Teleware365

REMOTE CONTROL:

IS WORKER MOBILITY THE KEY TO TACKLING FINANCIAL SERVICES PRODUCTIVITY PROBLEMS?

WHITE PAPER

FEW PROBLEMS CAUSED BY THE FINANCIAL CRISIS HAVE PROVED SO PERSISTENT AS THE PRODUCTIVITY PROBLEM – AND IT IS AT ITS MOST ACUTE IN FINANCIAL FIRMS.

Productivity in the sector has never recovered. The banks, brokers, asset managers and financial advisers that were once productivity leaders in the UK are now a drain on the national figures.

Employees are working longer hours and staffing is up, but businesses aren't feeling the full benefit. As one researcher puts it, "There has been a huge reversal in productivity growth in financial services since 2007." [1]

Flexible and remote working could be the key to finally tackling this and unlocking a new chapter of productivity growth in financial services. Research here shows the devices to make it happen are being widely used – two thirds (65%) of financial workers have a company laptop, and about half (47%) a business mobile. Almost half of financial workers (48%) also say flexible working boosts productivity. Despite this, only 36% of financial firms offer flexible working for everyone.

In part that's probably because of the heightened regulatory requirements applicable in financial sector firms. The caution is understandable, but, as far as employees are concerned, it's not necessarily forgivable. The best workers are increasingly demanding flexible working arrangements. Two thirds of financial sector employees either have or would turn down a job opportunity because the firm didn't allow flexible working.

Fortunately, the technology to allow controlled and compliant use of mobile technologies is well established. If financial firms embrace it they could not only meet both employees' and regulators' requirements, but also see their sector lead the way on productivity once again.

NO SOFT LANDING

“The bigger they are, the harder they fall.”

said British boxer Bob Fitzsimmons, or Barbados Joe Walcott, depending who you believe.

Either way, the financial services sector has spent much of the last decade proving the proverb right.

Britain’s productivity problem is broad-based, with few, if any sectors escaping the impact of a decade of productivity stagnation. That’s not surprising if, as the Banka of England believes, only one in a hundred businesses is properly productive.[2] Since the financial crisis a decade ago, productivity in the banks and other financial firms most directly affected (and responsible) for the crisis has slumped. That’s no different to other sectors.

What is different is that much of the financial services industry started from a much higher base, boasting among the best productivity of any sector. The reversal of fortunes for productivity in financial services has therefore been particularly dramatic. Finance firms used to power productivity growth in the UK; now they’re holding back the recovery.

The concentration of many of the big firms in the nation’s capital means that this can be seen on a regional level. In June, a Resolution Foundation report[3] noted that, from leading productivity growth before the crisis, the city was now holding the UK back – and it is largely down to finance firms concentrated there. Between 1997 and 2010, finance contributed more than a fifth of the UK’s total average annual productivity growth. By contrast, since the crisis, it has been a significant drag on the figures. Productivity growth in financial services averaged just 0.8% post crisis, compared to almost 6% before. Productivity for the UK as a whole, meanwhile was 1.4%.

As the report states: “The downturn in financial services has driven the capital’s poor post-crisis productivity growth.”

And it is not just left-leaning think tanks that think so. Bank of England Monetary Policy Committee member, Silvana Tenreyro, said much the same in a speech earlier in the year: “The sector’s post-crisis performance has been as poor as its pre-crisis performance was strong.”[4]

COSTS & CONSEQUENCES

This is despite output in London and from financial services growing faster than other sectors since the crisis. In fact, even output per person has increased at a faster than average rate. Output is now 17 per cent higher in London than before the crisis, according to the report. Further afield, too, financial services are a major contributor to UK output – in every region. It's a major force in the economy, accounting for one in every 14 British jobs.[5]

It's tempting to ask, then,

WHAT'S THE PROBLEM?

The answer is how this has been achieved. While overall output and output per person have increased, productivity – output per hour worked – has lagged. Essentially, the financial services success has been achieved by, first, increasing employment and, second and crucially, increasing hours worked.

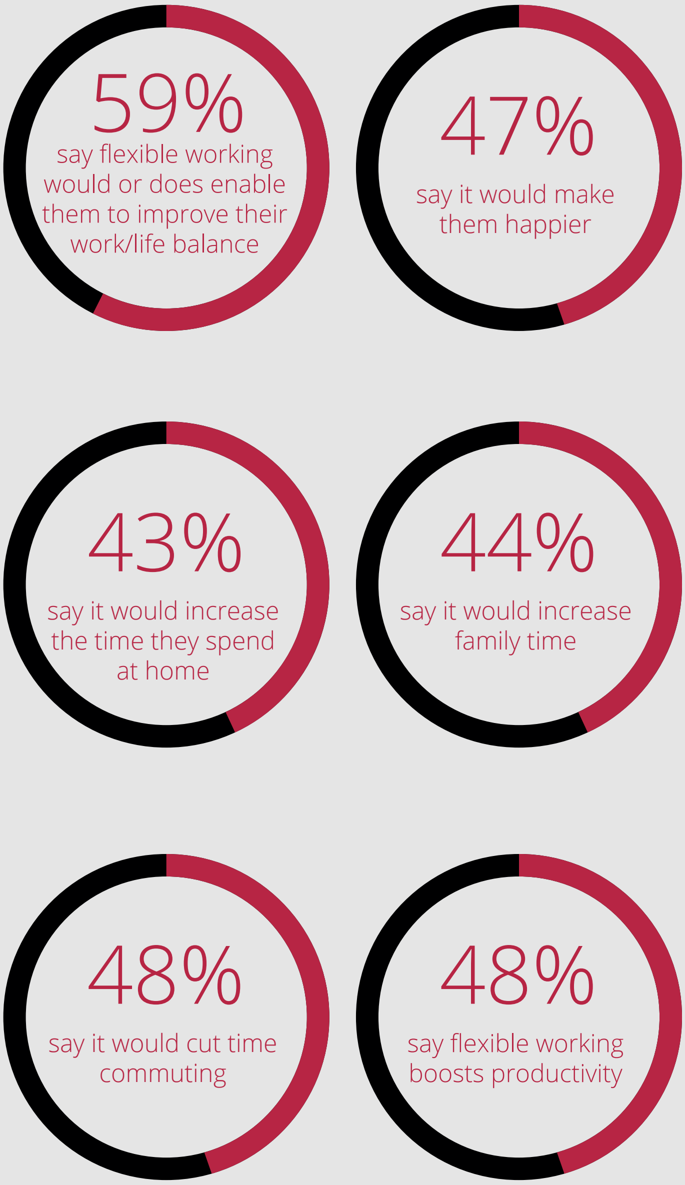
The problem of long hours and the "presenteeism" that often accompanies it are common across sectors,[6] but they are particularly acute in financial services, where the evidence suggests there are particular problems with stress: A survey by Business in the Community and charity Mental Health First Aid published in October 2018 found that two thirds of employees in financial services had experienced a mental health condition as a result of work, and almost a third had been formally diagnosed with a condition.[7] Worryingly, too, another survey shows that more than three quarters of chief financial officers expect stress levels to increase in the coming couple of years.[8]

At best this makes both retention and recruitment more challenging at a time when half (49%) of financial services firms say finding necessary talent and skills is their top challenge.[9] At worst, it contributes to the 12.5million working days lost to work-related stress across the UK each year,[10] as well as substantial risks of legal claims.

FLEXIBILITY: A WIN-WIN

Flexible and remote working can substantially mitigate these risks – helping boost productivity and facilitating a better quality of life and work-life balance where long hours are necessary.

A survey for TeleWare of 2,300 British workers shows substantial support for flexible working from those in financial services:



Theoretically, these benefits should not be difficult to realise, either.

First, financial services workers are already used to working outside office hours. About a fifth of those in the sector say they have their evenings (22%) or weekends (18%) interrupted by work calls, emails or messages “all the time”; add in the 50% that have their evenings interrupted occasionally and 41% who say the same for weekends, and comfortably more than half are already used to working outside the nine-to-five.

Second, that’s made possible through ubiquitous use of mobile technology. Those working in financial services are much more likely than others to be provided with mobile technology by their employers:

- **Almost two thirds (65%) are provided with a laptop, against fewer than half (48%) of all workers**
- **47% are given a mobile phone (compared with 40% more widely)**
- **27% get a tablet (compared to 22%)**

Most workers are familiar with the technology essential to making mobile and flexible work possible. Very few are actually tied to the office.

Yet, despite this, only a minority of financial services businesses offer flexible work schemes for everyone – little more than a third (36%). One in five (22%) offer it for those above a certain level of seniority.

REMOTE CONTROL

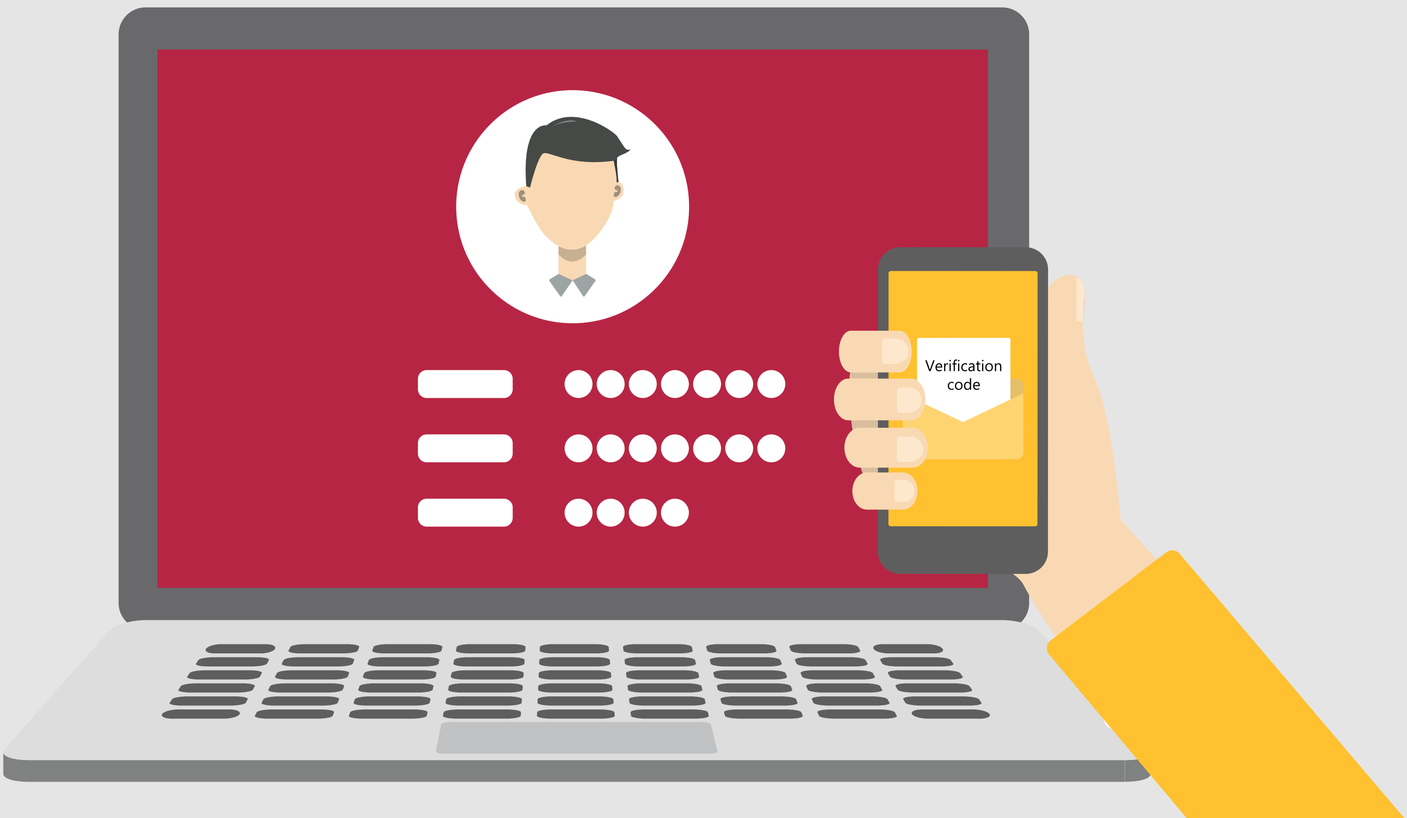
As in other industries, there are probably a number of reasons for this, from natural conservatism to a lack of technological maturity.

As in professional services,[11] it is probably true that in some finance businesses mobile technology gradually seeped into working life as it has become ubiquitous in society, with little strategy directing it. In financial services, however, the problem is equally likely to be the opposite: A strategy that, to an extent, actively discourages remote and mobile working.

On the one hand, there are good reasons for financial services businesses to be cautious about mobile devices. The industry is among the most heavily regulated in the world, and that can have a significant bearing on the use and appropriateness of mobile technologies. The Markets in Financial Instruments Directive II (MiFID II), for example, requires firms to record calls and electronic communications relating to most orders or dealing. There is a range of other circumstances, too, where good practice, if not hard rules, argue for keeping records of communications.

On the other hand, it is clear from the survey findings that this has not restricted the use of mobile technologies. And it is not just business devices that firms – or regulators – should worry about. Workers have a variety of personal devices, too, many of them being transported in and out of the workplace daily.

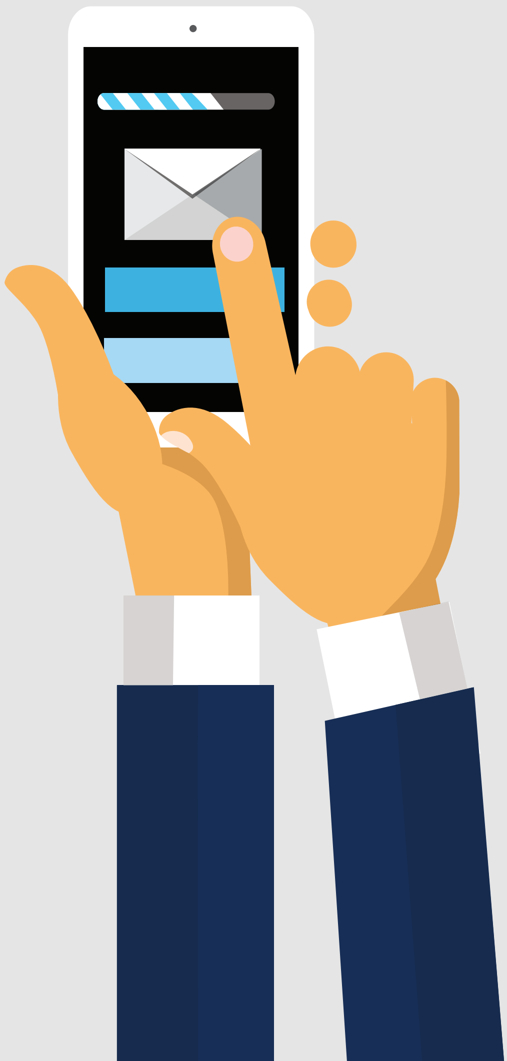
To give a sense of the chaotic ecosystem of devices firms are expected to manage to ensure compliance, consider just mobile phones: Among those with business phones in the financial services sector, the split between Apple (iOS) and Android devices was 43% to 57%, in favour of Android; for personal devices it was 38% to 62%, with again Android more prevalent. That suggests an approach that is unlikely to be satisfying for employees, who not only have to keep two devices on them, but in many cases are probably unable to use their preferred operating system at work.



It is worse for employers, however. They gain neither the benefits to productivity of fully embracing mobile and flexible working; nor real reassurance that they are reliably capturing and recording all regulated communication, given the proliferation of mobile devices.

So, what is the answer? It isn't possible to ignore the technology that is out there, so it's important to understand the technology available and develop a plan that works for your business. Financial services employees already spend an average of 30% of their working time using mobile technology. Over one in five (22%) spend more than half their time on it. The genie is out of the bottle in this respect. But that does not mean it cannot be controlled.

Along with the mobile technology that makes remote and flexible working possible there are also mature technologies for monitoring and controlling its use to ensure compliance with relevant regulation. Software solutions for smart phones, for example, can actually improve compliance, capturing communications both more reliably and efficiently – while even allowing employees to use their own (preferred) mobile device to handle both business and personal calls: capturing, recording and even automatically transcribing business calls and communications in compliance with MiFID II; while protecting privacy and data protection requirements for personal use.



It is these types of solutions financial services will need to increasingly consider if they're to see the boost in productivity they need, while also meeting the growing demands of customers, employees and regulators, now and in the future.

REFERENCES

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