

2020 GLOBAL BANK REVIEW: EXPANDING HORIZONS - THE NEW BANKING WORKPLACE

Insight

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As Covid-19 fires dramatic increases in homeworking we explore the long-term impact on the finance sector.

Prior to 2020, remote work was often discussed in the financial services and banking industry, with some institutions adopting it as a flexible practice for suitable teams and divisions. However, in most jurisdictions it had not been fully embraced or utilised as the primary mode of working. The Covid-19 pandemic has since changed this, and has forced the virtual workplace upon the industry. The end result of experimenting with this way of working throughout Covid-19 has the potential to shape the future of the banking workplace.

THE CHALLENGES OF A REMOTE WORKFORCE

Prior to Covid-19, remote working arrangements were sparingly utilised. Australia has consistently been ahead of the curve on remote working, while ironically, in Asia, where digital banking and technological innovation have been largely embraced, remote working arrangements were less popular. Stated concerns that have held institutions back from utilising remote work include:

- reduced productivity;
- a decrease in the quality of work based on reduced oversight;
- a fear of less innovation, based on less in-person interaction;
- regulatory issues for jobs with mandatory compliance requirements that require real-

time communication;

- data security concerns;
- developing and mentoring employees remotely; and
- mental health concerns from isolation and finding a work/life balance.

ADAPTING TO THE NEW NORMAL

Covid-19 has forced financial institutions to disregard these concerns temporarily. At the time the pandemic hit, there were a number of institutions unprepared to support a large workforce of remote users and/or to ensure the safety of data being accessed. Solving these problems became necessary, and based on technology upgrades, most institutions are now capable of supporting large-scale remote work.

REMOTE WORKING - HERE TO STAY?

Importantly, just because the capability is there doesn't necessarily mean this way of working will remain in the future. Most institutions are hesitant to provide concrete long-term predictions based on what they perceive as a temporary situation. However, if the PwC study, that surveyed 50 executives and 144 employees at US financial services firms, is any indication, participants predicted that:

70% of financial services companies will have 60% of their workforce working from home at least once a week after the pandemic has passed.

VIRTUAL LEADERSHIP

If remote work becomes the norm, other challenges will present themselves, not least how to develop junior talent and embed a positive and collegial culture from a distance. As institutions increasingly seek leaders with data and technology expertise, they will also need to find leaders who are capable of building relationships and trust in this unique virtual environment.

IN DEMAND - TECHNOLOGY AND PEOPLE

Before Covid-19, banks were already updating their technological infrastructure and shifting away from legacy systems to be able to compete with agile fintech startups and big tech companies. Covid-19 has only highlighted why

this is necessary and helped to accelerate the pace of change. This need for agility has extended to hiring, training, and leadership decisions. Banks are actively seeking employees and leaders with data and technology-driven expertise, in order to be able to effectively adapt to the changing market. This focus on flexibility, both in the bank's technology infrastructure, as well as its people, is a consistent trend across the globe.

EFFICIENCIES AND OPPORTUNITIES

In an oft-cited 2017 study from McKinsey, it was predicted that automation would eventually replace up to one third of the tasks currently performed by humans.¹ In the banking industry, automation, fintech startup companies, advances in robotics, machine learning and artificial intelligence (AI), as well as the increased use of algorithms and blockchain,² are transforming the skillset needed by the future banker. Unforeseeable advances will no doubt continue this process.

The McKinsey forecast – and similar studies that have followed – have not been overly grim in their outlook. Instead, the studies acknowledge that while a large subset of duties will be automated and job efficiencies created, other opportunities will evolve and come to the fore along with the change. This, by and large, has been the global banking experience.

So while technological advances are changing the job landscape, alongside the pandemic, opportunities are opening up where there is innovation and growth for institutions and individuals with the right capabilities.

PRE-PANDEMIC STATISTICS ON REMOTE WORKING IN THE BANKING INDUSTRY

Region	Remote working arrangements
EU-27 Countries	In 2018, approximately 5% of employees in the financial services industry typically worked from home and approximately 26% sometimes worked from home. ³
United States	Prior to Covid-19, approximately 29% of financial services institutions had at least 60% of their workforce working from home at least once a week. ⁴

EXPANDING HORIZONS

While detailed predictions for the future based on a temporary response to a worldwide pandemic is impossible, we do believe remote work opportunities are likely to expand. As the pandemic continues to force banks to experiment with the virtual workplace, and the results become more quantifiable in both employee productivity and satisfaction, employers will be able to judge which of the above-stated concerns are legitimate – and if so, how best to address them.

ENDNOTES

1. Cognitive Technologies in Capital Markets, McKinsey & Company, July 20, 2017.
2. For a more complete list of digital technologies disrupting the banking industry, see OECD (2020), Digital Disruption in Banking and its Impact on Competition <http://www.oecd.org/daf/competition/digital-disruption-in-financial-mark...>
3. European Commission, Telework in the EU before and after the COVID-19: where we were where we head to, June 2020.
4. PwC, US Remote Work Survey, July 2020.

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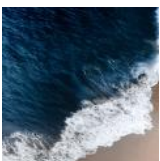


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