DELOITTE 2023 HUMAN CAPITAL TRENDS

A Financial Services Industry Perspective
New fundamentals for a boundaryless world

May 2023
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Boundaries that were once assumed to be the natural order of things are falling away...

This report is intended to provide a Financial Services industry take on the Deloitte 2023 Human Capital Trends survey, spotlighting six key trends that will have profound implications in the months and years to come—and enable companies to navigate the boundaryless world where traditional models and assumptions about work are being disrupted and challenged.
New fundamentals for a boundaryless world

Key shifts have transformed the world of work and have created a boundaryless world. For those who get it right, the boundaryless world becomes one of infinite possibility instead of chaos and confusion.

Jobs
- Employees
- Flex work
- Automation
- Productivity
- Employer-led

Skills
- Workforce ecosystems
- Flex everything
- Augmentation
- Human performance
- Worker agency

The response to this year’s Trends Report surpassed that of 2020, with approximately 10,000 professionals from global business and HR organizations across 105 countries participating.

Among the respondents, 15% were from the Financial Services industry, providing a total of 1,130 responses that offer valuable insights into the trends and challenges facing the industry.

How we got our insights for this report

- 15% Financial Services
- 13% Technology, Media and Telecom
- 12% Energy, Resources & Industrials
- 12% Government & Public Service
- 17% Professional Services
- 5% Life Sciences and Health Care
- 18% Consumer
- 8% Other
FINANCIAL SERVICES

Trends Summary
Financial Services Key Challenges

Let's level set first on some key challenges seen across the Financial Services industry, before diving into the trends report.

Economic uncertainty and market volatility
Ongoing economic uncertainty and market volatility, driven by factors such as geopolitical tensions, trade disputes, banking crisis, rising interest rates, and the ongoing impact of the COVID-19 pandemic.

Regulatory complexity and compliance
Financial Services must navigate a complex web of regulations, including new and evolving regulations related to data privacy, cybersecurity, and sustainability.

Technology disruption
Emerging technologies like AI, blockchain, and cloud computing are disrupting the Financial Services industry, driving the need for firms to adapt to a rapidly changing landscape. The industry is shifting to a data-driven economy, where data is a key enabler of value creation.

Competition for talent
The Financial Services industry’s rapid growth and change are driving demand for specialized skills, while the limited talent pool is intensifying competition for top-tier professionals. To remain competitive, firms must prioritize attracting and retaining top talent and building strong employer brands to remain competitive in a rapidly evolving market.

Skills and mobility
In an ever-evolving Financial Services industry, firms are gradually shifting towards skills-based hiring and mobility to build a versatile workforce that can adapt to the industry’s changing landscape.

Inclusive leadership
Effective leaders need to challenge conventional ways of thinking and empower their teams to identify their role in achieving business objectives. It is crucial for leaders to be agile and diverse to navigate the ever-changing landscape of the Financial Services industry.

Taking a US-centric approach, this year’s Financial Services Report analyzes data from professionals at the director level and above across the United States. The report draws on a diverse range of sectors within the financial services industry, including banking and capital markets (29%), investment management (22%), real estate (28%), and insurance (21%).

### Organization Annual Revenue

<table>
<thead>
<tr>
<th>Annual Revenue</th>
<th>Percentage</th>
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<tr>
<td>Under $50 Mn</td>
<td>16%</td>
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<tr>
<td>Between $50 Mn &amp; $99 Mn</td>
<td>7%</td>
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<tr>
<td>Between $100 Mn &amp; $249 Mn</td>
<td>7%</td>
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<tr>
<td>Between $250 Mn &amp; $499 Mn</td>
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<td>Between $500 Mn &amp; $749 Mn</td>
<td>14%</td>
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<tr>
<td>Between $750 Mn &amp; $999 Mn</td>
<td>7%</td>
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<tr>
<td>Over $1 Bn</td>
<td>46%</td>
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### Sector

- Real Estate: 28%
- Banking & Capital Markets: 29%
- Investment Management: 22%
- Insurance: 21%

### Respondent Job Level

- Vice President: 37%
- Director/Senior Manager: 23%
- Executive/C-Suite: 35%
- Board Level: 5%

### Respondent Job Function

- Human Resources: 26%
- Finance: 34%
- Business Function*: 18%
- IT: 3%
- Operations: 9%
- Transformation or Strategy: 6%
- Other Corporate Function**: 4%
2023 Financial Services Industry Outlook

We've focused on the trends with the widest gaps between importance and readiness across this year’s Financial Services industry trends, providing an update on how executives are currently thinking about these topics, and showcasing how we’re addressing these trends in the market through client stories.

Navigating the end of jobs
Using a skills-based approach in Financial Services allows work to be done beyond traditional job boundaries, empowering workers and helping organizations adapt quickly to changes in the industry.

Powering human impact with technology
The relationship between intelligent technology and workers has evolved significantly over time. We’re seeing technologies emerge that aren’t just a substitute or supplement for workers but a means to help them improve—augmenting humans to become better humans and teams to become better teams.

Negotiating workforce, workplace, and work data
Organizations and workers vie for control of worker, workforce and workplace data when they should focus on mutual benefits. This is particularly important in light of increasing data privacy concerns and regulatory requirements in Financial Services.

Taking bold action for equitable outcomes
Diversity, equity, and inclusion (DEI) progress has traditionally been measured using activities and effort, with little consideration for actual outcomes. DEI actions should aim at achieving equitable outcomes in the marketplace and workforce while boosting an organization’s innovation, competitiveness, and long-term business success.

Advancing the human element of sustainability
Human sustainability rises to the forefront of organizations’ sustainability strategies in Financial Services as the industry seeks to promote sustainable investments and address climate change risks.

Leading in a Boundaryless World
To thrive, Financial Services leaders must evolve in tandem with their organizations and adopt a new set of fundamentals to mobilize workers and teams to achieve new outcomes.
Trends in Financial Services

The top 3 most important trends in Financial Services were consistent amongst all other industries.

- **Financial Services** identified Tech and Team Performance as the biggest priority trend for the industry, surpassing other industries such as consumer, life sciences, and tech.
- **Banking & Capital Markets** ranked technology to augment human and team performance as the highest importance to leverage.
- **Investment Management** had their highest readiness gaps in Leadership and moving to skills-based jobs.
- For 6 out of 6 trends, **Insurance** had the highest readiness gaps (least prepared), while **Real Estate** had the lowest readiness gaps (most prepared) for all 6 trends, as compared to the other Financial Services sectors.

Correlation Matrix: The Readiness Gap

- **Powering human impact with technology**: 97% of Financial Services executives believe technology augmenting human capabilities and teaming is important, but only 28% are very ready to do this today.
- **Leading in a boundaryless world**: 96% of Financial Services executives believe leadership outside of traditional job roles is important, but only 26% are very ready to implement this today.
- **Navigating the end of jobs**: 96% of Financial Services executives believe matching worker skills with organizational priorities outside of formal job roles is important, but only 21% are ready to move away from traditional job roles to a skills-based model.
- **Taking bold actions for equitable outcomes**: 88% of Financial Services executives believe equitable outcomes to bridge skills and worker gaps are important, but only 30% are very ready to focus on this today.
- **Negotiating worker data**: 88% of Financial Services executives believe the mutual benefit of data ownership is important, but only 27% are very ready as of today.
- **Advancing the human element of sustainability**: 81% of Financial Services executives believe sustainability investment for a better future is important, but only 23% are very ready to put action behind it.

Note: Importance captures responses for “Important” and “Very Important”. Readiness captures “Very Ready.”
Deloitte 2023 Human Capital Trends | A Financial Services Industry Perspective

**Financial Services Trends – Readiness Gap**

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<tr>
<th>DATA*</th>
<th>ALL PS</th>
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<th>INSURANCE</th>
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<td>Diversity, Equity, and Inclusion</td>
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<td>Tech &amp; Team Performance</td>
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<td>90</td>
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*Scores were captured by subtracting readiness from importance, calculating a “Readiness Gap” score.

**KEY TAKEAWAYS**

1. Financial Services had the largest readiness gap in the adaptability of job roles to skills rather than level, this is a trend of high importance to the sectors and low on readiness in general.
2. Investment Management & Real Estate both their highest readiness gaps in adapting jobs as skills-based, and both sectors had the lowest ability to “effectively anticipate the skills” their organizations “will need over the next two years”.
3. Banking & Capital Markets had the highest readiness gap for skills-based jobs, and 60% of respondents reported their job descriptions do not “describe the right worker for the work needed”.
4. Insurance had the lowest readiness in the top three trends for the industry, with respondents reporting a much lower percentage of readiness when to “match worker skills with organizational priorities” as compared to other sectors.

**Financial Services Trends – Readiness**

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<tr>
<td>Tech &amp; Team Performance</td>
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*Readiness scores were captured with “very ready” scores for Financial Services sectors and all Financial Services together.

**KEY TAKEAWAYS**

1. Financial Services rated create jobs around skills rather than hierarchical level as the lowest readiness of the trends.
2. All three sectors identified “rate of change” or “too many changes” as the largest barrier to achieving organizational goals.
3. Investment Management & Real Estate reported the highest readiness among sectors to leverage data ownership, but respondents identified “access to the right data” as one of the highest barriers to realizing the value of worker data.
4. Insurance scored the lowest readiness as compared to the other two sectors and has the lowest readiness to leverage worker data and create jobs based on skillset, respondents reported the lowest percentage of the three sectors when it comes to knowledge of what skills their workforce possesses.

**Financial Services Trends – Importance**

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</table>

*Importance scores were captured by combining “important” and “very important” scores for each Financial Services sector and all Financial Services together.

**KEY TAKEAWAYS**

1. Financial Services rated skills-based jobs, leadership, and technology augmenting human workers, as the more important trends.
2. Banking & Capital Markets ranked the two most important trends as skills-based approach and technology augmenting human workers, with more respondents saying their organization has access to a workforce with the right skills for their business needs, as compared to other sectors.
3. Investment Management & Real Estate rated the most important trend, yet the sectors report 30% and 57%, respectively, of their leaders are resistant to change.
4. Insurance rated technology augmenting performance as the most important trend but reports a barrier from lack of funding of technology at a much higher percentage over the other sectors.
FINANCIAL SERVICES

HC Trends
Theme Deep Dives
Navigating the end of jobs

Since the dawn of the industrial age, the job has been the defining structure for organizing and managing every aspect of work. That approach made sense when business changes occurred slowly, and workers were just pieces in the industrial machine. The solution? A skills-based approach to managing work and workers, delivering business agility and worker autonomy by enabling work to be performed beyond formal job boundaries. The concept of the job is so ingrained in how organizations operate that it’s hard to imagine any other way of managing work and workers. Yet many recognize this traditional construct is failing to serve our boundaryless world.

A closer look at what’s driving the shift

**Performance pressure.** 65% of Financial Services executives can effectively anticipate the skills they will need over the next two years. Yet only 52% of the same executives report that their organizations are aware of the skills their workforces currently possess.

**Need for agility.** 63% of Financial Services executives report that workers are focused on team and project work that falls outside their current job descriptions. Further, 81% of executives say work is increasingly performed across functional boundaries.

**Talent shortages.** 65% of Financial Services institutions report an expected shortages for critical workers over the next two years. However, only 61% of executives believe their organization is effective in aligning the right talent with the work required.

**Increased focus on equitable outcomes.** In the skills-based organization survey,1 75% of Financial Services executives say hiring, promoting, and deploying people based on skills (vs. tenure, job history, or network) can help democratize and improve access to opportunities.

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Key statistics

96% of surveyed Financial Services executives recognize that the traditional job title and job description approach to organizing employees is not effective in today’s fast-paced and constantly evolving business environment.

YET ONLY...

21% believe their organization is ready to transition from a job-based infrastructure.

The opportunity

Success in navigating the end of jobs will require both workers and companies to embrace new fundamentals and to build the capabilities needed to thrive in a rapidly changing world of work, given the speed of changes that are taking place in this industry.

- **Identify talent populations which are ripe for transition to a skills-based approach.** Review the organization and examine pressure points (e.g., talent shortages in technology teams, demands for increased agility in operations).

- **Define work based on the skills required.** Instead of defining work as a specific set of tasks and responsibilities (i.e., a job), define work primarily based on the skills it requires. Take action and decisions across the talent life cycle to reinforce the shift.

- **Collect and analyze data about worker skills.** Technology can be used to inventory the skills of existing workers, supplemented with more holistic data about workers’ interests, values, work preferences, and more.

- **View workers based on their skills, not job titles.** Instead of viewing workers narrowly as job holders performing predefined tasks, view them holistically as unique individuals with a portfolio of skills to offer—and then match them with work that aligns with those skills.

What Financial Services executives are saying:

“Building a future-ready workforce is a key priority, that is why we are proactively identifying the skills we need and understanding the skills and education our employees have”

—Robin Leopold, Head of Human Resources, JP Morgan Chase

“We are witnessing rapid job destruction and creation super-charged by COVID-19. The case for reskilling has never been more compelling, but it will require all of us to play a part.”

—David Henderson, Group Chief Human Resources Officer, Zurich

Note: “Other industry executives” refers to the average responses from leaders in Energy, Resources, and Industrials, Consumer, Government, and Public Services, Life Sciences, and Healthcare, and Technology, Media, and Telecommunications.


Powering human impact with technology

The Financial Services industry has experienced a significant shift in the way intelligent technology and workers interact. New workplace technologies emerging don’t just augment workers, but also help them improve personal and teaming capabilities — helping humans rather than replacing humans. It must be a priority to bridge the gap between human skills and technology augmenters. In this chapter, we explore how the symbiotic relationship between intelligent technology and human workers in the Financial Services industry can elevate the workforce experience.

**Human augmenter not replacer.** Financial Services executives recognize technology’s potential to augment human capabilities, with 40% believing it can encourage new behaviors and 37% seeing it as creating opportunities for uniquely human skills like empathy and creativity to drive outcomes. Combining technology and AI with human soft skills can lead to success.

**Need for efficiency end to end.** Financial Services executives recognize the need for end-to-end efficiency, with 64% of organizations leveraging technology to create efficiencies. However, only 41% use technology to provide decision-making insights, and just 37% use technology for innovation. This highlights the potential for financial services organizations to deploy technology to better support their workers and drive organizational success.

**From adoption to creation.** Financial Services executives report leveraging communication technologies to connect teams at a rate of 77%, yet only 33% of executives use technology to analyze and draw insights on how to connect teams and drive performance. To improve financial performance from technology, organizations must bridge the gap between implementing technology and using it for analytics and decision-making.

**Investment in technology.** Financial Services executives identify lack of infrastructure and rapid change as the highest barriers to technology driving outcomes (33% and 35% respectively). As technology investments mature, it becomes cheaper, faster, and more secure to incorporate technology into core operations. Firms that don’t keep up, risk being left behind.
Key statistics

96% of surveyed Financial Services executives believe that using technology to improve work outcomes and team performance is very important or important to their organization’s success.

YET ONLY...

27% believe their organization is very ready to tackle this today.

The opportunity

Technology isn’t a replacement to human-powered success, but rather augmenter of it. Technology can do a lot more than simply connect people in a virtual world. It can measure KPIs, drive efficiency and combine human skills with AI support.

- **Improved fraud detection.** Financial institutions can leverage generative AI to detect and deter fraud by analyzing a large volume of transactions and customer data, safeguarding customer financial assets and minimizing losses for the bank. AI can serve as the first line of defense before alerting fraud experts.

- **Technology designing around humans.** Technology can also aid humans in improving on things that are uniquely human (such as institutional knowledge, crafting a perspective, etc.). Digital assets can be used to fit organization’s needs. Technology can automate processes, free up time for an elevated human role, create better insights from large data sets, and more. Organizations can apply human-centered design digital experiences that make their workforce more productive, engaged, and help organizations promote well-being.

- **Scale insights for greater impact.** Technology-human team collaboration can drive impact through insights at scale, improving performance, learning and development, communication, and collaboration for individuals and teams.

What Financial Services executives are saying:

“The decade ahead will see unprecedented change in the world of work, as the tech disruption gathers pace...Companies and industries supporting this jobs transformation represent a combined $14 trillion in market capitalization”

—Felix Tran, equity strategist for BofA Global Research
Negotiating workforce, workplace, and work data

While many organizations are just beginning the race to unlock the business value of their workforce, workplace, and work data — data about behavior, communications, social connections, and even keystrokes, mouse clicks, and physical badge swipes — leaders in the Financial Services industry report that their organizations are struggling to get out of the starting block. People analytics can help Financial Services companies make data-driven decisions to support business objectives and create positive work environments. Success lies in ethical use of data to benefit organizations and workers, despite evolving regulations.¹

SENSE

A closer look at what’s driving the shift

Regulatory compliance. Financial Services organizations are subject to strict regulatory requirements, particularly in areas such as data privacy, security, and reporting.² People analytics can help companies comply with these regulations by ensuring that employee data is managed, used, and reported in accordance with regulatory requirements.

Need for cost optimization. Financial Services organizations are under pressure to optimize costs while maintaining high-quality services. By using advanced data analytics, artificial intelligence (AI), and Machine Learning (ML), companies are identifying inefficiencies and opportunities across business lines, which can drive targeted improvements to reduce costs.² This trend is expanding into people analytics and human capital management.

Increased competition for talent. Financial Services organizations are facing a shortage of skilled workers, particularly in areas such as data analysis and cybersecurity.² By using people analytics, companies can better understand their workforce and make data-driven decisions to attract and retain top talent.

Changing workforce demographics. The workforce is changing, with more Gen Z employees entering the workforce. This generation prioritizes transparency, fairness, and work-life balance, and people analytics can help companies better understand and meet the needs of these workers, driven by the Covid-19 pandemic, a greater emphasis on diversity and inclusion, and the “Great Resignation.”³

Key statistics

88% of surveyed Financial Services executives believe that leveraging worker data to create benefits for both the organization and its workers (while building trust and confidence in how worker data is used) is important or very important to their organizations’ success.

Yet only...

27% believe their organization is very ready to tackle this trend.

The opportunity

Financial Services organizations face unique challenges when it comes to managing worker data, including privacy regulations, data security concerns, and the need for agility in a rapidly changing market.1 Here are three key fundamentals for this industry to effectively manage worker data:

• Build and reinforce trust with employees. The irony of tracking more and more employee data over time is that it may signal mistrust between the employer and employee—which, paradoxically, research has shown to be detrimental to both employee productivity and morale.2 Financial Services organizations must be transparent about their data collection practices and demonstrate their commitment to data privacy and security. By doing so, they will build trust with workers and create a more productive and engaged workforce.

• Invest in and advance people analytics capabilities. As Financial Services organizations continue to collect more information than ever on their employees, it is vital that we continue to invest in the people analytics capabilities that will ultimately unlock the value of this data.3

• Use expanded worker data to create more, and mutual, value. By co-creating our data strategies with an empathic mindset that considers the perspective and needs of all stakeholders involved, Financial Services leaders can drive measurable business value, enrich employee experience, and create trust with their regulatory agency partners.

What Financial Services executives are saying:

“Remember—each colleague is making a personal choice about whether they want to share their data... or [if they] wish to take the time to disclose it. ...One of my goals is to raise that disclosure rate in places where it’s hindering us... [building] trust that we’re using the data in the right way, and [using] it to create effective local solutions in the markets and for the roles where we aren’t diverse enough.”

—Carolanne Minashi, Global Head of Inclusion, HSBC

Note: “Other industry executives” refers to the average responses from leaders in Energy, Resources, and Industrials, Consumer, Government, and Public Services, Life Sciences, and Healthcare, and Technology, Media, and Telecommunications.
Taking bold action for equitable outcomes

Diversity, equity, and inclusion (DEI) progress has traditionally been measured using activities and effort, with little consideration for actual outcomes. DEI actions should aim at achieving equitable outcomes in the marketplace and workforce while boosting an organization’s innovation, competitiveness, and long-term business success. Particularly for the Financial Services industry, companies can increase the impact of their DEI investments by increasing outcome and accountability measures at all levels.

In the last two years, large multinational organizations have invested ...

1,000+ public DEI commitments

+ $210 billion
to DEI commitments

A closer look at what’s driving the shift

Evolving internal and external stakeholders’ expectations. The focus and demand on diversity, equity and inclusion from various stakeholders such as investors, regulators, and policymakers are on the rise. According to the recent CFA Institute Earning Investors’ Trust study, 76% of institutional investors and 69% of retail investors have interest in products that incorporate environmental, social, and governance (ESG) factors.

Talent development and retention. More than one-third Americans (35%) in the labor force are millennials, making this group the largest generation of the US workforce. The younger generations of the workforce have an even stronger focus on companies’ DEI objectives. To develop and retain talent, companies need to have an emphasis on DEI objectives.

Stronger focus on outcomes & accountability measures. Companies have made numerous public commitments and promises in the DEI areas, along with sizeable financial investments. Through these commitments, companies foster trust, belonging, an inclusive culture spanning the hire to retire employee lifecycle, and position themselves for long term success.

Connection in the marketplace. There is an increasing awareness of how DEI in the Financial Services industry impacts marketplace & society. For example, according to CFA Institute, there is a growing number of investors prioritize racial diversity and justice to create a more inclusive society. Customers are also more likely to engage with companies that demonstrate DEI values that connect with the society.

Financial Services organizations have made progress in improving DEI efforts, but there is still room for improvement. Only 61% of respondents report having accountability measures for diversity, while 39% report having no accountability measures for one or more areas of DEI.

Financial Services respondents in the US report taking a compliance-based approach to DEI, with 58% reporting that their approach DEI based on what is “required” by internal and external stakeholders. 13% of executives are not ready to embed DEI into everyday ways of working, nearly 8% lower than global Financial Services respondents.

Financial Services executives are recognizing the importance of leadership commitment and capabilities in driving successful DEI initiatives, with 26% highlighting it as a significant barrier to achieving increased impact in their organizations. This concern is amplified by the challenges presented by new work models such as hybrid, remote, and co-location, as well as evolving accountability frameworks.

88% of surveyed Financial Services executives recognize that believe that embedding DEI into everyday ways of working and teaming while measuring outcomes is important or very important to their organizations’ success.

30% believe they are very ready to do so.

The opportunity

Financial Services DEI actions should achieve equitable outcomes in the workforce, employee lifecycle, and marketplace while boosting an organization’s leadership and long-term business success. Here are four key fundamentals for this industry to take bold action:

• Re-orient to outcomes, not activities. Financial Services must identify the specific inequities that exist across their own organizations, uncover the root causes of those inequities, and design solutions to address them. Achieving equitable outcomes requires a tailored approach based on strategy and context for the specific Financial Services sector.

• Focus on the system not the individual. To tackle efforts in employee-management processes including hiring, evaluation, promotion, and executive sponsorship, Financial Services companies need a systemic response based on process metrics. Examples of this include how quickly racial minorities advance up the corporate ladder.

• Produce disaggregated actionable insights, not aggregated descriptive data. Detailed analysis of the workforce data can reveal inequities and establish a baseline for enabling immediate intervention. Financial Services organizations must clearly communicate to employees the link between their daily decisions and the resulting DEI outcomes.

• Center DEI as intrinsic to, versus separate from, the business. Commitment from all levels of the organization—not just DEI officers or HR—is necessary to improve DEI outcomes in all decisions, policies, procedures, and actions.

What Financial Services executives are saying:

“Funds managed by single-gender teams underperformed, and funds managed by mixed-gender teams outperformed their benchmarks. But when you think about the fact that women are only one in seven active equity investment professionals, we’re literally talking about unrealized opportunity in the investment management space […] we continue to hope to build thought leadership on as people understand this isn’t a nice-to-have.”

—Crystal Hardie, Principal and Global head of DEI at Vanguard

“My job is to represent those who historically have felt like they haven’t had a voice and oftentimes don’t get seen and they don’t have equitable access to opportunity […] I represent their voices at the most senior levels of the organization.”

—Greg Cunningham, Chief Diversity Officer at U.S. Bank

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Advancing the human element of sustainability

Following the COVID-19 pandemic, environmental sustainability and its importance to society has increased for the majority of the global community. The growing prevalence of worker agency and choice during the pandemic showed that, when given the chance to align their interests and passions with organizational needs, workers now more than ever can lead the push towards sustainability. Still, between competing priorities, a lack of capability, and organizational roadblocks, there is still work to be done from a Human Capital perspective.

1 Kuner, S., Mason, I., & Stansfield, B. (2022). How is Climate Change Impacting on the Financial Services Sector [Review of How is Climate Change Impacting on the Financial Services Sector]. Gowling WLG.
5 IBM. (2022). 2022 sustainability consumer research: Sustainability and profitability. IBM.
Financial Services sectors have varying levels of readiness to address sustainability. For example, there is a difference in self-reported readiness between insurance organizations (+17%) compared to investment management organizations. This suggests that greater exposure to the human risks associated with climate change can increase an organization’s readiness to address sustainability.

80% of Financial Services respondents in a United Nations survey indicated their organization believes the direct risks of climate change will be more important in the future. This suggests a sort of “procrastination” in that sustainability can be seen as a future problem rather than a current one.

When comparing at global level, US-based Financial Services executives believe that climate change will have less of an impact on their workplace than those not in the US (-10%). A lack of prioritization from US Financial Services likely contributes to the readiness gap due to the US’ prominence in Financial Services.

A closer look at this gap

The opportunity

The push towards sustainability will require bold changes throughout Financial Services organizations—from the individual level all the way up through the c-suite. Here we have examined a few of the key strategies companies have taken to make their goals a reality.

- **Embed sustainability into purpose, strategy, and culture.** The most important benefit of sustainability efforts reported by Financial Services survey respondents was brand reputation. The connection between company brand, human capital, and sustainability must be cultivated to create a greater emphasis on environmental initiatives.

- **Encourage investment in sustainable finance.** The European Union announced initiatives for companies allocating assets towards sustainable investments, garnering trillions of dollars’ worth of support from a variety of organizations. These types of initiatives can spur direct investment in sustainable initiatives.

- **Cultivate sustainability-oriented skill sets.** Companies are currently experiencing a shortage of Human Capital professionals qualified to manage sustainability efforts. Organizations have an opportunity to promote skills such as business metric analysis (emissions, energy utilization, etc.) and sustainable finance strategy to overcome a key driver of the sustainability bottleneck.

What Financial Services executives are saying:

“Now you see the symptoms of climate change really affecting people [...] ESG is about creating a more informed decision-making process [...] When you look at sustainability from a risk lens, it changes the entire aperture.”

—Director of Environmental and Sustainability Management from a global banking and financial services group
Leading in a boundaryless world

How do you lead in a boundaryless world in which work is no longer defined by jobs, the workplace isn’t a specific place, many of the most important workers aren’t traditional employees, and leadership isn’t determined by the organization chart?

Leading in a boundaryless world requires overcoming the traditional, compartmentalized model of work. Leaders in Financial Services should overcome their resistance to change and understand that decisions they make are not forever—feeling uncertain about the future is okay because they can test, learn, and iterate. If they don’t, they risk being left behind.¹


A closer look at what’s driving the shift

Not knowing where to start. 51% of Financial Services executives say the greatest barrier to their ability to support their organizations’ most critical outcomes is not being able to identify where to start with so many changes occurring all at once.

Resistance to change. 47% of Financial Services executives say leaders’ resistance to change is also a major obstacle in helping their organizations achieve important and meaningful outcomes.

Need for a resilient workforce. 40% of Financial Services executives say that creating a resilient workforce that adapts, reskills, and assumes new roles is the most critical undertaking they need to take within the next 2-4 years. Only 17% of leaders are doing this today.

Lack of readiness to move beyond traditional roles. 37% of Financial Services executives say they’re not ready to match worker skills with organizational priorities in ways that are not defined by formal job responsibilities.
Key statistics

96% of surveyed Financial Services executives believe that leadership capabilities and effectiveness in a disrupted world are important to their organizations’ success.

Yet only...

26% believe their organization is very ready to demonstrate this kind of leadership today.

The opportunity

Bridging the gap of between desired organizational outcomes and current capabilities will require organizations to shed traditional organizational structures and roles to embrace more collaborative ways of working.

- Framing the challenge: Think like a researcher. With so many net new changes, leaders should be experimenting and improving ways of working by co-creating with each other as well as other company employees. Leaders need to understand that the decisions they make do not need to be in place forever—that they can test, learn, and iterate as needed.

- Designing for impact: Prioritize outcomes over tradition. Formal workplace boundaries are quickly disappearing, which provides opportunities to prioritize outcomes over traditional work models. Leaders need to look beyond defined job responsibilities and workplace silos. They need to map and develop workers’ skills in ways that correlate with achieving critical outcomes for their organizations.

- Charting the Path Forward: Communicate clearly and frequently. As changes occur, leaders need to be cognizant of communicating developments as they arise. Going through changes in goals, roles, and processes is not easy for leaders, and it won’t be easy for employees either. Leaders can help their workforces become more resilient by communicating transparently with them, sharing how they made their decisions and what the impact of their decisions would be.

What Financial Services executives are saying:

At all levels, we need to lead in ways that help the whole boat go faster. To do this, we focus relentlessly on transparency. For our enterprise leaders, this means that their job is not to make decisions for people, but to ask really good questions and empower their teams to make the decisions themselves. There is also transparency and accountability for outcomes versus outputs including celebrating successes openly and asking, ‘What can we learn from that?’ when things don’t go well. This leads to better outcomes in the future.”

— Neil Walker-Neveras, Chief Talent Officer, M&T Bank
Financial Services opportunities and solutions
## Financial Services Opportunities and Deloitte Solutions

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<tr>
<th>Trends</th>
<th>Desired Outcome</th>
<th>Deloitte Solutions</th>
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| **Navigating the end of jobs**      | Create formal mechanisms where workers are mapped to their skills to suit their individual needs and to get work done more effectively | • Skills-Based Organization  
• Talent Marketplace  
• Workforce Strategy/Talent Access  
• Job Architecture |
| **Powering human impact with technology** | Increase effectiveness of teams by pairing workers with technology and enhancing, not replacing, human capabilities | • Work From Anywhere  
• Change Services  
• Digital HR  
• Work Re-Design  
• HR Strategy & Operating Model  
• Digital Workplace |
| **Taking bold action for equitable outcomes** | Achieve equitable outcomes in the marketplace and workforce and increase the impact of their DEI investment by increasing outcome and accountability measures at all levels | • Culture Assessment  
• Diagnostic Assessments  
• DEI Maturity Model  
• Equity Model (Health, Rewards, Recognition) |
| **Leading in a boundaryless world** | Grow capabilities, which will enable leaders to learn faster and accelerate their ability to adapt to a frequently and radically changing environment | • Team Alchemy  
• Learning & Leadership  
• People Analytics  
• Workforce Listening  
• Digital Workplace |
| **Negotiating Worker Data**         | Use data and analytics to make better people decisions and drive business outcomes | • People Analytics  
• Workforce Listening |
| **Advancing the human element of sustainability** | Adapt to a sustainable world of changing worker and societal expectations and increased climate pressure | • Climate Risk Modeling  
• ESG Program Assessment  
• Financial Inclusion |

To learn more, read Deloitte’s 2023 Global Human Capital Trends report online at: www.deloitte.com/hctrends
The 2023 Global Human Capital Trends Report Resources

Click on the pictures to reference the report chapter

Navigating the end of jobs
Powering human impact with technology
Negotiating workforce, workplace, and work data

Taking bold action for equitable outcomes
Advancing the human element of sustainability
Unlocking the workforce ecosystem

Harnessing worker agency
Activating the future of workplace
Elevating the focus on human risk

To learn more, read Deloitte's 2023 Global Human Capital Trends report online at: www.deloitte.com/hctrends
Thank you!

Although the potential for disruption is real, so is the opportunity for an extraordinary reimagination of what the work, workforce, and workplace can be.

**Are you ready to embrace the possibilities?**
To learn more, read Deloitte’s 2023 Global Human Capital Trends report online at: www.deloitte.com/hctrends