



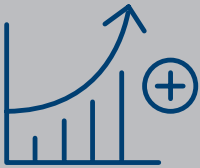
Technology Disruption in Financial Services

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




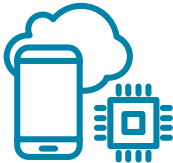




Reward supports talent strategy

- 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)

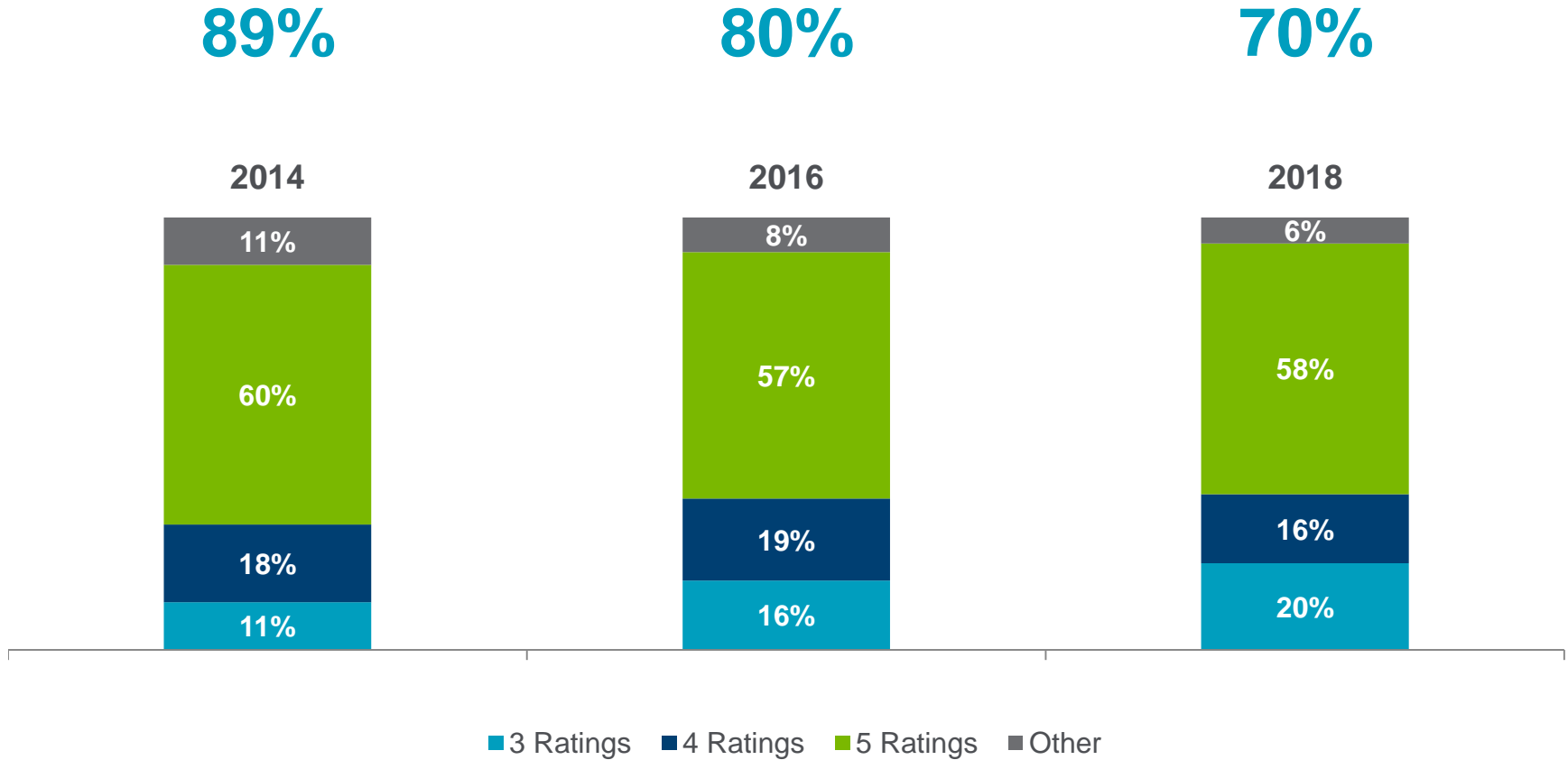
Cost saving and innovation are driving technology for all employers

Technology	Impact
<div data-bbox="28 344 372 639" data-label="Text"> <p> Cost Savings and Efficiency</p> </div> <div data-bbox="432 425 620 601" data-label="Text"> <p> Robotics</p> </div> <div data-bbox="683 301 915 529" data-label="Text"> <p> Cloud Computing</p> </div> <div data-bbox="967 311 1228 658" data-label="Text"> <p> Software-as-a-Service (SaaS)</p> </div>	<div data-bbox="1257 301 1503 339" data-label="Section-Header"> <p>Advantages</p> </div> <ul data-bbox="1257 354 1731 496" style="list-style-type: none"> ▪ Scalability and agility ▪ Ease of updating ▪ Reduced capital costs <div data-bbox="1257 504 1354 542" data-label="Section-Header"> <p>Risk</p> </div> <ul data-bbox="1257 556 1792 699" style="list-style-type: none"> ▪ Data security and privacy ▪ Process incompatibility ▪ Need for upskilling talent
<div data-bbox="28 851 372 1146" data-label="Text"> <p> Innovation and Transformation</p> </div> <div data-bbox="479 768 1025 1229" data-label="Text"> <p> Artificial Intelligence/ Machine Learning</p> <p> Blockchain</p> </div> <div data-bbox="967 989 1219 1229" data-label="Text"> <p> Internet of Things (IoT)</p> </div>	<div data-bbox="1257 768 1508 806" data-label="Section-Header"> <p>Advantages</p> </div> <ul data-bbox="1257 821 1773 1011" style="list-style-type: none"> ▪ Accelerated Innovation ▪ Collective info/ analytics ▪ Security ▪ Error free detection <div data-bbox="1257 1018 1360 1056" data-label="Section-Header"> <p>Risk</p> </div> <ul data-bbox="1257 1071 1789 1268" style="list-style-type: none"> ▪ Unintended bias ▪ Need for skills and talent ▪ Data vulnerability ▪ Need for regulations

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



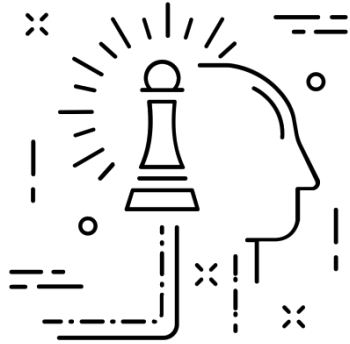
Let's talk about the “scarce skills” on everyone’s mind

- 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	12.1%	15.3%
Network Cloud Computing	10.7%	22.0%
Software Development (specific languages like Hadoop, Python)	9.3%	11.3%
Data Science, Governance, Mgmt	14.2%	50.8%
Artificial Intelligence / Machine Learning	11.2%	64.6%

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

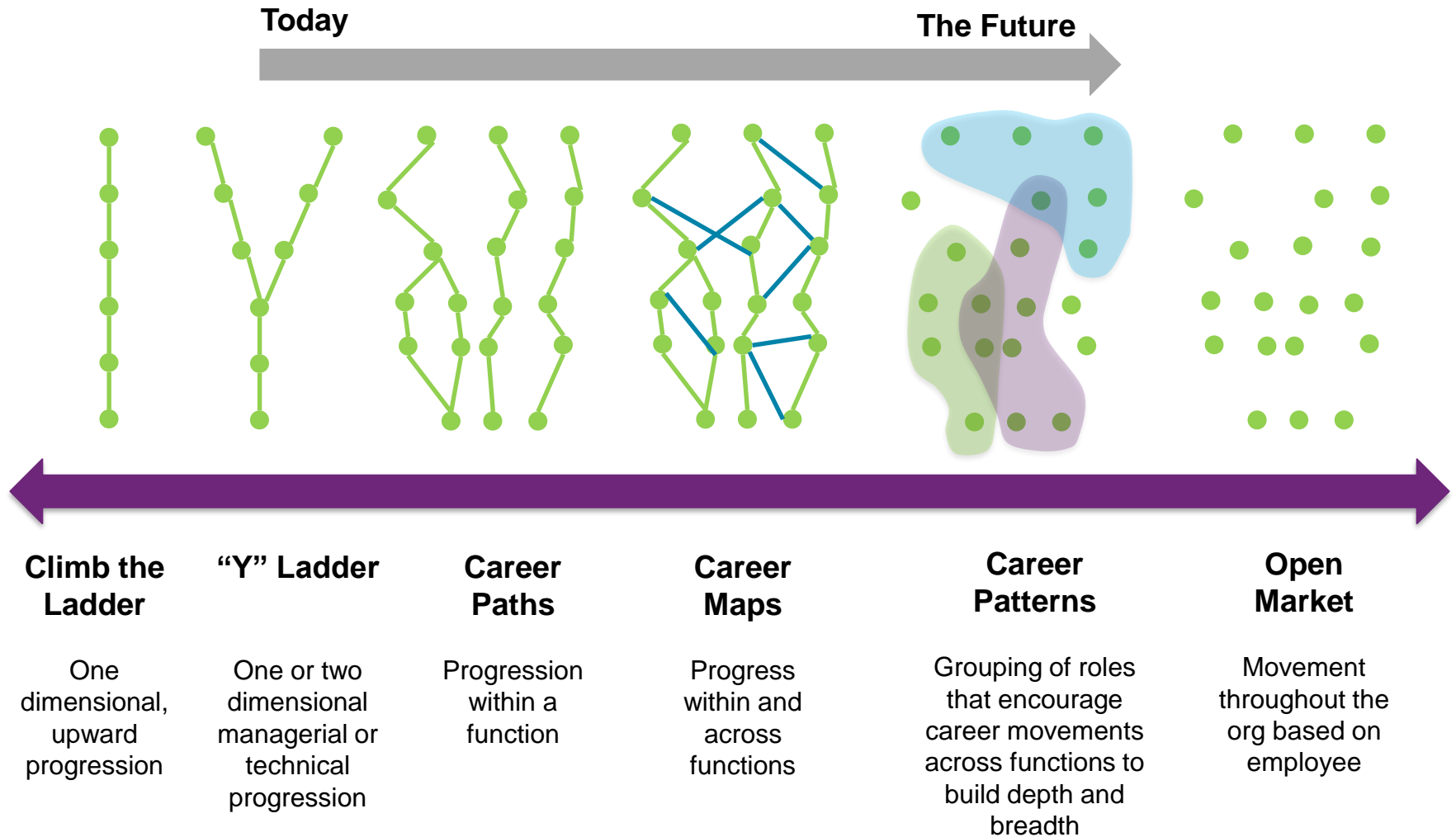
Source: 2018 Radford Talent Pulse Survey, Technology Companies

Behavioral Skills

Top Behavioral Skills Required

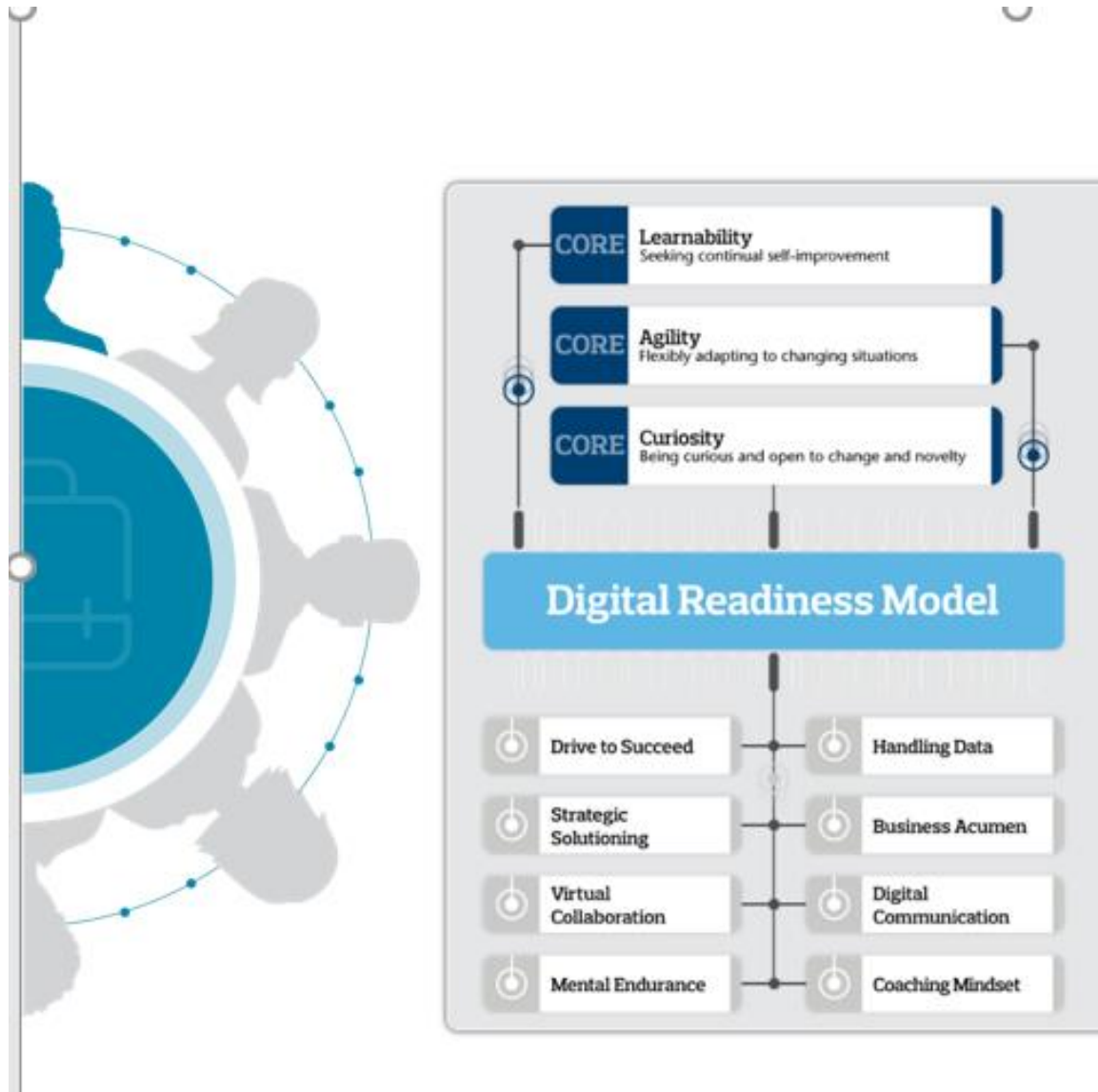


Moving from “Climbing the Ladder” to “Career Climbing Wall”



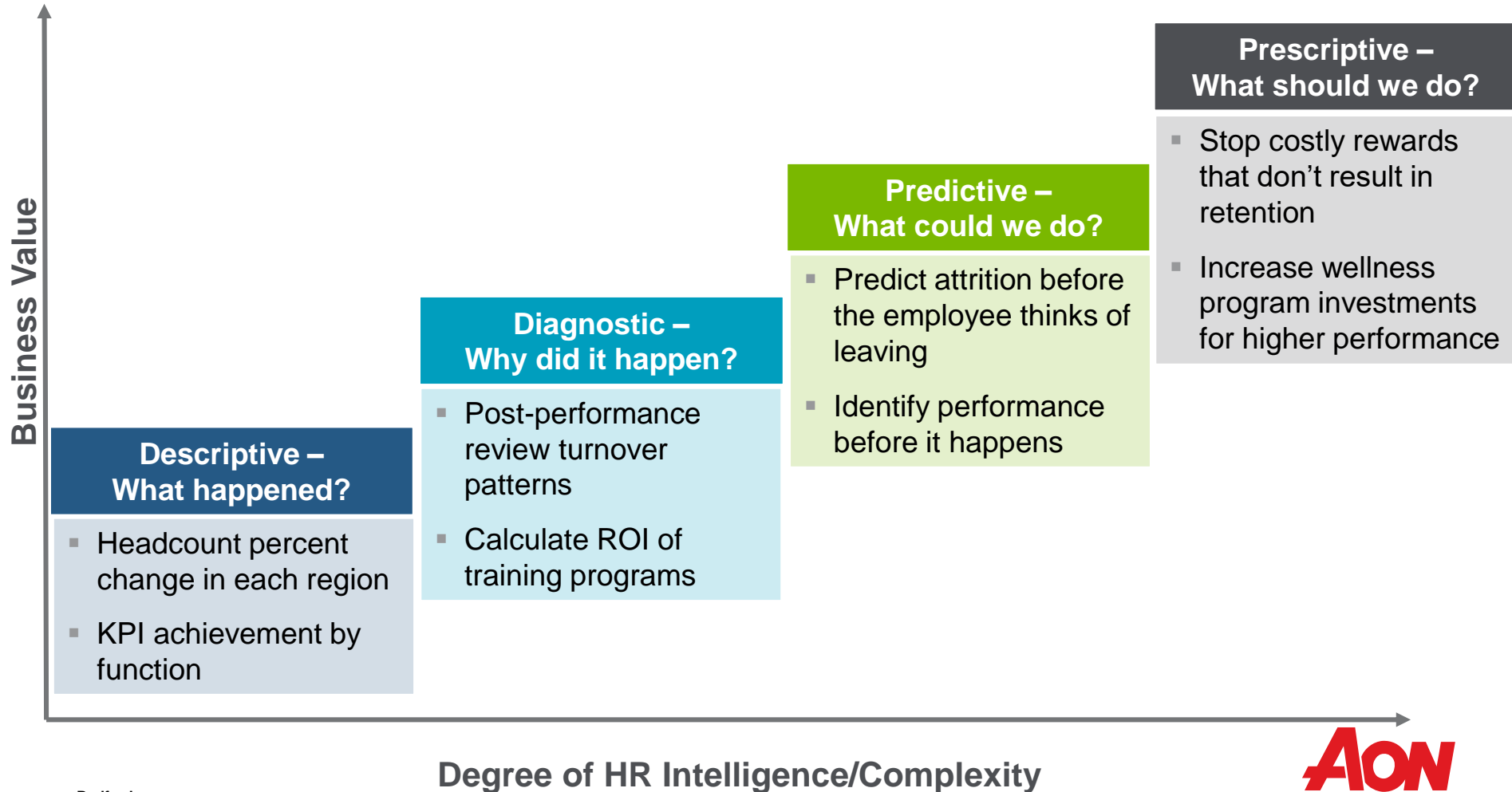
What is the **future of work?**

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



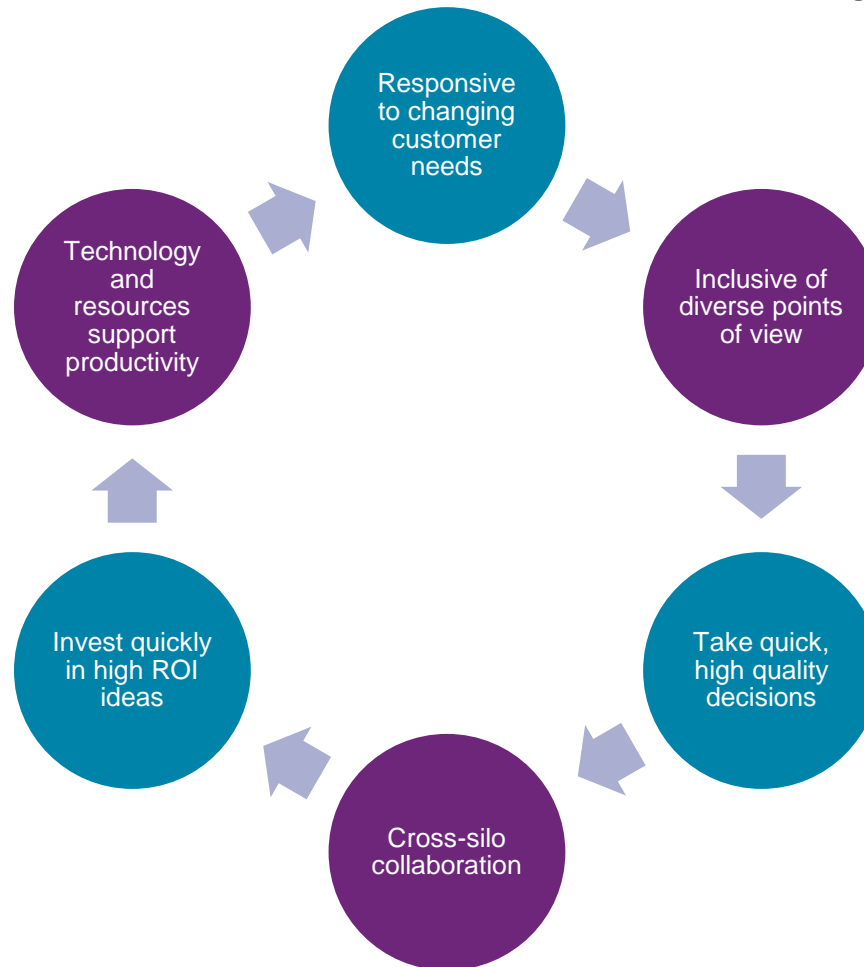
The future of HR is advanced people analytics

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

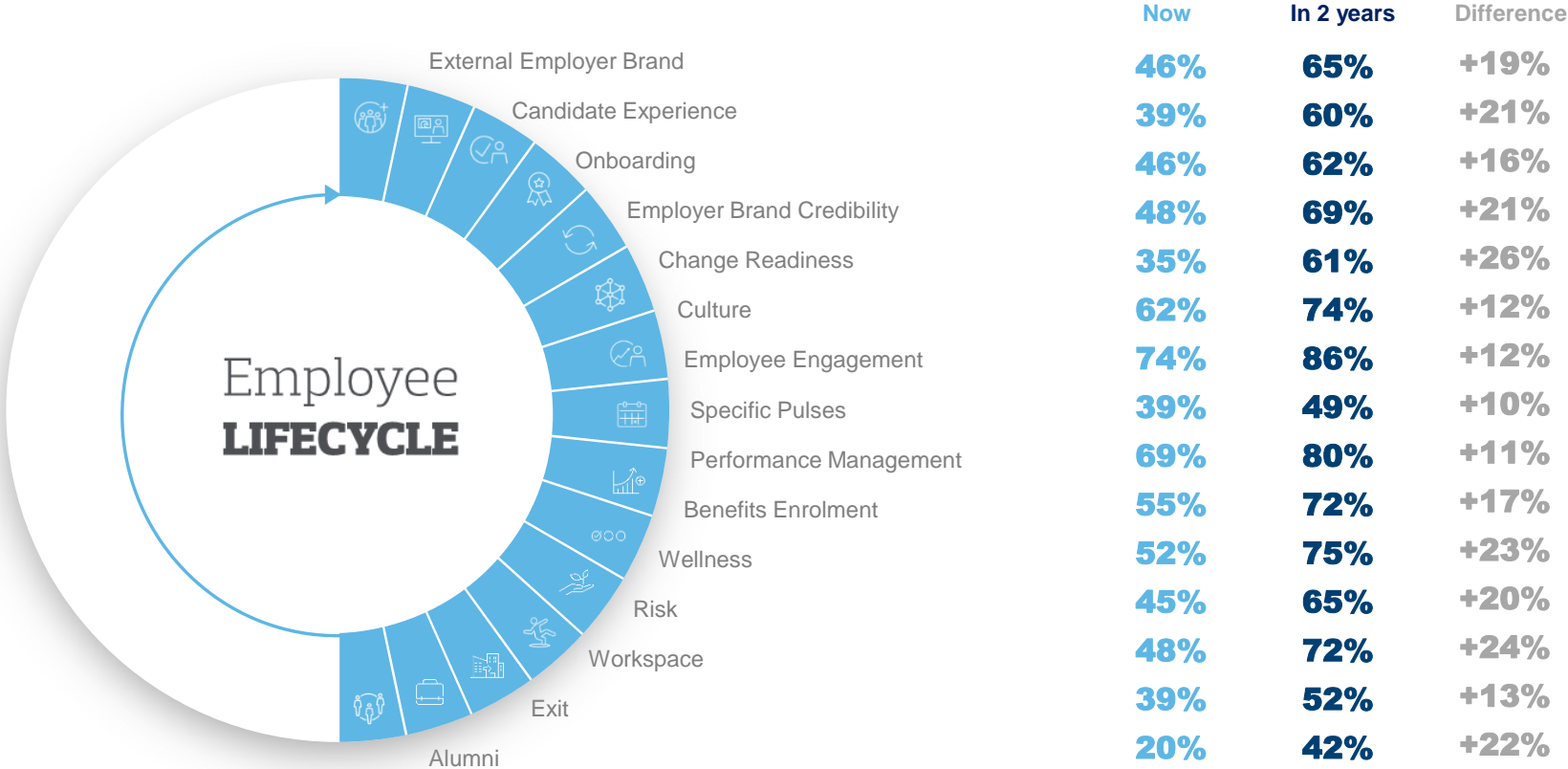


Agile is needed everywhere - not just for software development teams

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

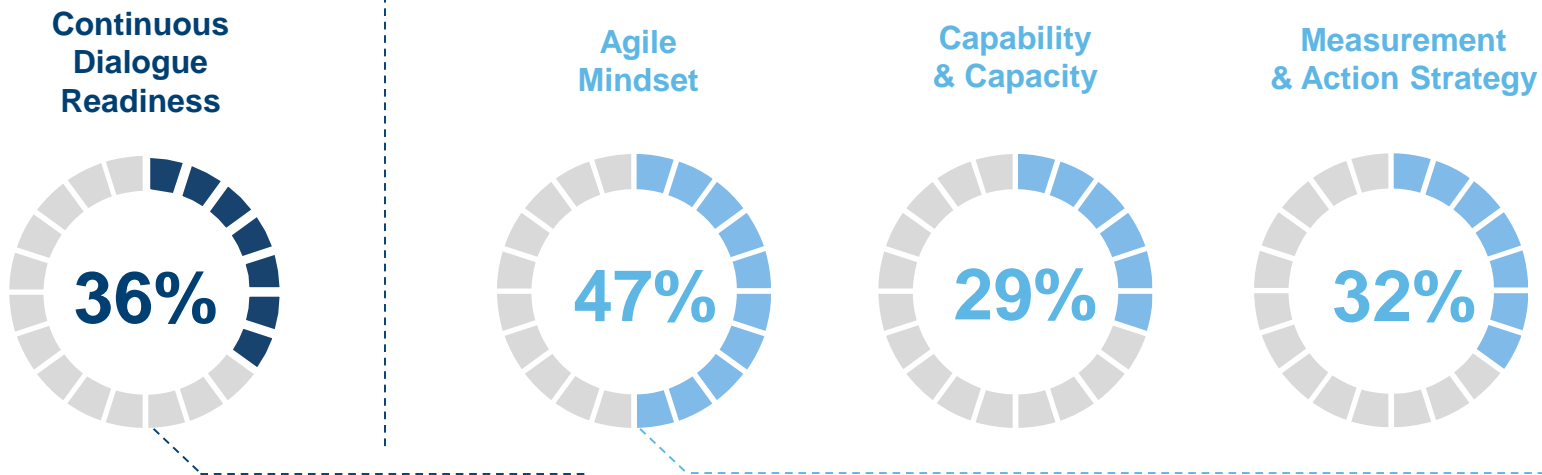


Everyone is looking for more employee feedback across the employee lifecycle



But the desire for Continuous Dialogue outpaces readiness

Ingredients of Continuous Dialogue Readiness

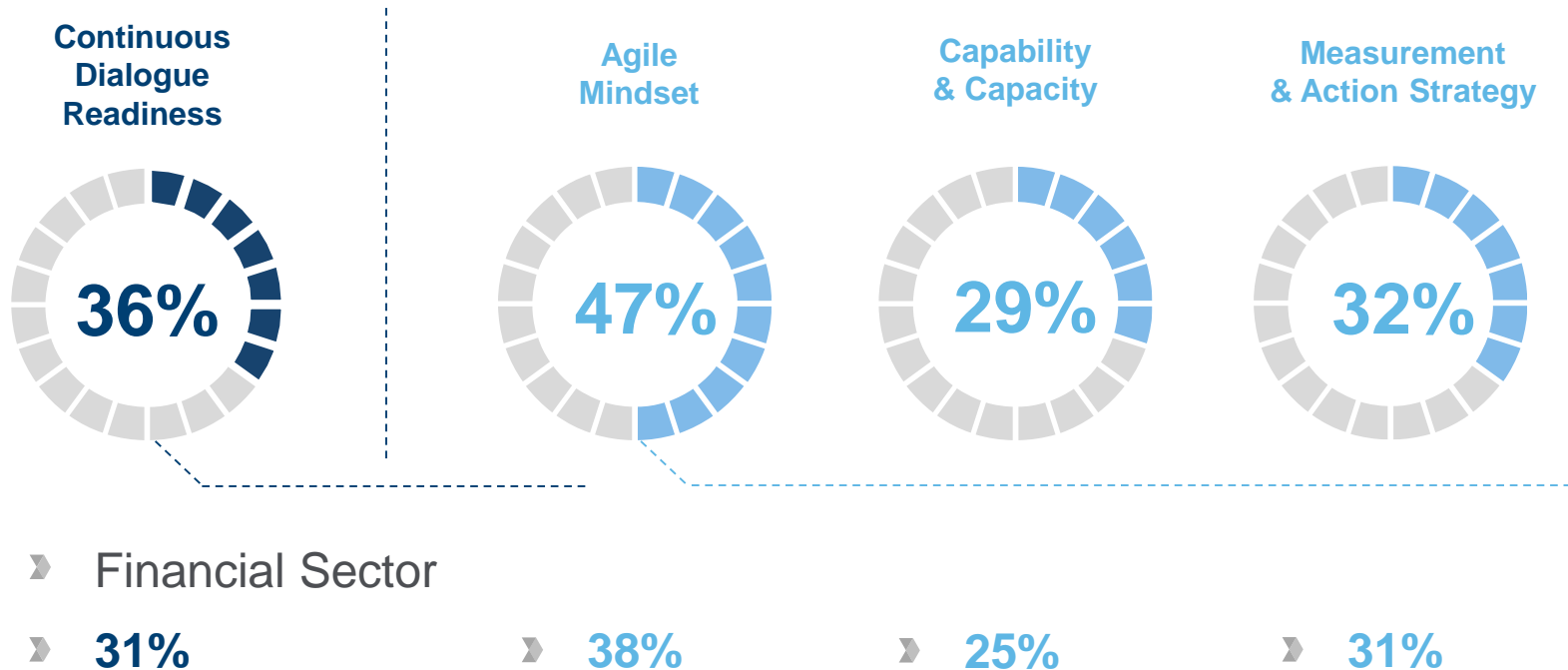


Despite willingness only one third of organisations are ready.

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



How is the Financial Services Sector Responding?

Focus on Workforce Planning & Holistic Value Proposition



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.

Lots of opportunities for HR to drive value from disruption





Questions?