Frontiers in Finance

Issue #59

Workforce shaping

Featured interviews

kpmg.com/frontiersinfinance

Foreword

Simon Gleave
Regional Head of Financial Services,
Asia Pacific
KPMG China

Workforce shaping

In the previous issue of *Frontiers in Finance*, we examined regulatory challenges facing the industry as well as innovation challenges. This issue expands on those topics.

The industry continues to face challenges with data on a global level. One of the frequent questions that arises is how can financial services companies leverage their existing data. An article offers advice on how to address this by looking internally at employees and externally at customers. Data issues also lead us to questions about governance and security. Companies should already be addressing these issues and if not, then rapidly should look inwards or seek external guidance.

Along with data, another topic that continues to be important is IFRS 17. We address this not only as merely an accounting change but as a driver for change. The changes that will develop can be seen as an engine for growth. After a period of internal focus, we find that our clients are now looking back to the growth agenda. IFRS 17 can be viewed as an opportunity rather than another regulatory obligation. This is an opportunity for better collaboration across businesses and a chance to change the language that companies and insurers deploy.

The trend in financial services seems to be looking towards the growth agenda. What this means for talent strategy and the workforce of today is a complex issue. Getting the strategy correct now should empower your workforce and fuel growth. We look at how a growth mindset can be applied to the workforce of today. Inevitably, there are discussions about what potential benefits automation might bring and how to marry this with companies' existing workforces. Automation will have a place in the growth strategy of companies; however, it is necessary to integrate automation with today's workforce and not view them in isolation of each other. We look at the various complexities that arise from the current situation that companies face.

The financial services industry appears to be moving towards growth. This shift of mindset will be a challenge; however, those that are prepared to meet it head on by discussing internally and looking for an external view will be best prepared for the change.

Contents

The Future is Inclusive video series, featuring stories shared on International Women's Day by KPMG professionals, page 60.

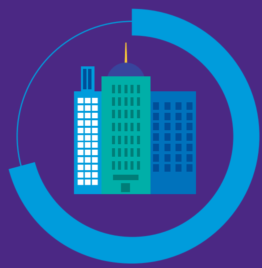
What do financial services CEOs think about the future?

About the survey

The KPMG global research surveyed 332 financial services CEOs in order to understand the challenges and opportunities they face and their vision for the business of tomorrow. Respondents were split across the Americas, Asia-Pacific, Europe, the Middle East, the Nordics and Africa. The sample sizes were as follows: Banking, n = 131, Insurance, n = 113, Asset management, n = 88.

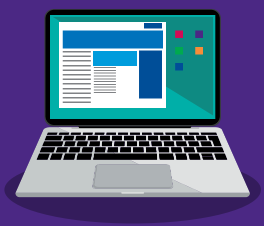
CEOs are embracing the digital agenda like never before.

95% see technology disruption as an opportunity.



71% are taking personal ownership for driving their organization's transformation.

They are also keenly focused on transitioning their workforce to meet the demands of the digital age. But there is some discrepancy between current capabilities and the skills required to support the growth.



Top five skills required for growth

1. Data scientist
2. Emerging technology specialists
3. Cyber security specialists
4. Scenario modeling
5. Digital transformation managers

However, many are taking a 'wait-and-see' approach to hiring.

53% say they would hold off their hiring of new skills until they achieve certain growth targets.

Contingent workforces help fill the gap

51% say they would likely use a contingent workforce to fill the gap.

However, they recognize that strategy comes with certain limitations and challenges.

Challenges and limitations of contingent worker strategy

52% Uncertainty about ownership of intellectual property

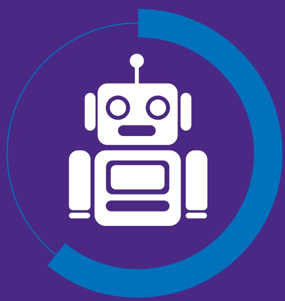
52% Difficulty aligning contingent workers' behavior with the organization's values

50% Lack of proximity to workforce creates engagement/control issues

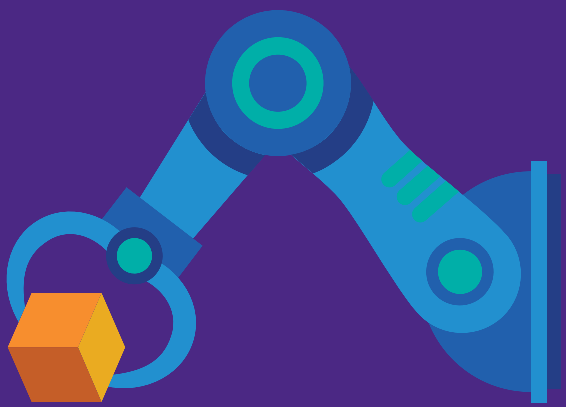
47% Risks associated with sharing data/information

CEOs see new technology skills as critical to supporting the organization's growth plans.

61% see AI and robotics as net job creators rather than job eliminators over the next 3 years.

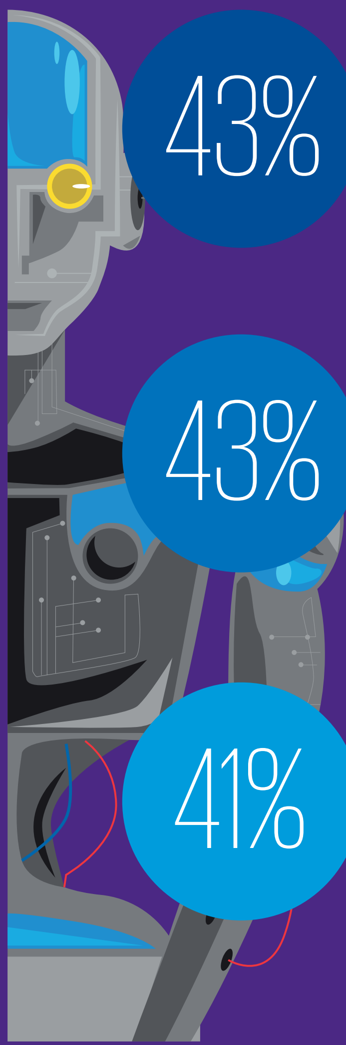


Yet many are still in the early days of their digital workforce journey.



86% of respondents said they are either piloting or just starting to test out the value and benefits of AI and robotics.

Top three benefits of AI and robotics focus on driving improvements and productivity



43% Improve the customer experience

43% Improve data governance

41% Improve data analytics capability

Organizations addressing these opportunities and challenges today will have stronger workforces in the future.

In this issue of *Frontiers in Finance*, we offer ideas and views from leading financial institutions and KPMG subject matter experts on how organizations can respond to these emerging workforce challenges and changing market dynamics.
To learn more, contact your local KPMG office.

Trust in a digital environment

In an era where computers influence many of our most critical decisions and machines work alongside humans to serve customers, trust is everything.

James P. Liddy
Chairman, Global Financial Services
Partner
KPMG in the US

Let's face it: we already operate in a digital world; those still transforming and digitizing their enterprises are simply trying to catch up. And in this world, data-driven technologies — things like Artificial Intelligence (AI), Intelligent Automation and Cognitive Computing — will be the key differentiator.

Not surprisingly, most financial institutions are now thinking about how they can use data-driven technologies to get the upper hand in an increasingly competitive financial services environment. Consider that in a recent KPMG global survey of nearly 800 financial services decision-makers,[1] 35 percent said they had already adopted AI and 44 percent said they were about to. Similarly, 45 percent said they were already using predictive models or machine learning, while 44 percent said they were planning to.

Yet, as machines, computers and algorithms start to play a greater role in the day-to-day decision-making of financial institutions, many CEOs and executives (not to mention regulators and boards) are starting to question whether they can really trust the insights and conclusions that are being generated by the machines.

The same survey found just 33 percent of financial institution decision-makers have a high level of trust in the way their organization uses different types of analytics. More than one in five said they either have limited trust or, worse, active distrust, in their analytics. They are most worried about their ability to measure the effectiveness of their analytics. But they also seem concerned about their data sourcing, data preparation and data integration.

Clearly, this lack of trust is a fundamental challenge for financial institutions fighting to move into the digital age. Decision-makers know that all of this new technology will ultimately lead to better decisions, better customer experiences and better financial results. They also know that machine learning is necessary if they want to remain competitive, agile and lean. The only thing holding them back is trust.

My experience working with leading banks, insurers and asset managers suggests that — when it comes to data

[1] Guardians of Trust, KPMG International, 2017

and analytics — most executives' trust issues boil down to three main trust gaps: trust in their data; trust in their analytics models; and trust in their interpretive capabilities. In the sidebar, I've offered a few ideas on how to bridge those gaps.

Trust in data and analytics is important. But that's not the only kind of trust that will be needed in the digital age. Customers will need to trust that their data is being protected and managed securely and appropriately. Business leaders will need to trust that their third-party service providers, alliance partners and technology providers are also managing data securely and working towards a shared vision. Regulators will need to trust that financial services organizations have robust processes to ensure integrity of the underlying data and efficacy of managerial decisions.

Perhaps most of all, senior business leaders will need to trust that all of this transformation, disruption and displacement is in the best interests of the business, its customers and its employees and its shareholders.

As this edition of *Frontiers in Finance* clearly illustrates, today's financial services workforce is undergoing serious transformation. And that change is creating massive challenges and opportunities for financial services HR leaders. What is the right talent mix to drive growth for all stages of the transformation (a question we explore in our article on page 24)? What role should machines play in the decision-making process and reducing costs? And how do you successfully manage the transition from today's workforce to the workforce of tomorrow? (See 'The augmented workforce' on page 36 for another look at that question.)

Clearly, there is much uncertainty about what the future holds and what kind of workforce will be required to make it a success. What we do know, however, is that those companies able to navigate through a data-driven environment and balance shareholder and employee interests will ultimately be the ones that thrive in this digital environment. ■

Building trust in

Data

1. Improve your data processes and governance models.
2. Create a dedicated data integrity function.
3. Enhance (or adopt) data management standards.
4. Appoint and empower a Chief Data Officer.
5. Remove data silos to improve data integrity and transparency.

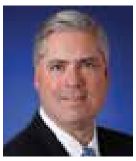
Models

1. Improve awareness and understanding of analytical models.
2. Integrate the governance of humans and the governance of machines.
3. Assign ownership over algorithms and analytics to the business.
4. Develop a mechanism for continuous review and assessment of model inputs and outputs.
5. Appoint and empower a Chief Analytics Officer.

Talent/capabilities

1. Develop a robust talent/capabilities roadmap that aligns to your transformation strategy.
2. Start training or hiring for future talent/capabilities today to improve integration and understanding.
3. Evaluate your operating environment to ensure the right talent/capabilities are working together.
4. Create and encourage an analytics culture and embrace innovation.
5. Involve your current employees, and bring them along on the journey.

Contributor



Jim Liddy
T: +1 212 909 5583
E: jliddy@kpmg.com
Jim is the Global Chairman, Financial Services, KPMG International, he also leads KPMG in the US' Financial Services practice. Prior to assuming his current roles, Jim served as Americas Leader, Global Financial Services.

Viva la revolution!

Westpac takes radical steps to deliver the workforce of the future

Shenaz Khan, Westpac Banking Corporation
Daniel Knoll, KPMG Australia

We already know that the financial services industry — as we know it — is being disrupted. We know that the workforce of the future will be vastly different from the workforce of today, and that the competition for talent is heating up. The big question is, what are the leading banks doing to get ahead of the challenge?

> “A lot of the routine tasks we do today are likely to be automated and, instead, people will be focused on tasks where humans excel — roles that involve **empathy, relationship building, creativity** and so on.”

Fancy a revolution? That’s what executives at Westpac — Australia’s first bank — want to inspire in their workforce. “Our vision is to become one of the world’s great service companies and 3 years ago we started a revolution to make that vision a reality,” says Shenaz Khan, Group General Manager for Enterprise Human Resources Strategy and Services at Westpac Banking Corporation during a recent conversation in her office in Sydney.

The company wants to inspire a fairly radical change in the way they plan, develop and retain their workforce of the future.

An orderly revolution

Why call for a revolution? Shenaz and her team are watching four key disruptive trends they believe will fundamentally change the way financial services organizations operate in the future — technological disruption, changes in the labor supply, competition for new skills and capabilities, and evolving operating models. And they believe they need a fundamentally new approach to dealing with these challenges.

Yet this is no spontaneous revolution. Every element of Westpac’s workforce transformation is being meticulously planned and managed. To understand the potential impacts of technology on the business and the workforce, for example, Shenaz and her team have embarked on a detailed mapping exercise to identify the technologies that could have the greatest impact on their business. This will help them understand what capabilities, skills and workforce structure they might need in the future.

“We have more than 35,000 employees, so we are working very closely with our various businesses to understand how new technology might change the way we operate. This insight helps us to understand and plan for the potential impact on the size, shape and configuration of our future workforce,” adds Shenaz. “That’s really helping us see years into the future to get a fairly reliable view of what our business will look like in the next 5 to 10 years.”

A new vision for the future

What does the future look like from Westpac’s view? For one, job roles will change significantly. “A lot of the routine tasks we do today are likely to be automated and, instead, people will be focused on tasks where humans excel — roles that involve empathy, relationship building, creativity and so on,” Shenaz suggests. “The work we are going to be doing in the future will be a lot more interesting, exciting and likely to be more complex.”

Westpac also believes that new job roles, an emphasis on service and the rise of more multi-generational workforces will necessitate significant changes in the way offices of the future will be planned and laid out. Under the banner of the WorkSmart program, Shenaz and her team spent time assessing what the workplace of the future might look like. “If we can create an environment where people are able to work, collaborate and innovate using different approaches, we’re more likely to attract and retain the talent we want in the future,” Shenaz noted.

The findings of that program have led to significant redevelopments of the organization’s corporate offices in Sydney and Melbourne. “All of our new offices are heavily influenced by what we believe to be the ideal workplace of the future and now we are working on transitioning our existing offices into much more agile workspaces as well.”

Over the past few years, the organization has also been investing into re-imagining and modernizing its branch network (Westpac has the largest branch network of all the Australian banks). New digital services and solutions, and automation — particularly in areas such as self-service coin counting and deposits — have been added in branches.

But in Westpac’s revolution, those changes are just the initial foray. Westpac envisions a future where day-to-day tasks have been automated and customers connect virtually with tailored teams of cross-functional professionals to get instant, holistic and value-driven advice when and where they need it. It’s a model they call ‘ConnectNow’.

“We can have a customer have a virtual meeting with a relationship manager who, depending on the customer’s needs, can bring along a business partner with specialist knowledge, such as transactional banking or estate planning, so that decisions can be made in one interaction which, ultimately, delivers a better customer experience and reduces our costs. We're already using this model with great success in rural Australia where people often don't have access to specialist banking services and advice locally," she added.

Drafting in the talent

Recognizing that finding, attracting and retaining the right talent for the future will be a challenge, Westpac has come up with some rather revolutionary approaches to talent management. Shenaz's view is that the organization needs to develop a 'talent factory', by upskilling current employees, fostering young talent and developing alternate talent pools to create "the most skilled workforce in the industry."

Based on its vision of the future, Westpac spends significant time understanding what skills will be needed in the future. It's not an easy task; many of the job roles of the future haven't been envisioned yet and the pool of available talent with skills in emerging technologies is still shallow.

"We've had to be very creative and innovative when sourcing new talent. What we do know is that roles in the future will not be as well defined, so we are focused on finding talent with the right skill sets and mindset to help our organization adapt, grow and serve customers."

Shenaz believes that technical skill sets in areas such as math, science, technology and engineering will be key, so her team has created partnerships with eight of Australia's leading universities. PhD students gain valuable work experience (and a salary) through their degree program and Westpac attracts new ideas, rare talents and a potential source of new recruits.

"We've had engineers come into our operations team and uncover really valuable insights about customer behavior that we may not have found otherwise — they are helping us solve real problems and build real capabilities," adds Shenaz.

Shenaz can reel off a long list of similar types of strategies and programs, all aimed at uncovering untapped sources of talent and pools of existing talent. Westpac is one of the leading employers of service veterans. It has programs designed to 'retool' and integrate senior executives from other industries interested in a change of career. It runs hackathons and open digital events to attract techies and millennials.

Westpac understands the value of working in a collaborative way with its partners to solve customer problems. It is happy to partner with outside organizations where it may be lacking critical skill sets. "This isn't about labor arbitrage," Shenaz notes. "This is about recognizing that other organizations may have developed skills that are far more advanced than ours and finding ways to tap into those capabilities to really drive our agenda forward."

A remarkably non-traditional revolution

Few revolutions have been this well planned. But Shenaz's view is that Westpac's strategic workforce plan is actually the catalyst that keeps engagement high and the revolution on track. "A really good strategic workforce plan enables you to proactively manage change and predict where the big transitions need to be made. That allows your people to work through the transition in a much more proactive way and encourages them to take ownership of the change."

The other non-traditional aspect of this revolution is that it has the full support of the leadership. "Our business leaders tend to be very close to their people and their goals. They know we need to start making changes now if we hope to serve our people and our customers better in the future."

As such, the executives are often in the front lines, talking about the changes with their people and explaining the reasons behind some of their decisions. "In times of change, people want to see the whites of their leaders' eyes," Shenaz adds. Westpac's leaders are making sure that they do.

Westpac's revolution may seem rather non-traditional. But Shenaz and the wider Westpac leadership believe that it is starting to achieve the desired results.

Time will tell if they have made the right bets on the right future predictions. But — one thing is for sure — they will not be on the passive side of this disruption. ■

Contributors

Shenaz Khan
Shenaz is the Group General Manager for Enterprise Human Resources Strategy and Services. She is responsible for driving the HR strategy across the Westpac Group. This includes accountability for culture; leadership capability; inclusion and diversity; talent management; and learning and development. Shenaz is also responsible for driving the group's strategy on the Future of Work, and leads the transformation programs across the HR function.

Daniel Knoll
T: +61 2 9455 9148
E: danielknoll@kpmg.com.au
Daniel is a Partner in Sydney and leads KPMG's Financial Services Management Consulting Practice in Australia. He has over 20 years' experience in the Financial Services sector — with senior roles in industry and providing consulting services to top-tier firms, including retail and commercial banks, insurers and fintechs.

Panning for gold dust

Using employees and customers to scan for signals of change

Colleen Drummond, KPMG in the US
Anton Ruddenklau, KPMG International

It is no surprise that 'innovation' is the word on every leader's lips. We stand at a major inflection point in the history of business: the tipping point from businesses being human-led to being technology-led. This transformation has significant structural implications for today's organizations, especially in the financial services sector. However, organizations risk becoming overwhelmed not only by the ever-increasing number of technologies but also by the impact of those technologies throughout the business, from long-term strategic planning to day-to-day operations.

Simply put, many financial institutions are threatened by this pace of change. Innovate too slowly and risk losing market share to new entrants and faster competitors; innovate too quickly and risk failure on a large, even catastrophic, scale. Yet as financial institutions look to shape their paths forward, many overlook some of the greatest sources for signals of future change: our customers and employees.

Seeking signals of change

All innovation starts with direction, and proper strategic direction cannot be created without context. This context can take many forms, from macroeconomic, demographic and customer trends to ethnographic research and other targeted inquiries. These inputs are collectively known as signals of change. As discussed in KPMG's deep-dive report on changing customer behavior, *Me, My Life, My Wallet,* these signals show the root causes behind customers' decision-making processes and provide insight into how and why customer behavior is changing. Armed with this information, organizations can predict not only current trends but also future demand, creating the foundation for a forward-looking innovation strategy that responds to emerging needs.

However, while many organizations have processes to track and monitor large shifts in markets and customer mindset, smaller signals of change — even those that form early signals of market inflection — can often go unnoticed for weeks, months or even years.

Today, institutions are waking up to the fact that micro trends surrounding customer behavior, employee feedback and more are all 'gold dust': seemingly inconsequential when viewed alone, but together creating something of far greater value. However, properly gathering, assessing and using this information requires a shift in mindset. Rather than thinking about customer satisfaction, employee feedback — or even, broadly speaking, innovation strategy — financial institutions need to think about the process of transforming insight into action.

Transforming with customers, for customers

Consumers, especially in younger generations, have fundamentally changed how we all interact with brands, where and how we shop, and what we expect of the organizations with which we engage. Digital firms and online retailers are increasingly raising the bar for what constitutes a great customer experience, from methods and ease of interactions to expected response times. Increasingly, these customer expectations are permeating the financial services industry — and many traditional players are falling short. As a result, customer feedback provides valuable insight into not only pain points and frustrations of today's consumers, but also their current expectations for base-level customer experience.

Employees, too, are a great source of signals of change for two reasons. Not only do they have direct on-the-ground experience with customer needs, wants and behaviors, but they are also consumers themselves. There may often be a disconnect between individuals' experiences and wants as a customer and their experiences in the workplace environment. Employees are generally underwhelmed by enterprise technology as compared to consumer technology; this is especially true in financial institutions for which legacy technology still provides the organization's operational backbone.

Employees with front-end customer engagement experience often have significant insights into not only patterns of customer behavior, but also the 'whys' of customer motivations and pain points that influence demand. However, while front-end employees understand the issues, they often lack the power to influence or create change. The failure to listen to the employee base or provide the mechanisms to enable them to spark transformational change is akin to washing gold dust down the drain.

> “**Customer feedback provides valuable insight** into not only pain points and frustrations of today's consumers, but also their current expectations for base-level customer experience.”

Panning for gold

Organizations seeking to derive greater value from customer and employee insights are recommended to:

View your customers as an external R&D department. While almost all organizations have customer feedback mechanisms in place, few make concentrated efforts to actively solicit customer ideas for innovation or change. It is time to look beyond the stale script. Instead, seek ways to harness the power of your customer base by creating a platform that allows your customers to tell you what they want from the organization. As in a true gold-panning process, finding value — whether gold dust or those precious, rare nuggets — requires sifting through a lot of silt. The results, however, often pay off far beyond the initial expenditures.

Crowdsource employee insight and solutions. Crowdsourcing platforms and idea management tools inside the organization can create a powerful source for signals of change, as well as delivering a range of potential innovations. One example is HSBC's Spark Community crowdsourcing platform, released to more than 10,000 finance function employees across 70 countries, with users incentivized for creating ideas and generating discussions. The Spark platform has proven an excellent forum for sharing best practice ideas, breaking down barriers between regions, and creating an open and active forum for innovation. The benefit of this approach is that employees feel like they have a voice in shaping company innovation and an ability to contribute to change. The downside is that submitted ideas can be fragmented and attempts to implement recommended changes are often underfunded, occurring as they often do beyond the scope of larger transformation projects. This suggests two things: signals and suggestions must be funneled into the broader innovation strategy and used to influence direction, and organizations should use communication methods to demonstrate how submitted feedback is contributing to both quick wins and longer-term transformation.

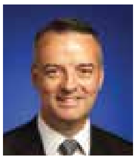
Transform insight into action. Even the greatest insights are worth nothing if they do not prompt action — or if that action comes too slowly. History is littered with companies getting it wrong, from passing up opportunities to buy or invest, to choosing not to see innovation through to fruition. In finance, blockchain is a great example of a technology on everyone's radar, but with which few organizations have fully engaged. By misunderstanding the immediacy of the signaled changes and choosing to monitor and wait rather than act, organizations can swiftly fall behind.

Listen beyond the echo chamber. While there is a lot of talk about top-down and bottom-up innovation, it is also important to develop an 'outside-in' perspective. As changing technologies, customer expectations and other factors put pressure on organizations to accelerate the speed of innovation, it is common for organizations to become too inward focused. Instead, this is the time to look outward to see how the same forces are shaping the broader patterns of thought and behavior in the world, and how these disruptive factors and technologies are playing out in other industries. Listen to your customers and employees, actively solicit feedback, and look to see how innovation is shaping organizations in other sectors and geographical regions.

Fact is, with the current pace of change, organizations need to constantly monitor their environments for signals of change that occur both within the industry and without, and rebalance their innovation priorities at least once a year. Once this monitoring strategy is in place, customers and front-line employees can not only be great sources for signals of change, but they can also provide innovative ideas and inspiration for execution. ■

Contributors

Colleen Drummond
T: +1 804 399 3858
E: colleendrummond@kpmg.com
Colleen leads the KPMG Innovation Labs in the US. She has extensive experience managing the innovation and investment life cycle and is a key author in KPMG's seminal Customer Insights publication, *Me, My Life, My Wallet.*



Anton Ruddenklau
T: +44 20 7694 2224
E: anton.ruddenklau@kpmg.co.uk
Anton is Head of Digital and Innovation for Financial Services at KPMG in the UK, and Global Co-lead for KPMG Fintech. He specializes in business, corporate and institutional banking, and has extensive experience working with large global companies in Consumer and Technology.


Technology revolution.
Talent evolution.
We know one advances the other.
Emerging technologies mark only the first step in creating the workforce of the future. Successful companies will also elevate innovation, creativity and customer focus by empowering their people. Learn more on how KPMG can help you transform your organization with intelligent automation. Visit kpmg.com/financialservices
Anticipate tomorrow. Deliver today.
KPMG
© 2018 KPMG International Cooperative ("KPMG International"). KPMG International provides no client services and is a Swiss entity with which the independent member firms of the KPMG network are affiliated.

IFRS 17

The catalyst to sustainable transformation

Soula Courlas, KPMG in Canada
Dana Chaput, KPMG in Canada
Silvia Gonzalez-Zamora, KPMG in Canada
Cristina Hebrero Rodriguez, KPMG in Spain

The deadline for IFRS 17 implementation in January 2021 will be here in a blink of an eye. And the implications for insurance organizations will be significant. But it will also create a valuable opportunity for insurers to start creating their workforce of the future. Is your organization using IFRS 17 to transform the enterprise?

By now, most insurers should already be thinking very carefully about their IFRS 17 implementation strategy. It is, after all, the biggest change to insurance-related accounting standards in more than a decade.

In part, the change will be significant because IFRS 17 goes far beyond financial reporting to also encompass actuarial valuation, asset liability management and risk management. The impact and requirements of IFRS 17 will be felt across virtually every part of the insurance organization.

It will also be a significant change for the workforce. Indeed, most insurers already recognize the massive workforce challenges that will arise during the 'transition years'. Parallel processes and reporting will need to be conducted and reconciled. Stakeholders will need to be informed and updated. New processes will need to be tested and tweaked. Compliance and audit procedures will need to be performed. And, all the while, business will need to go on as usual.

The pressure will only rise as insurers work through the implementation roadmap ahead of the 2021 deadline. History suggests that few organizations will keep to planned timelines. For employees, the pressure will become enormous as the implementation deadline looms.

Those looking further down the road will also recognize that IFRS 17 will require insurers to rapidly evolve their current skills and capabilities — both through the transition period and post-2021 — to properly manage the business under the new standard. In some cases, new competencies will be needed to speed up decision-making, particularly within middle management. Many may struggle to create the right mix of skills, capabilities, job roles, collaboration and operating models to also achieve a high level of business flexibility, responsiveness in decision-making and value.

Turn the burden into benefit

KPMG member firms believe that insurers can view the shift to IFRS 17 in one of two ways: either as 'yet another disruption' that must be endured; or as an opportunity to accelerate their existing organizational transformation roadmap. Those conforming to the former view may capture some benefits as they implement IFRS 17, but they will also likely encounter significant operational challenges. Those that take the latter view should find themselves rejuvenated and fit for the future.

There are a number of ways that insurers could use the shift to IFRS 17 to catalyze their transformation efforts:

1. **Increase the use and value of automation.** Rather than trying to get even more out of employees who are already feeling the strain of implementation and fatigue of continuous change, insurers should be exploring opportunities to automate new IFRS 17 processes. Mission-critical processes and those with high data volume and low risk should be the first to migrate. But insurers should also be using IFRS 17 to identify other (possibly longer-term) opportunities to incorporate digital workers into their employee mix.

2. **Break down organizational silos.** IFRS 17 will require a much higher level of collaboration between employees and across functions (particularly when it comes to creating more seamless internal data hand-offs). And this, in turn, should help employees take more of an 'enterprise view' of their activities, impact and decisions. By engaging top talent from across the organization in the IFRS 17 implementation process, insurers could be helping to develop their next generation of business leaders.

> “By engaging top talent from across the organization in the IFRS 17 implementation process, insurers could be helping to develop their **next generation of business leaders.**”

> "IFRS 17 will require organizations to place greater focus on **improving data quality, achieving data normalization** and encouraging cross-interpretation."

3 **Create a common language.** IFRS 17 will require organizations to place greater focus on improving data quality, achieving data normalization and encouraging cross-interpretation. While this may pose a challenge at first, it will also deliver massive benefits; for the first time ever, IFRS 17 will allow insurers to essentially 'speak the same language' when reporting across jurisdictions and markets. And that should allow insurers to not only improve collaboration across the enterprise, but also achieve much deeper levels of insight on everything from financial through to operational performance.

4 **Explore new models.** The adoption of a single approach to financial reporting and accounting should allow insurers to centralize some of their common processes and practices into a shared service or Center of Excellence model. This will not only alleviate some of the strain on the operating companies, it will also allow the organization to create 'knowledge communities' that enable ideas and leading practices to be rapidly shared across the organization.

5 **Develop new skills and capabilities.** Even without the implementation of IFRS 17, it was obvious that the traditional insurance capability set would need to change to meet the realities of the new business environment. Insurers should be using the shift to IFRS 17 (and the adoption of automation) to rethink their core capabilities, assess the value of digital labor and start the transition towards their ideal workforce of the future.

Take advantage

The bottom line is that IFRS 17 deadlines are coming, and that will mean massive changes for the traditional insurance workforce. Insurers can either try to get through with the minimum of disruption, or they can see IFRS 17 as an opportunity to catalyze real and sustainable transformation within their workforce and their wider organization. We would strongly encourage the latter. ■

Five steps to turning IFRS 17 into a transformation accelerator

1 Create a robust IFRS 17 implementation roadmap that spans the enterprise and takes into account people, process and technology implications.

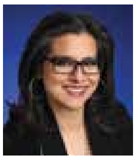
2 Find opportunities to leverage automation to support the organization through the IFRS 17 transition period and beyond.

3 Identify the skills you will need in the future and consider how you might partner, develop or acquire the right capabilities to manage the full IFRS 17 implementation.

4 Explore new models that might reduce the strain on existing employees in the short term while setting the business up for increased flexibility in the long term.

5 Use the transition as an opportunity to increase collaboration across functions and develop top talent for future leadership roles.

Contributors



Soula Courlas
T: +1 416 777 3369
E: scourlas@kpmg.ca
Soula is a Partner and National Lead for KPMG in Canada's People and Change practice. She brings 20+ years of industry experience across banking and insurance, technology, telecommunications, and public sector, coupled with over a decade of top-tier professional services consulting experience. A frequent speaker at HR industry conferences, Soula is also an avid writer on topics related to organization and HR transformation, future of work, culture shifting, and organizational readiness.

Dana Chaput
T: +1 416 777 8695
E: dchaput@kpmg.ca
Dana is KPMG in Canada's Accounting Change Lead. She is currently helping a number of Canadian and global insurance companies assess, design and implement IFRS 17 and 9, including developing strategies for allocating resources effectively over the next few years of their programs.

Silvia Gonzalez-Zamora
T: +1 416 777 8123
E: sgonzalezzamora@kpmg.ca
Silvia is a Director with 20 years of experience in business transformations for financial services. Specialized in organizational behavior, Silvia helps organizations increase readiness, adoption, awareness, buy-in, and performance/productivity reaping the benefits under the pressure of regulatory constraints and market challenges.

Cristina Hebrero Rodriguez
T: +34 9145 63400
E: chebrero@kpmg.es
Cristina is the Head of KPMG in Spain's People and Change practice. With more than 20 years' experience in human capital advisory, Cristina has a deep understanding of the people agenda as it relates to business objectives. Having led many highly complex human capital transformation projects in major multinational companies, she brings a global perspective and creative approach with a strong focus on culture and change management.

Easier moves, tighter rules

Deeper scrutiny multiplies risk for business travelers

Marc Burrows, KPMG International
Thomas Condon Jr., KPMG in the US
Michelle Berners Price, KPMG in the UK
Murray Sarelius, KPMG China

New challenges demand new approaches to ensure your company's business travel and remote worker risks are covered.

Even with the best intentions, traveling employees can put their companies and themselves at risk. In the future, these risks can only intensify as businesses become more global and technological advances make new travel and remote work options possible.

As the world grows more connected and travel gets easier, organizations are finding it harder to monitor where their employees are going, what they are doing and how long they are staying. And with tax and immigration authorities sharing more data and analyzing it more closely, the risks — both financial and reputational — are growing more severe.

In fact, compliance risks spanning income tax, corporate tax, social security, employment law and immigration can arise even when an employee visits a foreign location for as little as one day.

In the past, information on business travel for compliance was primarily self-reported by companies. Now tax and immigration authorities have more information at their disposal. They are becoming increasingly adept at detecting non-compliance by analyzing data they obtain from, among other things, digitalized financial and tax disclosures, payroll reporting, country-by-country tax reports, and agreements for automatic sharing of tax information. There have even been examples of authorities using social media to obtain details of traveling employees and using this to assess, for example, that the employee had created a permanent establishment for their company in the country they were visiting.

With audit activity rising globally, the consequences of not actively managing these risks can include not only additional taxes, fines and penalties but also legal sanctions, border detainments and loss of licenses to operate in particular countries. Employee engagement, talent development and corporate reputation can also be affected.

The CEO being detained at the border or not paying their taxes is a high-impact headline. With the media and general public paying more attention to the tax practices of global companies, companies that make high-profile missteps in the areas of tax, social security or immigration can suffer significant damage to their brands.

Business travel continues to accelerate globally

In the near term, a number of developments are stimulating more business travel for financial services companies and expanding the risks HR, Tax and Global Mobility teams need to manage.

For example, in Europe, the United Kingdom's (UK) exit from the European Union (EU) could profoundly affect British nationals traveling across the EU, and EU nationals traveling to the UK from an immigration and social security perspective. While Brexit's details are still being negotiated, UK financial services companies could lose their passporting rights and no longer be able to conduct business cross-border in the EU or European Economic Area.

Many companies in the industry are planning how they will relocate staff and units to Dublin, Paris, Frankfurt or other EU cities so they can continue serving European markets. For UK financial services companies, the volume of employee movement prompted by Brexit over the next 12 to 18 months could be unprecedented.

Despite new risks and challenges, it appears that business travel will increase, as organizations move their workers to drive business opportunities. Just over half (53 percent) of CEOs surveyed plan to increase penetration of existing markets, and one in five have plans to expand into new global markets.

1 **New challenges, new approaches:** Employee travel for global companies is being affected by Brexit, China's Belt and Road Initiative (BRI) and new limits on foreign workers in the US and other countries. Tax, HR and Global Mobility teams need to adopt new approaches to effectively manage the global workforce of the future.

> “With the media and general public paying more attention to the **tax practices of global companies**, companies that make high-profile missteps in the areas of tax, social security or immigration can suffer significant damage to their brands.”

> "Many large Western-based multinationals have had systems for monitoring employee travel for some time. However, they may not have processes in place to **manage their downstream compliance requirements**, and their legacy systems may not produce data with high enough quality to meet tax authorities' evolving demands."

2 **Think beyond short-term relocations:** Unlike business travel within Europe and North America, freedom of travel is more restricted in many BRI countries, tax and immigration policies are more diverse, and distances are greater. These factors reduce opportunities for short-term relocation and commuter arrangements, and organizations will be challenged to develop other solutions (e.g. outsourcing, remote working).

3 **Plan for contingencies:** Historically, requests for visas and work permits were rarely rejected. Foreign-based multinationals are now finding it more difficult to secure entry into other countries, including the US. Even when they are granted, work visas are also subject to more delays than previously, which can create business problems in time-sensitive situations. Given this new uncertainty, traveling employees, business managers and their HR teams need to step up their planning for other contingencies.

4 **Consider innovative relocation arrangements:** The unprecedented movement of people and business units sparked by Brexit is expected to create a fierce war for talent. UK financial services companies setting up operations in the EU are challenged to design ever more attractive packages to encourage key employees and their families to relocate, which may include covering the costs of schooling, housing and flights. Brexit committees should also consider the duration of relocation agreements and whether there are plans to train up employees in new locations to take over from UK assignees in 2 or 3 years.

5 **Factor in rising business travel costs:** Business travel between traditional locations such as the UK and the US occurs in well-established 'travel lanes' that are amply served with flights, accommodations and other amenities. Brexit will require business travel to less equipped destinations like Luxembourg and Dublin. Pressure on limited airline tickets, hotels and other travel infrastructure in these locations is expected to increase costs accordingly.

6 **Set up a company-wide system to track employee travel:** Now that tax authorities have access to a wider range of data, companies need to ensure they have the same visibility and access that tax authorities do. However, many Asian businesses have not yet invested systems to track their employees' cross-border movements and ensure compliance with tax and other requirements. Many large Western-based multinationals have had systems for monitoring employee travel for some time. However, they may not have processes in place to manage their downstream compliance requirements, and their legacy systems may not produce data with high enough quality to meet tax authorities' evolving demands.

Addressing all the payroll, tax compliance and immigration issues associated with business travel and setting up an operational structure can seem daunting — but it doesn't need to be. Many organizations implement business traveler programs through a phased approach. It's also a good practice to set an overarching global policy with some flexibility for local implementation. As the cross-border business environment evolves, it's important for operating models within global organizations to evolve accordingly.

Focus on strategy, policy and communication.

With ongoing continuous travel, remote working and virtual workplaces, even the best employee tracking system is unlikely to capture all employee movement or anticipate every scenario. To ensure tax and immigration law compliance, Tax, HR and Global Mobility teams need to go beyond managing logistics for business travel on request. They need to focus on strategy, developing employee travel policies that are clear and comprehensive but have built-in flexibility for managing different risks in different situations and locations.

Global Mobility teams can also help embed these policies and raise awareness of business travel risks by developing training programs and codes of conduct and guidance, and by regularly communicating with business unit leaders, line managers and others who supervise the company's business travel and employee relocation programs.

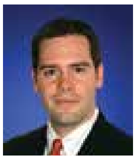
In summary, while continuously managing regulatory risk, financial services institutions face short-term challenges to make the most of opportunities while addressing rising compliance risks as tax and immigration authorities get better at sharing and analyzing data for enforcement.

While action needs to be taken to address these risks, this also presents an opportunity to disrupt the traditional approaches to managing mobility. At a time when Tax, HR and Global Mobility teams have the attention of their senior leadership, they should not miss the chance to reconsider why their organization moves people, how they move people and the ways they can keep their mobile employees connected and compliant while on the road. ■

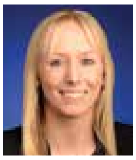
> “They need to focus on strategy, **developing employee travel policies that are clear and comprehensive** but have built-in flexibility for managing different risks in different situations and locations.”

Contributors

Marc Burrows
T: +44 20 7694 5930
E: marc.burrows@kpmg.co.uk
Marc is the Head of KPMG's Global Mobility Services practice and a member of the International Tax & Legal Steering Group. He advises organizations across a range of issues from business traveler risk, reward, mobility policy and cross-border taxation.



Thomas Condon Jr.
T: +1 212 872 3416
E: tcondon@kpmg.com
Tom is the Partner leading KPMG's Global Mobility Services Practice in New York. He has advised global organizations on their mobility needs for 20+ years, with deep experience in the financial services industry. Tom has worked extensively in the business traveler space, focused on policy, process and procedures.



Michelle Berners Price
T: +44 20 7311 2110
E: michelle.berners-price@kpmg.co.uk
Michelle advises multinational corporations on assignee management, business traveler coordination, social security and employment taxes. Michelle is a trusted advisor for senior executive assignees, business travelers, group tax teams and HR line managers, with a focus on the financial services industry.

Murray Sarelius
T: +852 3927 5671
E: murray.sarelius@kpmg.com
Murray is Head of Global Mobility Services for KPMG China, covering Hong Kong (SAR) and China, with experience in New Zealand and the UK. He has more than 20 years of experience with tax and compensation issues impacting individuals and businesses operating internationally.

Beyond tech talent

Applying a growth mindset to financial services talent strategy

Judd Caplain, KPMG International and KPMG in the US
Ian Pollari, KPMG International
Will Pritchett, KPMG in the UK
Tim Denley, KPMG in Japan

No one in financial services is unfamiliar with the disruptive forces shaping the future of the industry. With massive changes in technology, increasing competition on multiple fronts, evolving customer expectations and ever-greater regulatory demands, financial institutions must walk a careful line between maintaining current services and embracing the technological, cultural and structural innovation that will be required to survive and thrive over the long term.

Just as legacy technology can pose a stumbling block to innovation, so too can legacy talent strategies and mindsets. It has become clear that financial institutions must attract and retain (or develop) a new breed of talent to create the capacity to support scaling their innovation initiatives. Yet how organizations approach this challenge — and the type of talent companies are looking to attract — can vary widely. Companies must engage critically with this reality and implement forward-thinking strategies to position themselves at the forefront of the coming workforce revolution as an employer of choice.

Is 'top tech talent' the right fit?

New and evolving technologies are shaping the future of the financial services industry on an unprecedented level. Current activity ranges from investigating specific uses for technologies such as blockchain, through to combining multiple automation technologies such as AI, cognitive and Robotic Process Automation (RPA) into an Intelligent Automation (IA) strategy to solve complex business issues. As organizations investigate potential applications of these and other technologies — and as fintechs, insuretechs and 'hyperscales' make greater inroads into the industry — access to the talent necessary to drive a robust innovation strategy becomes a strategic imperative. As a result, many financial institutions have made it a priority to hire 'top tech talent', competing with the likes of Google and Amazon to attract the best and brightest.

These challenges contribute to some organizations' decisions to create innovation labs in separate offices from the main business. These labs are often located in trendier locations, with more relaxed environments and greater freedom to innovate. However, the results of this innovation culture must ultimately be embedded into the core business as part of long-term transformation.

Hiring with a growth mindset

Despite the need for critical technical skill sets, organizations can focus on technical hiring to the detriment of their overall talent strategy. While much of the current disruptive change is technology-driven, future success in this new paradigm cannot be achieved through deep technical competencies alone.

For example, many financial institutions are seeking to re-imagine their customer experience. The bar for great customer service is being set from outside the industry, often by digital interactions with companies like Netflix, Uber and Airbnb. While using emerging or digital technologies is a critical component of engineering this change, companies also need to look to the skill sets that will help them understand, contextualize and derive greater value from customer interactions. As a result, some financial institutions are seeking everything from data scientists and psychologists who can provide insight into the customer mindset through to sourcing individuals from companies already delivering peak customer service for their 'on the ground' knowledge.

Employee mindset is also a critical success factor. While specific skill sets and competencies can be supported through training, individuals who lack a 'change mindset' can hold an organization back, regardless of what appears on their resume. Financial institutions should place a priority on attracting, hiring and retaining individuals who are agile, adaptable and eager to learn, regardless of their role.

Maintaining current competencies

The shift in the workforce toward newer skills and approaches must also be carefully balanced against the needs of the traditional business. Many current advancements involve finding ways to digitize and streamline traditional financial services, such as creating a simple online mortgage application process or providing

> "The natural shift in the employment market from permanent, full-time employees to a balance with more skilled **contract labor, robotics and automation**, adds layers of complexity to any talent strategy."

> “The **shift in the workforce toward newer skills and approaches** must also be carefully balanced against the needs of the traditional business.”

a hybrid wealth management solution for low-value portfolios.

At the same time, traditional lines of business — and their associated core skill sets — must be maintained. While innovation is critical, it is equally important not to miss out on hires that possess industry-relevant skills in accounting, asset management, risk assessment and underwriting. For some organizations, the ideal strategy for the current market may be to maintain the traditional business while seeking to acquire or partner with a fintech, or set up a separate digital model and workforce to run in parallel.

Recommendations for workforce transformation

For financial institutions looking to evolve their workforce and to help facilitate change associated with technology-driven innovation, we recommend:

1. **Creating a culture of innovation.** Change starts with culture — and major cultural change comes from the top down. Top leadership must instill the message that not only is innovation required for the organization to survive, but that innovation requires everyone within the organization to start thinking differently. That means fostering an openness to learning, change and improvements at all levels. Leadership must also commit to workforce diversity to enable diversity of thought and capability within their teams.

2. **Focusing on education.** While education around specific skills and competencies will be important, for many organizations the more immediate needs are education and communication around innovation and change. Employee anxiety is high, with much of the financial workforce feeling threatened by the

impacts of new technologies. Proper positioning of these innovations can alleviate fear while creating excitement and buy-in surrounding new technology's positive impacts to the business, customer experience and employees' own careers.

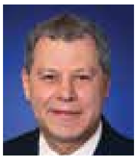
3 Recognizing the growing complexity of the employment market. The natural shift in the employment market, from permanent, full-time employees to a balance with more skilled contract labor, robotics and automation, adds layers of complexity to any talent strategy. Organizations' ability to skillfully integrate these different worker groups and other elements will increasingly be key to success. Creating and maintaining connectivity with specialist contractors will also be an important component.

4 Evolving leadership competencies. Traditional models where leaders manage vertically integrated teams with direct control over resources need to be challenged. Rethinking leadership roles and competencies, as well as mapping leadership to end-to-end customer experiences, can drive improvements in customer outcomes and advocacy. Removing the distinction between 'build' and 'run' functions as organizations move to more agile change models will ultimately support improved prioritization and enhance the speed of change.

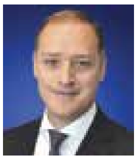
Financial institutions need to strike a balance not only between the need for technology-driven innovation and maintaining the current business, but also with the evolving needs of employee groups, customers and regulators. Prioritizing hiring for a single background or competency area, including tech talent, is challenging. Organizations need to foster an environment where innovation can thrive, for which a talent strategy that focuses on hiring for a growth-oriented mindset, agility and openness to change will be critical to organizations' long-term success. See our interview with Aileen Tan, Chief Operating Officer, AIA — Preparing the insurance workforce of the future.

> "Removing the distinction between 'build' and 'run' functions as **organizations move to more agile change models** will ultimately support improved prioritization and enhance the speed of change."

Contributors



Judd Caplain
T: +1 212 872 6802
E: jcaplain@kpmg.com
Judd is KPMG International's Global Head of Banking and Capital Markets, and a US firm Partner. He has over 20 years' experience in Financial Services, providing consulting services to top-tier firms, including global commercial and investment banks, credit card issuers and insurance companies.



Ian Pollari
T: +612 9335 8408
E: ipollari@kpmg.com.au
Ian leads Banking for KPMG in Australia and is Global Fintech Co-lead. He has over 16 years' experience in Financial Services and works with local and international banks, payment providers and fintechs in strategy development, market entry and digital innovation.

Will Pritchett
T: +44 20 7311 4027
E: will.pritchett@kpmg.co.uk
Will is a Partner at KPMG in the UK and leads KPMG's technology teams across Insurance and Investment Management. He has 20 years of experience managing and delivering complex technological transformations within the Energy and Financial Services sectors.

Tim Denley
T: +813 3548 5111
E: timothy.denley@jp.kpmg.com
Tim is a Partner and Head of Innovation and Digital Solutions at KPMG in Japan. Tim brings a diverse background in strategy, technology and design and is currently focused on innovative programs that drive digital transformation across a multitude of industries.

Preparing the insurance workforce

of the future

Aileen Tan, AIA Singapore
Paul Brenchley, KPMG in Singapore

With a history stretching back almost 100 years, AIA has undergone countless transformations and has continued to thrive as one of Asia-Pacific's top insurers. To find out how the company is managing its current transformation while also planning for the workforce of the future, **Paul Brenchley, Partner, KPMG in Singapore** sat down with **Aileen Tan, Chief Human Resources Officer at AIA Singapore**.

> "The culture and capabilities of our people are evolving as the business evolves and the **nature of jobs fundamentally changes.**"

Paul Brenchley (PB): In your opinion, how is the insurance business changing?

Aileen Tan (AT): The insurance industry is increasingly customer-centric — the customer is at the core of the business, and insurers must continually innovate to meet their evolving needs to stay competitive.

This means that insurance will be more intricately personalized to suit the individual, as technology empowers, and even necessitates the shift towards more tailored insurance policies. For example, part of this is looking beyond healthcare management to health management — in line with one of the key shifts outlined in the recent Healthcare Industry Transformation Map (ITM) in Singapore.

The ability to analyze big data is already transforming our industry. The future, with the continuing rise of technology and the Internet of Things, could see us being able to collect and analyze this data on a more granular level. We will be better able to monitor the health and risk-taking behaviors of individuals and adjust policy coverage and premiums for each individual in a timely manner.

Secondly, technology enables better customization at both the corporate and individual levels. This creates an opportunity for insurers to empower individuals and companies to take charge of their own health and financial future, going beyond just tracking their health today to being able to take immediate action to address the gaps tomorrow. This role of individuals in taking charge of their health and financial future will become increasingly important with the rise of the gig economy, as individuals with short-term employment contracts will be more reliant on individual insurance for sustained protection for the long term.

As we expect more and more data to be collected and analyzed, insurers will be able to work more closely with other stakeholders in the ecosystem to tailor policies that best meet the needs and goals of our customers and their families.

It is with this view of the future that we are investing in innovations such as AIA Vitality and our integrated digital platform to continue to add value to the lives of our customers.

PB: What impact is that having on the existing AIA workforce?

AT: The culture and capabilities of our people are evolving as the business evolves and the nature of jobs fundamentally changes. This is a continual work in progress for us as we keep thinking about what we need in our people in order to support and sustain our transformation journey.

At the same time, we must also balance the need to maintain business as usual. Take the technology function, for example: we need people who understand the new applications that we are implementing, and at the same time, still need people who can maintain the legacy systems for the business to continue running smoothly. And I think that puts quite a lot of stress on a business function.

Most importantly, we keep going as a team because we all believe in our company's purpose — being able to help other people live healthier, longer, better lives makes all this hard work worthwhile.

PB: How are you encouraging existing employees to adopt new capabilities?

AT: That's one of the big questions right now. In some areas of the business, employees have been enthusiastic adopters and others have been slower to adopt.

In my team, I've tried to help catalyze the shift by bringing in individuals with different skill sets from outside of the insurance sector. We brought in someone with an engineering background to help our HR Ops teams improve their processes. We hired someone from a tech firm whose main job is to scan for new ideas and models that we can test and adopt. We have marketing professionals working in our employee engagement teams.

What's important is that I'm not just hiring 'snipers' who work alone and in secret; I'm partnering these people up with champions from my team who show an interest and a talent for adopting new ideas, and together, as a team, we grow to adopt new technologies and ideas.

PB: How important is it to set the right tone from the top?

AT: It is extremely important to have buy-in and support from the C-Suite. Our CEO is very aware that our business is powered by people and he makes great effort to ensure that our people agenda is always front and center to enable our business transformation.

At the same time, our CEO has been very vocal at Town Hall meetings and in his communication to the employees about the transformation that we are going through. We've changed our Town Halls from being a 'functional report' style to instead focus on specific themes critical to our business transformation. Each of our leaders shares about how their function integrates into that theme. This helps our employees to connect the dots and start to understand what this transformation actually means for them.

PB: Are you able to find the talent and capabilities you need today and in the future?

AT: In Singapore, we are lucky to have a very proactive government and industry. Our regulators work closely with the banking federation and industry groups to try to understand and plan for future skills requirements. The government has been working on an industry transformation roadmap and has been very active in helping industry partner with universities and associations to find and shape new capabilities. But Singapore is also a relatively small market, so there have been times where we have had to look outside of the country — and often outside of the industry — to fill our capability gaps.

PB: What do you expect the workforce of the future to look like?

AT: I certainly have some guesses and ideas, but the answer really needs to be data-driven and supported by smart evidence. That is why we are currently undertaking a significant Organizational Design project; we know that we want to move towards a fully digital enterprise and we know that we need to obsess about the customer across the organization. And this project will help us understand and be clear about the roles, workflows, capabilities and structures we will need in order to achieve and maintain a digital, customer-first organization.

PB: What have you learned from your experience?

AT: There are two main things.

The first is the importance of being a leader instead of just a manager. I think the corporate world has a lot of managers, but too few leaders. Leaders are the ones who stop to help their people understand why we are doing certain things. They are the ones that are there to engage the team in ongoing and upcoming changes.

For me, the other great takeaway is that we — as leaders and as individuals — need to be willing to 'unlearn' and then relearn the things we think we know. And that's easier said than done, particularly for those who have had rich experiences and many successes, such as the executive team. The things that need to be unlearned first are often those that made you successful in the first place.

PB: Are you optimistic about the transformation ahead?

AT: I am very positive about our transformation objectives and our strategies to create our workforce of the future. I think the important thing is that we are fully aware of the challenges and are working together, from the executive committee level to entry level employees, to come up with the right solutions for our business and our customers. ■

Contributors

Aileen Tan
As Chief Human Resources Officer, AIA Singapore, Aileen drives the development and execution of AIA Singapore's HR strategy to support the company's business growth, focusing on talent and leadership development and succession planning, as well as organizational and performance management.

Paul Brenchley
T: +65 6411 8402
E: paulbrenchley@kpmg.com.sg
Paul leads our insurance advisory services based in Singapore. He is a Partner and has over 17 years' experience in the insurance industry. Paul is currently working with a number of senior C-Suite executives at insurance companies in the ASEAN region on their business challenges.

Building an innovation culture

Creating agility at all levels of the organization

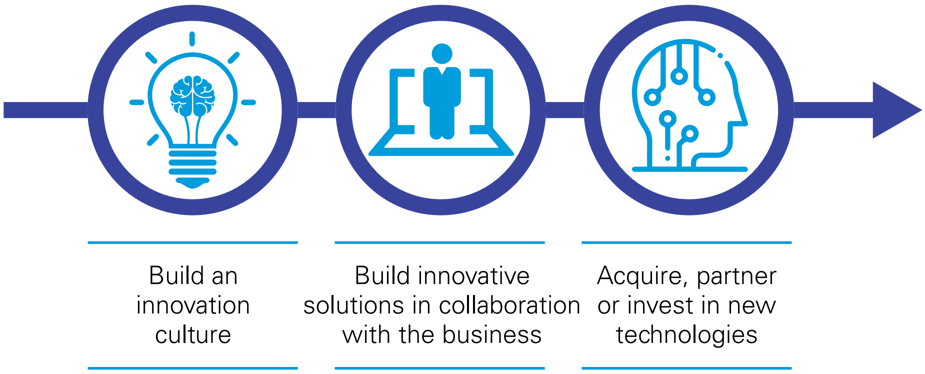
Susie Quirk, KPMG Australia
Jan Reinmueller, KPMG in Singapore

Change is imperative. Yet many financial organizations' large-scale transformation initiatives meet with setbacks, delays and even failure. Those that succeed are soon confronted with a painful truth: they are not leapfrogging. At best, transformation can put these organizations on par with their newer, more nimble competitors.

As the pace of change continues to accelerate, organizations across the financial services industry are seeking the way forward. Financial institutions must create the agility and digital capacity to compete with the start-ups and hyperscales encroaching on the financial sector to achieve long-term success — but how?

Creating the foundation for innovation

There are three steps to achieving success in the innovation space:



All three of these steps are necessary, but they must be worked through in order to achieve success. Culture, therefore, is the foundation upon which all successful innovation must be built — and it is in the development of innovation culture where many financial institutions go awry.

Creating an innovation culture is not a project or a task. Innovation culture is a by-product of broader business decisions. For this reason, leadership has the most critical role in sparking cultural change and encouraging that change to flourish over the long term. Looking at trends, we estimate 70 percent of the impact to culture comes from leadership decisions, guidance and modeled behaviors, while the remaining 30 percent is driven by elements such as training and engagement programs.

Leaders looking to inspire cultural change need to consider the foundational elements of innovation culture as relevant to the organization and its position. This includes monitoring what is happening across the industry and in other sectors, as well as recognizing signals of change both within the organization and in the broader market. What is the business now — and what must the business be in the future in order to remain relevant? Only when an organization can answer this question will it become clear how the organization must think and behave in order to achieve its goals, and thus the cultural changes required in order to move forward.

Capacity to think, freedom to fail

When people think of cultural change, most think of large-scale behavioral patterns. However, it is not organizations that change, it is individuals. Any cultural change visible on a team, departmental or organizational level is made up of many smaller, individual changes: employees inspired to think, act and engage differently. While at a high level we have to think about the broader patterns of transformation, creating cultural change is about finding ways to connect with individual employees' hearts and minds.

“While at a high level we have to think about the broader patterns of transformation, creating cultural change is about finding ways to **connect with individual employees' hearts and minds.**”

> Organizations are also finding that an innovative workspace that includes access to the right technologies **improves candidate attraction and hiring**, which can be imperative as financial institutions increasingly look to compete with the likes of Google and Amazon for top talent.

To achieve this goal, leaders need to do three things:

Communicate goals and expectations

At a base level, change is threatening — and employees are especially threatened by digital or technological changes that may make their roles redundant. To address these fears, leadership must explain the broader purpose for the changes and clearly communicate expectations for employees moving forward. Make it clear that change is an opportunity, not just a disruption. Innovation gives opportunities to grow, reduces pain points and enables employees to focus on the important things in their roles.

Build capacity

Today, it is hard to find employees at any level who are not stressed nor feel that they are working near to capacity. This culture of 'busyness' is present in most industries, but is especially pervasive within the financial sector. Innovation thinking, however, requires mental space. Leadership needs to free up capacity for employees to be creative. This can take many forms, from free 'innovation time' built into the workweek to special cross-functional teams that come together to work on innovation projects.

Embrace failure

Successful innovation requires failure along the way — yet many employees are terrified of failure and its consequences. To build an innovation culture, it is imperative to take this fear away. One way to do that is to be clear that the push to try new and different ideas is coming directly from the CEO. Another method is to create KPIs around pushing for innovation, rewarding process and innovative thinking over specific results or achievements.

Creating space for innovation

Innovative spaces matter. Experience shows a strong correlation between the physical workplace and a culture of innovation. This does not mean interior decoration drives innovation; rather, in contrast to the traditional cubicle setup, spaces designed to encourage collaboration and creativity have a positive effect on employee mindset and motivation. Organizations are also finding that an innovative workspace that includes access to the right technologies improves candidate attraction and hiring, which can be imperative as financial institutions increasingly look to compete with the likes of Google and Amazon for top talent.

One approach that many financial institutions are taking is the creation of separate innovation labs where new thinking can flourish. Innovation labs offer many advantages, including a break from the culture and routines of the core business. However, in order to be effective these innovation labs cannot be entirely separate entities that work in isolation and then pipe ideas back into the business. Labs that take this approach are likely to fail, as their solutions often make little contribution to the organization's strategic direction, do not address real pain points or result in solutions that cannot be brought to scale.

Instead, the innovation lab and the business must work together in concert. Ideas and issues should come from and be owned by the business, while the innovation lab first creates the space to draw out those pain points and then drives the creation of new models or solutions in response. Thus, the role of the innovation lab is to facilitate innovation and help the business be successful.

Build credibility — but expect resistance

Change does not occur overnight. Throughout the process of cultural change, it is important to build credibility throughout the organization. Company leadership, from the CEO down, must be role models that visibly 'walk the talk' and follow through on what they have communicated.

While incremental innovation may be less impactful long-term, addressing the low-hanging fruit and implementing small changes that employees will notice in their day-to-day operations are critical steps for building credibility. Only once change is felt and employees have begun to think and behave differently with regard to innovation can you embrace the larger changes: business model innovation, new markets or customer segments, new consumer propositions, and more.

The path to cultural change is a bumpy one and organizations need to expect resistance along the way. Change — as well as its personal and career implications — is frightening, and it is normal for employees to feel threatened. Yet this resistance can be overcome. As you demonstrate the organization's commitment to change, and show how innovation is beneficial for both the business and the employees themselves, mindsets will shift. With time, an innovative culture becomes self-sustaining: not only will employees want to be part of the change, but the business as a whole becomes a magnet for talent. ■

Contributors

Susie Quirk
T: +61 3 8663 8076
E: squirk1@kpmg.com.au
Susie is the Executive Director of People and Change at KPMG in Australia. She is an experienced HR professional who has led organizational transformations across the Financial Services industry. Prior to KPMG, Susie managed extensive change management initiatives at various large organizations.

Jan Reinmueller
T: +65 6507 1581
E: jreinmueller@kpmg.com.sg
Jan is founder and head of KPMG's Digital Village in Singapore. Jan brings international experience and knowledge of the US, Europe, India, and ASEAN markets. Jan helps organizations transform through innovation, building new business models or optimizing cost using emerging technologies.

The augmented workforce

Automation and the future of work

Bill Cline, KPMG in the US
Maureen Brady, KPMG in the US
David Montes, KPMG in the US
Chris Foster, KPMG Australia
Catia Davim, KPMG Australia

Workforce composition is changing rapidly. Beyond human factors such as demographics and the rise of the gig economy, digital automation is transforming organizations' workflows and processes — and the nature of work itself.

Automation technologies can be broadly grouped into three categories:

1. **Robotic Process Automation (RPA):** The simplest form of automation, RPA technology automates repetitive rule-based processes. This technology cannot learn, adapt or make decisions; an RPA bot simply applies a consistent set of rules to a process to deliver quick and efficient outcomes. Many manual administrative processes can be streamlined in this way.

2. **Machine learning:** At the next level is machine learning, where a computer is able to use large volumes of data to understand and predict the desired course of action, with performance improving over time. Chat-bots are a good example of machine learning being used today in the financial sector. These bots use technologies such as natural language processing (NLP) to communicate in real time with human customers, use data from past interactions to understand the nature of the customer's query, and provide the desired information or response.

3. **Cognitive augmentation:** Cognitive augmentation is the closest we currently have to true artificial intelligence. Cognitive computers, such as IBM's Watson, are able to handle unstructured data and provide answers to complex queries, enabling them to complete tasks that could once only be performed by humans.

Though these categories denote levels of complexity, it is better not to think of automation technologies as stages through which an organization must progress. Instead, each technology is best suited to particular types of work and may be used in concert to achieve larger goals.

Intelligent automation (IA) is a term increasingly applied to this concept of combining multiple automation technologies to solve complex business issues. For example, organizations are looking to use RPA with machine learning, NLP and digital character recognition to help address regulatory compliance challenges and process high-volume, low-complexity insurance claims.

Jobs changing, not necessarily replaced

Doomsday predictions about automation's impacts to the workforce have been in the headlines for the past few years, with total job loss a significant concern. For example, in 2014 Gartner research director Peter Sondergaard stated, "Gartner predicts one in three jobs will be converted to software, robots and smart machines by 2025." Yet while there are pockets of extensive automation within the industry, generous estimates cannot put the average rate of automation above 5 percent — significantly behind the rate required to achieve replacement of a full third of the workforce in 7 years.

While initial predictions were for automation to result in wholesale replacement of human workers, that is not what we are seeing play out in immediate timeframes. Instead, these technologies are being used to enhance or support the work of human employees. Automation capabilities can help remove the burden of repetitive administrative work or provide information to help individuals make better decisions, allowing employees to focus on

> “**Intelligent automation** (IA) is a term increasingly applied to this concept of combining multiple automation technologies to solve complex business issues.”

Today's organizational challenges

Source: Robotics Revolution, 2018, KPMG in Luxembourg

> “Many financial institutions prioritized areas such as standardizing and centralizing processes, **addressing the challenges of an aging workforce** and looking to broader questions of digital innovation.”

value-added tasks. For example, many of the basic contact center transactions can be completed by RPA, while a machine learning process can provide a human employee with suggested responses to customer complaints in real time. This enables the employee to focus on solving more complex customer issues, while reducing the risk of error.

There is no question that the number of employees required to perform certain functions will decline as a result of digital automation. However, automation will also create and increase demand in other job areas. One obvious area of growth is in deploying and training these systems to work in unique business contexts. Individuals will also be required to manage teams of AI, perform quality assurance, and address errors or complex issues as they arise.

Automation is not the only way

The technology exists to achieve the type of workforce transformation predicted in years past — yet other barriers stand between organizations and the vision of a wholly automated office environment. Human behavior, as well as the speed at which organizations can invest and adapt to significant changes in both technology and process, form roadblocks. Many financial institutions are also still making the shift from a strategic plan with a 1- to 3-year timeframe to a broader strategic plan with the longer time horizon needed to engage in meaningful technological innovation and transformation.

While automation has been viewed as a way to increase efficiency and reduce costs, especially in the back office, it is not the only route to achieve these goals. Many financial institutions have instead been prioritizing areas such as standardizing and centralizing processes, addressing the challenges of an aging workforce and looking to broader questions of digital innovation.

Creating an automated future

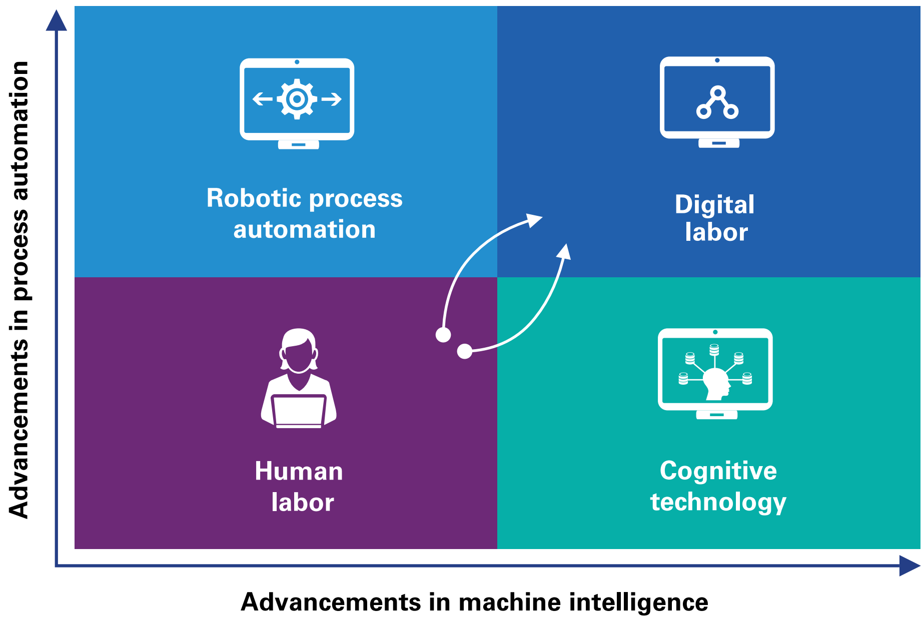
Digital automation in its many forms will increasingly contribute to workplace productivity. The current question is not whether automation will affect the workforce, but how, to what degree, and at what point will we reach the equilibrium between human and robotic workers.

Financial institutions pursuing the use of intelligent automation are encouraged to consider four key areas during the transition:

1. **Lead with the vision.** Too often organizations are starting with the technology and looking to apply that technology to the business. But intelligent automation is not about replacing people with technology, or finding quick wins through a technology solution. Instead, organizations need to take the end-to-end view, creating a vision for a wholly new customer experience or other process, and then leveraging new automation technologies to achieve that vision.

2. **Consider the human component.** When developing an IA strategy, businesses need to consider not only how automation will shape workforce composition and

Changing the way business is done



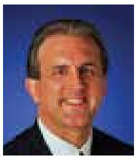
Source: Robotics Revolution, 2018, KPMG in Luxembourg capabilities in years to come, but also what change is required to meet the long-term organizational objectives. As a starting point, transform hypotheses about future needs into workforce scenarios that can guide decision-making. Key areas to consider include the balance between automation technologies and people, the organizational structure to support that balance, workforce hiring and training needs, and compliance considerations.

3 **Transparency is critical.** Change management must be a priority as your people need to understand both the reason for transformation and the path forward. Employees will understandably think of an automation strategy as a ticking time bomb for their job prospects, resulting in inaccurate assumptions and resistance. Do not feed into their fear. Instead, be transparent about the purpose for the changes, their potential effects and how your employees will contribute to the transformation. This is especially important as you move into more complex automation strategies, as machines need to learn by watching humans complete tasks and make decisions.

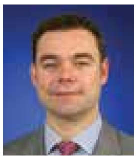
4 **Invest in your people.** The way that organizations manage the transition to a hybrid automated workforce will be critical to success. In the short term, organizations need to provide the skills and training necessary for employees to effectively tap into and work with these new technologies as part of their daily jobs. Over the longer term, the question then becomes how to upskill employees into new or evolving roles, or provide support to move on from the organization.

As the industry transitions toward greater automation, it is important to remember that this is not an all or nothing proposition: there is no need to choose between an all-machine or all-human workforce. Instead, organizations need to seek ways to integrate automated operations with legacy people processes so as to achieve the greatest value and productivity from both types of resources.

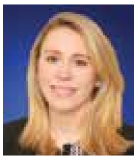
Contributors



Bill Cline
T: +1 704 335 5552
E: wcline@kpmg.com
Bill is the Advisory leader for Intelligent Automation. Bill was previously KPMG's financial services innovation and capital markets industry leader, widely recognized for his work designing and building digital trading systems and exchanges.

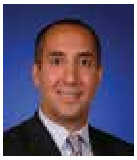


Chris Foster
T: +612 9455 9016
E: cfoster@kpmg.com.au
Chris is the Head of KPMG's Operational Excellence practice in Australia and part of the Global Intelligent Automation team. Chris has over 20 years' experience across all industries and has a strong background in the financial services industry.



Maureen Brady
T: +1 212 954 7288
E: mebrady@kpmg.com
Maureen works in KPMG's Global People & Change Centre of Excellence. Maureen focuses on workforce transformation, helping clients to address the implications of incorporating disruptive technologies into their workforce, to better understand how their workforce may change in the future.

Catia Davim
T: +612 9346 5650
E: cdavim@kpmg.com.au
Catia is a Management Consulting Partner at KPMG in Australia. She has over 20 years' experience working with public and private organizations globally, where she drives large-scale transformation programs and assists her clients to deliver value to organizations and society.



David Montes
T: +1 404 979 2115
E: dlmontes@kpmg.com
David is a Partner and Head of Insurance Strategy at KPMG in the US. David has 20 years of experience providing strategic insight and implementation support to large financial services companies with a focus on business, operations and technological transformation.

Creating a workforce for the digital era

Katie Casey, Charles Schwab
Keith Mattioli, KPMG in the US

Charles Schwab Corporation, based in San Francisco, is one of the largest banking and brokerage firms in the US, with more than 18,000 full-time employees and 345 branches. The fast-growing company attributes much of its success over more than 4 decades to sustaining a strong workplace culture that differentiates it from the competition. Keith Mattioli, a Principal in KPMG's US Management Consulting group, who has been working with Schwab's HR team for the past 5 years supporting their transformation efforts, sat down with Katie Casey, Executive Vice President, Human Resources, to discuss the company's current ambitious initiative to create the workforce of the future and remain a recognized 'employer of choice'.

> "Automation, advanced robotics and artificial intelligence will foster major changes that enhance **employee productivity** and **business efficiency**."

Keith Mattioli (KM): What does the workforce of the future look like and how will it differ from the traditional workforce?

Katie Casey (KC): For starters, tomorrow's workforce will be more diverse than ever. Not only will we have five generations working together by 2025, 75 percent of those employees will be millennials, who are more ethnically diverse than any group we've ever seen in the workforce. Beyond that, more tasks people do today will be automated. Workforce data and analytics will accelerate our ability to make rapid, informed, evidence-based business decisions on service, productivity and efficiency. It's exciting to consider what the future holds overall for workforces and organizations in this digital era.

KM: Does Charles Schwab see itself as a forward-thinking organization by fully embracing the challenge of digital change and workforce transformation?

KC: Yes, we've moved very quickly to look at digital capabilities and what the future workforce looks like. We want to respond to what our clients ask for and expect from us, so we're very engaged in enacting change. For example, we created a group we're calling Digital Services. This business unit is focused on finding modern ways to operate the business — evolving it beyond our traditional approach to a model that's digital, agile and design-thinking based.

KM: What are the competitive advantages for businesses embracing transformation and redefining the employee experience?

KC: This is a critical concept for any service business today. Our brand, and the trust that our clients place in us, are directly related to the positive interactions and enabling relationships that we create and foster among our employees. How employees feel about the company they work for — the employee experience — will always come through to a client. Clients want to know that our employees are treated fairly, that they are engaged in what they do, that they enjoy their work — and that comes through. The total experience that our employees have really matters.

KM: How do young employees' expectations compare with the realities they're seeing in today's traditional workplace environments?

KC: One of the really big shifts we've seen with more young employees entering our call centers, branches and other areas of the business is their expectation and desire for continuous, in-the-moment feedback and coaching. It's not enough to get a traditional performance review and rating once a year. They're much more attuned to knowing how they are doing now and where they stand in the group setting. They want feedback much more frequently and that process needs to be fluid and going in both directions — meaning they're not shy about giving us feedback about how we're delivering the feedback! The ongoing exchange really does help people do their best work.

KM: So hearing feedback from employees is a valuable part of your efforts to develop the workplace of the future?

KC: Absolutely, yes. We've been spending time encouraging our managers to have regular coaching sessions and conversations with staff. This is probably a shift that almost all employers are going through right now. And it's going to be interesting to see what the benefits are once this kicks in as more of a business-as-usual response to employees. I can tell you we are listening closely to what employees tell us.

KM: With 345 branches and more than 18,000 employees, your HR strategy to evolve the operating model and redefine the workforce is ambitious. What's your outlook in terms of progress versus objectives — how are people responding to change?

KC: We were able to implement our new structure in March so we are moving pretty fast. But we're also implementing and integrating new technologies and that takes time. Our goal is to create a fully digital, self-service HR platform. The good news is that we're constantly refining things as we progress and working very closely with our business partners to ensure we're meeting their needs. It's a thoughtful, purposeful and iterative process. And our people are excited — today's talent really embraces companies that demonstrate strong, clear, vibrant belief systems. Our message to employees is: "Own your tomorrow." Create your own destiny.

KM: Can you discuss the role your C-Suite leaders have played as partners in the journey to create a workforce of the future? And any advice for other businesses?

KC: We have really strong partnership and support, which is why I'm so excited about it. Change is challenging for any organization; however, if everyone clearly understands the 'why' regarding change, you should be able to flex your HR resources and model to support it. That requires true partnership — the opportunity to sit with leaders as they make strategic adjustments and to think about what the employee impact will be. We have an amazing leadership team here at Schwab.

KM: How important will data and analytics be in enabling HR to deliver new value to the organization via evidence-based insights and strategic decision-making?

KC: Data and analytics capabilities are extraordinarily important for strategic workforce planning. When we sit down to talk about where a new team or workforce should be located, and how to develop an appropriate recruiting strategy, we start with data. For example, we're building a very large campus in Westlake, Texas, and exploring which business functions should be based there. We've used data to inform us on what types of roles are most easily filled in and around Westlake. With competition for good talent increasingly fierce, data and analytics will play a huge role.

KM: Digital self-service is obviously a big part of workforce transformation. What will employee self-service mean for your employees, managers and the business?

KC: We have a geographically distributed workforce, so we see digitally based employee self-service as a way to create a consistent and efficient experience across the company. For example, the way an employee learns about or selects their benefits, or how an employee posts for a job opening or transfer, or accesses information. There's a very practical side to digital self-service. We need to leverage scale and new capabilities to streamline processes and advance information sharing. We want the HR team focused on helping business leaders run a highly efficient and productive organization and that requires an information-exchange process that employees can access easily and reliably through a self-service platform.

KM: What are future areas of focus for your business and the significance to the organization, whether data and analytics, recruiting, staff retention, staff satisfaction?

KC: In terms of focus, we are actively pursuing the kind of workforce transformation that will fuel growth. Investable wealth in the US exceeds US$30 trillion today — that's just mind boggling. Schwab is now serving US$3.5 trillion in client assets and we've still got room to grow. The opportunities are enormous and we're better positioned than ever to capture a growing share of the market. To succeed, we'll need HR to go out and find the right talent for our culture and get them on-boarded and assimilated in a way that optimizes productivity and drives growth. ■

Contributors

Katie Casey
Catherine 'Katie' Casey is executive vice president of Human Resources at Charles Schwab and she is responsible for all HR functions. She leads Schwab's investments in building a capable, engaged and high-performing workforce focused on helping Schwab clients attain their financial goals.

Keith Mattioli
T: +1 408 367 7609
E: kmattioli@kpmg.com
Keith Mattioli is a Principal in KPMG's Silicon Valley Management Consulting office with over 20 years of experience advising clients on technology enabled business transformation. Keith works with financial services, healthcare and high tech clients focused on transforming their back-office Finance, HR and Payroll operating models leveraging cloud solutions.

One to Watch

CLEVVA

By David Milligan, KPMG-Matchi

In our new column, ‘One to Watch’, we spotlight a fresh idea, solution or technology that — we believe — has the potential to transform the financial services industry. For this ‘workforce of the future’ edition, we selected CLEVVA (pronounced ‘clever’), both for its innovative approach and its transformative workforce impact. KPMG’s David Milligan sat down with Ryan Falkenberg, CEO from Clevva, to learn more.

David Milligan (DM): What exactly does CLEVVA do?

Ryan Falkenberg (RF): CLEVVA is a platform that allows business teams across the organization to build, maintain and deploy Virtual Advisor (VA) apps. Think of them as digital experts that guide your staff and customers through any prescribed decision and action — from sales and service through to compliance and HR. This real-time expertise is accessible wherever decisions need to be made, within an operating system screen, via a mobile web app or even delivered via a third-party chat-bot front end.

DM: What is the value proposition for financial services organizations?

RF: Given the increasing pace of business and the ongoing need for robust compliance, financial services organizations are looking for a way to improve customer experiences, reduce the risk of employee error and improve compliance and reporting.

> “**Our platform basically captures the prescriptive logic** that experts apply to all known sales, service and operational decisions and allows it to be replicated in a very compliant and predictable way.”

Our platform basically captures the prescriptive logic that experts apply to all known sales, service and operational decisions and allows it to be replicated in a very compliant and predictable way. And that means that banks and insurers can take the risk out of the customer conversation so that employees can instead focus on delivering a truly valuable experience.

DM: How has that impacted the workforce?

RF: It has actually been incredibly empowering. The reality is that front-line staff want to be helping customers and want to be delivering a better experience. But many of them are so afraid of the risks or so confused by the formulas that they fall short of actually helping customers.

With our solution, no matter what question a customer asks, the employee will be able to quickly consider the right factors, ask the right questions and then offer the right products or solutions. They don't need to confer with trained specialists because the logic used by those specialists is already embedded in the system. It also means staff can be performing in a fully compliant way with a fraction of traditional training.

DM: What feedback have you received from banks and insurers?

RF: We have helped banks and insurers achieve some amazing results. We helped one bank achieve a 52 percent increase in sales closures within the branch with a 20 percent increase in cross sales. We have helped insurers build virtual advisors that have allowed them to target services to small-to-medium enterprises. And we've helped a number of financial services organizations improve their first call resolution rates in their call centers. We are also now helping turn current Virtual Assistants into Virtual Advisors, powered by our logic.

But I think the greatest feedback we get is from the employees themselves. We've seen performance rates go through the roof, largely because employees are being allowed to really focus on their customers. And that has made a measurable difference in both customer and employee engagement.

DM: How does your solution integrate into the omni-channel approach?

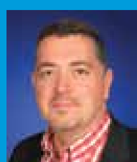
RF: We are the platform that enables these omni-channel technologies to deliver a consistent, compliant and needs-based experience to customers. Our VA logic can be used to navigate staff through all known customer engagements in line with the latest regulatory, procedural and product rules — before handing over to the existing operating systems for execution.

The natural starting point for our platform is often within the contact center — helping turn agents into Super Agents who can answer any call they receive. From there we very seamlessly integrate into the digital architecture and operating systems of the organization to help them deliver a true omni-channel experience that is consistent, compliant and customer focused.

Perhaps the best part about the solution is that it is quick to deploy — it often takes less than 8 weeks to build a powerful digital advisor — and is easily scalable. And that means rapid and reliable results across the organization. In today's fast-paced financial services environment, that is critical. ■

Contributors

Ryan Falkenberg
Ryan Falkenberg is the co-founder and CEO of CLEVVA, a platform that allows non-coding teams to build a digital 'brain' that both staff and chatbots use to deliver the same consistent, compliant customer experience.



David Milligan
T: +27 6099 77174
E: david.milligan@matchi.biz
David Milligan is the CEO of KPMG-Matchi, a leading global fintech innovation and matchmaking platform that connects financial institutions, including banks and insurance companies, with leading-edge fintech solutions and companies worldwide.

Driving diversity in alternative investments

The path to organizational success

Kelly Rau, KPMG in the US
Jacinta Munro, KPMG Australia
Camille Asaro, KPMG in the US

The conversation around diversity in alternative investments is changing. When we look back at KPMG's annual Women in Alternative Investments Report in 2014, it was an uphill battle to convince firms to discuss the role that diversity plays in organizational success. Responses, and the associated pushback, became all too familiar: firms were meritocracies, we were told, and pursuing diversity or targets for gender balance should not be considered as it took the focus off what was important, and that was investment performance.

Over time, it has been demonstrated that, contrary to popular belief, the push for greater diversity is not a distraction from business imperatives, but rather directly contributes to higher investment performance and overall profitability. In one recent study conducted across eight countries, researchers found that not only was there a "statistically significant relationship between diversity and innovation outcomes in all countries examined," but that the more diverse firms "had both 19 percentage points' higher innovation revenues and 9 percentage points higher EBIT margins, on average." Other studies, as well as anecdotal evidence, confirm and reinforce these findings.

Pursuit of workforce diversity is now a business imperative. Across the industry, it has become more widely recognized that diversity of thought and opinion is critical to making better business decisions. This diversity can only be achieved by attracting, hiring and retaining a broader range of people across gender, race, sexuality, physical ability and other areas. As a result, the conversation is now shifting from why diversity is important to how organizations can attract and retain a more diverse workforce.

Addressing challenges and barriers

While the value of workforce diversity has become more widely accepted, progress toward achieving a more equitable gender balance in asset management has nonetheless been slow. KPMG professionals do see greater female participation in the alternative investments space; however, many of these women work in support and other non-investment roles. It is especially positive to see an increase in the number of women in senior leadership roles, though these women are more likely to work as the Chief Marketing Officer or Chief Financial Officer rather than a Portfolio Manager or Chief Investment Officer.

Speaking to women, there are a number of factors that affect organizations' ability to attract and retain female employees. Some challenges exist in the entry stage of women's careers, especially the cultural and societal expectations that play a large role in directing women's choices in education and early job opportunities.

For some women, alternative investments was not an area that they heard about as a viable career option, pointing to the need to continue programs to raise university-level awareness of potential roles in asset management. For others, there is a perception — regardless of its accuracy — that asset management is a 'boys' club' where women are not welcome or will face an especially challenging road to success. In the longer term, many women expressed concerns regarding the difficulty of managing a work/life balance with an asset management firm. These latter issues point to the need for a shift in workplace culture in some instances, and measures to better dispel the myths in others.

Creating inclusivity from the top down

Though the recent shift in the conversation around diversity is a strong positive sign for change, we have to recognize that there is no quick fix for an imbalance stemming from decades of structural inequity. Greater inclusion, and the creation of an industry that actively attracts and more importantly retains a wide variety of people and backgrounds, will require time.

For individual organizations, change has to come from the top. Leaders not only set the tone but can also create the specific programs, goals and measurements that are required to create meaningful change. Successful approaches seen to date include setting measurable targets for diversity hiring and retention, as well as tying diversity to compensation and rewards, creating both a carrot and a stick for forward progress. Having women on the Board of Directors is another significant step that can have cascading effects not only in the composition of the executive team but also throughout the organization as a whole.

"For individual organizations, change has to come from the top. Leaders not only set the tone but can also create the **specific programs, goals and measurements** that are required to create meaningful change."

> Investors in pension funds, sovereigns and large endowments are starting to ask about **organizational diversity as part of their investment making decisions.**

When it comes to hiring and promotion, leaders need to push to see a diverse slate of candidates, especially for leadership roles. For example, if an organization is launching a new vehicle or fund, it should ensure that female and other diverse candidates are considered. Ensuring that diverse candidates are considered for internal promotions also helps ensure that an inclusive mix of individuals within the organization are given opportunities to excel.

Understandably, organizations that have made the greatest progress to date tend to be those that publicly champion or otherwise make a commitment to gender diversity. Not only are those that are participating in the discussion more likely to make advances, but those that have put a stake in the sand have a standard against which their progress can be publicly measured.

Individual actions for change

Even 5 years ago, women's voices were the ones pushing for greater gender diversity and inclusion. Now there are more men talking about the importance of a more balanced gender split, the necessity for an inclusive office culture and the uncomfortable truth that female co-workers may not have access to the same workplace opportunities. One important action that men are taking is helping support female talent in their organizations through sponsorships. Beyond mentorship, a sponsor can actively speak out on behalf of an individual in conversations surrounding promotion and advancement.

From the investment side, more investors are actively looking to invest in diverse organizations. Both male and female investors in pension funds, sovereigns and large endowments are starting to ask hard questions about organizational diversity as part of their investment making decisions. In some situations, no longer is it enough for funds to show diversity in their investments; they must also demonstrate diversity in their organizations. If this trend continues, firms' increasing awareness that investment opportunities are being lost due to lack of organizational diversity will provide an external motivator and competitive pressure for change.

Searching for solutions

As the business case for greater diversity and inclusion in the asset management space has already been made, the conversation can move on to more complex topics. In our upcoming Women in Alternative Investments Report, we turn the attention from why an organization should pursue greater diversity to the thorny question of how firms can best create an inclusive work environment that attracts and retains diverse talent.

The alternative investments sector is a fast-paced, challenging and fiercely competitive part of the financial industry — but in the pursuit of greater organizational diversity we are all working together. Through collaboration, mentorships and the sharing of ideas, together we can create a more profitable future where all can benefit.

For further reading on how you can encourage more diversity at the senior levels of your organization, please see Diversity in Financial Services on page 54 by Bia Bedri, KPMG in the UK. ■

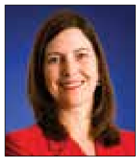
Diversity of thought and being courageous

On 8 March, KPMG celebrated International Women's Day. As part of this, KPMG's Global Financial Services practice launched a video series — The Future is Inclusive.

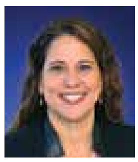
We are pleased to have Kelly Rau and Jacinta Munro share their stories.

Contributors

Kelly Rau
T: +1 212 872 3455
E: krau@kpmg.com
Kelly is an Audit Partner with KPMG in the US specializing in the alternative investment industry including hedge funds, venture capital funds and private equity funds. She advises on organizational structure and documentation and supervises audits and various operations and audit matters.



Jacinta Munro
T: +61 3 9288 5877
E: jacintamunro@kpmg.com.au
Jacinta leads KPMG's Compliance & Conduct practice in Australia. Jacinta brings local and global insights about emerging risks and trends in the financial services industry. Jacinta's diverse range of assignments provides practical, value-added advice to clients, enabling them to gain a competitive advantage.



Camille Asaro
T: +1 212 954 4610
E: casaro@kpmg.com
Camille is an Audit Partner with KPMG in the US' Financial Services practice with a specialization in alternative investments. Camille is a skilled professional with more than 28 years of experience in auditing, accounting and strategic planning in the asset management industry.

Aviva raises the bar

Flexible working for a more flexible workforce

Will McDonald, Aviva PLC
Sam White, Aviva PLC
Fiona Tullett, KPMG in the UK

Every day, financial institutions lose some of their best talent — not because they dislike their job or aren't motivated — but because they have other interests and commitments outside of the workplace. For some, it may be spending more time with a young child or an aging parent. For others, it may be to explore a passion, to volunteer or to go back to school.

> “What businesses need today is a more fluid workforce to ensure that your **best people are moving towards the most important work.**”

Our way or the highway — old school thinking

The problem is that few financial institutions have a flexible work policy (particularly for management and head office employees); fewer still publicize it or encourage employees to take advantage of it. And that means that, more often than not, employees feel they have little choice; either compromise on their dreams or leave the organization.

As Sam White, Director of Public Policy & Sustainability at Aviva PLC notes, “An awful lot of good people are leaving companies because their employers aren’t ready to flex to keep them. And that means a lot of great talent is being lost and a lot of valuable skills are being underutilized.”

To retain top talent, Aviva understands that flexibility is key. Sam currently job-shares his role with Will McDonald, which we believe is one of the most senior two-dad job shares in the UK. Earlier this year, the pair were awarded Timewise’s Power Job Sharer Award for their successful model and for their advocacy for flexible working arrangements. (Timewise Power 50 awards, a UK-based awards program, celebrates the achievements of pairs of senior individuals who work together in a job share or job split.)

It IS possible

What makes the story even more interesting is that Sam and Will are responsible for some of Aviva’s most important projects, initiatives and files. They lead Aviva’s policy work on Brexit; they drove the company’s successful efforts to become a Living Wage employer in the UK; and they launched Aviva’s Community Fund globally.

“Our role reports directly to the global Executive Committee and Chairman so we manage some very important, fast-moving and fluid projects,” notes Will. “There was certainly some skepticism within the ExCo when we first introduced the idea to them.”

Getting the model right — from the very start — would be critical. In the beginning, Sam and Will say they had to spend a significant amount of time talking to other job-sharers in the industry, thinking about their operating models and creating an understanding on how decisions would be made. Once they had a strong framework in place, they launched their job share as a 6-month trial.

“We wanted to position it as a trial to give us an opportunity to not only test the framework but also gain the trust and support of our executive team,” adds Will. “By the end of the 6 months, we had vastly improved our framework and operating model. And we had the full support of our Group Exec members and CEO.”

The better way?

Sharing a role is very different from having two part-timers share a desk. In a shared role, you are both responsible for achieving the same goals, managing the same people and ensuring continuity in strategy and decision-making. You need to be coordinated, unified and committed. You also need great lines of communication.

Both Sam and Will work 3-day weeks, overlapping on Wednesdays to ensure a seamless transition. “Even on Wednesdays, we’re rarely ever in the same room or on the same calls. We don’t even live in the same parts of the country,” notes Sam.

To ensure no project gets ‘dropped’, they have a consistent process for capturing their activities and sharing decisions (and decision processes) through handover notes. And that weekly report back to a colleague helps motivate them to do more.

“You want to leave a handover note that shows all kinds of progress so that your partner can start their workweek off well and can immediately pick up the baton and move the projects ahead,” adds Sam. “If you have the right dynamic, you really want to impress your partner and that sort of dynamic doesn’t happen when it’s just one person working at the same role.”

Why job-sharing and flex working matter

In today’s rapidly changing business environment, flexibility matters. Employees are looking for jobs that are both challenging and flexible. They want a fulfilling career, but they also want to experience life. At the same time, employers are looking for employees who are able to flex, develop and evolve as their organizations transform and grow.

“What businesses need today is a more fluid workforce — you want to make sure that your best people are moving towards the most important work and that resources are being fully utilized,” notes Will. “A key to that is encouraging more flexible working and flex arrangements.”

Sam and Will also believe that — as a team — they are performing at a higher level than they would as a single employee. They are able to bounce ideas off of each other (“Two heads are better than one,” reminds Will). They are more productive (“We both come to work with a renewed vigor and get an awful lot done in just 3 days,” notes Sam). And they are more flexible (“Together, we bring a wide range of experiences and skills to the role,” adds Will).

More recently, Sam and Will have been talking about how job-sharing might help organizations transition roles to newer generations and encourage knowledge sharing between employees. "You've got employees who want to slowly transition out of the workplace, employees who want to transition into the workplace and organizations that want to maintain continuity in the roles. Job-sharing could be a brilliant way to bridge the inter-generational talent gap and drive succession planning," notes Sam.

Being able to job-share and spend more time with their families has also been incredibly rewarding for Sam and Will, both fathers of young families. "Sure, I've made a lot of pack lunches and picked a lot of baked beans up off the floor, but my relationship with my children has been utterly transformed. It's an opportunity I'll never have again," adds Will.

But they are also clear that their role is much more than just a 'pay-the-bills' mission. "Job-sharing isn't a place for us to park our careers while we have fun raising our children," adds Sam. "We're both incredibly ambitious and very focused on what we want to deliver this year both as a team and as a company."

Embrace it

At KPMG, we believe that flexible working is key to talent retention and development. And, as workforces in the financial services sector — and across most services-based industries — evolve and transform, we expect flexible work arrangements to play an increasingly important role in the transition of skills, capabilities and roles across the organization.

Our view is that financial services CEOs need to start thinking about flexible work arrangements more as an innovative strategy to build the workforce of the future, rather than simply as a 'benefit' or consolation you offer employees. They also need to start experimenting and testing new models.

"Don't be afraid to experiment with flexible working," advises Sam. "You might find that you are able to hold on to some brilliant people, improve your productivity and drive workforce flexibility, all at the same time. I think our experience just shows it can work at almost any level of the organization." ■

Aviva builds families

Flexible work arrangements (like the one showcased in the accompanying article) is just one of the ways that Aviva plc is trying to create a more diverse and inclusive workplace. Indeed, the company also offers one of the most generous parental leave programs in the industry.

"We are very serious about leveling the playing field and reducing the pay gap within Aviva. And part of that is by allowing new parents — regardless of gender, marital status or sexual orientation — to take the time required to look after all of those responsibilities that come with early child care," noted Danny Davies, Chief People Officer at Aviva Canada.

In Canada, Aviva offers its employees at least 1 year of parental leave for each parent employed by the company. There is no requirement to share the parental leave between parents, even if both parents are employed by Aviva (they can even take it at the same time). And it applies to all employees, both full- and part-time, across all levels of the company.

Similar policies (set in accordance with local laws and labor requirements) are in place at Aviva's offices in the UK, Ireland, France and Singapore. More Aviva businesses will be adopting similar policies within the next year. "We want people to see Aviva as a progressive, inclusive and welcoming place to work," added Danny Davies. "Treating parents equally is just one way that we are helping make that a reality at Aviva Canada."

Contributors

Will McDonald
Will McDonald is Group Public Policy and Sustainability Director. Previously Will worked in the Treasury, the Dept for Work and Pensions and DCLG as a Special Adviser to Rt Hon Yvette Cooper MP between 2007 and 2010. Will also managed the public affairs team at the Commission for Racial Equality and worked for 5 years in Parliament as a researcher. He has degrees from Leeds University and Harvard's Kennedy School of Government. Will is also Chair of the Fatherhood Institute, a charity that campaigns for a great dad for every child.

Sam White
Sam White is Group Sustainability and Public Policy Director and a member of the Customer Executive at Aviva. From 2004-2010, Sam worked at the heart of UK Government as Special Adviser to the Chancellor of the Exchequer Rt Hon Alistair Darling MP at the UK Treasury; and prior to that as adviser in the Department of Trade & Industry and Department of Transport. Sam began his career in various policy roles in Brussels and London and holds degrees from Oxford University and Bruges.

Fiona Tullett
T: +44 20 76941330
E: fiona.tullett@kpmg.co.uk
Fiona leads KPMG's People and Change practice for Insurance in the UK. She is an experienced transformation leader with over 18 years of experience in working with clients to deliver sustainable change. She is passionate about the workforce of the future and has a particular interest in disruptive HR and employee experience.

Power profile

Diversity in financial services

Bia Bedri, KPMG International

Bia Bedri tells her story and shares how the financial services industry can foster diversity.

As a partner in KPMG's Financial Services practice, I suspect I sometimes stand out — I'm female, I'm ethnically diverse, and my background story and upbringing are outside the norm. In an industry that is historically male dominated (despite some tremendous efforts to diversify), I haven't always fit into the traditional 'mold'.

At times, my diversity may have limited my opportunities. But I was raised to view my diversity as an advantage rather than a hindrance. And that has always served me well. The truth is that I have always enjoyed jumping into the unknown — to explore, to adapt, to learn and to enjoy the experience. And it is this attraction to managing the unknown that helped me to become a partner in this firm. I applied my diversity and my willingness to deal with uncertainty to ascend the ranks to partnership.

Simply put, I believe that my background and my experiences allow me to think differently, to be open to new and different ideas, and to be comfortable in unknown environments. And that has made a massive difference in the way I've worked with clients, approached challenges and developed teams.

I deserve no credit simply for being diverse; the real credit goes to those managers, leaders and mentors that recognized the strengths I brought to the table and encouraged me to grow as a professional and as an individual.

They gave me the space and confidence to recognize that diversity was a thing to be valued and developed — both in myself and in my teams. They gave me the confidence to try new things and to learn from my successes and failures. They demonstrated that celebrating diversity delivered greater results than enforcing conformity.

As a female financial services professional, I am sometimes asked to participate in forums and events that aim to help the industry become more diverse and inclusive. And I'm often asked what companies could be doing to encourage more diversity at the senior levels of the organization. Here's what I think:

— **Create the right environment for future diversity**. Rather than simply convening a committee and setting diversity targets, this is about creating a workplace where leadership vocally and visibly supports the spirit of diversity (and diversity includes diversity of thought, which may be harder to spot than diversity in gender, ethnicity or generation). People need to work in a culture that encourages them to bring their diverse skills and experiences to the table.

— **Help employees understand their skills and see the opportunities**. In many cases, individuals simply may not be aware of their unique skills or they may be unable to see the opportunities available to them and, as a result, they stagnate and fail to advance. Managers and leaders need to support growth, help raise awareness of opportunities and, as needed, invest in their further development.

— **Encourage individuality**. Help employees build confidence in their capabilities and the value of their unique perspectives rather than asking them to conform to a mold. When building teams, look for people with diverse viewpoints and encourage them to speak up. People need to believe that their perspectives are valued and respected.

I am a firm believer in the value that diversity brings to organizations, society and individuals. I believe that — if we continue to focus on encouraging the spirit of diversity and creating the right environments for individuals to thrive — we can build much more dynamic, valuable and inclusive organizations. ■

Contributor

Bia Bedri
T: +44 20 73115278
E: bedria.bedri@kpmg.co.uk
Bia leads KPMG's Financial Services Cyber practice in the UK and is Global Cyber Lead for Banking & Global Markets. For over 20 years, Bia has led large-scale transformation programs to enable clients to manage emerging cyber threats, risk and regulatory expectations while delivering business objectives, innovation and growth.

The confidence to lead

Laura Hay, KPMG International and KPMG in the US
Ferdia Byrne, KPMG International

Financial services organizations have made strong progress towards removing the traditional barriers to employee diversity. Now it's time for diverse employees to step up and take advantage of the opportunity. Do you have the confidence to lead? And do you have the right support to be confident?

While progress in some organizations has been slower than many would like, the fact is that many financial services organizations of all types and sizes are now starting to see the results of serious efforts to improve their employee diversity.

For some, it's a matter of pride and brand; how can they claim to serve customer demographics that aren't properly represented in their employees' population? For others, it's simply good business sense; in today's innovative market, those with the broadest access to new ideas and skills generally win.

Yet there are two sides to the diversity equation: employers and employees. Financial services firms may be removing barriers to diversity. But anecdotal evidence suggests that not enough diverse employees are putting themselves forward for the roles.

Why is that? In part, it is institutional. Maybe the company hasn't done a good enough job communicating the opportunities for advancement to under-represented groups. Maybe promotion and succession planning is still too 'fixed' towards the 'traditional' model employee. Or maybe the words and actions of middle management aren't yet fully aligned with the tone at the top. These, and many other archaic 'hangovers' from outdated culture and hiring processes, must change to the extent they have not.

But my experience suggests that a large part of why these roles are not being filled by more diverse employee populations has less to do with employer opportunity/efforts and more to do with individual confidence. That's right: confidence.

Mars and Venus at the office

Let's take women in the workplace for example. There is ample evidence and research to show that women tend to take a more cautious approach to most situations than men. According to a study at Columbia University, men tend to overestimate their performance by around 30 percent while women tend to underestimate their performance. In other words, men are more likely to rush in and hope for the best where women tend to worry about the potential for failure and therefore hold back.

A study by Hewlett Packard showed that women tended to apply for promotion only when they met 100 percent of the qualifications. Men, on the other hand, often apply for promotion when they reach around 60 percent of the qualifications.[1] A study of working women throughout various industries and professions conducted by KPMG in the US in 2015 found that less than half of professional women at that time considered themselves to be confident people.[2]

In much the same way, a lack of confidence (comparative to others) also tends to hold back talented people from other diverse backgrounds, particularly those with disabilities and those from visible minority groups.

Building confidence

Clearly, part of the responsibility for bolstering an employee's confidence rests on the individual. When faced with a risk, women and others from diverse backgrounds need to be asking themselves what they would do if they were being more courageous. They need to think seriously about the consequences of inaction. And they need to assess where their fear of failure is holding them back from taking the risks that would serve them best.

It's not easy. And it takes a lot of work to continuously check your lack of confidence at the door. But the good news is that confidence is self-perpetuating. Each confident decision, each fear that is faced down, each risk that is managed, serves as a building block for the foundations of a more confident outlook.

Organizations, business leaders and managers also have a strong opportunity to instill, encourage and build confidence within their diverse employee groups. The

> “**Diversity is simply good business sense;** in today's innovative market, those with the broadest access to new ideas and skills generally win.”

[1] The Confidence Gap, The Atlantic, May 2014
[2] KPMG Women's Leadership Survey, June 2015

> "Women and others from diverse backgrounds need to be asking themselves **what they would do if they were being more courageous.**"

problem is that it's not something that can be easily fixed through supportive policies and hiring guidelines. Nor is it something that can be easily measured and managed. No, building confidence in employees requires much more active and inclusive approaches.

One of the ways financial services organizations are encouraging confidence in women, for example, is through formal and informal 'women's networks' where female employees and leaders can work together and support each other through the confidence building process. While the name of these groups may seem the antithesis of inclusion, the reality is that a growing number of so-called 'women's networks' include men.

Everybody has influence

I recently had a chance to talk with one of my male insurance colleagues in the UK – Ferdia Byrne, our Global Head of Actuarial and Insurance Risk. He has been a long-time advocate of creating a more active role for men in the promotion of organizational diversity.

"I think, in a lot of cases, men simply don't realize the influence they have on those around them — we often just don't recognize that our actions are actually putting women off from working with us," he noted. "Men need to take an active role in not only changing the environment around them, but also in changing the way they act and behave in the office setting."

Ferdia has gone one step further by enlisting a group of 'reverse mentors' who provide him with frank, constructive and insightful feedback about how his actions, decisions and thought processes could potentially influence those from diverse groups.

"It's been utterly enlightening. It's allowed me to see the impact that I am having from another point of view and that has allowed me to start to 'rewire' the way I work, interact and communicate at the office and at the client site," he added.

KPMG member firms' work with leading financial services clients shows us there are a wide variety of approaches and ideas that could help improve confidence within diverse employee populations. Ensuring that a diverse mix of candidates is considered for each new promotion in the organization demonstrates that diverse employees are being encouraged to lead. Putting women on the board shows that even the top echelons of the organization are attainable. Partnering employees from diverse backgrounds with sponsors who are able to speak out on their behalf shows that the organization is willing to support all of its employees.

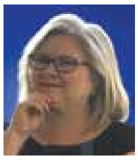
Be a leader

While financial institutions have made strides in diversity and inclusion, there is work to do to accomplish a fully inclusive workforce up to top leadership positions across all financial institutions. Even the best organizations have not finished building a fully diverse and inclusive workforce, workplace and culture. But (at least when it comes to policy and guidelines) most are making valiant efforts.

So now the onus is on employers and employees alike. We encourage employees from diverse populations to step up and seize the opportunities that are being created. Confidence — when coupled with competence — is an unstoppable combination. ■

> "KPMG member firms' work with leading financial services clients shows us there are a wide variety of approaches and ideas that could help **improve confidence within diverse employee populations.**"

Contributors



Laura Hay
T: +1 212 872 3383
E: ljhay@kpmg.com
Laura was appointed to KPMG International's Global Head of Insurance in 2017. She has more than 30 years of professional experience in the insurance industry focused on audit, advisory and actuarial services. Laura is deeply passionate about diversity and women's issues.

Ferdia Byrne
T: +44 20 76942984
E: ferdia.byrne@kpmg.co.uk
As KPMG International's Global Head of Insurance Actuarial and Risk practice, Ferdia specializes in life insurance and has worked with various European multinational insurers. His areas of expertise include financial reporting, risk management and M&A.

The future is inclusive

There is no room to waste capabilities or lose top talent. In today's marketplace, diversity of thought is key; it's those who surround themselves with smart people — not like-minded people — who will ultimately achieve the greatest successes. For the leaders of tomorrow, the future is inclusive. Read further insights from Jim Liddy, Global Chairman, Financial Services, on his blog titled *Time's up: The urgent need for gender equality in financial services*.

Celebrating International Women's Day

On 8 March, KPMG celebrated International Women's Day. Many of the contributors to this issue of *Frontiers in Finance* shared their personal stories and views on what diversity and inclusion means for them. Learn more, watch their videos.

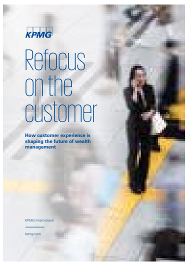
As we look to the future, we have a role to play in surfacing the practical steps that can be taken to inspire bold inclusion and empower change — whether that is from within, through our own people, or by supporting businesses, government and society at large. ■

Publications

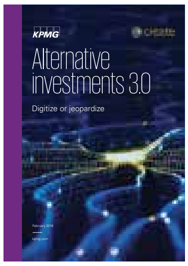
KPMG member firms provide a wide-ranging offering of studies, analysis and insights on the financial services industry. For more information, please go to kpmg.com/financialservices

Accelerated evolution: M&A, transformation and innovation in the insurance industry
June 2018
Research of over 200 global insurance executives providing rich insight on how insurers plan to strategically deploy capital to achieve their transformation and innovation objectives.

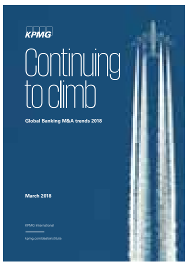
The Pulse of Fintech Q4 2017
February 2018
The Pulse of Fintech analyzes the latest global trends in venture capital, M&A and PE investment activity in the fintech sector. In this edition, we also make 10 predictions we think financial institutions should watch for in 2018.



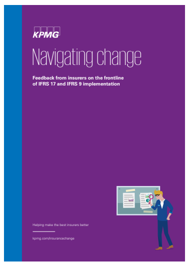
Refocus on the customer: How customer experience is shaping the future of wealth management
June 2018
We examine the role of the customer experience in the success of wealth and long-term savings organizations, and explore how the latest industry and technological developments are delivering for customers.



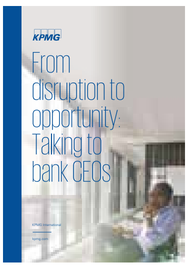
Alternative Investments 3.0: Digitize or Jeopardize
February 2018
This report, jointly produced by KPMG International and CREATE-Research, examines in detail the impact of digitization on the alternative investment industry, focusing on the two key segments most amenable to digitization — hedge funds and private equity.



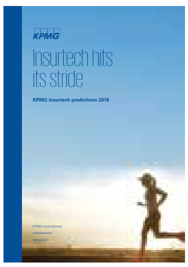
2018 M&A trends in global banking
April 2018
Our annual analysis of the top 10 M&A trends in the global banking and capital markets for 2018. As the dust of ambiguity settles, we expect growth, both organic and inorganic, to be one of the top priorities for large global banks in the year ahead.



Feedback from leading insurers on the frontline of IFRS 17 and IFRS 9 implementation
December 2017
This research-based report provides insurers insight into how best to navigate a new and unfamiliar world, interpreting two complex new standards while trying to second guess when and how they will be applied locally.

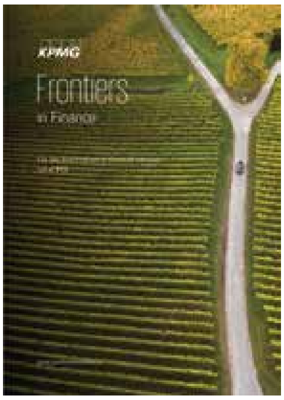


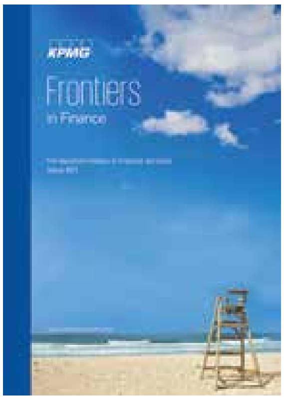
From disruption to opportunity: Talking to bank CEOs
January to March 2018
In this online article series, we explore three key themes for banking CEOs around the world — customer experience, innovation and cyber security — and provide our perspectives on the opportunities and challenges facing banks as they strive to transform in a disruptive environment.

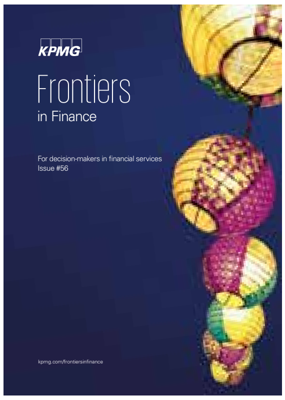


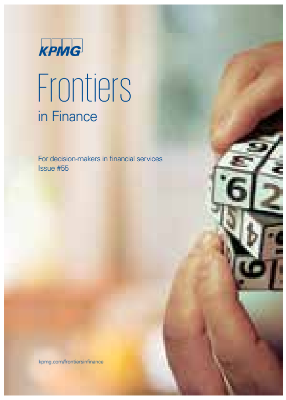
Insurtech hits its stride: 2018 trends
Insurtech continue to gather momentum as proof-of-concepts are scaled to production. Here we outline the key trends for digital insurance around venture capital, segments in the limelight, point solutions, connected insurance and the power of combining technologies.

Missed an issue of *Frontiers in Finance?*









Back issues are available to download from kpmg.com/frontiersinfinance

Frontiers in Finance is a forward-looking collection of market insights, thought-provoking perspectives and sector-specific issues that impact key decision-makers of financial services organizations around the world. All articles are written by industry-leading and experienced professionals from across our Global Financial Services practice.

KPMG's Global Financial Services practice has more than 34,000 partners and professionals across our global network of 154 member firms, providing audit, tax and advisory services to the retail banking, corporate and investment banking, investment management, and insurance sectors. Each one of our professionals brings ideas, innovation and experience from across this vast network, to the benefit of each of our financial services clients around the world. We serve leading financial institutions with practical advice and strategies backed by world-class implementation. We believe our commitment to the industry, our sector-specific insights and our passion for serving our member firms' clients to the very best of our abilities help us stand out.

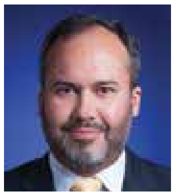
We welcome the opportunity to discuss how KPMG member firms can help you achieve your business objectives.

Contacts

Simon Gleave
Regional Head of Financial Services, Asia Pacific
KPMG China
T: +86 10 8508 7007
E: simon.gleave@kpmg.com

Simon Topping
Head of Financial Services Regulatory Centre of Excellence, Asia Pacific
KPMG China
T: +852 2826 7283
E: simon.topping@kpmg.com

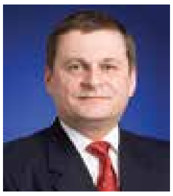
Tony Cheung
Head of Financial Services Advisory
KPMG China
T: +86 21 2212 2705
E: tony.cheung@kpmg.com



Larry Campbell
Head of Financial Services Strategy
KPMG China
T: +852 2685 7388
E: larry.campbell@kpmg.com

Paul McSheaffrey
Head of Banking & Capital Markets, Hong Kong
KPMG China
T: +852 2978 8236
E: paul.mcsheaffrey@kpmg.com

Arthur Wang
Head of Banking, China
KPMG China
T: +86 10 8508 7104
E: arthur.wang@kpmg.com.cn



Simon Donowho
Head of Insurance, Hong Kong
KPMG China
T: +852 2826 7105
E: simon.donowho@kpmg.com

Walkman Lee
Head of Insurance, China
KPMG China
T: +86 10 8508 7043
E: walkman.lee@kpmg.com

Bonn Liu
Head of Asset Management, ASPAC
KPMG China
T: +852 2826 7241
E: bonn.liu@kpmg.com

Abby Guo Bei Wang
Head of Asset Management, China
KPMG China
T: +86 21 2212 2428
E: abby.wang@kpmg.com.cn

Vivian Chui
Head of Securities and Asset Management, Hong Kong
KPMG China
T: +852 2978 8128
E: vivian.chui@kpmg.com

kpmg.com/socialmedia

Designed by Evalueserve.
Publication name: Frontiers in Finance — China
Publication number: 135464-G (China)
Publication date: July 2018