

## ARTIFICIAL INTELLIGENCE, ROBOTICS AND THE FUTURE OF HR AND LEARNING IN FINANCIAL SERVICES

“Could your job be done better by a robot?” was a question posed to 16,000 staff working for Aviva according to press reports in February 2017. For those who answered yes came the assurance of being retrained for another role within the firm. Is this an innovation for the distant future or is it a shorter-term reality? According to recent research by Oracle and the LSE, Aviva’s strategy is bang on trend as the world heads towards another Industrial Revolution.

Modern society relies ever more on technology to aid our work from the factory floor to the top of the tower. In most cases, however, the technology is not capable of making decisions and working without input. This is where Artificial Intelligence steps in.

Artificially Intelligent technology can make decisions and carry out processes based upon human rationale and behaviours. Computers will be programmed to mimic and carry out thought processes, instead of computing a user input.

sector – Goldman Sachs employs a similar proportion of engineers and programmers as Facebook, making up 30% of the workforce.

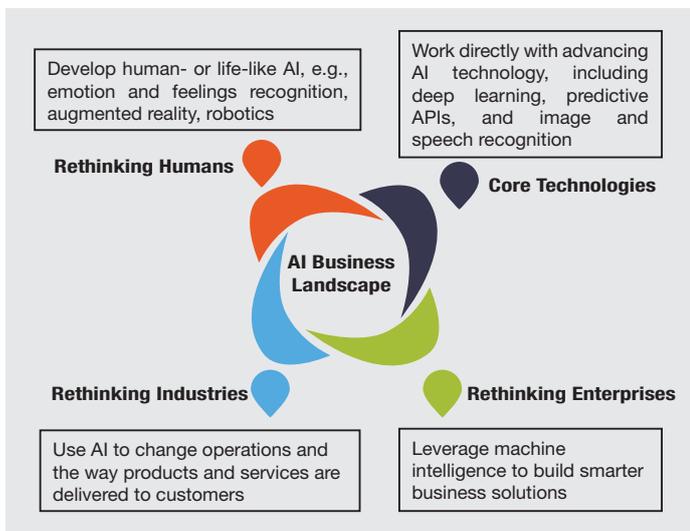
- 2) It is not only low skilled jobs at risk – AI can process a high volume of data far beyond the capabilities of a human being, putting high paid analytics roles at risk. However, there are limitations as the computer can’t differentiate between correlation and causative relations.
- 3) The process of recruitment will be heavily impacted by AI. Candidates can quickly be sorted and matched to the perfect roles, leading to a reduction in costs. One key benefit is tackling unconscious bias, ‘one of the challenges in finding the right talent’.
- 4) The necessary skill sets required in the industry will be reshaped. A 2013 report by McKinsey suggests that 110 million full-time workers will be displaced by 2025 due to AI and robotics in banking. David D’Souza, Head of Engagement CIPD, states that *“Change management is key in the next few years as companies will automate and remove people from work flows, therefore understanding the phases, where the impact is likely to be and having concrete plans is key to retaining people within the organization for new roles which is the cost-effective way.”*<sup>[1]</sup>

According to Mark Carney, Governor of the Bank of England, up to 15 million jobs across the UK could be ‘hollowed out’<sup>[2]</sup> as roles are automated by advanced technology. Indeed, as early as 2015 the Bank’s Chief Economist, Andrew Haldane warned that job automation will also affect higher paid roles, with those most like to be affected being clerical, production and administrative roles<sup>[3]</sup>.

The introduction of AI has already been seen with the introduction by Google, Tesla and Uber, among others, of the driverless car and the world’s first Robot Lawyer, resident on ‘DoNotPay.com’ which has – according to the Oracle and LSE research – dealt with 250,000 cases resulting in 160,000 wins and US\$ 4 million of appeals. In the financial services community, it has been reported that Bank of America has opened three ‘people-less’ branches with customers using a sophisticated automated teller machine to conduct their business, linked to a customer support facility accessed via video conference at the branch for difficult transactions<sup>[4]</sup>.

What will be the impact on the future of learning? Perry Timms, Founder of PTHR and author of Transformational HR (Kogan Page – October 2017) places his belief in the future of networks and technology. The new age of

Continued overleaf.



(Source: Oracle and LSE Research 2017)

According to the research undertaken by Oracle and the LSE, key takeaways from interviews and field research cover 4 points as illustrated above:

- 1) AI will change the shape of work, prompting a long-term reduction in headcounts but an increased investment in IT and an accompanying highly skilled workforce. This can already be seen in the financial

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leaders must rely on an intricate understanding of networking without ignoring the unique abilities of humans to impart knowledge and experience. As automation of the workforce continues, human roles will become increasingly focussed on problem solving and management. Learning moves towards inquisition over teaching – taught tasks being handled by technology. The place of humans will be in communications and relationship building, leading to successfully carried out tasks.

Timms concludes, saying *“So there we have it. Always on learning in a networked age of new power, where there are connected inevitables contrasted by the humble inquiry of questions that build relationships with other people. And where creativity collides with learning to form a fusion of sustainable energy.”*

## References

- [1] David D’Souza, Head of Engagement CIPD, quoted from *AI in Financial Services*, Andy Campbell, HCM Strategy Director, Oracle
- [2] *“The Promise of FinTech”* speech, Mark Carney, 25 January 2017  
[www.bankofengland.co.uk/publications/Pages/speeches/2017/956.aspx](http://www.bankofengland.co.uk/publications/Pages/speeches/2017/956.aspx)
- [3] *“Labour’s Share”* speech, Andy Haldane, 12 November 2015  
[www.bankofengland.co.uk/publications/Pages/speeches/2015/864.aspx](http://www.bankofengland.co.uk/publications/Pages/speeches/2015/864.aspx)
- [4] *“Bank of America testing ‘completely automated’ branches”* article, Charlotte Observer, 7 February 2017  
[www.charlotteobserver.com/news/business/banking/bankwatchblog/article131267794.html](http://www.charlotteobserver.com/news/business/banking/bankwatchblog/article131267794.html)

The materials in this article, unless separately referenced, were taken from the White Paper and Presentation prepared by Oracle and the LSE, with quotes from Perry Timms, **as delivered to the City HR Metrics Club on 28th March 2017**. The article has been produced by kind permission of Andy Campbell, HCM Strategy Director, Oracle. [andy.campbell@oracle.com](mailto:andy.campbell@oracle.com)

# DATA PROTECTION/DATA DISCLOSURE NEW EU REGULATIONS – THE GDPR

It was being reported at the beginning of April that companies had abandoned plans to comply with the EU General Data Protection Regulation because of Brexit. Apparently, a significant proportion of UK companies believe that the GDPR will not apply to the UK outside of the EU. Unfortunately, they are wrong and the GDPR will be preserved by the Great Repeal bill. On the bright side, there are still 12 months left before May 2018 to prepare...

The GDPR is of course particularly significant in relation to HR because of the volume of personal data on employees which is processed by employers.

The headlines of the **GDPR** include:

- a significant increase in the possible level of fines for breach;
- a right to data portability;
- a right to have one’s data erased;
- requirements to notify data breaches to the information commissioner and to data subjects;
- privacy impact assessments;
- data protection officers.

However, some of the more mundane requirements may require the most work for HR.

To highlight a few:

- the GDPR is generally more input-based than output-based – this means that there will be an increased focus on the documentation of data privacy policies and procedures;
- information notices will need to be reviewed against the requirements of the GDPR. A compliant notice will require significantly more information to be provided than is normal practice, such as details of the basis upon which data is processed, retention periods, data subject rights, the right to complain to the information commissioner and information on international transfers (including access to relevant agreements);
- reliance on consent will need to be reviewed and in most cases abandoned. The issue is not new but there is renewed focus on the imbalance of power between employer and employee. Consent will only be appropriate where the data subject has a genuine choice, and processing can stop without them suffering a detriment. The difficulty in maintaining reliance on consent will be what is done when consent is withdrawn and knock-on effects, such as the ability to require erasure where processing is based on one’s consent and such consent is withdrawn.

The right of access to personal data is often an issue for employers and frequently used by employees as a means of gaining early disclosure in litigation or simply putting the employer to work. The basic right remains the same but some things will change, and probably not for the better:

- the default time period reduces to one month;
- we lose the provision allowing data controllers to ask for location information in order to find the personal data which the data subject is looking for;
- instead, push back will need to be on the basis of the proportionality of EU derived legislation, or a new provision allowing for more time to answer and/or refusal where a request is manifestly unfounded (although interpretation of that phrase by the information commissioner or the courts will need to be awaited).

The advice, for now, is to accept that GDPR is not a problem for which Brexit is the solution, and take advantage of the next 12 months to start bringing compliance up to standard.

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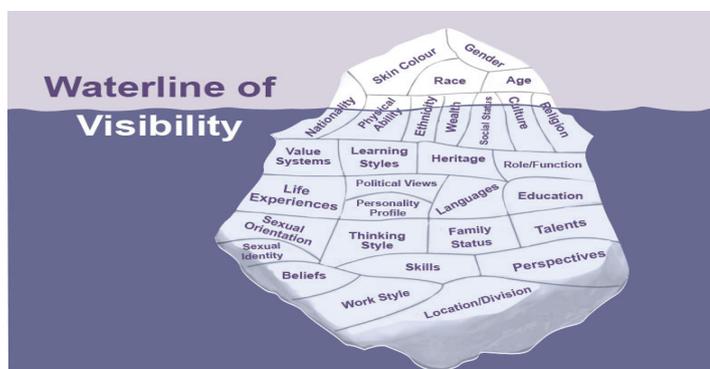
# SOCIAL INCLUSION: HOW EMPLOYERS CAN CHANGE THE LANDSCAPE OF OPPORTUNITY

With the Government putting significant emphasis on apprenticeships and Theresa May's commitment to opportunity for all, many organisations are developing or monitoring their approach to Social Mobility. With the imminent launch of the Social Mobility Employer Index, Fox Williams and City HR take a look at "what is social inclusion?" why it matters and how organisations can contribute to the Social Mobility Employer Index.

According to David Johnston, CEO of the Social Mobility Foundation, socio-economic diversity has had less focus than gender and ethnicity/race diversity. Did you know that in Great Britain in 2017, Johnston has identified that:

- 4% of doctors, 6% of barristers and 11% of journalists come from a working-class background
- Up to 70% of professional service firms' intakes come from private schools and grammar schools
- Average pay gap between working class and professional families in same profession is £6,800 per annum
- Focus lies on race/ethnicity and gender to the exclusion of socio-economic background
- Focus lies on past academic performance and polish to the exclusion of potential

Charlotte Sweeney OBE, author and leading expert in Diversity and Inclusion, sees social mobility as a silent threat to talent development, with so many pitfalls submerged beneath the Waterline of Visibility on the D&I Spectrum. Whilst significant inroads are being made in many visible "protected characteristics" the iceberg model highlights the difficulties experienced by those who lack wealth, education, family and social status.



The Social Mobility Foundation was established in 2005 to make a practical improvement in social mobility for young people from low-income backgrounds. The Foundation set out to provide opportunities and support for 16-17 year olds who are unable to get help from school or family. More than ten years on, the first supported students have successfully achieved degrees and graduate entry jobs. So how can this experience translate into City firms? By following the work of the Social Mobility Foundation, City firms should begin to see a diversification of the talent pool and find a wider scope of employees than before; varied employees will bring different assets to a firm.

The impending Social Mobility Employer Index sets out to highlight which companies in Britain are top employers of socially diverse workforces. Firms can respond anonymously and any data presented outside the top

list will be presented as such nonetheless. There are 7 areas across which questions will be asked and firms are expected to already have a policy in place **tackling one of the 7 areas**. The categories are as follows:

- **Working with young people:**
  - The index looks for firms interacting with candidates countrywide, with the focus being on potential over presentation and polish.
- **Routes into employer**
  - Graduate only roles exclude many candidates and roles for non-graduates do not offer equal situations. The index asks for well-structured non-graduate routes providing comparable progression and parity with graduate roles.
- **Attraction**
  - Innovative methods of reaching out to graduates beyond a handful of universities are sought after. Many of these limited candidates will find work elsewhere and may have little awareness of the firm.
- **Recruitment and Selection**
  - Academic achievements are frequently used to restrict candidate pools. Employers should be looking to remove any socio-economic hindrances and judge potential over interview presentation.
- **Data collection**
  - Firms should aim to analyse their workforce profiles and strive towards diversifying them and avoid preference of privileged candidates.
- **Progression**
  - Support should be in place to help those of lower socio-economic backgrounds to get on, not just in, limiting staff feeling uncomfortable and leaving.
- **Internal/external advocacy**
  - Employees may feel quietly uncomfortable. The best firms may not advertise their efforts to do so. There should be action to involve staff in improving social mobility, as well as pressure on peers and suppliers to do the same.

**The deadline for organisations to make a submission showcasing their activity in one of the categories listed above is 3rd May 2017.**

The City of London Corporation is sponsoring the Social Mobility Employer Index - a new initiative from the Social Mobility Foundation and Social Mobility Commission - which ranks Britain's top businesses on how open they are to accessing, recruiting and progressing talent from all backgrounds. Mark Boleat, Policy Chairman comments:

"The Index is an important benchmarking tool primarily targeted at sectors which are keen to improve their approach to social mobility. The Index gives firms from across the UK the opportunity to showcase real progress towards improving social mobility"

Jane Mann, Partner at Fox Williams concludes "Social mobility helps those from disadvantaged backgrounds truly realise their potential. The move towards assessing potential talent and expanding the scope of selection will diversify workplaces in the City and bring opportunities to more people, as well as new and varied talent to your firm".

For more information please visit [www.socialmobility.org.uk/index/](http://www.socialmobility.org.uk/index/)

# LAUNCH OF THE INSTITUTE FOR APPRENTICESHIPS

The Institute for Apprenticeships was launched by the Rt Hon The Lord Mayor of the City of London, Alderman Dr Andrew Parmley and the Rt Hon Robert Halfon MP, Minister of State for Apprenticeships and Skills at the Mansion House on Tuesday 18th April. Independent from government, the institute, which is to be chaired by Antony Jenkins, has been launched to ensure that all apprenticeships are top quality and deliver the skills that employers need. It will further support the government's commitment to deliver 3 million quality apprenticeships by 2020.

City HR Association is working hard with its counterparts the City of London Corporation, The National Skills Academy for Financial Services and Investment 20:20 to help members and City firms who are looking for a way to navigate the levy and its implications. Whilst there is a 2 year window for organisations to spend their levy funds on training for apprentices, training providers have only just recently been announced, and more guidance is anticipated over the coming months.

Members will be updated as more information becomes available.



Photographed at the Launch of the Institute of Apprenticeships, from left to right are:

Rt Hon The Lord Mayor of the City of London, Alderman Dr Andrew Parmley

Baroness Brady of Knightsbridge CBE known to many as Karren Brady of the BBC's The Apprentice Sheriff and Alderman Peter Estlin

Photographer: Clive Totman

## New Joiners:

### New full members

Baird  
Mitsui Bussan Commodities Ltd  
Triodos Bank  
RWC Partners

### New associate members

SR Group / Frazer Jones

## Forthcoming events:

### Women in Leadership

Personal Impact, Presence and Brand  
27th April 2017 9.00am to 12.00pm

### Compensation Forum

10th May 8.30am to 11am

### Governance Roundtable

16th May 8.30am to 10.30am

### Mental Well-Being as Part of the Talent Toolkit

18th May 8.30am to 11am

### AGM and Member Forum and Launch of HR Metrics Club publication 'Measuring Up Volume II'

14th June 4.30pm to 6.00pm

## Round Up of activities affecting HR from January to April 2017:

- Gender Pay Gap Analysis for those with more than 250 staff, although many firms are opting to report as good practice. (April)
- Apprenticeship Levy takes effect for those firms with a paybill of more than £3 million. Institute for Apprenticeships launches. (April)
- Women in Finance Charter: now 111 signatories, anecdotally with some firms linking their GPGA to the Charter to show commitment and focus on this topic (March)
- The publication of the Banking Standard Board's Best Practice Guidelines on Fit and Proper Certification and their template. See [www.bankingstandardsboard.org.uk/pdf/Assessing-F&P-Statement-of-Good-Practice.pdf](http://www.bankingstandardsboard.org.uk/pdf/Assessing-F&P-Statement-of-Good-Practice.pdf) (February)
- City HR will be continuing its work with the Senior Manager and Certification Regime for those coming into scope in 2018. (On-going)

Further details on all of the above are available from the City HR office on [sambailey@cityhr.co.uk](mailto:sambailey@cityhr.co.uk).



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