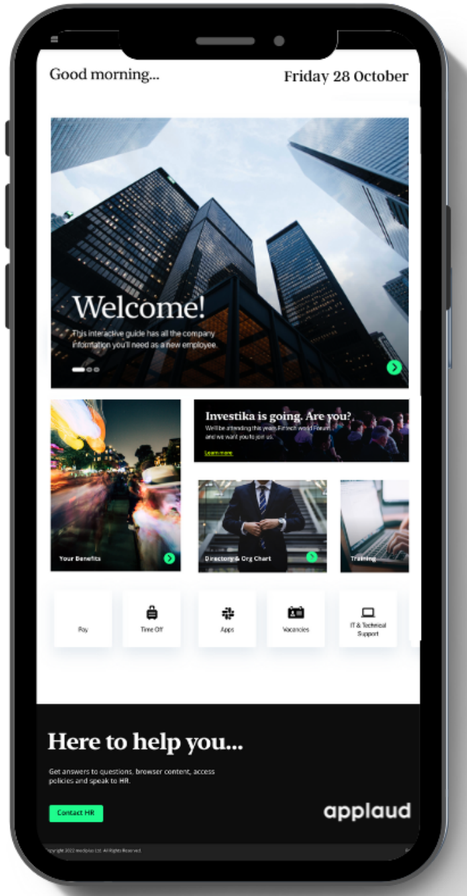
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TOP 6 HR TECH TRENDS IN FINANCIAL SERVICES

How HR teams can empower financial services businesses through technological disruption in 2023.



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Executive summary

- Strong HR leadership will be key to building resilience amongst financial services employees; driving retention during this volatile period to achieve long-term growth and profitability
- Recent years have brought huge periods of technical disruption causing expensive dips in productivity and digital skills gaps felt most by the most senior BFSI execs
- BFSI professionals remain in high demand despite market conditions. New colleague experience strategies highlighting internal mobility and growth opportunities are needed to drive engagement
- Employee experience (EX) tech can help support financial services companies and their employees navigate these turbulent times



Employee experience tech is a driver for change in financial services



46% of HR leaders say investing in HR technology to improve the overarching employee experience is a top priority for the next three years. **APPLAUD**



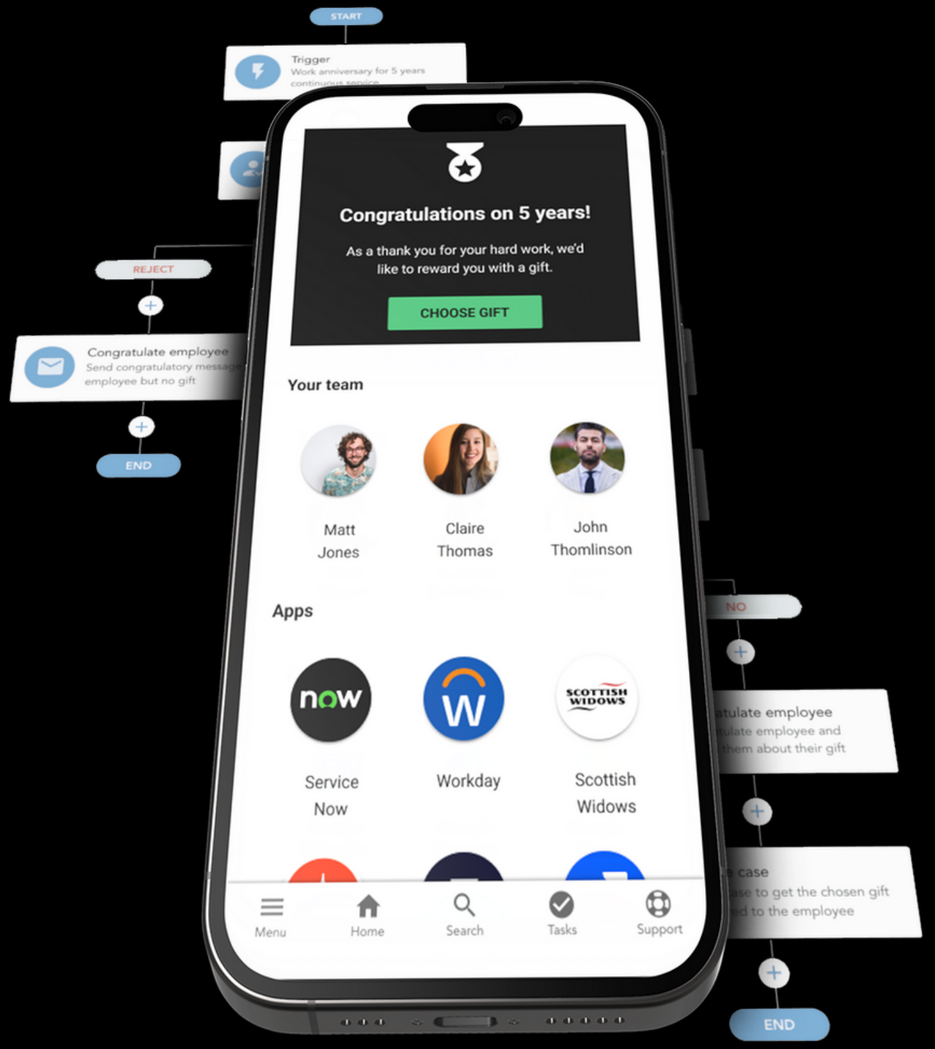
Improved employee experience (EX), performance and engagement directly correlates with improved customer experience (CX) and increased revenue. **TI PEOPLE**



Future-proof business models are dependent on driving retention amongst BFSI talent through a hybrid employee experience while keeping the workforce lean.



More tech doesn't equal improvement. With 53% of financial services staff saying their work tech doesn't function as they believe it should. **PWC**



TREND #1: USING DIGITAL TRANSFORMATION TO MAINTAIN A LEAN WORKFORCE

73% **of finance professionals say automation improves efficiency and productivity, removing unnecessary administrative tasks, creating more space for deep work.**

According to Okta's 2022 Businesses at Work report, the average large organization deploys around 187 applications. That's 187 disconnected systems and portals employees must navigate through to find the help, content, or the HR service they need. Financial services employees' average salaries are 45% above the national average (UK). Without adequate automation and self-service functionality, that's a huge resource drain leading to large dips in productivity. Ultimately having a direct impact on the bottom line.

"We have stayed focused on using technology in highly strategic ways while avoiding overhiring. For instance, today it's very possible to work at home — or just about anywhere — with online conferencing and collaboration tools. This has helped us avoid the roller-coaster effect that burdens many new companies as they scale while trying to adapt to dynamic external forces."

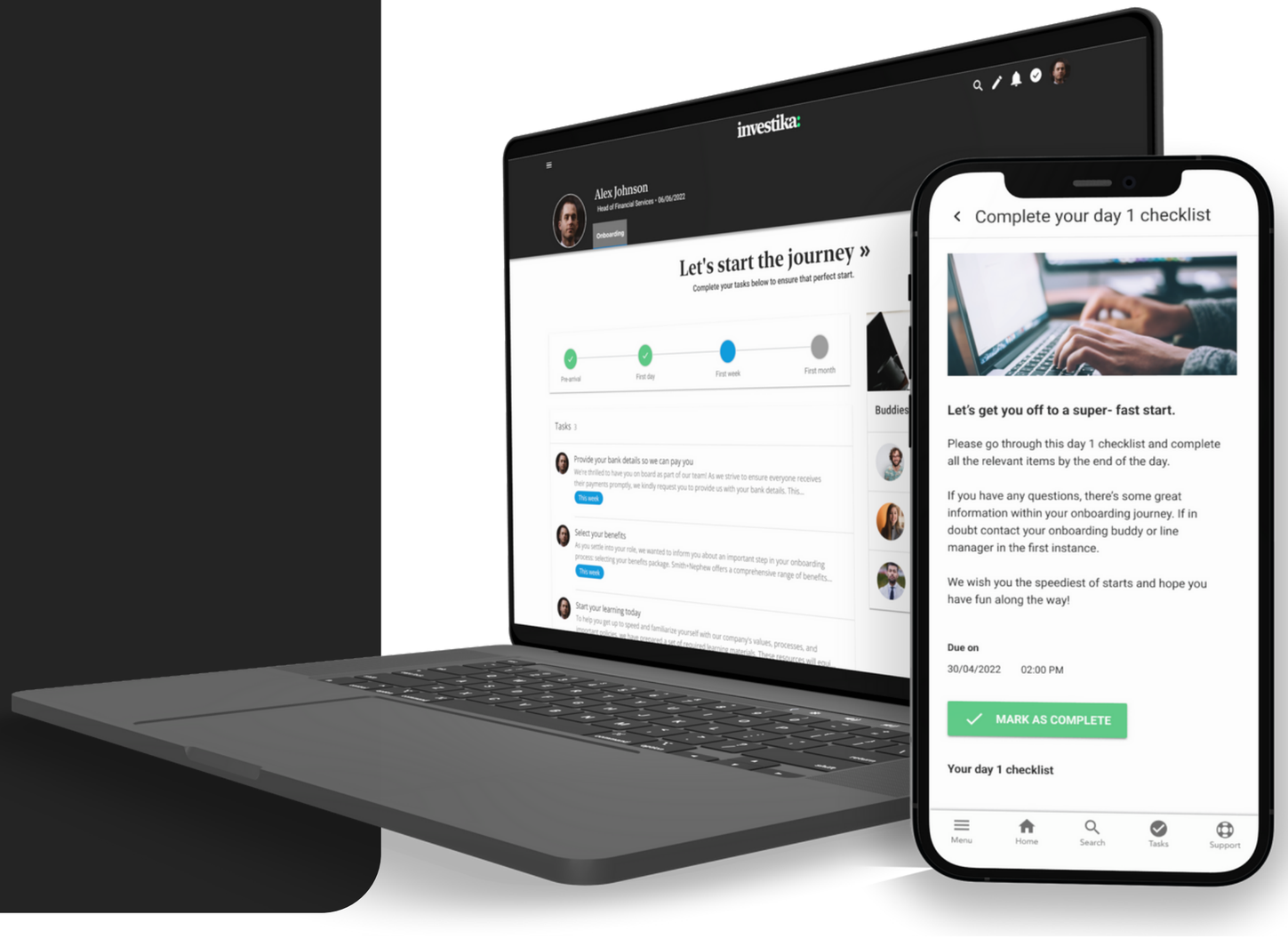
- ROB SCHIMEK, CEO OF BOLTTECH

83%

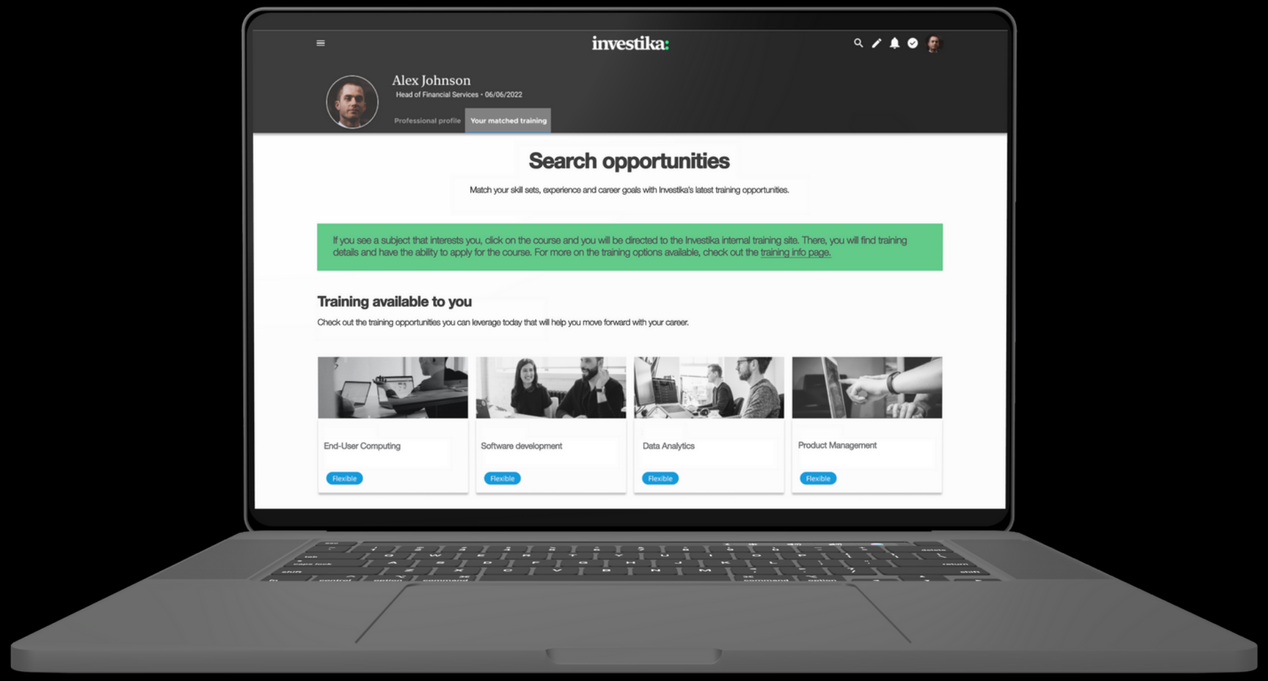
of financial services employees say digitalization will significantly impact jobs.

However, there is opportunity here for digital transformation to augment what employees can deliver while keeping your workforce lean to respond to an uncertain economy.

In the HR arena, AI-powered digital tools or indeed powerful workflow engines can be particularly useful in automating administration busywork, enabling employees to stay focused on the roles they were hired to do.



TREND #1: USING DIGITAL TRANSFORMATION TO MAINTAIN A LEAN WORKFORCE



TREND #2: REFOCUSING ON SKILLS WITH TECHNOLOGICAL L&D

93% **of senior financial services leaders say digital skills gaps are hindering productivity.**

Whilst the pandemic was a huge catalyst for technological innovation in the field of employee experience, many organizations implemented a plethora of new digital solutions without considering the varying digital capabilities of their workforce.

It is often the most senior BFSI employees who are feeling held back by their own skills. Ironically, the majority of financial service organizations have an array of training opportunities already available to their workforce, built into their candidate experience. But employees are often unaware. These are hard to find, buried away 'out of sight and out of mind' for the employee. Often simply surfacing the training solutions already available is a low-effort, high-impact way to plug this burgeoning skills gap. Giving confidence to the employees already in situ and driving employee retention.

"With a dual crisis of recession and talent deficit, the finance sector must explore alternative ways of solidifying its skills strategy. The most obvious way of doing this is to double down on technological L&D as a core strategy."

- ALEXIA PEDERSEN, VP OF EMEA AT O'REILLY

Financial services businesses need digital skills

Hiring for skills, and investing in upskilling and reskilling will be vital for future-proofing businesses in financial services. For many, this means creating intuitive, personalized journeys that guide employees to the training they already have available.

94%

claim skills gaps are affecting **retention**.

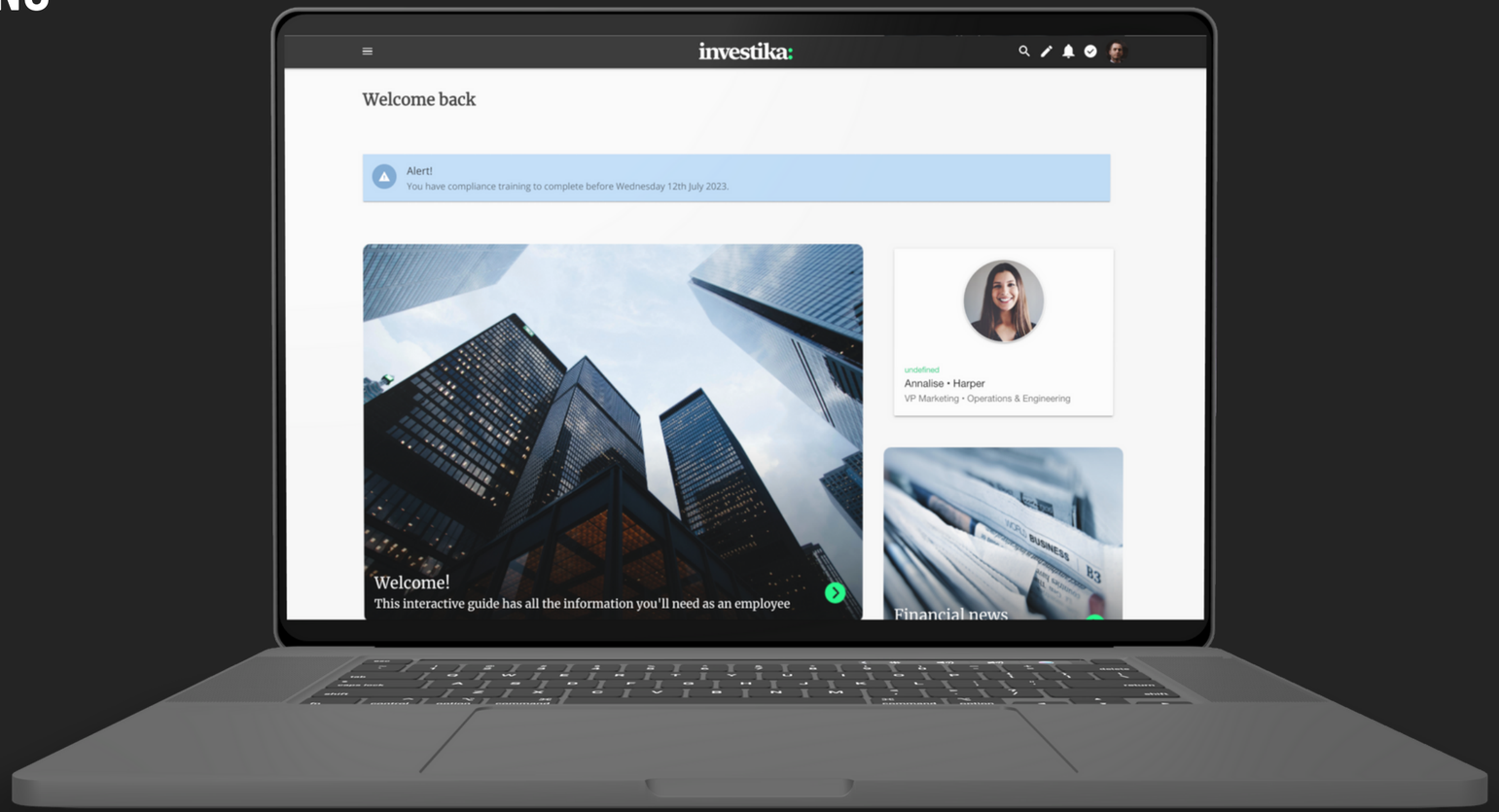
93% of senior leaders at financial service businesses say that skills gaps hamper **productivity**.

39% of employees say they expect to leave the sector **within five years.**

60%

of employees would stay if they got **retraining**.

TREND #3: PRIORITIZING CYBERSECURITY AND COMPLIANCE TRAINING



20% of fines issued for non-compliance in 2022 were a result of employee error totalling $1.12 billion. **1RS**

27% of BFSI senior leadership say cybersecurity is their biggest skills gap and threat to their organization.

HR tech is key for financial services in 2023

The cost of cybercrime is higher for financial services than any other industry.

63% of financial institutions have seen cyberattacks increase.

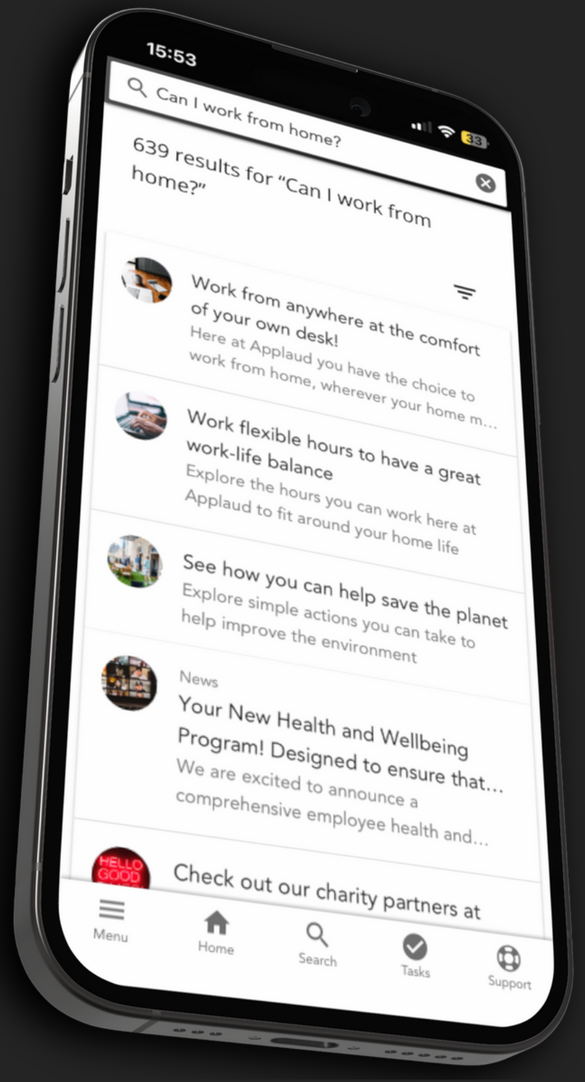
74% of financial security leaders have experienced ransomware attacks—and most paid the ransom.

Most financial security leaders are planning to invest up to 30% more in cybersecurity.

27% of HR decision-makers in finance and ecommerce say cybersecurity represents their biggest skills gap.

HR tech has a vital role to play in maintaining compliance, ensuring data security, and facilitating training for employees.

This could be as simple as helping managers see who within their team has outstanding mandatory training to complete or it could be creating personalized learning journeys that ensure the utmost levels of proficiency are being attained by the relevant personas.



TREND #4: MAINTAINING THE EMPLOYEE EXPERIENCE REMOTELY

86% **of financial services employees expect to work partly or entirely from home.** PWC

Post-pandemic the banking sector led the charge bringing employees back into the office. When surveyed, banking employees cited that whilst productivity levels were sustained, 60% said their coaching and collaboration suffered and they faced difficulties getting the information they needed as a result of remote working without the proper technology infrastructure in place.

These are not insurmountable challenges but point directly to the need for employee experience platforms; designed to foster collaboration amongst teams and employees and to help them find the information they need in the flow of work.

“When banks invest in employee skills, deploy technology, and motivate employees to deliver customer outcomes, they are 38% less likely to lose their talent to competition.” - MICHAEL HORNEY, GARTNER ANALYST

HR Tech

can facilitate a better remote employee experience

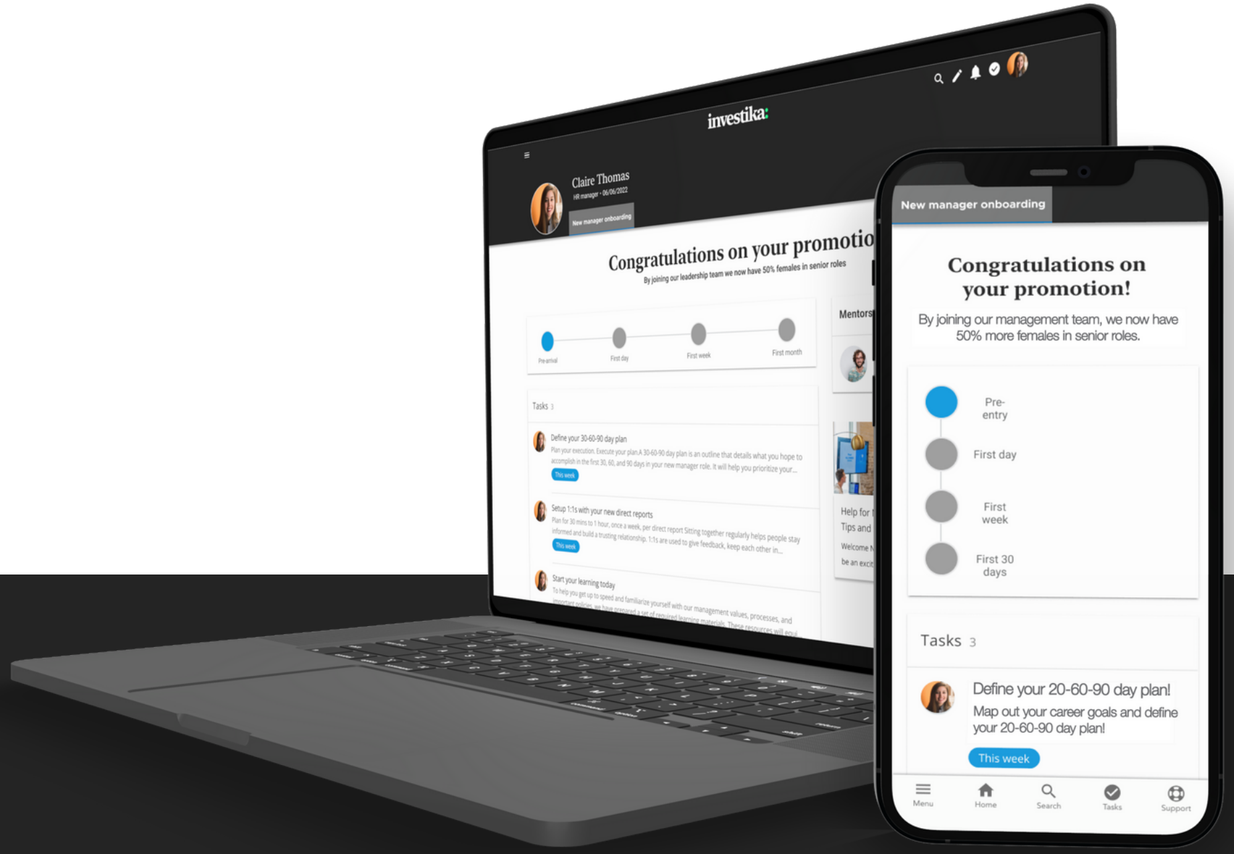
“Applaud has become one of the most important systems for enterprise organizations. HR teams can make work easier for employees, quickly create new applications and communications, and brand the experience in an integrated way.”

- JOSH BERSIN, INDUSTRY ANALYST AND THOUGHT LEADER

HR technology can align company needs with employee experience.

An HR tech stack that puts the employee journey at the centre can deliver better employee performance, development and satisfaction.





Trend #5: Improving diversity, inclusion and belonging

BFSI companies that are diverse and inclusive are:

35% **more productive with 2.5 times more earnings per employee.**

"We have to engage our talent and invite them to share more about their diversity dimensions so that we can even better understand how to meet their needs, inclusive of gender and racial difference but also as we think about LGBTQ+, there's still so much for us to learn in order to make sure that we're serving everyone in our organizations."

- CRYSTAL HARDIE LANGSTON, GLOBAL HEAD OF DE&I, VANGUARD

How HR technology can support D&I initiatives

Leveraging the right mix of HR technology can be a powerful way to reinforce and support the D&I initiatives at an organization. By leveraging these platforms, organizations can facilitate communication, provide learning resources, promote ERGs, gather feedback, and track progress, ultimately creating a more inclusive and diverse workplace culture.

COMMUNICATION AND COLLABORATION

Provide channels for effective communication and collaboration among employees. They can facilitate the exchange of ideas, encourage discussions on diversity and inclusion topics, and allow employees to share their experiences and perspectives. By fostering open dialogue, these platforms can help create an inclusive culture where employees feel comfortable expressing themselves.

EMPLOYEE RESOURCE GROUPS (ERGS)

Employee experience platforms can support ERGs focused on diversity and inclusion. These platforms can provide dedicated spaces for ERGs to connect, organize events, share resources, and promote their initiatives. ERGs play a vital role in fostering a sense of belonging and empowering underrepresented groups within the organization.

DATA AND ANALYTICS

Collect and analyze data on various employee demographics, such as gender, race, and ethnicity. By tracking key diversity metrics, organizations can identify trends, measure progress, and make data-driven decisions to enhance their diversity and inclusion initiatives.

ACCESSIBILITY AND INCLUSIVITY FEATURES

Employee experience platforms should prioritize accessibility and inclusivity features. This includes ensuring the platform is accessible to employees with disabilities, providing multilingual support, and considering diverse user experiences. By prioritizing inclusivity within the platform itself, financial services firms demonstrate their commitment to creating an inclusive work environment.

Cultivating a diverse workforce is good for business



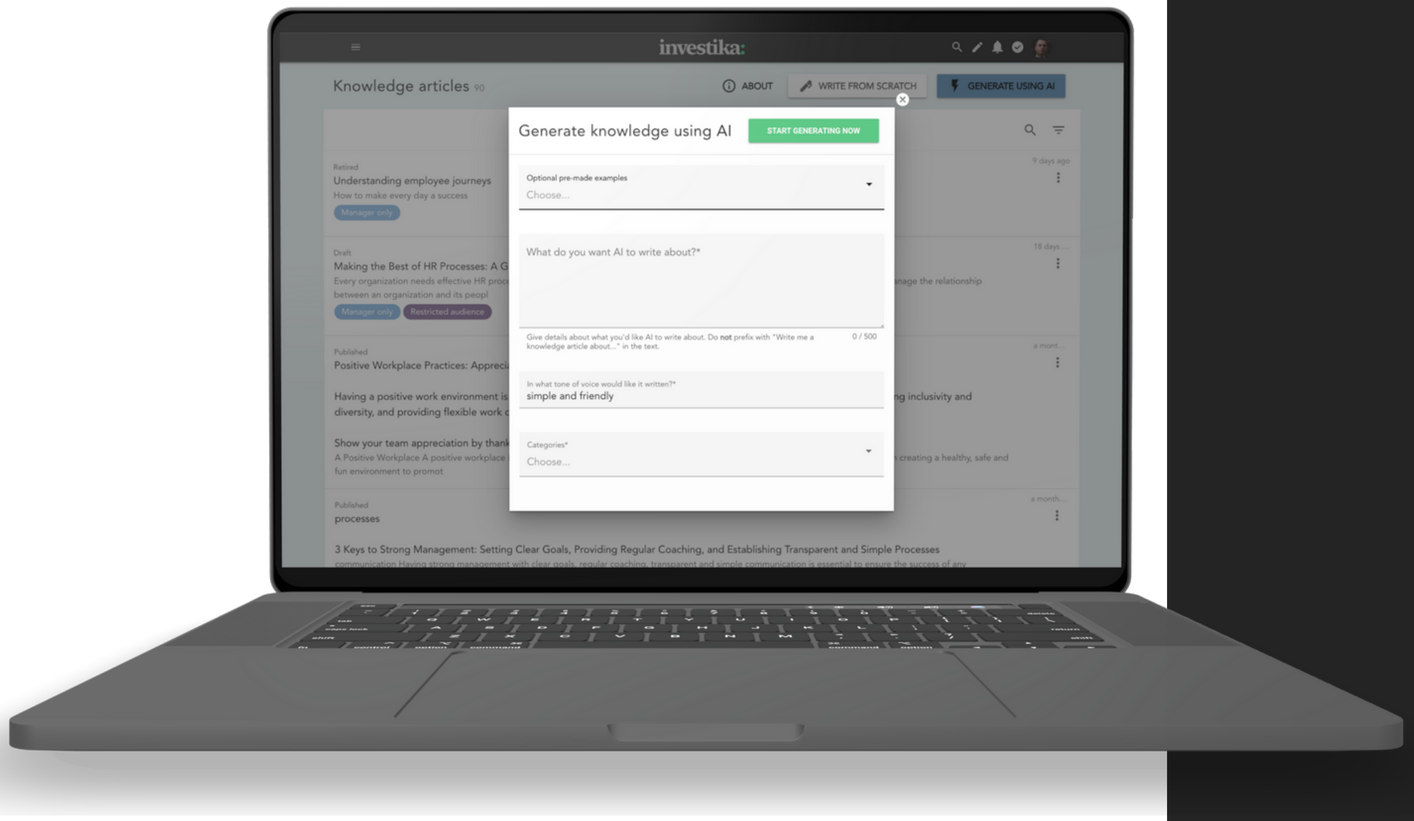
Cultivating a diverse workforce at all levels and departments is good for business.



Customers are more likely to engage with companies with DEIB values.



Just 13% of finance businesses have a woman among their three highest earners.



TREND #6: THE DISRUPTION OF NEXT-GEN AI

AI has the potential to revolutionize HR technology by automating repetitive tasks, enhancing decision-making processes, and improving overall efficiency. In the financial services industry, where compliance and regulatory requirements are stringent, AI-powered systems can streamline recruitment, talent management, and performance evaluation processes. By leveraging AI algorithms, companies can analyze vast amounts of data to identify the most suitable candidates, predict employee turnover, and tailor training programs based on individual needs.

Additionally, AI-powered chatbots and virtual assistants can handle routine employee inquiries, freeing up HR personnel to focus on more strategic initiatives. These AI-based tools can provide instant support, answering questions about benefits, policies, and other HR-related matters, while also ensuring consistency and accuracy in responses.

EXPs, the answer to navigating AI disruption?

Amidst the disruption caused by AI in HR tech, EXPs are emerging as a valuable solution to aid financial services companies in harnessing the power of AI rather than shying away from it. These platforms integrate various HR tools, data analytics, and communication channels into a unified interface, empowering employees to take control of their work experiences.

ENHANCED ENGAGEMENT

EXPs leverage AI algorithms to gather and analyze data on employee preferences, work patterns, and engagement levels. This data-driven approach enables HR departments to personalize the work environment and improve employee engagement. For instance, the platforms can suggest personalized learning opportunities, recommend mentorship programs, and enable social collaboration among employees.

CONTINUOUS FEEDBACK

Annual performance reviews are outdated, and EXPs offer an alternative by facilitating continuous feedback and performance management. AI algorithms can collect feedback from various sources, such as peers, managers, and clients, and provide real-time insights to employees and managers alike. This enables prompt recognition of achievements, identification of skill gaps, and effective goal setting, leading to a more agile and performance-driven workforce.

PLUGGING SKILLS GAPS

AI-powered EXPs leverage machine learning algorithms to provide personalized learning and development opportunities. By analyzing an employee's skills, job role, and career aspirations, the platforms can recommend relevant training courses, webinars, or mentoring sessions. This personalized approach to learning helps employees acquire new skills, stay updated with industry trends, and nurture their professional growth.

MANAGING REMOTE WORKING

EXPs prioritize employee well-being and work-life balance, driving better management styles for remote workers. AI algorithms can monitor employee workloads, stress levels, and sentiment analysis to identify potential burnout risks. The platforms can then suggest strategies for managing workloads, encourage breaks, and offer mental health resources to support employees' overall well-being.



Resilience is the name of the game

The financial services sector is at the coalface of an economic downturn.

Increasing regulation, stiffer competition for talent, and new and disruptive technological approaches all call for flexibility and agility. HR teams have a major role to play in shaping the strategic approach to these challenges and opportunities.

ABOUT APPLAUD

The employee experience platform

Applaud is your toolkit to deliver digital employee experiences fit for tomorrow.

Engage your people with consumer-grade technology that delivers value back to your business by enhancing processes, measuring improvement and amplifying ROI.

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