Bank On It: How Financial Services Firms Can Use Technology To Invest in Their People

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Gartner projects that by the end of the year, the number of U.S. workers who quit their jobs annually will have jumped 20% since before the pandemic—rising from an annual pre-pandemic average of 31.9 million employees to 37.4 million voluntarily leaving in 2022.[1] And the financial services sector isn't immune from the effects of that kind of attrition. Globally, three-quarters of banking and finance companies can't find the talent they need, according to data from the Manpower Group.[2] A 2022 report from the Deloitte Center for Financial Services puts it plainly: "Employees, for the first time in decades, appear to have the upper hand, especially in sought-after positions."[3]

In this environment, financial services firms face challenges attracting, retaining, and upskilling talent. And with turnover leading to staff shortages, the customer experience is impacted. For example, some financial services firms have had to revise their operating hours, negatively affecting both personal and business customers.

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Senior Vice President of Employee Benefits, Lockton

"It's a challenge to onboard people only to have them leave in one to two years," said Vinny Catalano, senior vice president of employee benefits at the insurance brokerage firm Lockton. "It's particularly tough when you lose people with sub-specializations that are difficult to train."

To remain competitive, financial services firms need to minimize the impact of talent issues on the customer experience and increase employee retention. To do this, they need to rethink their approach to recruitment, talent management, and human resources—and technology will have a major part in the transition.

HR leaders play a critical role in leading change and redefining what is best for their organizations. Financial services firms can benefit from coupling tailored employee experience improvement strategies with state-of-the-art technology. In this ebook, we'll share how HR leaders at financial services firms can use technology to help their organizations respond to today's talent market pressures to deliver a competitive employee experience.

Financial services firms’ top concern: attracting qualified talent

Ongoing labor shortages mean that the financial services sector, like other industries, is finding hiring to be a challenge. According to a 2022 report from banking consultancy Cornerstone Advisors, **65% of bank and credit union executives named attracting qualified talent as a top concern; in 2021, that share was just 19%.**[4]

“With the workforce doing this Great Resignation or reshuffling or reprioritization, organizations are being hit hard,” said Chris Havrilla, vice president of product strategy, talent, at Oracle. “Especially in financial services, there were some marked decisions to try to bring people back to the office that did not meet with a lot of positive results. That was a huge wake-up call to everybody in the industry that they had to start thinking differently about hybrid work and the employee experience.”

The more they do this—and closely link and listen to both—the more likely they are to find the solution to achieve the potential and positive results they are seeking and desperately need.

One area where financial services firms must adapt is hybrid- and remote-work policies—especially as they compete with fintech companies for talent. According to the same Cornerstone Advisors report, **the share of financial institution executives who view fintech companies as a significant competitive threat rose by 11 percentage points from 2021 to 2022.**

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Changing technology and workforce gaps slow progress

Another significant part of the company culture that affects hiring and employee retention is a firm’s relationship with technology and data. To compete with other firms and fintech organizations for talent, financial services companies need to embrace a mindset in which **technology supports and enhances both the employee and customer experiences—and helps them drive better outcomes.**

“Technology should not be used just for tasks or as a substitute for people—or even just as augmentation, but also for collaboration,” Havrilla said. “Firms should be asking ‘How do we embrace technology and data—not only to reach our current work outcomes but also to add value and insights to achieve future work outcomes? How can technology work for us, as part of ‘the team,’ so to speak, to unlock our performance and potential?’”

Employees also increasingly expect great digital experiences in every aspect of their lives; work is no different. Tools and processes focused on making work and outcomes easier to achieve will lead to greater satisfaction and the ability to make an impact, which in turn improves customer experience. **Many financial services employees switched to remote work during the pandemic and largely maintained or even increased their productivity, one PwC survey determined.[5] The pandemic also required financial services firms to fully embrace digital-first services. Research from McKinsey & Co. found that the shift changed how firms organized workplace hierarchies and even retrained workers.[6]**

In their pursuit of using technology to unlock new potential, financial services firms are finding themselves increasingly in need of nontraditional banking talent—including machine learning, artificial intelligence (AI), and cybersecurity professionals. Finding this type of talent is critical as the complexity of banking systems increases. Demand for financial services solutions that consumer and business customers can access anytime and anywhere means the companies that provide them must be equipped to develop the technology and manage its use, which includes protecting against cybersecurity threats and using AI in new ways.

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of job seekers and employees consider a diverse workforce to be important when evaluating companies and job offers.[7]

Corporate values matter to prospective talent

To attract the in-demand talent needed to develop and manage today's financial services solutions, the companies that offer them need to rethink the employee experience from the ground up. That starts with a focus on company values and commitments to environmental, social, and governance (ESG) initiatives and diversity, equity, and inclusion (DE&I) strategies.

Building a diverse workplace by investing in a DE&I-focused recruiting strategy is essential. According to a 2020 Glassdoor survey, **76% of job seekers and employees consider a diverse workforce to be important when evaluating companies and job offers, and 32% wouldn't apply for a position at a company with a lack of diversity.**[7] Financial services firms need to use technology to look at their recruiting and hiring practices to determine whether they are inherently unfavorable to diverse candidates and take the necessary steps to fix the problem.

That can range from using AI for candidate recommendations, such as an applicant tracking system to organize the internal interview process and ensure all feedback is heard, to digitally hiding demographic indicators from assessors to reduce the impact of bias on selection. Technology can also help audit past candidate selections to ensure the interview team followed the proper process for identifying and assessing potential hires and determining if more training is needed.

"Company values play a big role," Catalano said. "You can talk about it all day, but what are you doing specifically? Are you recruiting from a diverse potential employee pool? What are you doing to highlight the success of your diverse population?"

Implementing ESG and DE&I initiatives is part of redefining a high-quality employee experience for a financial services firm. In addition to meeting employees' needs for career development and access to tools that help them do their jobs, it's critical to address their emotional needs—such as wanting to make a difference or feeling proud of their employer's actions. Oracle research shows that the majority of workers want to work for socially responsible organizations: **69% of people would leave their current company to work for one that takes ESG more seriously, and 83% would work for companies that took action on ESG and are able to demonstrate progress.**[8]

Advancing environmental and social issues are essential to attracting and retaining Millennial and Gen Z workers. According to 2022 Deloitte research, **37% of Gen Z members and 36% of Millennials say they have rejected a job or assignment because it did not align with their values.**[9] **Meanwhile, Gen Z members and Millennials who are satisfied with their employers' societal, ESG, and DE&I initiatives are more likely to want to stay with their employer for at least five years.** And targeting this demographic is a pressing need for financial services firms amid increasing numbers of Baby Boomer retirements. After all, one in five financial services industry professionals is 65 years of age or older, and the average age for financial advisors is 55, according to a J.D. Power study.[10]

But ultimately, getting candidates to stay starts with getting them to apply. One tactic worth considering: Changing hiring criteria to broaden the talent pool. For example, Bank of America no longer requires degrees for most of its entry-level jobs.[11] The change is part of the company's broader effort to reach more potential hires by focusing on the skills required to do a job well, rather than on candidates' credentials.

Additionally, making the application process frictionless and mobile-friendly is critical. Letting job seekers get started with just an email or phone number—no account creation needed—can increase application completions, as can branded career sites and tailored content to improve their experience. Financial services firms can also offer personalized job portals for internal applicants.

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Retaining employees is about increasing engagement and satisfaction

Once employees are in-house, financial services firms need to invest in their growth and development in order to retain them. That means making opportunities for growth, such as internal job postings and volunteering options, available to employees in accessible, well-publicized ways. “People like to have options and choices to access and build experiences,” Havrilla said. “That’s when they really start to feel empowered.”

Tracking engagement with surveys—and taking action quickly in response to the findings—is vital. Employees want to feel like their feedback matters. If organizations don’t regularly report on the changes they are making in response to feedback, employees won’t believe they take the feedback seriously.

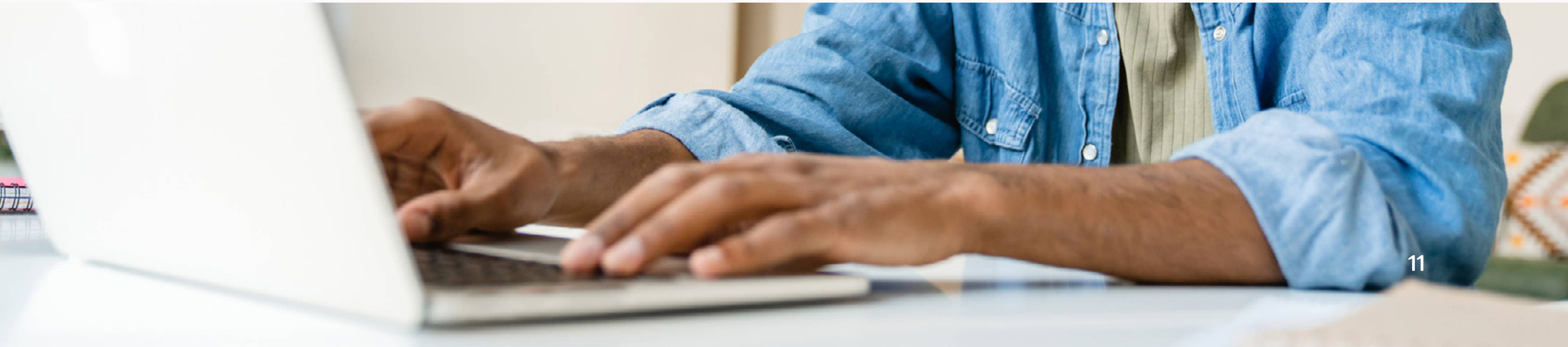
“Managers must take interest in their people,” Catalano said. “Meeting people one-on-one has never been more important to take their pulse and understand their motivations. Everyone has different needs, so managers can’t deliver one-size-fits-all solutions.”

Technology can supplement and support the one-on-one relationships between employees and their superiors. For example, providing employees with self-service tools that allow them to manage their career paths can also help encourage them to take advantage of opportunities provided by the organization. That can include accessing training and other tools to do their jobs better, seeing a breakdown of the responsibilities associated with their job function and those in their hierarchy, and having access to internal job postings and a clear way to seek out those roles. Employers can also use these platforms to conduct listening, such as through pulse surveys, comment forms, and reminders about one-on-one meetings with supervisors. And they can gauge how frequently employees engage with the available tools, resources, and feedback opportunities.

This level of engagement is critical: Gallup found that **managers are responsible for the majority (70%) of changes in employees' engagement with their teams.**[12]

"If a manager really wants to understand what their employee's sentiment is and to work with and support them on a regular and personalized basis, they need a toolset to help them do that," Havrilla said. "Technology can put some data behind that one-on-one relationship so that a manager can track that sentiment on a regular basis and with a focus on help, support, and most importantly action on making or keeping it positive."

It's also important for firms to address employee wellness amid notoriously tough working conditions across the industry. Firms may want to consider embracing new policies around leave, paid time off—for example, the newly unlimited vacation offering for senior Goldman Sachs employees[13]—and prioritizing mental health.



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Prioritizing employee training requires the right tools

According to Gartner, **“the total number of skills required for a single job is increasing 6% annually.”**[14] In addition, the organization notes, **“building critical skills and competencies is a top priority for 59% of HR leaders in 2022, and 40% say they can’t build skill development solutions fast enough to meet evolving needs.”**

Technology should support financial services firms’ efforts to upskill and reskill employees. Providing employees with a centralized digital platform to manage their skills development, where managers can recommend actions that drive personal and organizational growth, can help encourage them to stay with the organization and determine their next step, whether that’s to grow in place, change jobs laterally, or move up the ladder.

Providing training on—and with—new technologies is a must. The emphasis should be on treating technology as a collaborator rather than a new responsibility to manage or a task to handle. “Companies are getting amazing traction when they teach people how to work with technology rather than just system-train them,” Havrilla said. “The system is meant to work for people, not be the work.”

Take the first step to a better employee experience

With employees holding the upper hand when it comes to recruitment and retention, HR leaders need to prioritize putting workers first now more than ever. By adapting their organizational cultures for the future and using technology to deliver best-in-class recruiting, engagement, and upskilling experiences, financial services firms can respond better and faster to an environment of heightened turnover.

Organizations that take these steps will be primed to compete, tackle the disruptions reshaping the financial services sector, and use their newly redesigned employee experience to recruit and retain workers, ensuring the organization benefits from its investments in training and growing talent.

To learn more about how Oracle Fusion Cloud Human Capital Management for Financial Services can help your organization embrace opportunities to strengthen recruiting, click here.

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