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Canadian banks are in the midst of several forces of change that are creating opportunities for them to think differently about the capabilities required for the future of work. This has been fuelled by increasing customer adoption of digital-first service models, the rapid growth in data and the rising presence of both fintech and large technology players in financial services.
Canada’s banks have a tremendous opportunity to accelerate their own transformation by focusing on an issue that many organizations are addressing: building a workforce with the skills needed most in a digital world. Banks are making major investments in digital innovations and maximizing the returns from them is top of mind.

As they explore models for effective collaboration between humans and machines, they’re also focused on building an organizational culture that encourages and embraces innovation while creating a workforce with the digital proficiency to adopt new tools and the skills to apply new solutions quickly.

How can they leverage their workforce to ignite ongoing transformation that drives business value? In this year’s Canadian Banks publication, we outline a road map for upskilling the workforce that focuses on a unique, people-led approach to igniting the digital journey. In a fast-evolving and uncertain environment, traditional approaches to talent and training won’t be enough. To be truly effective in upskilling their workforce and translating their efforts into concrete results, banks are going beyond traditional training programs and fundamentally rethinking their approach to developing the workforce of the future as an essential source of competitiveness and business value.

Upskilling is more than just developing or adding digital skills. While digital skills are vital, they’re only part of the story. Workers also need role-specific and other essential business skills. Providing the opportunities to develop these skills through relevant experiences and training is essential to producing the behaviours needed for the workforce of the future. Every year, between 5-10% of roles in an organization will change, creating skill mismatches. Upskilling is about anticipating the right skills for the future, laying the cultural foundation and delivering modern upskilling programs. With a workforce of almost half a million people, who better than our Canadian banks to lead this charge?
The need to tackle the human side of transformation at scale

The explosion of technological advances is fundamentally transforming the way people work. Besides having to learn new technologies, they must also use large amounts of data, which is growing at an unrelenting and unprecedented pace, to develop insights. On top of these digital capabilities, other essential skills, like critical thinking, problem solving, communication skills and emotional intelligence, remain important to creating uniquely human experiences, building trust with customers and driving innovation.

Equipping employees with these skills is a key priority for banking executives. In our latest global CEO Survey, 77% of top executives in banking and capital markets expressed concern about the availability of key skills.

The good news is employees also recognize the challenge. Our research has shown employees are aware that automation will significantly change or make their job obsolete within the next 10 years, with many saying they want to learn new skills to improve their job security and career prospects.

What are the skills needed for the future of work?

With so much discussion about the impact of technology and automation, digital skills have become fundamental to thriving in a changing workplace. But the digital world is also about human mindsets, relationships and behaviours that enable new ways of working and help to transform cultures. Not everyone has to learn to code, but many people need to understand and be comfortable with artificial intelligence, data analytics, robotic process automation (RPA), bots and other technologies we can’t yet predict.

Strong change management skills are also important to the journey. This includes the ability to empower others to take on the challenge of continuous learning; create a vision for the future that energizes people despite ambiguity about what it holds; and inspire organizational resilience and agility that encourages people to be curious, collaborate and experiment to fuel digital innovation.
Rising to the upskilling challenge

It’s important to acknowledge that organizations can’t acquire these critical skills simply by hiring for them. As the big technology and fintech companies continue to grow, banks are facing significant competition for skilled workers. And the expense of hiring for these skills would be enormous. A recent survey conducted by Universum Global found current students majoring in business and engineering/information technology tended to favour careers with global technology companies over Canadian financial institutions.

In order to close the skills gaps, a robust workforce strategy will identify which skills a bank will buy (targeted hires for specialized skills needed immediately), borrow (contingent labour, such as gig workers) or develop (through upskilling and reskilling). While targeted hires who bring key skills and expertise will continue to be critical, preparing the banks’ current employees for the future of work will need to be a key focus of their workforce strategies. Although some current employees may lack digital skills, it’s important to recognize that they bring other valuable attributes to the organization, such as their knowledge of their products and customers. This makes it even more important to make upskilling a priority.

What is upskilling?

Upskilling is about equipping people with the knowledge, tools and abilities they need to use advanced and ever-changing technologies in the workplace. People may upskill to adapt to changes where they currently work or to prepare themselves to shift to new roles either with or outside their existing employer.
Upskilling in action

Canadian banks are making significant investments to help their workforces transform. Some examples include:

Investments in training programs

- In 2019, BMO Financial Group launched BMO Forward, a program helping employees build both the technical and human skills they’ll need for the future.

- In addition to customized learning experiences to develop employees’ digital and other essential skills, CIBC has launched the CIBC Leadership Institute, which uses digital learning, simulations and virtual and in-person communities to build leader capabilities and business acumen. CIBC has also made significant investments in creating a coaching culture aimed at supporting employees with learning new skills.

- In 2018, Scotiabank announced it would spend $250 million over the next 10 years to help employees learn necessary skills for the future. Its actions include giving employees access to LinkedIn Learning, saving one million hours through automation and teaming up with Queen’s University’s Smith School of Business to provide a program for senior executives to upskill in artificial intelligence, Canadian information and privacy regulations and ethics in design.

- In 2018, National Bank of Canada invested $24 million in developing employee skills, according to the Canadian Bankers Association. Its upskilling successes include adding social learning opportunities to formal learning activities.

- TD’s Future Ready program helps employees understand their role in the bank of the future. In its 2019 annual report, TD noted it had 45,000 users on its self-serve learning platform, TD Thrive. As part of its efforts, TD has equipped branch employees with tools and training to offer the right advice to support changing customer needs.

- Besides upskilling their own workforces, some banks have launched programs to help broader society as well. They include RBC’s Future Launch, a 10-year, $500-million initiative to help Canadian youth prepare for the jobs of tomorrow. The initiative aims to address four critical barriers, including lack of relevant experience, skills, professional networks and mental well-being support and services.

Internal exchanges and job rotations

- BMO’s #Help Wanted initiative offers a virtual job board where leaders can post short-term projects or challenges and employees can volunteer to work on them. This gives employees experiences and lets them contribute their skills to new areas of the organization and stretch their competencies in a different context.

- Scotiabank’s Commercial Accelerate Program offers new graduates a 9- to 12-month rotation through commercial banking areas such as mid-market distribution, real estate banking, agriculture, leasing, payment and cash management and global risk management. Participants receive individual mentorship, coaching and development to ensure a successful transition between rotations that prepare them to settle into a career as a commercial banker. Many other banks have similar programs.

- RBC Learn provides employees with the ability to build future skills when, where and how they want. Skill paths include digital literacy, design thinking, business agility and resilience through a multimedia learning experience.

Transforming workspaces to create more flexible and collaborative environments

- CIBC is moving roughly 15,000 employees from many of the bank’s more than 20 offices across Toronto into a new headquarters called CIBC Square. CIBC’s goals include driving a cultural shift by creating state-of-the-art, technology-enabled and highly innovative collaborative workspaces.

- Many banks have invested in cloud-based productivity tools that help employees collaborate and promote flexibility and opportunities to work virtually.
Taking upskilling to the next level

Banks have made solid progress so far, and the need to evolve upskilling efforts is well recognized. As our CEO Survey found, many banking and capital markets CEOs say they’ve yet to see the business impact of their training and upskilling programs, such as stronger technology adoption, improved efficiencies, higher employee retention rates and a workforce equipped with the digital skills needed most. While many believe upskilling has been very effective at creating a stronger culture and engaging employees, a small portion of CEOs surveyed feel it has been very successful in reducing skills gaps and mismatches.

We see five key opportunities for Canada’s banks to take their upskilling efforts to the next level:

1. Tailor the upskilling journey
   As they work to improve back-office operating efficiency by automating manual and mundane activities and enhance the front office through digitizing customer interactions, banks need to consider how their employees’ roles and responsibilities will change. This requires each area of the business to take a tailored approach to digital upskilling.

2. Empower employees through citizen-led innovation
   While several banks have established centres of excellence specializing in RPA and intelligent automation to address opportunities in areas ranging from combating fraud and money laundering to streamlining processes in the finance function, demand often exceeds the capacity of these centralized groups. At the same time, many manual activities are too small to justify automating using a traditional business case needed for centralized approaches to automation.

   Banks can also consider a citizen-led approach, which relies on employees to increase their technological capabilities while empowering them to develop small-scale business solutions in their day-to-day roles. This approach can also motivate and inspire employees to embrace new ways of working and free up their time to contribute to higher-value activities. It has been particularly effective in areas such as operations, finance, risk management and compliance functions. Banks are beginning to see successes from this strategy.

For example, with retail advisors working in the branch network, leading banks are focusing on building the foundational digital skills to help employees take advantage of new technology and teach new ways of interacting with clients. They’re also building empathy-based skills to better understand customer needs and goals, focusing on teaming and collaboration and introducing stronger and more frequent coaching and training interactions.

What is citizen-led innovation?

Citizen led-innovation is about creating a culture that inspires employees to want to boost their knowledge and skills. It’s also about giving people the autonomy to apply their learning right away in their day-to-day work, so it feels meaningful and relevant.
3. Take an ecosystem approach to upskilling

An ecosystem approach develops the right mix of skills that suit the needs of individual employees and different groups. This ecosystem consists of various upskilling elements, including digital learning assets, immersive training programs, gamification and change agents and coaches with technical expertise.

These elements combine to create synergies and momentum to develop critical skills and help employees immediately apply what they learn to generate real business outcomes. For example, banks can offer foundational learning that’s available to everyone to create an inclusive journey so no employee feels left behind. This could include apps offering short, bite-sized learnings on important digital topics or immersive and gamified experiences that give them the skills to adapt to new ways of working.

For a subset of employees, banks can offer more in-depth learning that moves beyond awareness of key digital concepts to develop knowledge and skills in areas essential to achieving results.
4. Embrace new leadership styles and skills for the digital age

As they take people through ambiguous times and transition them to new ways of working, leaders play a critical role in upskilling. They’re essential to establishing a continuous learning culture by setting expectations, giving their teams time and space for learning and experimenting, recognizing and rewarding the right behaviours and creating environments where it’s safe for people to learn from experience and make mistakes.

The ability to have honest but positive conversations about the future so people understand how the business and their role may evolve and what they can aspire to is also key. But it’s no longer reasonable to expect leaders to be the person who has all the answers. Instead, leaders will increasingly need to bring together people with diverse perspectives and backgrounds to solve difficult problems and act as an enabler who empowers others to get things done. Technology can play a significant role in helping leaders develop other skills, such as empathy, to effectively lead diverse teams.

What can banks do to facilitate this leadership role? An example comes from a leading European bank that surveyed its workforce to understand the key opportunities for management to improve working practices. Using virtual reality (VR), leadership created immersive and experiential learnings through simulated scenarios incorporating the employee feedback. The VR experience solicited real emotions, shifted mindsets by putting leaders in their people’s shoes and offered an opportunity to practise real situations and understand how their actions impact their teams.

5. Rethink jobs and career paths

As new technologies and automation continue to transform roles, banks will need to consider job design and progression to create meaningful career paths that support skills development within employees’ day-to-day experiences.

Take, for example, the trend toward creating financial crimes fusion centres that aim to generate efficiencies and improve effectiveness by integrating cybersecurity, internal and external fraud, anti-money laundering and physical security activities. We see an opportunity to create career paths in this area that would focus on developing talent to cross-train in anti-money laundering, fraud and cybersecurity practices.

There are also significant technology and automation elements to this career path, requiring banks to couple functional cross-training with technology upskilling. These shifts are playing out in different ways. The current shortage of cybersecurity expertise, for example, is leading to a change in operations technology (OT) career paths in which traditional OT engineers are being upskilled to understand and appreciate cybersecurity risks. This is just one example of the many ways roles are changing.
Citizen-led innovation in the finance function

What do some of the upskilling principles we’ve outlined look like in practice? We’ve seen examples of successful upskilling in specific areas like the finance function and foresee a range of possibilities for putting workforce transformation into practice across the banks.

An interesting example of citizen-led innovation in practice comes from a major global bank that has been transforming its finance function. Key areas of focus include introducing new digital tools, such as data visualization, chatbots, natural-language processing and analytics. As part of these changes, the bank also recognized the importance of preparing its workforce to adopt new, digitally enabled ways of working.

The goal was to harness the power of employee-led innovation by rolling out a program to empower employees to apply new digital tools in their day-to-day work. To achieve this, the bank started small, working with about 100 people in the controller’s area of the finance function and identifying select use cases. By analyzing end-to-end processes and identifying key manual processes and pain points, more than 150 use cases were identified and a business case was created for those offering the greatest opportunity.

Seeing the benefits and efficiencies from the initial use cases in the controller’s area of the finance function, senior financial leadership explored ways to scale the program and increase the impact. The business is setting up the infrastructure needed to standardize the approach to employee-led innovation by creating a standard set of tools and updating governance practices and program management. It’s also empowering employees through training on key data analytics skills and automation software and is supporting the program through proactive communication, visible leadership support, gamification and incentives to inspire people to contribute their own ideas and build a culture of innovation and behaviour change.

By taking a measured, evolutionary approach to citizen-led innovation, the bank was able to test the model; prove that it works by focusing on real, measurable outcomes; build momentum and buy-in among its employees and leadership; and uncover useful learnings to help it scale the program. It has also been mindful of an important principle of upskilling programs by emphasizing that the changes aren’t about cost savings but instead are an effort to help employees prepare for the future.
We’ve aimed to illustrate what upskilling and digital transformation mean for Canada’s banks. As Canadian banks execute the next steps in their upskilling journeys, there are a number of key actions and principles to consider.
Led by the business: Signal the importance of upskilling and create clear linkages to business strategy. This means going beyond human resources-led programs to have the business emphasize the message that upskilling is a major priority and explain why employees should participate in it.

Offer rewards: Make digital skills relevant to your people through financial incentives, paid time off and skill recognition. While rewards are important, studies also show that employees increasingly view opportunities to learn new digital skills as a key part of an organization’s value proposition. In a recent survey, more than a third (37%) of candidates said they’d be willing to take a pay cut for a chance to learn new skills.

Focus on measuring outcomes and creating returns: Set and measure key performance indicators, outcomes and business impacts from upskilling programs.

Communicate relentlessly: Communicate in waves so people have time to absorb key changes. Create a clear and compelling narrative of what the future may hold. Be relentless in creating consistent messages across the organization and share success stories that create an emotional connection and build momentum in the upskilling journey.

Lay the cultural foundation: Create a culture that supports a growth mindset, continuous learning and technology adoption and helps people learn the skills needed for the future. This includes a focus on well-being and creating an environment in which people feel comfortable taking risks without fear of failure and aligning rewards and incentives.

Make it a consumer experience: Design compelling employee experiences by providing a range of opportunities that take employee feedback, needs, preferences and learning styles into account. Give employees access to programs when and where they want and offer immersive, social learning experiences that create a sense of connection to the organizational purpose.

Engage middle managers: Pay special attention to middle managers and focus early upskilling efforts on this group to energize them and give them the confidence needed to lead.
An opportunity to create a new model for growth and prosperity

The journey is exciting and filled with opportunities. By upskilling their existing workforce, Canadian banks will create new energy and excitement to reimagine the possible while making themselves fit to compete in a digital and data-driven world. Not only can they find efficiencies, but they can also harness the value of their digital investments to develop the innovative and personalized solutions many of their customers are looking for and create a stronger, purpose-led employee experience.

Canadian banks are leaders in their communities and in all aspects of business, and they employ significant workforces across Canada. Who better than our Canadian banks to lead the upskilling journey, all the while having a sustainable, positive socio-economic impact on Canadian society.

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