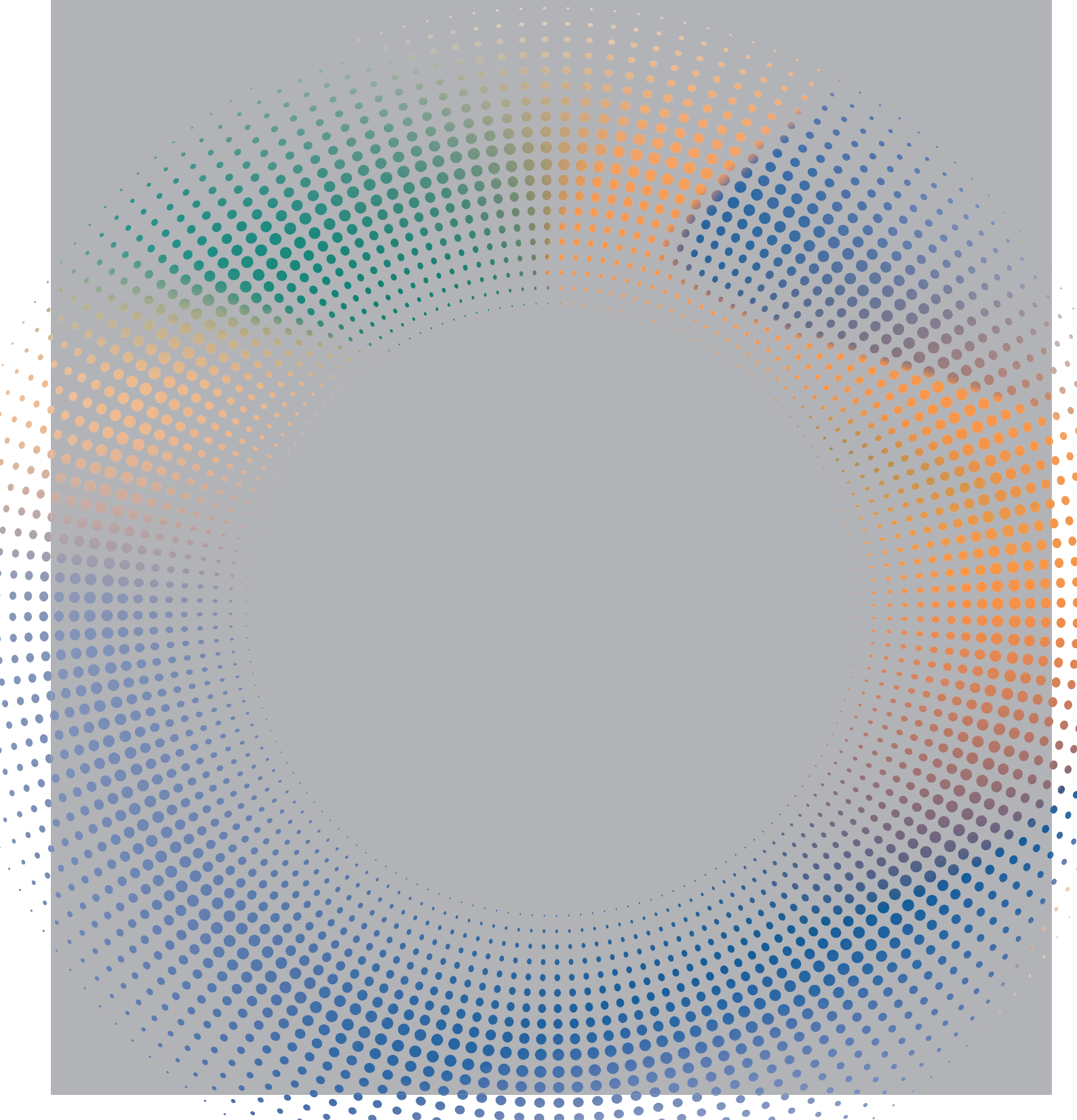


Arbeitgeberverband des privaten Bankgewerbes



No doom and gloom

Digitalisation continues to advance. All aspects of life are affected, including the world of work. Production processes change as well as the organisation of services. Anyone looking at this development soon encounters the term “Industry 4.0” or, if the focus is on industrial relations, “Work 4.0”. These are also terms which are used by the relevant ministries as if they were self-explanatory.

What is meant is that from the perspective of economic history the fourth industrial revolution is dawning and therefore we are faced with major changes which are being compared with the introduction of mechanised manufacturing facilities at the end of the 18th century (the first industrial revolution), the organisation of mass production based on the division of labour using electrical energy at the beginning of the 20th century (the second industrial revolution) and the increase in productivity from IT-driven automation (the third industrial revolution). The new age will be characterised by the networking of production processes, the entire company and even of whole value-creation chains. The real and the virtual worlds are growing together to become an “Internet of things” and an “Internet of services”.

The new vocabulary of concepts is often still associated with production processes. At the same time the service industries are experiencing a fundamental change. In many areas they are already in the vanguard of digital developments, as a glance at the media, telecommunication or music industries demonstrates. For banks, too, the digital era began a long time ago. Data processing is one of the central areas in the organisation of the services they perform. This relates not only to the truly massive volumes of transactions banks have to manage. Access to the

client is also changing to the same extent that the client’s environment and life is also being changed by networking and automation.

In its annual jobholders’ survey AGV Banken (the Employers Association of Banks established under Private Law) has involved itself in considerable depth with issues associated with these developments. During the first half of 2015 the social research institute TNS Emnid identified those effects which jobholders were expecting for their companies and for themselves personally as a result of advancing digitalisation. This publication sets out the findings of the survey for you.

At this point right at the outset, we should say that the outlooks of jobholders differ markedly and in no way paint a dismal picture. Viewed overall, they see more improvements than impairments, for example in internal processes and customer service. On the other hand uncertainty surrounds, for example, the effects on cooperation within the team and also with superiors. In contrast, opportunities for greater flexibility and freedom are identified, including fewer problems in achieving a work/life balance and more room to manoeuvre on the completion of the individual’s work.

Understandably, worries about personal job security are also expressed. Three out of every ten people questioned assume that this aspect will deteriorate; among retail bankers, whose work is particularly exposed to the new developments in the immediate future, the number rises to four out of every ten. But an opposite tendency is also very clear: a quarter of jobholders associate an improvement in their own job security with increasing digitalisation. This holds true to the same degree among retail bankers.

This example demonstrates that even where large portions of staff are sceptical, many jobholders see a promising future. It is important to recognise and build on this.

AGV Banken will therefore keep a close watch on digitalisation. The Association, in collaboration with the other employers' associations and the Federal Confederation of German Employers' Organisations (Bundesvereinigung der Deutschen Arbeitgeberverbände), will contribute its findings and perceptions to the "Work 4.0" dialogue process which was initiated

- ***The configuration of the future world of work requires a re-examination of traditional approaches. But it is also important to responsibly limit the new hazards perceived by jobholders.***

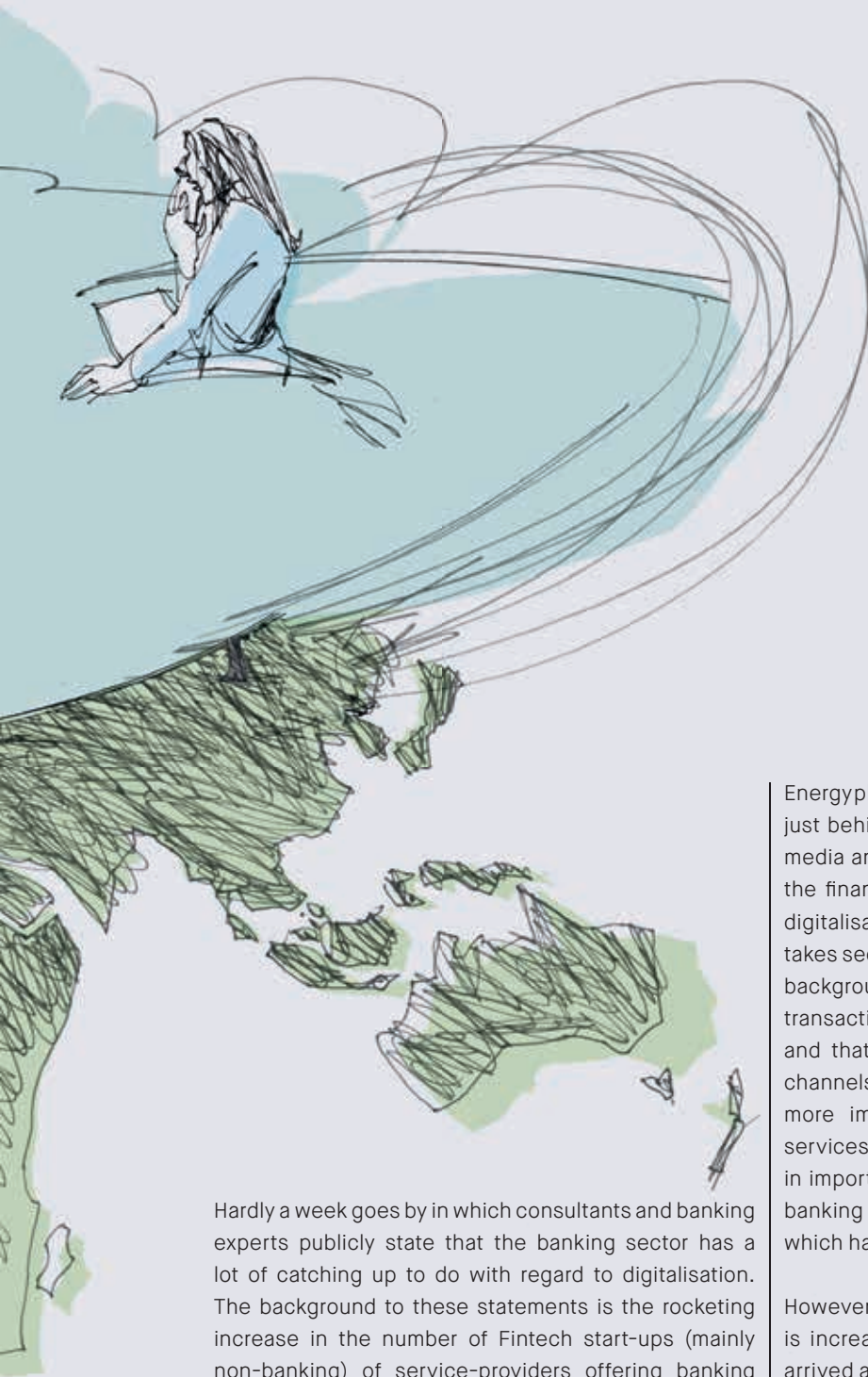
by the corresponding Green Paper presented in April 2015 by the German Federal Ministry of Labour and Social Affairs. As shown by the study presented here, the configuration of the future world of work requires a re-examination of traditional approaches. Not every regulation of occupational health matches future conditions. But it is also important to responsibly limit the new hazards perceived by jobholders. It is evident that the transition to the new World of Work 4.0 is a balancing act presenting new challenges to the economy and the actors in the political sphere. It is therefore encouraging to see that jobholders in AGV Banken member banks primarily see opportunities rather than risks in digitalisation.

AGV Banken, October 2015



Opportunities instead of threats

Digitalisation has already been changing the working world of banks – and in recent years with increasing intensity also at the customer interface. But although the pace of change is still increasing, it is creating confidence rather than fear. A study by AGV Banken shows that jobholders in AGV Banken member banks are very conscious of the changes and the vast majority see significantly more opportunities than risks in digitalisation – particularly with regard to customer orientation, internal processes and flexibility in their own work. Assessments of the impact of digitalisation on job security, team spirit and leadership are more varied. Viewed overall, it is clear that in the banking industry a generation is maturing which relates to digitalisation – and which also expects so very much from digitalisation. And secondly, good collaboration with superiors and colleagues remains the key factor for success, even in the digital age.



Hardly a week goes by in which consultants and banking experts publicly state that the banking sector has a lot of catching up to do with regard to digitalisation. The background to these statements is the rocketing increase in the number of Fintech start-ups (mainly non-banking) of service-providers offering banking related services using modern technologies. At the same time futurologists are predicting, for instance, that twenty years from now the work of credit analysts will have been completely taken over by computers.¹ The inevitable result is a scenario in which banks' business models are eroded on the one hand and, on the other hand, the banking profession itself is also eroded.

Digitalisation in the banking industry: evolution with a new dynamic

However, at the same time all available studies on the extent of digitalisation in the German economy point towards the fact that the banks are among the sectors which are way out in front. Thus, in its latest digitalisation index the Federal Ministry for Economic Affairs and

Energy places financial service companies in fourth place just behind the front runners, the telecommunication, media and IT services sectors; the survey also credits the financial sector with having the greatest drive in digitalisation.² And the financial services sector even takes second place in the use of cloud computing.³ The background is that the banks have been digitalising transaction and settlement processes for many years and that at the same time digital sales and service channels, particularly on-line banking, have become more important; most recently, customer advisory services and legitimisation by video have also increased in importance. In other words, the digitalisation of the banking sector is no sudden revolution but an evolution which has been ongoing for a long time.

However, digitalisation even in the banking sector is increasing in speed and intensity as it has finally arrived at the industry's front end – customer advisory services. In its annual report for 2014 the Bundesbank stated that "digitalisation will bring about fundamental changes at the client interface."⁴ It is precisely at this point that the co-called Fintechs are applying pressure and are therefore bringing about change in the industry. Consequently, 53% of members of banks' management boards worldwide see the new market players as a potential threat for the growth of their own financial institutions.⁵ But at the same time they also see good opportunities for competing with them – through use of own developments and also by means of collaboration with particularly promising start-ups. In any case the banks have been making significant investments in their digital strategies for a long time now.

Many customers are hesitantly facing up to digital banking transactions – so far

Therefore, the fact that digitalisation affecting the client is moving forward step by step rather than at full speed in spite of the use of disruptive technologies (revolutionary innovations with a powerful displacement potential) has little to do with missed market opportunities. In fact a number of restraining effects, some of them significant, act upon digital banking. For instance, clients are suspicious about data security: in Germany 70 % of owners of mobile devices do not use them for mobile banking because they are not confident about data security.⁶ At the present time only one third of consumers in Germany can imagine that they will use their smartphone as a payment method⁷ – and until now the majority have not felt any wish to pay this way. Barely one third of Germans want to use their smartphone to pay for public transport within the cities and when it comes to paying for other things, the proportion is much smaller.⁸ An additional factor is that business-oriented use and linking with all other available client data (“big data”) in the banking industry is subject to particular restrictions and that many companies in Germany (across all industries and sectors) are consciously avoiding certain types of data analysis: a third are concerned about criticism by customers, 20 % specify legal reasons and 15 % cite ethical and moral reasons.⁹

Customers’ reservations will gradually diminish; this is already foreseeable. The younger generation is much more open-minded about the new technologies and is already using them in all aspects of their lives. Banks’ retail business (and therefore an area in which a particularly large number of jobholders are covered by collective agreements) will work with digital applications directed at customers. At the same time based on digital technologies new methods of working are emerging which affect all areas of the banking industry.

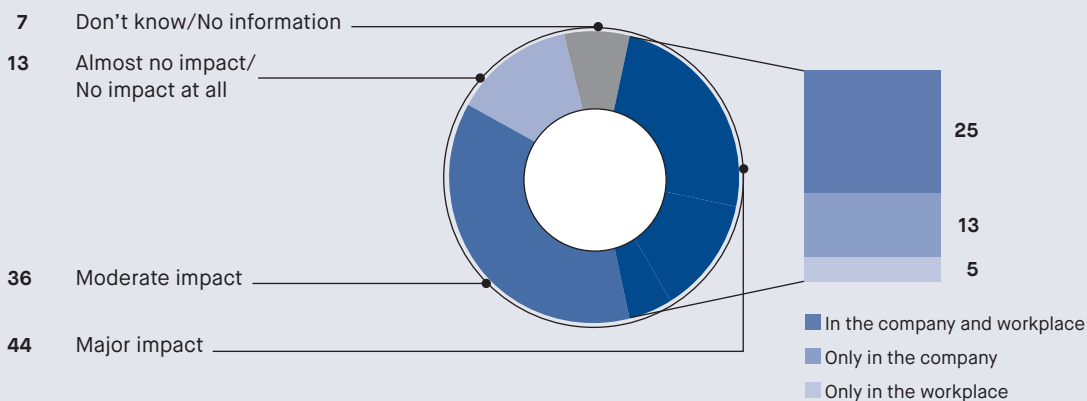
AGV Banken has therefore concentrated on the expectations of staff regarding advancing digitalisation; the objective is to identify starting points for work in the HR field and to identify problematic areas at an early stage. As part of AGV Banken’s annual employee survey, in the first half of 2015 TNS Emnid, the social research institute, identified the effects which jobholders thought digitalisation would have on banking among AGV Banken member banks. 800 employees of financial institutions who are AGV Banken members in all parts of Germany took part in the survey. Jobholders were asked for their assessment of whether they expected changes in their company and personal area of work to result from digitalisation in the next two

Almost half expect major impacts



Changes expected in the next two years caused by digitalisation

Bank employees among AGV-Banken’s member banks; in percent



Source: TNS Emnid / AGV Banken, 2015

Persons who expect major changes are particularly performance-oriented

02

Characterisation of employees who expect major changes

AGV Banken's member banks; variation from the average (index of all employees = 100)

Employment indicators

Average number of hours worked per week	102
Work on weekdays between 6.00 pm and 8.00 pm	121
Work at least once per week while travelling	113

Satisfaction indicators

Career planning/ advancement opportunities	118
Reasonable pay	114
Protection from impairments to health	119
Decision-making scope	110
Adequate time and resources	103
Working hours rules	107
Reasonable/achievable targets	106
Recognition of their work by colleagues	113
Recognition of their work by superior(s)	116

Health indicators

Overall medical condition	114
Psychological condition	110
Dealing with pressure relating to deadlines and performance	108
Stress	109

Source: TNS Emnid / AGV Banken, 2015

years, whether they thought these changes would be major and on which areas of their work they felt these changes would impact either beneficially or adversely.

CHANGE CAUSED BY DIGITALISATION

Almost half of jobholders expect major changes in the company or in their personal area of work

The vast majority of jobholders is very conscious that digitalisation will bring about (further) changes to tasks in the banking industry in the very near future. 80 % expect that in the next two years digitalisation will have at least a moderate effect on their company or their personal area of work; just under half (44 %) expect major changes. In this connection, jobholders expect somewhat greater changes in the company as a whole than in their own job. Conversely, only 13 % indicate that they anticipate only minor changes or no changes at all. ▶ 01

The expected extent of the changes varies from jobholder group to jobholder group. Thus more younger than older jobholders believe in changes caused by digitalisation; this obviously stems from the greater technical affinity of "digital natives" (persons born after 1980 and thus currently under 35 years old). In contrast those older jobholders who assume that there will be changes consistently expect that these changes will be greater in extent than the younger generation do.

Retail bankers and jobholders who are particularly performance and career-oriented expect the most intense changes

But clear variations from the average can also be seen in head office staff; these expect far fewer changes than jobholders in other areas of the company. This indicates that digitalisation is currently making a lesser impact on the central functions; it possibly also indicates that the extent of digitalisation is already greater in head offices than in other units where even greater surges of digitalisation are just around the

corner. This theory is also supported by the fact that jobholders in retail banking expect by far the most intense changes. This is hardly surprising in the light of the considerable investments now being made by the banks in digital sales support; it also emphasises once again that digitalisation has arrived at the client interface.

The typology of the jobholders who expect major changes from digitalisation reveals some informative insights. Four groups are over-represented among those who expect major changes: as well as retail bankers there are female employees covered by collective agreements aged 30 or less, male above-pay-scale-employees aged between 35 and 39, plus employees who are also accessible more frequently than the average outside normal office hours. Thus, employees in whose area digitalisation is having a particular impact and/or who are particularly career and performance-oriented are the employees who are expecting the most intense changes.

A number of other factors underpin this: Jobholders who expect major changes work more than the average and with more than average flexibility (both in terms of time and location), see development prospects for themselves which are better than the average, feel better paid and in receipt of more support from their employer than the average, judge the quality of work and environment, team spirit and leadership behaviour to be consistently (and sometime significantly) better and, in spite of a somewhat greater feeling of being under stress, perceive themselves to have a better performance than the average. ► 02

Viewed overall, jobholders expect significantly more changes for the better than for the worse from digitalisation

At the same time it is very clear that anyone who expects major changes also judges these to be predominantly beneficial. This also applies to the group of people who anticipate major changes in their area of work. Digital natives have above-average representation here. It is quite obvious therefore that a generation is developing in the banking professions who are able not only to work particularly closely with digitalisation but who also expect a lot from digitalisation. This is an encouraging signal that the accelerating transformation is encountering a growing group of jobholders who are interacting confidently and constructively with it.

But it is not just the younger element but jobholders as a whole who expect significantly more improvements than changes for the worse – but this view is held more particularly in respect of the company in its entirety than in respect of the employee's own area of work.

► 03 This mainly positive view of impending changes coincides with the assessments of the general public, the vast majority of whom see no threat from digitalisation. For example, a comparative majority of 43% of Germans over 16 years of age basically anticipate no serious effects whatsoever on their lives caused by the Internet and digital technologies. And more than twice as many people are convinced that digitalisation will bring them more advantages than disadvantages (29 compared with 14%).¹⁰

EFFECTS ON THE COMPANY AS A WHOLE

More than half of jobholders expect improvements in internal processes and customer service

On the question of changes in the company, at least half of the jobholders anticipate that both internal processes and communication as well as products and customer advisory services will improve from digitalisation; only about 10% expect a decline. In other words, most jobholders believe that digitalisation is good for the business. This opinion is most pronounced among those who are particularly intensively involved with customers on a daily basis. Retail bankers look more favourably than the average on the development of new products and services as well as with regard to customer advisory services and approaches to and recruitment of new customers; this also applies, but to a lesser extent, to jobholders above pay scale. Thus jobholders particularly in personal banking, which is currently experiencing a rapid advance in digitalisation, see the greatest opportunities for breaking new ground. This also demonstrates that retail bankers are fully aware of the irreversibility of these changes. ► 04

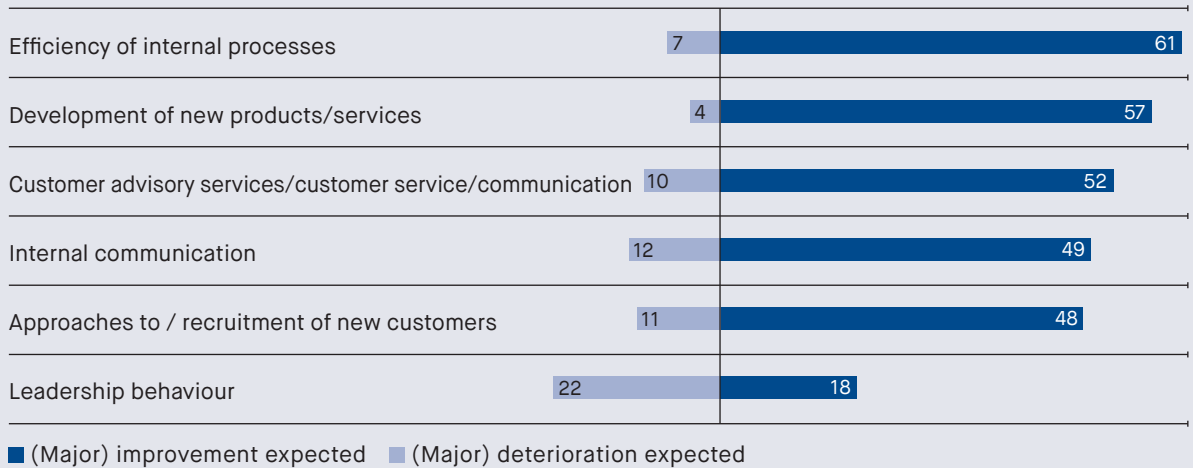
The sole area which is not generally viewed positively in the changes in the company is leadership: Among jobholders who anticipate changes from digitalisation, scarcely one fifth expect improvements in leadership behaviour and rather more than one fifth expects a deterioration; about 40% are undecided and 13% expect no effect on leadership behaviour. In some instances clear differences can also be seen here

Significant improvements expected to internal processes and customer service

03

Changes in the company expected from digitalisation

Jobholders in member banks of the AGV Banken who expect changes; in percent



Source: TNS Emnid / AGV Banken, 2015

Retail bankers expect the biggest improvements in customer service

04

Changes in the company expected from digitalisation

Jobholders in AGV Banken member banks who expect changes (n = 670); in percent

Development of new products/services



Efficiency of internal processes



Customer advisory services/customer service/communication



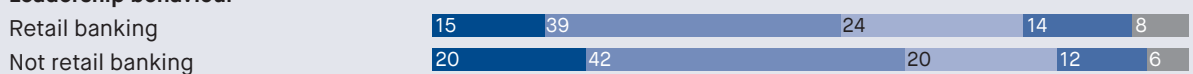
Approaches to/recruitment of new customers



Internal communication



Leadership behaviour



(Major) improvement Partly (Major) deterioration
 No effect Don't know/No information

Source: TNS Emnid / AGV Banken, 2015



depending on the employee group: Jobholders without any management responsibility (11 % improvement, 23 % deterioration) and in retail banking (15 % compared to 24 %) are most sceptical, whereas managers see it quite differently and are predominantly confident to be good managers also in the digital age (27 % positive, 21 % negative).

An ambivalent attitude on the subject of leadership: many questions remain open on personal interaction in the digital world of work

This ambivalent assessment of the subject of leadership is at first surprising. This is because on the one hand all indicators on the leadership behaviour in AGV Banken's member banks in which the quality of leadership in

times of increasing digitalisation is taken into account, have reached peak levels lately.¹¹ And on the other hand, as already mentioned, jobholders expect major improvements in the efficiency of internal processes and also in internal communication – in other words in two factors which play a major role in leadership.

However, there is reason to believe that the persons who were answering the questions expect process efficiency and communication to be technical support from management, where they expect improvements in the digital environment, whereas they obviously understand the general term “management” to mean mostly direct personal interaction – something which in their view is surrounded by more uncertainty. This is because in the transitional phase such as the one which the world of work is passing through at present, there are a lot of unanswered questions on the subject of management, for example: how can increasingly decentralised teams which are working at different times be organised and managed? Will managers be able to delegate responsibility in these structures without losing authority? Uncertainties surrounding expectations on the subject of management will probably remain for as long as these questions have not been answered in practice. This is also supported by the fact that response behaviour on the subject of team spirit/ cooperation with colleagues has proved to be similarly ambivalent (details on this in the following section on changes in the area of work).

EFFECTS ON THE PERSONAL AREA OF WORK

Many jobholders see a major opportunity for increased flexibility and independence

Just as in the assessment of the changes in the overall company, there is a clear preponderance of positive assessments with regard to the jobholder’s personal area of work, with jobholders predominantly responding to 10 out of 13 questions optimistically. Overall however, there is a clear divergence in the assessments and the proportion of respondents who

expect no changes from digitalisation is significantly higher with regard to some topics. Thus, for example, 18 % say that they expect no change in the leadership behaviour of their immediate superior; on the question of competences and rules on responsibility 16 % say they expect no changes and when it comes to rules about work, targets and scope for decision-making, 14 % say they expect no changes.

Jobholders see the biggest improvements in the choice of the place of work and their accessibility for colleagues and superiors (over 40% in each case), followed by a somewhat lesser number on the question of rules on working hours and the ability to reconcile work and their private life (about one third in each case). According to this, the majority of employees assume that digitalisation will give them greater flexibility and room to manoeuvre. Other results from the staff survey confirm this. For example, the wish for more work in the home office is most pronounced among the group of jobholders who expect the greatest improvements in working hours and the place of work. ► 05

A third expect better use to be made of their capabilities as well as expecting more scope for decision-making

Jobholders also clearly expect beneficial effects in important aspects of their own jobs: about one third anticipate that they will be able to make better use of their own knowledge and abilities and that they will receive more scope for decision-making as well as more time and resources. But on the other hand one fifth of respondents expect a deterioration on this last point. Viewed overall, the assessment of personal work-load and the achievability of objectives at work is also positive but there is a range of different answers: About one quarter believes in improvements and just under one fifth expects a deterioration; over a third are undecided.

On the question of leadership, the ambivalent position of many jobholders is confirmed also with regard to

their personal area of work: 20% expect that the behaviour of their direct superior will improve but almost the same number anticipate a deterioration. 38% are undecided and, as already mentioned, 18% see no effect at all on this point.

The assessment of changes to team spirit and cohesion among colleagues also falls into two groups. The overall view is negative: 21% expect improvements while 29% expect a deterioration; 33% are undecided. While there is a balance among managers (26%) and digital natives (21%) with regard to positive and negative expectations, there is a clear predominance of negative expectations among jobholders without management responsibility and among women; however, in both groups just one fifth expect that digitalisation will produce no changes at all in team spirit.

In spite of a positive assessment of the direct environment, there is uncertainty about further change

As with leadership behaviour, jobholders' expectations

also here do not coincide with the current appraisal of this topic: whilst the lowest positive expectations are associated with team spirit and coherence, at present this area is rated better than at any time since the commencement of the AGV employee survey in 2010.¹²

Thus although direct cooperation in the closer personal environment (both superiors and colleagues) has moved decidedly forward in recent years, jobholders are very uncertain about further changes here. At the same time the study shows that the group which expects improvements in cooperation with superiors and colleagues from digitalisation exhibits by far the greatest job satisfaction. This is demonstrated by the special evaluation of answer groups particularly closely related. ▶ 06

This embodies a key finding of the study: good leadership and functioning teams remain the key factors for success in job satisfaction and motivation – also in the digital world of work.

Jobholders expect increased flexibility and room to manoeuvre

▶ 05

Change in the personal area of work expected from digitalisation

Jobholders in member banks of the AGV Banken who expect changes; in percent



Source: TNS Emnid / AGV Banken, 2015

Greatest commitment among staff who expect improved cooperation

► 06

Staff commitment after expected change

Staff in AGV Banken's member banks who expect changes: indexed figures*

There is a close correlation in areas 01 – 03 between response behaviour and the aspects already mentioned

Staff commitment* in:

- Predominantly positive expectation
- Predominantly undecided expectation
- Predominantly negative expectation

01 "Collaboration"

- Team spirit/coherence
- Leadership behaviour of immediate superior

02 "Workplace profile"

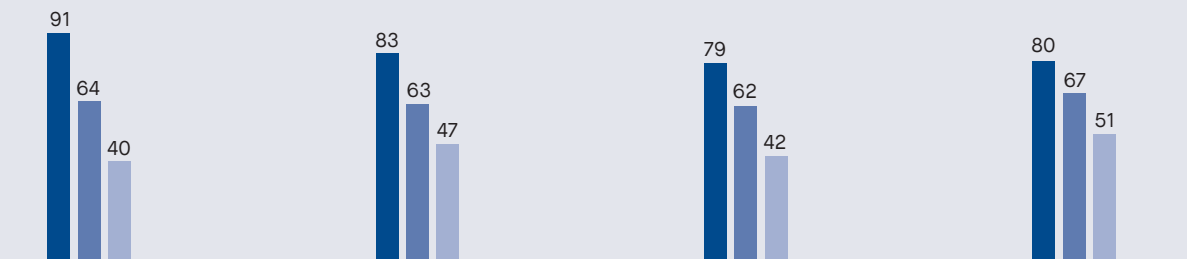
- Assignment in line with knowledge/capabilities
- Clear competences/responsibility
- Decision-making scope
- Reasonable job targets
- Workload

03 "Flexibility"

- Adequate time/resources
- Ability to reconcile job/private life
- Working hours rules
- Place of work
- Accessibility

04 "Security"

- Long-term job security



* TRIM Index (five indicators: overall satisfaction, would you recommend your employer, would you apply again for a job at the same employer, colleagues' motivation, own company's competitiveness); average for 2015 across all jobholders: 65

Source: TNS Emnid / AGV Banken, 2015

Jobholders have no illusions about the imminent reduction in numbers of jobs – but still see good prospects for themselves

The sustained decrease in the numbers of people employed in the banking industry in recent years has also affected retail banking. One reason for this is the increasing displacement of banking transactions into digital channels; in contrast, classic branch services with personal customer contact are decreasing in importance. All major retail banks have therefore already commenced across the board reductions in their branch network or have announced that they will do so. Against this background it is not surprising that most jobholders expect that digitalisation will adversely affect job security and that this attitude is particularly prevalent among staff in retail banking. 31% of all jobholders

expect a deterioration (retail banking 39%) and 31% (retail 25%) are undecided.

Nevertheless 26% of all staff expect that their job security will improve – and surprisingly an even greater proportion (27%) among people in the retail side of banking. This shows that jobholders in retail banking are, on the one hand, quite clear about the impending staff reductions (including those caused by digitalisation) but, on the other hand, also see prospects that their job will be retained or will generate new opportunities in their field of work. This also supports the theory that retail banking staff have an approach which is more optimistic than the average in so far as their employment in line with their knowledge and capabilities is concerned.

ASSESSMENT ACCORDING TO STAFF GROUPS

Women expect a lighter workload, men expect greater freedom of decision

A look at individual groups of staff is revealing. In this it is apparent that, as a whole, men have a slightly more favourable outlook than women with regard to all aspects of change in the company and to most questions on their personal environment; it is also clear here, as in the general attitude to digitalisation, that there are definite parallels to the general public.¹³ This also clearly linked to the fact that men in AGV Banken's member banks see themselves as being much more closely affected by digitalisation, at least in their personal area of work. On all questions women state (sometimes very clearly) more often than men that digitalisation has no effect. The highest figures on this point are found in response to questions on leadership behaviour (23 %), scope for decision-making (21 %) and clear areas and rules relating to responsibilities (19 %). ► 07

Men are particularly more optimistic than women on the questions of scope for decision-making, their deployment in line with their knowledge and capabilities, on clear areas and rules relating to responsibilities, the efficiency of internal processes, job security and team spirit; they also view certain aspects of customer service in a more favourable light. On the question of leadership, men provide answers which are more pronounced in both directions: on the one hand they expect more improvements than women, but on the other hand they expect clearly more deteriorations. Conversely, women are more optimistic or less sceptical than men on the questions of time and resources, the ability to reconcile work and personal life and on accessibility; this particularly applies to mothers who also expect more improvements in rules on working hours. In summary it can be said that women tend to expect a lighter load in their day to day work from digitalisation and that men tend to expect an enhanced freedom in decision-making and a greater room to manoeuvre.

Parents hope for greater flexibility – with cautious optimism

Revealing differences can be found between mothers and fathers when analysing the response behaviour of jobholders with children. Mothers expect significantly greater improvements and much less deterioration with regard to their own work load. This also applies to the compatibility of work and private life. In this aspect it is, however, apparent that mothers state twice as often as fathers that digitalisation has no influence on this topic (16 % compared with 8 %); this difference is just as apparent with regard to the topic of the place of work. Mothers obviously associate an improved ability to reconcile work and their private life with a greater flexibility with regard to the place of work.

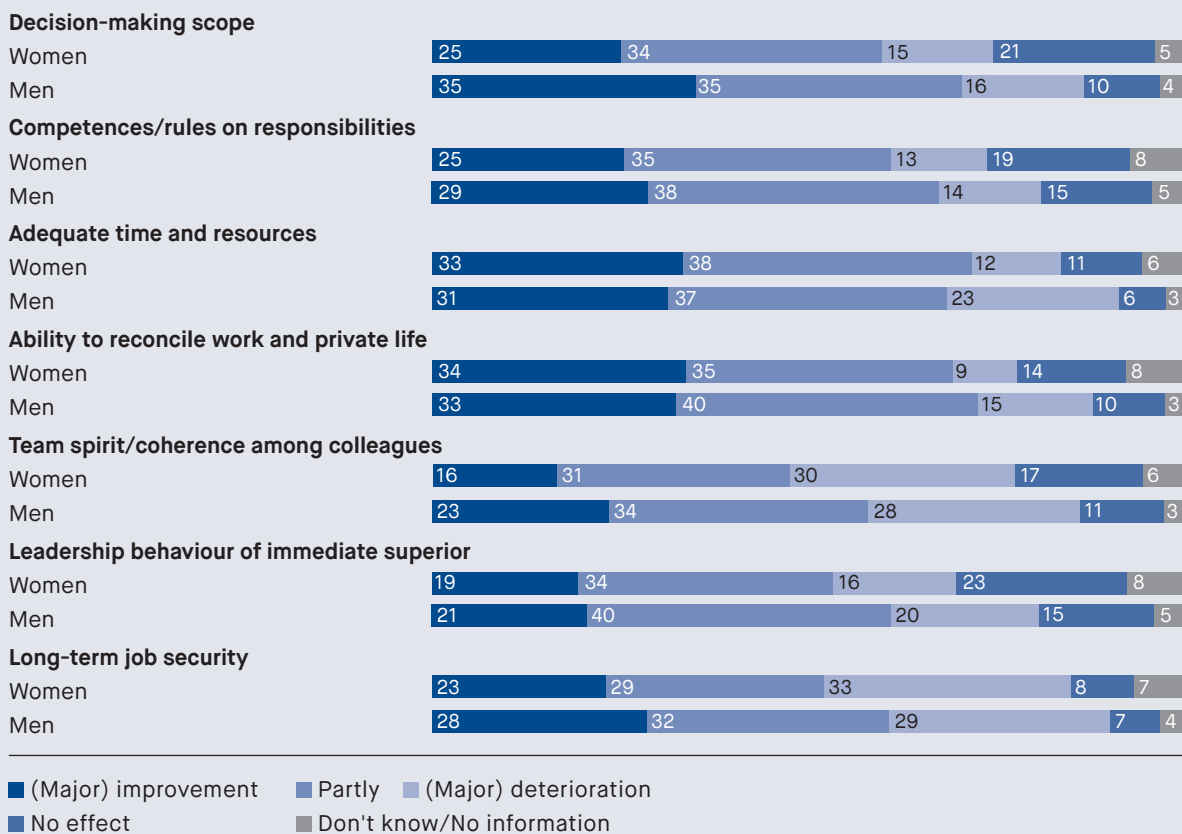
In general, parents expect a more flexible definition of the place of work (44 %) and they wish more frequently than the average to work more often from home (71 %); there are almost no differences in the way mothers and fathers answer these questions. However, the motivation is different: in the first instance, mothers explain their wish for increased working from home by less stress, time saved by the absence of travelling, looking after children and a better work/life balance. In the case of fathers, time saving comes first, followed by more concentrated and effective work, less stress and a better balance. Correspondingly fathers, compared with mothers, more obviously expect (or hope for) improvements in the efficiency of work processes and the company's internal communications; they also have clearly greater expectations for team spirit and cooperation. However, they are also clearly more sceptical than mothers on the question of changes in the place of work, perhaps because they assume that in spite of digitalisation their work will continue to require a much stronger presence in the workplace in the company.

Women are more optimistic about resources; men are more optimistic about scope for decision-making and management

07

Changes in the company expected from digitalisation

Jobholders in AGV Banken member banks who expect changes (n = 670); in percent



Source: TNS Emnid / AGV Banken, 2015

Managers with greater expectations than staff above pay scale

The comparison between managers and staff above pay scale yields some interesting information. There are clear overlaps here: 58 % of staff above pay scale are managers; the remuneration of 62 % of managers is not determined by collective agreements. The expectations of both groups in many areas is similar; each group expects significantly above-average improvements in their scope for decision-making, work-life balance, place of work and accessibility. But particularly in the case of the questions about the team and leadership, the expectations of managers (including managers above

pay scale) are considerably higher than those of staff covered by collective agreements (with and without management responsibility) whose assessments relating to competences and rules on responsibility, time and resources, objectives, workload, team spirit and leadership behaviour are only at the average level or even slightly below. ► 08

What seems to be a management problem in the area of people above pay scale, when examined more closely, is revealed to be predominantly an expression of the additional seniority of the staff above pay scale: the average age of those employees above pay scale

Managers optimistic, staff above pay scale vary



Changes in the company expected from digitalisation

Jobholders in AGV Banken member banks who expect changes (n = 670); in percent

Place of work



Decision-making scope



Ability to reconcile work and private life



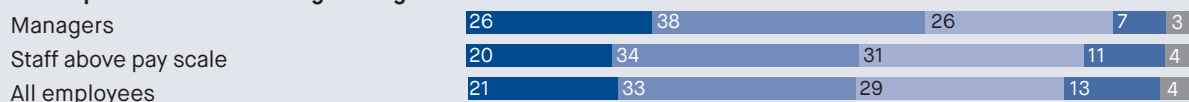
Adequate time and resources



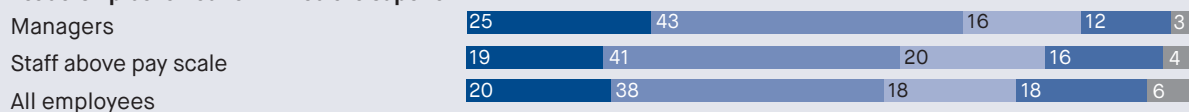
Personal work load



Team spirit/coherence among colleagues



Leadership behaviour of immediate superior



■ (Major) improvement ■ Partly ■ (Major) deterioration
 ■ No effect ■ Don't know/No information

Source: TNS Emnid / AGV Banken, 2015

who were included in the survey was 42.6 years and therefore not only almost two years above the average (40.7 years) but almost as obviously above the corresponding figures for managers (40.9 years). It looks the same for length of service. On the average, staff above pay scale have been with their employer for 11.5 years; the corresponding figure for managers is 10.3 years. Thus the group of staff above pay scale is better rooted than the group of managers and in addition, for reasons of age, feels less affected by the

impacts of digitalisation. This quite obviously leads to the staff above pay scale in the management area not harbouring any above-average expectations because they already belong to higher management levels – while they particularly expect a major improvement in their work/life balance.

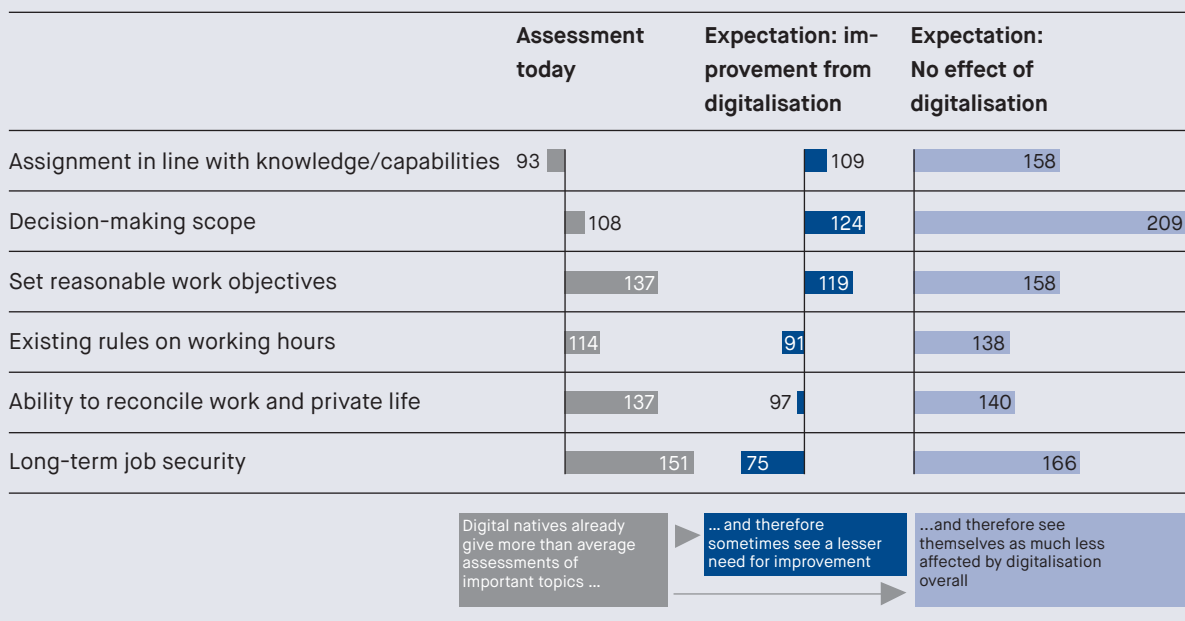
It remains striking that the assessment regarding team spirit and coherence among colleagues by staff above pay scale is not only more sceptical than is the case

Digital natives already much more content and less affected

► 09

Assessment of work-related aspects: Variation by digital natives (born 1980 and onwards = less than 35)

AGV Banken member banks; index other employees (over 35) = 100



among managers as well as among staff covered by collective agreement, but it also more clearly diverges in a downward direction than the assessment on the subject of leadership. Perhaps this argues for a certain insecurity among older people when dealing with the up and coming generation who have grown up with more decentralised team structures and new digital forms of collaboration – worlds which older people sometimes still have to enter. A look at assessments by age groups emphasises this: With the increasing age of the person employed, scepticism on the topic of leadership increases slightly but increases significantly on the subject of team spirit.

Digital natives feel less affected than the average by digitalisation and have a more than average positive attitude

It is interesting to note that the digital natives group does not expect an improvement in team spirit and leadership which is any more significant than that of older staff. But on the subject of team spirit, digital natives have significantly fewer negative expectations while on the subject of both aspects a significantly larger proportion of under 35 year olds (about a fifth) expect no impact

from digitalisation at all. This pattern can also be seen throughout all other questions, although sometimes to a lesser degree. Thus, viewed overall, the digital generation feels affected less than the average by the onward march of digitalisation – which is not altogether very surprising: This generation is already familiar with today's digital world of work.

At the same time digital natives almost consistently have a more positive attitude than older people – this is particularly apparent in the aspects of customer advisory services and the approach to customers. Looking at their own area of work, their expectations for major improvements in accessibility for colleagues and superiors, scope for decision-making and on the setting of reasonable objectives is well above the average; they already assess all three topics more positively than the over 35 generation but nevertheless expect a further improvement. On the other hand they see a need to catch up with regard to the use of their own capabilities and knowledge: up to the present time digital natives assess this point more negatively than other employees but expect significantly greater improvements. ► 09

Younger people think they are safer in their jobs than older people

Under 35s expect somewhat fewer improvements than the average on the subject of working hours rules and the work/life balance; they also expect significantly fewer improvements on the question of long-term job security. However, this has nothing to do with a pessimistic attitude on these topics; on the contrary, younger people already assess these three points significantly better than other employees, which means that the assumed room for improvement is somewhat less. At the present time digital natives are 14 % more satisfied with their working hours than other jobholders; they assess the work/life balance to be 37 % better and their job security to be as much as 51 % better. Although younger people are more often on fixed term contracts than older people and have been with their company for a shorter period, they are not at all worried about their job: in fact they see exceptionally good prospects for themselves. This does not at all mean that jobholders become more and more pessimistic with increasing age. In fact the assessment of job security by the 35 to 55 year old age group remains more or less constant and becomes even more positive among staff over 55 years old.

SUMMARY AND OUTLOOK

As is the case in all far-reaching changes, with increasing digitalisation expectations and uncertainties will be linked for the foreseeable future, not only in the banking industry but in the entire world of work. The objective of AGV Banken's digitalisation study was therefore to obtain jobholders' assessments of important aspects of their present and future world of work from which potential courses of action for day to day operations can be derived.

The results show that AGV Banken's member banks and their staff are in no way being overwhelmed by digitalisation. They are in the middle of a change process which is revealing a new dynamic and quality at the customer interface and which in general terms is not seen to be overtaxing those involved – in spite of all the challenges resulting from the new forms of customer care and service, new forms of work and new organisational structures. In the midst of this, when it comes to the question of how the digital transformation can be configured in the company, the key issue is the direct collaboration with superiors and colleagues. Digital technologies make this transformation possible and drive it forward, but it is nevertheless shaped by human beings and exists among human beings.

Jobholders' view of the near future is not always completely positive but it is nevertheless predominantly positive. And, in the midst of all the uncertainties in many areas, it is clearly characterised by very precise ideas about the imminent changes. This particularly applies to retail bankers who are particularly affected and who have a pleasingly varied view of the company, the working environment and their own prospects. At the same time a generation is developing in the banks who grew up in the digital world and for whom the digital transformation is an everyday occurrence and not an exceptional situation. This produces an overall picture of staff who accept the changes in the digital working environment and are prepared to play a part in shaping it.

Banks have experienced major changes in recent years; staff and management were exposed to particular challenges. Nevertheless, despite the volatility

in the banking industry the job satisfaction of staff in AGV Banken's member banks has visibly improved in recent years and in spite of heavy burdens important indicators such as the perception of stress have not changed. This is not solely due to the fact that banks have voluntarily made substantial investments in prevention and the promotion of health. It is also demonstrably due to the fact that the banks are devoting a great deal of attention to good management and collaboration – in other words precisely to those areas which are centre stage once again.

It is also clear that shaping these factors is very much the company's responsibility. Social partners are called upon to accompany this process – by

information and exchange. Among AGV Banken member banks this occurs partly through annual employee surveys and the ongoing health reports of AGV Banken. These are supplemented by regular meetings of the Health Protection and Demography Working Group in which the Health Managers of the banks which are members of the AGV continuously address matters relating to job design. In addition, in 2010 and 2012 the social partners in the banking industry signed joint declarations on health protection in which they also expressly issued references on the practical configuration of the digital world of work. All these measures are effective. Against the background of the findings of this study there is no evidence that additional measures are necessary.

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- 1** C. Frey and M. Osborne "The Future of Employment: How Susceptible are Jobs to Computerisation?"; Technology Review, Economist, 1/2014; Wirtschaftswoche, no. 5, 26 January 2015
 - 2** Monitoring Report on the Digital Economy 2014, TNS Infratest Business Intelligence on behalf of the Federal Ministry for Economic Affairs and Energy, 2014
 - 3** Cloud Monitor 2014, Bitkom Research on behalf of KPMG, 2014
 - 4** Deutsche Bundesbank, Annual Report 2014, page 44
 - 5** PWC Global CEO Survey 2015
 - 6** Mobile Banking Use, a survey of 15,000 finance decision-makers in Europe, Ipsos Market Research on behalf of ING-Diba AG, 2015
 - 7** Survival of the Smartest 2.0, Consumer Survey (1,000 participants), TNS Emnid on behalf of KPMG, 2014
 - 8** Bitkom Research, February 2015
 - 9** The Potentials and Use of Big Data, Bitkom Research, May 2014
 - 10** The Future of the Digital Society – The Findings of a Representative Population Survey", Allensbach Institute for Public Opinion Surveys, on behalf of the Federal Ministry of Education and Research, January 2014
 - 11** At the beginning of 2015 jobholders in member banks of AGV Banken assessed the leadership behaviour of their direct superiors to be more than one third better than five years earlier. Four out of five jobholders indicated that they had a very good or good relationship with their manager and were treated with respect by him/her (source: staff surveys 2010-2015, TNS Emnid on behalf of AGV Banken).
 - 12** At the beginning of 2015 the topic "team spirit and cohesion among colleagues" was assessed by jobholders in AGV-Banken's member banks as being one third better than in 2010. The topic "approval by colleagues" was one quarter better. About 85 % of jobholders at that time responded with a positive assessment to questions in connection with the team/teamwork (source: staff surveys 2010-2015, TNS Emnid on behalf of AGV Banken).
 - 13** In Germany 32 % of men but only 27 % of women expect more advantages from digitalisation (source: The Future of the Digital Society – The Findings of a Representative Population Survey, Allensbach Institute for Public Opinion Surveys, on behalf of the Federal Ministry of Education and Research, January 2014).

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