



Workplace Transformation in Financial Services: The Time Is Now

WRITTEN BY:



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KEY STATS:

The top three drivers for workplace transformation in financial services are:

48% Improved engagement with customers

48% Improved employee experience

47% Increased employee productivity

KEY TAKEAWAY:

A digital-first approach to delivering financial services provides the opportunity to transform the branch and operations workplaces, enabling hybrid work utilizing all financial services delivery channels.



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Reimagining the Workplace to Improve the Customer and Employee Experience

Financial institutions have entered a new era about how they look at work. Just as providing a digital-first experience has become the standard for engaging with customers, financial institutions must also apply a new emerging operational model to leverage hybrid workforces with hybrid workplaces to deliver the best experiences for both employees and customers, whether digital or in person.

A digital-first approach to meet customer demands requires a transformation of the workplace for financial services professionals, whether the employee is working in a branch, in an operations center, or in a datacenter environment.

Providing employees with intuitive solutions for hybrid work creates improved experiences while increasing overall productivity, driving more opportunities to provide additional financial services to customers and prospects regardless of which delivery channel they have chosen.

Among the trends impacting the financial services industry are the following:

Financial services organizations are reimagining delivery options to be more digital first to meet customer needs, with an emphasis on improving the overall employee experience during the entire financial services journey. Allowing for a more mobile workforce using modern technology should be the focus, while ensuring that the infrastructure is capable as security and compliance are kept front and center.

Ways to improve the overall experience would be expanding the availability of virtual and video technology, allowing the customer to engage directly with the bank employee or specialist in a more convenient and modernized experience.

As customers and employees have become more comfortable with digital first, financial institutions now must balance the right mix of digital self-service with more legacy investments in branch locations and operational centers. From a recent IDC survey, 66% of financial services customers are taking a digital-first approach to self-serve their financial needs and questions prior to trying to engage an employee or representative. (Source: IDC's *Consumer Banking Channel Preference Survey*, July 2021, n = 2,748).

The rapid shift to work-from-home became the catalyst for creating hybrid work models that will impact all customer-facing engagements and channels, as well as the employee experience. In fact, improving overall employee experience can create significant and immediate benefits. According to the *Hybrid Work Maturity Study* conducted by IDC in March 2022, 70% of financial services respondents (n = 199) reported a productivity gain of at least 25% because of their investments in improving the employee experience.

Improving engagement with customers will require financial services employees to provide a hyper-personalized experience regardless of the channel being used. Creating superior customer experiences is not only expected, but anything less will also not be tolerated. According to IDC's *Consumer Banking Channel Preference Survey*, 47% of consumers would leave their financial institution if they were not satisfied with the overall digital experiences offered.

There are some business challenges for implementing work transformation in financial services. This includes the ongoing struggle between employee flexibility and security requirements; maintaining employee productivity; teamwork/collaboration effectiveness; and a lack of training to learn how to properly manage a remote workforce. These can be addressed with a solid strategic plan for a hybrid work model that addresses the concerns of all stakeholders and finds the right solutions to address these real concerns. In addition, evolving regulatory guidance will likely provide additional requirements needing to be met to satisfy regulatory agencies.

Definitions

Hybrid work is defined as a fundamental shift in the work model to one that fosters human-machine collaboration, enables new skills and worker experiences, supports work across and within a (hybrid) spectrum of branch, remote, and on-site operational and datacenter environments. Workplace transformation is driven by the need for greater employee productivity; organizations are redesigning policies, culture, technologies, and facilities to enable hybrid work. Work transformation also extends to customer-facing solutions, allowing for a hybrid approach to engaging financial specialists and conducting routine transactions.

Workplace Transformation Benefits Financial Services Staff and Their Customers

The benefits at the highest level of developing a hybrid approach to work will come in overall satisfaction and improved efficiencies. These two outcomes go hand in hand. Creating an environment to retain and attract the next generation of financial services employees will need to be competitive with other knowledge-based industries in offering flexibility in work options. Allowing employees that flexibility will boost morale and improve overall workplace satisfaction.

Developing this environment, while it may likely create some up-front investment in the technology and solutions to safeguard a hybrid workforce, will ultimately reduce administrative costs, particularly as offices and branches can consolidate and reduce the overall commuting time and travel expenses.

Financial institutions will soon realize they have underutilized real-estate assets – some of which can be eliminated entirely. This cost savings can be invested into more tools to support employees with modern infrastructure and solutions. Improved customer satisfaction will be the result of equipping employees with the solutions that they need to provide the best customer experience possible, allowing them to deliver highly personalized and relevant engagements with customers whether they are having a conversation face-to-face or through video.

Organizational obstacles persist, compounding the need to transform. Financial institutions are continuing to invest in customer experience fixes, often at the expense of correcting inefficiencies with employee-facing platforms, creating poor employee experiences and burnout. Coupled with a general concern that employees will not be effective if they are working remote or hybrid, this has created an environment where employees are looking for other opportunities and taking their intellectual property with them. According to IDC's *Hybrid Work Maturity Study*, financial services respondents reported a varied approach to handling hybrid work: 22% have announced and deployed a long-term hybrid strategy; 31% are in the process of developing their long-term hybrid work strategy; 34% have announced that remote work policies are limited to certain qualified workers and subject to change; and 13% have no specific policy and allow on an ad hoc basis only.

Hybrid work is particularly appealing to financial services companies for the following reasons:

The need to improve financial services employees' productivity and efficiency. Increased productivity was a top-three driver for workplace transformation according to the *Hybrid Work Maturity Study*; 70% of financial services respondents reported a productivity gain of at least 25% because of their investments.

Cost savings too good to resist. As economic conditions continue to fluctuate, putting pressure on balance sheets and pricing of deposit and credit solutions, finding ways to reduce costs will be critical to potentially offset decreases in revenue and investments. According to the *Hybrid Work Maturity Study*, 69% of financial services respondents reported a productivity gain of at least 25% because of their investments, with 6% seeing cost improvements of 50-74%.

Long-Term Hybrid Work Promotes Workplace Transformation

There are some overall macro trends driving the hybrid work initiatives, as well as obstacles. One emerging trend is the impact ESG (environmental, social, and governance) is having on not only customer perception, but also potential future regulations.

In the U.K., for example, the Financial Conduct Authority (FCA) issued guidance regarding hybrid work among regulated financial institutions as well as a stern warning that *“It’s important that any form of remote or hybrid working you [a FI] adopt should not risk or compromise the firm’s ability to follow all rules, regulatory standards and obligations, or lead to a failure to meet them.”*

In the U.S. last year, the Federal Financial Institutions Examination Council (FFIEC) issued an update to its examiners’ handbook, as well as guidance to financial institutions on authentication and access accounting for the new remote worker.

Sustainability will play a big role in addressing the justification among financial services institutions for building out a hybrid workforce. Reducing branch sizes, consolidating underutilized locations, and spending less time in planes and automobiles will have a direct impact on the environment and may provide positive contributions to the bottom line of the financial organization. IDC’s *Consumer Banking Channel Preference Survey* shows that 62% of North American financial services customers agree that their institution is socially responsible, which is a good place to start, but clearly signals there is additional opportunity to improve in this area.

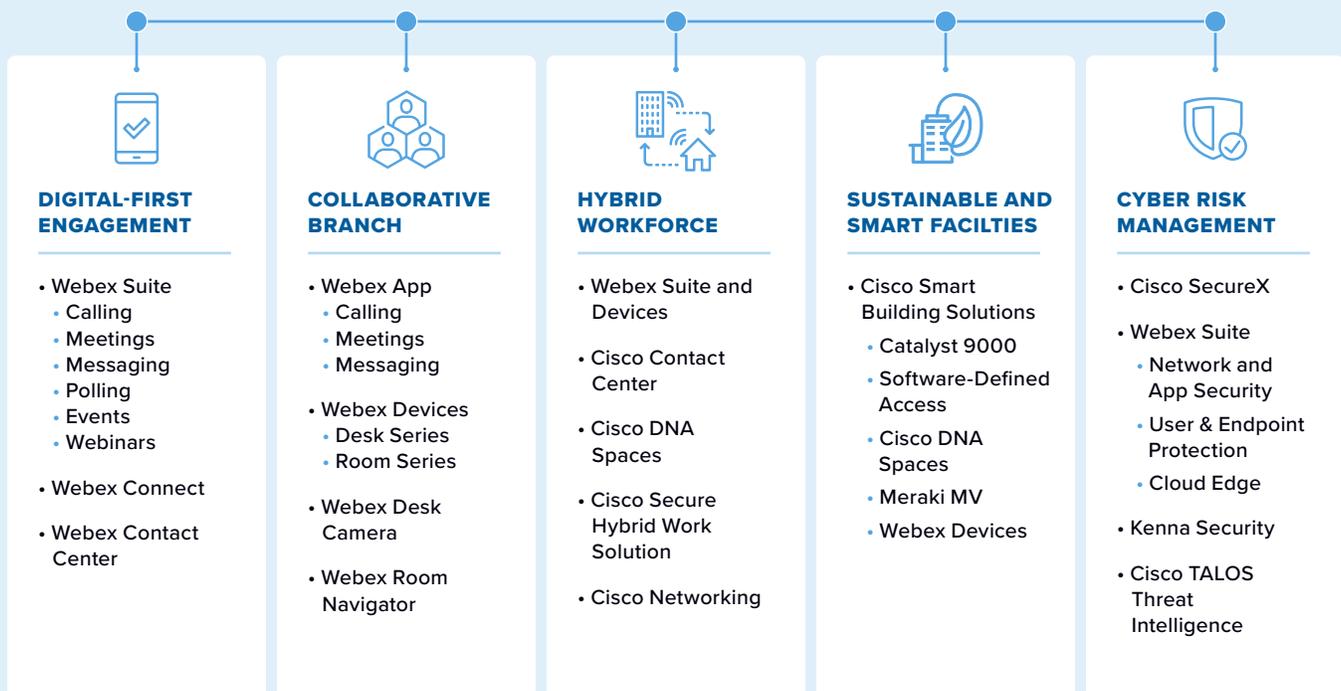
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Considering Cisco

Cisco has a strong presence in the financial services industry. For decades, its core networking technology has been part of the technology stack found in banking, insurance, and capital market organizations worldwide. Today, Cisco's expansive portfolio of products and services enables financial services organizations to securely connect retail branches, claims adjusters, and wealth managers to their customers seamlessly—whether in a branch or satellite office, at work, or at home. Cisco's foundational technology platforms enable digital transformation across all customer touch points, building off of Cisco's collaboration, mobility, networking, datacenter, and security technology. Cisco's products and solutions for financial services organizations looking to implement hybrid work solutions are illustrated in **Figure 1** and discussed below.

FIGURE 1
Cisco's Workplace Transformation Portfolio



DIGITAL-FIRST ENGAGEMENT

With the addition of more services and capabilities, digital channels are increasingly the entry points to more meaningful customer journeys that enable financial institutions to build a more efficient and resilient operating model. Cisco's breadth of collaboration, messaging, and contact center technologies provides financial institutions of all sizes a comprehensive platform to power the future of financial services delivery.

Webex Suite provides a comprehensive set of collaboration tools that connect financial associates with customers and supporting colleagues to improve the overall customer experience.

Webex Connect helps orchestrate customer journeys across all available communication channels with contextual, meaningful engagements that help build lasting relationships.

Webex Contact Center is a next-generation contact center platform – fully customizable and scalable with a flexible, streamlined interface and powerful AI and Experience Management tools.



COLLABORATIVE BRANCH

Financial services branches are transforming from a traditional transaction focus to a more engaging and personalized advisory focus. Digitization is creating opportunities to create better branch customer experiences while simultaneously improving branch efficiency. Cisco solutions enable front-and mid-office teams to collaborate seamlessly, using intelligent devices that deliver high-tech, high-touch customer experiences throughout the branch.

Webex App provides the ability to receive timely information about products or corporate initiatives and enables collaboration with support teams and remote SMEs in customer-facing situations.

Webex Devices and Desk Camera feature advanced capabilities such as noise removal and camera tracking to deliver affordable, high-quality desk and conference room audio/video experiences.

Webex Room Navigator is fully integrated with Webex and calendar scheduling to display the schedule and availability status on dedicated displays outside of branch conference rooms.



HYBRID WORKFORCE

Designing the work experience around and for the financial associate empowers them to work onsite, offsite, and moving between locations. It also promotes inclusiveness, engagement, and well-being for all employees – critical for talent attraction and retention. Cisco collaboration, security, networking, and cloud solutions play a vital role for many financial institutions, ensuring secure access to applications for users and devices regardless of location.

Webex Suite and Contact Center provide the tools that enable greater flexibility and business resilience while ensuring a better overall experience for customers and employees.

Cisco DNA Spaces digitizes spaces by centralizing location services for both people and things, leveraging existing Wi-Fi infrastructure to give actionable insights and drive business outcomes.

Cisco Secure Hybrid Work Solutions unify protection at scale, making it easy to verify users and devices, enable secure access, and defend hybrid workers at any time from anywhere.



SUSTAINABLE AND SMART FACILITIES

Transformation of the workplace includes buildings themselves becoming almost a living organism, sensing the world around it, making decisions that impact itself and others, and interacting with devices and humans in a variety of ways. Cisco’s smart building solutions help financial institutions reimagine how buildings and branches operate, with the network connecting buildings to associates, securing all workflows and processes into a single network, and expanding to become a building’s fourth utility – as critical as power, water, and HVAC.

Cisco Smart Building Solutions connect with industry-leading Cisco Catalyst 9000 access technology, configure and control with Cisco DNA Center, Identity Services Engine (ISE), and Cisco DNA Spaces, secure with Cisco SecureX, and extend their reach through a vast partner ecosystem, allowing financial associates to securely collaborate and consume the services that have become vital to innovation.



CYBER RISK MANAGEMENT

Cyber risks are increasing for financial institutions as digitization drives greater use of the cloud for applications and services, and a more distributed workforce brings new security challenges. Built on a strong network foundation, security is baked into Cisco’s portfolio of solutions, helping financial services organizations protect their business and remain compliant with regulatory requirements.

Cisco SecureX Platform is the broadest, most integrated security platform that connects the breadth of Cisco’s integrated security portfolio and customer infrastructure for a consistent experience.

Cisco Secure Portfolio of solutions improves business resilience through visibility, ubiquity, intelligence, and partnerships that provide integrated and comprehensive protection of the IT estate.

Kenna Security pioneered modern vulnerability management – a new model for managing the right level of business risk through clear prioritization based on real-time threat and exploit intelligence.

Cisco Talos Threat Intelligence provides real-time cyber threat intelligence and visibility, enabling financial institutions to respond to them faster and more successfully.

Market Opportunities and Challenges

The market challenges that providers face present opportunities for a vendor such as Cisco, which delivers a broad portfolio of technologies that enable transformation:

Rapid pace of change. While the financial services industry has invested heavily in digital transformational projects and services over the last decade, the pandemic has shown that even those who felt that they were ready for anything were not fully prepared to shut down all their branches and move all employees to a remote environment. Balancing the needs of customers as well as the health and safety of employees became a priority in the short term, which is now needed to become a long-term strategy. The ability to adapt and rapidly communicate future disruptions must become an integral part of current and future investments in technology.

Regulation, compliance, and security. According to the *Hybrid Work Maturity Study*, 49% of FSI executives report an ongoing struggle between employee flexibility and security requirements when considering their future work strategy. Currently, there are over 400 global agencies that regulate all aspects of financial services, and each are likely to provide additional guidance and requirements for financial institutions to implement. In addition to those agencies, there are regional/local compliance mandates as well as internal governances which require the ability to monitor and respond rapidly to changes in how these institutions conduct their business. With the evolution of hybrid work, there will be increased compliance around securing all devices, regardless of location, and to identify and rapidly address any bottlenecks or vulnerabilities in a timely manner. As shown in **Table 1**, the concerns among executives are mostly focused on security and compliance.

TABLE 1
Greatest Concern Among FSI Executives Relative to Remote and Hybrid Work Models

The rapid growth in the number of new security threats and attacks	36%
The increasing complexity of securing a hybrid enterprise environment (e.g., securing endpoints)	35%
The challenge of securing the increased scale of remote users, devices, and apps	35%
Stricter security policies due to hybrid work getting in the way of business productivity or prompting user workarounds	34%
Sensitive information accessed or saved on unmanaged devices (e.g., personal devices, USB thumb drives)	34%

n = 199; Source: *Hybrid Work Maturity Study*, IDC, March 2022, Financial Services Executives

Economic trends and cost pressures. Uncertainty can often create opportunities; however, rising rates and inflation are conditions not seen in a generation for many financial services firms, and these trends will require them to become even more operationally resilient. This requirement will undoubtedly be felt when looking at legacy infrastructure investments in reassessing the needs and size of current commercial properties, which are used as operations centers and retail branches. Investment will need to be made to prepare these legacy facilities for modern solutions or for consolidation and will require short-term ROI to get the necessary buy-in from boards and senior executives.

Successful financial institutions are turning toward digital tools to drive creativity and innovation to keep and attract new employees and to help foster more brainstorming and ideation.



Conclusion

Workplace transformation is occurring across the globe in many industries in response to employees' desire for more flexible work accommodations, to retain top talent, and to expand recruiting beyond existing geographical constraints. The same is true for the financial services industry. In fact, successful financial institutions are turning toward digital tools to drive creativity and innovation to keep and attract new employees and to help foster more brainstorming and ideation using a hybrid approach to ensure no ideas are lost.

In addition, financial services companies are integrating workflows to facilitate the use of multiple applications and rapid decisioning tools – whether they are used for troubleshooting a technical or customer issue or collaborating on a new product or service.

Regardless of the approach, providing employees with the right tools to support different workstyle needs will require modernized infrastructure and technology with hardened security built in for financial institutions looking to find the right balance between physical and digital. To the extent that Cisco can address the challenges described in this paper, the company has significant opportunity for success.

About the Analyst



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Marc DeCastro is Research Director for IDC Financial Insights, responsible for the consumer banking engagement strategy practice. Marc's core research coverage includes the complete omni-experience journey for the retail customer, including branch transformation, digital product strategies, and onboarding. Based on his background covering the consumer banking space, Marc's research also includes a particular emphasis on how consumer trends and habits are forming the next generation of products and services that utilize current and emerging technology.

[More about Marc DeCastro](#)

Message from the Sponsor

Cisco Financial Services gives clients an intelligent, modern digital platform with which to deliver the real-time, streamlined experiences today's customers demand, the foundational security modern networks must include, the freedom employees need, and the efficient branch operations that optimize resources. By providing a foundation for a coherent digital distribution strategy, Cisco helps financial services firms reinvent the network by unlocking the power of data and allowing them to embrace a cloud-based future made possible by a proven network infrastructure. The resulting workforce transformation creates brand connections that create an engaged and enabled workforce, and surpass customer expectations.

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