

# Focus: The Future of Work in the Digital Economy

## Focus Sheet

### **FAST FACTS: Banks as Employers**

- Canada's banks employ more than 275,000 Canadians.
- Women constitute more than 58 per cent of the workforce at Canada's six largest banks (excluding subsidiaries), and almost 38 per cent of senior management are women.
- The six largest Canadian banks spent more than \$84 billion on technology in the last decade.
- The banking industry contributes approximately 3.3 per cent to Canada's gross domestic product.
- Full-time bank employment has increased 15.3 per cent over the past 10 years.
- Banks and their subsidiaries paid \$27.5 billion in salaries and benefits in Canada in 2017.

### **Technological disruption, talent innovation and workforce evolution in banking**

Ready or not, Canada's economy is changing and the job market along with it. The next generation of Canadians is entering the workforce at a time of significant social, economic and technological change, thereby driving unprecedented disruption in the jobs and skills of the modern economy.

Disruptive shifts to business models and labour strategies have already begun to impact nearly every industry, including the banking sector, and the pace of change is expected to accelerate in the future. Rapid technological developments and breakthroughs in pioneering fields – such as artificial intelligence (AI) and machine learning, robotic process automation, big data, and other tech-enabled advances – have not only transformed how banks operate internally, but also how they deliver products and services to their customers in an increasingly digital-first world.

Banks in Canada are seizing the opportunities presented by new technologies, innovation and shifting customer expectations to deliver convenience through technology on trusted and secure platforms. Canada's banks are also staying ahead of the coming skills revolution by aligning their talent strategies closer to their business strategies and broader digitalization efforts. The digital revolution in banking is an opportunity to reimagine bank workforces, build a future-proof talent pipeline, recruit for a diverse array of skills and expertise, retrain and reskill existing employees, and continue to foster diversity and inclusion at all levels of the organization.

## Building a talent pipeline for the future workforce

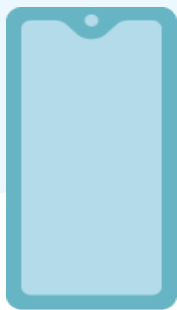
Society and the nature of work are changing rapidly in Canada and around the world. According to the World Economic Forum, “Sixty-five per cent of children entering primary school today will graduate into jobs that do not yet exist.”<sup>1</sup> From a domestic perspective, consulting firm McKinsey & Company estimates that out of Canada’s roughly 18-million-person workforce today, as many as 10 million workers will have to do completely different jobs by 2030.<sup>2</sup>

We should not underestimate the scale and speed of the skills revolution that will define and shape the future of work. Today, banks must not only attract talent for current in-demand jobs, but also recruit for future skills and aptitudes in an ever-evolving business environment. To build more agile, innovative and skilled workforces, banks must, and are already, placing greater emphasis on anticipating the modern skills that will be required to drive future success. Several banks also encourage and facilitate greater internal mobility – that is, redeploying staff from one department to another – and are sharpening their focus on retraining and reskilling their current talent to better align them to the jobs of tomorrow.

**“Out of Canada’s roughly 18-million-person workforce today, as many as 10 million workers will have to do completely different jobs by 2030.”  
— McKinsey & Company**

Indeed, talent strategy has become a critical issue both at the senior management and board levels. While some banks in Canada are in the early stages of their workforce transformation journeys, most are already identifying the skills and experience needed for future growth, placing greater emphasis on agile and nimble teams, and attracting high-skilled digital talent and disruptive thinkers from Canadian and global talent pools. As individual banks prepare for the future, they must ultimately find a new type of equilibrium in their workforce. They must find the right balance between traditional tasks and those best delivered by automated processes or AI. It also means finding balance between onsite, full-time employees, contractors and “gig economy” workers who are part of the diversified and flexible freelance talent market.

Rightfully so, talent is now a core part of all banks’ business models and strategies, and several banks in Canada are developing and implementing broad skills plans to better manage talent in support of their broader innovation and transformation initiatives.



## Technological disruption will likely create more jobs than it replaces

It is often easier to consider the roles that may be phased out than it is to imagine the new jobs that will be created. To be sure, the integration of digital technologies into back and front office processes, legacy systems and other areas will lead to the reconfiguration of jobs. However, it will also create entirely new jobs with different skills demands. Several studies have shown that the changing nature of work is more of an opportunity than a threat and will likely create more jobs than it replaces.

**“The age of automation need not be a threat. If we apply our humanity – to be creative, critical and collaborative – it can be a competitive advantage.”**  
— RBC, “Humans Wanted” (2018)

Advanced job categories will continue to emerge as the digitalization of banking continues, such as scenario and risk modeling specialists, emerging markets experts, digital transformation managers, AI architects and data scientists. In addition, other new job functions will demand unique sets of distinctly human skills, or “soft skills”, to succeed in the future workforce. The World Economic Forum estimates that by 2022 creativity, originality and initiative, critical thinking, persuasion and negotiation will retain or increase their value, as well as attention to detail, resilience, flexibility and complex problem-solving.<sup>3</sup> These skills will become key differentiators in the future labour market. A recent report by the Brookfield Institute for Innovation + Entrepreneurship, a non-partisan policy institute housed at Ryerson University, says creativity could soon be “the most in-demand skill sought by employers across all industries.”<sup>4</sup>

With the emergence of new technologies, ways of working, products and services, the talent of the future will need workers to tap into these human skills to leverage the full benefits of new technologies and tech-driven products and services.

## Looking for diversity: Soft skills matter, too

Many of the jobs of tomorrow will harness the power of a young, dynamic workforce at organizations who are charting a path in the future of work. In an age where the customer experience is core to what banks offer, the employee mix required to get this right embraces a surprising set of skills representing a broad swath of the Canadian population.

Certainly, much talked-about innovations in big data, blockchain, and AI demand the talents of graduates in the STEM areas of science, technology, engineering and math. However, these ground-breaking technologies must still resonate with customers or the investments made to develop them will struggle to find traction. That is where STEM morphs into STEAM, with the critical addition of Arts into the equation.

Modern bank branches have become information and advice centres, which means the standard bank interior is being reimaged by human-centred architects. Graphic designers, visual artists and voice experts will ensure apps and other tech-enabled platforms are intuitive and embrace the elements of elegant user interfaces and seamless experiences. Whatever the banking channels, human skills will matter.

With customers increasingly in the driver's seat, front-line bank employees have become far more than order-takers. They must exhibit both strong intellectual quotient and emotional quotient to be attuned to changing customer preferences and actively listen for cues about advice. Global competencies like cultural awareness, language and adaptability will also be in high demand.

Successfully managing this exciting yet disruptive environment requires a leadership style built on an understanding of collaboration and communication, not just crunching numbers or translating vast amounts of data into analytics or algorithms. A new crop of leaders now coaches cross-functional teams designed to foster continuous career learning to harness the full spectrum of each employee's talent, because in the 21st century a recruit at a bank is just as likely to have an MBA as a fine arts degree.

Additionally, in the new world of work people are living longer and therefore have a greater social, intellectual and financial need to stay in the workforce for extended periods. Beyond attracting and retaining next generational talent to drive future growth and better respond to customer needs, banks will also need to unlock the full potential of human and life skills that some of their more experienced workers bring to the table. To be sure, it will be just as important to make the best use of all assets in the future workforce, which today already has four demographic groups working at the same time.

## **Diversity and inclusion will remain top priorities**

Ensuring the broadest possible participation in the workforce of the future also means tapping fully into the diversity of Canada's population. HR functions at banks are also evolving and working hard to create workplaces that are accessible, flexible and inclusive to reflect the diverse nature of contemporary Canadian society. An inclusive environment that values and

celebrates diversity will create stronger, more successful organizations. Research shows that diverse teams are more innovative and, ultimately, help achieve stronger business performance.<sup>5</sup> Beyond the obvious business case, it is simply the right thing to do.

The Canadian banking industry fully supports policies and procedures aimed at:

- Supporting equal work of equal value and pay transparency;
- Ensuring workplaces are free of harassment and violence;
- Making physical spaces accessible for all; and
- Advancing gender parity on boards of directors.

Notably, banks in Canada [affirmed](#) their strong commitment in favour of pay equity and the principle of equal pay for work of equal value. Diversity, inclusion and equality – particularly with respect to women in the workforce – represent the brightest way forward for Canadian businesses and for making our society a better place. The introduction of federal pay equity legislation in October 2018 was a welcome step in realizing this long-sought goal. The banking sector is also supportive of the federal government’s ongoing efforts to introduce pay transparency measures in Canada.

Banks are committed to building open, inclusive and respectful workplaces where employees, regardless of their race, gender, disability, country of origin or sexual orientation, can thrive and bring their whole selves to work. While it may be difficult to anticipate disruptive forces, leading inclusively is one of the constants that has, and will continue to, enable banks to grow and innovate for the future. Diversity and growth are not just integrated; they are inseparable. The advantages of bringing in a broad variety of fresh voices and mindsets to spark innovation and growth are already well documented. By planning a more inclusive approach to hiring at all levels of the organization, banks are tapping into the best talent Canada and the world has to offer.

## **Leveraging Canada’s world-class education system**

Banks in Canada support policies and planning around education and continuous learning in Canada to prepare people with the knowledge and skills they need to succeed in a competitive digital economy. The private sector, government and academia must continue to work together to ensure Canadian post-secondary institutions are future-proofing their students adequately. Canada’s colleges and universities are fantastically positioned to help transform the skills of young and adult Canadians. We are starting from a position of strength,

however more needs to be done to ensure our country’s education system, training programs and labour market initiatives adequately help Canadians navigate the new skills economy.

To effectively prepare students for the future job market, post-secondary institutions across Canada must continue to adapt teaching methods, measures and credential skills to current and future dynamics. One of the most important connections between post-secondary education and the world of work is undoubtedly skills.<sup>6</sup> To that end, banks are increasingly articulating the diverse array of skills they are seeking, while also differentiating between the “best” talent and the “right” talent. In other words, when recruiting and screening new employees, evidence of skills through previous experience is just as important as academic credentials.

Banks in Canada are also dedicated to creating more work-integrated learning experiences for students. Practical work experiences bring classroom lecture to life and allow students to graduate with more sophisticated, in-demand skills. Several banks offer co-op and internship opportunities for students to acquire real-world experience while also tapping into a mutually-beneficial, two-way pipeline between employers and educators.

## Further consideration



The future of work offers new opportunities that hold great promise, but it also brings significant challenges that will fundamentally redefine how we work, live and play in modern societies. Below are a few of the important considerations that will require further study as the banking industry and, indeed, society grapple with the seismic changes outlined above.

- **The rise of “non-traditional” workers.** The continued expansion of Canada’s gig economy workforce will lead banks to consider new approaches to assessing creditworthiness. For example, how will non-salaried workers without regular paycheques or access to financial statements (i.e. the T4) fit in with mortgage-qualification rules?

- **New definitions of “worker” in the digital economy.** Some jurisdictions around the world have now introduced two or more categories of legal workers beyond the traditional labels of “employee” and “independent contractor”. How will banks adjust to new legal definitions of workers in the on-demand economy?
- **The reskilling imperative.** Accelerating the reskilling of sizeable segments of bank workforces will be both an opportunity and a challenge. Banks in Canada are already leaning into this challenge, but more needs to be done to future-proof existing employees for the coming skills revolution.
- **Digital literacy and ICT skills.** Transformative technologies and the transition to the digital economy will no doubt intensify the demand for skilled digital talent, not only in Canada but in other advanced economies looking for top-tier talent. Digital fluency and skills development in Canada must remain a top priority as banks and other major employers seek out in-demand professionals.
- **Tighter nexus between education systems and the world of work.** Post-secondary institutions and employers must work closer together to ensure the students of today are equipped with the necessary skills to thrive in the economy of tomorrow. There is room to improve on consistent and planned arrangements between employers and universities, colleges and vocational schools.

<sup>1</sup> World Economic Forum, “The Future of Jobs,” January 2016.

<sup>2</sup> TheFutureEconomy.ca, “Spotlight on the Future of Work: Preparing our Workforce and our Youth,” 2019.

<sup>3</sup> World Economic Forum, “The Future of Jobs Report,” 2018.

<sup>4</sup> Brookfield Institute for Innovation + Entrepreneurship, “Turn and Face the Strange: Changes impacting the future of employment in Canada,” April 2019.

<sup>5</sup> Center for Talent Innovation, “Innovation, Diversity and Market Growth,” September 2013.

<sup>6</sup> Harvey Weingarten, “Adapting post-secondary education for the future,” November 2018.

The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks that help drive Canada’s economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals. [www.cba.ca](http://www.cba.ca)

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