. This represents a large optimism shift from 2024, when a majority (60%) expected revenue declines.[1]
- **C-Suite Anticipates RTO:** The push for a return-to-office (RTO) after COVID ushered in an era of increased flexibility continues. Most (83%) of CEOs expect a full RTO within three years. This marks a large increase from 2023, when only 64% anticipated the same trend.[2]
- **Employer Leverage:** When financial sector hiring managers were asked who held more leverage negotiating flexible work policies, most around the world (59%) believed employers have greater leverage than employees.[3]

1. Deloitte 2. KPMG 3. ManpowerGroup Employment Outlook Survey 4. ManpowerGroup Global Talent Barometer

MOST CEOS (83%) EXPECT A FULL **RETURN TO THE OFFICE IN THREE YEARS.**[2]

Workforce Implications:

- **Increasing RTO offers an opportunity for employers to rethink the workplace itself to increase collaboration and productivity.**
- **Although it is clear the current workplace balance of power favors employers, it is important they do not overplay their hand. As the economy improves, so will the job market. More than one in three workers (37%) in this sector already say they plan to leave their current employer in the next six months.**[4]
- **Finding the right balance is important, as remote roles offer the opportunity for cost-effective skilled talent sourcing in multiple markets.**

Shoring Up Business Growth

The growth of offshoring in financial services has been driven by the quest for cost efficiency and access to skilled talent in diverse markets. With advancements in technology and communication, financial institutions are increasingly able to outsource complex tasks and processes to offshore locations that offer competitive advantages in terms of labor costs and expertise. This trend has enabled firms to streamline operations, improve service delivery, and focus on core competencies, all while navigating the challenges of a dynamic global market.

- **Nearshoring Momentum:** As C-suite leaders seek to protect their business from growing geopolitical uncertainty and maximize business efficiencies, reshoring and nearshoring are gaining momentum across sectors. The proportion of CEOs and COOs reporting their companies have plans to bring supply chains closer to market has risen to 81%, up by a sharp 18 percentage points from 63% in 2022.[1]
- **Popular Destinations:** The increasing importance of cost efficiency is driving growth in lower cost markets. Thailand, Malaysia, Paraguay, Guatemala and Bahrain were ranked the Top 5 most cost effective in the 2024 Total Workforce Index™.[2] In Latin America alone, foreign investment has helped the finance sector grow 340% since 2017.[3]
- **Growing EU Concerns:** The prevalence of offshoring has not gone unnoticed by European Union regulators. Since 2022, the European Central Bank (ECB) has collected annually the outsourcing registers of all its supervised banks. They estimate 10% of audited contracts covering critical functions are not compliant with the relevant EU regulations.[4]

1. Bain & Company 2. Total Workforce Index™ 3. Inter-American Development Bank 4. European Central Bank

Workforce Implications:

- Global talent sourcing will continue to grow as the financial sector seeks business and cost efficiencies.
- Skills and local workforce readiness widely vary across markets. Tools such as the Total Workforce Index™ can help business leaders choose the best fit for their business needs.
- Increasing regulatory scrutiny underscores the importance of working with business partners that comply with all relevant market regulations.

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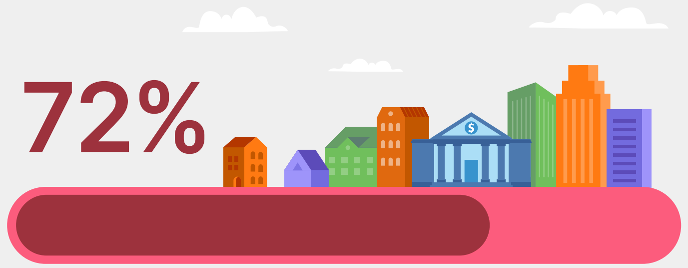
The Talent Outlook in 2025

The global talent outlook for the financial industry in 2025 reflects a dynamic and competitive landscape. As the sector continues to evolve in response to technological advancements and regulatory changes, the demand for highly skilled professionals is expected to rise. Financial institutions will increasingly seek talent with expertise in digital transformation, cybersecurity, and data analytics to navigate complex financial environments and drive innovation.

- **Global Talent Scarcity Continues:** Most employers in this sector (72%) anticipate they will still struggle to find the skilled talent they need in 2025.[1]
- **The Future of Skills:** The financial sector is expected to adopt AI and automation more rapidly than other industries. As a result, analysts expect Big Data, AI & Machine Learning and Security Management specialists will be the fastest growing roles until 2030.[2]
- **Cross-Industry Competition:** Most hiring managers across industries (74%) say they are struggling to find the skilled finance talent they need.[3]

Workforce Implications:

- Global talent scarcity will continue to challenge HR and business leaders in this sector.
- The challenge will grow faster for subsectors that most benefit from a recovering global economy.
- For skilled tech talent, this sector will be competing against all others for a limited supply of in-demand candidates.



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1. ManpowerGroup Global Talent Shortage Study 2. WEF 2025 Future of Jobs 3. ManpowerGroup Employment Outlook Survey

Top Workforce Opportunities in Financials & Real Estate

Easing: Anticipated interest rate cuts across major economies could help spur growth in key financial sectors which have struggled in recent years.

AI Productivity: This industry is an early adopter and AI deployment is accelerating. The opportunity to create additional value in 2025 is profound, but having the right skilled talent will be critical.

Cybersecurity: As AI business adoption accelerates, so will the cyber threats. Having the right cybersecurity talent and strategic partnerships offers the opportunity to avoid.

Return-to-Office: The acceleration of RTO will not only help the commercial real estate market bounce back, but it also offers an opportunity for employers. Those who go beyond mandates and improve workspaces to boost collaboration and productivity will realize a competitive advantage.

Measure Twice, Cut Once: Global talent sourcing will continue to play an important role in this sector, but caution is advised as the practice is coming under increasing regulatory scrutiny.

Customer Experience: The combination of an improving global economy and AI innovation offers powerful opportunities to improve CX. However, CX innovation is dependent on a creative and highly skilled workforce to design, test, deploy and continuously improve it.

Global Workforce Solutions for Financials & Real Estate

Workforce Consulting & Analytics

Workforce Management

Talent Resourcing

Career Management

Career Transition

Top Talent Attraction

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Forward-Looking Statements - This report contains forward-looking statements, including statements regarding labor demand in certain regions, countries and industries, economic uncertainty and the use and impact of AI in the global labor market. Actual events or results may differ materially from those contained in the forward-looking statements, due to risks, uncertainties and assumptions. These factors include those found in the Company's reports filed with the U.S. Securities and Exchange Commission (SEC), including the information under the heading "Risk Factors" in its Annual Report on Form 10-K for the year ended December 31, 2023, whose information is incorporated herein by reference. ManpowerGroup disclaims any obligation to update any forward-looking or other statements in this release, except as required by law.