

Finnish Institute of
Occupational Health

Digitalization and Regulation: Preliminary Remarks on Risks and New Opportunities for Banking Employees

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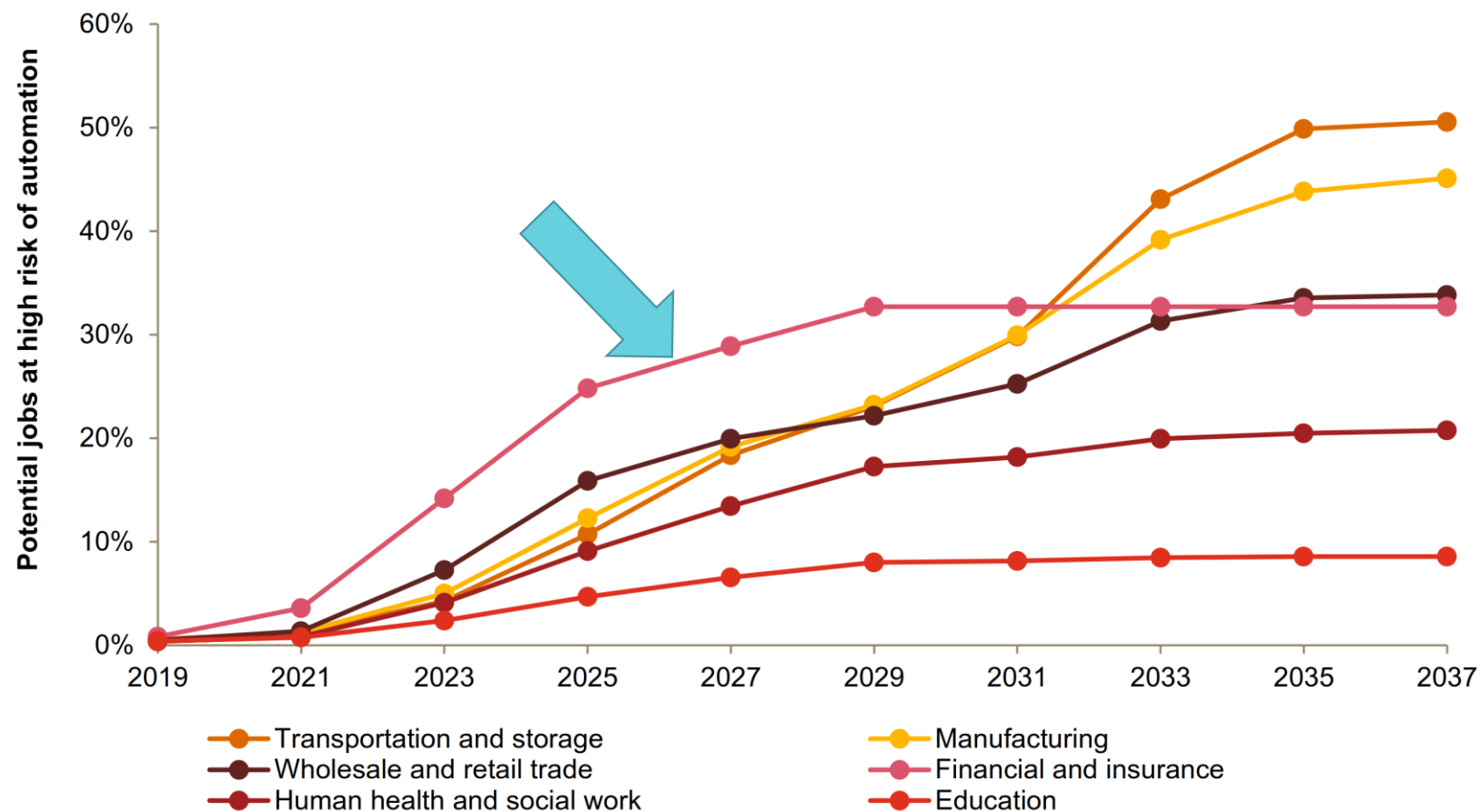
Major forms of digital transformation in the banking sector

- **Automation of many tasks and operations:** As a highly data-driven business, banking is leading the way in automation. A great deal of the data in the sector are structured, and many of the jobs include simple computational tasks and analysis of such data which lend themselves easily to automation.
- **Development of a multi-channel service network:** A traditional bank branch is combined with online and mobile banking and social media, which together form a multi-channel service network. A new generation of services are now provided to clients in digital form.
- **Lowering the entry of new competitors to the market:** A number of non-banking institutions, such as pure online banks and fintechs, operate now either as competitors or partners for traditional banks in the provision of certain (usually narrow) segments of (usually standardized) financial products and services.

Changes in the structure of the sector and jobs

- Clear decline in the **number of companies and branches** in Europe.
 - Stringent regulation has boosted mergers by increasing operational costs of all banks and their branches.
 - Mergers have strengthened the position of the largest and most solid players in the market.
- Steady decline in the **number of jobs** in Europe, with clear differences between countries. The decline owes to...
 - ...mergers and increased use of digital channels, resulting in downsizing/closing of many branches
 - ...automation
 - ...rationalization of banking activities in the pressure for increased returns on the part of institutional owners of banks.

Potential impact of job automation over time across industry sectors (PwC 2018)



Rising occupational groups and declining arenas



Major changes in the content of work

- Increasing use of computers and the Internet
- Growing standardization (e.g. quality standards, numerical performance targets)
- Substitution of direct social interaction with clients (and work mates) for technology-mediated interaction
- Growing amount of self-management, problem solving and indirect forms of control at work

Increasingly important future skills

- Adaptability
- Professional self-improvement
- Digital skills
- Customer experience skills, including sales skills
- Self-management
- Team working
- Collaboration



A general trend towards upskilling and diversification of skills

Opportunities for employees

- Better career prospects especially for those with key skills (see slide 5)
- Increased opportunities for self-management and autonomy at work
- Growing automation of many cognitively demanding and highly monotonous work tasks (e.g. including computation or routine-based interaction with clients)

Risks for employees

- Growing threat of redundancy (especially for those with low or obsolete skills, or that work in activities susceptible to further automation and rationalization)
- Increased repetitiveness of work
- Partial fragmentation of work processes
- Reduced opportunities for direct social interaction at work
- Problems with cumbersome and poorly-designed information systems
- Complex and partly contradictory demands rising from business targets and regulatory requirements
- Increased self-responsibility and lack of time for skills and competence updating
- Increased mental workload

Thank You!

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