The future banking workforce

Driving workplace innovation in banking and capital markets

Microsoft

Empowering organizations for what's next

"You need to do fantastic things for your employees so that they can do great things for your customers."

Satya Nadella
CEO, Microsoft





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The rearview mirror

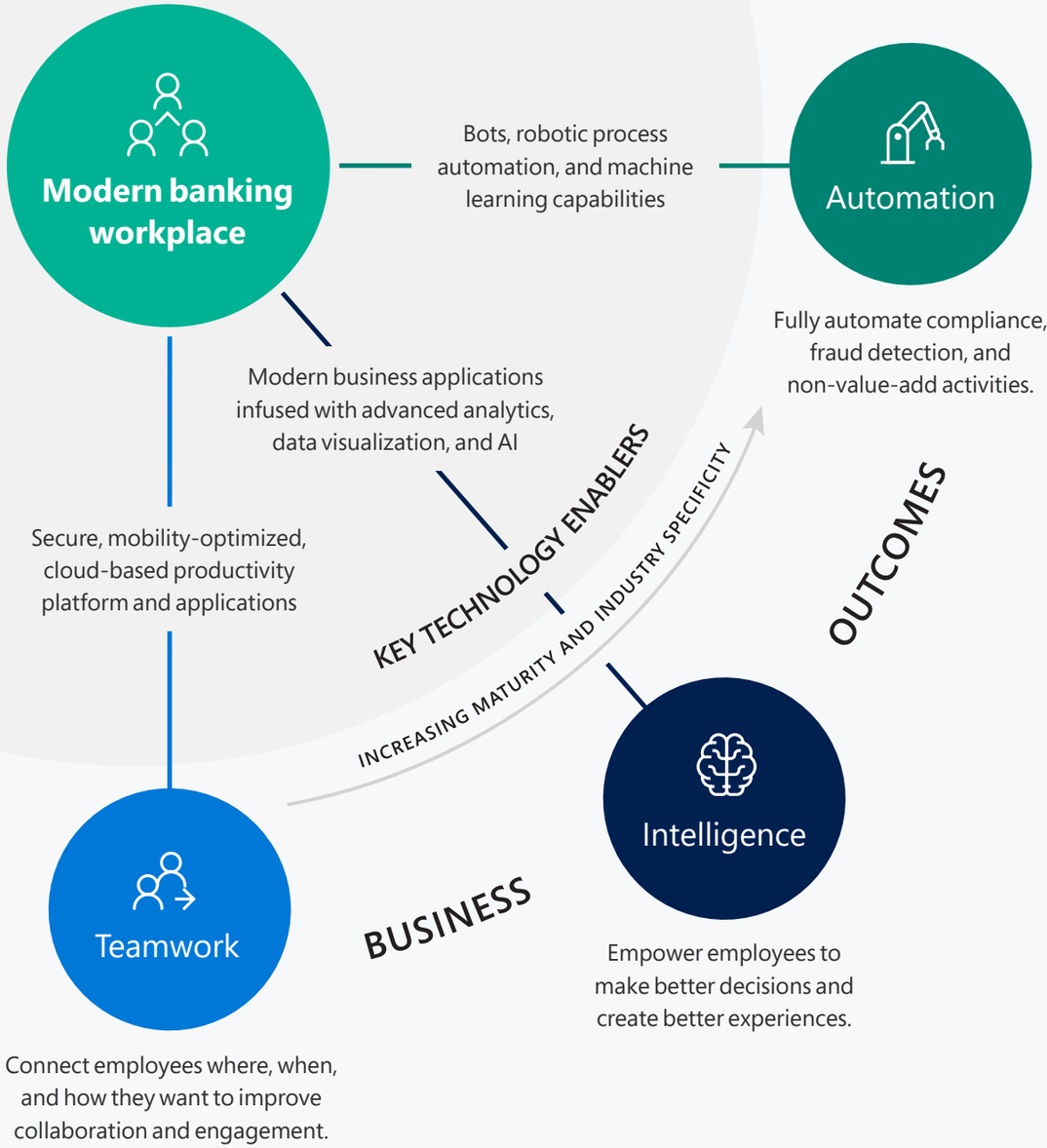
The Digital Age is bringing about massive changes to every aspect of our lives—how we interact with each other, how we conduct business, and how we view the world. But digital is much more than the newest cutting-edge technology. This revolution is a confluence of social, demographic, and technological trends that is creating an economic schism—between the old economies and the new, between the analog and the digital. Though this fork in the road may seem familiar—there are definite parallels with the arrival of the assembly line or even the invention of the steam engine—what separates this revolution from past ones is the astonishing speed of the change and the pervasiveness of its reach.





In this context, banks and other financial institutions must make hard choices. Financial institutions have always been at the forefront of technology-powered efficiency gains—from the ATM to computerized trading—driving up profits and holding costs in check. But the transformative power of digital goes far beyond efficiency: it is changing the way we see ourselves, the way we collaborate, and the way we work.

The financial industry is at a crossroads, where the usual notions of work no longer apply. Economic value in the Digital Age will not just be measured in units produced or hours worked, but in the ability to empower teamwork that generates useful or inspiring ideas. And to attract the kind of talent that will create tomorrow's digital business models, banks need to create an environment that caters to a digitally savvy workforce—delivering new digital tools and services while maintaining the highest standards for data security, privacy, and retention. They need to reimagine the employee experience for tomorrow's worker, while finding ways to help workers today discover new roads to productivity amid profound technological and cultural change.



The starting line

If disruption is the hallmark of the Digital Age, creativity may rightly be regarded as one of the key performance indicators by which success in this era is measured. Accordingly, financial services firms must reevaluate their view of employees if they wish to remain relevant. The born-digital generations have a different mindset, different ways of interacting, a different concept of value, and different notions of teamwork. Many find legacy banking institutions unattractive places to build their careers. But by fostering autonomy, collaboration, accessibility, and agility, banks can compete in the race for talent and redefine the course of the future.

Automation

FIDUCIA GAD ZUKUNFTSERFAHREN

Fiducia & GAD IT AG uses an internal virtual assistant to handle employee questions about complex documents.

METORI Capital Management

Metori Capital Management uses automation to streamline critical IT management functions, allowing employees to focus on the market.

Intelligence

Standard Bank

Standard Bank's dedicated business intelligence teams use technology to identify and solve friction points in employee journeys.

METRO BANK

Metro Bank's advanced analytics and business apps create easy-to-understand insights into employee experiences.

Teamwork

Santander

Banco Santander hardens security posture while simultaneously allowing seamless employee mobility by adopting a secure cloud environment.

TD Bank

TD Bank uses cloud-based business tools to provide the connected and mobile workplace employees have come to expect.



Changing gears

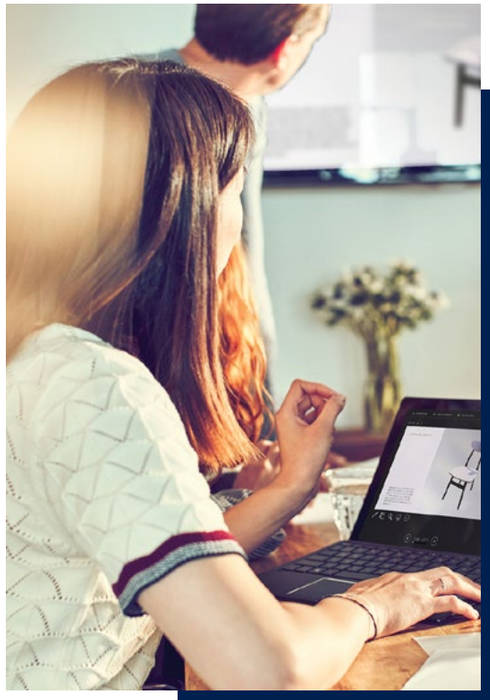
Financial institutions are experiencing firsthand profound changes in the workforce, workplace, and even the concept of work itself. In this emergent world of work, experience is the new competitive battleground. Organizations are judged not only by their ability to deliver differentiated experiences to customers, but also by how well they enable them for their employees. Consequently, many bank leaders have made attracting new talent a top priority, as competitors within the industry as well as from other industries are devoting considerable resources to luring born-digital generations.

Building profitable business lines in the Digital Age requires a different kind of culture and new kinds of talent. And at many banks, the working environment fails to accommodate younger generations' needs. The future banking workforce demands something meaningful, not menial—and the multiplier effect of empowered teamwork helps create a transformative experience for everyone. By unleashing the power of the group, financial institutions can transform themselves into innovation powerhouses where talented individuals—from any generation and from diverse backgrounds—will feel liberated to do their best work. Working together, they will create a whole much greater than the sum of its parts.

The way forward

A superior employee experience—and, by extension, customer experience—depends on understanding the talents of an increasingly diverse workforce and changing the way business is done by integrating people, processes, and data.

Digital-first employees are looking to create more value; interact in a more collaborative, intelligent, and seamless manner to be much closer to the customer; and be more empowered. All of this requires removing restrictions and rethinking operational workflows. By creating a digital workplace, financial institutions can enable employees to drive better customer interactions, matching human ingenuity with digital speed. And a modern workplace that facilitates an effective engagement strategy has a tangible impact on both the bottom line and future income streams.



DATA POINT

52 percent of all tasks will be automated by 2025.

World Economic Forum, 2018



"Many people are busy trying to find better ways of doing things that should not have to be done at all."

Henry Ford

Removing roadblocks

Creating anywhere, anytime productivity and collaboration for employees requires a change in mindset of how operations are structured.

Most employees—particularly those who have already made the transition to a digital economy as consumers—have different expectations of how things should work. By eliminating roadblocks to serving the customer and opening space for innovation and ingenuity, banks can empower their workforce to generate groundbreaking ideas and create new business value.

Banks should also consider a broader and increasingly diverse community of both customers and employees. Adopting accessibility technologies—such as artificial intelligence (AI) solutions that can verbally describe visual content or convert voice to text—creates more financial inclusion and unlocks a larger talent pool.



Essential to success is creating an open and highly collaborative culture that prioritizes cross-functional ways of operating. This mandates changes to the work processes and technological tools banks have relied on for decades. When reevaluating operations, financial institutions need to consider the digital expectations of both prospective customers and employees. For example, the London Stock Exchange is taking advantage of secure cloud technologies and overcoming previous limits of business unit segmentation to create more cohesion, collaboration, and productivity. It may seem risky to set aside years of proven practices, but customers' expectations have changed, and a new type of workforce is needed to match.

Additionally, removing constraints allows employees to focus more on customer needs, which directly affects current and future profitability. Banks should empower employees with the tools to make their jobs more efficient by using automation to eliminate manual and paper-based processes. By optimizing organizational workflows—such as proposal management and product development—employees can focus on more value-adding activities. Happy and engaged employees lead to better customer experiences and increased customer satisfaction. This is extremely important in financial services, where other institutions can quickly replicate typical products and services. In a collaborative and cross-functional banking organization, however, employees are better able to deliver on promises and put the customer back in the driver's seat. The customer loyalty created by positive experiences across digital channels and in interactions with employees is one of the few assets that competitors will find difficult to imitate.

DATA POINT

Millennials will make up 75 percent of the workforce by 2025.

Forbes, 2018





Where the rubber meets the road

Employee loyalty, too, should be a top priority for financial institutions. This involves more than investing in employee engagement programs—engagement is only a small part of a larger lifecycle. Through the employee lifecycle—stretching from candidate to alumnus—each touchpoint has a lasting effect on brand perception, recruiting expenditures, and future revenue streams. Businesses can use the same technologies to evaluate the frontline employee journey that they use to analyze the customer journey. Currently, employee data is stored across many systems that don't communicate with each other. As a result, it is highly fragmented and difficult to manage and use effectively. But, by centralizing employee information and using cloud-powered analytics, institutions can analyze interactions and identify touchpoints in the employee journey that cause friction for the workforce.

As the banking world expands to a broader ecosystem, employees will need to seamlessly work in diverse functional areas, with both internal and external stakeholders. For example, the combination of chatbots, machine learning, cognitive services, and secure mobility solutions can orchestrate the delivery of just-in-time capabilities and augment employee skills.

To establish enduring value, boost productivity, and cut costs, the most forward-thinking institutions are considering the entire employee lifecycle, increasing employee tenure, and creating long-term evangelists. For example, MasterCard, BMO, and Silicon Valley Bank regularly conduct human-resource "hackathons" to discover friction points and co-create solutions to improve the employee experience. Whether it's modernizing infrastructure, creating intuitive applications, or providing twenty-four-seven mobile access, these firms are redefining how employees interact and do their jobs.

Organizations that have adopted an experiential mindset are far more profitable and earn more revenue per employee.



DATA POINT

Companies that invested in employee experience saw four times the profit per employee.

Harvard Business Review, 2017



Smart navigation

To improve the employee journey and reap the attendant business benefits, financial institutions need to adopt a secure, cloud-based data architecture and invest in predictive analytics and machine learning.
Workers today spend countless hours waiting on information from others, switching between systems, or researching data—to the detriment of the firm, the employee, and the customer. We have seen how complex processes in other domains have been simplified to the touch of a button. If we can use a smartphone to navigate busy streets, why can't we use intelligent systems to navigate organizational complexity?

Banks can seize upon advances in AI—such as chatbots, cognitive services, and machine learning—to augment employee efforts and transform the modern banking workforce.

Imagine a future of work that is highly connected and collaborative:

- Intelligent systems efficiently route information, connecting the front office seamlessly with the back office and matching compliance questions with regulatory answers.
- Empowered frontline managers and sellers employ intelligent tools to help them solve complex issues, eliminating onerous legacy processes.
- Advisors and other relationship managers can find and share the information they need to be effective, enhancing service and improving financial products.

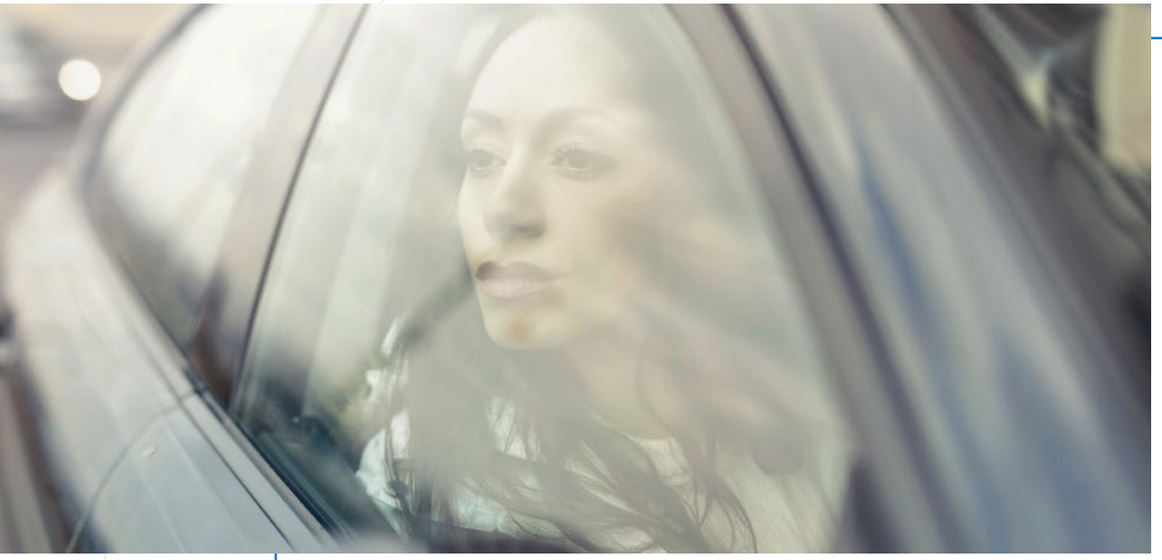
There is a long-term cost savings from automating activities that do not add value, but the true gains are in time and flexibility. Freed from rote functions and process-intensive task coordination, banking employees will use augmented intelligence capabilities to work on more complex and higher value activities—whether engaging with more customers in more meaningful ways, innovating solutions to pressing business problems, or creating new lines of business. This is how farsighted financial institutions will separate themselves from the competition.

Differentiation in competitive financial markets depends in no small measure on how banks choose to harness technology to transform the employee experience.

DATA POINT

In the most advanced companies, teams are learning to be more agile, to work with distributed and remote teams, and to scale up and down to adapt to ever-changing conditions. This is the future of work.

World Economic Forum, 2017



Fueling the future

At its core, a financial institution is a value exchange platform—a technology company that keeps track of promises and provides needed services to clients through innovative offerings.

And as financial institutions continue with digital transformation, concerns about efficiencies give way to unleashing transformation. This starts with promoting a culture of change and adopting modern tools and resources to empower employees to create an environment of trust and creative energy, harness the power of teamwork, and deliver new customer and workplace experiences. Such an environment will readily attract and retain a top-notch, highly innovative workforce.

In the digital economy, banks will need to reconsider *where, when,* and *how* work will be done.

"I believe things cannot make themselves impossible."

Stephen Hawking



The open road

The first and most pervasive shift is *where* work takes place.

We've already witnessed significant changes in the workplace: companies have been outsourcing low-value tasks for many decades. But what about high-value activities? Must they be completed within the physical confines of an office in every case? Many of us answer emails on vacation or take calls after hours, but some in the digital-first generations have taken it a step further: they've redefined the work-life balance by doing both in parallel.

These workers—so-called digital nomads—have become common in many other industries, particularly for knowledge work in which job functions do not require face-to-face interactions with external clients.

And though there are regulatory and security challenges specific to the financial services industry, advances in enterprise-ready cloud technology, secure platforms, and 5G connectivity make compliance and security easier, and will continue to make physical location less relevant. In addition, advancements in augmented reality (AR), mixed reality, and telepresence technologies will reduce the need for many in-person meetings, effectively removing the physical limitations that can often inhibit value creation.

Imagine a world where software developers, risk analysts, or equity researchers have seamless connectivity and secure access, making them just as effective on a beach in Bali as in an office on Wall Street. Not only could financial institutions gain access to top talent on a global scale, they could also meet the changing needs and expectations of the born-digital generations, for whom work-life balance is a primary concern.



Beyond cruise control

Another change in the economy is *when* value exchange takes place.

Paradoxically, financial institutions are both pioneers and laggards of on-demand interactions. Starting with the ATM and continuing today with twenty-four-seven market and account access, they allow customers to self-serve on their own schedules, yet they expect most of their employees to adhere to a nine-to-five workday. However, the born-digital generations tend to be natural multitaskers who expect experiences to be delivered at the touch of a button. Now, technology is making it possible to reimagine the employment experience to suit these expectations, with on-demand options for work creating greater organizational flexibility and agility.

As AI becomes more advanced and more prevalent, the nature of employment will change. Day-to-day client requests that previously required an individual to process them will soon be handled by chatbots in the cloud. As a result, some employees will have a greater opportunity to be more agile and multidisciplinary, while other employees will become increasingly specialized. In this way, the future banking workforce will thrive on its creativity and expertise in generating novel solutions to customer challenges and business problems.



> "Traditionally, wealth was defined by land and natural resources. Today the most important resource is between our ears."
>
> **Barack Obama**

Those in the workforce whose economic value depends on final delivery instead of time and materials will feel the impact of this transformation the most. Is the value of a mergers-and-acquisitions (M&A) pitch book the hundreds of hours of effort or the delivery of the right solution to the right client at the right time? As financial institutions move to an ecosystem model, their employees will become multitenant as well— creating something akin to a gig economy and, in the process, redefining the notions of both "full-time" and "employee."



The innovation engine

The final difference in the new economy is *how* value is created.

The financial industry is defined by its ability to turn knowledge into value and has been doing so long before the term "knowledge economy" was ever coined. And although handling transactions, mitigating risk, and collecting net-interest spreads will continue to be sources of revenue, in many cases, these activities will become part of the background machinery, to be managed with advanced analytics, AI, and robotic process automation.

Digital and automation are the future. These twin forces will transform the nature of work in the industry. The future banking workforce will not only enjoy a more seamless experience and greater flexibility but also have more time. Forward-thinking institutions will see this as an opportunity to empower teams across functional boundaries, improve the employee experience, and foster innovation.

As digital business models take root and lines between industries blur, survival and success in the financial services industry will increasingly depend on the ability to innovate. We have witnessed this change in the technology sector, where employees are given the freedom and time to explore different avenues that are not tied directly to a job function. Creating an environment that nurtures both experience and ingenuity is the fuel for innovative ideas and can lead to new opportunities. But this new paradigm requires a different operating model and a different type of employee.

The combination of empowered teams, intelligence at scale, and automation is redefining the nature of employment. The previous constraints about where, when, and how work is done have taken a backseat to employee experience and empowerment. A solid digital foundation and new engagement model are needed to foster the creative and entrepreneurial mindset that will define the future economy.

We are quickly approaching a future where the unit of value will go beyond units produced and hours worked to encompass a measure of ideas generated. And by embracing these changes and cultivating a modern banking workforce that prizes creativity, financial institutions can drive the kind of innovative thinking that will define success in the Digital Age.



It's about the journey

At Microsoft, our mission is to enable every person and organization on the planet to achieve more.

Although it is difficult to anticipate the needs of the future banking workforce and have a clear sense of the required organizational and technology investments, there are concrete steps that financial services companies can take today. It begins and ends with culture—fostering an agile, open, and resilient culture and empowering it with modern, cloud-based capabilities with streamlined processes to match. Investments today in cloud-based productivity and collaboration environments, advanced analytics, data visualization, and AI will repay dividends down the road. To this end, banks must develop a roadmap for effective planning. Those who wait for the green light to start tuning and testing their innovation engines will find themselves at the back of the pack.

Experimenting with digital models and building solutions that solve practical problems will provide the technical competency needed for employee training, enable higher value advisory services, and keep a competitive advantage.



To harness the value of the modern banking workplace—based on the three principles of teamwork, intelligence, and automation—requires a deep understanding of the changes in technology and the opportunities they bring. Microsoft can help you build a collaborative, inclusive, and flexible platform that empowers employees to achieve more.

Wherever you are going, we can help you get there, with solutions today that will lay the foundation for your future banking workforce:

Untether bankers to be productive anywhere, anytime with the intuitive on-the-go features of an Azure cloud-based platform infused with rich analytics and intelligence.

Drive worker productivity and empowerment and create an environment that transcends legacy boundaries with real-time translation capabilities, intelligent calendaring, sentiment analysis, contextual analytics, and HoloLens-powered mixed-reality applications.

Improve employee satisfaction and retention and create a next generation workplace with Microsoft 365—the complete, intelligent, and secure cloud platform integrated for simplicity and built for teamwork. Give your workforce AI-powered tools that unleash creativity and fuel innovation; inspire better ways to bring people together and get more done; increase agility and lower costs; and harness the power of intelligent security without hindering productivity.

Streamline content creation, eliminate labor-intensive manual processes, and reduce operational costs with robotic process automation solutions, bots, and machine learning capabilities. Use AI-powered tools and cloud scale to lighten regulatory compliance burdens; compute and analyze risk; and combat fraud, speeding detection and reducing false positives.

Accelerate the lending process and create more effective proposals with the integrated Microsoft 365 Proposal Manager solution that enables an agile, collaborative, secure, and client-centered process with minimal IT deployment requirements.

microsoft.com/banking



Credits

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