SEP 02

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Return-to-office policies are becoming another weapon in the talent wars

Article

The news: Two large US-based banks have announced **they'll drop their vaccine mandates for employees after the US Labor Day holiday,** according to the New York Post, which reported on one bank's internal memo.

- **Goldmans Sachs** will no longer require employees in the Americas—aside from New York City and Lima—to be vaccinated against Covid-19 before entering the office. Also, employees won't be required to mask up or test for the virus.

- Last week, **Morgan Stanley** said it would update its Covid-19 testing policies and would no longer notify employees via email of potential exposure or recommend isolation.

Bigger than vaccine policies: The policy changes look like another example of banks' intentions to revert back to pre-2020 ways of working. Wells Fargo analyst Mike Mayo told the Post, **"This is another way of Goldman Sachs saying, 'School's in session and we want you in person' after Labor Day."**

Both Goldman CEO David Solomon and Morgan Stanley CEO James Gorman have advocated strongly for their firms' full-time back-to-office plans. But they're not alone.

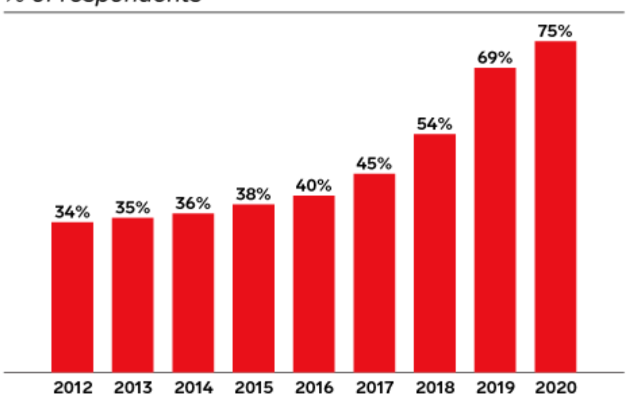
As Slayton Search notes, leading firms within the financial services industry—particularly in the wealth management and banking sectors—have been less apt to offer hybrid schedules or the option to work remotely.

By contrast, **fintechs had been using their more flexible work arrangements to entice talent away from incumbents.** Just for one example, **Revolut** said it would allow its employees to work abroad for months at a time (and at the same time, redesigned its office workspaces for flexible working).

But as we've noted in our report on **The Future of Work**, with fintech funding drying up, widespread hiring freezes and layoffs, **the relative stability incumbents offer may now give them an advantage in the talent wars.**

Senior Executives Worldwide Who Experience Difficulty in Finding Talent to Fill Job Vacancies, 2012-2022

% of respondents



Note: data represents responses given in Q3 of each year
Source: ManpowerGroup, "Q3 Employment Outlook Survey," May 19,2022
277489 InsiderIntelligence.com

What are banks up against? Employees' desire for flexibility could impact **banks' hiring and retention efforts.**

- Employees are more committed to working from home than they were in Q3 2021, according to a June survey of more than 8,000 workers across industries by Gallup. The desire to work exclusively from home has more than doubled since October 2021.
- Among fully remote workers, 60% said they'd be "extremely likely" to look for other opportunities if their employer decided not to offer some form of remote work.

But breaking out the demographics of those work-from-home preferences offers a more complex picture. **The preference for remote work is generational: Gen Z misses the office** more than colleagues who've spent a larger portion of their lives there.

- **Less than one-quarter of workers in their 20s wanted to do so full-time.**
- By contrast, **29% of employees in their 30s, 33% in their 40s, and 41% in their 50s and early 60s preferred to work remotely**.
- LinkedIn, which analyzed job applications on its platform, found that 20- to 24-year-olds were the least likely cohort to apply to remote roles.

Gen Z workers feel they're missing out on networking opportunities and mentorship, and are seeking that through the community that the workplace creates. Their tendency to gravitate toward on-site jobs could, as Business Insider recently suggested, lead to **workplaces divided along generational lines, with individual companies' workforces skewed by age,** depending on whether they've chosen remote-first or office-only policies.

Our take: Setting a policy on returning to the office doesn't just affect a financial firm's current employees. It also indirectly shapes its future workforce and its ability to compete in the talent wars.

We've advised executives to think about their workplace in four modes: practically, culturally, environmentally, and strategically. Thinking strategically means identifying what skill sets FIs need to attract and retain to 1) successfully run the business, 2) manage their cost base, and 3) innovate and grow.

Your pool of potential employees might come to you from varied age demographics, from careers in traditional finance or from tech companies—all of which have given them different expectations about the workplace.

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