

REIMAGINING THE PROFESSION

BY **MATT SAKER**

When I became President of The Institute & Faculty of Actuaries (IFoA) in June this year, I spoke about my vision to see the profession continue to flourish for the next generation of actuaries. In this article I explain what the IFoA is doing to make this vision a reality and ensure that the profession continues to grow, influence and lead in what continue to be very challenging times.

WHAT ARE THE KEY CHALLENGES?

In keeping with all other professions, the actuarial profession is having to adapt to the changing world around us. It is estimated that the half-life of professional skills has reduced over the past generation from around 30 years to a mere 6 years; this means that the value of our skills will be halved after this short time. In this context, we need to ask ourselves whether it remains reasonable to expect new entrants into the profession to plough through examinations that may take 5-6 years to complete, in the knowledge that by the time they reach the destination the goal posts may have moved. There is also the looming risk that technology developments may replace the role of professionals. We are already seeing this within the legal profession where online resolution services are handling millions of disputes a year, with not a lawyer in sight. There is also much

talk of medical professionals being replaced by Artificial Intelligence (AI) beings with access to the collective diagnosis of millions of patients, far more than any one doctor could ever achieve. The equivalent of this for the actuarial profession is the replacement of much of the analytical work that we currently carry out by AI or Machine Learning tools which could result in a decline in the demand for actuaries within our traditional fields.

WHAT IS THE IFOA DOING TO ADDRESS THESE CHALLENGES?

None of the challenges described above are new and at the IFoA we believe they can be addressed, provided the right actions are taken now to course correct the profession. This was the thinking behind the first pillar of the IFoA's current strategy, namely to 'Reposition the >

profession'. But what does this mean in practice? In simple terms repositioning the profession means moving away from the stereotypical view of actuaries as highly analytical individuals working predominantly in the fields of insurance and pensions. For example, while we believe that insurance and pensions will remain important areas of employment for actuaries for many years to come, they are unlikely to accommodate our ambitious plans to grow the profession and ensure that it continues to flourish well into the future. For this to happen the IFoA believes

that we need to break free of these traditional strongholds and spread into wider fields, both inside and outside of the financial services sector. >

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One example of where this is starting to happen is in the banking industry where we are seeing more and more actuaries working. To facilitate this growth and support our members, earlier this year the IFoA created a new banking pathway to Fellowship.

Similarly, both inside and outside of the financial services sector, there are huge opportunities for actuaries to add value on climate and sustainability issues. In essence climate and sustainability are risk management challenges which are similar in nature to risks such as mortality that we have traditionally considered to be 'owned' by actuaries. For example, both risks emerge over a long period, in excess of 30 years. Similarly, both risks require the analysis and interpretation of large amounts of data. And, perhaps most importantly, in order to maximise the value we can add, both risks require actuaries to work closely with other subject matter experts.

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In the case of mortality risk, this is with epidemiologists and other medical experts, and with climate risk it is with climatologists and sustainability experts. As actuaries we do not need to be deep experts in the drivers of either mortality or climate change, but we do need to work hand in hand with those who are, complementing the analytical and risk management skills that we possess, to add value for the whole of society. Given that climate and sustainability are issues that will impact all sectors of business, the opportunities for actuaries are huge. That is why, as demonstrated by the launch of our [Climate Risk and Sustainability Course](#) earlier this year,

the IFoA is investing so much time and resource in this area.

WHAT DOES THE FUTURE HOLD?

At the IFoA we recognize that providing appropriate learning materials is only part of the equation and that, to be successful in these new domains, there are other pieces of the puzzle that need to fall into place. We need to create both a steady supply of actuaries, but also stimulate a demand for them in these new domains.

On the supply side, as well as providing them with the necessary learning materials, we need to encourage our members to rise to the challenge and empower them to take the plunge to enter these new areas. Part of this involves telling the stories of the actuarial trail-blazers who have already made a success of moving into these new areas. Similarly, we need to stimulate demand by explaining to employers in these new areas why they should be seeking to employ actuaries, what skills we have that could be useful to them and how actuaries can add value to their business.

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If we get all these things right, and I am confident that we will, then I am sure this will lead to a bright future for the next generation of actuaries, and one in which the demand for our skills and insights will grow beyond our traditional areas of expertise. <