

Diverse and complete sustainable finance training offer in Luxembourg, with some topics such as *How to sell ESG products*, *Impact Investing* and *Applications of TCFD and other norms as EET* still not being covered enough, according to analysis conducted by LSFI Working Group on Sustainable Finance Training and Education

The LSFI releases the results of the Working Group on Sustainable Finance Training and Education. The group, composed of 12 experts from the Luxembourg financial industry institutions, consulting firms, NGOs, research and sustainable finance education organisations, aimed to analyse and strengthen the sustainable finance skills and competencies of Luxembourg’s financial centre.

The working group has conducted an assessment to map and identify gaps and needs and propose practical solutions to develop suitable sustainable finance-related education paths/training in Luxembourg.

“For the LSFI, it is pivotal to understand the needs and the challenges the financial industry faces to master sustainable finance and enable the transition of our economies, for us to be able to support the sector with toolkits and concrete actions effectively. At the moment, one of these challenges is closely related to financial professionals’ education and training. With this working group, we wanted to understand better what the newly needed skills are, where the Luxembourg sustainable finance training offering stands, what are the gaps and how we can cover them.” – Nicoletta Centofanti, LSFI General Manager.

Findings

Through the assessment of the Luxembourg sustainable finance training offering, as well as some international courses, the working group identified key characteristics of the current Luxembourg offering. They have also found out the existent gaps: there are some topics for which there is no training targeting particular job profiles at the required level; they also found some topics for which the offering for particular job profiles is limited (diversity gaps). Some of these gaps are highlighted below; the working group considers these a priority among all the gaps to be addressed.

- How to sell and/or market an ESG product: training gaps for client-facing roles were found. These topics are considered key to avoiding greenwashing and reputational risks, as well as taking into account the duty imposed by the updated MiFID II regulation.
- Impact investing, inclusive finance¹, and blended capital: training gaps were found for asset servicing, depository, middle and back office, and other functions ; and diversity gaps for credit specialist. Topic of great relevance as getting an oversight of them is an opportunity to upskill financial institutions with relevant knowledge on enhancing impact-related strategies and investments.

¹ In the case of inclusive finance, while the courses analysed present a lack of diversity, it has to be noted that this topic is covered by other training courses, not within the scope of this study.

- Sustainable Governance: training gaps at the required level were found for specific profiles for which this topic is key such as board directors and executives. These roles play a central function in the transition.
- ESG integration in stock and bond selection and analysis: both types of gaps were also found. For instance, there are no trainings for asset servicing, depository, middle and back offices, and there are diversity gaps for risk managers, auditors and compliance officers, among others. This matter plays a pivotal role in avoiding any risk in the reporting of investment products provided by Luxembourg.
- ESG and Private Equity Investing: either no trainings or diversity gaps for certain profiles were found. This is also central in the reporting process, as well as to better inform the final clients.
- Applications of TCFD and other norms such as EET: diversity gaps for financial/wealth management and product specialists, sustainable and ESG task force members and c-suite profiles were found. Gaining insights on new tools such as TCFD and other needs is central for reporting.
- Banking product & services: diversity gaps were found for credit specialists. It is also a priority considering the establishment of the new MiFID II requirements and the increased interest from retail investors in sustainable finance.

“The gaps identified as a first priority are those that we (the working group) recommend addressing within a year, given their relevance to advance sustainable finance. Despite these gaps, we have also observed that the Luxembourg sustainable finance training offering generally stays abreast of the needs of the sector, providing relevant and various courses to foster sustainable finance education.” – Patrick Levaldaur, CEO of EFPA Luxembourg ASBL, Chair of the LSFI Working Group in Education and Training.

Besides the gaps, the working group also identified some key characteristics from the analysed courses:

- In general terms, the Luxembourg sustainable finance training offering presents a high degree of completion. Numerous training institutions provide a diverse offer, a large variety of themes is covered to some degree and multiple job profiles are taken into account.
- Luxembourg training providers have shown high dynamism; new modules or courses get developed as the market’s needs evolve.
- The courses in Luxembourg are usually defined by topics or the level of knowledge rather than the target audience.
- The different topics that each profile has to master are split across various courses.

Next Steps

Following the assessment, the working group suggested a few actions to pursue the solutions identified; approved by the LSFI board, the LSFI team will focus on these in the following months.

The LSFI will discuss with the identified training providers and actors and assess whether and how to fill the gaps. The working group also suggested that the analysed training providers keep the LSFI updated on new courses and use the methodology developed by the working group as a reference for their offerings.

The working group will meet again in six months and then annually to reassess the training offer. In this context, the LSFI will also explore with the working group members their interest in developing some of the identified gaps.

Finally, the LSFI will engage with several CEOs of the Luxembourg financial centre to present the assessment aiming to help better understand the skills required for their current and future employees and receive feedback to improve the analysis further.

Despite the large number of training courses available in Luxembourg, our financial centre should continue to innovate through its training centres to better prepare its professionals for the challenges of a sustainable finance sector that is constantly evolving, both in terms of its processes and its regulatory frameworks.

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For Press Enquires

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About the LSFI

The Luxembourg Sustainable Finance Initiative (LSFI), a non-profit organization, is Luxembourg coordinating entity in Sustainable Finance and a central point of contact and information for all sustainable finance actors in Luxembourg.

Its mission is to raise awareness and help the financial sector further transition towards increased sustainability. The LSFI has also been mandated to elaborate and implement the Luxembourg Sustainable Finance Strategy. In order to reach these objectives, the LSFI works in close collaboration with existing Luxembourg-based sustainable finance stakeholders, such as financial industry associations, education, fintech, research, inclusive finance and civil society representatives.

The LSFI was founded in 2020 by the Luxembourg Ministry of Finance, Luxembourg Ministry of Environment, Climate and Sustainable Development, Luxembourg for Finance and the High Council on Sustainable Development. These founding members are represented at the LSFI's Board of Directors.

Notes

Membership of the Working Group

- Patrick LEVALDAUR, General Manager, European Financial Planning Association (EFPA) Luxembourg (Chair)
- Catherine BOURIN, Member of the Management, ABBL (Co-Chair)
- Paul CHAHINE, Sustainable Finance Manager, Luxembourg Green Exchange (LGX)
- Joanne FITZGERALD, Director, BlackRock
- Olivier GOEMANS, Advisory & ESG Coordination, Banque Internationale à Luxembourg (BIL)
- Denis GRAAS, Senior Manager, PwC

- Nicolas JUTARD, Head Learning & Development, Société Générale
- Hakan LUCIUS, Head of Corporate Sustainability, European Investment Bank (EIB)
- Alice MARTINO, Responsible for Impact Solution, BNP Paribas Wealth Management
- Peter (Dr) MATHIS, Research Scientist in Sustainable Finance, University of Luxembourg
- Ekkehart SCHMIDT, Responsible for Public Relations, ETIKA
- Denise VOSS, Chairwoman, LuxFLAG

Methodology of the Analysis

For 6 months, the members analysed sustainable finance publicly available courses in Luxembourg for financial professionals. To do so, they started by examining the current offering. 10 training providers presented 37 training courses during the first sessions of the working group. Following these presentations, the working group members proceeded to identify the market's needs: what sustainable finance topics the practitioners need to be knowledgeable about and at what level (generalist or advanced). To be more precise, they listed the main job roles in the Luxembourg finance sector and matched the identified topics with the job functions.

After this first step, they proceed with mapping and assessing what topics per profile and at which level are covered by the training courses within the scope. Out of all the 37 presented courses, they considered 30 trainings within the scope as they decided to focus only on sustainable finance ones.

For this mapping and assessment activity, they asked each training provider to fill in an empty matrix with the information from their training courses: for every profile/topic, they indicated if each training course covers or not the identified topic. Afterwards, the Chair and the Secretariat of the working group compiled the results obtaining two types of findings:

- Gaps: there are no training courses, among those analysed, covering a specific topic for a particular job profile at all or at the level identified as needed.
- Diversity gaps: there is a lack of diversification; this is understood as when training on a specific topic targeting a concrete job profile is provided only by less than three courses.