Financial Services 2030

Unlocking your future potential through people and culture

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"As we enter the 2030s, diverse talent, new skills and innovative cultures will prove crucial for Australian financial services to forge a new, courageous and ambitious place in the global market."

DANIEL KNOLL
NATIONAL INDUSTRY LEADER, FINANCIAL SERVICES
KPMG

Contents

Introduction

In 2021, KPMG asked thirty leaders to look towards 2030 for the financial services (FS) sector and consider the challenges and changes that lay ahead. The result was _30 Voices on 2030: New Reality for Financial Services_, a study that included views from incumbent sector leaders and challengers, big tech firms, investors, legislators and academics. The combined insights identified six areas of emergent change and one of these was The Key Battleground: People and Talent. This report explores issues of people and culture in greater depth.

Even in the short time since the '30 Voices' report was published, the importance of people and culture has strengthened and changes have accelerated. Low unemployment and high rates of employee turnover are driving more focus on culture, engagement and attracting and retaining talent. In addition, hybrid working is forcing a real-time re-evaluation about how and where work gets done and changes in technology and customer behaviour are requiring new skills. Leaders, sitting at the crucible, are facing continued pressure to turn strategy into action, create vibrant cultures and deliver sustainably high standards of performance and behaviours.

This report is based on interviews with eighteen senior leaders, predominantly from financial services but also including voices from other sectors. Our interviewees included a range of CEOs and those with responsibility for people, culture and/ or talent within their organisations. We also gathered insights from KPMG's global network and local team. As you might imagine, there was a lot of consensus on some things and diversity of views on others.

We trust bringing a selection of these views to you progresses your own thinking about the critical role of people and culture for the next 5-7 years and beyond.

We have distilled specific predictions about what leaders foresee happening by 2030 and also included a summary of views about the current landscape. Finally, we've provided suggestions on what organisations can be doing right now to pave the way to 2030 and beyond. Some of these suggestions are no regret moves, others will require greater courage.

Predicting the workplace of the future is not a precise science. What is easy to predict, however, is that failing to make continuous improvements to people and culture practices will have real costs, impacting risk levels, service standards, productivity, innovation and commercial outcomes.

2030 is far enough away to enact major change but it is also close enough that, without clear vision and pace of execution, 2030 may feel very much like today. We want to help you make 2030 look different and better.

> ## "The sector has an opportunity to create organisations which are making a positive difference and where talent is proud to be."
>
> **Debra Eckersley**
> Group Executive, People & Culture
> Bank of Queensland

"The most reliable way to predict the future is to create it."
Abraham Lincoln
Former US President

Five themes

Five clear themes emerged from the interviews and form the basis of this report. Each theme is framed and considered from a people and culture perspective:

01

Purpose – Make it personal

Why would someone want to work for a particular organisation and leader? What is it about the day-to-day work that would be personally meaningful and fulfilling?

02

Culture – Manage it, don't just mention it

What are the underlying values and behaviours that are driving how an organisation's people think and act and how can these be shaped to create safe, stimulating and successful workplaces?

03

Ways of Working – Do the right thing, don't just do the thing right

What are the ways that employees can do their best work, both individually and in collaboration with others, to deliver the right products and services for customers at the right time?

04

Digitalisation – Put people first to be digital first

How can an organisation transform its approach to technology, people and processes to deliver digital experiences that produce better experiences for customers and employees and lower risks and costs?

05

Skilling for the Future – Some things old, some things new, some things borrowed…

What are the technical, behavioural and leadership capabilities required to be successful in the future and how are these found and/or built?

> **There have to be ups and downs. But it is the values that you carry through, and the talent you attract and retain, that tells a lot about what your company stands for.**
>
> **Jeff Yew**
> CEO & Director
> Monochrome

15 Predictions

In this report, we explore the five people and culture themes for 2030 in greater detail and, for each theme, provide three key predictions for 2030 and suggested actions that organisations can start taking now.

Theme	Predictions		
Purpose	Purpose will be shaped by lived experience, not lofty sentiment	Stakeholders will expect 'proof of purchase', not just 'proof of purpose'	More will be expected and less will be overlooked
Culture	It will be driven from the top and proven from below	Culture will be about 'performance with a warm edge'	FS organisations will simply need to do the right thing – and do it intentionally and well
Ways of working	From (fr)agile to agile at scale	Connection will be purposeful, creative and enabled through new technology	Productivity measures will cease to be 'rear view mirror'
Digitalisation	Customers will expect a seamless integration between the digital and the human across the value chain	Digital talent will be more trans-border and transient	'It's about the people, stupid'
Skilling for the future	Don't throw the old out with the new	Market leaders will collaborate through partnerships and cross-skilling	Learning will be fun, transferable and recognised

Leaders interviewed

The leaders interviewed for this report bring a wealth of experience across the spectrum of the Financial Services sector and beyond. When it comes to people, it is important to think broadly about where best practice lies, as competition for skilled talent knows no sector boundaries.

We note that the views expressed in this report may be personal, and not necessarily represent those of the quoted leader's organisations, or that of KPMG.

Name	Title	Organisation
Louise Stigwood	Head of Enterprise, ANZ	Amazon Web Services
Alexis George	Chief Executive Officer	AMP
Helen Jackson	Chief People Officer	Australian Retirement Trust
Paul Schroder	Chief Executive	AustralianSuper
Steve Hill	Group Executive, People and Workplace	Aware Super
Debra Eckersley	Group Executive People and Culture	Bank of Queensland
Sian Lewis	Group Executive, Human Resources	Commonwealth Bank of Australia
Amy Wild	Group Executive, Head of Corporate Operations	Investa Property Group
Jeff Yew	Chief Executive Officer and Director	Monochrome Asset Management
Susan Ferrier	Group Executive, People and Culture	National Australia Bank
Jackie Lotzof	Head of HR, Australia	PayPal
Megan Beer	Chief Executive Officer Australasia	Resolution Life
Amy Greenaway	Acting CoE and Chapter Area Lead – Human Resources, Agile and Corporate Services	Resolution Life
Ian McAdam	Chief Commercial Officer, Australia	Salesforce
Fiona Thompson	Group Executive, People, Culture and Advocacy	Suncorp
Peter Chun	Chief Executive Officer	UniSuper
Steve Weston	Founder & Chief Executive Officer	Volt Bank
Christine Parker	Group Executive, Human Resources	Westpac

Surviving to thriving

How will people and culture transform the future of financial services?

Life is full of challenges, changes and surprises and the last decade has certainly thrown up many big and unusual ones for the Australian financial services sector. Some of these were broadly predictable (like the increasing rate of technological change) but others, like the Banking Royal Commission, major insurance claim events and COVID-19 were much less visible in the crystal ball. Collectively, these events have many lessons to teach and not least of these is: whatever the change, whatever the challenge, 'it's about the people, stupid!' (to paraphrase a US political operative from the mid 1990s). It's certainly a credit to the people and culture practices across the financial services industry that the last decade has been weathered so well by most, particularly in comparison with global peers.

However, as the disclaimers on some superannuation and investment marketing has it: past performance is not a reliable indicator of future performance. If organisations fail to prepare well for the future or to recognise entropy as their persistent enemy, they will fall behind. Choosing what to do, and what not to do, and then following through to execute with pace will be just as critical in the coming years as they have been in the past – and no easier. This is especially true with respect to people and culture where the impact of getting it wrong is substantial – even terminal – and there are no quick fixes.

Employees now expect more from their employer than a regular pay packet and decent working conditions. They are now looking for much deeper and personal connections, captured by the concept of Employee Value Proposition, or EVP. This goes beyond traditional considerations of engagement to include things like providing a sense of personal purpose and value from the work that is done; cultivating a workplace culture that is safe and supportive and helps everyone to succeed; offering the flexibility to work when, how and where it is best done by the employee; and creating opportunities to develop careers and broaden capability, especially in relation to critical and emerging skills.

Organisations which don't consider all aspects of people and culture to improve the value proposition for employees will find it increasingly difficult to attract and keep the people and skills they need in the future; they will be at the mercy of other organisations – and other sectors – that get it. By 2026, employment in the financial services industry is projected to grow by 4.4%[1] and a 20%[2] premium

in remuneration will be needed to win candidates. Therefore not 'getting it' could cost the sector around $4.78 billion[3] in lost productivity in just four years.

Contemplating the future requires some self-reflection, as well as some external insight: you need to know what you are and what you could be. It's also important to implement change – including transformative change – in ways that don't seem insurmountable from the outset. You should have the highest ambitions for your people and culture because your employees deserve no less and the future success of your business depends on it. KPMG can support by giving you an authentic and comprehensive internal view of your current people and culture practices so you're clear on the starting point to get to your aspirational goal. We can also help by drawing on our extensive industry knowledge and global experience to challenge and inspire your view of where you could be in 2030. We can work with you not only to generate great innovative ideas and inspiring ideals but to turn them into tangible behavior changes that make a difference your people will value.

Purpose

Make it personal

By 2030, being purpose-led will no longer just be about corporate social responsibility or a strategic vision; it will be about the very personal ways people experience meaning and a sense of value.

Predictions for 2030

1. Purpose will be shaped by lived experience, not lofty sentiment

By 2030, employees will expect purpose to be something they experience personally in their everyday work, not just a distant promise or something the C-Suite talks to investors about.

All aspects of the employee experience, from recruitment, on-boarding and work design through to how they are led, developed and motivated on a day-to-day basis, will be harnessed to provide a strong sense of personal meaning, purpose and value which is continuously reinforced.

2. Stakeholders will expect 'proof of purchase', not just 'proof of purpose'

Words alone will count for even less by 2030 and there will be great cynicism attached to organisations that have not matched ambition with action. This will have direct commercial consequences as customers increasingly make buying decisions influenced by perceptions of corporate intent and behaviour.

The financial services industry will be expected to show how 'skin in the game' has been involved in bringing purpose to life. The easy things will simply be expected, and organisations will need to show how they not only prioritise stakeholder needs differently but how they are prepared to make difficult decisions to deliver on this in practice.

3. More will be expected and less will be overlooked

Corporate purpose will no longer be the purview of specialist teams, or a bolt-on to the strategy or EVP; it will be deeply understood across the business and used in a practical way to guide the decisions and actions of all employees.

The industry will continue to be held to high and increasing standards of accountability, driven not just legislatively, but also by more active consumers and greater levels of community transparency.

> "
> **Purpose is a big picture concept but unless you can paint it in small, individual brushstrokes it has little impact.**"

Paul Pinder
Partner, People & Change
KPMG

" We cannot just sell a dream, we must demonstrate purpose in recruitment, onboarding and the everyday experience for our people. **"**

Fiona Thompson
Group Executive,
People, Culture and Advocacy
Suncorp

" People will want to work for purpose driven organisations and do purposeful work that means something to them. **"**

Louise Stigwood
Head of Enterprise,
Australia & NZ
Amazon

" It's not just about the money, people really want to be somewhere they belong, and feel that the organisation is doing good things... **"**

Amy Wild
Group Executive,
Head of Corporate Operations
Investa

85%
of senior leaders say they DO live purpose in their day-to-day work.[4]

85%
of frontline employees say they DO NOT live purpose in their day-to-day work.[4]

86%
of organisations say purpose forms a big part of their employee value propositions.[5]

57%
of Australian employees will choose a place to work based on their beliefs and values.[6]

Organisations that increase the clarity of their purpose can increase ROA by nearly

~4%[7]

What are we hearing?

There is a deep belief in the value the financial services sector brings to customers and the wider community but also recognition that this message is often imperfectly crafted and communicated. "Banks are not great at selling themselves" is the common refrain.

Many leaders also believe the sector has been slow to take action on critical purpose-related issues, with a tendency towards form over substance, or 'box ticking'. This is seen as particularly true with respect to critical environmental, social and governance (ESG) challenges. **KPMG Partner Ben Kilpatrick**, who recently launched KPMG ESG Learning Pathways, sees ill-defined regulatory frameworks as a key reason for past inaction.

"These areas of 'greater purpose' matter to your customers, your investors and your employees. The cost of inaction, including missed commercial opportunities and lost talent, is significant."

From an inward-facing, employee perspective, there was a strong sentiment from leaders that purpose has become a critical part of how employees are attracted, engaged and retained. FS leaders think this will play an even greater role in the future. Yet many organisational systems and practices are acknowledged as not being up to the challenge and leaders are not being well enough equipped to bring purpose to life for their people in ways that really make a difference.

Employees who consider purpose a lived experience at work have four times the engagement levels and five times the well-being levels of those who don't.

Start now to…

1. **Make purpose personal, practical and perennial**

   - Make a point of understanding the individual sense of purpose held by every potential and current employee and how this aligns (or not) to the 'day job'.

   - Recognise how purpose can be meaningfully brought to life at each and every stage of the employee lifecycle.

   - Redesign roles, systems and processes to strengthen the sense of purpose and meaning people derive from their work.

   - Equip and support leaders at all levels to have a personal sense of lived purpose and to cultivate that for others.

2. **Make ESG the ABC of how you do business**

   - Understand the impacts, risks and opportunities from ESG across the business and build a strategy that addresses these.

   - Build ESG into the 'eco-system' of the organisation by ensuring it is adequately addressed in policies, processes, products and practices.

   - Train all employees in the ESG fundamentals and provide specific, dynamic learning for high-impact roles.

3. **Tell the truth when it hurts and give teeth to accountability**

   - Equip all employees to be respectfully transparent with each other and with customers and other stakeholders – especially when doing so is uncomfortable.

   - Be bold about your aspirations, brazen in your actions and brag about your successes – but also be brutally honest when you fall short.

   - Identify ways that delivering on the purpose can be measured and hold senior leaders accountable for delivering.

Culture

Manage it, don't just mention it

By 2030, the complexity and value of managing culture will have increased and doing it well will become the new 'superpower' for leaders at all levels.

Predictions for 2030

1. It will be driven from the top and proven from below

The rise of ESG will renew the focus on organisational culture as a strategic priority and leaders will need to be 'Culturepreneurs', actively role-modelling the desired culture and carefully managing the many dynamic factors which shape the culture of their teams.

The greater complexity of the operating environment and dynamics of rapid change will require employees to react much more intuitively, so employers will need to have a deeper understanding of their employees' personal values and inherent behaviours.

2. Culture will be about 'performance with a warm edge'

By 2030, FS organisations will need to have struck a better balance between the 'softer' and 'harder' elements of culture, ensuring they can not only support workplaces based on ethics, encouragement and engagement but also cultivate sustainably high performance.

Fair and competitive remuneration will remain a key aspect of attracting and retaining people, especially in periods of economic uncertainty, but organisations that excel will be doing more. EVP will cover every part of the employee lifecycle (including pre- and post-employment) and be tailored carefully to various employee 'personas'.

3. FS organisations will simply need to do the right thing – and do it intentionally and well

Stakeholder expectations will have grown and be more complex. FS organisations will need to have people, talent and culture practices that are about doing the right thing, rather than simply meeting quotas or complying with regulatory obligations.

Organisations will be expected to address and lead change on a broader range of ID&E ('inclusive, diverse and equitable') considerations, including age, ethnic minority, sexual orientation, socio economic background, disability and neurodiversity, and to measure the impact and report it transparently to gain trust.

Building and reinforcing culture will need to be more deliberate and targeted. Where employees work in a remote or hybrid environment, how do they 'live the culture' when they don't 'live in the culture'?

> **If culture were an easy thing to manage, more organisations would be getting it right. It's hard work – always – and something that important should be.**

Sally Calder
Partner, People & Change
KPMG

❝ Culture needs to be differentiated, authentic and built on a purpose beyond profit.❞

Ian McAdam
Chief Commercial Officer
Australia
Salesforce

❝ A more personalised value proposition is needed, and wherever we can we should ask employees 'what is it that works best for you'?❞

Steve Weston
CEO
Volt

❝ People are increasingly making choices about where they work and whether they stay based on alignment and belief in the organisation they are working for.❞

Paul Schroder
CEO
AustralianSuper

68%
of executives are re-evaluating their company's culture to reflect the new normal of virtual and hybrid work[8]

A well-implemented EVP can increase new hire commitment by up to
29%[9]

Reconnecting with colleagues and the organisation are the top reasons for employees returning to work[10]

Just **23%** of employees strongly agree they can apply organisational values to their daily work[11]

84%
of employees cite leadership behaviour as the key factor driving accountability[12]

What are we hearing?

Whereas traditional office-based working naturally drove a level of cultural connection and engagement, efforts now need to be much more deliberate and sophisticated. **KPMG Director Carla Murray** has global experience working on culture transformation with financial services organisations She says that,

> **"Organisations need to be clearer about how they define and deliver culture and the value proposition they offer to their employees – and there are considerable financial and other benefits from doing so."**

Financial reward remains of high importance to employees but successful organisations are also placing a greater emphasis on broader aspects of EVP, like career development, role design, opportunities to 'make a difference' and workplace culture – something Fintechs and technology firms are seen to be doing better by the leaders we interviewed.

Leaders are recognised as central to the challenges of culture and employee engagement. However, there's a widely shared view that they are ill-equipped to respond effectively, especially in view of the other growing demands being placed upon them.

A number of leaders we interviewed said that the sector has not made as much cultural progress as they expected in terms of inclusion, diversity and equity, particularly with respect to gender equality. Given the focus this has had, the perceived lack of progress raises a number of questions about objectives, methods and execution. An honest and open debate about all aspects of the ID&E agenda will be a valuable contribution to better workplace culture.

Start now to…

1. **Truly understand the culture you have and the one you need**

   - Get an independent view of your culture on a regular basis so you understand your real blind-spots and bright-spots and can make evidence based decisions

   - Have a clear culture roadmap that defines exactly what culture you want, why you want it, how you plan to get it and what hurdles will be faced in creating and managing it

2. **Make culture a priority through actions, not just words**

   - Drive focus beyond only risk culture at the Board level by establishing clear objectives, targets and measures which the Board will use to drive transparency and ownership

   - If your culture needs changing, recruit for 'culture add' more than 'culture fit' and ensure you have the right people and processes to achieve that outcome

   - Broaden the pool of candidates attracted to, and considered for, roles in the sector such as through strategic partnerships with community and educational organisations

   - Use a company-wide, all levels approach to leadership capability that establishes clear and consistent core expectations for all leaders and equips them to deliver

3. **Tell the truth when it hurts and give teeth to accountability**

   - Research your current employees: what are their personal values and motivators, what do they value at work?

   - Use a device like employee personas to better conceptualise the individual needs of different employees in different roles and then craft individualised EVPs

   - Cultivate a range of inputs to designing and measuring EVP solutions, like traditional satisfaction surveys, two-way communications and data insights

Ways of working

Do the right thing, don't just do the thing right

By 2030, ways of working will have evolved further, and organisations will be more flexible in designing and improving how work gets done.

Predictions for 2030

1. From (fr)agile to agile at scale

Rapidly evolving financial products and services will continue to encourage agile ways of working that respond to the next opportunity without compromising regulatory or industrial compliance.

By 2030, the successful adoption of enterprise wide agile ('agile at scale') will lead to organisations thinking more simply and flexibly about how they approach ways of working and generate the benefits they seek.

Leadership and cultures will deliberately cultivate improvement mindsets, continuous coaching, collaboration and speaking up to provide the fertile environment necessary to deliver collaborative strategic outcomes on a large-scale.

2. Connection will be purposeful, creative and enabled through new technology

In the future, virtual reality and artificial intelligence will enable greater human connection in a perpetually hybrid model.

Technology will better leverage the lessons from social media to feed the human desire for purpose and connection, instead of simply being a tool of efficiency or convenience.

Organisations will look to their purpose and values to guide teams in determining the right flexible arrangements to meet business and personal needs.

3. Productivity measures will cease to be 'rear view mirror'

Organisations will be looking forwards not backwards to measure productivity and will focus on learning and continuous improvement rather than seeking to blame or 'admiring the problem'.

Workplaces will be psychologically safe spaces where employees are willing to call out when objectives are not on track, and when a 'course correction' is required.

Employees will have a deep personal understanding of cross-organisational priorities and the trust necessary to discuss performance openly and make improvements collaboratively

> "Organisations have struggled to generate the benefits from agile ways of working that they expected. This is in part because a shift to a digital mindset is required to ensure greater realisation of benefits."

Robert Bolton
Partner, Head of Global People
& Change Centre of Excellence
KPMG

> **The advantage of agile ways of working is the purposeful way people connect to get work done. It's reliant on team work rather than the leader.**

Megan Beer
Chief Executive Officer, Australasia
Resolution Life

> **People still want to have a personal connection but they'll do it in a different way. It can't all just be virtual, it'll be a combination of both face to face and virtual.**

Christine Parker
Group Executive, Human Resources
Westpac

> **There's a diversity dividend for organisations in terms of harnessing their culture and driving productivity as well as innovation.**

Peter Chun
CEO
UniSuper

47%

of employees are open to representing themselves as an avatar in meetings in the next year[13]

54%

of leaders fear productivity has been negatively impacted since the shift to remote working[13]

Organisations successful with agile at scale have reported, on average, a

30%

increase in measures like customer satisfaction and operational performance[14]

67%

of employees seek in-person activity and collaboration and 70% want greater flexibility[15]

People at high-trust companies report

74% less stress,
106% more energy at work,
50% higher productivity, and
13% fewer sick days[16]

What are we hearing?

Ways of working is the area where views and predictions are most diverse. There is broad agreement about many of the issues and challenges at play but less agreement about what those might mean or how they might impact the ways leaders and employees do their work in the future. This is especially true of hybrid working and agile ways of working.

The leaders we interviewed reported that remote and hybrid working are established features of current operations but many are still assessing how this impacts things like culture, innovation, learning, collaboration and performance. No one has yet nailed how to optimise online and physical workspaces and teams are struggling to stay connected in often confusing hybrid settings.

Most organisations have introduced some form of expectation regarding office-based working (still being reviewed in some cases) but are finding it difficult to get the necessary employee buy-in.

Like their global peers, Australian FS organisations are finding it a challenge to implement agile practices. For some, agile has been successful in pockets. For most, embedding these practices at scale has been harder to achieve and remains in the experimentation phase. **KPMG Partner Peter Outridge** sees this in his client work and reflected:

"It's important to be clear about what you're trying to solve for and be pragmatic, rather than formulaic – having the courage to change course and the conviction to truly transform ways of working."

Something many leaders agreed upon is that current ways of defining and measuring employee contribution and productivity are often ineffective. With an increased need for collaboration and innovation, and with much more immediate course corrections needed, performance measures need to be broader and focus on what can be done now, versus what has already happened.

Start now to…

1. **Be more agile in how you become agile**

    -   Address existing infrastructure and legacy barriers to agility.

    -   Provide employees with the infrastructure to connect meaningfully and keep abreast with the pace of technological advancement.

    -   Ensure everyone has a clear and targeted focus, and continually asks; "are we on track or do we need to course correct"?

2. **Engineer intentional connection**

    -   Identify moments that matter and incorporate purposeful physical gatherings to focus on connection, collaboration, innovation, development and wellbeing.

    -   Develop flexible working principles to help guide teams with agreeing arrangements that meet business and individual needs.

3. **Foster trust and psychological safety**

    -   Reframe the distinction between place (office, home, other), and the time when work is completed (synchronous or flexible) so employees can work where and when they do their best work, including over a 24x7 work model.

    -   Embrace a new 'total workforce' philosophy that focuses on the needs and contribution of everyone to the organisation's goals and outcomes.

    -   Shift mindsets and cultures to a digital and coaching ethos to ensure people are trusted and empowered to deliver agreed business outcomes in a psychologically safe environment. KPMG's Digital Mindset framework and assessment can support you on this journey KPMG Digital Mindset – KPMG Global (home.kpmg)

Digitalisation

Put people first to be digital first

By 2030, the impact of digitalisation on people, culture, talent and skills will be far more significant across the FS industry.

Predictions for 2030

1. Customers will expect a seamless integration between the digital and the human across the value chain.

Organisations will deliver end-to-end digital transformation of their value chains and match this with a parallel focus on ethics and the human factors that are most essential to the customer experience.

The need to strike the right balance between human interaction and digital technologies will drive more sophisticated workforce shaping and greater use of tools like predictive data analytics.

2. Digital talent will be more trans-border and transient

Organisations will access specialist digital and data skills from a more global market, providing easier uplift in capability and innovation.

Global talent will be able to access different employment opportunities much more easily and this means that, by 2030, transient workers are likely to form a significant component of the workforce, particularly for more specialised skills.

3. 'It's about the people, stupid'

Employees will be skilled and supported to adapt to the greater role of digitalisation and embrace its opportunities. Successful organisations will demonstrate that 'digital first' does not mean 'digital only' or 'people last'.

More transient workforces, greater globalisation of talent and the different ethical challenges posed by digitalisation will be highly visible tests of how truly committed organisations are to their cultures and employees.

> " **Digitalisation is essential for any FS organisation to thrive in the future but that only means that their culture and the engagement of customers and employees will become even stronger differentiators.** "

Dave Ryan
Partner, Technology Advisory
KPMG

In the next ten years, the biggest impact on the culture of organisations will be shaped by digitisation, data and AI. Humans using technology to do work in a seamless, intensely personalised, consumer centric way will be the biggest thing in HR.

Susan Ferrier
Group Executive, People & Culture
NAB

You've got to be very deliberate that where you employ human beings, they are adding real strategic value to your business.

Steve Hill
Group Executive, People and Workplace
Aware Super

It's not all about technology skills, you must have the business and creativity skills that can see the potential of those technologies.

Alexis George
CEO
AMP

Only 30% of organisations have the necessary digital skills training in place[17]

Global spending on AI systems will jump from $85.3 billion in 2021 to more than $204 billion in 2025[18]

Ninety percent of business leaders cite data literacy as key to company success, but only 25% of workers feel confident in their data skills[19]

Global spending on digital transformation is expected to reach $6.8 trillion by 2023[20]

87% of jobs now require digital skills and Australia's workforce needs 156,000 new technology workers to keep pace with rapid business transformation[21]

What are we hearing?

There was clear consensus amongst the leaders interviewed that digitalisation will be the key to future competitiveness for the FS industry. Already digital skills are in high demand, with competition for talent intensifying. New roles, skills and capabilities are being created but organisations are generally unprepared for the nature and scale of workforce changes.

More work needs to be done to make sure FS organisations have cultures and workplace practices that are conducive to attracting and retaining digital and data talent. Currently, fintechs and technology firms are often considered more attractive because they are perceived as more entrepreneurial and innovative. This is driving greater expense and difficulty in accessing digital and data skills for FS organisations.

Unsurprisingly, it is predicted that technology will continue to complete a greater share of operational and administrative work across the sector. This will further speed up changes to the nature of work and, handled the right way, can provide an opportunity to enhance the value of work and build stronger employee engagement.

Although digitalisation has been a longstanding trend, many leaders recognise that their organisations have done a poor job of handling the people and culture aspects of the transformation. **KPMG Director Saurabh Shukla** sees this problem as critical to address. He says:

"To undercook people and culture with something of the scale and impact of digitalisation, would be a risk not worth taking."

Start now to…

1.   Make digital about your people

- Have a clear, well-communicated rationale for employees as to why digital transformation is of benefit to them
- Actively find ways to use digitisation to make life easier for employees – and promote the examples
- Understand the complete value chain and assess the moments that matter to employees and customers to build solutions that strike the right balance between digital and human interfaces
- Actively involve employees in the process of digitisation, for example by resolving ethical issues, managing risks and improving the customer experience

2.   Build human intelligence, not just the artificial kind

- Define the specific capabilities required across the whole enterprise, not just in the technology division
- Place digital and data skills at the heart of your talent management strategy by building awareness for all employees and providing targeted upskilling for specific employees
- Ensure your organisation is culturally competent to support global digital working
- Reinforce ways to address cyber security, for example by simplifying training and improving processes

3.   Don't be blind to the talent you may find

- Employ sophisticated workforce shaping and predictive tools to best deploy people where, when and how needed
- Implement a blended talent management strategy of 'build, buy, borrow, bot and base', considering how you might base talent in new locations and use robotic automation (bot) to remove capacity demands on scarce talent
- Create an internal jobs market that makes it easier for employees to move from 'old' jobs to 'new' jobs
- Develop an honest but appealing talent attraction pitch: why should a talented digital/data specialist want to come and work for your organisation?

Skilling for the Future

Some things old, some things new, some things borrowed…

By 2030, finding and building new skills will involve mutual obligation, partnership and cross-skilling initiatives.

Predictions for 2030

1. Don't throw the old out with the new

Successful organisations will be very clear about the critical new skills they need (for example advanced digital and data technical capabilities) but equally clear about the existing skills (like leadership and relationship management) they must continue to nurture.

Whilst bringing in new skills and talent will be necessary, employers will have a much better picture of the skills and capabilities held by existing employees. Employers will proactively match employees to emerging needs across the organisation – and even outside the organisation.

Employers will be expected to provide regular and relevant upskilling and reskilling for their people. In turn, employees will be expected to navigate new technologies at pace and invest effort in developing the skills they need. The emphasis will be on shared mutual obligation.

2. Market leaders will collaborate through partnerships and cross-skilling

FS organisations will proactively form partnerships with the government, education sector and industry bodies to align on future skill requirements and inform design of the education curriculum.

Organisations will collaborate across sectors to increase their ability to attract and develop talent. For example, by forming partnerships with professional services and technology companies to identify new skills and training requirements and agree on structured rotation programmes

3. Learning will be fun, transferable and recognised

Gamification, advanced technologies (like virtual reality) and tailored in-person experiences will be used more widely to engage employees in learning and skill-building.

Employees will come from more diverse backgrounds, organisations will be less siloed and employee movement across roles will be more fluid so this will drive more seamless and integrated learning that provides a greater level of organisation-wide consistency.

There will be widespread credentialisation of skills and learning, which will not only motivate and reward employee capability-building but provide employers with more transparent access to recognised, transferable skills.

> "It is only through genuine partnership and collaboration that we can improve the flow of talent into the sector and develop future skills at pace and scale most cost effectively."

Peter Gates
Principal Director,
People and Change
KPMG

> **We are taking current employees, looking at their aptitude and skilling them up in new disciplines.**

Sian Lewis
Group Executive, Human Resources
Commonwealth Bank

> **We really need to continue leaning into top talent and identifying longer-term cross-skilling opportunities to retain their skills and knowledge.**

Jackie Lotzof
Head of Human Resources
PayPal
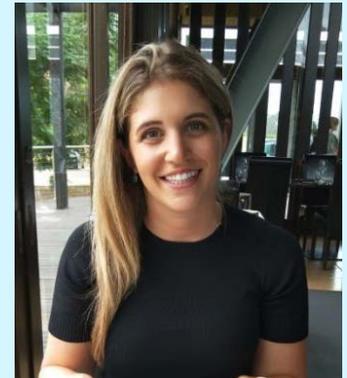
> **In tech world, skills will change over time so we need to be proactive, be ahead of the game and in touch with futurists and global trends.**

Helen Jackson
Chief People Officer
Australian Retirement Trust

Fewer than 50% of professional workers feel competent with handling digital information and problem solving using data[22]

The investment in work-related training fell by

4%

between 2013 and 2020/2021[23]

Skills like creativity, persuasion and collaboration are virtually impossible to automate and will stay in demand[24]

53%

of employees would re-train for a different role with their employer if given the opportunity[25]

The cost to hire a new employee increased by more than

100%

between 2020 and 2021[26]

What are we hearing?

The consensus from the leaders we interviewed is that there are increasing requirements for employees to have advanced technical capabilities in digital and data literacy skills. This involves a number of high-demand specialist skills to conceive, engineer and deliver the technology changes that are central to the industry's continued transformation.

It was also highlighted that human-centric skills are becoming even more important at both the frontline and leadership levels. **KPMG Partner Tamara Price** says that technology change drives a natural focus on digital and data skills and that this means…

"… attention can be diverted from the critical behavioural skills that leaders and frontline employees need to make technology change successful, and manage different customer relationships effectively."

Many of the leaders we interviewed acknowledged the industry needs to do a better job of upskilling employees to respond to changes in transaction complexity and customer behaviour and that recruitment strategies have fallen behind the reality of what is now needed in many roles.

Leaders also cited remote and hybrid working, agile ways of working, employee well-being and more global operations as important drivers of demand for new skills. There is also a growing challenge to speed the time to competency. Progress in addressing these skill needs is seen as slow and fixing it isn't seen as easy. As one leader commented: "We can't even get people back in the office as often as we'd like, so we do face an up-hill struggle with some of the other behaviour changes we need to encourage."

Start now to…

1. **Be clear about the new skills you need**

   - Work across key stakeholders to define the critical skills and capabilities (new and current) needed for the future

   - In identifying required skills and capabilities, be careful to not only consider technical skills but also behavioural skills

   - Consider using predictive software tools to help you map out how various technology changes could impact skills and roles

   - Make sure future skill considerations are part of the 3–5-year strategy cycle and appropriately reflected in annual planning

2. **Plan how you will build, find and reinforce the needed skills – and execute**

   - Complete a detailed review of existing employee capabilities (skills, knowledge and behaviours) across your organisation, against the critical new skills you need for the future

   - Create a map of skill gaps that shows, on a time-line basis, what skills will be needed, where and when

   - Develop a skills sourcing plan that establishes the options available to you to source new/additional skills and how these might be prioritised

   - Begin building relationships with strategic partners (especially non-traditional players) that can provide access to new talent pools, like professional services firms, and tech companies

3. **Prioritise better learning and development for everyone**

   - Encourage employee learning and development by making explicit time available (e.g. fixed time or flexible time credits)

   - For certain roles, be clear about the obligations you expect employees to meet in relation to up-skilling/cross-skilling

   - Implement company-wide awareness training on the fundamentals of digital and data

   - Simplify and align your learning offering to be simpler and easier to navigate and drive greater enterprise consistency

   - Create an internal jobs and skills market that makes it much easier for people to learn new skills and move into new roles (especially for those in obsolete or 'at risk' roles)

Conclusion

Turning insights into actions

Financial services is an industry with a noble purpose and a unique and critical role in helping the whole community to do things and achieve things that would never otherwise be possible. It enables people to buy a car, own their first home, fund a business, be protected from financial risks and invest for the future. Currently, more than half a million Australians are employed in the industry[27] and taxes and levies paid to governments total several billions of dollars, each and every year. The industry has an impact on the everyday lives of each Australian and it would be impossible to enjoy anything close to our current standard of living without it.

To leverage its role most effectively, and live up to the promise of its purpose, the financial services industry must continue to challenge itself to be better. Our report points out five critical ways the industry can do this but instead of leaving you with some anodyne statements, let's leave with something a bit bolder...

1. **Purpose: Make it personal**
   The corporate vision or purpose may win an award for good corporate citizenship but unless employees have a strong sense of personal value and meaning from their everyday work, it's relatively meaningless.

2. **Culture: Manage it, don't just mention it**
   The only culture that counts is the one people are held accountable for living. So set the highest standards for values and behaviours – and then manage everyone to them, every day.

3. **Ways of Working: Do the right thing, don't just do the thing right**
   Focus on outcomes over process and be flexible about how and where work gets done so employees are enabled to work in the best ways for them and deliver superior customer and business outcomes.

4. **Digitalisation: Put people first to be digital first**
   Place customers and employees at the centre of your efforts by removing or improving processes through digitalisation and freeing them to focus on the things that matter most.

5. **Skilling for the Future: Some things old, some things new, some things borrowed…**
   Maintain a strong focus on the existing leadership and employee skills that will continue to be critical in the future and work thoughtfully and strategically to find and build the new skills you need – ahead of time.

The thing about predictions is that they are not all set in stone – the future can still be shaped.

Unwritten. Full of promise.

Which is a good thing.

There are unequivocal hard trends coming our way, but there are also premunitions.

Decisions to be made.

Futures to be written.

KPMG knows that the future can be designed, prepared for, solved for and aspired to.

This paper aims to provide you with the impetus you need to act today to build the future we all want.

10 now for 2030

Organisations need to implement a number of medium and long-term actions to prepare for 2030 but some immediate actions are essential to focus on the things that matter, build greater executional momentum and engage people early in the change process. Below are ten things your organisation can do within ten business days to get the ball rolling (though we don't recommend doing all ten at the same time!).

Implementation key: ● Minimal time/effort   ● Some time/effort   ● Noticeable time/effort

01 PURPOSE PYRAMID ● (Purpose)

Across the whole enterprise, on the same day, dedicate 20-30 minutes for every leader from the CEO down to meet with their team and: a) Share what the organisation's vision/purpose means to them and their commitment to it; and b) Agree up to five actions the whole team will take in the next 90 days to help make the vision/purpose a reality.

02 TALENT PITCH ● (Purpose, Culture)

Have a selection of leaders (as many as you like!) prepare a script they would use if presenting to a group of potential hires who could choose to work anywhere. The scripts should address two key questions: a) Why should someone want to work for your organisation; and b) Why should someone want to work for you as a leader?

03 KPMG CULTURE CARDS* ● (Culture)

Provide a pack of KPMG Culture Cards to every member of the executive committee and each of their direct reports. Starting from the next full week, those leaders will select one card each week to action.

04 MEETING MINIMUM STANDARDS ● (Ways of Working)

Establish clear and consistent meeting protocols that are expected across the organisation and which empower employees to challenge or decline meetings that don't comply. These standards could include things like: maximum number of attendees, requirement for agendas, maximum duration and starting and finishing on time.

05 CV for 2030 ● (Digitalisation, Skilling for the Future)

Design one or more specific job advertisements for new/different roles you anticipate filling between now and 2030. Ask selected employees in a team(s) (such as those whose roles could change significantly or be obsolete) to consider their current CVs against the new requirements and what they can start doing to develop their best future CV.

06   MEETINGS LESS GST   • (Ways of Working)

Ask each employee to identify ways they can reduce time spent in meetings next week by at least 10% and ask that they dedicate at least half of the time they save to some form of learning or development (topic can be specified). As a challenge, look to extend that focus over a longer time and/or save more time in the week.

07   SKILLS LOCATOR   • (Skilling for the Future)

Use an existing or new data-capturing tool to discover which existing employees already have critical skills needed for the future (these should be pre-defined and clearly explained). This exercise should capture as many employees as possible but may need to be done in 'batches' to be manageable. The data can be used to identify repositories of skill across the enterprise and inform career planning and upskilling.

08   TWO DOWN, ONE ACROSS   • (All)

Each leader contacts three people who are two or more levels below them or in a different team/business unit. The purpose is to break through direct reporting lines and/or silos to get a better understanding of what is really happening and encourage immediacy of focus and action on something important. Contact topics should be specific, not general, and could include: goal clarity and/or progress; feedback or ideas about an issue; the organisation's Purpose and what it means; career development plan progress; and recent coaching/upskilling experiences.

09   VISITING EXPERT   • / • (All)

Invite a specialist/best practice practitioner from another team, business unit, organisation or industry to spend time transferring expertise in a structured way. This can be done on any topic, for any time period and for any number of employees or teams. The critical thing is that there must be a 'so what?' – as a result of the 'visit' what is the behaviour change expected of those who where 'visited'?

10   TECHNIQUE OF THE WEEK   • / • (All)

Across a team (or entire BU/organisation), choose an important focus area (like a digital skill, collaboration technique or way of working) that everyone commits to learning or improving within the week. Knowledge tests, observations, check-ins, curated learning and dedicated coaching are examples of how the focus can be supported.

If you would like support with the '10 now for 2030' please contact KPMG (see contact details).

Standard KPMG Culture Cards are only available by contacting KPMG. They can be customised to specific needs if required.

Appendices

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