



Global banking outlook 2016

Transforming talent

The banker of the future



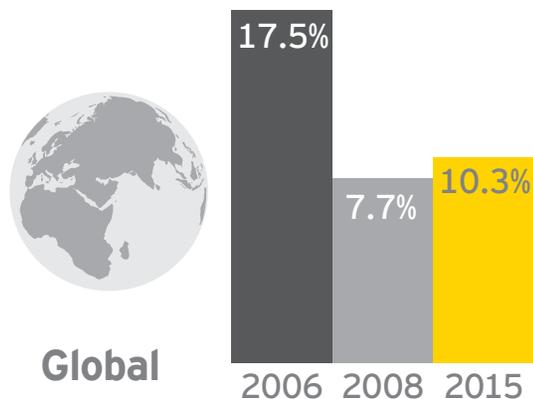
Think about the future. How do you define a leading bank?

Are banks focused on improving financial KPIs or cultural attributes?

- ▶ Earnings numbers vs. ethos
- ▶ Compliance vs. customer connections

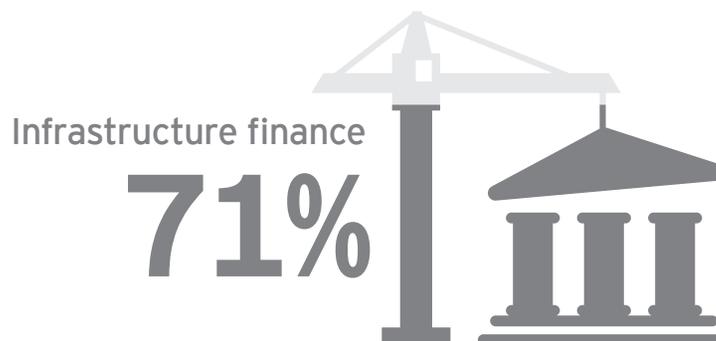
Challenged by low ROEs, banks are adapting their strategies and changing their business models.

Return on average equity



Source: SNL Financial, IMF Global Financial Stability Report, October 2014, EY analysis

Major global banks planning to shrink infrastructure finance



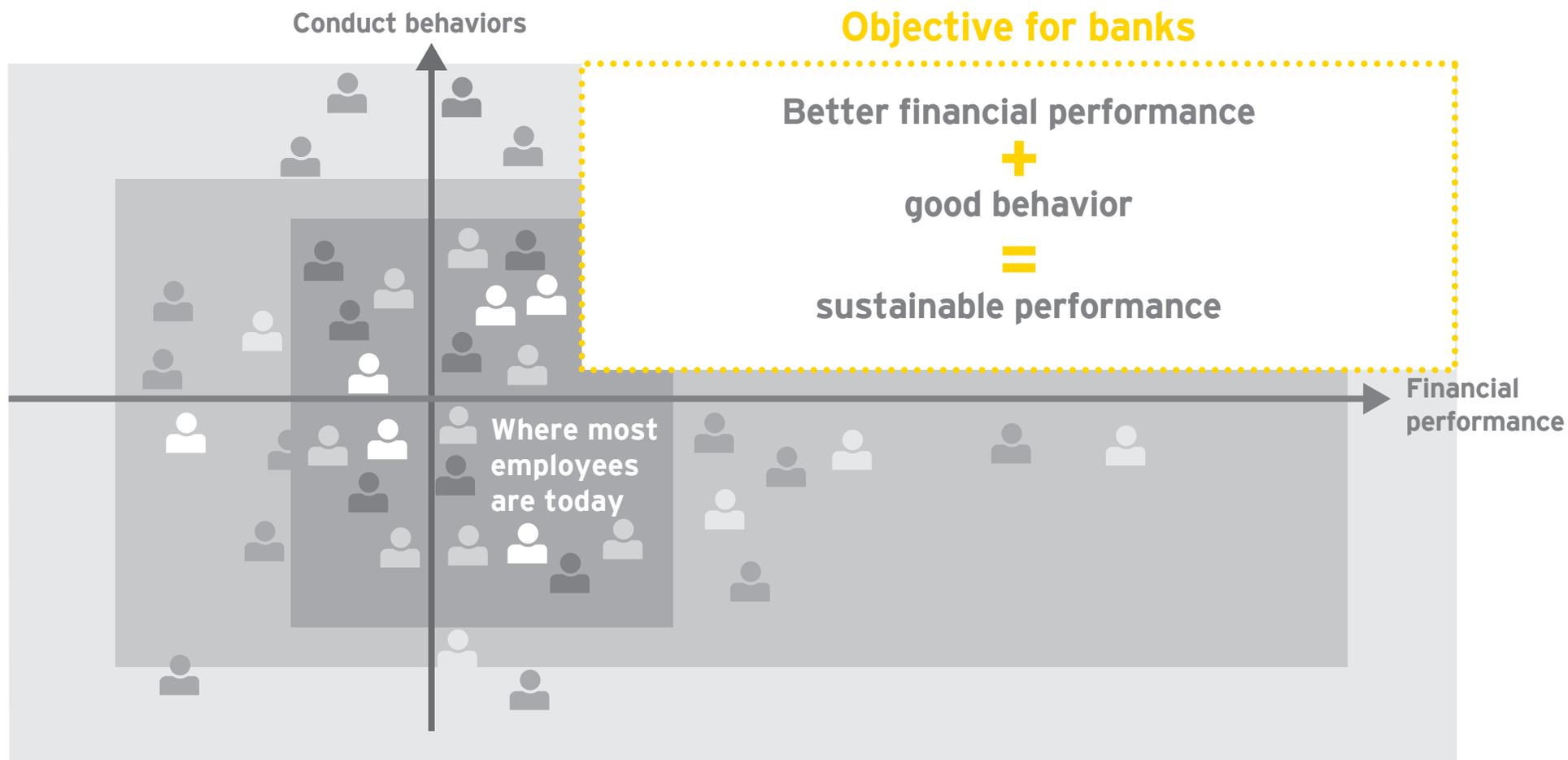
Banks planning to expand equities (market making & proprietary trading)



But banking transformation needs to be about more than just processes and products. It needs to shift mindsets and cultural values - it needs to be about people.

First, it is critical to identify what good looks like

Leading financial performance may be accompanied by unacceptable conduct. Sustainable performance requires both better behavior and improved financial results.

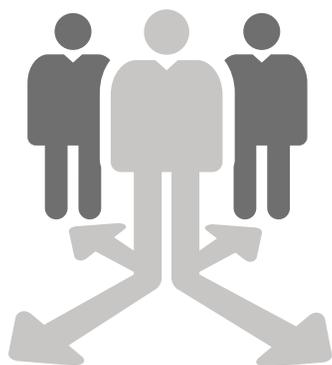


By codifying the traits of high performers, banks will be able to drive change across the rest of the organization.

How can banks transform talent?

Four actions can ensure employees can deliver success tomorrow.

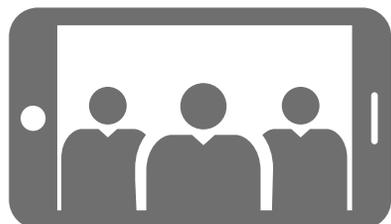
- 1 Understand the expectations of a new generation



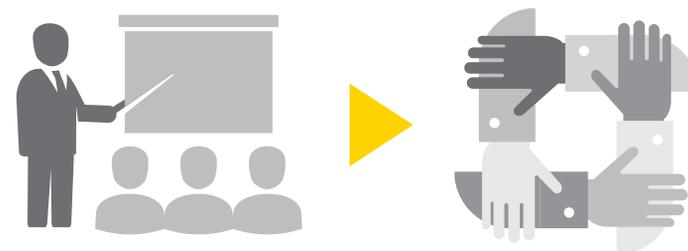
- 3 Encourage diversity of thought



- 2 Assess technology's impact on the workforce



- 4 Nurture and empower a collaborative workforce



A new generation of employees brings new expectations

Banks must understand the ways that labor is changing.

Millennials:
born between
1981 and 2000



Millennials will dominate the workforce by 2025

- ▶ More mobile
- ▶ More tech savvy
- ▶ More entrepreneurial
- ▶ More entitled

Meanwhile, four global megatrends are reshaping the workforce

- ▶ A global market
- ▶ Digital business
- ▶ New demographics
- ▶ A changing workforce

Why millennials switch jobs

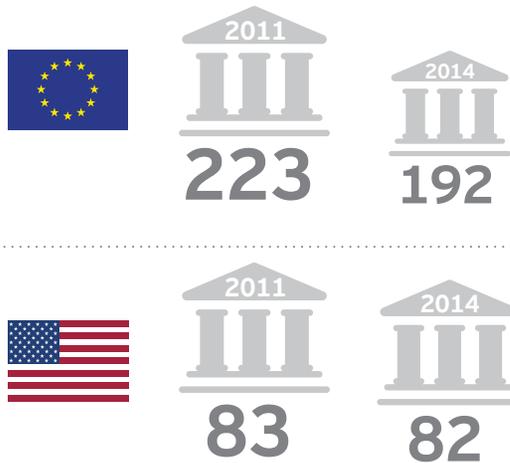
- ▶ Insufficient pay
- ▶ Limited career opportunities
- ▶ Lack of work flexibility

Technology is revolutionizing the banking workforce

Branch banking vs. online banking in Europe and the United States

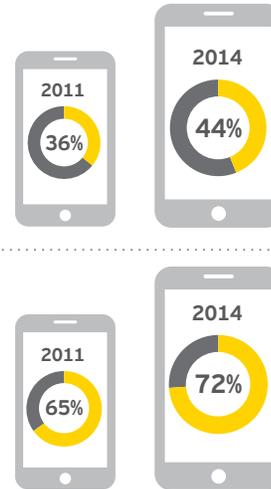
Branch banking

Number of branches (in '000s)



Online banking

% of individuals using Internet banking



Sources: FDIC, ECB, US Federal Reserve, Eurostat

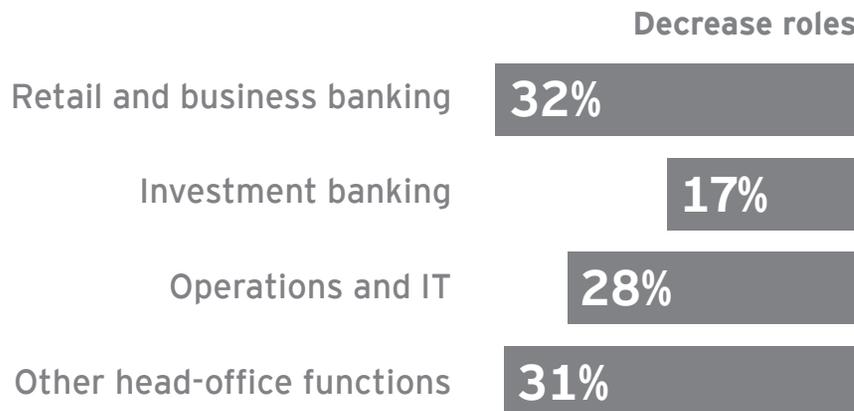
Less scare-mongering, more strategizing

- ▶ Claims of the banking industry being run by robots in 10 years are overblown
- ▶ But as robots develop human-like, creative problem-solving capabilities, more complex tasks will be completed by technology alone

To balance investments in technology and people, banks should look at three areas

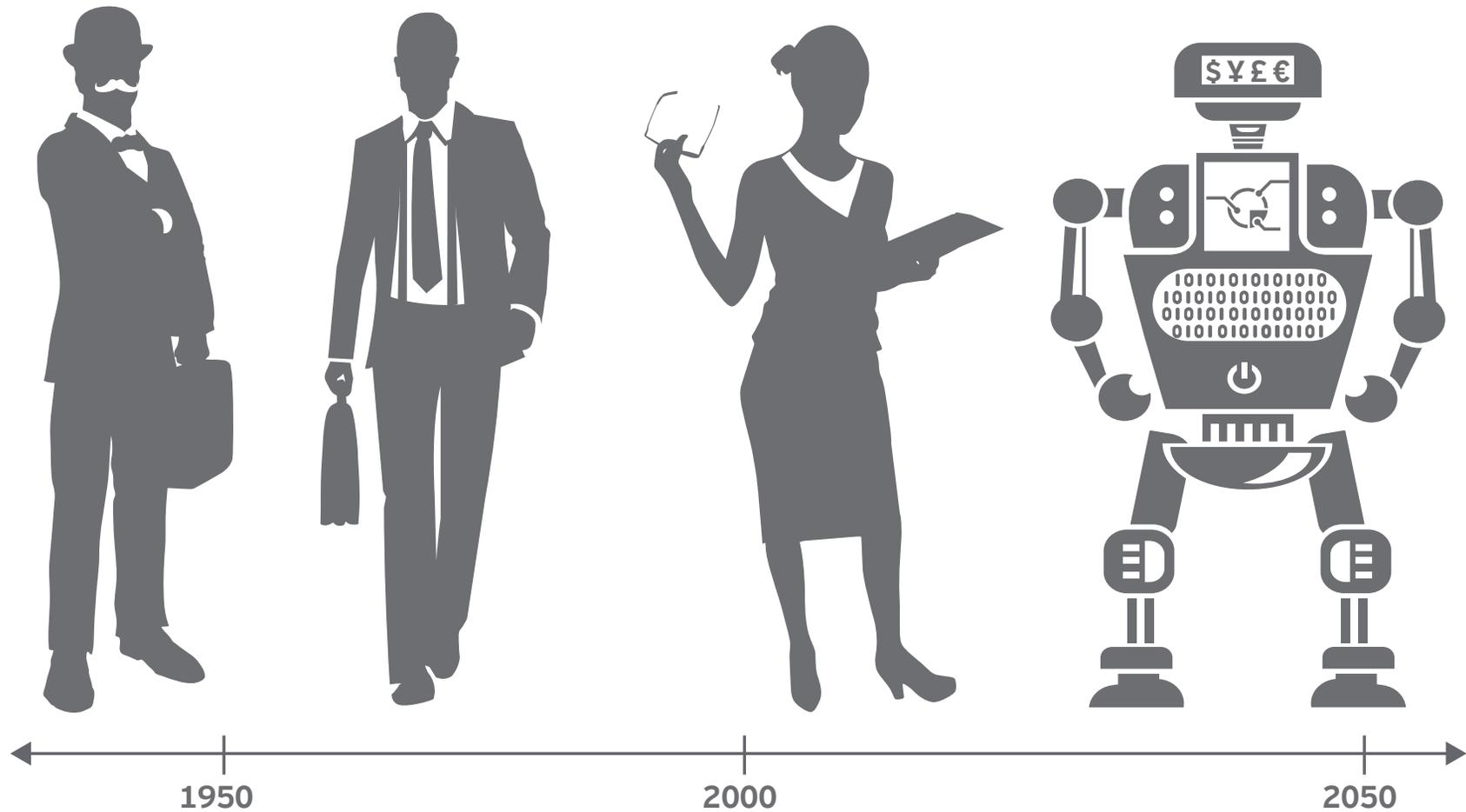
- ▶ Where technology will automate roles
- ▶ Where technology will augment individuals
- ▶ Need for new roles and skill sets

Automation can drive efficiency and reduce task-based roles



Source: EY European Banking Barometer – 2015

Amid rapid change, who are the bankers of the future?



Banks will need an adaptable, “intrapreneurial” workforce, with the diversity of thought that promotes innovation. Few banks have such a workforce today – most will need to build it.

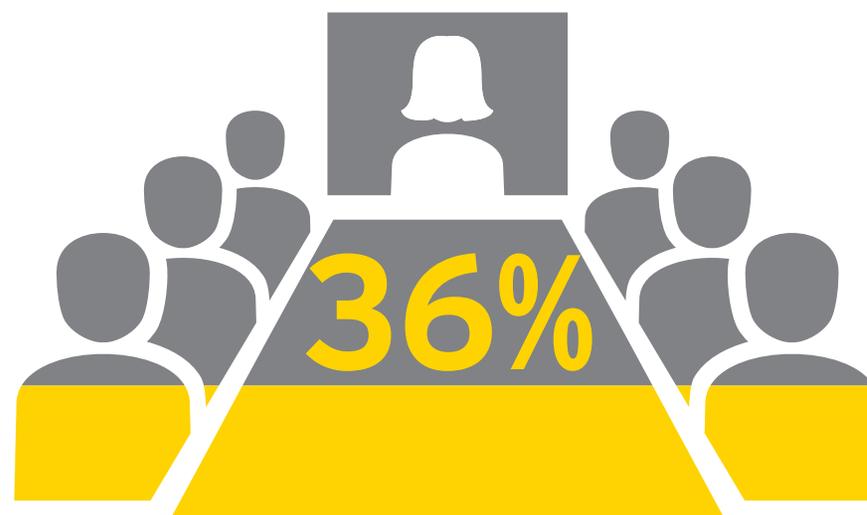
Banks must build diversity of thought ...

The current banking workforce is not fit for purpose

- ▶ Compliance-led
- ▶ Out of touch with customers
- ▶ Insufficiently innovative

Diversity points to improved financial performance

- ▶ Correlation between better gender balance on board and higher share price
- ▶ But banking remains a homogenous industry and approaches to change are too tactical



Outperformance of banks with a higher than average number of women on the board

There are three smart steps to increased diversity and transformed cultures

- ▶ Broaden horizons
- ▶ Foster flexibility
- ▶ Eliminate bias

... and nurture and empower a collaborative workforce

10 stages of the HR life cycle in banking – and how to do them better



\$125,000

Cost of four-year programs at US universities

Separation ... with sincerity

Regularly engage alumni to help connect the talent pool and gain feedback on improving the employee experience.

Rewards optimization ... because it's deserved

Reward people for their jobs – not their titles – and incorporate spot awards instead of focusing on just bonuses.

Development ... like you mean it

Offer mobility, progression, altruistic assignments and training to help employees tap into their own core purpose.



13%

Moving an employee from a "low" to a "moderate" well-being score delivers on average a 13% productivity dividend.

Engagement and wellbeing ... to unlock productivity

Get granular about physical, mental, financial and social well-being to address risks and improve performance.

Performance management ... beyond paperwork

Abandon biannual reviews and give real-time feedback and rewards rather than distribution-curve ratings.

Broadening the talent pool ... via accessibility

Increase the applicant pool through education partnerships and emphasize aptitude rather than academic success.

Wharton graduates taking banking jobs

2007
34%



2015
21%

Attracting talent ... with purpose

Align company values with those of millennials: only two banks are in the top-50 most attractive global employers for IT and engineering grads.

Recruiting ... with new technology

Update clunky application forms and use video to give applicants a compelling sense of company culture.

Onboarding ... with aplomb

Mentor early with a focus on cultural immersion and the organizations' core reason for being – rather than just providing products and services training.



75%

of managers across a range of industries see managing multigenerational teams as an issue.

89%

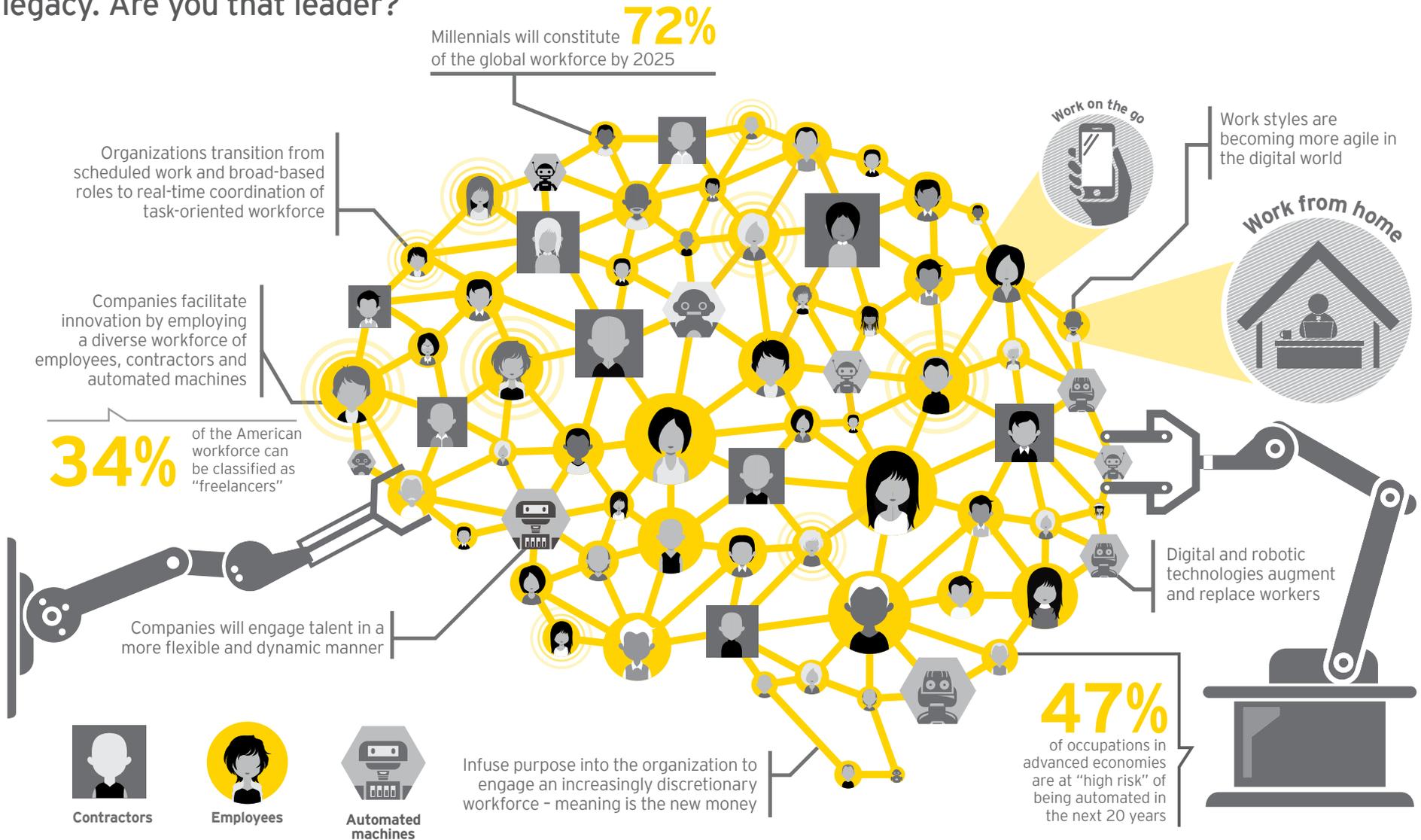


of survey respondents believe that "purpose-driven" organizations have higher levels of employee satisfaction.

Sources: EY analysis, company reports, EY Beacon Institute, CollegeBoard, EY Generations Survey

In the future, HR functions will not support resource management but mobilize intelligence.

Banks need leaders who recognize that although change may not be achieved swiftly, transforming talent is potentially more important than next quarter's earnings and an important part of their legacy. Are you that leader?



Transforming talent series

If banks want to rebuild a viable industry, then transforming the banking workforce is as important as transforming products and processes.



Technology's dramatic disruption of the banking workforce



The banker of the future: new generation, new expectations



Why the future of banking really does hang on empowering a new culture of diversity



Ten stages of the HR life cycle in banking – and how to do them better



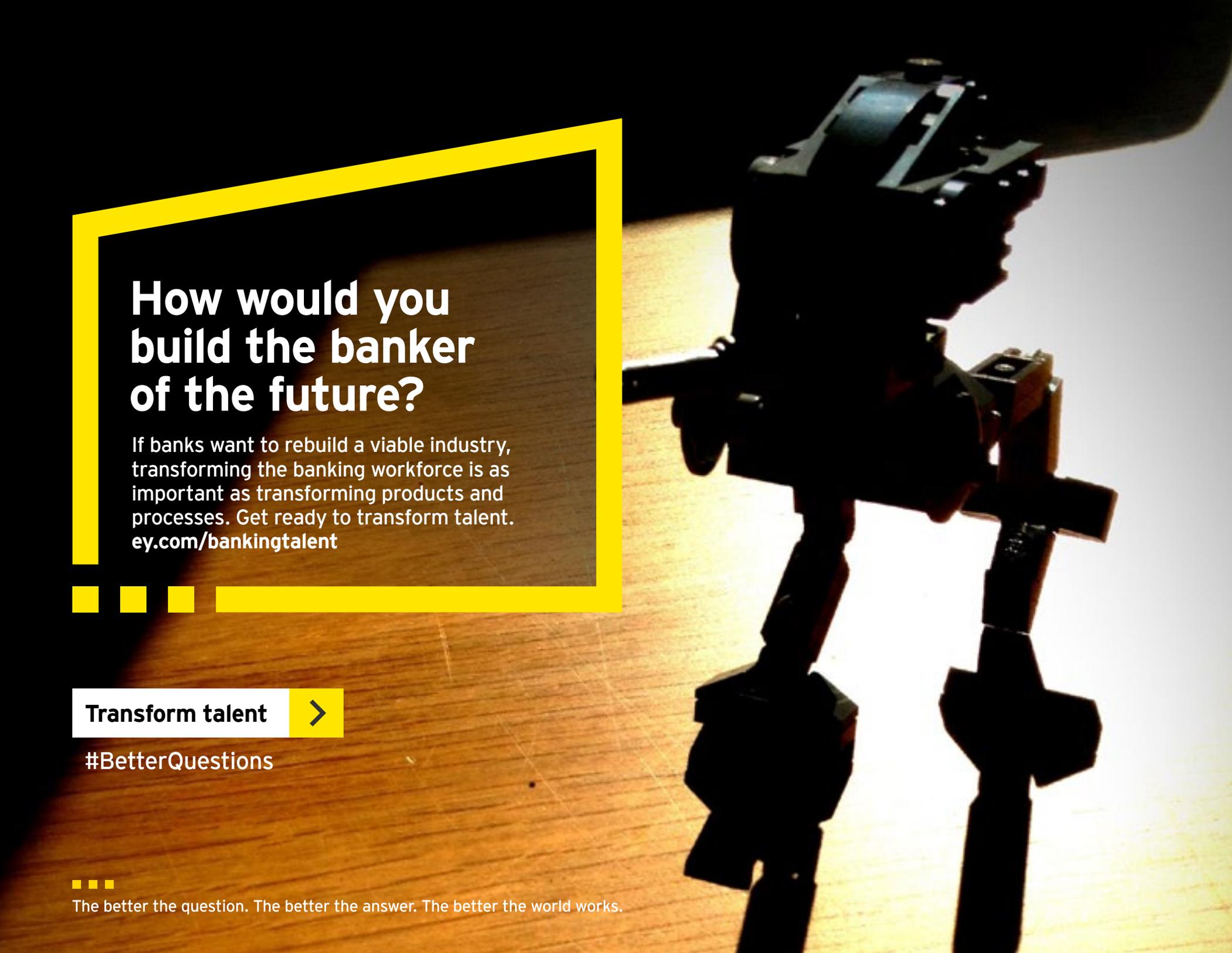
Old banking vs. new banking [Infographic]



Is the post-crisis, protect-and-survive era over? [Infographic]

How would you build the banker of the future?

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How would you build the banker of the future?

If banks want to rebuild a viable industry, transforming the banking workforce is as important as transforming products and processes. Get ready to transform talent. ey.com/bankingtalent

Transform talent



#BetterQuestions



The better the question. The better the answer. The better the world works.

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