The rise of the humans and the future of digital labor

How banks should prepare for what comes next

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We've all seen the movies and read the books. We've heard the warnings about the advancement of technology and the creation of a future dystopian society in which technology surpasses humanity and humans answer to machines.

It's a future that many believe is closer than we think, and that some finance executives are already dealing with today. For decision-makers concerned with the future, the question they must answer is this: Are they pessimistic or optimistic about the impact new technology may have on their industry and on their organization? The answer, it seems, is 'yes'.

Finance executives face a litany of factors that spur change in their organizations; navigating through such change — both positive and negative — greatly impacts how they do business today and how they will do so in the future.

The only constant is change

Not long ago, customers relied on 'personal bankers' to help them with their day-to-day monetary transactions. These people walked into a branch where they did their basic banking business with human tellers who knew their names, or managers who knew about their families and fiscal histories.

Those days, however, are fading fast

With the proliferation of automated teller machines (ATMs), online banking, and other automated services, customers now do their banking whenever they want, from wherever they want, making

Digital labor's impact on the financial services workforce

5 Cs	Currently	Future perspective
Compliance	Human review and monitoring supported by analytics	Artificial intelligence analyzes global trading, accounting, controls and risk management in real time
Connectivity	Personal bankers and tellers	Culture of agility and innovation required as new entrants offer banks immediate agility and speed to market while fostering personalized relationships
Capability	End-to-end operating model/value chain built from functions outwards to the customer	Significant demand on human resources to retrain the workforce; new opportunities to become innovators of new products and services
Cost	Employees involved in procedural roles	Retraining human roles, developing/selling new capabilities for investment services
Capacity	Siloed based on the value chain of sales, distribution, underwriting, operations, claims and support	Achieving agility, striving to meet customer expectations across every channel

it unnecessary for anyone to set foot in a brick-and-mortar branch for anything but the most complicated of transactions. It's the price of progress and part of a growing dilemma facing the financial industry: convenience costs jobs.

As technology improves and machines become smarter, faster and cheaper, it's possible to imagine a future in which other easily automatable parts of the organization follow a similar path, with current human employees training their robotic replacements to take their jobs.

As dire as this sounds, however, the adoption of new technology in the workplace can, according to some experts, actually be beneficial to overall job growth and productivity. According to Klaus Schwab, founder of the World Economic Forum, our society is already well into the start of the Fourth Industrial Revolution, which is transforming the way in which humans and machines relate to one another.

In this new era, Schwab says, it is only a matter of time before computers and robotics become capable enough to replace humans in jobs that are susceptible to automation, such as bank tellers, manufacturing, and as customer service representatives in call centers. Financial institutions are now developing chatbots and other smart assets that gather client, economic, social and other internal data to formulate customized marketing and service recommendations. Banks are even exploring opportunities to leverage artificial intelligence assets enabled with natural language processing to provide banking services.

The realities of what this convergence could mean become clear with:

— the Bank of England estimating 15 million jobs lost from the UK economy in the next 20 years due to robotic automation[1]

— 130 million knowledge workers (approximately 47 percent of total US employment) facing job replacement by digital technologies by 2025.[2]

Offsetting these changes, however, experts see a series of potentially positive outcomes, as financial institutions and employees work to reconfigure and redesign their workforces. These changes, it is predicted, will lead to employees learning new skills, and the creation of more expansive and, potentially, more lucrative positions within the organization. While specific titles and assignments will change from organization to organization, we see two key drivers that will manifest change:

— **Cognitive automation drivers**

  — Leveraged professionals — lower-qualified professionals who, through technology, can provide the same output as a fully qualified professional in the same field.

[1] Source: http://www.independent.co.uk/news/business/news/15-million-uk-jobs-at-risk-from-robots-warns-bank-of-england-a6732381.html
[2] Source: http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf

> Companies that answer these questions successfully should be able to steer their organizations toward a 'preferable future state' in which they can proactively determine how existing human resources will be retrained and repurposed to manage and oversee the machines that will now be doing their previous jobs.

- Connected workers — providing all workers in a specific group or business function with access to all of the same materials so that everyone has access to the best information available.

- **Cognitive processing and robotic automation drivers**

  - Working at the speed of thought — augmented professionals working faster and with much greater productivity.

  - Digital workers — complete replacement of human workers with robotics and other technologies that can perform tasks more efficiently.

Preparing for the future

There's no denying that technology will change how businesses — both inside and outside of the finance sector — will operate in the future. The questions that remain to be answered, however, are how will those changes manifest themselves, and what impact will they have on the economic opportunities for future generations.

While the influx of new, automated technology will most likely displace workers in the lower and middle tiers of the organization, the responsibility for implementing these changes should fall to change leaders and decision-makers at a financial institution's highest level. This is especially important now, at the beginning of this transition, where organizations are experimenting with the introduction of advanced technology across all facets of a company.

While the role does not yet exist, we would not be surprised to see banks create a new c-suite position for someone like a chief automation executive who would be tasked with sourcing the technology to modernize the organization, and to own the change process by facilitating higher-purpose conversations designed to work out organizational dilemmas created by the implementation.

To that end, there are several key questions that companies will need to answer before moving forward with this process, such as:

- What will our future workforce look like?

- How can we successfully integrate digital and human labor?

- How does this change redefine what 'career' means within our organization?

- How will we have to change our operating model to remain relevant and competitive?

- How do we grow and retain employees in an environment where job security is increasingly threatened?

Companies that answer these questions successfully should be able to steer their organizations toward a 'preferable future state' in which they can proactively determine how existing human resources will be retrained and repurposed to manage and oversee the machines that will now be doing their previous jobs. What's more, and perhaps even more importantly, companies must look at the training required by their next-generation employees.

With about 50 percent of all children born today expected to live until 100 or more, it is likely for future generations to have productive careers that last 60 or 70 years. This presents yet another dilemma for today's financial companies — and the education system — as they need to determine what kind of skills and training will be needed so that today's children are —

and can remain — employable for six decades or more after they enter the workforce.

While it is difficult to define what specific skills will be the most valued in a future workforce, the fact is there are key human traits that robots and technology can never replicate, no matter how advanced they become. Because of this, it is likely that companies — and the education system — will begin to place more importance on creative thinking, innovation and problem solving in uncertain and unclear situations where set rules and protocols may not always provide an answer or address a specific problem.

This type of seismic shift in thinking and training doesn't happen quickly or easily. In fact, business and finance leaders who want to see their organizations thrive in the newly automated future would be wise to craft detailed plans that can help them assess and prepare for the impact digital labor may have on their workforces. Some key steps these change managers can take along this path include:

— Translating business strategies into people implications — Think about where you are headed as an organization and how cognitive technologies can help execute that strategy.

— Shaping and designing the future workforce — Explore different scenarios that might impact the organization and develop appropriate responses to the most likely ones; create detailed blueprints of how human and digital labor can be optimally integrated across the organization.

— Facilitate change — Create and follow a strategic plan to help identify new job roles, and to begin training (or retraining) existing staff to fill newly created positions.

— Monitor progress — Adopt an agile response to ensure all risks are managed, including the supply of talented and capable people.

Follow the leaders

For companies that are taking proactive steps to get out in front of the coming technological changes impacting their industries, the future may not look so uncertain because they understand what many have yet to discover — that the disruption caused by the incorporation of advanced robotics and artificial intelligence can actually help to drive the growth of new, better-paying jobs.

As robots and other advanced technologies become a larger and more significant part of the workforce, they become cheaper. And, as we use more of them, worker productivity will actually rise, as will wages. These are just two factors as to why a counter-balancing dynamic will take hold, and job creation will, in fact, take place.

In short, it is quite possible that the adoption of these technologies will drive a new wave of innovation across organizations, leading to the creation of new products and services that will need talented and trained human resources (people) to build, lead, market and maintain them. By embracing these changes early, financial services companies can better determine what their future workplace will look like and, more importantly, prepare for the future by ensuring they have a trained and dedicated workforce ready to help them compete and succeed for generations to come.

To learn more about digital labor and its potential impact on your business, download the full report, *Rise of the humans.* ■

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