Catching up on my reading on a recent flight, I found myself nodding in agreement with two different banking articles that espoused contradictory conclusions. One article urged banks to be a place of innovation where talented IT professionals want to work. The other warned banks of the harrowing challenge of maintaining legacy systems that are still mission-critical.

“That,” I thought to myself, “is how it feels to be a banker these days. Opposing arguments both carry the day. There’s no one right way. Banks still have to do it all and do it well.”

Regarding the first argument, who could argue back? Almost every organization on earth is seeking to transform the enterprise for the digital age, and you can’t do that with a workforce that doesn’t recognize the need for transformation or resists change. You need people who actively desire to be on the side of innovation.

But with some exceptions, the banking industry lost some cachet as an employer of choice. Partly because of the reputational damage inflicted by the mortgage crisis, but also because banks, fairly or not, are perceived as technology laggards. (Unfairly, I happen to think, having been seen this heavily regulated industry nevertheless avidly adopt – and sometimes lead the way with – mobility, data analytics, cybersecurity, blockchain, and more.)

Regardless, the stodgy reputation persists, and few of the most talented up-and-comers target banks as their preferred employer. Executives of a high-quality, mid-sized bank in Dallas noted that when Toyota, about to move to the Dallas-Fort Worth area from California, advertised for technology workers, there was 40% increase in traffic on the job-search site. “That doesn’t happen when we post our IT jobs,” said the bank executive ruefully.

As one article put it, “No matter what banks offer up as a new workplace incentive, whether it’s faster promotions, more money, more time off, more free food, more volunteering options, more opportunities to stream Spotify on the job, it’s just not going to be able to change the fact that big banks are not the creative drivers of the world.”
Of course, banks are not the only traditional organizations struggling with a legacy reputation. Maybe you’ve seen the series of GE television ads, where young “Owen” explains to friends and family that GE is not the rigid industrial stereotype they imagine but, as the tagline puts it, “GE. The digital company. That’s also an industrial company.”

Which brings me to the second article I read on the plane: When banks pursue a recruiting strategy like GE’s, branding themselves as tech companies or IT pioneers, they run into another reality. Most or at least much of the bank’s most mission critical functions operate on legacy systems – sometimes creaky old systems no longer supported by their makers. Among their highest paid IT employees are programmers who know ancient programs like Cobol. According to Reuters, “An estimated $3 trillion in daily commerce - from check-clearing services to ATMs - still flows through COBOL systems.”

No matter how proactively banks adopt digital technologies, they still need to interact flawlessly with the old core systems like DDA, CIF, payments, G/L, and so on. And making that happen is not straightforward. Legacy systems have been built onto and wound around for years. Doing a “switchover” from the old to the new sounds clear-cut, but in fact it is fraught with uncertainties.

If a switchover goes wrong, it takes a lot of legacy code experts to put it all back together, and the reputational loss to the bank, to say nothing of the financial loss, is daunting. If something goes wrong, those legacy code experts are hard to find at any price.

It’s reasonable to expect that someday these legacy programmers will not be needed, but that day seems far off, when you consider with what trepidation bank executives approach the idea of totally replacing core systems that a) still work, b) are deeply interconnected with other systems, and c) whose upkeep and interconnectedness have not been documented thoroughly. And after the WannaCry cyberattack, it must be noted that when IoT ends up connecting those legacy systems to the internet, all kinds of unknown cybersecurity vulnerabilities could be exposed.

So, sandwiched between those two IT workforce challenges – how to attract innovative IT workers and how to find legacy IT experts – banks need to remain ever alert for creative solutions.

One would be to back up scarce onshore resources with offshore resources, keeping in mind that workers in Asian centers of excellence generally have no prejudice against learning older languages along with new ones.

Another would be to invest in highly targeted training processes, e.g., rather than requiring a programmer to become fully expert in all aspects of a legacy system, just learn how to integrate it with newer, more innovative applications or meet compliance standards.

A third would be to demand Knowledge Process Outsourcing (KPO) solutions that don’t just shift legacy work offshore but instead vastly increase the skill-level, quality, and efficiency of workers performing legacy modernization offshore.

And to attract the younger IT workers? Apply emerging technologies that they enjoy working with (artificial intelligence, machine learning, automation, analytics, etc.) to the older problem of modernizing legacy systems.
And don’t overlook banking’s great opportunities for young IT workers – not just the good salaries and benefits but the variety of cultures and tech job types – working with people or not, working with customers or not. As an international business, banking makes a good IT employee desirable in any part of the country or the world.

The digital age, as it evolves, will continue challenge banks to balance their workforces. Start now to establish your workforce balancing capability, and reap your rewards in the years to come.