

Meeting Today's Finance Talent Development Challenges

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An average of \$1,413 per employee. That is how much finance, insurance, and real estate (FIRE) companies spent on learning in 2019, according to the ATD's [2020 State of the Industry: Talent Development Benchmarks and Trends](#) report, with each employee using 35 hours of learning. Meanwhile, the average direct learning expenditure for all organizations surveyed was \$1,308 per employee in 2019, the year that the 2020 report covered. While there is a significant difference in the learning expenditure, the question is whether that is enough for the breadth of challenges the finance industry faces.

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The report explains that “FIRE companies must keep up with numerous regulations and standards, and many have complex internal policies and procedures, so learning content may require frequent updates.”

The challenges for the industry are only increasing in number and complexity. In the December 2020 article [“2021 Banking and Capital Markets Outlook: Strengthening Resilience, Accelerating Transformation,”](#) Deloitte executives Mark Shilling and Anna Celner write that, while the COVID-19 pandemic has slowed many industry trends—urbanization, globalization, and the sharing economy among them—“COVID-19 has acted as a catalyst for digitization. In addition to accelerating digital adoption, the crisis has also served as a litmus test for banks’ digital infrastructure. While institutions that made strategic investments in technology came out stronger, laggards may still be able to leapfrog competitors if they take swift action to accelerate tech modernization.” Another industry report, [PwC’s 23rd Annual Global CEO Survey](#), cites over-regulation, cyber threats, an uncertain economic growth, and speed of technological change as the top issues keeping the banking and capital market industry’s CEOs up at night. When CEOs are up at night, talent development professionals need to take heed.

This adds up to a tremendous challenge for talent development professionals in and working with this industry, which encompasses personal banking, investing, insurance, and accounting, to name a few of the top businesses.

Where Are the Challenges in Finance?

How, more specifically, do crisis management, compliance, data analytics, cybersecurity, digital transformation, and cryptocurrency regulation play out for

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employees and managers in financial organizations? What must and can talent developers do to help employees and managers deal with these challenges in the changing world of work? That is, what skills must individuals have to address these challenges—for example, to be able to keep data safe, to do the new jobs that are created as tasks are taken over by robots or managed through machine learning, and to pivot agilely as customers ask for help with new products offered in new ways?

Philipp Ramin, CEO and co-founder of the management consultancy Innovationszentrum für Industrie 4.0 in Regensburg, Germany, says the challenges in the financial industry are technological in nature and deal with the new world of work, such as that relating to the fallout from the pandemic and changing customer expectations. Asked about the skills individuals need for the finance industry of the future, Ramin says, “I see two important areas.



One is the required hard skills in the area of software and technology, which should generally be covered by blended learning solutions in order to dovetail theory and practice. At the same time, however, methodological competence and a new mindset of openness, agility, and cross-functionality is required, which must be trained and developed in daily work.”

In addition to facilitating soft and hard skills, another mountain for talent development professionals to scale involves helping senior leaders understand the importance of training and development as well as the strategic contributions the talent development team provides. Ramin emphasizes that, “I often encounter a lack of understanding by management that talent development has a very important strategic role to play in future-proofing the industry and that they should therefore be included in strategic decision-making to be in front of the training instead of training behind what is being implemented.”

Finally, learning—especially for employees who can’t be taken away from their customer-facing roles—is one more thing to fit into an already busy day or week.

In [“Lincoln Financial Saw a Future Skill Need—and Enlisted a Global Org to Help,”](#) Jen Warne, senior vice president and chief talent officer at Lincoln Financial Group, explains that you’ll see a lot of drop out of programs that require too great of a time commitment and take staff away from immediate work priorities.

With this framework in mind, let’s take a deeper dive into these challenges and their related issues, as well as the potential means of addressing them. Many of these areas overlap with one another. For example, compliance relates to cybersecurity and digital transformation.

Crisis Management

During times of crisis, it’s critical for organizations to have a culture of trust and transparency as well as strong communication. During the COVID-19 pandemic, organizations often needed to translate their culture to remote workspaces. In the May 18, 2020, Lexology interview, [“COVID-19: Crisis Management Lessons From the Financial Services Industry,”](#) Justine Sacarello, head of risk management at Lloyds Banking

Group, notes some resistance to remote working in industries that are highly regulated, such as banking, because of the lack of trust. Of her organization, Sacarello says that a strong culture of trust was already in place, including flexibility of work location and hours, which allowed them to pivot quickly when the pandemic hit. The culture also included an emphasis on employees acting as responsible corporate citizens.

The article continues, “In addition to ensuring the right corporate culture is in place, a strong and well-communicated business continuity plan is also crucial to deterring business partners and third-parties from noncompliant behaviour during the pandemic disruption.” Saracello recommends drafting plans “in simple user friendly language, accessible to everybody and easily found” allowing employees and third parties to understand what they need to do and what the wider company’s response is. “Mandatory training for all involved in the organisation, not just for primary employees but contractors as well, will ensure everybody has a high level of familiarity with what they need to do and how to do it in a situation like COVID-19,” she continues.

While the pandemic continues to be front and center in our minds and a crucial business challenge, there are, of course, many other types of crises, such as natural disasters, active shooters, or similar potential threats that require preparation.

The pandemic has also reinforced the need to be able to pivot and be agile with respect to business strategy, employee needs, and customer demands and emotions. As the PwC article [“COVID-19 and the Banking and Capital Markets Industry”](#) outlines, “For some companies, the COVID-19 crisis may also highlight issues that have needed attention and can no longer wait. When your team can’t get to the office, you may discover how many manual workarounds your company has put in place for routine activities. Suddenly, finance and human resource transformation becomes more important. When your data centers are located in affected areas, or scammers try to take advantage of market noise, cloud transformation and fraud/ economic crime solutions become higher priority.”

According to a talent development professional with one of Hawaii’s largest credit unions, their organization initially responded to COVID-19 by closing some branches and assessing the number of staff needed to work in the branches that remained open. What was critical for employees was understanding the reasons why members were coming to open branches in person. While online banking made sense logically, some credit union members felt a sense of security in the familiar—and that familiarity included visiting the branch they had been visiting for years. Skills that employees needed foremost included empathy, communications, and conflict management.

Addressing the immediate needs of continuing to provide services was most pressing. From there, the credit union—as did so many of us—began to use Microsoft Teams, including for training purposes. The credit union also used blended learning where employees learned on their own then gathered for synchronous online learning. Additionally, the talent development professional notes, the credit union relied more heavily on leaders as coaches and managers playing more prominent roles in the training and development of their direct reports.

From empathy to the technical skills employees needed to suddenly work from home, we’ve seen the gamut of talent challenges during the past year. In their *Forbes* article [“Re-Thinking Training and Development in a Post-Covid World: A Case Study,”](#) Mark Nevins and Mohamed Matar summarize the response of the National Bank of Bahrain (NBB) to the COVID-19 crisis:

In March, realizing the seriousness and likely long-term effects of the Covid crisis, NBB made it a priority to start looking for people development alternatives such as e-learning and virtual training. This effort was seen as mission-critical for the bank and thus was driven by the executive team working together, not just by the HR function. The business rationale was clear: maintain employee

engagement; ensure that all workers could continue to build their skills, including new skills to deal with this crisis; and keep up the momentum of company-wide recruiting and succession planning efforts.

In addition to e-learning and virtual training, NBB relied on mentoring and significant support from management. This included using the holy month of Ramadan and working from home as an opportunity rather than a problem—an opportunity for employees to listen to modules facilitated by managers and internal staff who hadn’t normally led courses.

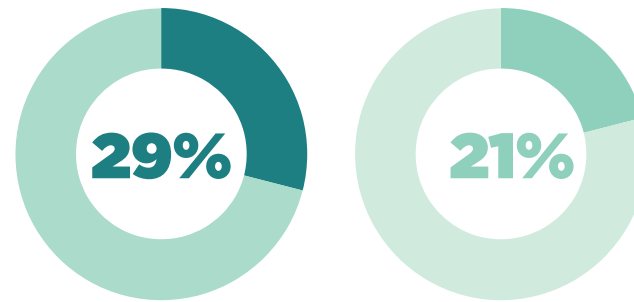
While the pandemic continues to be front and center in our minds and a crucial business challenge, there are, of course, many other types of crises, such as natural disasters, active shooters, or similar potential threats that require preparation. Virtual reality training can make these crises much more real and better prepare employees, allowing them to practice working through a stressful situation so that, if faced with a crisis, they can more automatically follow the necessary steps to stay safe. Talent development professionals also can post placards in hallways or include a section in the organization newsletter reminding staff of the necessary protocols to take in crisis situations.

Compliance and Risk Assessment

In the [2019 State of Finance and Training](#) report, ATD Research reports that “mandatory and compliance comprised nearly a third of the learning portfolio for non-customer-facing employees (29 percent) compared with 21 percent for customer-facing employees.” The report found that much of the training was delivered via live instructor-led training.



Mitchell Roshong, senior manager of educational products with the Institute of Management Accountants, highlights the breadth of compliance issues, since “compliance is a foundational element of our [industry’s] continuing education. Data governance, data integrity, data ethics, and professional ethics all remain instrumental in the data quality for informed strategic business decisions.” And with the digitization of finance and other industries, this is only going to get more complex and require more training to help staff understand what is required and maintain compliance.



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In his issue of *TD at Work*, “[Building Compliance Training That Actually Matters](#),” Travis Waugh also touches on the scope of compliance demands. In addition to data governance, integrity, and ethics, compliance issues relate to ethics, harassment, and discrimination. In “[Talent Development’s Guide to Risk Assessment](#),” Lori Gravelle addresses these areas of compliance, asking, “How do we leverage internal resources to minimize fines and penalties related to the noncompliance of laws and regulations?”

That is, can we create an appropriate risk culture and reward leaders accordingly and encourage “employees to discuss and report risks without fear of retaliation”?

Compliance Doesn’t Need to Equate to Boring

Compliance culture has to start at the top. While annual required compliance is often looked at as a box to check, checking a box is not changing behavior. In the Synapse post “[Learning and Development in Financial Services: Creating Impactful Compliance Training](#),” Lauren Farrell writes “compliance training needs to be moved from a tick-the-box exercise to ensuring learning is taking place and actually applied. L&D teams should use frequent and continuous assessment and refresher courses for employees.” And, because we know that learning needs to be relevant for adult learners, give employees some say and autonomy in it. “Creating an engaging and accessible corporate learning program can be as simple as asking employees what they want or need in terms of training courses,” continues Farrell. “A training intake process that provides a standardized approach to creating, submitting, and managing training requests goes a long way.”

Abiding by the law doesn’t have to mean creating a dry e-learning course that feels anything but relevant to employees. Instead, design training around challenges that staff may encounter during their workday, such as those relating to sensitive customer data, potential elder abuse of a client, or money laundering. You can do this by incorporating storytelling into training. Small group discussion can bring the risk closer to home and allow employees to describe how they felt—whether an employee was put at ease by a manager who took their issue seriously or was uncomfortable if they thought their leader was asking them to do something unethical.

Online training, when it occurs, should be interactive and relevant. Depending on your audience—and the talent development professional should remember that not all employees need to learn everything, so training should be role-based—consider adding gamification to training that incorporates a storyline that is relevant and engages employees.

Compliance Does Need Repeating

Compliance issues will not be tackled in a one-and-done course. Talent development professionals need to reinforce the importance of compliance throughout the year so adherence becomes part of the organization's culture. This can be done with a mention in the newsletter, an agenda item during the all-staff, a discussion item during a quarterly department meeting, a microlearning video, or a monthly email with a GIF.

“Senior leaders and TD professionals must establish an ethical tone at the top and build a culture around integrity and transparency,” says Roshong, emphasizing the importance of culture to having a compliant organization with compliant employees. “Internal controls should be in place, but should not be the thing keeping senior leaders up at night. They should be able to trust that the controls in place, the environment in which data circulates, and the behaviors within the culture built are honest and compliant.”

Data Analytics

“Consumers have come to expect organizations to use their personal information to create custom solutions,” says the Financial Brand's Jim Marous in [“7 Essentials of Digital Banking Transformation Success.”](#) “Especially during the pandemic, consumers have become accustomed to the benefits of Netflix and Spotify using

machine learning for entertainment recommendations, Zoom using just a couple clicks to create video engagement, and Google Home or Amazon Alexa using voice for everything from answering inquiries to simplifying shopping.” In much the same way, customers want personalization from their bank or credit union. Thus, finance staff need to mine data to understand customer behavior and preferences and offer appropriate solutions.

For KCB Group, a financial services' holding company headquartered in Nairobi, Kenya, talent development concentrates on the increasingly digital world. This requires customer-facing staff to form relationships with their clients to understand what products and solutions make sense for them, according to [“Preparing for the New World of Banking,”](#) a profile of KCB in the 2020 Best Practices issue of *TD*. Staff need to have “a better understanding of the range of KCB's products and services; data analysis and the ability to connect independent pieces of information; communication skills that covered a variety of platforms; and increased business acumen, which would help staff predict customers' future needs based on past transactions and interactions.”

The group allowed employees to weigh in on the challenges of their jobs and how they may be improved, especially as the world of banking changed: “One employee believed that it took staff too much time to manually reconcile data, which meant that customers couldn't get up-to-date information on their accounts when they had issues. He suggested the use of bots for that specific function.” This development shaved days, if not weeks, off the task according to the article.

According to [“Finance 2030: Four Imperatives for the Next Decade,”](#) a McKinsey & Company article by Ankur Agrawal and colleagues, “Finance organizations are moving toward a new operating model that allows

staff to adjust their work quickly and dynamically so they can focus on the most pressing topics facing their organization. This requires not only a different way of organizing how work gets done, but also a different type of finance professional.” The authors state that the finance organization would be aided by flat networks of teams rather than the traditional hierarchy of employees, temporary teams to delve into and provide insights into business problems, finance leaders who have developed business savvy through job rotations, and incentives for skill development.

Ramin suggests a blended learning strategy for data skills that combines theory and practice and requires hands-on experience and problem-solving skills. A capstone project to bring all the necessary skills together is one means of developing and reinforcing skills.

In [“Webinar Wrap-Up: 5 Steps to Digital Transformation in Banking,”](#) Dan Biewener recaps his Q&A with Jennifer Borchardt, vice president of omnichannel experience and strategy for US Bank Wealth Management. During the interview, Borchardt explains that it's “essential for banks to invest in training their teams about Agile methodology, learning about different types of technology applications.” She also recommends that teams “learn about project management and getting a PMP certification or even becoming an Agile Scrum Master.





Design thinking and excellent UX courses are not just for designers. Everyone has a stake and unique user experience. This includes vital managers and everyone who wants to improve their personal, professional development.”

Borchardt wraps up the interview by saying, “It’s equally important to gain training in people skills that involve human emotion and personal connection, including leadership, organization, and communication. This is something that technology can never really replace.”

Cybersecurity

Cybersecurity runs the gamut of data security, governance and compliance, malware, and identity threat detection, among many others. Potential threats come from external and internal sources. In addition to ongoing training, organizations must promote a culture that encourages voicing concerns about a potential threat and manager familiarity in handling a potential internal threat.

In the ATD Research report [2019 State of Finance Training](#), Tara Deakin, then senior vice president of talent, chief talent officer of the TD Bank Group, explained that the company was dedicating resources to cyber risk and cybersecurity. “For banks, the capability to recognize cyber threats and defend ourselves and our customers against them is critical.” The report continues, “Indeed, the World Economic Forum reports that organizations worldwide are already facing a cybersecurity skills gap. Considering that finance is one of the most targeted industries for cyberattacks, it is critical that organizations keep cybersecurity and cyber-awareness skills in mind as they consider the impact of technology on future skilling and staffing needs.”

Roshong notes that data security is “only as strong as the data governance put in place. Data should be managed and governed at all stages of its life cycle. Policies and protocols should be in place for data accessibility, data sharing, and there needs to be a sense of confidence when running data analysis.”

“Cybersecurity cannot be annual training,” emphasized Roshong. “Cybersecurity needs to be ongoing training, testing, and assessing. In order for employees to truly appreciate the need for proper cyber behavior, they need to be constantly reminded about the various policies and procedures in place and updated on nuances or recent events.”

An open mindset and problem-solving skills are paramount in managing the digital transformation.



In addition, Roshong says that cybersecurity shouldn't be limited to an annual training session. Instead, it "needs to be ongoing training, testing, and assessing. In order for employees to truly appreciate the need for proper cyber behavior, they need to be constantly reminded about the various policies and procedures in place, and updated on nuances or recent events."

Online training should include elements that engage learners, such as gamification, storytelling, and ensuring that content is relevant to the individual.

Digital Transformation

"The term digital transformation means different things to different audiences," according to Brian Browning in "[CXM: The Driver for True Digital Transformation](#)." However, "a common understanding of the popular phrase may be: to leverage digital technologies in a way that allows a business or organization to fundamentally transform how it creates, markets, delivers and nurtures its customer base."

Leveraging digital tools can mean using automation for routine tasks, moving services online, tapping the power of cloud computing, and much more. Customers are increasingly online, either via computer or phone—more so during the COVID-19 pandemic—so organizations and employees need to reach customers where they are as well as anticipate new trends and where customers and members will be in the future.

In his *TD* article "[Riding the VUCA Wave](#)," Stephen Newman writes, "Increasing staff's knowledge and capabilities is critical to meeting the increasing digital consumer demands. With all rapid change, the speedy development and deployment of training resources are—and will continue to be—necessary."

An open mindset and problem-solving skills are paramount in managing the digital transformation. "Beyond the hard skills required for digital transformation, organizations also must consider the adjustment of legacy mindsets that will be required, especially as back-office processes and procedures are rethought," explains Marous. "For instance, how does a tenured

product manager expand their thinking around how a digital deposit account needs to be built or a digital loan application process needs to be simplified?"

Blockchain, lauded as a tamperproof method for keeping track of every transaction, is of increasing interest to the industry and its customers. As the [Cornell University website](#) explains in talking about its Blockchain Essentials certificate, "Variations of blockchain technology have existed for decades, but the recent hype is the result of a new kind of blockchain, one that distributes the responsibility of verifying transactions and thereby making it more secure, transparent, and enduring."

"Like the digital transformation," Newman says, "customers' needs must be at the forefront when considering how to manage cryptocurrency."

First, companies must decide whether there's even a desire for it—change for the sake of change, to keep up with what competitors are doing, means nothing if their target audience doesn't care about the potential change."


Conclusion

As we've seen, preparing for the future of work in the finance industry means much more than just technical skills. Data analysis, change management, professional ethics, and strategic and critical thinking are all skills that finance professionals need, concludes Roshong. Soft skills—such as emotional intelligence, leadership, and a growth mindset—must also be emphasized.

The challenge to equip employees with the skills and capabilities they need is high. High as well are the learning challenges for TD professionals themselves. As Ramin emphasizes, "The development and selection of appropriate learning strategies for specific groups of people and topics will become a continuous task, demanding a high level of understanding of new learning formats—for example, hands-on workshops, e-learning, and augmented and virtual reality."

With all these challenges, we've also been presented with an opportunity. Though no one would have wished the COVID-19 pandemic on anyone, the talent development professional from the Hawaiian credit union did remind us that it is a chance for a reset.

We don't need to operate on the inertia that we had, nor do we need to go back to where we were. Will we require some employees to work from home to free up office space and save money? Will we continue with virtual training? The pandemic has given us a chance to reassess and an opportunity to start over again.



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