



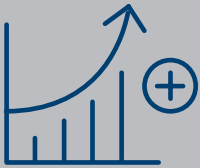
# Technology Disruption in Financial Services

Sean Carney and Jenny Merry

November 19, 2018 – London

# Today's Performance & People Themes in Banking

## Performance



### Growth is back on the agenda

- Bank profits continuing to improve with global economy – US > APAC > UK/EU

### Costs remain front of mind

- ROE improving, but remain below cost of capital for some banks

## Business Evolving



### FS investing in technology and digital transformation

- Digital isn't a strategy...it's part of the business

### Regulation continues to be part of the global banking model

- Global consistency was an FSB goal, but not today's reality

## People & Pay



### Talent strategies aligning to evolving business

- New and changing roles require review of job profiles, selection, performance management




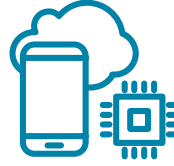




### Reward supports talent strategy

- Consideration of non-FS pay and different strategies within firm's reward approach

“There is not a more interesting time to be in banking, because right now we are just at the start of truly rewriting the next chapter of banking. Technology is going to dominate that story, and it’s going to be incredible.”

Michael Corbat (CEO, Citigroup)

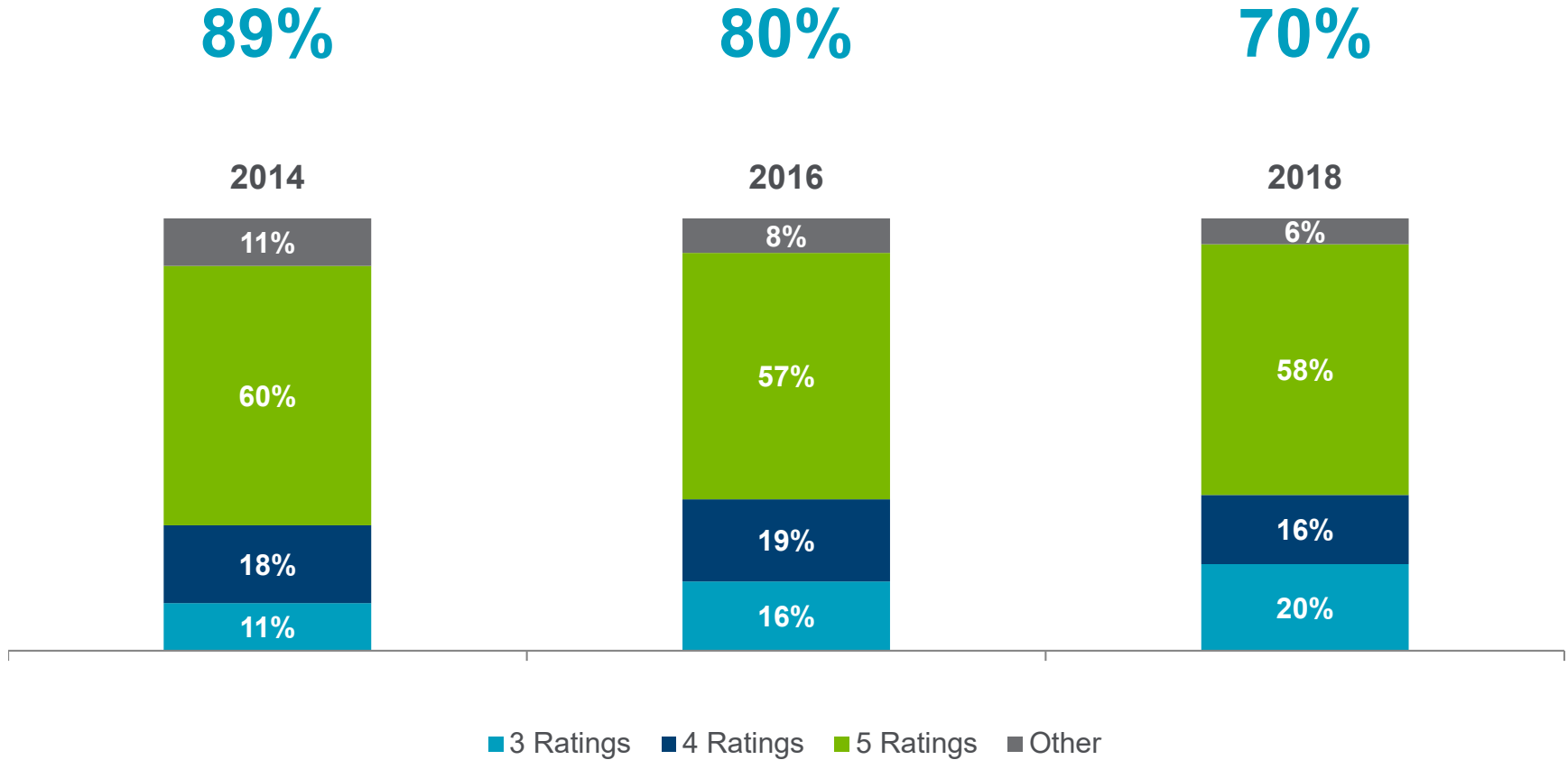
# Cost saving and innovation are driving technology for all employers

	Technology			Impact
 <p><b>Innovation and Transformation</b></p>	 <p><b>Robotics</b></p>	 <p><b>Cloud Computing</b></p>	 <p><b>Software-as-a-Service (SaaS)</b></p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>▪ Scalability and agility</li> <li>▪ Ease of updating</li> <li>▪ Reduced capital costs</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>▪ Data security and privacy</li> <li>▪ Process incompatibility</li> <li>▪ Need for upskilling talent</li> </ul>
		 <p><b>Artificial Intelligence/ Machine Learning</b></p>	 <p><b>Innovation and Transformation</b></p>	
 <p><b>Blockchain</b></p>	 <p><b>Internet of Things (IoT)</b></p>			

What are some of the latest people trends in the  
**tech** sector?

# More companies are abandoning ratings or considering it

Percent of Companies Using Formal Performance Ratings by Year



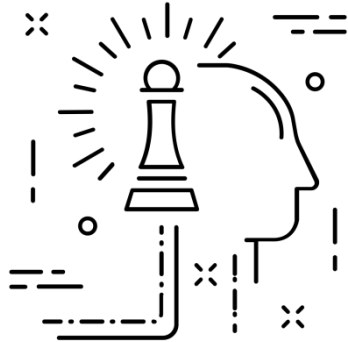
## Let's talk about the “scarce skills” on everyone’s mind

- Radford’s recent survey of software companies revealed their top five most critical skills and the premiums they are paying for them

Top Five Most Critical Skills	Base Pay Premium	Equity Premium
Cybersecurity	12%	15%
Network Cloud Computing	11%	22%
Software Development (specific languages like Hadoop, Python)	9%	11%
Data Science, Governance, Mgmt	14%	50%
Artificial Intelligence / Machine Learning	11%	65%

# Innovation requires different skills and behaviors

## Entrepreneurial Mindset



***“Being an entrepreneur isn’t really about starting a business, it’s a way of looking at the world.”***

Seeing opportunity where others see obstacles,  
taking risks when others take refuge.

Michael Bloomberg, Founder, Bloomberg, L.P.

***“Welcome to Permanent Beta”***

We are all works in progress. Great people, like great companies, are always evolving. Permanent beta is a lifelong commitment to continuous growth.

Reid Hoffman, co-founder, LinkedIn

Source: 2018 Radford Talent Pulse Survey, Technology Companies

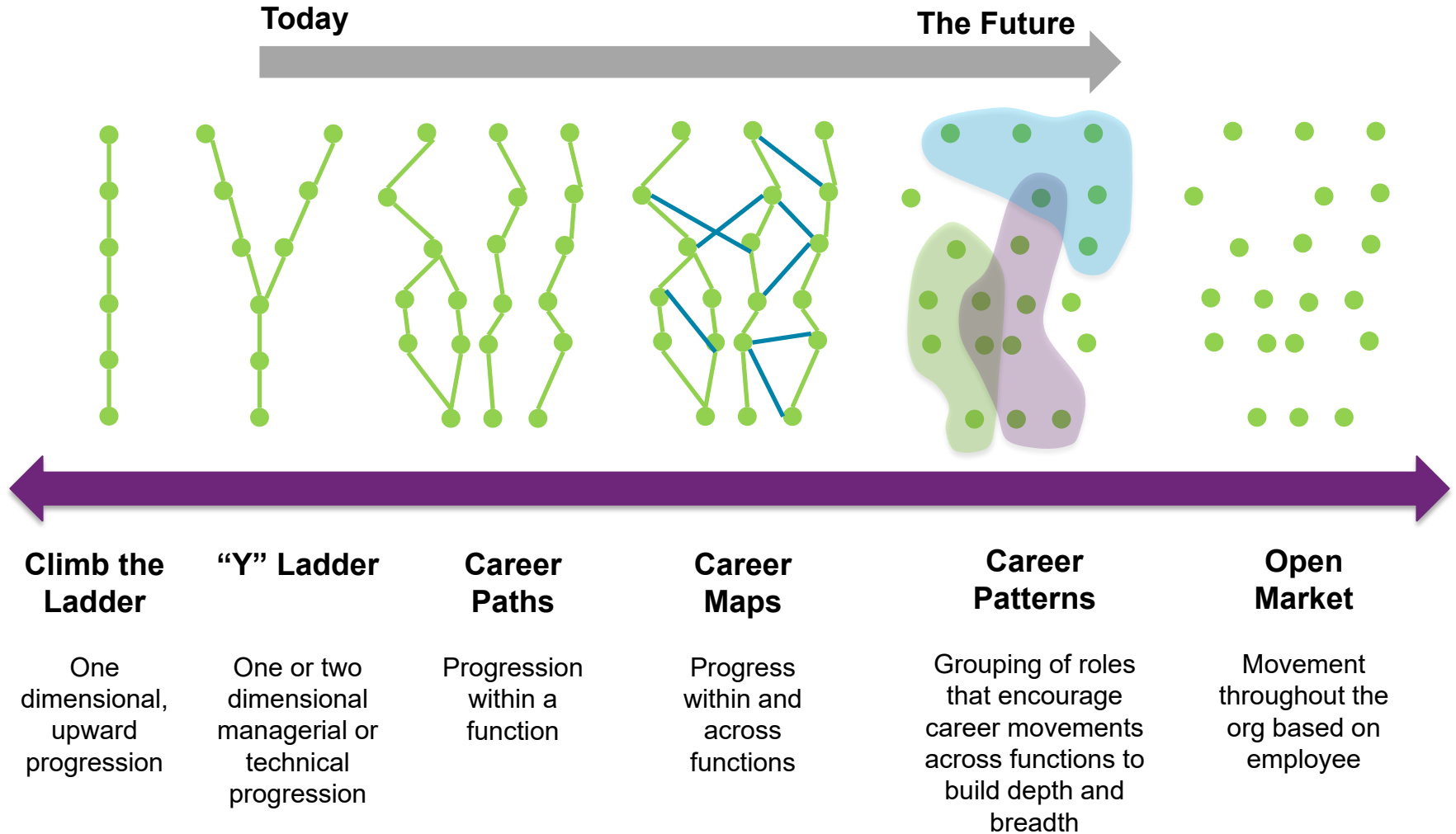
## Behavioral Skills

### Top Behavioral Skills Required





# Moving from “Climbing the Ladder” to “Career Climbing Wall”



# How is the Financial Services Sector Responding?

## Focus on Workforce Planning & Holistic Value Proposition

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### Skills Requirements

Identify internal leaders, focus on agile environment and align Business with Talent Strategy.

**Challenge:** It's easier to see the jobs that will go away vs the new jobs that will emerge!



### Sources of Digital Talent

Progressive firms build, borrow & buy talent and use innovation labs to build capabilities.

**Challenge:** Different EVPs in other industries and aligning contingent workforce to your firm's values.



### Incentive Plans

Project based rewards for the completion of sprints, phantom equity programs & more recognition spend.

**Challenge:** Firm-wide comp schemes can be inflexible; significant equity differential for senior mgrs



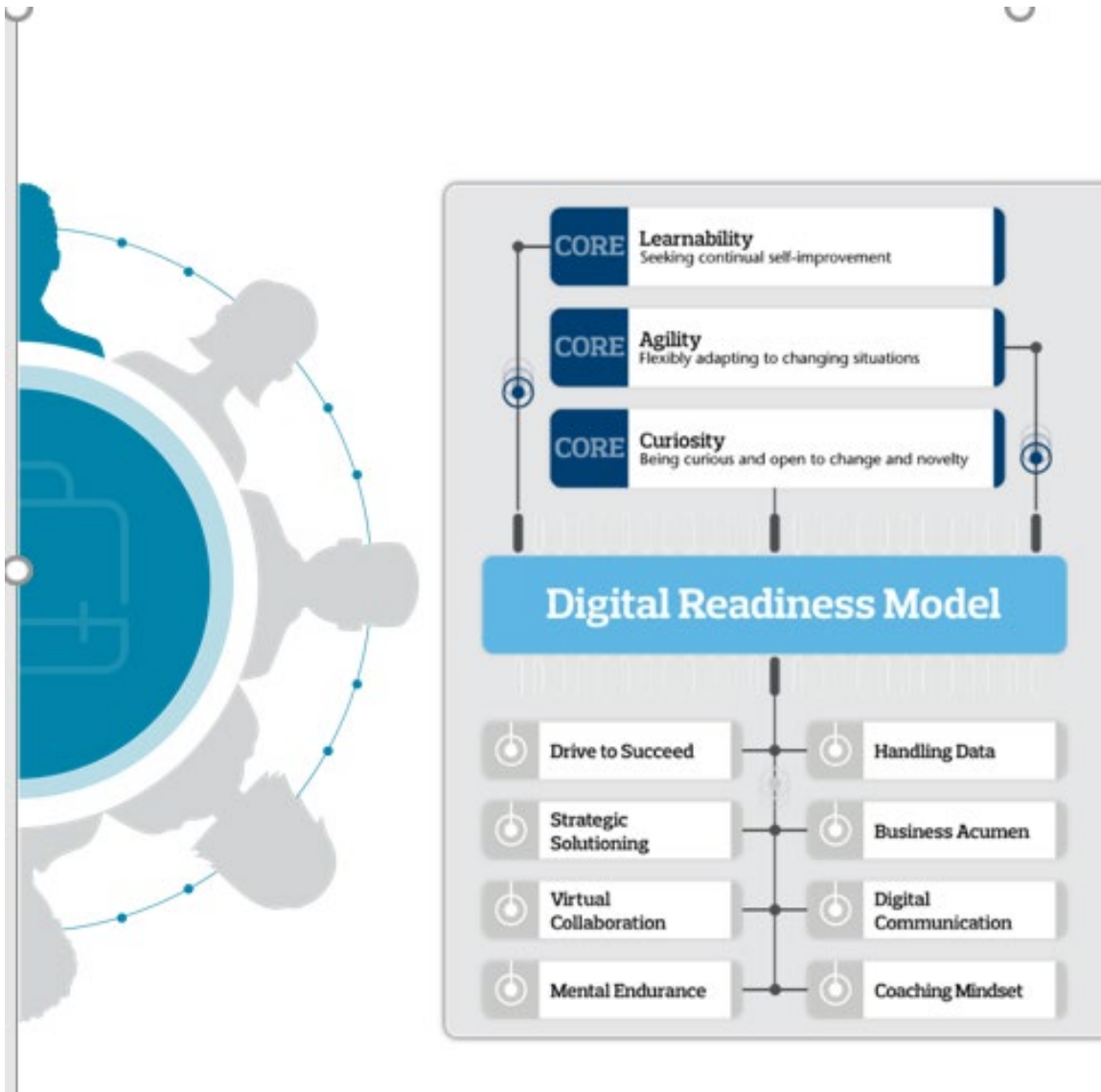
### Employee Experience

Employee experience equal to client experience, flex-working, career trajectory & work environment.

**Challenge:** Difficult to communicate value proposition, improve reputation & accept fluidity.

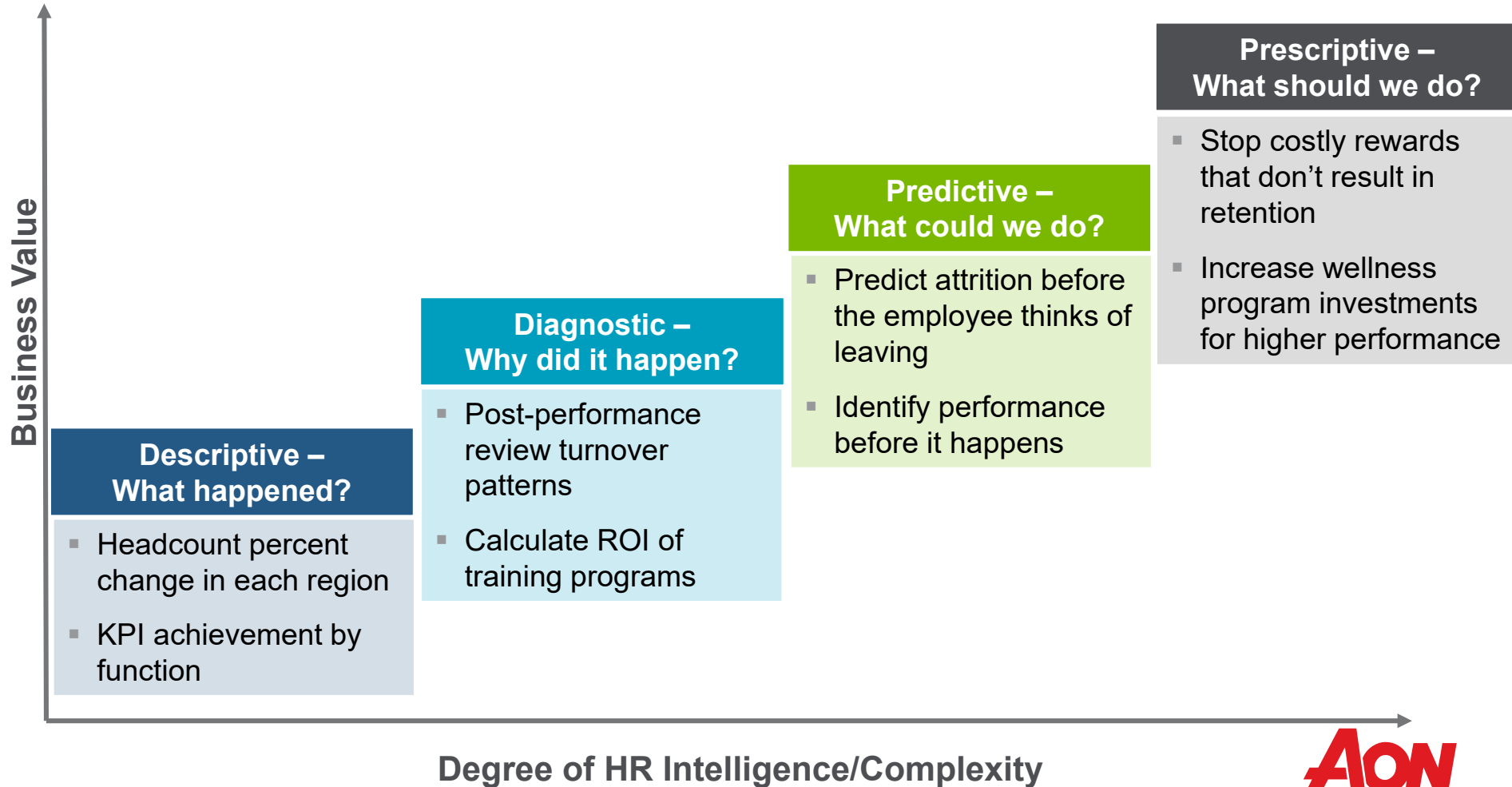
What is the **future of work?**

# The future of work is digital – how ready is your firm?



# The future of HR is advanced people analytics

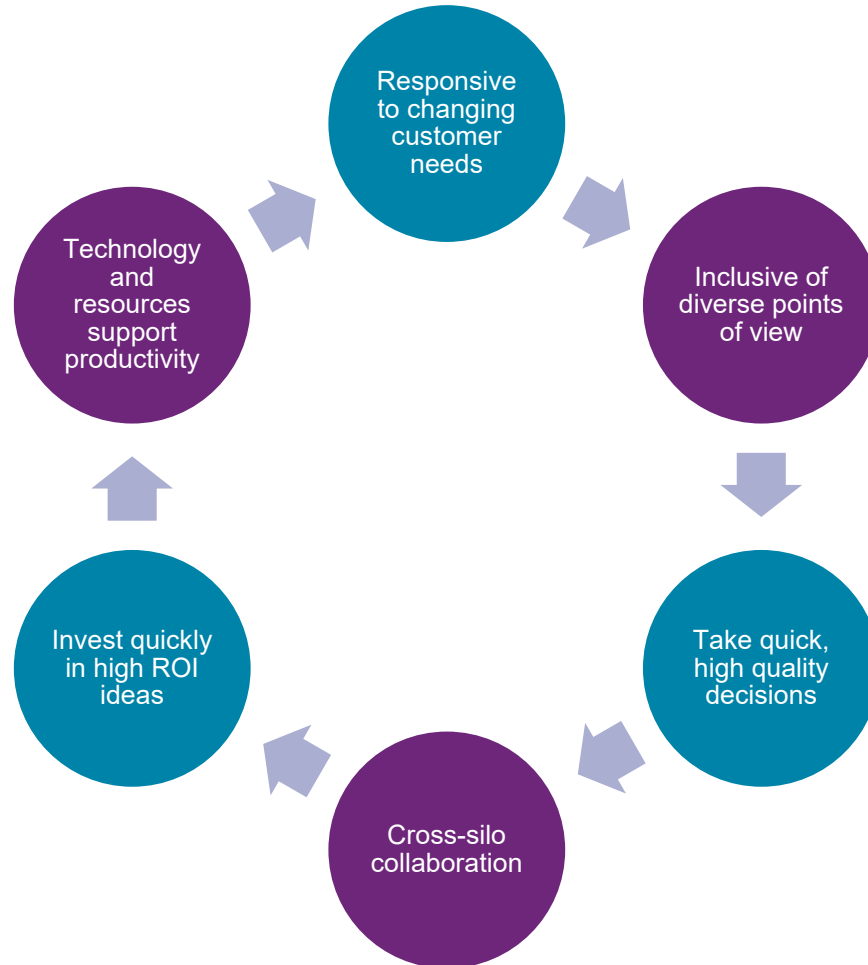
- Analytics / insights will be the jet fuel for growth and productivity
- Most tech companies have added People Analytics in the past 2-3 years



# Agile is needed everywhere - not just for software development teams

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- Organizational agility is one of the strongest predictors of future growth
- Org structures, culture, and rewards must support the agile organization

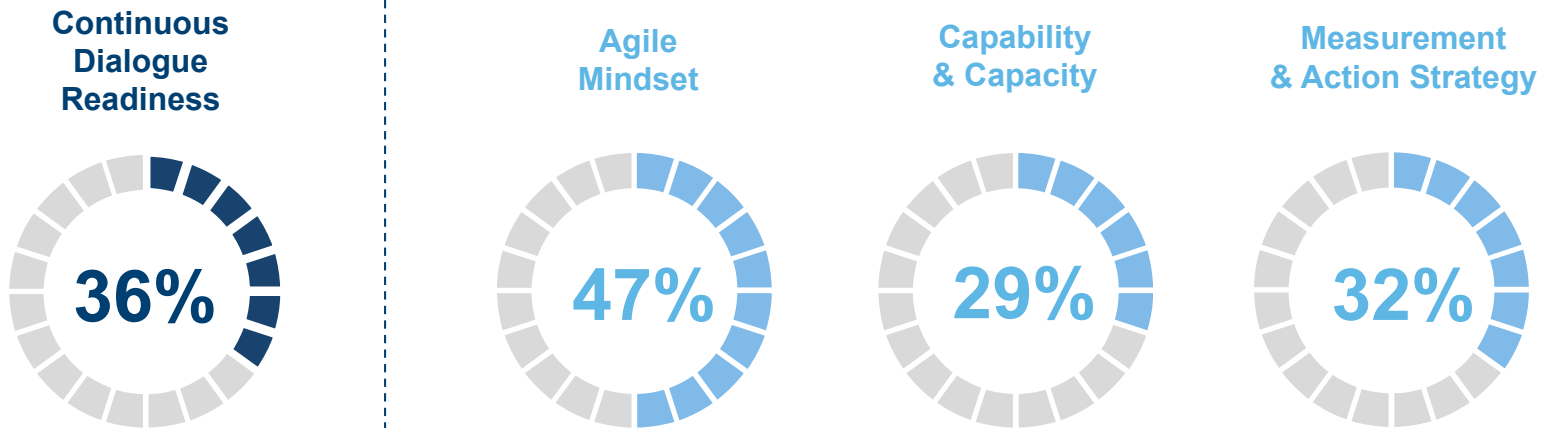


# Everyone is looking for more employee feedback across the employee lifecycle



# But the desire for Continuous Dialogue outpaces readiness

## Ingredients of Continuous Dialogue Readiness



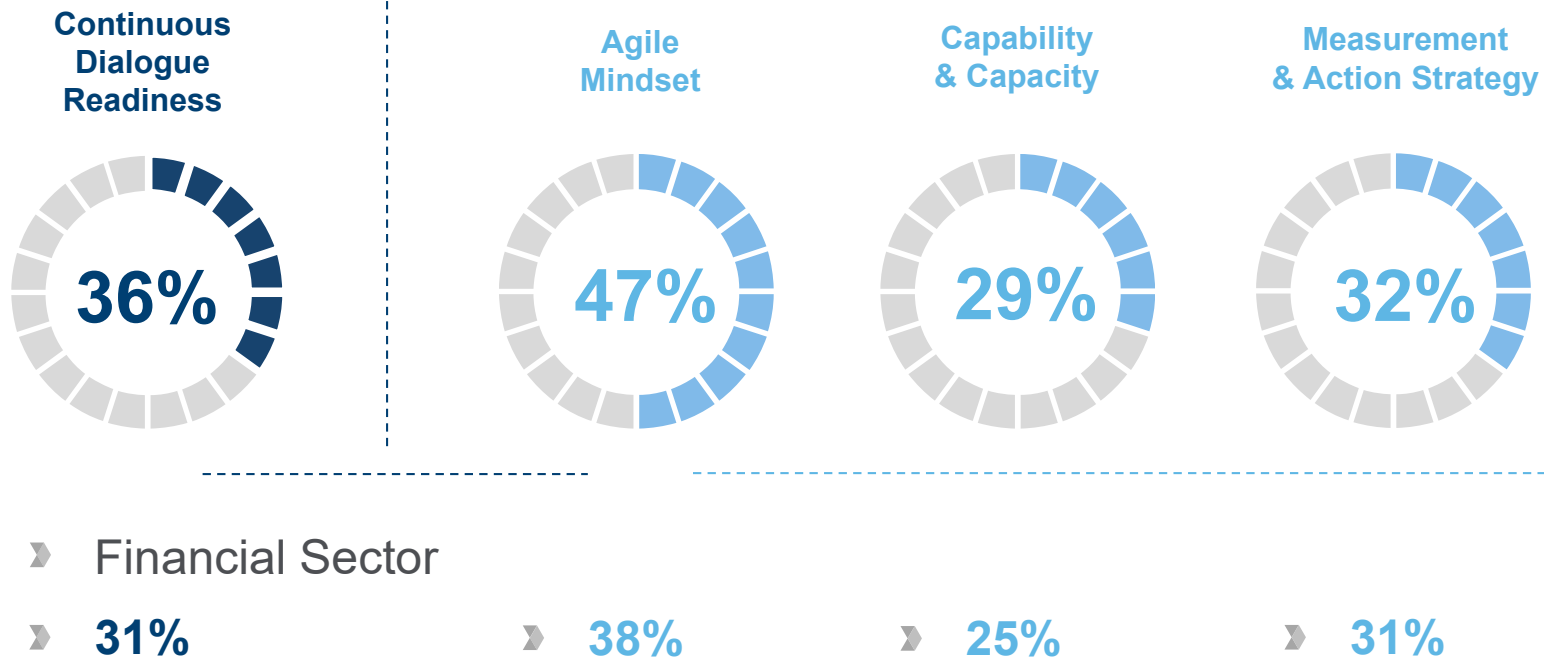
Despite willingness only one third of organisations are ready.

Majority of companies are lagging behind on Capability & Capacity and Measurement & Action Strategy.



# Desire for Continuous Dialogue outpaces readiness

## Ingredients of Continuous Dialogue Readiness



# Future Continuous Dialogue best practice is not yet here but it's coming



- Onboarding
- Culture
- Engagement
- Performance
- Exit

## Average Organizations

Agile Mindset  
Willingness

- Increasing frequency of engagement and culture measurement
- Change, Wellness, Workspace and Risk pulses

## Leading Organizations

HR Capability/Capacity Strategy  
Agile Mindset  
Willingness

- Decreased overall emphasis on engagement
- Candidate, onboarding and exit pulses more frequent throughout the year
- Frequent change, risk and bespoke pings throughout the year

## Future Best Practice

Mgr. Capability/Capacity  
Data Integration  
HR Capability/Capacity Strategy  
Agile Mindset  
Willingness



# Lots of opportunities for HR to drive value from disruption

