

Deloitte.

Resetting horizons
Global Human Capital Trends 2013
Financial Services Industry



Resetting horizons: Global Human Capital Trends 2013

Looking beyond continued uncertainty, the world's leading organizations are raising their sights, and pivoting from the great recession to the new horizons of 2020 with a focus on talent, globalization, growth, and innovation. This report introduces 13 global trends that are driving critical business and human capital decisions. The report provides information on these trends across global markets through results of a survey of over 1,300 business and HR professionals from 59 countries. To read the full report, please visit www.deloitte.com/hctrends2013



Exploration

Leadership.next: Debunking the superhero myth

Yesterday's leadership theories are not keeping pace with the velocity of today's disruptive marketplace. Organizations are seeking a new model for the age of agility.

www.deloitte.com/leadershipnext



How boards are changing the HR game

To seize new opportunities for sustainable growth and manage heightened risks, boards of directors at high-performing organizations are pulling CHROs much deeper into business strategy—and far earlier in the process.

www.deloitte.com/boardschangingHR



Leading talent from the BRIC

In an era of pervasive globalization, organizations are building multi-directional talent networks that are not only geared toward existing markets, but can also power new emerging markets.

www.deloitte.com/leadingfromtheBRIC



A global diversity dividend

In the midst of ongoing global expansion and a worldwide shortage of critical talent, companies are stepping up efforts – at very different speeds and levels of investment – to recruit and retain a workforce diverse in both demographics and ideas.

www.deloitte.com/diversitydividend



Workplaces of the future: Creating an elastic workplace

Workplace flexibility has become table stakes for attracting and retaining employees. Now companies must align their flexibility strategy with their core strategy to realize the benefits.

www.deloitte.com/workplacesofthefuture



The open talent economy

Jump ahead to the year 2020. Half the people you rely on don't actually work for you and that's a good thing—if you're ready.

www.deloitte.com/opentalent



Execution

Organization acceleration

Faced with tougher, more numerous challenges, today's organizations are demanding more from their change initiatives by pursuing strategies that are customized, precise, and sustainable.

www.deloitte.com/orgaccelerationtrend



The war to develop talent

The talent management pendulum is swinging from recruitment to development.

www.deloitte.com/developtalent



Transforming HR to meet new business priorities

HR transformation efforts are continuing to shift their focus to business priorities, concentrating on areas such as talent, emerging markets, and the HR organization.

www.deloitte.com/transformingHR



Branding the workplace: Innovating the talent brand

Social media has erased whatever lines used to exist between the corporate brand and the talent brand. They're two sides of the same coin.

www.deloitte.com/talentbrand



The aging workforce: Finding the silver lining in the talent gap

Organizations can capitalize on shifting retirement patterns to help narrow their talent gap.

www.deloitte.com/agingworkforce



The performance management puzzle

Some say traditional ways of managing employee performance are irrelevant in today's fast-changing work environment. Others argue that these methods drive accountability and differentiated compensation. Both are right.

www.deloitte.com/performancepuzzle



Human capital analytics: Thinking like an economist

Increasingly, many HR leaders have to answer questions that have an economic issue at their core—the allocation of a scarce resource called talent.

www.deloitte.com/HCeconomist



I am pleased to share with you a summary of the market trends and priorities that are driving human capital decisions for financial services leaders across the globe.

This focused report compares results from leaders in financial services to the overall results of our comprehensive survey of more than 1,300 business leaders and HR executives in 59 countries comprising the world's major economic regions.

Deloitte Touche Tohmatsu Limited's global human capital survey set out to determine which trends are playing the most significant role in global organizations today and which are further out on the horizon. We have categorized these trends as either *leading* or highly relevant today, *rising*, relevant in the next one to three years, or *emerging* three or more years from now.

For financial services, the top HR and Talent trends each come from the *leading* category and are identified as being most relevant today, with implications over the next one to three years and beyond:

- War to Develop Talent
- How Boards are Changing the HR Game
- Leadership.Next
- Transforming HR to Meet New Business Priorities
- Organization Acceleration

This financial services report was designed to complement Deloitte's 2013 Global Human Capital Trends report, "Resetting Horizons." We believe both reports will inform your organization's leaders on the issues impacting financial services organizations across the globe.



Heather Stockton
Global Human Capital Financial Services Industry Leader
Deloitte Touche Tohmatsu Limited (DTTL)



Top five HR and Talent trends in financial services

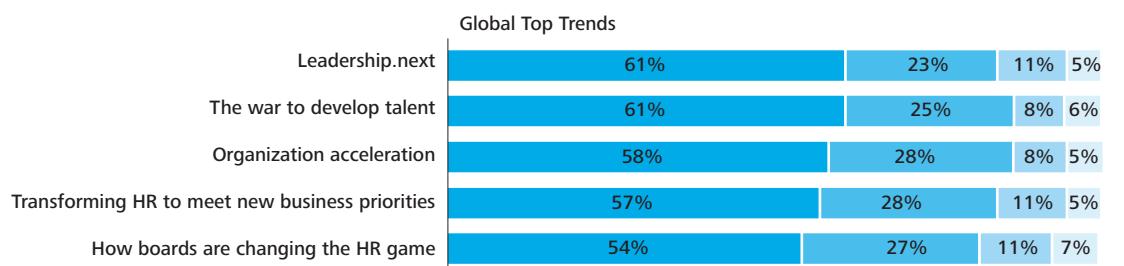
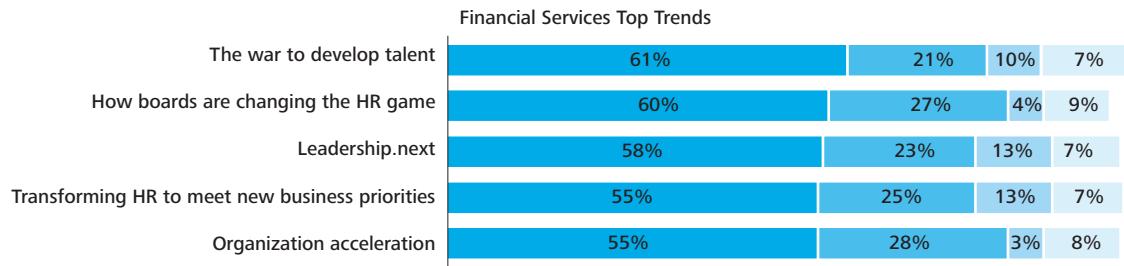
Results of the survey indicate financial services leaders are facing the same set of top five HR and Talent trends as those impacting leaders across all industries. For example, the "War to Develop Talent" is a highly relevant trend today for all leaders and is expected to be relevant through 2016 for financial services leaders (82%).

Where the responses of financial services leaders differ is in the prioritization of HR and Talent trends. This may be explained in part by the highly competitive market for high quality financial services talent across the globe. The global talent market and very public nature of financial services organizations' successes and failures in recent years is increasing board and shareholder oversight, which may be causing organizations in the industry to prioritize one leading trend over another.

For example, financial services organizations may be prioritizing the relatively new trends of "War to Develop Talent" and "How Boards are Changing the HR Game" based on the importance of investing in talent and the continuing interest of shareholders in driving sustainable results and increasing productivity in the industry.

Financial services organizations have long emphasized the importance of leadership development and may be better positioned to tackle the "Leadership.Next" trend than peers in other industries where leadership development has been neglected.

Top five HR and Talent trends for financial services organizations and the globe



- Trend is highly relevant today
- Trend will be relevant in the next 1-3 years
- Trend will likely be relevant in 3 years and beyond
- Trend is not applicable

Underpinning the HR and Talent trends is the single biggest issue for financial services and banks particularly: the rebuilding of their brand's trust and reputation with customers, regulators, employees and shareholders. Misaligned performance incentives, inadequate board oversight and poor governance all contributed to significant industry-wide cultural problems. Financial services leaders now need to recognize the need for and commit to massive long-term leadership and culture changes, including restructuring of performance and compensation structures, in order to begin addressing the existing negative market perception of financial services.¹ In this context, "Organization Acceleration" can provide a framework for customized, measurable and lasting culture change.

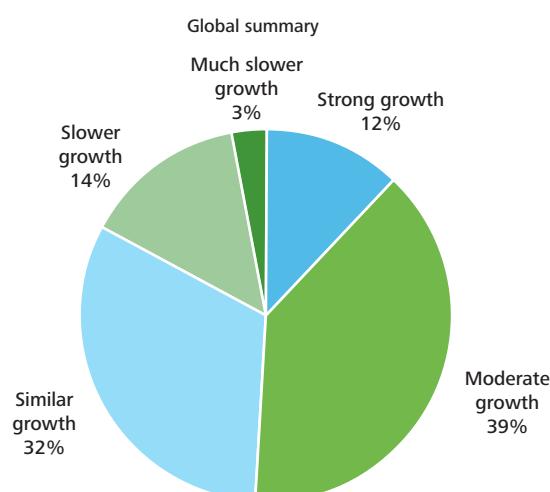
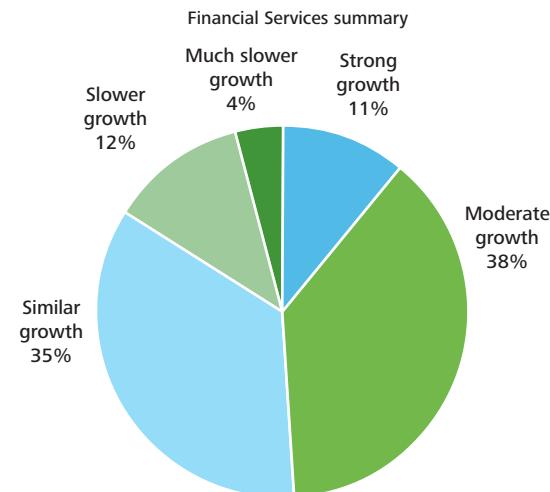


General business outlook in 2013

Consistent with the global survey results, many financial services leaders who participated in Deloitte's survey appear to view 2013 as a potential turning point for growth of the global economy, with financial services leaders (84%) and leaders across all industries (83%) expecting strong, moderate or similar growth compared to 2012.

However, 73% of financial services leaders are more likely to have expectations of growth rates consistent with or moderate as compared to 2012. These slightly more moderate views from financial services leaders extend to the proportion of survey participants expecting much slower growth than 2012.

Financial services and global outlook for 2013 compared to 2012



¹Source: *Culture in Banking: Under the Microscope*, Deloitte Research

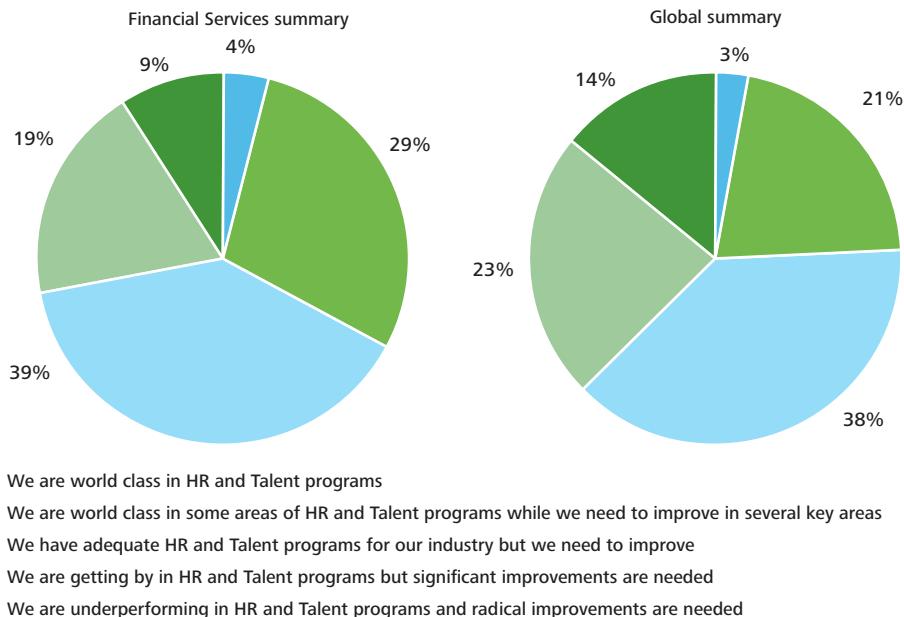
Capabilities of organizations' HR and Talent programs

Financial services leaders believe they have very strong HR and Talent programs (33%), certainly more so than all industries combined (24%). It may be that the industry – which has undergone significant changes in the wake of the financial crisis – has begun to realize the value that HR and Talent programs can bring to the large-scale transformations that financial services organizations have been embarking on as they prepare for recovery.

At the same time, two-thirds of financial services respondents believe they don't have world class HR and Talent programs. If this is the case, how can financial services organizations expect to compete and perform on the increasingly complex and fundamentally transformed global stage when the majority of their HR organizations may not be enabling their businesses with appropriate HR and Talent solutions aligned to very real business issues?

Financial services leaders must continue to strengthen and invest in their HR and Talent programs. In an industry that is highly knowledge-based, the retention of top talent is a strong competitive advantage. With financial incentives traditionally playing a larger role in financial services than in other industries, there may now be an opportunity for financial services leaders to consider alternate, non-monetary ways to retain talent. Furthermore, capitalizing on the existing successes of leadership development programs in the financial services, leaders can now also look to emerging talent strategies such as accelerated leadership development and global diversity management, to maintain their competitive lead.

Capabilities of organization's HR and Talent programs



Top three pressing HR and Talent concerns

It is increasingly apparent that financial services organizations need to develop innovative human capital strategies to stay competitive, with the key questions for HR leaders being: is the financial services industry doing enough today to get in front of these trends, or is the industry being complacent? Is there a window now for key industry stakeholders – governments, regulators, industry bodies, shareholders and senior bankers – to shape the future of the financial services industry? Is there appropriate focus, not only on addressing some of the cultural problems that manifested themselves during and after the financial crisis, but on developing the right talent and leaders to support the industry as it navigates through ever-changing regulation, serious capital constraints, major transformation, and the emergence of new competition?

Does your organization create leaders who drive consistent productivity improvement and shareholder value? Do you provide workers with fresh challenges that keep them engaged and contributing? Do your leaders embody your employee brand and culture? Have you developed the next three CEO candidate pools? These are important questions in an environment where financial services organizations need to prepare future leaders who can face uncertainty, complexity and increased global competition.

Top three pressing HR and talent concerns

Ranking	Financial Services	Global
#1	Developing leaders and succession planning (63%)	Developing leaders and succession planning (55%)
#2	Sustaining employee engagement/morale (43%)	Sustaining employee engagement/morale (39%)
#3	Creating career paths and challenging job opportunities for employees (39%)	Connecting HR and talent with business critical priorities (33%)

(% indicated the % of total respondents who have rated the concern 1, 2, or 3)

Providing employees with development opportunities, challenging jobs, meaningful work, and flexible environments are other ways financial services organizations can positively affect their performance. The industry can also embrace new and innovative career models, including the development of performance management frameworks that encourage and reward lateral movements as much as organizational advancement.

Whatever the approach, the financial services industry needs to invest in leadership, talent and culture with the same rigour as risk management and controls. This has been the missing response to a continually changing industry. Whether looking to restructure, grow or prepare for mergers and acquisitions, financial services organizations can generate success among myriad pressures by putting human capital issues at the top of the strategic agenda.



Contacts

Global Human Capital

FSI Leader

Heather Stockton
+1 416 601 6483
hstockton@deloitte.ca

Americas

Brazil
Celia Reis
+55 11 5186 6098
creis@deloitte.com

Canada

Jeff Moir
+1 416 601 5768
jmoir@deloitte.ca

Chile

Jaime Valenzuela
+56 2 729 7000
valenzuela@deloitte.com

Mexico

Fabiola Pernas
+52 55 50807107 x7107
fpernas@deloittemx.com

US

Robert Dicks
+1 973 602 6160
rdicks@deloitte.com

EMEA

Denmark

Kim Domdal
+45 30936351
kdomdal@deloitte.dk

Germany

Udo Bohdal
+49 69 97137350
ubohdal@deloitte.de

Greece

Eleana Giabana
+302106781100
egiabana@deloitte.gr

Ireland

Valarie Daunt
+35314178633
vdaunt@deloitte.ie

Netherlands

Jean Pierre Boelen
+31882887300
JBoelen@deloitte.nl

South Africa

Jack Sellschop
+27 (0)11 517 4223
jsellschop@deloitte.co.za

United Kingdom

Simon Holland
+44 20 7007 1922
siholland@deloitte.co.uk

Contributors

Soula Courlas, Marie-Christine Joly, Roula Shimaly,
Andrea Snider

This publication contains general information only and is based on the experiences and research of Deloitte practitioners. Deloitte is not, by means of this publication, rendering business, financial, investment, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte & Touche LLP and Deloitte Consulting LLP, which are separate subsidiaries of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.