Hybrid work comes to financial services

The when, why and how often of the physical office

PwC’s US Remote Work Survey
The massive work-from-home shift caused by the pandemic has resulted in a significant disconnect between employer and employee attitudes about the future of work in the financial services (FS) industry. While many employers are working to reopen offices, employees are ready for a more permanent change, bidding goodbye to five days of commuting and cubicles. According to our December 2020 Remote Work Survey, only 20% of FS employees want to be in the office three or more days each week once COVID-19 is no longer a major concern. Compare this to the 70% of FS employers who told us they believe employees should be at their desks at least three days per week to maintain a distinctive culture.

As a follow-up to our first FS Remote Work Survey in June 2020, we talked to 57 executives and 150 employees of US FS firms in December 2020. We wanted to get an updated understanding of what has gone well, and also gauge expectations of the future. Knowing when, why and how often your employees want to be in the office can help you plan more successfully for a world of hybrid work.

If you’re designing return-to-work plans for your workforce, take note. You’ll need to decide:

• When will you open offices and invite people back?
• Why should employees go to the office?
• Who can work from home and how often? Which roles can be 100% remote?
• For the times when employees do work from home, how will you provide them with what they need to be productive and keep them connected to the rest of the team?

Here are some of our findings and our key takeaways.
When will financial services offices look busy again? It depends on whom you ask.

- Most financial services companies are clearly starting to think about bringing their employees back. When we asked executives when they hope to have half their employees back in the office, 49% said they’ll reach this milestone by April and 75% by July. This doesn’t scream “back to normal,” but it does suggest that firms hope to be well on their way back by mid-year.

- Employees, on the other hand, expect to take things more slowly. We asked them when they expect to spend at least half of their time back in the office. For every time increment, the employee estimate was 10-20 percentage points lower than that of their employers.

Employers: When do you expect at least half of your company’s workers back in the office?
Employees: Around what date do you expect to spend at least 50% of your time in the office?

<table>
<thead>
<tr>
<th>Event</th>
<th>Employers</th>
<th>Employees</th>
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<tbody>
<tr>
<td>50% or more of our office workers are already back</td>
<td>12%</td>
<td>3%</td>
</tr>
<tr>
<td>Around January 2021</td>
<td>33%</td>
<td>16%</td>
</tr>
<tr>
<td>February - April 2021</td>
<td>49%</td>
<td>34%</td>
</tr>
<tr>
<td>May - July 2021</td>
<td>59%</td>
<td>75%</td>
</tr>
<tr>
<td>August - October 2021</td>
<td>75%</td>
<td>87%</td>
</tr>
<tr>
<td>November - December 2021</td>
<td>93%</td>
<td>76%</td>
</tr>
<tr>
<td>January 2022 at the least</td>
<td>98%</td>
<td>82%</td>
</tr>
<tr>
<td>Never at 50% again</td>
<td>2%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: PwC US Remote Work Survey
Dec 15, 2020, FS employee base of 150, FS employer base of 57
Communicate why in-person work matters and help employees overcome the obstacles they face. There are a lot of factors driving this split in attitudes, from extended remote schooling and childcare responsibilities to a bumpy vaccine rollout. Companies will have to explain to their employees why in-person work matters — and they’ll want to address the very real obstacles their workers face. This could mean providing additional resources for employees and addressing concerns about childcare, office cleanliness and other issues. Some locations and employee groups have been disproportionately affected by the virus, so policies and support measures need to be tailored to the particular situation.

Decide which roles will be 100% remote and how often others will need to report to the office. Remote work may now be seen as more desirable by more employees than ever before. Employers will have some decisions ahead: Who will be offered 100% remote work? Are you making decisions about remote work fairly? How will you maintain a distinct culture if employees are 100% remote? How will your policies affect your recruiting to find, attract and integrate talent in a world of remote work?

Be consistent between what you say and what you do. The decisions you make now are likely to have a lasting effect on your culture. While many firms are delaying return-to-office decisions, others are quietly expanding offices in less dense locations where on-site work is easier to support. There’s no right answer, but you’ll want to be sure that you’re being transparent and consistent. If you tell your team that you’re “leading with safety” but your executives all return to in-person work, you may implicitly signal that management really values in-person work more highly. Worse, this may lead to skepticism that undercuts other corporate messaging.

Takeaways
Executives in the FS industry have traditionally been more hesitant to embrace remote work than their counterparts in other sectors: before the pandemic, 29% of financial services companies had at least 60% of their workforce working remotely at least once a week, lower than the 36% reported across all industries. And yet, based on our results, remote work has been a success. Most employers (82%) told us it’s been successful or very successful. A similar share (84%) of FS employees agreed, far higher than the 71% who said this across all sectors. The same goes for productivity. FS employers and employees both overwhelmingly agreed that productivity with remote work was the same or better than before COVID-19. Not only that, the percent is higher than what we found in June.

So why go back to the office at all? In fact, as the pandemic redefined norms for how employees engage with each other, it’s now clear that companies should intentionally reengineer how they get work done.

### Percent of employers and employees indicating that employee productivity is the same or better now compared to before COVID-19

<table>
<thead>
<tr>
<th>Month</th>
<th>Employers</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2020</td>
<td>66%</td>
<td>79%</td>
</tr>
<tr>
<td>Dec 2020</td>
<td>78%</td>
<td>89%</td>
</tr>
</tbody>
</table>

Source: PwC US Remote Work Survey

Employer Q: How has average employee productivity changed (compared to pre-COVID-19)?
Employee Q: Which of the following best describes your productivity working remotely compared to before COVID-19?

Dec 15, 2020, FS employee base of 150, FS employer base of 57
June 25, 2020, FS employee base of 144, FS employer base of 50
Despite all the efforts to clear hurdles, invest in digital technology and maintain customer relationships across new channels, some areas are clearly lagging. FS firms were less likely than their business peers to report success in rewarding career growth, innovating products or services, collaborating on new projects and maintaining or building camaraderie. Worse, FS employees give their companies even lower marks than FS employers in all four of these categories. This is troubling given that rewarding career growth and maintaining camaraderie drive employee retention, and collaboration and innovation are necessary for top-line growth.

Percent of employers reporting "better than pre-COVID-19" at performing the following activities with employees working remotely

<table>
<thead>
<tr>
<th>Activity</th>
<th>All employers</th>
<th>FS Employers</th>
<th>FS Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewarding career growth and setting progression</td>
<td>39%</td>
<td>28%</td>
<td>21%</td>
</tr>
<tr>
<td>Innovating products or services</td>
<td>41%</td>
<td>33%</td>
<td>21%</td>
</tr>
<tr>
<td>Collaborating on new projects</td>
<td>44%</td>
<td>37%</td>
<td>20%</td>
</tr>
<tr>
<td>Maintaining or building camaraderie among colleagues</td>
<td>32%</td>
<td>26%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: PwC US Remote Work Survey
Q: How would you describe how effective your company has been at performing the following activities with employees working remotely?
Dec 15, 2020: employer base of 133, FS employer base of 57, FS employee base of 150
**Takeaways**

- **Redefine the formal and informal support structures that enable your business.** The standards, routines, controls and tools that enable your work were built for a different world. It’s likely that your company has adapted well enough given the situation, but it’s also possible that the current work environment is more fragile than it appears. After all, we’re still learning what’s not working. Remote work is likely to be a significant part of the equation for years to come, and this means acknowledging that everything including staff meetings, feedback, collaboration and information sharing may all need to change.

- **Design your space around in-person functions that matter.** Our survey confirms that some key aspects of work — innovation, camaraderie and development, for example — are often far more effective face-to-face. Certainly, the pandemic is leading firms to reconfigure spaces by separating desks, adding partitions and widening corridors. But it’s worth taking a longer view when reimagining physical layout. Once you think of work as something that can be done in different locations, even office design can become a vehicle to help keep your on-site and remote employees inspired and engaged.

- **Consider whether a flexible work culture will set you apart or if the lack of one will hold you back when the economy improves.** The financial industry is far more geographically dispersed than it’s ever been, and this may just be the beginning. Remote work is changing some of the calculations around recruiting and retention tools. Some insurers, for example, now see offering employees the opportunity to work from home as a way to gain new attention from top-tier technical talent. As the economy expands, you may need to work harder to create collaborative office environments while also keeping remote workers connected to the rest of the team. On the flip side, you may find new success in attracting top talent by building an appealing, flexible work culture.
Each company should decide on the best balance between remote and in-person work, including which positions are eligible to be fully remote. This question of “how often” was the biggest disconnect we found between employers and employees.

Employees are even less bound to the idea of an office job. In fact, only 2% want to work in an office without a remote option and 30% would telecommute five days a week if they could.

How often will financial services workers need to be on site?

Only 20% of FS employees said they believe the typical employee needs to be in the office three or more days per week.

Meanwhile 70% of industry employers believe workers should be in the office at least three days per week to maintain a distinctive culture.
Takeaways

• Make the office work for those who are in the office. Should remote work be seen as a perk? Should permanent space? Once we stop thinking about in-person as the default setting, we can consider how to get the most value out of having someone in the office, whether that’s every day or one day a quarter. Assigning office space by seniority may become a vestige of how work once was. Instead, start by thinking about what space people need to get their work done and how to be empathetic to employees with special needs. There are steps you can take to make “hoteling” — assigning space to workers as they need it — more effective by drawing on technology and building in cultural support.

• Employee attitudes may vary by experience level. Often, the least experienced employees need the office the most. They may feel less productive when working independently and appreciate opportunities for in-person training. As you look to make data-driven decisions, you may need to juggle a variety of different preferences.

• Redefine expectations and norms for a post-COVID-19 world. Both employers and employees may need to give a little to reconcile differing expectations. Managers may need to be more clear about when and why in-person work matters. Workers who want more flexibility or special accommodations may need to accept that there is value to physically showing up — whether for collaboration or simply for staying connected with colleagues.
There are many aspects to building and maintaining a strong company culture. When employees buy into a culture, they’re identifying with a team that reflects distinct values and needs. The pandemic has offered a window into these attitudes. For financial services firms, there is good news: Their employees are more likely to say their companies have supported them during the pandemic than employees in other industries. But there’s clearly a lot of room for improvement. For example, only 27% of FS employees said their company has been very successful at training them to work effectively in a remote environment. To better support remote workers, start by understanding what’s getting in their way.

How would you describe how successful your company’s been in supporting employees to become more productive in a remote working environment? Percent saying “very successful”

<table>
<thead>
<tr>
<th>Feature</th>
<th>FS Employees</th>
<th>All employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extending benefits for childcare</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Providing training for employees to work effectively in a remote environment</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Providing training for managers to lead teams in a remote environment</td>
<td>28%</td>
<td>25%</td>
</tr>
<tr>
<td>Supporting employee’s mental health</td>
<td>28%</td>
<td>25%</td>
</tr>
<tr>
<td>Providing home office equipment (e.g., laptop, monitor, printer, chair)</td>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td>Helping me to manage my workload</td>
<td>29%</td>
<td>40%</td>
</tr>
<tr>
<td>Providing mobile experience for work applications and data</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>Setting clear rules that establish the times when employees must be available</td>
<td>33%</td>
<td>42%</td>
</tr>
<tr>
<td>Allowing flexibility in my work day so I can manage my family’s needs</td>
<td>51%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: PwC US Remote Work Survey
Dec 15, 2020, employee base of 1,200, FS employer base of 150
Takeaways

- **Develop a plan to support employees who work off-site some of the time and those who work off-site all of the time.** The survey provides a useful “to do” list, including lessons about childcare benefits, training for leaders working in remote environments and clear expectations about how and when work is to be done.

- **Put diversity, equity and inclusion (DE&I) front and center.** If you want to build an inclusive workplace (and you should), recognize that remote work may bring its own challenges. Everything from remote team-building to video-conferencing protocols may be perceived differently by people of different ages, genders, racial backgrounds and physical abilities. For a more equitable workplace, start by asking “are we leaving anyone out?”

- **Pay attention to logistical details.** By sweating the small stuff, firms can actually build cultural capital. They signal that they value their employees’ time and well-being. Policies that support working parents, concierge programs to provide effective IT resources regardless of location, and remote team-building activities can have an outsized effect toward building loyalty and appreciation. You may also want to double down on identifying mentors, sponsors and coaches for other ways to keep your teams connected. This is especially important when onboarding and supporting new employees who can’t rely on informal networks to get help. It may also support your DE&I efforts, as minorities may face extra hurdles when it comes to building their professional network in a new role or company. By going above-and-beyond to identify and remove roadblocks, you’re addressing productivity issues — and you’re also generating goodwill.
Hybrid work means learning to do things very differently. Consider the due-diligence process for a potential insurance acquisition, a process in which leadership teams would typically meet in person. While it’s easiest to do what we know — fly people to a single location and hash out the issues — this isn’t realistic for everyone. We’re seeing many more hybrid meetings, with some in-person attendees and others joining by video, and this requires some creativity to keep everyone engaged. If you don’t plan for that, you may miss out on participation that you really need. For the foreseeable future, we’re likely to see a mixture of approaches, so you’ll want to put in the effort to make them successful.

Some companies are using this as a technical wake-up call. For example, we now see commercial banks accelerating some digital transformation projects and rethinking their call center structures. For them, the hybrid model includes a mixture of working on-site and telecommuting. To make this successful, firms are moving up plans to incorporate chatbots and improve self-service channels. The key: thinking through seamless handoffs across service channels to improve the customer experience. Better customer transitions lead to better outcomes for companies and employees, whether on-site or remote.

As many of us work through the issues in the transition back to on-site work, it may help to take a risk-based view. The decisions you make could change your exposure to a variety of risks, including economic, operations, cybersecurity and fraud, reputational and legal. As you consider the upside of a return to the office, balance that with considerations of what could go wrong. Your employees should be part of that calculation. And, as you design controls to mitigate against other risks, remember that even small decisions may have an outsized effect on your employees’ attitudes, productivity and commitment.
About the survey

PwC surveyed 133 US executives between November 24 and December 5, 2020. All respondents were from public and private companies in three sectors: financial services (43%), technology, media and telecommunications (31%), and retail and consumer products (26%). Eighty-three percent of respondents are from companies with annual revenues greater than $US 1 billion. Of the participants, 36% have Chairman, CEO or Executive Director titles, and 18% have Vice President titles.

To understand employee needs, PwC surveyed 1,200 US office workers from a range of industries between November 24 and December 5, 2020. They all identified themselves as employed and previously/currently working remotely — either because they were required to work remotely due to shelter-in-place mandates (64%) or were already working in a flexible arrangement with their employer (36%).

pwc.com/us/remotework

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