

# Having the right people to stay relevant

The ability to respond with agility to the environment begins with pre-empting the talent impact of disruptive technologies in financial institutions, as Marketa Simkova explains.

Banks in the Middle East are being called upon to act and address upcoming market disruption. Globally, with the healthy growth of fintech, the industry is increasingly technology-enabled, challenging and changing the very foundations of the classical banking model. In the UAE, the competitive backdrop has prompted many banks to think of new, nimble and agile ways to serve the market, capitalizing on advances in technology while also adhering to Central Bank regulations.

Globally this rise of digitalization has resulted in increased regulatory requirements and customer-experience mandates, and a need to connect with new market segments.

Many jobs across the financial sector are therefore being re-shaped or introduced as either multi-faceted or very specialized, which may imply demand for rapid upskilling. The talent should be agile, adaptable and capable of addressing a variety of disruptions. Consequently, adapting and re-shaping the Human Resources (HR) function can be high on the agenda for many business leaders today.

At the same time, the frontline is changing. Shifting demographics, work preferences and aspirations affect what engages, motivates and inspires people. The people agenda is now broader and wider than before, as market forces have diminished

## KPMG Future of HR survey 2020 results

Responses from HR Leaders in the global Banking, Financial services, and Insurance (BFSI) industry\*

66%

of HR leaders can use workforce planning to achieve agility and dynamism in the workforce

82%

felt that up to 40% of the workforce needs to be upskilled digitally in the near future

40%

think that preparing for the workforce of the future and identifying new ways to create value will top the people agenda in 2-3 years

23%

are confident in attracting, retaining or developing talent required by growth objectives

compensation as the sole motivation driver. Shaping the workforce of the future needs to be supported with an in-depth understanding of the needs of millennials and Generation X, both from the demand (skills that are needed) and the supply side (skills as well as workers' philosophy and aspirations). Clarity on the people agenda by organizational leadership will pave the way for successful recruitment, reskilling and retention initiatives to drive the desired change.

### **Integration, separation and human capital**

Another key regional trend in the banking sector that is likely to impact the people agenda is increased merger and acquisition (M&A) activity. As the industry seeks to reap the benefits of consolidation in a marketplace that can be crowded, fragmented and expensive, HR and culture may play a key role in the long-term success of such deals. Consideration of transition-treatment mechanisms, future resourcing requirements, attrition mitigation and firm-specific challenges may accelerate the path to stabilization, which can directly translate to competitive advantage.

### **Addressing the "right" change**

Customer experience speaks directly to the employee experience. As the service delivery model evolves for financial services, customer interaction has shifted towards greater digital interaction. As a consequence, much of the service delivery of banks to their customers now is online and is less physical (walk-in branches). The back office of the banks (IT department) is therefore tending to manage the front office (customer interface and experience).

With the rise in alternate manpower solutions (such as outsourcing, contracting, gig working, freelancing) in the back-office function, the financial services sector is realizing the associated benefits, but also undertaking the inherent risks of ensuring quality and meeting regulatory requirements.

Efforts to mitigate such risks internally and with service providers pose challenges especially with respect to the need for constant upskilling, building a stronger sense of customer orientation amongst outsourced staff, and meeting in-country value (ICV) generation requirements.

Workforce re-shaping and change is often seen as the preferred response to fast changing market conditions in the form of outsourcing of operations, workforce optimization or even major reskilling/upskilling internal talent. Maintaining a positive employee experience while administering such change can mean the difference between maintaining a high-performing culture or losing the benefits associated with employee engagement and ownership.

The changing landscape of the financial services sector is an opportunity that can be exploited by shaping a workforce with forward-looking skills whilst outsourcing transitional skills over time. Institutions that are focused on building the right portfolio of people should be well placed to realize the benefits.

## **KPMG People & Change Advisory Outlook – Talent in Banking**

- The Future of HR Survey revealed that 67% of global respondents in the BFSI sector are looking to redirect workforce planning efforts to foster greater agility and dynamism in the workforce. Despite this, 54% are seeking to upskill less than 20% of their existing workforce with new digital capabilities
- The people agenda should focus on equipping the firm with a future-ready workforce in anticipation of potentially disruptive changes to come, e.g. Emiratisation, digitalization
- The focus should now shift to adopting newer models and techniques of people management, which involve empowering employees and adjusting to a new normal of coexistence with automation at the workplace.

Shaping a forward-looking workforce is an emerging concept in several industries. In the BFSI sector, however, it is a critical success factor that can enable business sustainability and growth in a dynamic, fast-paced environment.

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