

SKILLS GAPS AND FLEXIBLE WORKFORCES: BANKS' POST-PANDEMIC CHALLENGES

Banks have an opportunity to recalibrate their workforces for the post-pandemic era. However, they must first coordinate with workers to close skills gaps and consider alternative working arrangements and automation that can increase agility.



Efforts to bring employees back to the office have preoccupied some bank executives since last year — long before vaccines were even available.¹ Now, as institutions finalize their workplace plans, they must also look at how their workforce needs to evolve post-pandemic and how to close a potential skills gap.

Firms are trying to manage sometimes conflicting dynamics in this new world: retention versus cost optimization. Financial institutions have increased salaries to avoid a sudden and devastating loss of talent. Microsoft's large-scale survey — known as the Great Resignation — found that 41% of workers are considering leaving their jobs.²

To better understand post-pandemic employment in the banking sector, Infosys surveyed 520 managers and employees from banks in the U.S. and nine European countries in June and July. The respondents represent a variety of job levels and roles and come from top 20 investment, retail, and commercial banks.

This Infosys study found a disconnect between bank management and employees on World Economic Forum attitudes (soft skills) and skills and knowledge (hard skills) that are needed in order to keep organizations competitive.³ This disparity could cause problems for both sides: employers unable to find enough workers with the right skills and employees prioritizing skills that aren't as highly valued by those doing the hiring.

Changes are coming quickly to the banking sector as managers and employees reset their expectations. To manage this transition, bank executives need to take swift action or risk having an unprepared and unmotivated workforce and an uncompetitive firm.

- **Bridge the disconnect through honest conversations** — The gap between what employees and managers value in soft skills shows that the two groups are not on the same page. Managers highly value leadership and social influence, which some employees can view

as manipulative or a sort of soft coercion. Employees, however, place a greater emphasis on initiative and self-awareness, which includes seeking feedback. Workers want more authentic and honest interactions with managers.

- **Closing the hard skills gap** — Bank management considers technology design and programming, which includes artificial intelligence (AI) and database management, to be critical to their firm's future. This set of skills is a lower priority for employees and could leave banks in the lurch. To fill that need, firms can turn to low-code and no-code platforms that allow workers with less technical skill to rapidly develop apps. This "citizen developer" approach has also reached AI — an important advance, since demand outstrips the supply of AI talent. For those skills that don't lend themselves to this approach, firms can use learning platforms that guide employees in the direction of the most-needed skills.

- **Engage workers now** — Bank executives need to communicate openly and immediately with their employees about restructuring the workforce — and not just about hybrid schedules. Many bank employees show interest in switching to part-time and gig work, which would expand firms’ flexibility for selected positions. This gives managers an opportunity to strategically change some jobs to this new way of working and accelerate the expected benefits. Managers may discover that the transition to an agile workplace can be accomplished more easily and quickly than expected.

The new hybrid work environment — with possible fights over schedules — has garnered most of the return-to-office headlines. But additional workforce changes add more complexity to this new era and make it even more consequential than it seemed.

Gaps in valuing soft and hard skills

As technology and customer demands change, there is little argument that skills need to adapt to this new landscape. However, managers and employees are not aligned on the specifics. Our survey determined that the two groups don’t see eye to eye on many of the needed hard and soft skills. That gap could pose serious problems for those seeking jobs and for those filling jobs.

Soft skills

Our survey found that managers and employees differed on the priority that should be placed on some soft skills. The most significant gap was in the value of leadership and social influence. Fifty-four percent of managers consider this to be one of the top three soft skills,

the only one that more than half of respondents cited. Just 38% of employees considered this to be one of the most important, making it the largest soft skills gap. This collection of skills — which includes empathy and persuasion — is generally more associated with management but could offer value for those seeking to advance their careers.

Active listening and communication are rated among the top industry skills by both managers and employees

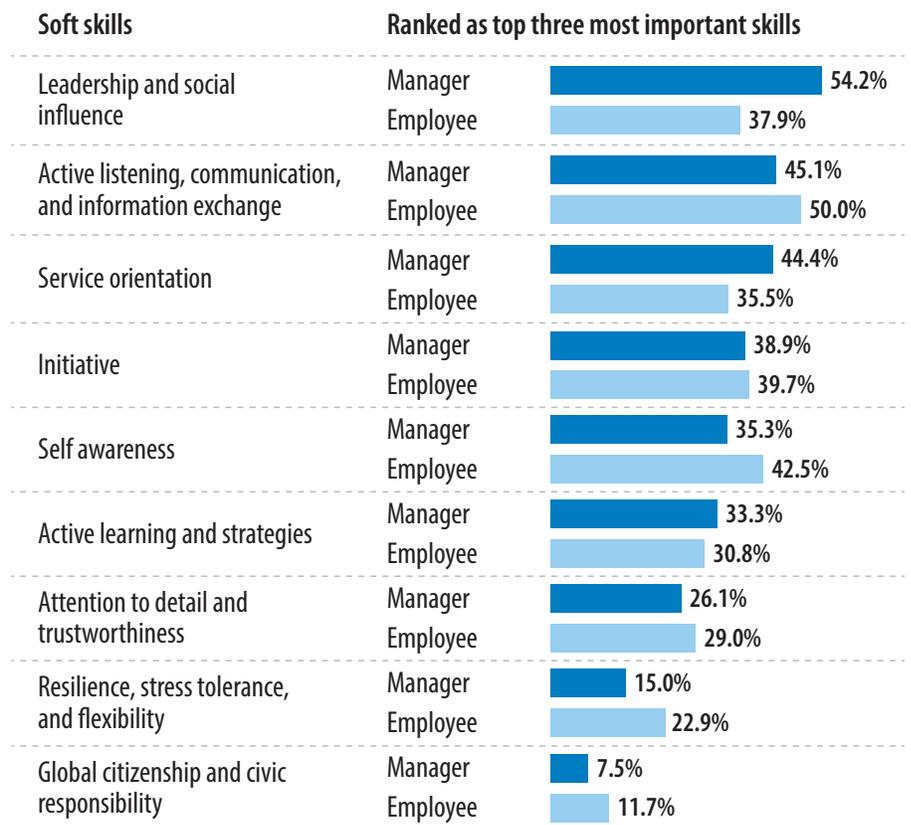
Managers also value **service orientation** — including teamwork, customer-orientation, and following

instructions — more highly (44% versus 36%). This divide could be disruptive at companies with a customer-oriented philosophy that is not fully embraced by its employees or whose employees have not acquired those skills.

Employees consider **self-awareness** as the second-most important skill (43%), while managers ranked it fifth out of nine (35%). This is a surprising result, since research has suggested that self-awareness — a component of emotional intelligence — can be correlated to better workplace performance.

Both managers (45%) and employees (50%) agree that active listening and communication are among the top skills needed in their industry. In the

Figure 1. Managers and employees view leadership and social influence differently



Source: Infosys



pandemic, remote working has forced employees and their organizations to think more deeply about how they communicate and exchange information. The lack of face-to-face interaction presents problems — including both over- and under-communication — that still need to be solved.

Managers and employees placed a similar middle-tier value on:

Initiative — organization, time management, and prioritization.

Active learning and learning strategies — open-mindedness, adaptability, and willingness to learn.

Attention to detail and trustworthiness — integrity, dependability, and managing quality.

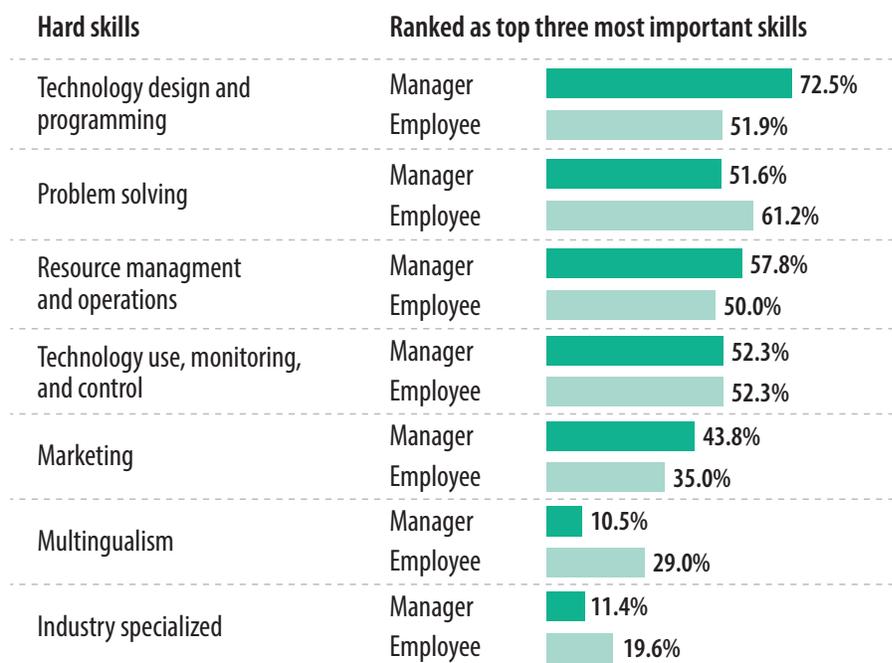
Overall, the respondents also agreed that **global citizenship and civic responsibility** is the least-critical soft skill needed in the coming years. That skill includes social justice and the awareness of technology's impact on society or the environment, both increasingly important topics in the corporate world.

Hard skills

Soft skills can sometimes be difficult to define and measure, leaving much room to debate which offer the greatest benefits. Hard skills, however, are perceived to be easier to value. In our survey, the data actually show greater disagreement on how managers and employees prioritize hard skills.

Managers overwhelmingly considered **technology design and programming** as the most important hard skill in a post-pandemic work environment. Seventy-three percent placed that in the top three, but only 52% of employees cited this as a similar priority. The gulf between the two sides could pose significant problems for some banks. Managers might struggle to find employees with the

Figure 2. Managers and employees disagree on the value of many hard skills



Source: Infosys

right skills while employees focus their reskilling or upskilling efforts in places that aren't valued as highly.

This points to the need for the use of low-code, no-code platforms to help bridge this gap. This hard skills category includes AI, database management, network security, statistical analysis, data mining, mobile development, user interface design, storage systems and management, and business analysis.

Firms, however, will need to eventually develop more talent through directed reskilling and upskilling efforts. Learning platforms, such as Infosys Wingspan, are now able to provide employees with personalized, bite-sized lessons at their convenience and on any device. These systems can provide helpful nudges to employees and offer executives a window into the progress of the overall reskilling and upskilling efforts. As a result, banks can develop higher priority skills and create a culture of learning.

We also found a similarly large gap in how the two types of respondents value multilingualism. Although it was one of the lower ranked skills, 29% of employees listed that in their top three. Just 11% of managers value it that highly.

Managers need to examine this issue closely and determine if segments of the population are not adequately served. In London, one of the world's most linguistically diverse cities, 22% of residents said their main language was something other than English.⁴ The official census counted only 90 languages in London; however, an earlier survey of school children there found about 300 home languages. In the U.S., at least 35 million people speak a language other than English at home.⁵

Among other hard skills:

- Employees value **problem-solving** the most highly (61%). Managers were much lower on this skill (52%). For employees, this choice is logical



since problem-solving is a potential buffer against losing a job to automation.

- Managers say they need more **marketing** skills, with 44% placing it in the top three. Employees saw this as a lesser priority (35%).
- Both groups equally value the category of **technology use, monitoring, and control**. That was defined to include Adobe software suite, digital marketing, programming languages, blockchain, and scientific computing. Just over half of managers and employees (52%) agreed this should be a top priority.

A more flexible and efficient workplace

The post-pandemic reset is changing not only how banks think about the future of the office but also creating opportunities to redefine the workforce and fine-tune operations. This can include alternative working arrangements and a greater use of automation.

Just 10% of bank employees surveyed say they are currently part-time or gig workers. However, 40% say they are considering making such a change, likely in the next five years. A minority of bank workers — slightly more than one-quarter — say they have not considered either part-time or gig work. This new mindset is potentially a result of the widespread shift to remote working, even for jobs that employers previously thought must be done in the office.

Bank management appears to be interested in expanding this group of nontraditional workers too. Just 10% of banks say that part-time and gig workers would account for less than 20% of their staff post-pandemic. Banks have often hesitated to embrace gig working for a variety of reasons, from cybersecurity worries to concerns

about worker motivation. However, changing needs are making part-time and gig workers more appealing, whether it's to cut costs or acquire in-demand skills or dynamically adjust the size of the workforce.

Managers were most likely to say they would use part-time and gig workers for front office and lines of business jobs, compared to back- and middle-office positions. And retail bankers plan to use part-time and gig workers for a larger percentage of the workforce than investment or commercial banks.

Banks will have to develop smart workspaces to manage the demands of an increasingly diversified staff

This kind of shift is affecting many, if not most, industries. A report by staffing firm Manpower found that human resources leaders identified new work models — including part-time, contract, and flexible work — as the second-most important priority for 2021 and beyond.⁶

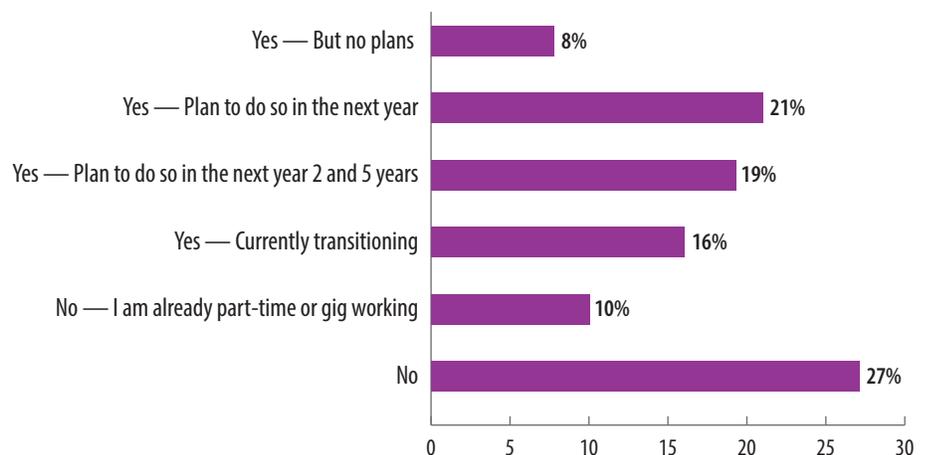
The combination of this change and continued hybrid work will pressure banks to create smart workspaces

that can manage the demands of an increasingly diversified staff. Firms must be able to quickly onboard or offboard workers without extensive manual intervention. Systems should be flexible enough to allow freelancers to schedule calls, book meeting spaces, and assign tasks but still limit their access to much of the company's networks — often through zero-trust security architecture. Technology should facilitate communication and collaboration among scattered groups of employees and contract workers, in and out of the office.

The pandemic's disruption has also led many organizations to experiment with automation to replace manual effort. Nearly 60% of bank management respondents say they used automation to solve worker shortages during the past year and a half. Of that group, more than 90% say this was moderately to highly effective.

As with other industries, the pandemic has forced businesses to look more closely at a variety of technologies — either to create new opportunities or new efficiencies. Another Infosys survey found that 91% of financial services firms have at least doubled their pace of digital transformation during the pandemic. Building operational efficiencies and increasing

Figure 3. Bank employees who are considering part-time or gig work



Source: Infosys

productivity were essentially tied for the top driver for this technological acceleration.⁷

Banks often use cloud-based solutions to manage workflows and digitize manual processes for server and application maintenance, customer onboarding and offboarding, and permissions approvals.⁸ This can reduce high-effort, low-impact work for many employees, benefits that will extend beyond the recent disruptions and staff shortages.⁹

A new workplace that works for everyone

The pandemic has forced banks into a sudden and unexpected experimental season. Now, that transition is close to an end, and a new era will hopefully start soon. In many cases, banks have honed their approaches to hybrid working, but those critical decisions are not the only decisions. Other changes might prove to be even more complex, consequential, and difficult to navigate.

Missteps today could create turmoil and mistrust that distract organizations from adapting to the changing business landscape. This management of skills gaps and creation of a more flexible workforce will push executives to refocus their internal strategies. They must communicate more effectively with their employees, reach common understandings, and coordinate shifts in working that can benefit both. Combining this human element with greater technological sophistication, managers and workers can achieve a more flexible future that offers both of them greater rewards.

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