



## FUTUREPROOFING BANKING WORKPLACES

### Abstract

Business models have changed dramatically in the last year and a half due to the pandemic and like any other industry, banking has also seen many changes like employees having to work from home, banks having to conduct businesses virtually, ensuring business continuity, without compromising on safety of customer and staff data. While the challenges are plenty, futureproofing banking workplaces is significant for smooth functioning to deal with any such disruptions in the future. This is our take on how Covid-19 has changed the way banks operate and their workplace strategies, be it offices, tools, or processes. Re-booting the OTP (Offices, Tools, and processes) is the RT-PCR for banks.



## Introduction

Covid-19 has changed the way the world runs, and this evolution is continuing. Industries worldwide have been forced to re-think their work strategies. "Change is the only constant" and this is the perfect time to transform.

When the news of vaccinations arrived towards the latter half of 2020, there was hope personally as well as professionally

that it's time to get back to work – move away from pajamas and back to suits, and many were thrilled at the thought of going back to offices.

However, the spread of the Delta variant, and the recent WHO warning about the Mu variant, going back to offices immediately has again taken a back seat in most countries. This makes us ponder whether we can just wait for this pandemic to die-down to go back to office, or if the virus will

continue with new variant avatars every few quarters – What will be the next step for businesses? Among many other things to focus on, businesses worldwide need to deliberate on their workplace strategy.

Workplace transformation is the need of the hour, and there is no escape route for any industry, including financial services – where a work from home (WFH) model was not common until very recently.

## Digital is the name of the game

Today, there is no pressing need for a customer to visit a bank for an account opening – it can be done from their homes. In the current situation, customers opt for banking from home instead of visiting a branch and banks also prefer the same, keeping in mind the customers' well-being as well as that of its staff.

To make this happen, banks need to 'Go digital' and accelerate the pace of their

digitization efforts. According to a research by McKinsey, in 2019 nearly 50% of the banking customers in the U.S. did not use an app for banking or use them intermittently<sup>1</sup>.

Apart from investing in digital technologies, which many banks are doing or have plans to do, they also need to support their customers by educating them on going digital, as this is a big transition for many customer segments. This makes a case for banks to put in more efforts to ensure this cultural shift happens.

This cultural change is not just for customers

but for the bank employees too. From being cocooned to offering banking services within the 4 walls of their branches, the employees now have a new base location – their cozy homes, thanks to digital technologies.

However, despite all these changes, customer expectations from their banks is rising. Customers expect enhanced levels of 'digital customer experience' from their banks. This is where digital servicing comes to play, being a cost-effective alternative to branch-based servicing model.



## Rebooting the OTP (Offices, Tools & Processes)

### Rebooting Offices:

Bank branches are never going to be the same but will continue to exist and evolve. The offices will be a mix of employees working from home remotely, as well as working from branches. Some of the steps that the banks can take to reboot their offices to transform are:

**Who Returns?** Banks need to take a clear decision on which of their employees will work remote and who will return to the branch. Employees engaged in jobs like tellers, check processing, operational functions, etc. may need to work out of branches. To ensure safety of the returning employees, banks need to reconfigure their offices

**Reconfiguring Branches:** Physical spaces in branches need to be reconfigured keeping in mind the new social distancing norms – be it having more open spaces/partitions or instituting a hoteling model to book seats/cabins/conference rooms for specific days at specific times. In addition, banks also need to reduce physical touchpoints in the branches by stopping the use of biometrics to record attendances or minimizing customer touch points. For

Instance, ATB Financial uses a Robot named ‘Pepper’ which is the product of Softbank robotics, to help customers with service information.<sup>2</sup>

**Rationalize the number of staff at branches:** Bank can adopt the ‘Less is more’ concept with not more than a few employees for different functions within a branch. Some of the functions like a customer liaison executive can be done through self-service or digital servicing options

**Go for Hybrid Branches:** Have a mix of smart digital hubs and personalized bankers at the branches. Smart digital hubs will consist of interactive kiosks, video banking, self-service touch screens, queue management, etc., while personalized bankers at the branches will act more like financial counselors. For instance, First National Bank branches have technology-assisted kiosks<sup>3</sup>

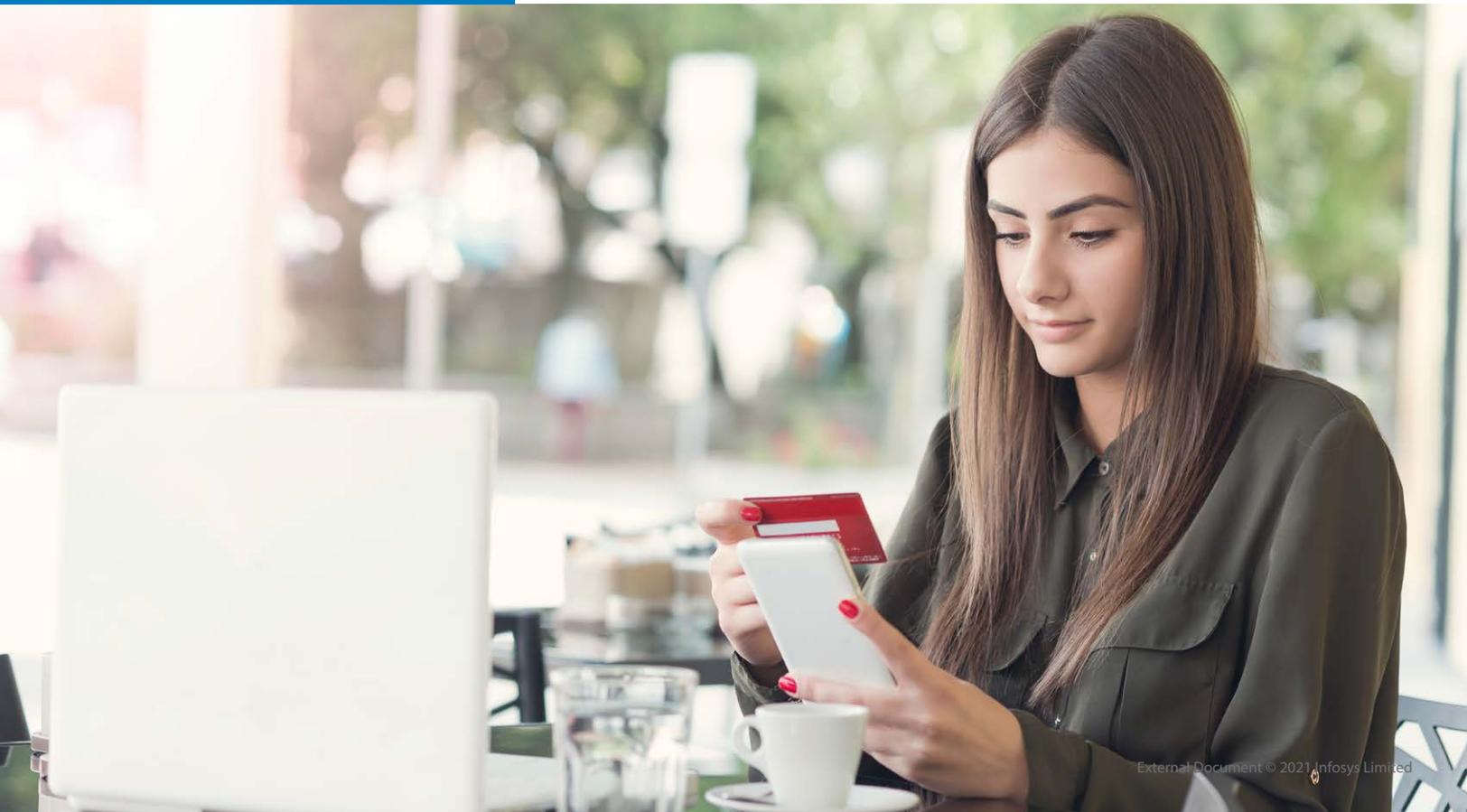
**Regularly screen employees at work:** For employees who are in direct contact with the customers, the banks need to conduct regular tests which may increase costs but will gain loyalty of the employees

**Keep the branches clean and sanitize regularly:** This will give the employees and the customers a sense of satisfaction when they enter the branches

## Go Hybrid

In the current scenario, banks cannot have a fixed workplace transformation strategy, instead the focus needs to be on hybrid workplace strategies – be it offices, tools, or processes. This is the time for banks to “Think Hybrid” and reboot, by having:

- a) *The right mix of branch and remote workers*
- b) *Focused Digitalization*
- c) *Enhanced Processes in tune with the current pandemic scenario*



## Rebooting Tools:

The success of any workplace transformation hinges on technology being an integral part of the overall strategy. Having the right tools and selecting the right technology partner is extremely critical for any bank's hybrid transformation strategy. The workplace technologies that a bank needs to choose ranges from onboarding applications and collaboration tools to security and video conferencing software to name a few.

**Virtual Collaboration tools:** There is no denying the fact that having a website or an app is necessary for a bank. However, the key is to make it extremely simple and easy to use. Also, banks need to look at more ways to connect with a customer virtually. Banks can increase the usage of video chats. Video conferencing has gained immense popularity and shows no sign of slackness as it's helping bank employees work collectively even in a remote environment. In a hybrid work environment, it helps in better internal communication with employees working in offices or from homes and also helps

interact with clients outside offices in providing financial counseling. It can even be part of a digital smart hub in a bank branch, assisting customers in routine transactions. For e.g., US Bank have very recently introduced the option of video banking for customers from their respective bank branch.<sup>4</sup> This solves 2 purposes – virtual collaboration which is a safe bet for both employee and customers and a personal connect customers would get from the bank, humanizing their experience. However sophisticated the technology is, there is no substitute for a human connect. Other options could be to connect through WhatsApp and so on.

**Cyber tools:** A primary concern for banks and its customers is the safety of their data and their privacy. Again, in a remote work environment, there is additional risk associated with staff working from home. Banks need to safeguard themselves against ransomware, trojan horses, phishing sites, and other cyber-attacks. The need of the hour is to invest in tools which act as preventive controls, does real-time monitoring and also help in quick recovery in case of an attack. Banks broadly need

to invest in access management tools, secured data encryption, vulnerability management tools, AI-powered fraud detection, end-point protection, etc. to safeguard themselves against these concerns. As per the research from BAE Systems Applied Intelligence, the fact that 74% of the organizations in the FS sector have experienced an increase in their cybercrime since the beginning of the pandemic<sup>5</sup> is a proof that Cyber tools are absolutely critical for banks for smoother functioning in the future. For e.g., last year Mastercard announced Cyber Secure, an AI assisted tool that prevents potential breaches for banks by assessing Cyber threats<sup>6</sup>

**Onboarding applications:** With customer acquisition happening online, banks also need to invest in cloud-based onboarding tools to onboard new customers digitally, facilitating seamless account opening, completing KYC, perform identity verification, and automate back-end processes. For e.g., Deutsche Bank uses WorkFusion's Intelligent Automation Cloud for KYC thereby saving the bank millions<sup>7</sup>



## Rebooting Processes:

Rebooting offices and tools automatically makes a strong case for rebooting the processes of a bank. With automation, banks can reduce the number of operational hours, service more customers, etc. The idea is to be more efficient with advanced technology while also not losing the emotional connect completely with customers. Banks need to be mindful of the fact that the change in processes need

not necessarily be permanent as there is no guarantee that customer preferences will not change.

**Reduce the hours of operation:** The banks can look at reducing the operating hours as they go digital for more functions, which will make branches focus only on specific areas

**More serviceability to vulnerable customers:** These could be customers who are 50+ years of age who may neither be able

to visit a branch nor may be digitally literate. Banks can reach out to them proactively and support those customers in need

**Make processes Seamless:** For instance, the process of lending also needs to change in most banks. This has to go virtual while at the same time the process needs to be foolproof so that there is no step that is bypassed. CIBC Bank uses Velocity's digital lending platform which reduces the risk, time, and cost of loans origination.<sup>8</sup>

## Successful rebooting of the OTP (Offices, Tools & Processes):

### 360-degree Employee Well-Being:

This needs to be given a top priority as the pandemic successfully brought both physical and mental health to the forefront of bank priorities. Burgan Bank, a Kuwait based bank, for example, enhanced their engagement level with the employees and shares tips on mental health on a regular basis, which has helped in dealing with the mental challenges for the employees during these times and has in fact increased their productivity<sup>9</sup>

Banks need to reboot all facets of employee engagement activities with wellness programs like wellness days, telemedicine services, social stress and mental health programs, yoga for self-care, breathing techniques and meditation sessions, financial well-being programs, virtual fitness workshops, etc.

### Skills Training:

In the current contactless environment, reskilling of employees is of paramount importance. Customers change banks

due to the lack of technology training of the bank employees which leads to poor customer service. As per a survey by Rivel, 22% of the customers cite lack of proper training in addressing digital related support and 23% feel that there is not much proactiveness<sup>10</sup>. Banks need to upskill and reskill their employees to meet enhanced demand for digital selling, virtual financial advisors, data analysts, app developers, etc. Basic Cybersecurity awareness and training is as important as any other training for employees which goes a long way in mitigating various cyber risks. Learning is a critical part of workplace transformation. But no transformation is complete without challenges.

### WFH in Banking Industry - Challenges plenty

Banks staffs working from home has its own challenges like connectivity, collaboration, cybersecurity, privacy issues, etc. A velocity smart Technology Market Research report that released in early 2021, says that 70% remote employees said they faced some IT issue during the pandemic and had to wait more than 2 hours to get it resolved.<sup>11</sup> Now this may not

be a banking specific study, but the risks are much higher in the banking industry with transactions worth millions being conducted in banks each day, they cannot afford to miss on business continuity. Jamie Dimon, CEO of JPMC has been vocal about wanting his employees to be back in office. However, things did not work out as planned as one of the traders turned positive when he returned to office after WFH for 6 months, which made the company send him back along with the other traders.<sup>12</sup> WFH may be inevitable in circumstances like this but at the same time business continuity is also essential. Also, while working from home, there is a blurred work life balance. Employees who are tired are prone to making more mistakes. Society of Human Resources Management study survey has found that more than 30% of the employees feel tired or have little energy while doing WFH.<sup>11</sup>

The other prominent challenge banks deal with is sensitive customer data which are extremely confidential in nature, and they need to be extra vigilant in allowing their employees working from home as they cannot afford to compromise on the client confidentiality.



## Conclusion

The pandemic is not yet behind us, and no health expert has been able to identify an end-date. Every time an end-date has been identified, the virus seems to manifest into new variants. For now, the best option is to get oneself vaccinated and respect the local protocols. The banking community needs to go full vigor on the hybrid approach – remote and offline employees, employee reskilling & well-being and rebooting of OTP. As we get ready for the workplace transformation, it is equally important to acknowledge that nothing is foolproof and whatever changes we do needs to be revisited at regular intervals to mitigate risks as much as possible in the banking industry. Pajamas to suits needs to wait for now, but given that hybrid is the key buzzword, it's perhaps time to try out "Pajamas Suits!"<sup>13</sup>



## About the author



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- Kiran is an avid industry observer with over 2 decades of experience in bespoke research and analysis serving strategy development, consulting, marketing and business development.
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