

PERSPECTIVE

How Canadian Banks can Manage Diversity and Inclusiveness to Win



Diversity inclusion is a stated objective of corporate policy in an increasing number of organizations worldwide. While the social and economic benefits of such policies are well recognized in general, they assume a compelling significance in Canada, with its dominant immigrant population.

The demographic pattern, which currently leans towards those originating from the British Isles (28 percent) or France (23 percent), is also changing. The visible minority, which mainly comprises Chinese and South Asians, will form between 19 and 23 percent of Canada's population by 2017. Hence, the influence of this group, which already controls nearly half of all transactions in the capital cities, is only set to grow. Open cultures such as the United States and Australia have practiced a policy of assimilation on the road to economic prosperity. In a globalized world, each nation must work towards creating an environment that offers equal opportunity for people of diverse ethnic and regional backgrounds. Further, industry cannot hope to meet stakeholder expectations by taking an isolationist approach – thus, diversity inclusion packs in as much economic compulsion as political propriety.

The banking industry in Canada also mirrors the country's diversity. The industry is highly developed with nearly 70 banks in operation as of February 2009, of which only 21 are of domestic origin; the rest being foreign banks present through subsidiaries or branch networks. From their perspective, management of diversity has two aspects:

- **Internal:** Pertaining to diversity issues among the workforce or employees
- **External:** Pertaining to diversity issues among customers, partners, regulators and other external elements and also in the case of overseas branch or outsourced operations

Further, banks must manage these internal and external aspects along with the four dimensions of **culture, language, ethnicity and community**.

Culture: Canadian banking corporations are a melting pot of cultural diversity, and have successfully fostered an internal environment that brings people together to work towards the common goal of the organization. At many of these banks diversity inclusion is not merely a stated policy; rather, one that is embraced wholeheartedly. For example, at TD Bank, employees participate in Heritage Day celebrations or cross-cultural awareness workshops, which improve their understanding of cultural nuances, guards against stereotyping and improve their ability to empathise and interact with their co-workers from diverse backgrounds.

Language: Language can create a bond across geographic divides; equally, it can raise barriers to communication within and outside the organization. A contact center with limited lingual capability could discourage clients from calling in, or in the worst case, alienate them. Human resource, legal or administration departments must have multi-lingual staff on their team who can communicate with foreign employees, translate documents, interpret conversation and so on.

Ethnicity and Community: In a market as ethnically diverse as Canada, banking policy must accord fair treatment and respect to all groups. Several years ago, TD Bank partnered with the Federation of Saskatchewan Indian Nations and the Saskatchewan Indian Equity Foundation to start the First Nations Bank of Canada, which works towards fostering positive relationships with the aboriginal population. The bank also collaborates with numerous other organizations to promote economic self-sufficiency and development in those communities. At Royal Bank of Canada, adjudged one of Canada's top 100 employers for 2009, visible minorities make up 26 percent of the workforce.

Diversity affects not just banks' human resources, but also the processes, products, services and customer experience delivered by them. Given that these issues impact the entire organization, Canadian institutions such as Royal Bank of Canada or Bank Montreal address the need for diversity management at three levels – strategy, design and transaction.

- **Strategy:** Strategic thinking must be diversity-inclusive – when the various groups are adequately represented on the Board of Directors, it can be expected that banks’ vision, strategy and business objectives will reflect sensitivity towards diversity issues. Moreover, the expectations of strategic investors regarding their banks’ policies and practices for diversity management must be met. At HSBC Canada, the top leadership openly supports diversity initiatives, and takes responsibility for securing buy-in from other employees.
- **Design:** Design of products, services, branch infrastructure and delivery channels must factor in the need to support multi-cultural, multi-lingual and multi-regional business. Canadian banks can draw lessons from the Middle Eastern region about creating successful products and services that respect culture and religious sentiment. Shariah banking has spread far beyond the domain of purely Islamic countries, and global banking corporations have made a departure from their traditional interest-based lending model to create Shariah-compliant products.
- **Transaction:** At the transaction level, diversity could manifest in interactions between employees, or those between staff and customers, external partners and agencies. Therefore, processes must be designed in accordance with the diversity expectations of various groups. Although processes must be unified at the highest level, a one-size-fits-all approach will not be workable and could in fact lower productivity and efficiency. For example, a customer belonging to a culture that values time and punctuality, above all else, will not view a lengthy account opening procedure sympathetically. In some cultures the breaking of a commitment is frowned upon more than in others – banks’ staff and that of their partners and agents must be sensitized to such requirements. It is also very important that the entire process documentation and other training and educational material be made available in all the languages that are in use during regular transactions.

It is equally important that customer touch points are diversity-enabled. When diversity expectations are not managed well, there is immediate negative fallout on customer experience. Banks must capture their customers’ ethnic, cultural and linguistic profile and make this data available to customer-facing staff across all points of contact. An intelligent core banking platform can add further value by “alerting” channels about customers’ linguistic preferences. Thus, a Hispanic customer can be greeted straightaway in Spanish when he calls a contact center, or directly log into a screen in that language at an ATM Kiosk. Banks must attempt to de-link the receipt of customer information, whether tacit or otherwise, from the receiving channel, and make it uniformly available across their network so that the experience is not lessened the next time the customer chooses to use another channel. Offline communication such as mailers and statements must also be customized to user requirements as far as possible, in order to render a highly satisfying experience.

Canadian banks have found out that when diversity is managed well, it can contribute visibly to the bottom-line. In order to leverage diversity to further business goals, **banks must consider the following critical success factors:**

Creation of Diversity Councils: A good example is that of HSBC Canada’s Valuing Diversity Council, which is actively involved in developing, implementing and monitoring the company’s diversity inclusion initiatives. In general, diversity councils can operate with an internal or external perspective.

Employees drawn from different functions, levels and communities must find representation on an internal diversity council, which is entrusted with the principal responsibility of ensuring that the organisations’ people-policies – related to compensation, public holidays, religious leave and similar issues – give due consideration to the diversity needs of the workforce. They must be suitably empowered to make decisions or take collaborative action to fulfil employees’ diversity expectations wherever current policy is found wanting.

An external diversity council, which draws participation from bank staff as well as external partners, can address diversity issues that have an impact on customers or other stakeholders outside of the organization. The insight of the members of this council could prove valuable especially when it comes to dealing with local issues – such as the decision to keep branches open on certain days, customizing products and services to appeal to a particular community or even recommending the staff to be placed within a branch at a certain location. What's more, the purview of an external diversity council need not be limited to assisted-channels alone and they could help direct banks' diversity initiatives towards ATM, telephone and Internet banking. That being said, in some cases full-fledged multi-lingual enablement of these channels can be financially unviable, on account of the resources needed. Here, a flexible core banking platform can come to the rescue, since it can be easily modified to offer a simpler dual-language alternative to users, without entailing large-scale expenditure.

Deploying the Right IT Solution: As illustrated above, the various banking applications, including the core platform, must be technologically and architecturally designed to support the complex requirements of banking organizations that operate around the globe, in countries with different cultures, time zones, currencies and languages. In addition to enabling the back-end, the capability of the customer-interface must be enhanced in order to serve the needs of minority groups as fully as that of the general population. Importantly, not all core banking platforms accommodate multiple time zones - this feature is a must-have for Canadian banking operations that need to deliver 24x7 services across all their locations.

Identifying Diversity Champions: Both advocates and antagonists can be found within the internal and extended organization. The organization's initiatives can gain impetus by enlisting the former to motivate those belonging to minority backgrounds to demand that they be accorded respect, representation and equal treatment.

Being Sensitive to “Invisible” Diversity:

Diversity in race, colour and ethnicity are visibly manifest and therefore garner maximum attention. However, it is equally important to address subtle expectations or invisible differences. A Canadian bank using a blue and yellow logo switched to red, when they discovered the significance of colour in Chinese culture – they were immediately rewarded with a surge in business from people of Chinese origin. Due consideration must also be given to the special needs of the GLBT group. Banks that claim to be truly liberal and inclusive cannot ignore the expectations of this politically significant segment.

Sensitizing All Communication: While communication between employees or with customers is important from a diversity management angle, banks can strongly leverage communication with investors and key stakeholders to promote awareness about their diversity related initiatives and demonstrate their relevance to business objectives.

Events are another significant medium of communication from the diversity management perspective, especially when attended by a cross-cultural or multi-lingual audience. Therefore, workshops, seminars, training sessions and the like must all reflect the organizations' philosophy of valuing diversity.

Along with embracing diversity, banking institutions are increasingly practicing an inclusionary policy. Therefore, efforts are being made to extend banking services to the unbanked, the aged or other marginalized segments. Canada's seniors, numbering 4.2 million, and set to more than double in 25 years, already make up a significant constituency. This also implies that Canada's labor pool is fast shrinking, leaving employers with no choice but to explore wider recruitment options.

An inclusive policy must ensure that the disabled are given their fair place as bank employees and customers. Once again, HSBC leads by example – their outreach program promotes rehabilitation, and the hiring policy ensures fair representation of people with disabilities among the staff.

That apart, products, services and channels must support inclusion – through facilities such as voice support at ATMs for the visually impaired or the illiterate or specially designed screens for the colour-blind.

The pursuit of pro-diversity and inclusive policies in banking is no longer a mere public relations exercise. The influence of the visible minority in Canada is on the rise; therefore, no business model can stand without catering to the needs of this important segment. Most banks have caught on, and have instituted policies to ensure representation and fair treatment to members of minority and marginalized groups, whether employees or customers. Going forward, the effectiveness of diversity and inclusion initiatives could well differentiate the successful banks from the rest.

References:

- Websites of HSBC Canada and TD Bank

Author

Rajashekara V. Maiya

Product Manager - Finacle
Infosys Technologies Limited



Infosys Technologies Limited, Plot No. 44, Electronics City, Hosur Road, Bangalore - 560100. India • Tel.: +91 80 28520261 • Fax: +91 80 28521747
e-mail: finaclemktg@infosys.com • www.infosys.com/finacle

"COPYRIGHT NOTICE: Copyright ©2009 Infosys Technologies Limited, Bangalore, India. ALL RIGHTS RESERVED." Finacle logo is a registered trademark of Infosys and Infosys acknowledges the proprietary rights of the trademarks and product names of other companies mentioned in this document. Infosys believes the information in this publication is accurate as of its publication date; such information is subject to change without notice.