



THE 21ST CENTURY CAREER – MILLENNIALS IN BANKING

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Background

The banking industry is meeting the challenge of fintech with rapid adaptation and investment. They have been significantly preoccupied in changing systems, procedures, process reengineering, developing omni-channels and clouds that unbeknown to the industry a slow but sure trend is emerging which banks should take note of as early as possible to stay ahead in the game.

Banking is heavily influenced by the economy/ies within which they operate. The future of an economy is highly dependent on its evolving demographics. A key manifestation in the 21st century is that there are fewer children per adult in the world and fewer still in the next 30 years. This indicates a diminishing talent pool for banks. In the years to come this issue will be keenly felt in the emerging economies which include Sri Lanka. Per World Bank studies on demographic trends the emerging economies will take half the time that developed economies took to double the over 60s in their populations. In addition, the emerging demographics unfortunately prevent countries like Sri Lanka from benefiting from the demographic dividend.¹ Studies show that Sri Lanka's demographic dividend was from 1991 to 2017.² The country was unable to maximize the dividend due to insufficient economic growth and the civil war. Sri Lanka still has a large young population to rely on to support economic growth but it is a finite and scarce resource. Bulk of the Sri Lankan millennials have completed their studies and have joined the workforce. The I generation born from 2000 to 2018 are yet to enter the workforce but their entry is imminent.

There are several stakeholders for banks such as shareholders, regulators, customers, society at large and the employees both current and potential. For a long time, banks were viewed as safe places to work for a secure steady income career. This is precisely what banks should avoid. If an employee joins a bank for security alone, you have not got your recruitment mix right. The very same people will make safe decisions in the future not necessarily the right decisions. This article is on attracting the entry level workforce.

¹Population Reference Bureau, <http://www.prb.org/Publications/Reports/2012/demographic-dividend.aspx>
November 2012.

²Indralal De Silva, Sri Lanka Journal of Social Sciences, July 2015.



Millennial generation as the potential workforce

The millennials and I generation composed workforce has three drivers, viz, perceptions, preferences and performance. Perception is through a technology lens as they are much more tech savvy than their bosses. They are also environment conscious and feel responsible for climate change, prefer flexible working hours and working arrangements. These will determine their preferences when it comes to a career. Unlike the generation X they have experienced many facets of life even at school such as sports, arts and philanthropic involvement. They will require frequent feedback, respect for their ideas and look forward to working cooperatively with their managers and coworkers and demand a more equitable work life balance. They are connected very easily with one another without the benefit of actual physical meetings in a way that the generations before them are still reluctant to do. Performance drivers are respect, immediate acknowledgement and attributed credit.

Given this scenario many industries will compete to hire working age productive employees from professional to skilled to semi-skilled workers to work in offices, factories, trade and agriculture. Banking like many other industries are highly reliant on people to deliver their products and services even with the advent of fintech. The millennials are entering the workforce in large numbers while their parents, the generation X are retiring. I generation are entering the workforce before millennials are reaching middle management. Parents of I generation are still at work. This is one of the most complex situations that the corporate world has ever faced. The reality is that two factors are causing changes in significant measure, viz people and technology. While organizations are now successfully grappling with technology, there is poor understanding on their part of the dynamics of their workforce. Table 1 below illustrates the scenario of young labour availability in Sri Lanka.

Table 1: Data on labour force availability and participation in financial and insurance services in 2016

	Male	Female	Total
Available workforce ages 15-19	854,000	859,000	1,713,000
Available workforce ages 20-24	773,000	823,000	1,596,000
Age 15-19 group as a percentage of the total workforce	6.5%	6.5%	13%
Age 20-24 group as a percentage of the total workforce	5.8%	6.2%	12%
Labour force participation in financial and insurance services as a percentage of the total workforce*	NA	NA	2%

Source: Central Bank of Sri Lanka, Economic and Social Statistics of Sri Lanka, 2017.

Total workforce is 13,232,000.

*Total workforce is defined as those who are socially and economically active from ages 15 to 59.



21st century banking human resources requirements versus millennials' expectations

The banking and the wider financial services industry needs to plan in order that they get the best crop of talent. This means to meet the aspirations of the millennials and I generation so that they will opt for banking as a career. The banking eco system today consists of social media providers, internet service and e-commerce companies in addition to customers, regulators and government. In Sri Lanka a job in a bank is no longer considered a sine qua non for recognition. Some graduates actively seek employment in different industries such as information technology, apparel and textiles, shipping and telecommunication. This article summarizes some thoughts on how a banking career in the 21st century should evolve to attract the best talent pool.

1. Career advancement

Currently banks tend to be hierarchical with long waiting periods to climb the ladder. Since two elements drive banking today: information and delivery, employees who achieve these goals are not willing to wait for years for rewards. Granted that millennials are believed to be the entitled generation a wait of 3 to 5 years to see an upward move in their carriers would witness their departure for greener pastures. A reward and advancement system needs to provide leadership opportunities to productive able staff to slake their appetite for challenges. Banks as mentioned above are highly reliant on its people even with the advent of fintech to deliver their services. A team based structure with project teams would be the most suitable. In this regard, it is emphasized that a team leader is based on the skill set required for the project at the given time which enables rotation of leadership as much as possible.

2. Work place environment and culture

Banking in the 21st century brings a whole new set of challenges and opportunities. Voracious consumer appetites for omni-channel transactions, high expectations around customer experience and low levels of patience and brand loyalty have made banks play catch up with customers rather than analyze future needs. A work culture to meet these challenges delivered by millennials means open, friendly and adaptive. The millennials lack patience just as much as the customer. The culture should nurture the employees to feel they are supported to meet a fast-changing environment which if correctly managed should meet the millennials thirst for dynamism in their jobs. Flexible work arrangements specially for non-customer facing jobs is crucial. Respect for women and differently abled persons is mandatory without any glass ceilings attached to gender or any other grouping.

3. Required skillset and competencies

The skillset of a 21st century banker is unique. A mere decade ago the skills required by a banker were determined largely by the organization and the regulatory environment. Today it is determined by customers, regulators and the staff themselves. We have never seen so



much of specialization in banking as we do today. The future is more specialization and less generalization. Millennials could easily relate to this while it is a challenge to the banks due to the fact banks would like to have a multi skilled pool of resources rather than a specialist pool. Migration of best practice is the answer and is never more relevant than now. A 21st century banking career demands, IT, communication and markets literacy which can be applied across many functions. While millennials have inquiring minds and very tech savvy which are useful skills they may lack the knowledge and the attitude to be competent. The attitude that should be encouraged is less entitlement and more effort while broad knowledge as much as possible should be encouraged along with technical training. Every job description needs to understand the requirements of the industry such as quick thinking, accuracy and attention to detail. To attract the millennials the routine angle of the banking job needs to be packaged to use the inquiring mind and tech savviness.

4. Employee continuity and succession planning

The regulators are very emphatic on succession planning to mitigate key man risk. The challenge when recruiting millennials would be their retention long enough for them to make it to the top management. This phenomenon of active seeking of career advancement and preference to specialize by millennials mean there would be more and more top management entering the industry from different fields. Long term employees who have scaled the ladder would be too few to make a good choice from. In Sri Lanka we see a microscopic group in their mid-forties to mid-fifties which would form a target group for potential CEOs who will provide direction to an industry which contributes significantly to the country's GDP. Banks would need to build a pool of staff to take over in the next couple of decades.

5. The right experience and challenges

This is the toughest challenge banks face when millennials would come up the learning curve fast. In order to retain the good ones there are not enough opportunities as financial and banking markets are limited in Sri Lanka both in terms of both breadth and depth. Many a millennial will leave due to limitations of market. Foreign banks overcome the issue by picking the good ones to migrate them to overseas locations. In the absence of such an opportunity training them overseas with a suitable study/industrial program should be considered with suitable contractual terms with a view to absorbing them to the industry later in a different capacity. They will form the future leaders.

HR expectations of banks vis-a-vis challenges faced

Skillsets become obsolete very quickly. Employees need to be encouraged to update their skills frequently and develop competencies with support from the management. While millennials would be expected to bring in more technology related skills there would not be enough employees to fulfil all expected roles in the next 20 years. The following table lists the imperatives for banks to serve customers competencies apart from technical knowledge that



will be required in the 21st century bank from its staff.

Table 2: A matrix of imperatives, competencies and requisite staff goals in the 21st century.

Imperative for banks in the 21st century	Competencies required	Delivery from staff members
<p>Convenience: Although simple to understand many banks still think around their systems and what they can do instead of doing what the customer wants. Banks need to work around a busy customer's life rather than the other way around.</p>	<p>Ability to re-engineer and operationalize quickly-conceptualization and execution.</p>	<p>Entry level -ideas and innovation</p> <p>Mid-level -conceptualize, reengineer</p> <p>High level - Cost implications and additional conceptualization</p>
<p>Relevance: Customers expect their banks to know them as individuals, with awareness of their requirements and even anticipating their future requirements. This involves the need to switch to real-time banking with maximized self-service that's underpinned with personalized, tailored advice when needed.</p>	<p>Interpersonal skills and ability to negotiate situations. High level of long term planning skills.</p>	<p>Entry level - Databank development for mining customer information and using it to maximize opportunities for bank. Product development ideas.</p>
<p>Responsiveness: The integration of the ecosystem with social media and other ecommerce providers and convergence of sales and customer service.</p>	<p>IT and planning competencies</p>	<p>Entry level - Familiarity with the eco system and ideas on integration.</p> <p>Mid-level - Operationalize and execute contracts required and changes to increase responsiveness.</p> <p>High level - Business model changes if required</p>
<p>Reliability Banks are synonymous with reliability. However now the benchmarks are not from other banks but top internet companies such as Facebook, Apple and Paypal etc. who are targeting mobile wallet share.</p>	<p>IT and planning competencies</p>	<p>Entry level - Spotting issues at an early stage at transaction level. Quick escalation with a trained eye to detect anomalies.</p> <p>Mid-level - Ensure robustness of systems and effect quick remedies based on escalation.</p> <p>High level - Enhancement of operations risk.</p>



Building the workforce in the 21st century

Recruitment has never been more crucial than today. The requirements do not stop at the usual set of qualifications and experience. The candidates are required to perform immediately in what they are good at. For an example an entry level management trainee may be asked to produce a profitability analysis for a product within a few weeks of joining and a short orientation. Familiarity with concepts, IT literacy, writing skills, the right network to obtain information are important to perform this task. Granted that the employee may not do a perfect job at once it is his or her ability to attempt to do a good job and devise ways to achieve the task that is expected of millennials. Furthermore, most millennials in their educational pursuits receive this type of training sufficiently. It is clear about the different skills that are required to perform this task successfully. The following factors need to be considered prior to selecting the workforce to ensure that the banks attract and retain the appropriate talent.

1. The ability to multitask.

While high academic achievements indicate intelligence, it should be one of the factors. For example, a student achieving high academic honours while holding down a part time job of managing personal challenges may have demonstrated abilities in multitasking than a student pursuing studies without any distractions or financial concerns.

2. Ability to think on one's feet.

Interviewing and selection tools should try to measure this skill. The questions should typically be common sense related where logical thinking would enable an appropriate answer.

3. The interests of the person.

A departure from the rote questioning is required here. The information the bank would wish to elucidate is if there is a commitment and passion to any occupation, target by the candidate. This would convey the personality of the recruit.

4. Hire to create diversity and mitigate creating a homogeneous working population.

Banks need to serve a multi ethnic multi religious community in Sri Lanka. It is not only being politically right but a mandatory decision to create diversity to serve the different groupings with a specialized offering, service quality and customer intimacy. As a bonus the bank has promoted an inclusive work culture and fostered respect among communities. The homogeneity can be achieved through the bank's vision, mission and objectives.

5. Use internal alumni networks positively.

Most developed countries use this method to recruit from their respective colleges, hometowns etc. If properly managed this is a gold mine of talent pool. What needs to be managed is the discouragement of mediocrity and encouragement of meritocracy. The conclusion is that a good known candidate is better than a good unknown candidate.



6. Use external self-advertising portals liberally to build your database of potential recruits.

There are plenty of professional networking social media providers with the leader being Linked in with a registered 225 million users spread across the globe. While this is a cheap tool for the HR divisions of the banks, many organizations recruit millennials and other professionals through Linked in through advertisements not only about possible opportunities but about what the bank is doing. Millennials will prefer to understand what type of CEO is helming a bank. If the CEO is a tech savvy person with a respected social media presence the millennials would find it extremely noteworthy.

7. Recruitment is not job specific but long term.

Many forward-thinking organizations look for the right caliber of people for the organization rather than the right person for a job. Some even recruit whom the organization would value having on the payroll without a specific role in mind. There may be some short-term pain in adjustments, resentments internally. However long term gains far outweigh the negative aspects.

8. Recruit with short term gain for certain positions or for certain candidates.

All banks would like to recruit the right staff for long periods and partnerships which is the ideal. However, millennials do not want long term marriages to their employers and the environment may not be conducive for very long term partnerships. If a candidate serves a good three to five years in a job the bank could reap benefits and part ways to mutual advantage of both parties.

9. Unsuccessful candidates are great ambassadors of the bank.

Every candidate whether successful or otherwise should be treated with respect, courtesy and should leave the bank premises with a sound knowledge of the bank, its public relations and the interview panel. The feeling should be that the bank is a great place to work for. The candidate today is a potential customer, regulator or shareholder of your bank in the future.

10. Use of headhunters

Sri Lanka's head hunting industry is at a nascent stage unlike in the region. The head hunters are not staffed with sufficient experience in various industries they are attempting to cater to. However, they possess a focused strategy on recruitment and have a large database at their disposal through access to information and powerful networks. It is inevitable that this industry will progress very quickly and banks should work very closely with these outfits to reap mutual benefits.

Observations

There is no recent formal study done on the latest demographics of the banking sector. The annual reports do not reflect diversity information in depth of their workforce. Therefore, the financial performance to human resources composition correlation could not be computed. However, banking is a non-professional career in Sri Lanka which means although there is a professional certification through banking examinations there is no licensing process similar to



the medical, legal, engineering and other such professions in the country. This permits a host of professionals to engage in the practice of banking. Thus, banks can draw recruits from various professions.

Conclusion

Sri Lankan banks need bright minded young people to take them in to the balance decades of the 21st century. The banks need to understand that they would not be competing for business with one another soon but with different organizations such as the big internet companies, telecommunication companies and the regional banking players. In addition, the banks will soon have to compete for the local talent pool with other industries and global recruiters as more and more young people go overseas for higher education. While these are the implications of globalization the solutions are slower in coming in developing programs for strengthening the workforce to face the challenges of recruitment. The millennials form the next generation of employees for banks. In a Sri Lankan context, the level of entitlement of the generation is less than that of the developed west. However, there is a significant difference between the millennials and generation X in terms of career expectations and commitment levels. Banks do not have the luxury of time as the democratic dividend of Sri Lanka spanned 1990 to 2017 which is at an end until the next wave. Banks would require sophisticated recruitment devices to ensure that the work force will indeed provide the game change that millennials are poised to bring to the industry.

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