

Future of Financial Services: What Are the Consequences for HR Demands in the Industry?

OIGP Meeting
Berlin, September 2015
Dr. Ralf H. Krause

If banking would be like hiking...



Agenda

- ✓ The terrain
- ✓ The mountaineers
- ✓ The mountain guides

In banking, it was difficult not to be profitable

- Interest rate curves moving, but always of sufficient steepness
- Largely intransparent markets offering arbitrage opportunities
- Pivotal role in the economy – prestige, power, political support
- Financial centres favouring innovation
- HR and infrastructure cost secondary

It's getting colder, uphill on Mt Banking

- Flat, low interest rate curves
- Algo trading etc. greatly reduce arbitrage
- Retail banking – extremely vulnerable to digitalisation
- Regulation costly, suffocating innovation
- Restructuring necessities are immense and overdue

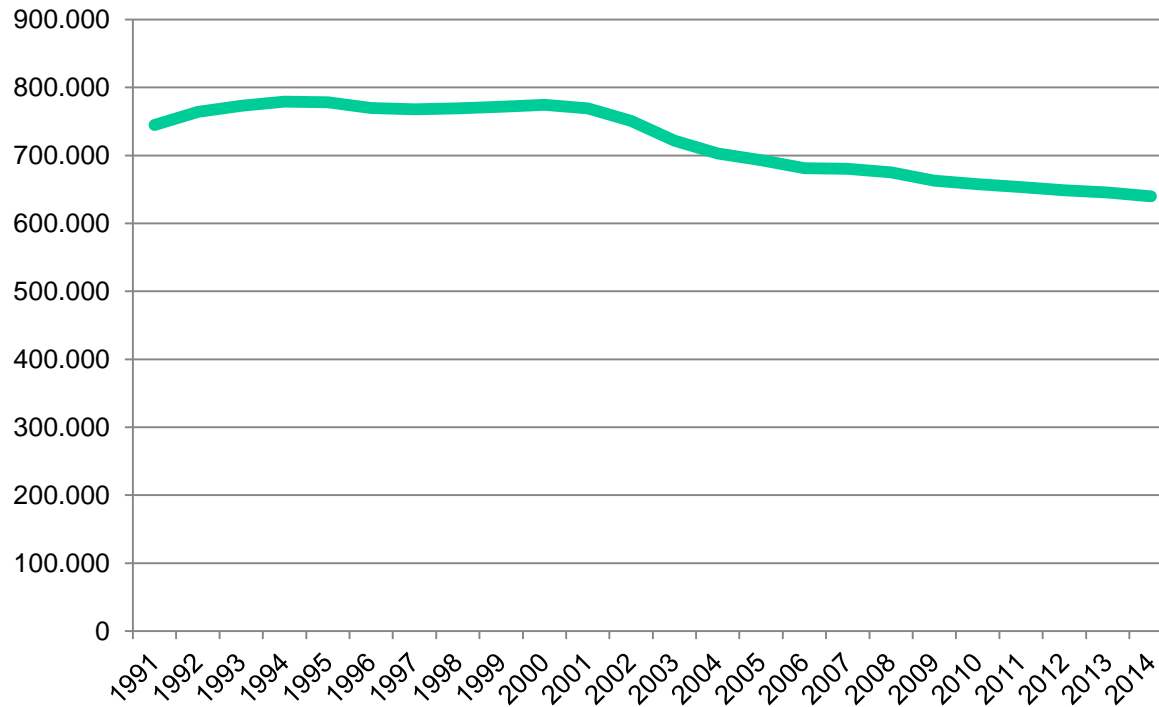
Avalanches get public attention – climate change does not



LEHMAN BROTHERS

Restructuring is still ahead of us

Banks in Germany: Total headcount



~ 0.1 % with an annual income of > 1 mn EUR

Source: Statista

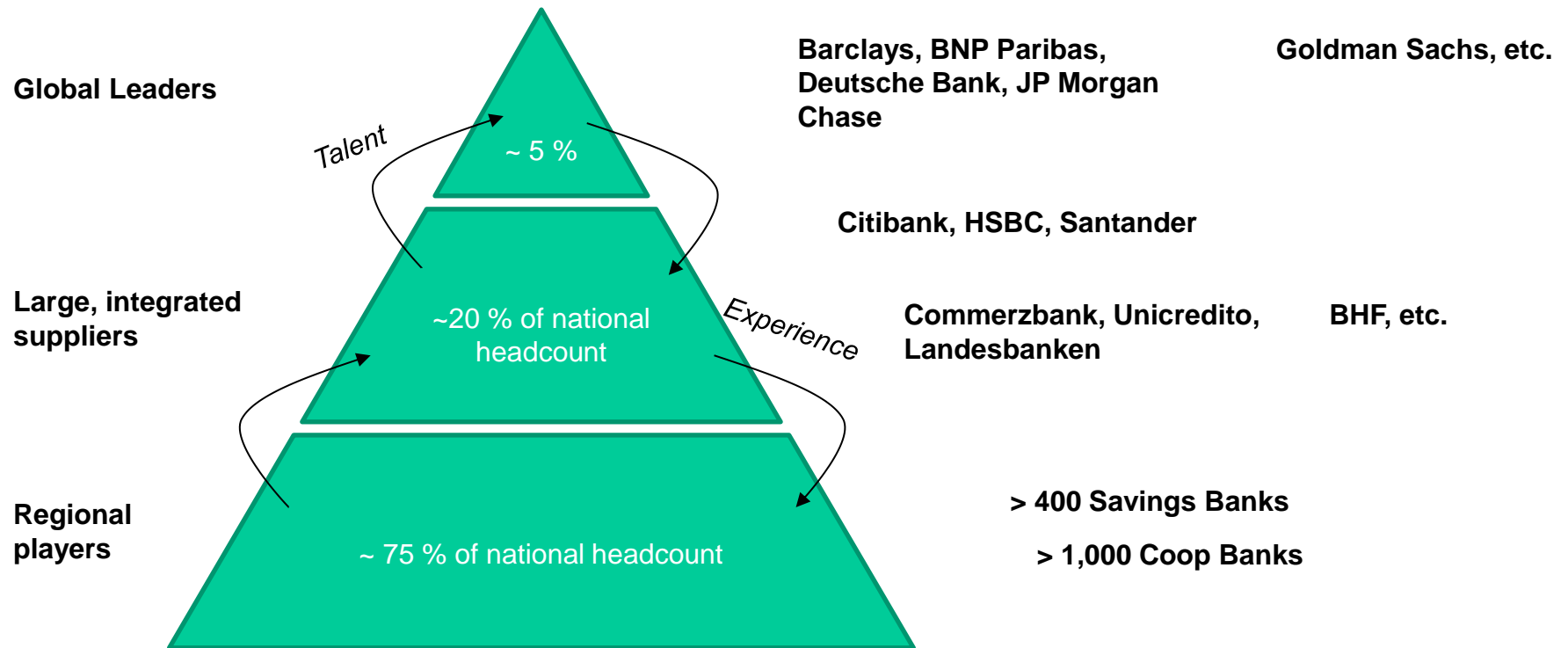
Megatrends – employability in banking

- Demand for „run the organization“ skills rapidly shrinking, demand for „change the organization“ skills stable / growing
- Specialization rapidly increases – you’d better specialize in the right thing
- As in every industry, innovation kills low-level jobs first. In banks, „low-level“ is pretty high
- Globalization is a fact, but no trend – merits of international careers therefore overestimated

The mountaineers – mostly unfit for moving between hills

- Hard skills mostly rather industry specific
- More or less unfit for SME environments
- Most bankers are paid less than people think, but more than they would get in other industries on their level of tenure
- ~ 50% of SKP candidates stay in the industry
- Within the industry, opportunities might be „down the food chain“

Banks greatly differ in skill level – find the right place in the „food chain“



Simplified table of perspectives (wholesale banking)

Former Function	Comparable job in another bank	Comparable role in another industry	Sales / Marketing roles	Planning / Controlling / roles	Other
Senior Management	X	(X)			
Client relationship management (B2B, HiNet Individuals)	X		X		IFAs, ...
M&A, Structured Finance product expert	X	X		X	Investors, Funds,..
Project finance expert	X			X	
Equity instruments, debt instruments product experts	X	(X)		X	
Trading (i.e., derivatives)	X	X		X	
Back office, Operations	(X)				
Change the bank roles (BPO, IT project mgr., ...)	X	X			

Some recommendations

- ✓ Do do not pretend to be a banker, but adapt to their way of thinking: procedural rather than entrepreneurial
- ✓ Present industry specific success stories – bankers do not believe they are comparable to anybody else
- ✓ Keep in mind that the industry consists of players who have radically different levels of sophistication, market recognition etc. – draw conclusions, use examples only among peers
- ✓ Broaden your network – HR people tend to be less powerful, lateral hires between banks are common



Your Contact

Dr. Ralf H. Krause

SKP Personal- und Managementberatung GmbH
Marienburger Ufer 33
47279 Duisburg

Tel: +49 203 713763-0
Email: ralf.krause@skp-ag.de
Web: www.skp-outplacement.de