The Effect of COVID-19 on Financial Institutions

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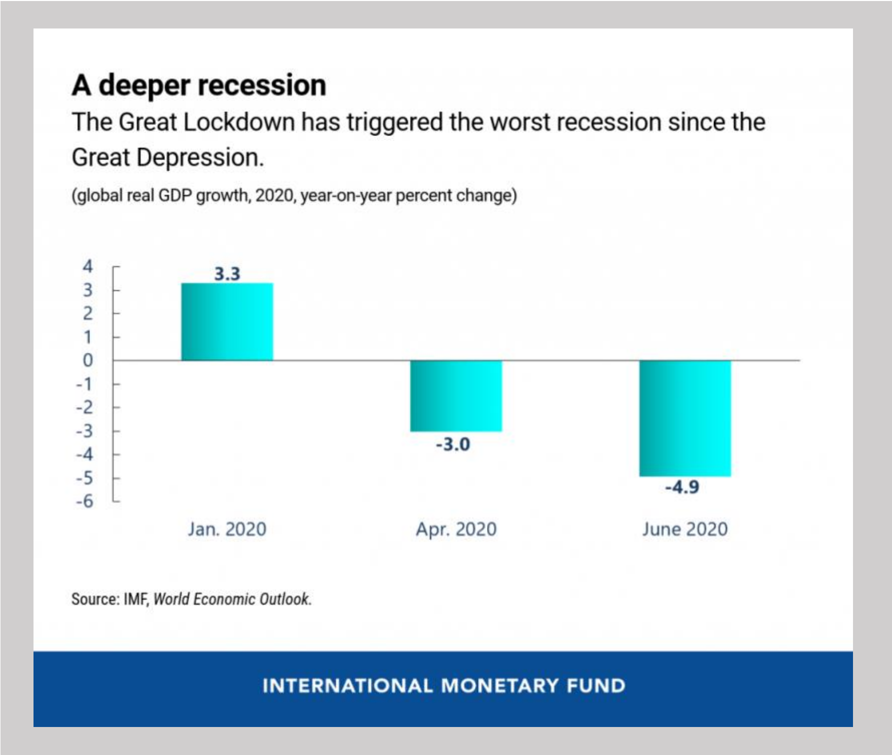
Financial Services: Leading the Charge to Recovery

With the snowballing of the 2020 pandemic crisis globally, the financial health of organizations, communities and individuals have been siesmically impacted. Banks and other financial institutions have found themselves pressed by government legislators to help clients in their hour of need.

Financial services organizations face significant business challenges themselves: logistics, non-availability of personnel, and a weakening in liquidity to name a few. According to the International Monetary Fund, the global output is expected to decline by 4.9 percent in 2020, with only a partial recovery to the tune of 5.4 percent expected in 2020[1].



[1] https://blogs.imf.org/2020/06/24/reopening-from-the-great-lockdown-uneven-and-uncertain-recovery/

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Charting the Slow Path Back to Economic Health

As the world slowly begins to find its feet, Financial Institutions will have a major role to play.

Whatever recovery we've seen so far, has been partly in place due to exceptional support by Central Banks. Given the prevailing level of uncertainty, policy makers will need to adapt as the situation evolves.

In countries severely impacted by the pandemic, the respective governments and financial institutes will need to help in the form of unemployment benefits, cash transfers, tax deferrals, loans and so on.

Financial institutions will need to invest in employee and client digital engagement, re-engineer processes, consider artificial intelligence-based solutions: basically, change course as new issues and solutions arise.

Workforce Challenges

Financial Institutes will have a number of challenges related to the workforce:

- There will be a shortage of workers due to sickness and lockdowns
- Staff will need to maintain social distancing norms, both with colleagues and customers
- New technological solutions that might end up being utilized, a perfect example was the rapid usage of Zoom for video conferencing globally
- The Financial Institutions Corporate clients might have requirements as well in terms of new technology and processes to be employed
- There will be new financial models that will be used to assess risk
- Added call volume usage with people preferring not meeting in person
- Deployment of various digital solutions to meet business and customer needs

As workers gradually return to work, many will find their roles have changed. Others will have to wear multiple hats due to the expected shortage. With market conditions continuing to change rapidly, the workforce may need to be re-skilled and reallocated at a short notice for the financial institutions to be competitive and in many instances: survive.

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The Opportunity Presented by the Gig Economy

A good solution to the problem is the usage of Contingent Workers (CWs), as they offer:

- **Flexibility –** CWs allow you to maintain and adjust the volume of workforce required
- **Broad Talent Pool** – CWs offer a broad set of skills that can be used for different roles depending on the need of the hour
- **Cost Savings** – CWs do not need to be paid for any downtime, and are not entitles to any paid vacation, sick leave and health insurance.
- **Freedom to try new way of doing thing** – Financial Institutes can use the flexible workforce for trying new approaches, without being tied down for the long term.
- **Short term investment** – as the world economies slowly start to crawl back to normality and different financial and technological solutions begin to get in vogue, the CWs can be added or removed as required without the financial institutes to make long term investments.
- **Reduced Risk from regulations** – Given that CWs are mostly hired for short term assignments, retrenchment of CWs will not raise any eyebrows from the employment industry regulators as that is simply the nature of the temporary jobs.
- **Increased Efficiency** – CWs can be used during peak hours to provide great service to the customers, and when the demand drops, you can stop using them.

The role of Vendor Management Systems (VMS) and talent platforms

Vendor Management Systems (VMS) have become instrumental in maximizing the effectiveness of contingent workforce talent sourcing. Once exclusively focused around the management and coordination of indirect staffing vendors, VMS solutions have tracked the evolution of flexible workforce strategies to embrace new approaches to tap into a flexible workforce. Modern methods include:

Direct Sourcing – This is a method of leveraging brand reach through social channels to directly reach out to gig and freelance workers.

Statement-of-Work – The contracting of projects, project elements, or micro-tasks against a set of measured deliverables; where contractors are obliged to achieve the required statement of work provisions before they are paid.

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Virtual Recruitment – Thanks to digital platform innovations,some stimulated by the rapid increase in remote working that came as the result of the COVID-19 lockdown, it's now possible for organizations to run their flexible workforce recruitments virtually. Components of Virtual Recruitment technology platforms include the ability to activate, interview, skills-test, and background check candidates. Many, if not all, of these features are now blended into market leading VMS systems.

Mobile-Enabled Recruiting – Recognizing that most young people spend more time with their mobile phone than their families, Mobile-Enabled Recruitment leverages the use of mobile phones for every aspect of the staffing lifecycle, from initial talent sourcing to off-boarding.

Modern Vendor Management Systems, like SimplifyVMS, go beyond the boundaries of what a VMS is expected to do, to become comprehensive flexible workforce management portals. Such innovations in talent technology present financial services organizations with significant economies in their staffing approach while adding a necessary level of workforce agility demanded of the COVID-19 era.

In Summary

For the global economies to get back on their feet, it's imperative financial institutes find their own operational 'new normal.' The Financial Services industry today is the backbone of any economy. But the old ways of sourcing workforce will not meet the new pressing need for business agility By using CWs, the financial institutes can try new financial models, processes and technologies while still being able to offer great customer service and regaining the customers trust and business.

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