DIGITAL SHIFT
Automation and digitalisation in financial services is nothing new. However, what is happening today is a fundamental shift towards a new challenge. The focus is rapidly and decisively shifting towards the automation and digitalisation of entire value chains. New and purely digital products, services and business models are emerging.

JOB PROFILES AS KEY INDICATOR
The present report shows the quantitative and qualitative effects of digital transformation on the banking employment market in Switzerland. The job profiles including the competencies currently searched on the employment market increasingly reflect the priorities of digital transformation.

IT PROFILES DOMINANT IN THE JOB MARKET
Representing 20% of all job vacancies, profiles in IT are the second most searched profiles on the banking employment market, after client relationship manager roles with 24%. If all the outsourced IT activities in the banking sector are added to this, they already hold first position in terms of job vacancies and the competition for these roles is increasing.

IT USER COMPETENCIES IN NON-IT JOBS
In regard to banking job profiles outside IT, there is a significant polarisation: 86% either require basic IT user competencies or do not specifically mention IT user competencies. On the other hand, 14% require advanced or professional IT user competencies: ranging from advanced experience in standard software and databases to professional experience in coding, data analytics, machine learning, etc.

DIGITAL BUSINESS COMPETENCIES IN NON-IT JOBS
So far, digitalisation continues to be particularly focused on technical competencies, whereas the equally important digital business competencies are only starting to appear in the job descriptions. 91% of all job vacancies do not mention digital business competencies, while 9% explicitly require experience with digital products, focus on digital products or involve digital transformation projects.

TRANSVERSAL COMPETENCIES ARE KEY
Transversal competencies like analytical competencies, client service competencies, problem solving competencies, foreign languages, adaptability, and agility demonstrate a surprisingly differentiated requirement profile for each role. These competencies will not only remain important in the future, but they will further increase in importance because they can only be automated and digitalised to a certain extent. A stronger focus on transversal competencies as part of the recruitment process would help mitigate the much-lamented shortage of talent and offer opportunities for job seekers with more diverse backgrounds.

HR MANAGERS AS KEY DRIVERS
The success of digital transformation not only depends on technology and on the business model, but just as much on change management. Human resources have a key role to play in supporting digital transformation, both in terms of comprehensive HR change management as well as in fostering digital mind-set across the bank.

SENSE OF URGENCY MISSING
There is a strong, but not necessarily urgent, awareness that digital transformation will change job profiles and requirements in a profound manner. In order to develop and foster the necessary changes, a strategic and comprehensive approach in the sense of a workforce transformation is advocated.

TWO UNDERLYING PROCESSES OF TRANSFORMATION
Two transformation processes need to take place: a transformation of the business model in order to make it future proof for the digital age and, in parallel, a transformation of the entire workforce aimed at developing and strengthening the necessary digital competencies and digital mind-set.

COVID-19 AS ACCELERATOR
The current covid-19 crisis has already proven that home office in financial services is possible. It might also lead to a quantum leap in the use and development of digital products and services.
INTRODUCTION

Over the last few years, a considerable amount has been published about digitalisation in the banking sector, given the disruptive potential and nature of digitalisation. There are also numerous studies on the economic effects of digitalisation on the employment market in general.

What the present report wishes to do is to focus on the concrete quantitative and qualitative impacts of digitalisation on the employment market in the banking sector, i.e. the job profiles and competencies currently in demand on the banking employment market in Switzerland.

Chapter „BACKGROUND“ shows how digitalisation is affecting the employment market in general and which key competencies will be needed in the digital age. This is done through the summary of two existing research studies on this topic. In addition, the challenges facing the banking sector because of digital transformation are illustrated by examples from the environment of Fintech start-ups, e-commerce platforms, crypto banking and big tech companies.

Chapter „REPORT OUTLINE“ explains the approach used for analysing the job market in the banking sector. By means of a quantitative analysis of job vacancies, it is shown which job profiles and competencies are actively searched in the current environment. The term of „competencies“ is deliberately broadly defined and includes technical competencies in IT, business competencies in connection with digital products as well as important transversal competencies. The focus is not primarily on profiles and specialists in the IT department, but rather on the job profiles in all other activities in a bank. The aim is to show the effects of digitalisation on the entirety of job profiles in the banking sector. The insights gained from this quantitative analysis are then complemented by the qualitative input gathered from interviews with HR managers.

Chapter „FINDINGS - INSIGHTS - ACTION PLAN“ presents the main findings. For each research question, we show the quantitative results, summarize the insights gained from the interviews and formulate some recommendations in the form of an action plan. The main research questions were the following:

- What are the most searched job profiles on the banking employment market?
- Which IT user competencies are explicitly mentioned in job advertisements?
- Which digital business competencies are required?
- Which transversal competencies are listed in the job advertisements?
- What is the role of Human Resources regarding digital strategy?

Finally, the last chapter contains some concluding remarks and a final outlook.
BACKGROUND

The questions to be analysed in this report have been formulated against the backdrop of some major research studies published in recent years. The following summary illustrates some of the methods used by these studies and some of their main findings. The present report draws on these findings and uses them as a starting point for analysing the job vacancies on the banking employment market in Switzerland.

ECONOMIC EFFECTS OF DIGITALISATION


The study uses a bottom-up approach to assess the automation potential in Switzerland. This is one of the classical methods used to assess which activities could be automated. The study is based on the break-down of 800 different occupations into 2’000 activities, which in turn are drawing on 18 different capabilities. For each of these capabilities, an analysis is made of how known technology performs in comparison to humans in each of these capabilities. This allows for an estimation of the technological feasibility of automation: i.e. to find out to what extent activities could be automated by currently existing technology. Management activities, for example, are estimated to have an automation potential of below 10%, as opposed to data processing with an automation potential of up to 70%.

An additional factor to be included is the speed at which new technologies are adopted. It takes time for new technologies to be implemented, actively used and accepted. In this study, the so-called adoption curve is based on historical experience in terms of technology adoption.

The findings show that there is a technical potential to automate approximately half of all working tasks in Switzerland using existing and available digital technologies by 2030. However, it is important to stress that this figure represents automation potential and not actual automation. Based on average benchmarks of technology adoption, it is estimated that 20-25% of activities could be automated by 2030. At the same time, an approximated equal number of new tasks may also be created.

From a sectoral point of view, the largest potential negative net impact on jobs is forecast in retail and wholesale trade, manufacturing and finance. On the other hand, net new jobs are expected in professional, scientific and technical services as well as in healthcare. As for the Swiss financial sector, a net employment decline is expected, with a significant number of customer-facing and back-office jobs being displaced.

The study concludes on two imperatives:

First imperative:
There is a clear need for more comprehensive and bolder transformations as well as for redesigning business models, customer journeys and processes. A clear digital first approach is strongly recommended.

Second imperative:
There is a considerable need to address the skills gap. Education must shift more towards teaching technological and emotional skills, lifelong learning and large-scale reskilling in companies.

KEY COMPETENCIES FOR A DIGITAL AGE

Another study published by Deloitte (2017) analyses the consequences of automation on employees, companies and the education system. It focuses on the following question: Which key competencies are needed in the digital age?

The study starts by explaining the «paradox» that in the past, despite the increased use of technology in numerous economic sectors, the number of jobs has actually increased. This is explained by the two different economic effects of automation: the substitution effect and the complementary effect.

The substitution effect refers to the fact that jobs or activities are replaced by technology. On the other hand, automation and digitalisation can also have a complementary effect and create new jobs. In summary, this is the case because increased automation leads to falling prices for goods and services and - through the cooperation between man and machine - increased productivity and wages. The result is an increase in purchasing power (due to falling prices and rising wages) and consequently a higher overall demand for products and services, which eventually creates new jobs.

In the past, complementary effects have outweighed substitution effects: more jobs have been created than displaced. It is therefore assumed that also in the coming decades automation will create more jobs than it replaces. However, and this is an important point, the transformation and shift of positions within and between sectors is likely to accelerate.

For the detailed analysis in terms of competencies that are needed in a digital age, the study defines and looks at specialist knowledge («Fachwissen») as well as skills (e.g. complex problem solving). The study analyses an historical period of 15 years for Switzerland and presents projections for the period up to 2030. It is calculating:

- the share of total employment for which a competency will be important in 2030,
- the degree to which this competency can be automated and
- the number of new jobs for which this competency will be important.

From the point of view of skills, significant transformations will take place:

- Demand for social and emotional skills (e.g. leadership, management, etc.) and technological skills (e.g. advanced IT skills, but also basic digital skills) could rise by around 20% and up to 50% respectively.
- Demand will be roughly equal for higher cognitive skills (e.g. higher for critical thinking, lower for quantitative skills).
- Demand for physical and manual skills or basic cognitive skills (e.g. data input and processing) could both decline by around 20%.

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- Demand will be roughly equal for higher cognitive skills (e.g. higher for critical thinking, lower for quantitative skills).
- Demand for physical and manual skills or basic cognitive skills (e.g. data input and processing) could both decline by around 20%.
In the case of specialist knowledge, the study concludes that the following competencies are particularly important (ranked according to the above three criteria): 

- Basic skills like writing, speaking, active listening, reading comprehension, critical thinking, monitoring, active learning
- Creativity (e.g., complex problem solving)
- Social intelligence (e.g., social perceptiveness, persuasiveness, instruction, coordination, client orientation, negotiation skills)
- Information and communications technology skills (especially in combination with social skills and creativity)

In the case of skills, the study concludes that the following areas are particularly important:

- Customer service
- Languages
- Mathematics
- Computer & electronics
- Education & training

In other words, customer service competencies will be important for a large proportion of employees. Furthermore, the level of automation for customer service is considered at about medium level. Therefore, some protection does exist against the risks of automation and digitalisation. In addition, a relatively large number of new jobs are expected to be created in areas which require competencies in customer service.

The study concludes that there will be a significant impact on the education system and thus sees an important need for:

- An accelerated adaptation to changes in occupational profiles and competency requirements,
- A stronger focus on ICT competencies and social intelligence
- Lifelong learning through continuing education

**DIGITAL CHALLENGES IN BANKING**

The challenge of digitalisation in financial services has been at the centre of many discussions for quite some time. But of course, the question of automating and digitalising processes is nothing new. Many projects in the past have focused on increasing efficiency through automation and digitalisation.

However, what is happening today is a fundamental shift to a new challenge. The focus is rapidly and decisively shifting towards the automation and digitalisation of entire value chains. Each of the steps within a value chain are impacted: from the first customer contact and onboarding through to the delivery and processing phase and finally right up to the final reporting. New and purely digital products, services and business models are emerging.

The new competitive challenges come from different sides: start-ups in the financial sector, e-commerce platforms and big tech companies. The whole range of banking products and services is targeted: from simple accounts and payments through deposits and loans to complex portfolio management activities and capital market transactions.

**ACCOUNTS AND PAYMENTS**

One of the most prominent examples are the well-known “smartphone banks” ("neo-banks") such as Revolut, N26 or Brazilian Nubank. As a basic product, they offer an account which is opened via a smartphone app and can be used with a credit or debit card. In addition to the international offerings, there are currently also two Swiss-based offers on the market: Zak and Neon. Zak is a product launched by Bank Cler, whereas Neon is a start-up that has a collaboration with Hypothekarbank Lenzburg. With Yapeal, an additional start-up will launch its product later this year.

The offers are characterized by the fact that they can be used primarily ("mobile first") or exclusively ("mobile only") via smartphones. They purposely offer a very simple and focused product, e.g. an account with a credit card or a debit card. The incumbents are being challenged in a very specific area: in this case the area of accounts and payments. Further and more complex services are usually added in a second phase of development. Pricing is very competitive and great emphasis is placed on a state-of-the-art user experience that is comparable to what clients know from their e-commerce and social media experience.
DEPOSITS AND LENDING

In the area of deposits and loans, there is an increasing number of crowdfunding and crowd-lending platforms. These bring supply and demand (lenders and borrowers) together through an IT platform. There is no longer a need for a bank as an intermediary, but a direct matching of borrowers and lenders takes place. The concrete loan applications, once they have passed the credit checks according to the platform’s criteria, are presented on the platform’s website and the lenders can choose in which loans they want to invest. Obviously, they also take the corresponding credit risk in case the loans become non-performing. When a loan request is shown on the platform and is open to investors, the platforms often indicate which percentage of a loan has already been subscribed. According to the Crowdfunding Monitor of Lucerne University of Applied Sciences (2019), Switzerland already calculates thirty-five crowdfunding platforms.

INVESTMENTS

In the field of portfolio management, there are currently about a dozen providers who offer a fully digital or at least predominantly digital portfolio management solution, also called robo advisors. They offer a portfolio management solution in which the entire process is automated and digitalised: assessment of the client’s financial situation and risk tolerance, account opening, investment proposal for the portfolio, investments according to the portfolio proposal and regular reporting. Thanks to the important level of automation, the providers of digital solutions can offer highly competitive prices and make professional portfolio management available for very small amounts. However, experience from recent years has also shown that many clients are not yet ready for a completely digital solution without having any personal contact with an advisor.

E-COMMERCE PLATFORMS

E-commerce platforms are also beginning to offer financial services in addition to the products sold on their platform. So far, the majority of these services have been directly related to the core business of these platforms. They include, for example, payments for products purchased on the platform and financing for product providers on it. However, once the platform has put the necessary infrastructure for financial services in place, the next step towards actively marketing some financial services is not so complex. The basis is a simple “account” for customers’ balances. This “account” can then be used for payments with either a credit or debit card. By allowing for negative account balances, the platform already enters the lending business.

The best-known example is certainly Amazon which already offers a variety of financial services. So far, these seem to be primarily aimed at increasing and strengthening the number of users and activities in the entire Amazon ecosystem. According to Amazon’s website, these services are Amazon Pay, Amazon Cash, Amazon Lending, Amazon Store Cards and Amazon Just Walk out for Amazon Go.

Interestingly, less attention is paid in these discussions to the Chinese providers, although they are often considerably more advanced in their offerings than European and American competitors. Ant Financial, the financial arm of the Alibaba Group, is certainly worthy of special mention here. But interesting approaches can also be observed on the Swiss market. For example, www.immoscout24.ch has recently started to present financing proposals in connection with the real estate offers on its platform. On the sister platform www.autoscout24.ch, in addition to the car offers, one can choose from a list of car insurance proposals that meet the specified insurance needs, which are ranked by a scoring system.

The competition from platforms will increase greatly in the coming years. These platforms already have a large number of customers, they have built up trust among their users and they are regularly consulted. All these elements are ideal prerequisites for developing a platform into a comprehensive ecosystem and for taking control of the customer interface. This is of course not only true for e-commerce platforms, but even more so for social media platforms. The potential threat to the financial services industry can be illustrated by the following question: How much time does the average user spend every day on social media platforms as compared to the time which he spends on e-banking platforms?
In the medium to long-term, significant competition for incumbents is also likely to emerge from Blockchain-based products and services. At present, such initiatives and projects may still be regarded by many as technical gimmicks, but a number of sustainable business models will certainly emerge from the current experimental phase. A comparison with the internet boom in the late 1990s and the dotcom bubble in 2000 can be very revealing in this respect. The vast majority of internet start-ups from that time have long since ceased to exist, but Amazon has become the leading e-commerce-platform and internet as a technology has become indispensable for almost everyone. As we learned back then, the focus should not exclusively be on technology, but also on the business aspects, especially on how to build a solid business model. If this combination is right, the field of use cases for Blockchain technology is huge and will have a disruptive effect on all areas of business and society. This is especially the case in all areas where, today, an “intermediary” is still required to ensure the necessary level of trust between two transaction parties. In the future, more and more Blockchain-based solutions can take over this trust function. In comparison to other technologies where American or Chinese firms tend to be the leaders, Switzerland does have good prospects for success in the Blockchain environment, both with the Crypto Valley ecosystem and with its progressive legal framework.

Finally, a look at the big tech companies. It is from this side that the greatest danger for the banking sector is looming. Today, financial services are not yet on the priority list of big tech companies. Other activities are more interesting, more profitable and also less restricted by regulatory requirements. But that could change very quickly. First offerings are already on the market, such as the Apple credit card launched with Goldman Sachs and, according to newspaper reports, Google is in negotiations with a bank to launch a checking account. These examples show that the development is in its initial stages, but experience has also taught us that the acceleration can be very quick once a tipping point is reached.

Following Clayton Christensen (2013), typical elements of „low-end disruption” can be identified. A challenger launches a disruptive innovation in a lower customer segment that is being neglected by the existing providers and he establishes himself. Over time, the challenger then moves to higher customer segments where clients are prepared to pay more for additional functionalities and services. Today, big tech companies have the unique advantage that they can leverage a huge customer base, state-of-the-art technology, almost unlimited financial means, established reputation, solid experience in scaling business models and the habit of rolling businesses out globally. Summarised in the famous words from Bill Gates: „Banking is necessary, banks are not.”
The second category covers all business aspects. Technology is a means to achieve certain business objectives. The digitalisation of processes leads to increased efficiency and reduced costs. New digital products offer value in terms of user experience, convenience, price, accessibility, etc. Digital business models are changing the entire value chain. The basis for successful implementation from a business perspective is the know-how and experience in connection with digital products and business models, in other words:

- **IT COMPETENCIES**
  
  As already described, the imperative is to move from automating and digitalising certain processes to aligning the entire business model with the digital environment. What are the factors that make such a digital transformation truly successful? The studies on this topic often list an important number of success factors. In a recent report on the keys to a successful digital a transformation, McKinsey (2018b) reports on 21 best practices which make digital transformations more likely to succeed. Other studies use an even bigger number of success factors.

  Looking at these success factors in detail, they can be divided into the following categories. The first category includes all technological success factors. On the one hand, there are all the technologies themselves and the technical expertise in IT: from software and hardware to specialised core banking platforms and all the new technologies in artificial intelligence, robotics, Blockchain, voice, 3D printing, etc. On the other hand, there is the necessary technological expertise with employees in business and support functions outside IT. For the purpose of the present analysis, these factors are summarised under:

  - IT COMPETENCIES (regarding the specific job profiles in the IT department)
  - IT USER COMPETENCIES (regarding all other profiles)

The third category includes the more general transversal competencies. As the Deloitte study referenced above has shown, transversal competencies will become even more important in the future because they can only be automated and digitalised to a limited extent.

- **TRANSVERSAL COMPETENCIES**

For the present analysis and report, these three categories have been operationalised as follows:

### DETAILED DEFINITION OF COMPETENCIES

#### IT COMPETENCIES

- IT specialisation (i.e. the job profiles in the IT department)

#### IT USER COMPETENCIES

- No IT user competencies mentioned
- Basic IT user competencies in MS Office and/or bank-internal systems
- Advanced IT user competencies in standard software and/or bank-internal systems
- Professional IT user competencies in coding, data analytics, machine learning, etc.

#### DIGITAL BUSINESS COMPETENCIES

- No digital business competencies mentioned
- Experience with some digital products and services (e.g. client support manager in e-banking)
- Focus on digital products and services (e.g. digital banking support officer, crowdfunding advisor, digital marketing manager, product manager e-services, manager digital assets)
- Digital transformation and projects (e.g. digital banking consultant, artificial intelligence use case manager, customer experience manager, digital transformation manager, crypto services manager)
TRANVERSAL COMPETENCIES

a) Analytical competencies (semantic analysis comprising terms like “analytical”, “logical”, “structured”, “conceptual”, etc.)

b) Client servicing competencies (semantic analysis comprising terms like “client servicing”, “client contact”, etc.)

c) Problem solving competencies (semantic analysis comprising terms like “problem solving”, “complex problem solving”, “solution-orientation”, “creativity”, “innovation”, etc.)

d) Foreign language competencies (foreign languages required or considered an asset)

e) Adaptability (semantic analysis comprising terms like “flexibility”, “agility”, “willingness to learn”, “openness to change”, etc.)

f) Agility (semantic analysis comprising the term of “agility”, in the sense of agile working methods and tools)

FINDINGS - INSIGHTS - ACTION PLAN

MOST SEARCHED JOB PROFILES ON THE BANKING EMPLOYMENT MARKET

The job vacancies advertised on the banking employment market in December 2019 are summarised in the following chart:

VACANCIES BY JOB PROFILES (MID DEC 2019), CA. 3200 VACANCIES

- Client Relationship: 24%
- IT & IT Business Analysis: 20%
- Regulatory/Audit/Risk: 10%
- Middle & Back Office: 9%
- Portfolio Manag./Advice: 8%
- Credit Specialists: 7%
- Corporate Support: 5%
- Support & Training: 5%
- Finance & Controlling: 4%
- Projects & Organization: 3%
- Human Resources: 2%
- Consulting: 2%
- IB & Trading: 1%

FINDINGS FROM THE QUANTITATIVE ANALYSIS

Client relationship roles are the most searched profiles with 24% of all job vacancies advertised. This category includes relationship managers in private banking as well as client advisors in retail banking and corporate banking.

IT and IT business analysis roles are in second place with 20% of all vacancies. If the large number of outsourced IT activities in the banking sector is added to this, IT and IT business analysis already occupy the top position in terms of vacancies.

In third place, we find all the roles related to regulatory issues, such as legal, compliance, audit and risk management.
INSIGHTS FROM THE INTERVIEWS:

What evolution is expected for the coming years and which IT profiles are the most difficult to recruit?

The large number of job ads for IT and IT business analysis is not that surprising given the nature of banking activities and the experience so far. It also corresponds to what most banks currently experience. It is further stressed that a wide range of IT profiles are challenging to recruit in general, and not just specific profiles.

Banks are increasingly competing with other industries that recruit similar IT profiles. In addition, a growing number of Fintech start-ups and big tech companies are also very interested in these IT profiles, especially in combination with a financial industry background. This competition is becoming increasingly evident on the employment market.

One of the possible mitigation measures mentioned in some of the discussions is further outsourcing of IT functions. On the other hand, several respondents also talk about the comparative advantage of financial institutions, which consists in being able to offer a „relatively” stable workplace in combination with interesting projects for digital products and services.

Somewhat surprisingly, it is also pointed out that specialists with knowledge of older coding languages and experience with outdated core banking systems are in demand for this specific niche of the employment market. These systems are still in place in many organisations and their maintenance is increasingly complex, not to speak of the difficulty of developing new digital products on that basis.

Another major challenge is to find specialists who, in addition to technical expertise, also bring experience in digital business so that they can successfully manage digital transformation projects in all their dimensions. In summary, one could say that banks are increasingly becoming technology companies with an individualised and personalised client interface.

Do you have an estimate of the percentage of IT roles that are dedicated to „new digital products and services” as opposed to traditional „run the bank” and „change the bank” roles?

The bank’s internal breakdown of IT profiles into „run the bank” and „change the bank” profiles is regarded as a market standard. New digital products are included in the „change the bank” category, although they are very rarely shown separately.

As a result, it is difficult to know how many financial and human resources are being deployed to “keep the systems running” and how many are really focused on developing new digital products and services in view of a comprehensive digital transformation of the business model.

ACTION PLAN / RECOMMENDATIONS

Fostering the attractiveness of IT roles in banking
The recruitment of IT specialists for digital transformation is likely to become more difficult over the next few years. Outsourcing can alleviate the problem, but at the same time, the attractiveness of jobs can be increased by working with external start-ups, agile working methods, embracing the digital mind-set as well as using inspiration from the Fintech and big tech environment.

Combination of IT expertise with digital business competencies
Competencies in information technology will be in greater demand, but they can also be automated to some extent. As specialist expertise in many other activities, the half-life of expertise in the IT sector is decreasing. To counteract this, purely technical IT competencies should be supplemented by digital business competencies. Further strengthening of transversal competencies, e.g. in client servicing or management, would also contribute to making these roles less subject to the risk of automation.

Introducing a category of IT roles labelled “new digital products and services”
The introduction of a category of IT roles labelled “new digital products and services” would help focus resources on the development of digital products and services for clients. It would shift the focus to more client-centricity in the development of new value propositions.
IT USER COMPETENCIES

Having analysed the employment market under the aspect of the different job profiles, we now move to analysing the requirements listed in the job descriptions. We first look at IT user competencies by defining four categories of IT user competencies, as already described in the outline above. Some job descriptions do not list any IT user competencies. Others require basic IT user competencies (e.g. in standard office software or bank-internal systems). The third category speaks of advanced IT user competencies (e.g. advanced experience with excel, statistics software, etc.). Finally, the fourth category demands professional user competencies like experience in coding or machine learning.

As IT user competencies are self-evident for the jobs in the IT department, we focus on all other job profiles within financial service companies. The results are summarised in the following chart.

<table>
<thead>
<tr>
<th>% OF VACANCIES THAT EXPLICITLY REQUIRE IT USER COMPETENCIES</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client relationship</td>
<td>84%</td>
<td>20%</td>
<td>3%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reg/Audit/Risk</td>
<td>57%</td>
<td>20%</td>
<td>6%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle &amp; Back Office</td>
<td>55%</td>
<td>20%</td>
<td>4%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio Manag./Advice</td>
<td>51%</td>
<td>19%</td>
<td>22%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Specialists</td>
<td>55%</td>
<td>24%</td>
<td>1%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Corporate Support</td>
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FINDINGS FROM THE QUANTITATIVE ANALYSIS

There is an increasing polarisation between the job profiles: 86% do not mention IT user competencies at all or they only require basic IT user competencies. On the other hand, 14% require advanced or professional user competencies.

64% of all job vacancies do not mention any IT user competencies. This is surprising, given that it is difficult to imagine any position in financial services that would not at least require basic user competencies in office software. 22% specify that basic IT user competencies in office software or in bank-internal systems are expected.

At the same time, 10% of the job profiles stand out through their advanced IT user requirements. An increasing number of job profiles in risk management, portfolio management and finance require advanced knowledge in e.g. excel, access, statistics software, data analytics, etc.

For 4% of the jobs, the requirements are at a professional level: covering coding experience, data analytics, machine learning, etc. Interestingly, a significant part of the job profiles which require professional level experience are interim positions or even trainee positions for university graduates with the required background.

For marketing roles, included under corporate support in the above chart, the level of technical requirements has massively increased with the advent of digital marketing: search engine optimisation, web analytics, SQL, HTML, marketing automation systems, campaign management systems, etc.

As for HR positions, about forty percent of them require basic competencies, which either refers to MS Office user competencies or basic experience with standard HR information systems. About one tenth demand advanced competencies and that mostly concerns roles in compensation & benefits which are focused on analysing data. They require advanced excel experience, database know-how, SQL, statistics software, etc.

Finally, one third of project management positions and almost two thirds of internal consulting roles require advanced or professional user competencies. The project managers and internal consultants are applying these competencies to their daily activities and, through their projects and assignments across the bank, they are also acting as innovation managers for these competencies.

INSIGHTS FROM THE INTERVIEWS:

Do you expect the polarisation between job profiles with little IT user requirements versus profiles with higher user requirements to continue?

It is noted with considerable surprise that 64% of the job descriptions do not mention any IT user competencies. Possible explanations are that these requirements are so self-evident nowadays that they no longer need to be mentioned. Job applicants with a similar role in the past are also supposed to have the necessary IT user competencies. On the other hand, it is pointed out that these competencies would often be discussed in a second step of the recruitment process so that the selection criteria are not too restrictive for a first long list of candidates.

Many jobs in digital marketing, risk management, portfolio management for example, already require advanced or professional IT user requirements. This is clearly regarded as a trend toward a growing importance of such requirements. In more and more cases, they are an integral part of the job activities and can’t reasonably be separated from the other job activities. Digital marketing without a mastery of the necessary tools is difficult to imagine.

Today, these changes take place in the differing business and support teams where these competencies are needed. It is expected that more such roles with advanced or professional IT user requirements will emerge throughout the organisations. So far, many of these developments have taken place without coordination among these teams nor coordination with the IT departments.

Do you have a policy of upgrading IT user competencies for all employees or is your policy more focused on specific needs?
Very often, the upgrading of IT user competencies is done on a case-by-case basis. If a position requires additional competencies, appropriate training measures are available, whether internal or external. This bottom-up approach leads to the conclusion that many organisations do not have an organisation-wide overview of the IT user competencies of all their employees.

From the employers’ point of view, there is a great willingness to support trainings and a wide variety of upskilling and newskilling initiatives. However, the concrete need must often be substantiated and documented for the individual role and situation. In most cases, the responsibility for upskilling is seen primarily as a responsibility of the employee (and his manager) and they are both expected to take the necessary initiatives.

So far, it is viewed as less of an imperative to launch major training initiatives across all job profiles. Such broad-based training initiatives usually take place when a new IT system or tool is to be introduced and large groups of users must be trained. It is also noted that the sense of urgency may not yet be big enough to give broad initiatives the necessary momentum.

Some banks work with „innovation managers“ who have a mix of IT and business background, are integrated into the business functions and aim to build a bridge between business and IT. Your thoughts on this?

Many of the change initiatives in financial services are organized as projects. As far as these projects are concerned, the necessary know-how is ensured by the composition of the project teams. These teams consist of IT specialists as well as business analysts, the latter having both a business background as well as a technical background.

This covers the need for problems which are tackled as part of a project. For all other needs, which often arise out of daily activities, this solution is not available. If specific IT competencies are needed to tackle a business problem (e.g. competencies in data analytics, machine learning, etc.), the IT department must be involved. If the request does not make it on the priority list of the IT department, the employees then only have «plan B»: finding a solution based on the available standard office software tools. This may work in some cases, it certainly doesn’t in others.

Promoting IT user competencies by addressing them explicitly

It is scarcely disputed that the requirements in terms of IT user competence will increase. This makes it even more important to systematically promote them both in training and in everyday business practice. If IT user competencies are not mentioned in many job advertisements, they may not always receive the necessary attention in the recruitment process nor in the upskilling and newskilling for the existing workforce.

Including IT user competencies in the competency development process

Best practices would suggest including IT user competencies in the bank’s competency development process. This would include:

- assessing the gap between the need and the actual situation,
- defining the measures for upskilling, newskilling and recruiting,
- implementing the appropriate training measures across the whole organisation.

Considering the role of an "IT user champion" within the business and support units

In order to make advanced IT user competencies available for a broad number of users within an organisation, the role of an “IT user champion” would be helpful. The "IT user champion" would help his colleagues within the business to apply advanced IT tools to solving everyday business problem. For example, if someone needs to analyse a lot of unstructured data, he could receive support with machine learning tools and expertise. Having a background in IT as well as in business, the “IT user champion” combines both worlds and helps applying state-of-the-art technology. The IT department itself would be in charge of coordination across the whole organisation.

Making a broad variety of IT tools and technologies available to employees

These «IT user champions» would also contribute significantly to the overall success of digital transformation. The reason is that successful digital transformation does not only depend on the large digital transformation projects, but also on the variety and breadth of the tools and technologies that are being made available to all employees.
**DIGITAL BUSINESS COMPETENCIES**

In a next step, we analyse the job descriptions under the aspect of digital business competencies by classifying them into four different categories. The job descriptions which do not mention digital business competencies at all; those which require experience with some selected digital products or services; the jobs mainly focused on digital products and finally all those dedicated to digital transformation and projects. The results are summarised in the following chart.

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<thead>
<tr>
<th>% OF VACANCIES THE EXPLICITLY REQUIRE DIGITAL BUSINESS COMPETENCIES</th>
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<tr>
<td>Client relationship</td>
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<tr>
<td>Reg/Audit/Risk</td>
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<td>Middle &amp; Back Office</td>
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<td>Portfolio Mang./Advice</td>
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<td>Credit Specialists</td>
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<td>IB &amp; Trading</td>
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<td>AVERAGE</td>
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</table>

- No digital business competencies mentioned
- Experience with digital products
- Focus on digital products
- Digital transformation and projects

**FINDINGS FROM THE QUANTITATIVE ANALYSIS**

Digitalisation continues to be strongly focused on technical competencies, whereas the equally important digital business competencies are only starting to appear in the job descriptions:

- 91% of all job vacancies don’t mention digital business competencies
- 2% require experience with some digital products (e.g. client support manager e-banking)
- 4% focus entirely on digital products (e.g. adviser crowdfunding, digital marketing manager, manager digital assets)
- 3% are dedicated to digital transformation and digital projects (e.g. digital banking consultant, AI Use Case Manager, CX Manager)

As for client-facing roles, digital business competencies only appear marginally, e.g. in the case of a client advisor for online distribution or an e-commerce-manager. As for middle and back-office roles, it is especially the middle office roles which start to include digital business competencies. In most cases, these roles involve supporting the clients in the use of e-banking products.

The job profiles with more significant requirements in terms of digital business competencies are in marketing, projects & organisation as well as in internal consulting:

- Marketing roles increasingly demand digital business in connection with digital marketing, social media and user experience roles.
- For project managers and internal consultants, digital business competencies are required on a broad basis as they are driving and implementing digital transformation, covering the technical aspects as well as the business aspects. Almost one third of the project management vacancies are dedicated to digital transformation. As for internal consultant positions, this percentage represents two fifths of all open positions.

It is also worth having a look at the HR positions. At just over ten percent, the percentage is not yet very high, but it is interesting to see which specific positions are being advertised. For example, we are talking about an HR specialist for employer branding on social media, HR change managers dedicated to digital transformation and HR business partners for Fintech start-ups and HR specialists for digital learning.

In summary: Overall, digital transformation is still mainly seen as a technology topic for the IT department. It has not yet truly arrived on the business side.

**INSIGHTS FROM THE INTERVIEWS:**

Do you use the concept of „digital business competencies“ in your HR activities?

The concept of digital business competencies is only used for some specific roles, e.g. in the area of project managers and internal consultants who have the task of managing and driving digital transformation projects. Since experience and know-how in digital business is not easy to locate, the solution usually consists in setting up teams which comprise IT specialists on the one hand and business representatives on the other hand.

The concept of digital business competencies is sometimes considered more difficult to implement than purely technical competencies. It is relatively easy to assess someone’s experience in a programming language. It is seen as more difficult to assess whether someone understands how pricing works in are digital environment or which success factors are relevant for a digital business. It is also pointed out that, as of today, digital business competencies are more of a concept than a list of clearly defined requirements. In practice, there is often no distinction between the two concepts and people speak of digital competencies only.

Several respondents think that the competitive pressure is not yet big enough to push for more changes towards digital business models. But they are also convinced that this competitive pressure will grow in the future and that it will grow significantly.

An important question is which activities should be digitalised and which ones should remain focused on personal contacts, especially when it comes to the issue of trust. Is it possible to build trust with purely digital solutions or is this only possible through personal contacts?
Which initiatives do you run to promote „digital mind-set“ throughout the organisation, e.g. an HR change manager to accompany digital change within the bank?

Initiatives to promote „digital mind-set“ exist in a variety of forms, often as introductions to the topic of digital business or digital banking days. In many cases, these initiatives are related either to a specific technology (e.g. Blockchain, voice, chatbots, etc.) or to the introduction of a new IT tool.

From the HR point of view, the topic of change management is key, and this concerns all types of change. The approach has traditionally been relatively broad and geared towards supporting a wide range of change processes. In the meantime, however, more specialized positions are beginning to be advertised on the employment market, such as HR change managers dedicated specifically to digital transformation.

It is noted that the topic of digital mind-set is not really on the HR radar screen, but it is seen as a great opportunity for HR to take a more active role in digital transformation and to support the necessary processes over time.

Many of the initiatives in terms of digital mind-set are driven by IT and are therefore more technically oriented. Several respondents mentioned that they rely considerably on the generation of younger employees. This generation is expected to be more digital-savvy and to bring the digital mind-set from their private experience with e-commerce and social media into their job.

In terms of digitalisation. In all these aspects, digital products differ a lot from traditional products. In

judging by the feedback received from employees, digital transformation is seen as a medium to long-term opportunity and a medium to long-term potential risk. There does not seem to be a widespread sense of urgency in terms of digitalisation. It is also interesting that digital innovation seems more often associated with processes and efficiency than with new digital products and business models.

Some of the banks interviewed do have regular surveys among their employees on how they see the bank’s digital transformation and products. Employees are asked whether they receive enough support in this respect and whether they think that it helps the bank in differentiating from other competitors.

What is your experience with the adoption of digital innovation internally: negative/neutral/positive feedback from employees?

Overall, there is less feedback from employees than one would anticipate, at least feedback directly communicated to HR. It is not surprising that the feedback received covers a broad range of reactions: from concern about the possible loss of one’s own job to the perception that digital transformation should be tackled with more determination. It is also underlined that other challenges related to the Swiss banking environment and the ongoing consolidation are currently much higher on the list of concerns of the employees than digitalisation.

Introducing and/or strengthening the concept of digital business competencies

The success factors for digital transformation not only include technical IT competencies, but digital business competencies are just as important and should be systematically integrated into the competency development process. They should be part of the recruitment and upskilling process. External support could include training courses on digital finance and digital banking. These teaching programmes usually combine the three relevant dimensions: technology, business, and change management.

Project managers as ambassadors for digital business

It is clear that a differentiated approach is warranted. Not all roles need the same level and type of digital business competencies. Judging by the job descriptions on the market, it is mainly the project managers and internal consultants who carry the digital business competencies into the organisation. They are tasked with developing and implementing new products or processes and through this also help to increase the digital business literacy of the whole organisation.

Different roles require different levels of digital business literacy

Digital business competencies are increasingly transversal competencies, i.e. competencies required – to varying degrees – by all job profiles. For someone like a client advisor, the focus will be on the skilful use of the available digital tools and the affinity with these tools. On the other hand, for a product developer the required knowledge should be much more comprehensive. Every aspect from product conception and development to delivery and pricing should be systematically assessed from the point of view of digitalisation. In all these aspects, digital products differ a lot from traditional products. In order to account for these differences, an adequate level of digital business competencies is necessary. Depending on the job profile, the requirements will differ in terms of content and level, but they should be defined for each job profile.

Ensuring employability in a digital business environment

HR should take on a more active role as far as the entire employee life cycle is concerned: from recruitment and training to talent management and development. It is also important for HR to focus on digital competencies as part of their responsibility to ensure the employability of staff in view of all the expected changes. Furthermore, HR can contribute to the overall success of digital transformation through roles like HR change managers dedicated to digital transformation.
TRANVERSAL COMPETENCIES

After analysing IT user competencies and digital business competencies, we now turn to the more general transversal competencies. Competencies which are – to varying degrees – required by all job profiles: analytical competencies, client service competencies, problem solving competencies, foreign languages, adaptability, and agility. As we already referenced earlier, these competencies will not only remain important in a digital environment, but they will become even more important because they can only be automated and digitalised to a certain extent. The results for all job vacancies advertised are summarised in the following chart.

The chart above shows - for each type of job profile - the percentage of job descriptions which explicitly require a specific competency. For many job profiles, the mix of transversal competencies is by and large in line with the expectations for such a job profile. For example, the main emphasis for client relationship manager roles is on client servicing competency with 65%, whereas analytical competencies are mentioned in 14%. In comparison, IT profiles are much more analytical: 45% specifically mention this competency while client service competency only appears in 17% of them.

Other findings can be somewhat surprising. 47% of the client relationship manager roles require one or more foreign languages, while this is the case for 60% of all IT roles. One possible explanation is that IT roles usually require English and are geographically located at headquarters. As they include a responsibility to cover the whole of Switzerland, they also require knowledge of an additional national language. Many of the client relationship manager positions, especially in retail banking, are more locally oriented and thus require fewer foreign languages.

It comes as no surprise that the most important foreign language required is English, ahead of the national languages German, French and Italian. Interesting to note that about one to two percent of the jobs require Spanish or Russian, while Portuguese, Mandarin and Arabic account for about half a percent each.

The comparison of job profiles with the average can also be revealing. A comparison of HR jobs with the average shows the following results. HR is exactly on average for analytical competencies, below average for client servicing and above that for problem solving. 71% of the HR roles require at least one foreign language, compared to 58% on average. With 51%, adaptability is also a more frequent topic than the average would suggest.

The results for agility are also worth mentioning. Agility is defined here in the narrower sense of agile working tools and methods. In IT, agility is very prominently represented with 32%, followed by 21% for project managers and 11% for consultants. The topic is clearly driven by IT and appears with project managers and internal consultants. This obviously raises the question of how bank-wide projects can be successfully managed if IT is working with agile methods and the rest of the organisation is not?

FINDINGS FROM THE QUANTITATIVE ANALYSIS

Transversal competencies are systematically used in job descriptions and show a clearly differentiated requirement profile for each role. Since today most of the recruitment activities are based on specialist knowledge, it is very interesting to note that the job advertisements also define a very specific requirement profile under the aspect of transversal competencies.

The chart above shows - for each type of job profile - the percentage of job descriptions which explicitly require a specific competency. In the case of relationship manager roles, the following competencies are required: 14% require analytical competencies, 65% specifically mention client servicing competencies, 22% emphasise problem solving competencies, 30% require one foreign language, 17% require two or more foreign languages, 31% emphasise adaptability and 1% speak of agile methods and working practices.

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INSIGHTS FROM THE INTERVIEWS:

In the coming years, it will be challenging to recruit the talent needed for a comprehensive digital transformation. Could this be an opportunity to focus more on transversal competencies and less on specialist expertise („Fachwissen“)?

On this question, two very divergent opinions emerge from the interviews: For some of the respondents, focusing more on transversal competencies rather than specialist knowledge is not on the table and they are not considering it at all.

For others, this is exactly where the development should go in the future, given the difficulty of recruiting the necessary specialists in so many areas. It is stressed by this second group that the half-life of specialist expertise is rapidly decreasing in almost all areas. As an example, the programming language learned a few years ago may already be out of favour. A stronger focus on transversal competencies is therefore essential for these respondents, although they recognize that this is a process and that we are only at the beginning of this journey.
One practical difficulty could be concrete implementation. It is easier to assess, as part of the recruitment process, whether someone has already successfully done the same job at another company than to assess their transversal competencies. More frequent than the topic of transversal competencies, it is underlined that an applicant must fit the culture and values of an institution and that personality is the most important criterion.

In order to be effective, a stronger focus on transversal competencies needs to be combined with a solid commitment by employees and employers to lifelong learning. If someone does have the analytical competencies to quickly familiarize himself with a new topic, he also needs to go through the necessary trainings and be supported in this by his employer. This is the only way in which the company can ensure that the necessary expertise will be available.

It was further pointed out that such changes always require some internal or external pressure. Only then will the necessary methods and tools be developed and implemented. As long as the pressure from the employment market is not large enough, this process towards recruiting based on transversal competencies will merely progress gradually.

DO YOU RUN INITIATIVES TO INTRODUCE CONCEPTS LIKE AGILITY, DESIGN THINKING, CUSTOMER JOURNEY, PROTOTYPING, FAILURE CULTURE, ETC. ACROSS THE WHOLE ORGANISATION?

Agility is clearly a topic of interest and is high on the agenda of many organisations. Practical experience is already there, but except for the IT area, most of the experience comes from pilot projects limited to individual departments or groups. Not surprisingly, agility is understood and implemented in many different ways: from a narrow technical definition in the sense of agile project methods to a very broad concept of someone’s adaptability and willingness to accept change.

The driver of the development towards agility is IT, where agile methods in software development and project management are already widespread. Often both approaches exist in parallel: some teams work with agile methods, while others continue to work with classical waterfall methods. Many are interested in introducing agility on a broader basis, across more activities in IT or across the whole organisation. At the moment, however, this is more a mid-term goal than a concrete project.

The introduction of agile methods and tools for employees and projects should be accompanied by agility specialists or coaches. This ensures that the basics are introduced in a consistent manner, which has often been the weak point in the past. These past projects often yielded mixed results. A focused training approach as well as ongoing coaching of the employees involved are becoming best practices.

As for design thinking, customer journeys and prototyping, their introduction still appears to be in its infancy in many organisations. From the perspective of job applicants, the situation is ambiguous. The good news is that even in a highly digitalised working environment, transversal competencies will still be essential. On the other hand, the current job market and recruiting practices remain very much based on specialist knowledge. If only the IT department and project managers work with agile methods in bank-wide projects and the other project participants do not, then the benefit is limited. Project managers are important ambassadors for the dissemination of these concepts. For them, a solid training and an active mastery of these topics is essential. For other employees involved, a more general understanding and a passive mastery of can be achieved through introductions. However, everyone should have them in his toolkit.

Addressing the shortage of specialists through more focus on transversal competencies

Recruitment based on transversal competencies would help to mitigate the much-lamented shortage of specialists. This is true in connection with digital transformation and also in other areas. In addition, it would account for the fact that transversal competencies will become even more important in a digital environment and that the half-life expectancy of specialist knowledge is decreasing.

On a journey towards transversal competencies

Specialist knowledge is often at the heart of recruitment today. The many difficulties that job applicants experience when they try to change industries confirms this point. This contrasts with results from research that underscore the importance of transversal competencies. Today, there are also enough tools available to assess transversal competencies: from online tests and competency-based interviews to comprehensive assessment centres.

Importance of transversal competencies is mixed news for job applicants

From the perspective of job applicants, the situation is ambiguous. The good news is that even in a highly digitalised working environment, transversal competencies will still be essential. On the other hand, the current job market and recruiting practices remain very much based on specialist knowledge. However, the employment market shortages are likely to strengthen the trend towards transversal competencies.

Expanding the toolkit of every employee

The new concepts such as agility, customer journeys and prototyping can only develop their full potential if they are applied to larger parts of the entire organisation. If only the IT department and project managers work with agile methods in bank-wide projects and the other project participants do not, then the benefit is limited. Project managers are important ambassadors for the dissemination of these concepts. For them, a solid training and an active mastery of these topics is essential. For other employees involved, a more general understanding and a passive mastery of can be achieved through introductions. However, everyone should have them in his toolkit.
DIGITAL STRATEGY AND HR

INSIGHTS FROM THE INTERVIEWS:

How do you see the role of HR and HR business partners in digital transformation and change?

The role of HR is mainly seen in supporting the necessary change processes in digital transformation, in the same way that HR also supports change processes in other areas. For some respondents, digital change should be handled by the same change management specialists as all other change projects. Others are more interested in the newly emerging roles of HR change managers who are dealing specifically with digital transformation.

In general, the involvement of HR in digital transformation initiatives is seen as “too little and too late”. HR should involve itself more actively and should also be engaged more frequently by the leaders of digital transformation initiatives. Change management and people are one of the three success factors for digital transformation. Therefore, HR has a central role to play as an enabler for digital change.

An important element under the aspects of change management is a positive attitude to digital change, i.e. the digital mindset. The initiatives in this direction are extremely broad and varied: they range from digital days and specific training courses on various IT tools to workshops on design thinking and Fintech business models.

There is a clear, but not necessarily urgent, awareness that digital developments will change job profiles and requirements in a profound way. As shown in the analysis above, IT user competencies are more likely to be systematically evaluated and promoted than digital business competencies. As for the changes in terms of mind-set, many respondents put a lot of hope in the younger generation of digital-savvy employees and their familiarity with e-commerce and social media. But this is clearly not enough, and the necessary changes will take time.

In terms of digitalising HR, which areas are your primarily focused on: digital and AI-driven recruiting, digital learning, digitalisation of HR processes, candidate experience, etc.?

As far as digitalisation in HR is concerned, one statement stands out very clearly: the priority is on digitalising HR processes. Today, too many processes are still carried out manually and there is a great potential in the digitalisation of these standard HR processes. Once this will be completed, many inquiries and activities could be handled by the employees and managers themselves and would burden HR considerably less with administrative work.

For some banks, it is a matter of introducing a comprehensive HR information system. For others, the focus is on automating and digitalising at least the most important processes. Just as the finance department regularly receives the latest financial figures and KPIs, so should HR be able to receive the latest HR figures and HR KPIs.

In contrast to “customer experience”, the concept of “candidate experience” is not mentioned very often. The entire value chain of a customer relationship can be optimized using the concept of a customer journey. The same is true for the entire application process for internal and external candidates. The instruments are the same, but the current focus of digital transformation is clearly on customers and not on other stakeholders like candidates.

The situation is different regarding digital learning which is already a top priority. The combination of internal and external digital resources makes it possible to cover a wide range of learning topics. The critical point is not so much the availability of digital learning, but rather the willingness and motivation of employees to actively participate in all these training opportunities.

Like all topics related to artificial intelligence and machine learning, there is quite an amount of interest in AI-driven recruiting. The topic is on the radar screen in many places, but more in the sense of an interesting future trend than in the sense of a concrete project. Many HR respondents also immediately point out that the interest is not so much in the current systems with algorithm-based comparison of key words, but in smarter next-generation solutions.

Do you promote an innovation process that allows employees to engage in digital innovation projects in addition to their main activities (innovation labs, innovation sprints, cooperation with Fintechs and incubators/accelerators, etc.)?

Usually, the innovation process has grown historically and operates according to a funnel model, i.e. as a process for collecting a large number of ideas and suggestions and then progressively selecting the most interesting ones. Over time, the focus on digital innovation has naturally increased. The resulting innovation ideas are mostly incremental in nature. Employees are encouraged to contribute innovative ideas. But the process is more aimed at generating innovative ideas than at supporting employees all along the way from the idea and prototype to the introduction on the market.

The transformation teams have also been frequently mentioned in the interviews. For some, these transformation teams are important drivers of digital innovation. Others view them more as a tool for technical and operational implementation. In many cases, they lack a strong representation of the client and market side because they are focused on implementation.

Strategically, the cooperation with Fintech start-ups and with incubators or accelerators is high on the priority list. However, it usually takes a considerable amount of time before such a cooperation is established and, in the end, only a limited number of employees are involved in these ventures. The large majority of employees are distant from all these activities. Some banks have seized this opportunity and now offer their employees the possibility to visit Fintech start-ups close to the bank and to work with them for some time. The employees get a taste of the typical Fintech and a start-up spirit and then hopefully transfer some of it back to their daily activities.
HR to take a more active role in supporting digital transformation
Along with technology and the business plan, change management and people are one of the three success factors for digital transformation. The IT department oversees technology, the customer unit oversees business aspects and HR have a key role to play by focusing on the employees. This involves both comprehensive HR change management as well as fostering digital mind-set.

Need for a strategic and comprehensive approach to workforce transformation
The analysis of vacancies in the banking sector has shown that requirements in terms of IT user competencies are increasing and that digital business competencies are starting to appear. At the same time, the importance of transversal competencies will increase. In order to build up and promote all three of them, a systematic and holistic approach in the sense of a workforce transformation is required. Which competencies are currently available and where? Which competencies will be needed in the future to implement the planned business model? Which recruiting, upskilling and newskilling measures will allow the organisation to arrive there?

Picking the low hanging fruit: digitalising HR processes
In addition to the more strategic projects, there are a few measures in HR that already promise significant results in the short and medium-term. The potential for digitalisation of the HR area is far from exhausted and shows a need to become equal with other functional areas within the organisation.

Developing digital mind-set through collaboration with Fintech start-ups
Cooperation and exchange with Fintech start-ups are also an interesting way to bring digital mind-set into an organisation. One of the best and most sustainable ways of learning is “learning by doing”. Finding multiple ways of cooperating with external start-ups is an effective way of transferring some of the unique start-up spirit and mind-set back into an organisation. HR can contribute by making these opportunities available to a broader range of employees from the whole organisation.

ACTION PLAN / RECOMMENDATIONS

CONCLUDING REMARKS

Both the quantitative analysis and the discussions with HR representatives show that digitalisation in the banking sector is in full swing. But it is still more focused on workflows and processes than on new digital products and business models. Many of the changes today are more incremental in nature and remain within traditional business models. In the coming years, competition from outside the industry will massively increase the pressure for more comprehensive changes to today’s business models.

As repeatedly mentioned in this analysis, the success of digital transformation not only depends on the technology and the business model, but also on successful change management among employees and customers.

Job vacancies in IT are already in second position of the most searched job profiles on the banking employment market. In combination with all IT activities that are outsourced, they are the most searched for profiles. For the job profiles outside the IT department, one can see increasing requirements in terms of IT user competencies and, starting form a low level, in terms of digital business competencies. Unfortunately, transversal competencies are still somewhat neglected, although these competencies will grow in importance.

The transformation of a business model is a comprehensive and long process. The same is true for all the changes that digitalisation will bring to job profiles. In order to be successful, both transformation processes need to be carried out in parallel. The business model transformation sets the strategic direction, while the workforce transformation ensures that the necessary competencies and the digital mind-set are being built up and further strengthened.

The employment market figures for this analysis date from December 2019 and it will be interesting to repeat the same analysis in one or two years from now. Will IT roles still be the most sought after? What about the systematic consideration of IT user competencies in recruitment and training? Will the topic of digital business competencies become a reality in companies? Finally, will transversal competencies take their rightful place for the benefit of employers and employees?
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INTERVIEWS
IN ALPHABETICAL ORDER

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- St. Galler Kantonalbank, St. Gallen, Rolf Fuhrer
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