

INSIGHTS FROM THE BDO FINANCIAL INSTITUTIONS & SPECIALTY FINANCE PRACTICE

# GOING DIGITAL: BANKING'S WORKFORCE OF THE FUTURE



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The discussion about digital transformation in financial services often focuses on which tools and solutions can best help an organization address challenges and opportunities. However, identifying the right tools is only one component. A successful digital transformation strategy should also address staffing considerations and plans for enablement and adoption.

Organizations need support and buy-in from staff who have strong digital literacy and the ability to build on necessary skills. As banks work to fill open positions and retain top talent in a highly competitive labor market, leaders should monitor shifting workforce trends and employee expectations to ensure the organization has the right people to execute its digital strategy.



## A NEW ERA OF BANKING

Digital transformation is a top priority for banks looking to meet customer needs, mitigate risk and improve efficiency, with 53% of respondents to [BDO's 2022 CFO Outlook Survey](#) citing digital transformation as their top innovation strategy for this year. While expanded offerings and capabilities can create new opportunities for financial institutions, implementing a robust digital strategy can also expose banks to new threats. Rapid digitalization efforts have coincided with an increase in cyber risks, which can have dire financial and reputational consequences — especially in a heavily regulated industry like financial services. Any transformation plan should incorporate and/or develop thoughtful employee training programs in regard to the institution's cybersecurity posture. Employees are the first line of defense when mitigating risk.

Beyond cyber risks, today's era of banking has ushered in a new appreciation for digital transformation because CFOs and other financial leaders recognize a data-driven approach may help them spur growth, capture additional market share and counter disruption from fintech competitors.

For more information about what banks can learn about being agile from fintech companies, read our new insight, "[What Banks Can Learn From Fintechs.](#)"



## ...AND THE STAFFING CONSIDERATIONS THAT COME WITH IT.

Financial institutions know that staffing plays a key role in effectively implementing digital transformation — and that not having the right people in the right roles can significantly hamper these efforts. Respondents to BDO's 2021 Financial Services Digital Transformation Survey indicated a lack of skills or insufficient training (50%) and employee pushback (46%) as two of the top reasons why their digital initiatives underperform.

To help ensure success, a robust digital strategy should also address the "people" component before and during implementation. This initiative includes focusing on existing employees by developing a comprehensive change management strategy that's supported by senior leadership and implementing applicable trainings, as well as identifying and filling any needs for new talent.

## MEETING SHIFTING EMPLOYEE EXPECTATIONS

As in many other sectors, financial institutions are struggling to overcome a labor shortage caused in part by a wave of employee resignations and early retirements. In order to attract and retain top talent in a shifting labor market, financial institutions should have a clear understanding of what employees are looking for in a new role and where they are finding it.

While the financial technology (fintech) sector was already encroaching on investor capital and market share, banks must now also compete with fintech companies for skilled talent. Sustained growth has enabled fintechs to offer greater work/life balance, competitive compensation and greater flexibility than some traditional roles in banking. Part of the digital transformation process involves finding ways to remain competitive in the labor market.

Among the tactics CFOs are implementing this year to address these workforce challenges, 42% are developing flexible working arrangements, 40% are increasing compensation and 36% are upskilling their talent, according to BDO's 2022 CFO Outlook Survey.

As CFOs assess flexible working arrangements, banks are evaluating their corporate footprint in multiple markets. As branch footprints are right-sized, banks are also deciding where offices can be consolidated.

For more information on building out your Real Estate strategy and framework, check out [BDO's RE Resource Center.](#)







## GAINING A COMPETITIVE EDGE THROUGH:



### Digitalization

In addition to meeting elevated customer expectations, digitalization can help attract and retain skilled employees. The innovation introduced by digitalization creates new opportunities for training and upskilling, which enables existing staff to develop their knowledge and experience. Automating previously manual processes can also free up time for employees to focus on higher-value services instead of more menial tasks. In fact, 37% of CFOs cited 'implementing automation for manual tasks' as a key consideration to meet shifting employee expectations and address workforce challenges. Above and beyond the employee experience, automation impacts the customer by providing a better experience for them, too.

### Reevaluating benefits and compensation

Competitive salaries are important, but a competitive compensation strategy should also include nonmonetary benefits, such as wellness perks, that help meet employee needs. The digital strategy can also help financial institutions embrace a hybrid or remote work environment, providing employees with increased flexibility while also expanding the pool of potential applicants.

### Aligning with ESG values

Employees are increasingly scrutinizing a potential employer's commitment to environmental, social and governance (ESG) values and prioritizing purpose-driven work. This is being recognized as a priority, with 38% of respondents to the 2022 CFO Outlook Survey listing "actionable steps on diversity, equity, and inclusion" as an area of investment for 2022. As financial institutions set ESG goals and distance themselves from clients who are not meeting environmentally sustainable criteria, publicizing these efforts can help [attract new employees](#) and retain existing staff.

For more information on building out your ESG strategy and framework, check out [BDO's ESG Resource Center](#).

### Third-party advisor benefits

Partnering with a third-party advisor can provide a financial institution with a bird's-eye view of opportunities and challenges related to staffing and digital strategy that may not have been identified in-house. The insights gleaned from a third-party analysis can help shape digital and workforce strategies, including areas for hiring, upskilling and retaining top-tier talent that can support a continued move toward digitalization.

A third-party consultant such as BDO can aid in the strategic development of ESG strategies and the adoption of automated technology. They can even provide outsourcing and co-sourcing services for financial and accounting roles as banks and financial servicers reevaluate their employee/departmental needs.

## GET ONBOARD FOR THE FUTURE OF BANKING

A bank's workforce is an integral component of their digital strategy, and it has become apparent in the past year that there are unique challenges in recruiting and retaining top talent with digital skills. Continued success in this competitive market will depend on a financial institution's ability to create a robust strategy for adapting to what comes next. Banks should identify the skills, training and talent they will need to successfully adapt to a digital environment if they want to maintain their edge in a rapidly evolving financial services landscape.

Contact us today to learn more about how [BDO's Financial Institutions & Specialty Finance practice](#) can help your organization address workforce challenges.



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