

Gartner®

Preparing for the Future of Work in Financial Services








Executive Summary

After a yearlong experiment in remote work, financial services leaders are faced with a significant question: what is the future of the workplace? This is no small matter. Making the wrong choice now risks employee engagement, productivity and retention, and, with it, a chance to drive growth.

Many leaders are tempted by the familiar — a return to the prepandemic world of office-based work. But there is no going back to the “old normal.” Instead, leading organizations will build hybrid work environments based on human-centric work design.



READ FURTHER TO LEARN:

-  Why the last year has left many financial services leaders unconvinced about remote work
-  Why employees feel burned out, but want the continued flexibility of work from home
-  What leading organizations will build: hybrid work environments based on a shift from office-centric to human-centric work design
-  How you can make this shift to human-centric design by embracing three concepts: radical flexibility, intentional collaboration and empathy-based management
-  The significant payoff in employee productivity and performance that you can expect from this new normal

The Remote Work Experiment in FS

The COVID-19 pandemic rapidly upended the financial services (FS) workplace, creating an unprecedented experiment in remote work. The scale of this change is clear in surveys of FS employees. According to Gartner data, 74% of FS employees have increased their work-from-home (WFH) time since the outbreak of COVID-19, and 72% of remote employees only began WFH after the pandemic began.

This shift has clearly impacted the industry. Prior to the pandemic, around two-thirds of FS companies believed that remote work should be the exception, not the rule. Now that figure stands at only 16%, and over 60% of FS executives anticipate that their organizational leadership will allow employees more flexibility in where they work in the future.

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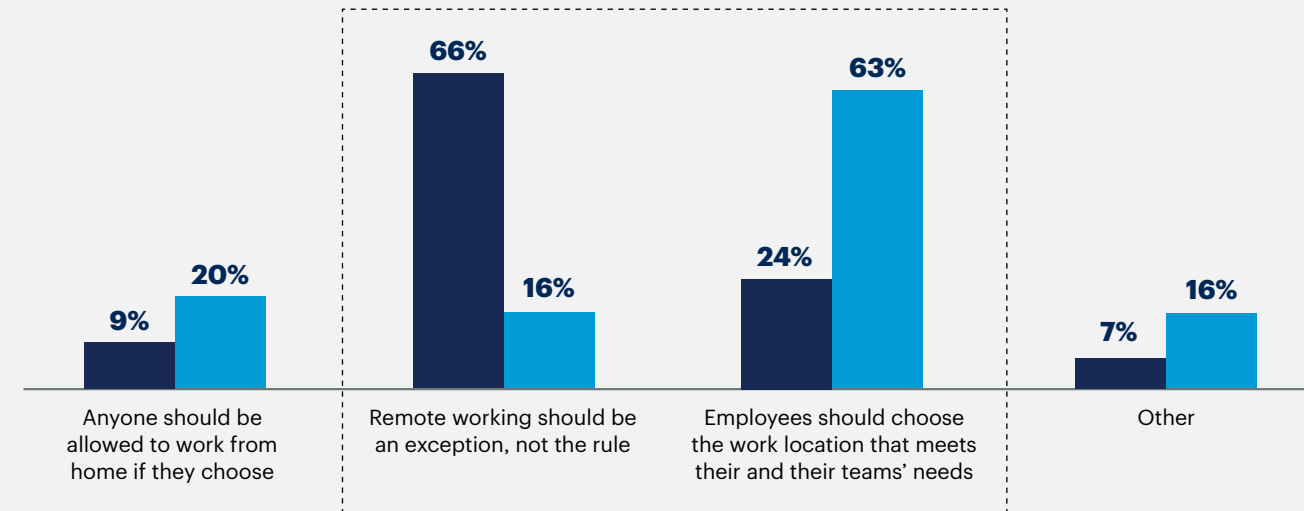
Source: Gartner 2021 Digital Worker Experience Survey

Sentiments About Remote Working (select all that apply)

Percentage of FS Business Executives

■ Company Policy About Remote Work, Prior to COVID-19

■ Anticipated Leadership Sentiment About Remote Work, After COVID-19



n = 86 financial services business executives

Source: Gartner Financial Services Business Priority Tracker, May 2021

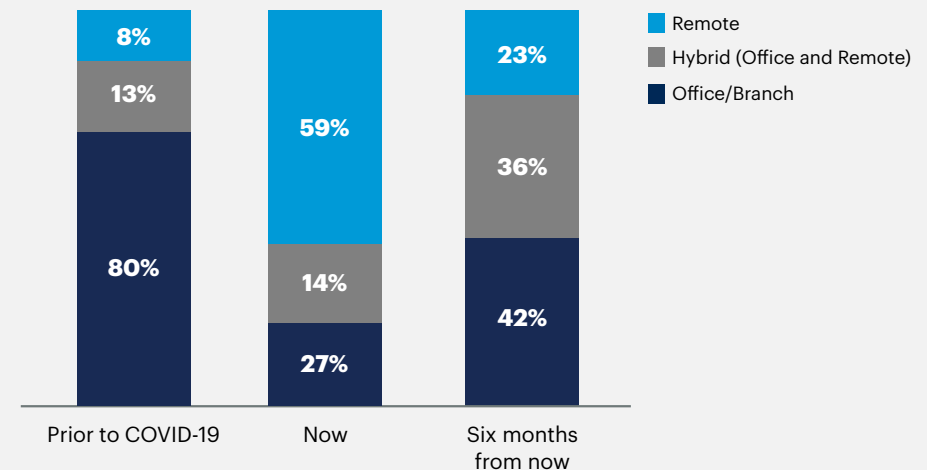
Q: Prior to the COVID-19 pandemic, what was the company policy about remote work? Select all that apply.

Q: Imagine we've returned to business as "usual" after COVID-19, what sentiments do you anticipate corporate leadership will have about remote working? Select all that apply.

The data shown to the right would appear to bear out this story — the massive shift from office to remote work during the pandemic is again clear. However, the anticipated picture six months from now is more ambiguous. FS leaders expect a clear uptick in the percentage of in-person workers, who will again comprise the largest element of the FS workforce. Moreover, they also anticipate that the amount of pure remote work will decline and will largely be supplanted by hybrid workers. Among senior leaders specifically, these numbers are even more stark: they anticipate 46% of workers will be in the office/branch in 6 months, with only 21% fully remote. In short, a majority of FS leaders expect their employees to either fully or partially return to the office in the near future.

Workforce Proportion — Before, Now, Future

Percentage of FS Business Executives



n = 80 financial services business executives

Source: Gartner Financial Services Business Priority Tracker, May 2021

Q: What proportion of your workforce would you estimate work at the following?

FS Leaders: Stuck Between the Old and the New

Beyond the data, there is a great deal of ambivalence about the future of remote work in financial services, as seen in quotes from powerful industry figures:

It's not ideal for us. And it's not a new normal. It's an aberration that we're going to correct as soon as possible."



David Solomon
CEO, Goldman Sachs

It doesn't work for those who want to hustle. It doesn't work for spontaneous idea generation. It doesn't work for culture."



Jamie Dimon
CEO, JPMorgan Chase

These comments are mirrored by problems with the new work environment identified by Gartner FS clients:

- "I used to solve problems and **collaborate** through informal conversations."
- "Virtual **onboarding** is difficult — we lose people before we even meet them."
- "When you're a young professional, you find **mentors** and build **connections** in the office."
- "**Revenue growth** requires collaboration, and that's harder in a remote setting."
- "People say they're more productive, but **work-life balance** has disappeared."
- "How do we execute effective **training** while our staff is at home?"
- "We've lost the **visibility** of the office when managing our employees."

As such, many Gartner clients are in the process of trying to return workers to the office. These moves have even accelerated in regions where there is wide vaccine availability and requirements on social distancing have eased.

But there remains division on how to move forward within the financial services industry. Organizations such as Citigroup, Deutsche Bank and American Express announced that their workforces will move to a hybrid format, with WFH 2-3 days a week. Considerable uncertainty remains, however, about how such an arrangement will play out.

We just announced hybrid, meaning 3 days in the office. But there are a lot of logistical questions. Which days? When's the overlap? Do I get 2 screens? Transport monitors home? **Those are all difficult questions to answer.** Huge productivity question.”

I don't think there's a single model that'll work for remote work. **Part of the answer is that we don't know yet.** We're just going to have to live and experience it before we put down anything groundbreaking.”

Many executives are thus stuck between the pull of the old normal of the prepandemic office, while also recognizing the potential of remote/hybrid work. And even among potential converts to hybrid, many are unsure about how to proceed in a way that maximizes employee productivity.

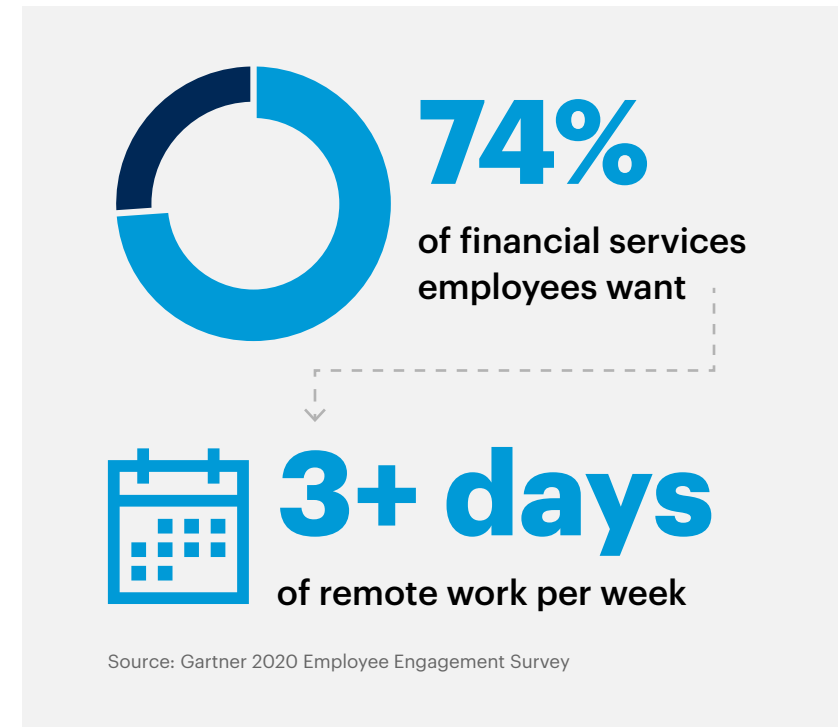


You Can't Afford to Get This Wrong

But FS leaders should not kid themselves: there is no going back to the past. While executives may have concerns about the current remote environment, they face potentially even larger risks if they push workers back to the office.

According to Gartner survey data, 74% of financial services employees want at least 3 days of remote work per week after the pandemic subsides. Moreover, a majority of hybrid/remote employees across functions would consider leaving their organization if they lost the ability to work flexibly.

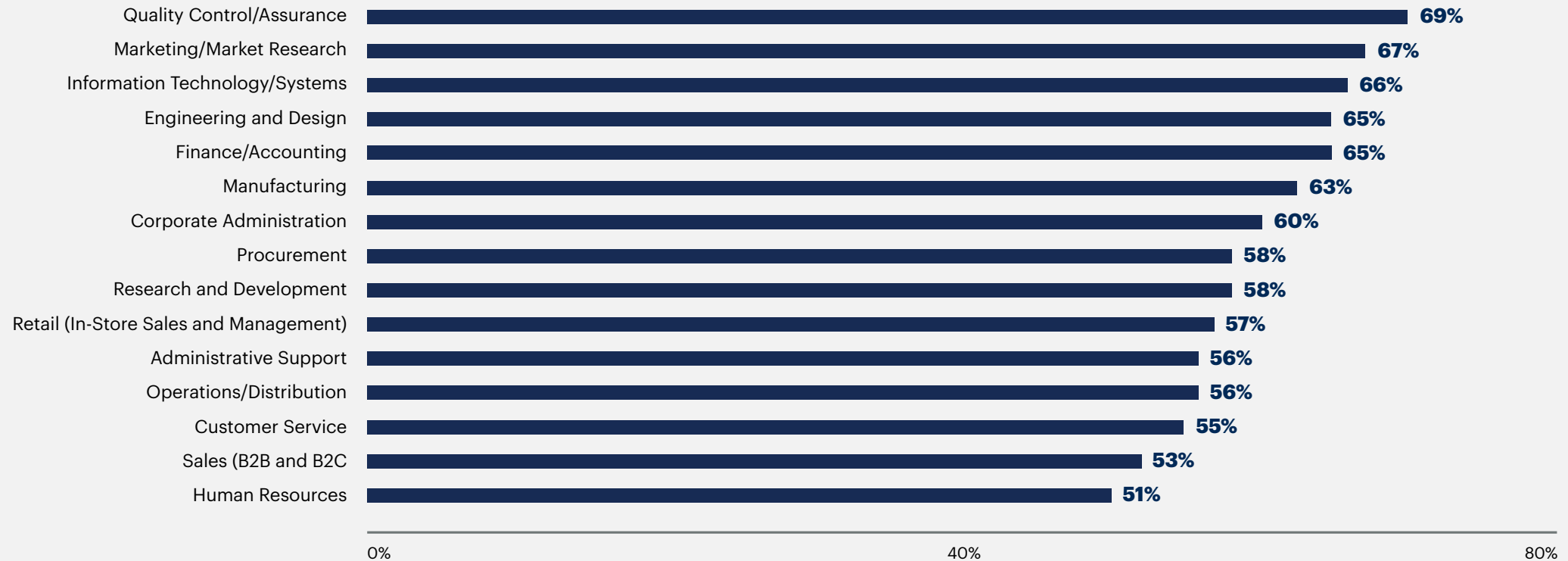
FS leaders are aware of this risk to retention. In a recent Gartner survey, almost half of FS executives noted that changes in leadership thinking about remote work is being driven by concerns over employee satisfaction or retention. As one client put it, “we view work from home as a competitive requirement.”



Impact of Ability to Work Flexibly on Intent to Stay by Function

Question: Whether or Not I Can Work Flexibly Would Impact Whether I Stay at My Organization

Percentage of Hybrid or Remote Employees Agreeing



n = 2,904 across all functions

Source: 2021 Gartner Hybrid Work Employee Survey

FS leaders must similarly confront health and equity issues. Few organizations are mandating employees to disclose their vaccination status. Together with evolving guidance from government health organizations, this poses significant questions around masking and social distancing. FS leaders have also expressed concerns about employees seeing future WFH policies as equitable, saying “Senior leaders can’t expect one rule for management and other rules for everyone else.”

Conversely, remote and hybrid work offers potential new upsides, if executed effectively:



Compensation. Gartner data shows that 49% of FS employees would be willing to take a pay cut if they were able to work remotely and move to a new location.



Diversity. Hiring remotely enables organizations to tap into much broader markets of potential employees.



Real estate. With a greater proportion of employees either remote or hybrid, leaders can look to optimize their real estate costs.

An attempt to shift back to the old normal of fully in-person office work thus risks employee engagement and retention, and places employers in a challenging situation relating to equity and health management. Leaders also miss out on the range of organizational benefits of hybrid work. Yet, and despite clear employee preferences for hybrid work, FS leaders still have legitimate concerns about how workers are faring in the current remote work environment.

In short, leaders need a pathway to the new normal of work.



Source: Gartner’s 2020 Employee Engagement Survey

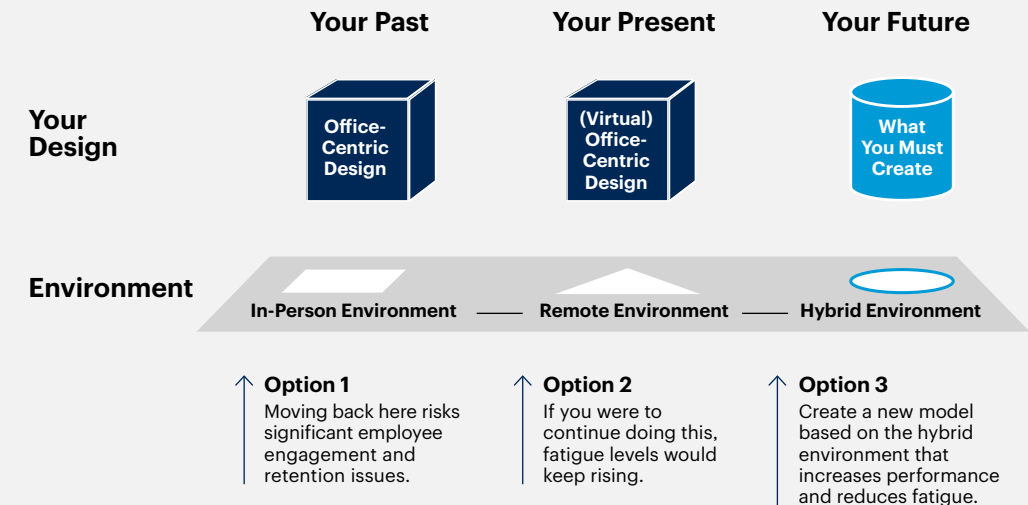
The Human-Centric Workplace of the Future

As a first step, executives must realize that the efforts of the past year have not created a new work environment. Instead, many organizations have simply tried to recreate the office workplace in a remote environment and have unintentionally increased employee fatigue and burnout in the process.

Instead, leading organizations will center the workplace of the future around a truly hybrid environment. This environment will require a fundamental shift from office-centric to human-centric work design.

To achieve this goal, leaders must adopt **flexible work experiences**, **intentional collaboration** and **empathy-based management** as three core tenets of the new workplace. This will enable employees to entrench the key positives of hybrid work — work environment control, extended connectivity and life harmonization — while avoiding downsides, such as virtual overload and an always-on culture.

Three Work Design Options for FS Leaders



n = 75 HR leaders; 2,410 hybrid/remote knowledge workers

Source: 2021 Gartner Hybrid Work HR Leader Survey; 2021 Gartner Hybrid Work Employee Survey

Key Shifts Required for Organizations to Adopt Human-Centric Design



Office-Centric Design

An On-Site Model for an On-Site World

“Location is the stable pillar we design work around.”



Human-Centric Design

A Hybrid Model for a Hybrid World

“The individual is the stable pillar we design work around.”

Provide **Consistent** Work Experiences

Work design principle: Equality of experiences

Provide **Flexible** Work Experiences

Work design principle: Equality of opportunity

Enable **Serendipitous** Collaboration

Work design principle: Innovation by chance

Enable **Intentional** Collaboration

Work design principle: Innovation by design

Drive **Visibility-Based** Management

Work design principle: Performance by inputs

Drive **Empathy-Based** Management

Work design principle: Performance by outcome

Source: Gartner

This model represents a significant evolution in work design and will be a bold step for many FS leaders to take. Yet, compared to office-centric design, Gartner research shows that human-centric work design decreases fatigue by 44%, increases the intent to stay by 45% and improves performance by 28% among knowledge workers.

Hybrid work based on these principles thus drives a clear payoff for employers while embracing the key elements of non-office-based work that employees want to keep.

Radical Flexibility

Look for Flexibility Rather Than Consistency in Work Experience

Some of the biggest concerns that FS leaders have around the new remote work environment revolve around employee well-being and organizational culture, which executives see as key to sustainable productivity. Although a majority of HR leaders feel that their employees are actually now more productive compared to before the pandemic, more than 90% of these leaders are also more concerned about employee well-being in 2021 than they were in 2020. This fits with previous Gartner research that shows that remote workers often work harder than office-based counterparts, but can be prone to wellness and retention issues.

These trends have begun to emerge among current FS workers. While a majority of FS employees feel they are more productive in the postpandemic work environment, 41% also report having a longer workday in 2021 than in 2020, with 33% taking fewer breaks during the day. Moreover, there are ominous signs for revenue growth. Based on recent Gartner data, remote relationship managers in commercial banking were much more likely to be among the lower performers for adding new clients and achieving revenue goals compared to in-person workers.

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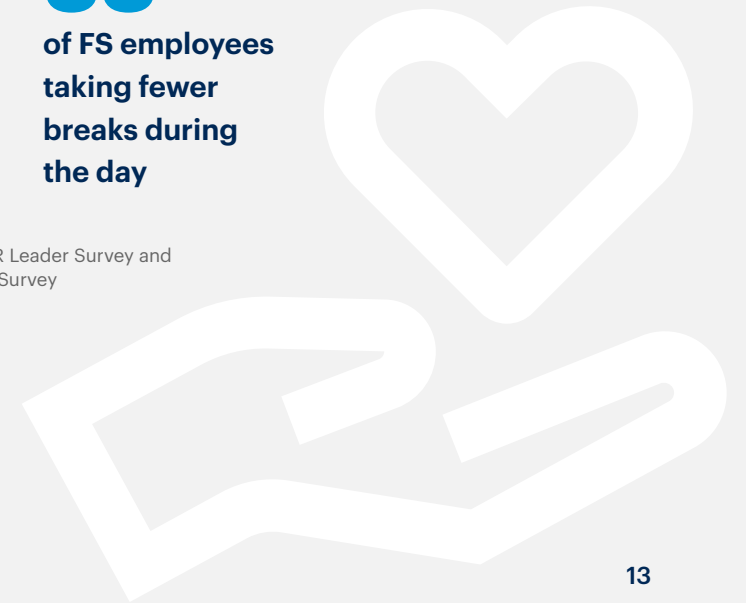
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Source: 2021 Gartner Hybrid Work HR Leader Survey and
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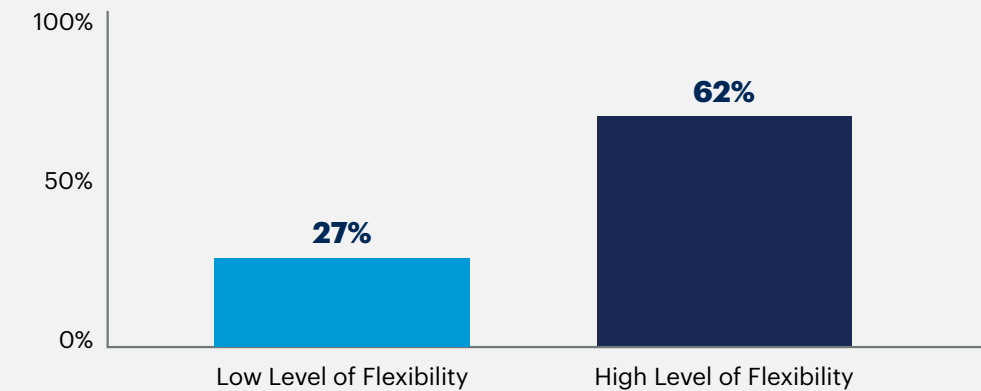
To produce a more sustainable, productive work environment in the postpandemic world, FS leaders must embrace radical, employee-driven flexibility to support work-life harmonization. Leaders should allow:

- Flexibility of **where** people work
- Flexibility of **when** people work
- Flexibility of **how** people work

These principles will not only satisfy many employees' continued desire for flexibility, they are also predictive of improved performance.

Impact of Flexibility on Performance

Percentage of Employees With High Performance by Level of Flexibility



n = 2,410 hybrid/remote knowledge workers
Source: 2021 Gartner Hybrid Work Employee Survey

Schroders' Embrace of Employee-Driven Flexible Working Decisions

Schroders, a multinational asset management company headquartered in London, understood that flexible working was imperative to align changing employee needs with team and client needs. However, even with a formal flexible working policy in place, employees and managers face many barriers to designing successful flexible working patterns.

In response, leaders at Schroders equip employees to drive decision making about where, when and how they work.

THIS APPROACH INCLUDES:



Flexible working as the organizational default

Set examples of flexible working patterns at all levels of the organization, and communicate the benefits of flexible working to reframe it as the organizational default.



Employee-driven working pattern design

Provide employees with resources on flexible working considerations and best practices to enable them and their managers to co-create working patterns that harmonize personal, team and client needs.



Continuous flexible work optimization

Encourage employees and managers to continuously update and adjust working patterns to meet changing needs and circumstances.

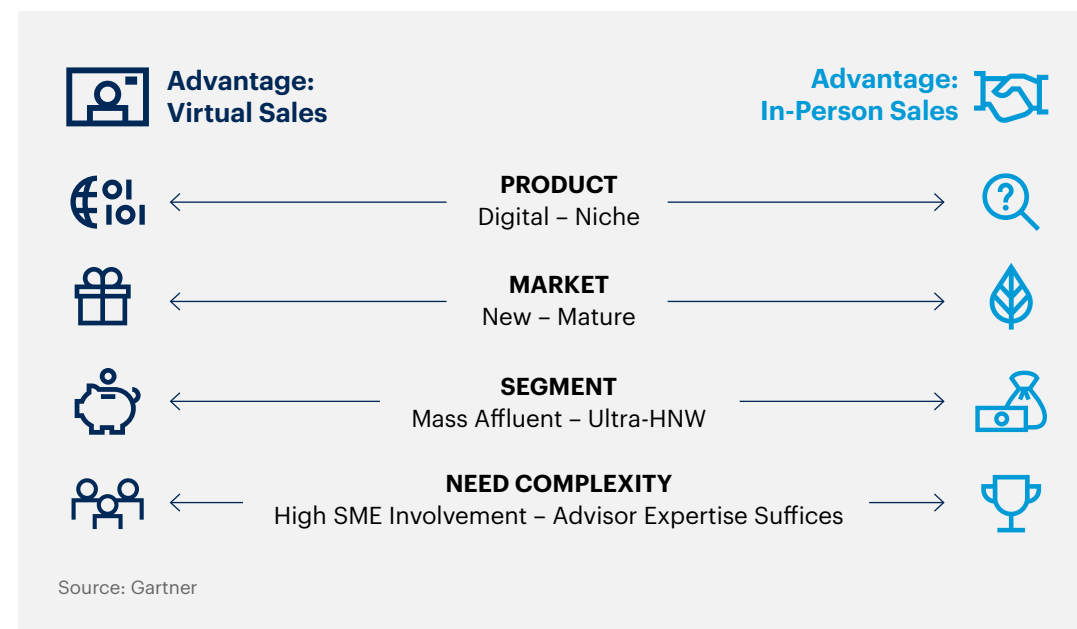
Maximizing the Impact of Sales in a Hybrid Environment

FS leaders have noted how their sales teams stepped up to the challenge of remote work, with many organizations meeting or exceeding recent revenue goals. But Gartner data shows that remote sales staff in FS feel their performance was more affected by the pandemic than other remote banking employees in key areas, including output per hour, quality of work and on-time task completion. Moreover, our data also shows that remote relationship managers in FS were less likely to hit new client and revenue goals than in-office staff during the past year.

To maximize the potential of sales in the new hybrid environment, FS leaders need to embrace **flexibility** within the sales process.

To do so, they must first understand where virtual sales excel over in-person. While a virtual approach may allow for greater scalability, reach and accessibility, it can lack impact where the sales process requires a more personal or high-touch approach. With this in mind, leaders should then flex their sales approach based on four dimensions: product, market, segment and need complexity.

For example, the ability to easily bring in a range of experts at different moments in the sales process makes virtual a good fit for clients with a high complexity of needs. Conversely, ultra-HNW segments or products involving highly sensitive questions may require a more personalized approach.



In reality, it will be rare for leaders to find their teams fully on one side of the virtual versus in-person sales continuum against the other. Instead, they, and their frontline sales staff, will need to adopt a flexible, hybrid approach to maximize revenue growth in the postpandemic environment.

Intentional Collaboration

Don't Rely on Serendipity

FS leaders view in-person collaboration as key to items such as decision making, innovation, mentorship, networking, onboarding and training. Conversely, almost two-thirds of HR leaders are concerned about the ability of teams to drive innovation in a hybrid work environment, while over 70% feel that innovation still relies on spontaneous interactions. Within FS, almost 40% of employees feel that knowledge and skills transfer across the organization was more effective in the pre-COVID-19 environment.

Yet, simply returning to the office does not solve the problem of collaboration. Gartner clients have noted, for example, that in-person meetings add complexity to issues relating to vaccination status and mask wearing. Among the employees who have returned to the office, few are collaborating in an informal manner and many simply take video meetings from their desk.

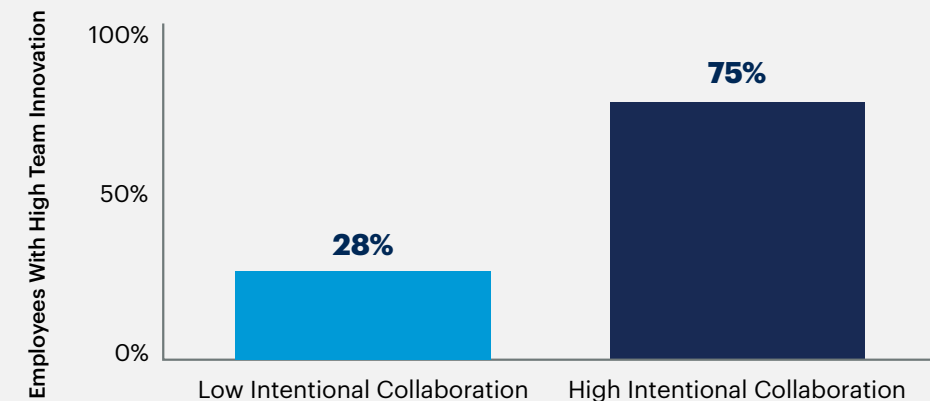
As we move into the future, leading companies will shift from serendipitous to **intentional collaboration** in the hybrid work environment, and recognize that asynchronous work is vital to employee productivity.

Indeed, Gartner data shows that 49% of team innovation can be attributed to asynchronous work. Moreover, an intentional approach to collaboration produces a more inclusive work environment. For example, when introverts

are able to make greater contributions to ideas through asynchronous work, they are more likely to agree that their team produces creative solutions to challenges. Overall, our data shows that teams with high intentional collaboration have higher levels of team innovation.

Impact of High Intentional Collaboration on Team Innovation

Percentage of Employees With High Team Innovation by Level of Intentional Collaboration



n = 2,410 hybrid/remote knowledge workers
Source: 2021 Gartner Hybrid Work Employee Survey

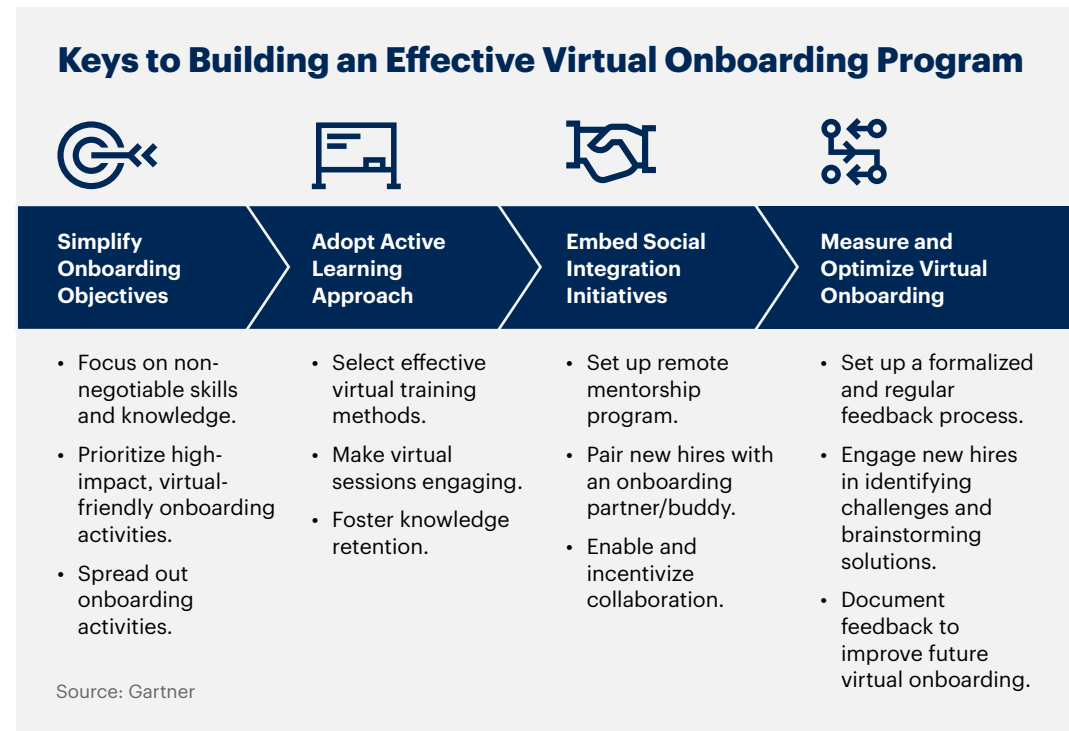
Support New Workers Through the Virtual Onboarding Process

FS leaders are particularly concerned about new hires and young professionals. They have seen such individuals struggle during their first months in the new workplace environment, sometimes leaving in frustration. As part of this issue, leaders often point to the lack of informal mentoring and networking opportunities that new hires have in a remote environment. To address this challenge, Gartner conducted interviews with FS executives to uncover best practices for supporting new hires through the virtual onboarding process and integrating them into company culture.

Our research shows that purely digitalizing onboarding without making up for the absence of social and developmental opportunities limits the effectiveness of onboarding, and prevents new hires from integrating into their team and organizational culture. Instead, leading banks need to take a more intentional approach and adapt onboarding programs to deliberately support new connections with peers in a hybrid environment.



Gartner has identified four key actions that FS leaders should adopt as part of a successful remote onboarding program.



Embedded social integration initiatives are particularly important in the new workplace. To this end, FS leaders should assign two “buddies” to new hires:



A **peer buddy** socializes the new hire with the team and serves as a knowledge resource on processes, job expectations, and organizational and team structure. Peer buddies should reside in the same time zone as the new hire and should have substantial experience in a similar role.



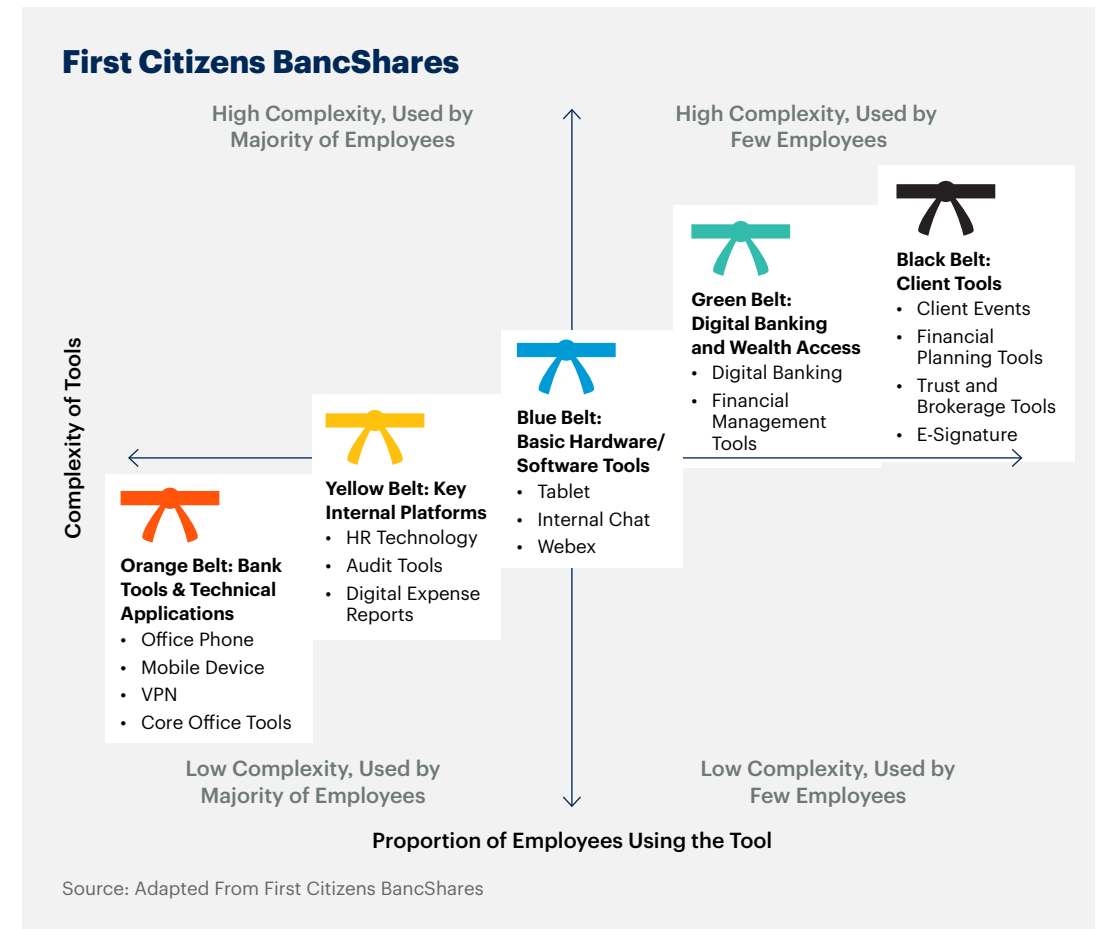
A **connector buddy** assists with network building for the new hire by helping them work across business units and cultivate cross-functional experiences. Typically from another business unit, connector buddies help new hires make sense of organizational change and the broader culture.

First Citizens Gamified Employee Technology Training

The hybrid environment also requires a new approach to training in FS that incorporates intentional collaboration. Leaders should give employees the tools and training they need to succeed, but also ensure that they balance synchronous and asynchronous collaboration in the process, and don't overwhelm staff with unengaging material.

A strong approach to virtual training is seen at First Citizens Wealth Management. Leaders who managed talent development believed that the bank's employees were not fully prepared to work and sell remotely, and could become overwhelmed by the amount of training they required. First Citizens executives needed to simplify virtual selling training and technology system usage into a logical, consumable and intentional structure.

Recognizing these challenges, leaders in charge of talent management at First Citizens devised a training program called "Digital Black Belt." It is purposefully designed to teach the skills needed for all the bank's systems and to motivate employees to use the tools available to them. Training is broken down into different levels of "belts" that employees can progressively move through as they acquire more complex skills. Although employees are motivated to complete each level, training is not mandatory, and the key to success has been the gamified, competitive nature of the training.



Adopt Empathy-Based Management

Throughout the pandemic, managers have tried to mitigate feelings of employee disconnection and fatigue without having the in-office visibility that they have traditionally relied on to monitor performance. Moving into a hybrid environment, managers make empathy a key priority to help them contextualize employee performance and behavior in a low-visibility environment.

Empathy-driven managers embody six key attributes:

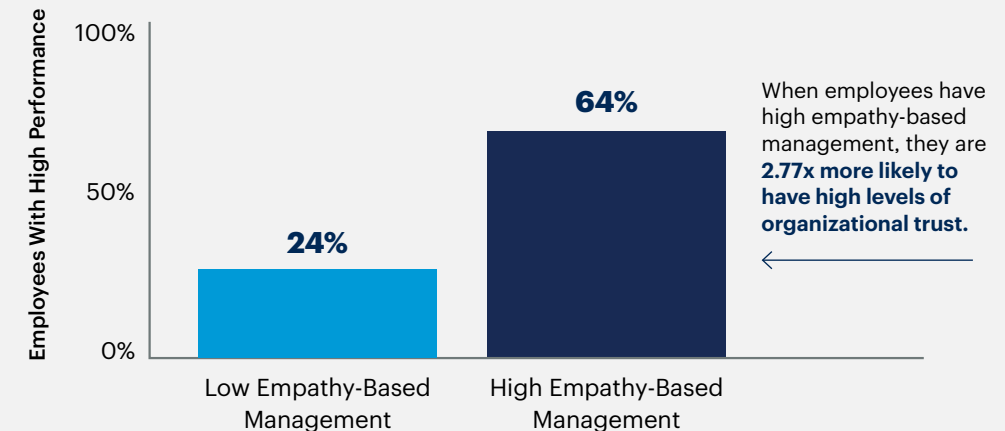
- 01 They prioritize people over processes.
- 04 They ask; they don't tell.
- 02 They embrace a growth mindset.
- 05 They safeguard confidentiality.
- 03 They create transparency.
- 06 They contextualize their employee's mindset.

And our data shows that an empathy-based approach to management clearly improves employee performance.

To drive greater empathy, FS leaders will need to overcome skill, mindset and capacity barriers among managers. They can do so by providing managerial training on navigating vulnerable conversations, rethinking role design to delineate team health and psychological safety from project manager responsibilities, and providing extensive prioritization criteria to help managers make space for well-being.

Impact of Empathy-Based Management on Employee Performance

Percentage of Employees With High Performance by Level of Empathy-Based Management

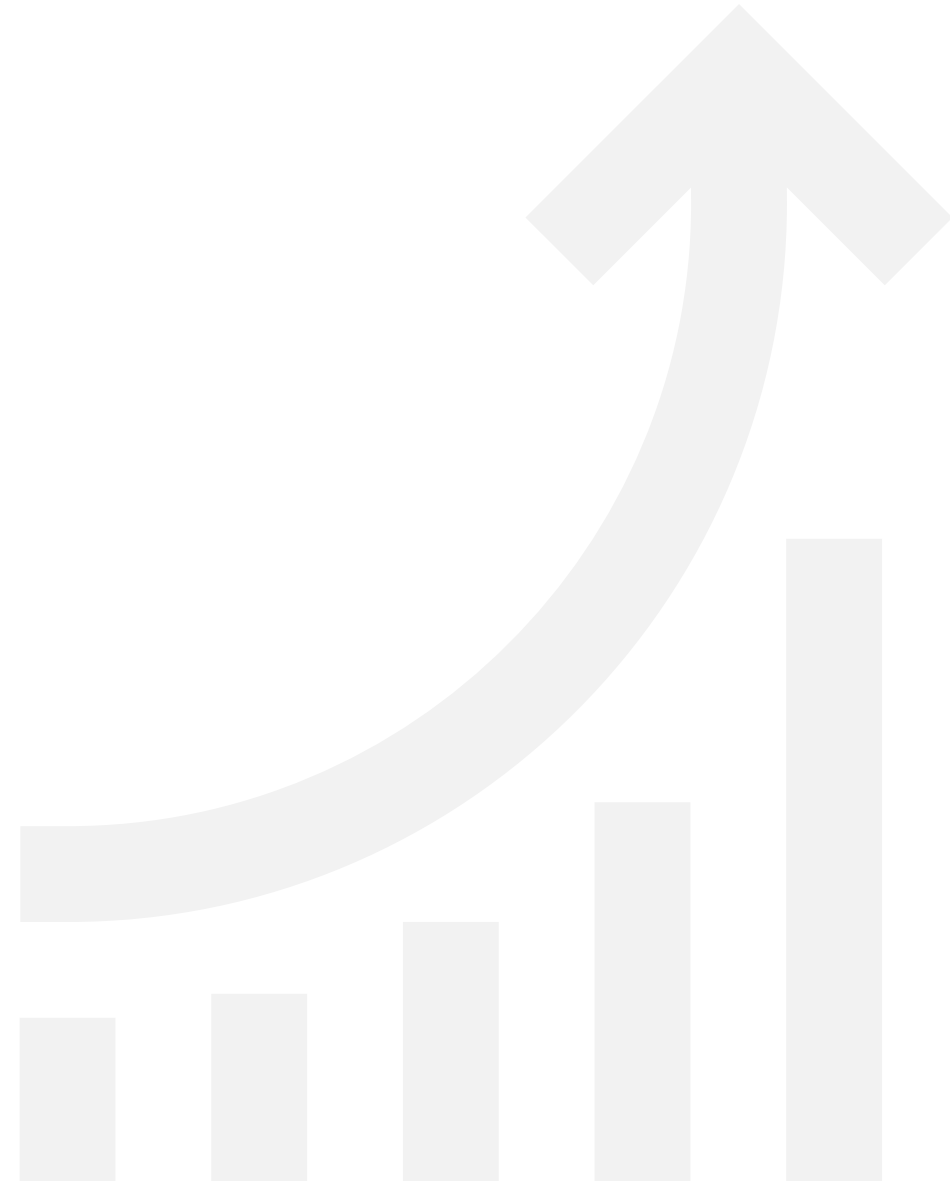


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Source: 2021 Gartner Hybrid Work Employee Survey

Conclusion

Human-centric work design will be crucial to the most successful FS workplaces of the future. FS leaders who commit to radical flexibility, intentional collaboration and empathy-based management will see a clear payoff in terms of employee productivity, performance and engagement. Conversely, those who try to return to the old normal of fully in-person work run the risk of disengaged employees who are more likely to leave to seek flexibility elsewhere. Don't make the mistake of thinking you can return to the past as you consider your future.

For more on this topic, visit the [Future of Work Reinvented Resource Center](#) on gartner.com.



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