



Corporate & Investment Banking Outlook

— 2024

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Executive Summary

Chapter 1 CIB performance and outlook in 2024

The global economy has experienced a great transition over the past several years. After excess demand precipitated across most mature economies after months of pandemic-related stimulus, compounded by supply shocks in Europe due to the Ukraine War, led to record inflation across the world. Towards the tail end of 2024, inflation appears to finally be under control as major central banks set to adjust rates downwards. However, uncertainty and volatility was exacerbated by elections across Europe. The UK and the EU continue to grow quarter-on-quarter, but growth remains outpaced by the US economy. CIBs will benefit from the positive trends in these economies, as lower rates will spur credit demand and by extension M&A activity. Simultaneously, UK and EU banks stand to benefit from the completion of restructuring programs instigated in previous years and relatively looser proposed Basel III regulations. Based on our panel, CIB top-line growth remained resilient, growing by 4.4% YoY (vs. 2.3% in 2023) while C/I ratios decreased by 3.3% YoY. Nevertheless, banks should continue to widen perspectives and look towards ESG-related targets to gauge overall banking performance.

Chapter 2 Gen AI in CIB

Generative AI (GenAI) has become high in-demand for businesses across various industries, with purpose-built tools designed to leverage the technology and drive cost-savings. GenAI has the capability to be applied across the entire CIB value chain, with more effective applications in back and middle office functions in labour-intensive, rote tasks that can be automated and streamlined. Several large CIBs have already extensively documented their use of the technology, with research finding enhanced productivity and cost improvements. US CIBs head the movement to invest and cultivate the technology, while UK and EU CIBs are slowly catching up in investment and adoption. However, there are numerous challenges and risks to navigate when designing and deploying the technology at a large scale across a bank such as AI hallucinations, regulatory compliance, and cybersecurity measures. For CIBs to effectively adopt GenAI, a robust AI tool trained with in-depth data points and a robust data architecture should be maintained by a dedicated team of data scientists and engineers, with relevant training given to employees who use the tool to ensure maximum productivity gains.

Chapter 3 Talent in CIB

Parallel with developments in GenAI, talent and workforce composition in the banking sector has undergone great change in recent years. The integration of GenAI across the various functions of a conventional CIB has changed the way in which banks recruit and the types of skillsets and profiles that are targeted. Furthermore, CIBs may face challenges in the near future in attracting the most talented graduates due to increasing competition from other sectors such as big tech, which promises similar remuneration and work experience. The quality of individual employees in both back and front offices have significant impacts on productivity and value creation. In investment banking, deal values and fees are strongly correlated with individual bankers and the distinct value proposition they bring themselves, rather than the collective reputation or assets of the bank. Apart from focusing on monetary compensation, CIBs can do more to attract the next generation of talented graduates. Implementing flexible working arrangements, prioritising ESG objectives in strategic planning, and enshrining Diversity, equity, and inclusion (DEI) in the CIB's organisational structure can help make recruitment and retention more robust for future generations.

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Chapter 1

CIB performance and outlook

Global economic conditions over the past year

Since the 2023 edition of our CIB Outlook, the global economy has shown remarkable resilience in its recovery from the COVID-19 pandemic and ongoing conflicts in the Middle East and Eastern Europe. Certain global macroeconomic indicators such as inflation and economic growth rates are projected to remain favourable towards the end of 2024, but growth continues to be dampened and uneven across geographies.

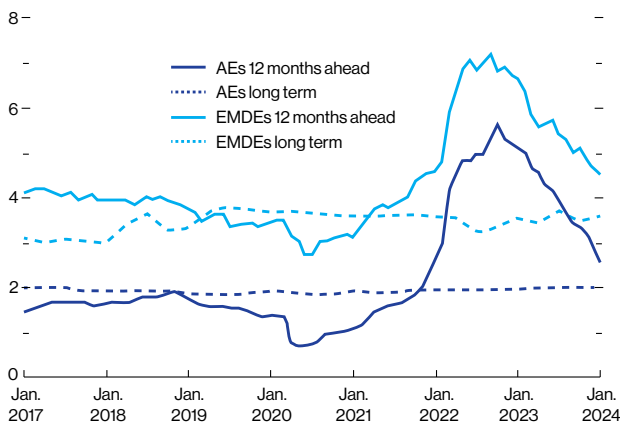
Based on the most recent estimates published by the IMF, economic growth in advanced economies¹ is expected to rise from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025², returning to pre-COVID growth figures. Despite close brushes with an economic recession and sustained stagflation, employment and income growth remained consistent, sustaining aggregate demand in advanced economies.

Over the last three years, global inflation remains a pertinent discussion point as pandemic-induced spending and rising food and energy prices have led to strong sustained inflationary pressures. Recent inflation projections for the coming months show that price levels are facing a downward trajectory (see below³), suggesting that high inflation will subside by the end of 2024, paving the road for the end of the post-pandemic era of high interest rates.



External events continue to mould and shape the economic contexts of the year. The global economy has also managed to weather significant geopolitical tensions and conflicts in areas such as Palestine, Ukraine and the Red Sea which has negatively impacted local trade, economic productivity, and growth. Although their global impact has dampened in the second half of 2024, the continued conflict and disruption may have implications on investment decisions as banks seek to manage risk levels across various business segments and geographies. The succession of political elections in 2024, most notably the EU parliamentary elections, French legislative election, UK general election, and US presidential election, have altered, or have the potential to alter, the political and economic landscapes in their respective regions and countries. These elections and newly elected governments, especially if results are uncertain, can rattle markets and undermine investor confidence.

Figure 1: Near-term Inflation Expectations³

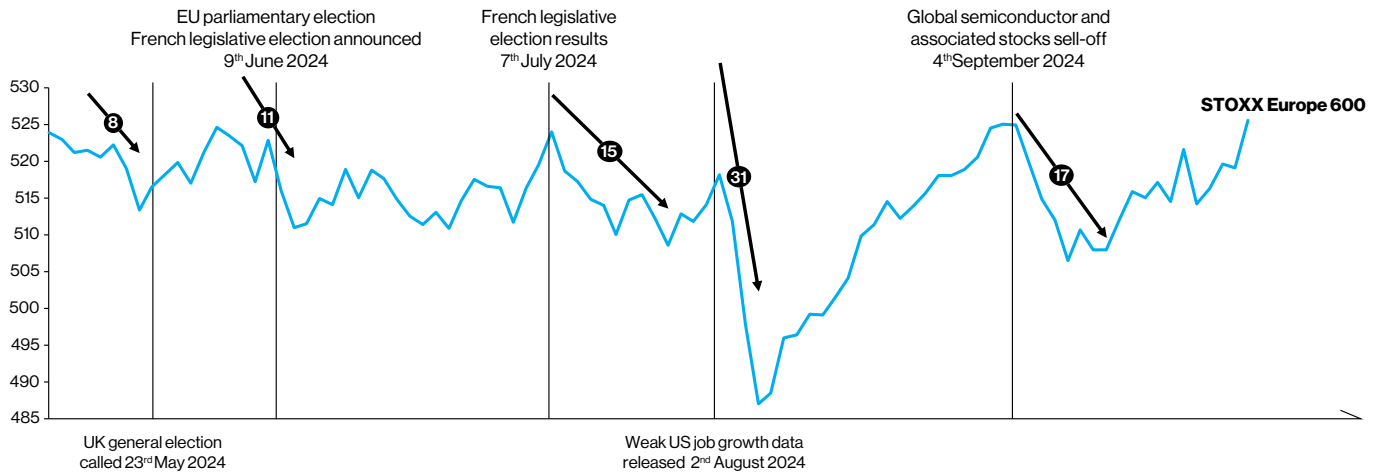


¹ This classification includes the US, a subset of the Eurozone (Germany, France, Italy, and Spain), Japan, UK, Canada, and others

² International Monetary Fund (2024). World Economic Outlook, April 2024

³ ibid

Figure 2: Price History of the STOXX Europe 600 in 2024⁴

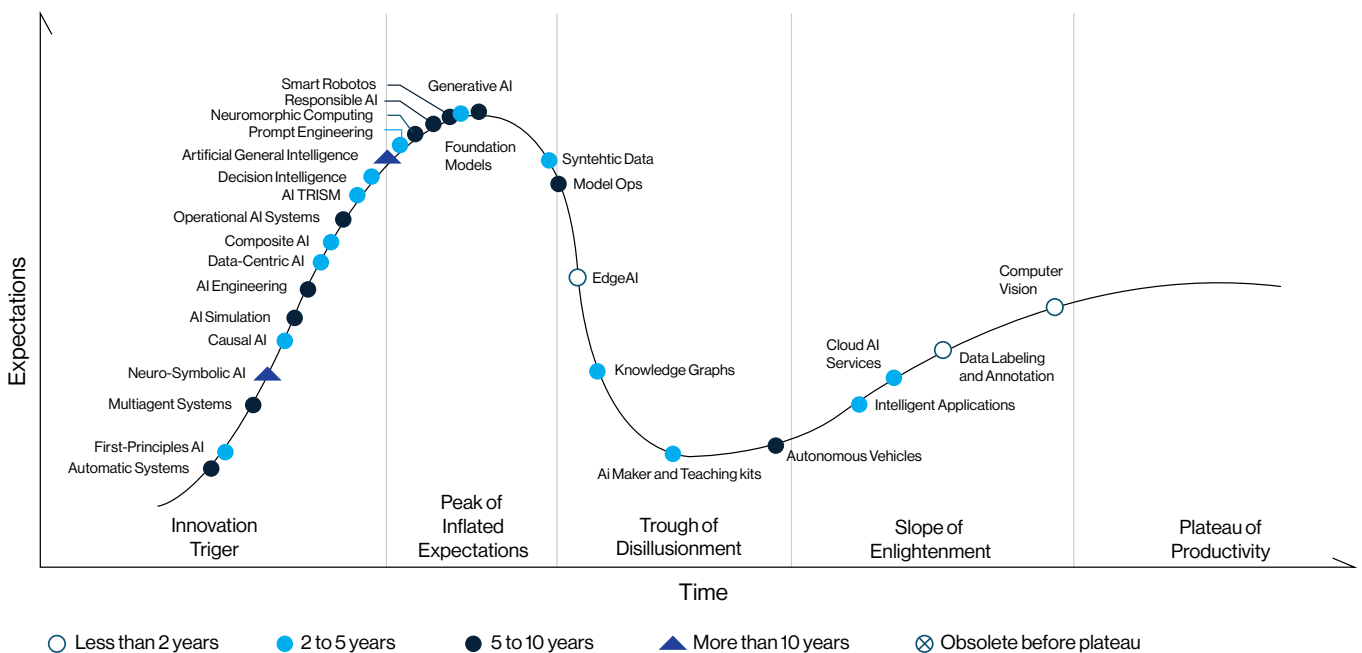


Artificial intelligence, perhaps one of the definitive technological innovations of the decade, and the wide host of generative AI platforms such as Copilot, ChatGPT, and Bard, have revolutionised labour productivity both in and out of the workplace. Nevertheless, the expectations for this technology to generate tangible performance improvements are immense and highly inflated. Generative AI is following in the footsteps of other technological innovations that have seen expectations for productivity gains rise and fall over time (see below). With both the scale and nature of such an impact yet to be completely evaluated, it is still premature to label generative AI a complete game-changer. Despite its novel ability to elevate labour productivity by generating and summarising different types of content, generative AI has been marred by accusations of its capacity for disinformation and misinformation.

Climate change has had a tangible impact on global economic performance over the last year, which will only gain significance with time. The increased frequency of natural disasters and rising global temperatures have immense environmental repercussions that have ripple effects throughout the global economy. Lower agricultural productivity and declining trade volumes⁴ over the last year have highlighted the near-term nature of the risk that climate change poses. The damages and risks induced by climate change will be a significant factor for global economic growth in the year(s) to come.

⁴Bloomberg (2024)

Figure 3: Artificial Intelligence Hype Cycle 2023⁵



US, UK, and EU economic performance within the same time period

The latest data from the UK and EU suggests that the economic recovery in the region has not matched that of the US' recent economic resurgence. The economies of the UK and the Eurozone managed to recover from a technical recession in the first quarter of 2024, growing by 0.6% and 0.3% respectively, after two consecutive contractionary periods. On the other hand, the US economy continued to experience robust growth during the same period at an annualised growth rate of 3.2%⁵. Nevertheless, the US, UK, and EU are all predicting a rebound in economic growth towards the latter half of 2024, but observers remain cautiously optimistic as the weight of restrictive monetary policy continues to disseminate across the global economy^{6,7,8}.

Figure 4: Real GDP growth by region from 2010¹¹

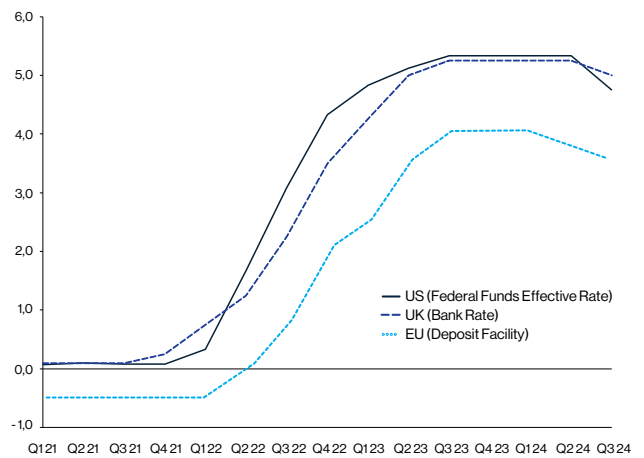


Improved macroeconomic condition and other banking-related developments' impact on CIB performance

The improving economic conditions in the US, UK, and EU and their positive impact on the CIBs in our sample have also been heavily influenced by overarching developments in the banking sector.

The current monetary policy tightening cycle continues to have significant implications on CIB performance and profitability. With money tightening beginning for the US, UK, and the EU in December 2021 to counteract heightened inflationary pressures, CIBs have been able to maintain a relatively positive performance against a weak economic backdrop. CIBs have predominantly capitalised on higher DCM fees to recuperate losses incurred in declining M&A activity⁹ due to higher interest rates

Figure 5: Central bank interest rates from Q1'21¹³



⁵Gartner (2023)

⁶The Economist (2024). The dwindling of the Panama Canal boosts rival trade routes

⁷Bureau of Economic Analysis (2024). National Income and Product Accounts

⁸European Commission (2023). Spring 2024 Economic Forecast: A gradual expansion amid high geopolitical risks

⁹Hellem, L. (2024). The UK Economy is picking up steam, but more needs to be done to achieve sustainable growth

¹⁰Jefferson, P. (2024). U.S. Economic Outlook and Housing Price Dynamics

¹¹IMF (2023)

¹²Tricumen (2024). CIB Results Review 2Q24

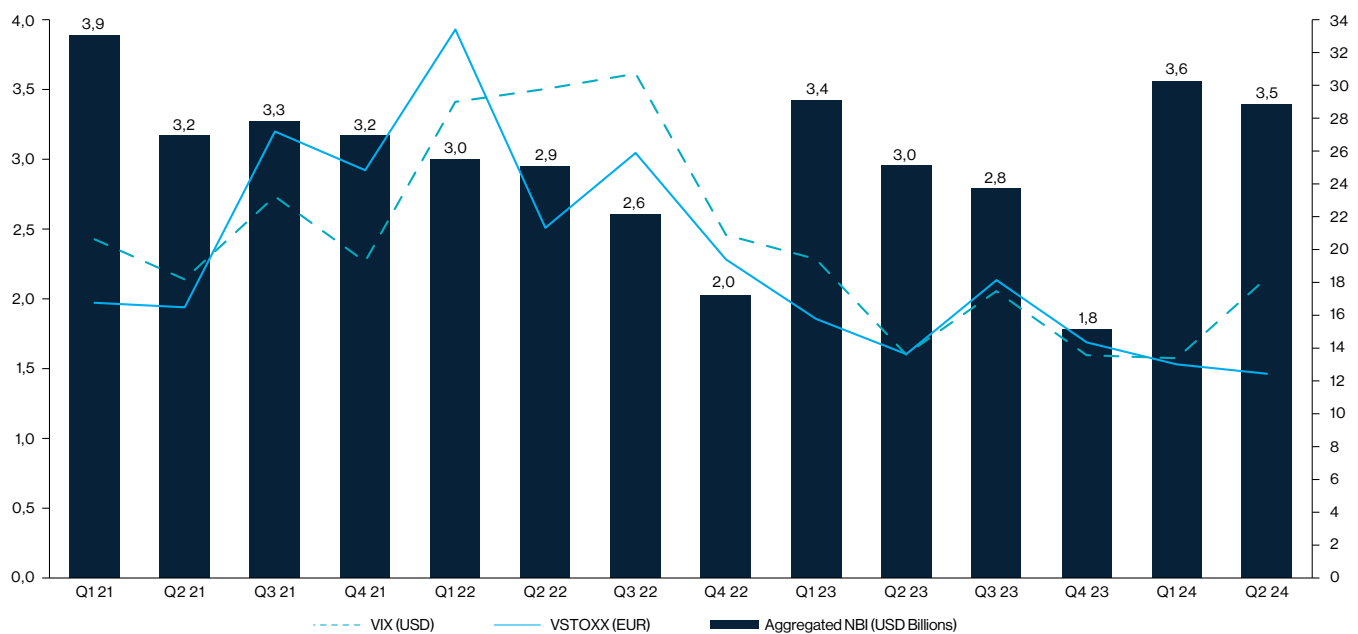
¹³pective central banks (2024)

Inflation in the US still remains high going into the second half of 2024, above the two percent inflation target set by the Fed. Headline inflation in Europe (including the UK) driven by food and energy prices instigated by the war in Ukraine have gradually begun to subside. Across the Atlantic, the US has been predominantly experiencing demand-pull inflation, exacerbated by positive GDP growth and excess demand for housing and commodities¹⁴.

As near-term inflation expectations decline, market observers have been expecting interest rates to be lowered since the start of this year. However, in the US the number of reductions priced in by financial markets has been declining. Stronger-than-expected inflation data has dampened rate cut predictions for this year, falling from six forecasted in early March to two¹⁵. ECB was the first to cut rates in June this year, from 4% to 3.75%, with the BoE following shortly after in July, reducing the bank rate by 25 bps. In September, after inflation in the eurozone fell to 2.2% in August, on track to meet the ECB's target of 2%, the ECB responded to the data with a 25bps rate cut, lowering interest rates to 3.5%.

High interest rates tend to have a positive effect on net interest margins (NIM) and loan yields but simultaneously compress credit demand as borrowing becomes more expensive. Market volatility, which is strongly linked with overall economic performance and trajectories, is also correlated with CIB performance. Several stock market indices such as the VIX or VSTOXX attempt to measure how the global market perceives volatility and provides an additional indication of how CIBs may perform in the coming months. High levels of market volatility can improve top-line growth for CIBs, particularly through channels such as deals and trading activity, where CIBs can capitalise on price fluctuations rising client advisory demand to boost trading revenues and advisory fees

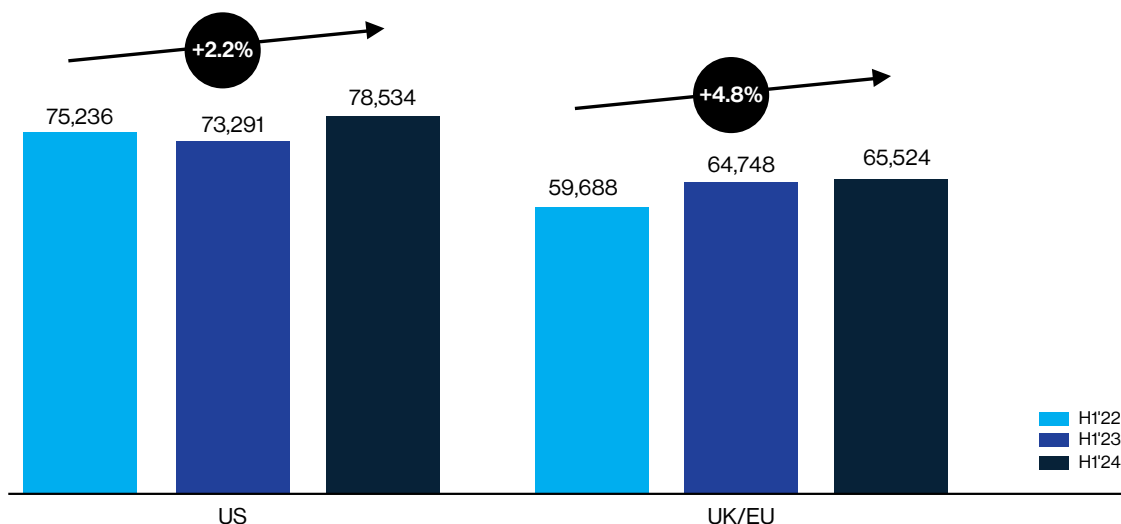
Figure 6: VSTOXX and aggregated CIB NBI between Q1'21 and Q2'24¹⁶



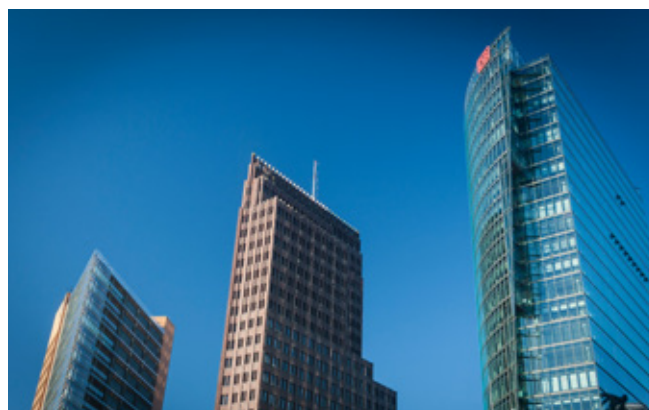
In the UK and EU, there is strong CIB growth potential as several banks enter the final stages of restructuring programs that were initiated and carried out over the last decade¹⁷. Both Barclays¹⁸ and Deutsche Bank¹⁹ have split up their corporate and investment banking divisions. UBS completed the acquisition and integration of Credit Suisse earlier this year²⁰. The potential cost savings and synergies from this intensive reorganisation aim to streamline operations and shore up profitability. Over the last few years, UK and EU CIBs have become leaner, more focused, and higher returning than they have ever been since the global financial crisis, placing them in much better position to compete with US-based banks.

¹⁴Sullivan, A. (2024). Beating Inflation: How do Europe and the US Compare?
¹⁵Reuters (2024). When will Fed cut interest rates in 2024? Here's what 100 economists say in Reuters poll
¹⁶Bloomberg, Eurogroup Consulting (2024)
¹⁷Klimes, M. (2024). How UK and European investment banks are catching the US
¹⁸Barclays (2024). Simpler, better, more balanced
¹⁹Deutsche Bank (2024). Deutsche Bank announces radical transformation
²⁰UBS (2024). UBS completes merger of UBS AG and Credit Suisse AG
²¹Eurogroup Consulting (2024)

Figure 7: US and UK/EU H1 revenues between 2022 and 2024 (USD Millions)²¹



A banking regulatory overhaul has been long expected by CIBs since Basel III was first published in 2010, with the final components of Basel III reforms still being finalised late into 2024. However, the variation in the specificities of the regulation stands to narrow the disparities between US and UK/EU CIBs. The plan put forward by US financial regulators has been met with outsized opposition from the US banking sector. The US proposal is arguably more punitive and would increase common equity Tier 1 capital by 16%, in comparison to the EU’s proposal of a 10% increase, positioning US banks at a competitive disadvantage²². UK/EU CIBs stand to face relatively lower capital charges that will drive higher returns and market share that would help bridge the size gap with their US counterparts.



Capital markets activity over the first half of the year

Capital markets activity has picked up over the first half of 2024, with expectations for the market to expand in line with the gradual loosening of the tight monetary cycle that has dominated the last three years. Banking performance this year remains positive, partially due to a strong Q2 performance by CIBs. In DCM, tighter spreads and strong CLO issuance has surpassed the previous year’s total leveraged volumes but continue to remain at risk due to the lingering weakness of global M&A markets. In ECM, European CIBs outperformed their US counterparts with a 15pp greater increase YoY in H1’24 while M&A and advisory fees grew marginally, largely driven by select mega-deals in the US. FX revenues continue trending towards multi-year lows,

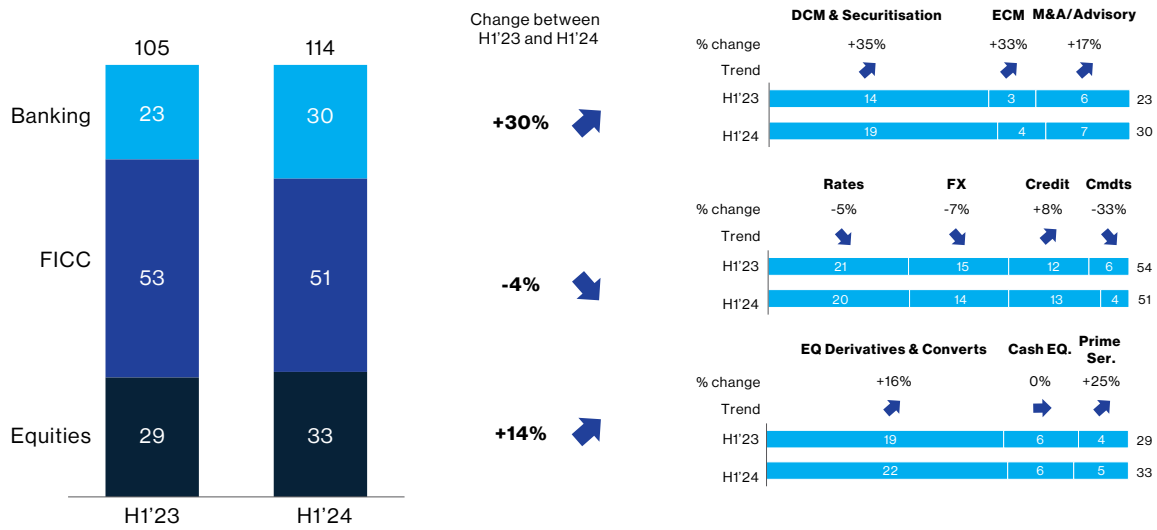
with a notable spike in June due to elections in continental Europe. Credit revenues were driven by a surge in volume in US electronic high grade, with European credit revenues following a similar but dampened trend. In commodities markets, revenues declined QoQ, but outlook remains positive as volatility in energy markets picked up in July and may persist into September, which is seasonally more volatile. Equity derivatives revenues benefited from strong client flows in Europe, aided by political event that culminated the first half of the year.

Nevertheless, commercial banking and treasury services continued to experience strong fee incomes, especially at banks that are able to extract collaboration revenue with capital markets to offset the declining net interest incomes. Transaction banking revenues are also on the rise as Europe begins to experience rising payment volumes, outperforming their US peers in revenue and profit growth²³.

²²Bloomberg (2024). Federal Reserve Floats Weaker Version of Planned Bank-Capital Overhaul

²³Tricumen (2024). CIB Results Review 2Q24

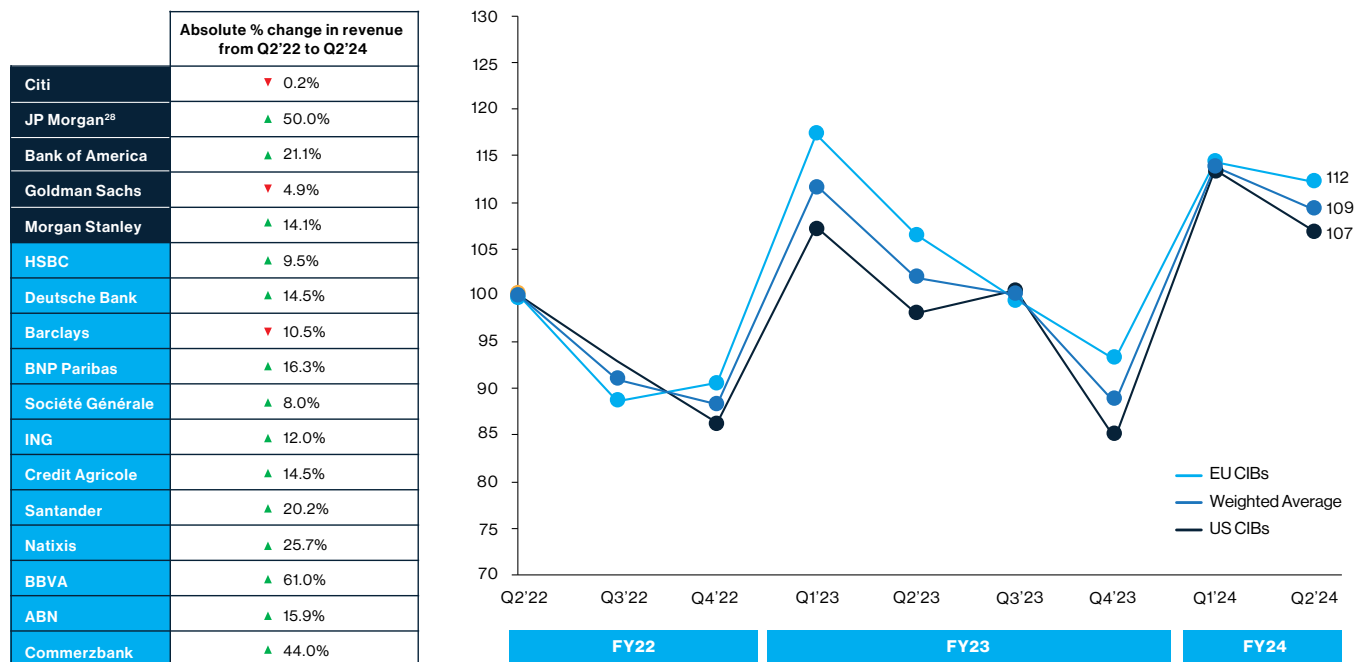
Figure 8: Capital markets activity and revenue by segment (USD bn)²⁴



CIB financial performance in 2024

In the current economic context of impending rate cuts and an increasingly positive economic forecast, the CIBs in our panel performed positively, mostly outperforming YoY over the past two years²⁵. CIB H1'24 YoY revenue growth has remained positive, growing by 4.4%, overtaking last year's revenue growth rate, which stood at 2.3%²⁶. When segregating by geography, US CIBs were able to leverage on gains made in ECM to record a 7.2% increase in revenues during the same time period, while European CIBs made marginal gains at 1.2%. Medium-sized CIBs in Europe continue to experience relatively substantial top-line growth, with BBVA and Commerzbank recording a 61% and 44% increase in revenues. The cost-to-income (C/I) ratio saw an improvement as CIBs were able to control costs over the past year, with a 3.3% decrease YoY. However, these improvements were driven by EU CIBs, which recorded an average C/I ratios 5pp lower than the panel average, while US CIBs reported a 4.2pp higher C/I ratio.

Figure 9: Evolution of revenue for CIBs by geography (analysis base 100)²⁷



²⁴Tricumen, Eurogroup Consulting (2024)

²⁵The Tricumen bank panel is based on different banks than the one used in previous analyses

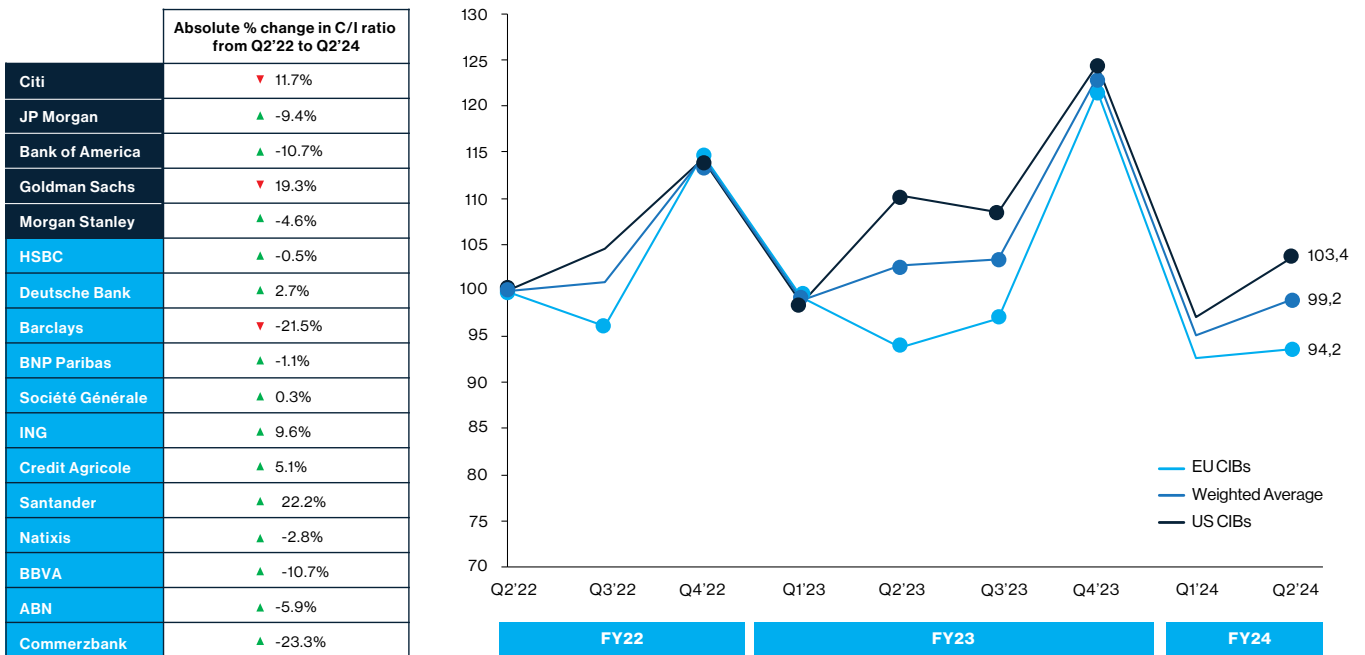
²⁶Eurogroup Consulting (2024)

²⁷Figures have been restated from last year's publication due to updated methodologies

²⁸Eurogroup Consulting (2024)

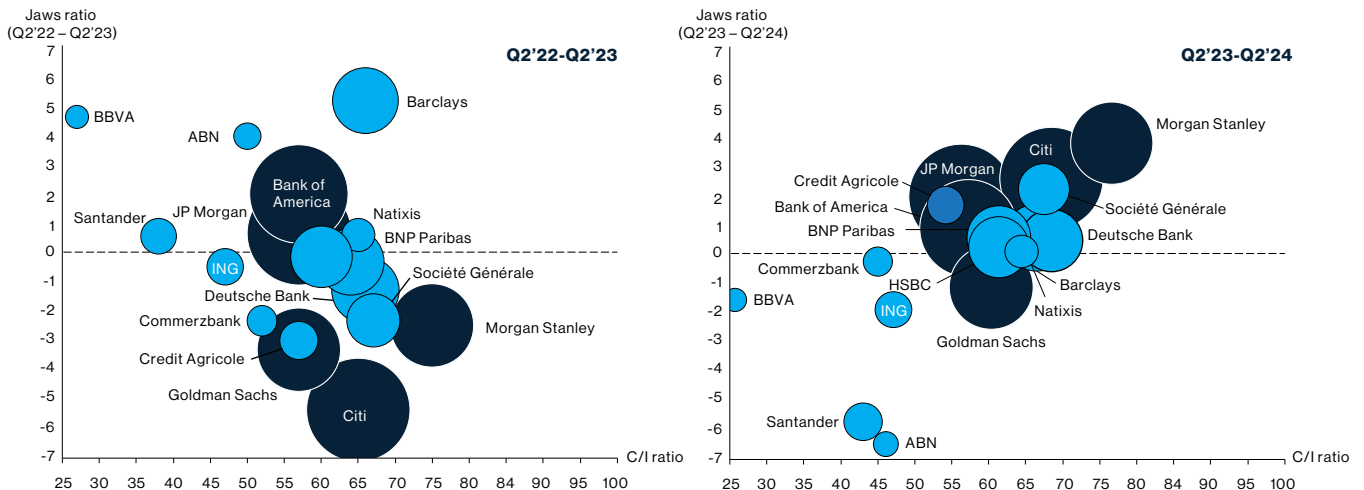
²⁹JP Morgan restructured the reporting of their CIB segment in Q2'24, which may positively skew their numbers. They have been omitted from the averages to maintain consistency

Figure 10: Evolution of Cost-to-Income ratio for CIBs by geography (analysis base 100)²⁹



These gains translated into positive changes to the Jaws ratio for both US and European CIBs as asset profitability increased by 28bps YoY. Most CIBs recorded an improved Jaws ratio, while several medium sized CIBs such as Santander and ABN, saw a deterioration. Nevertheless, the US CIBs in the panel all saw a vast improvement in their Jaws ratio while maintaining a fairly consistent C/I ratio³⁰.

Figure 11: CIB Jaws analysis³¹



²⁹ibid

³⁰US improvements are largely driven by JP Morgan's restructured reporting

³¹ibid

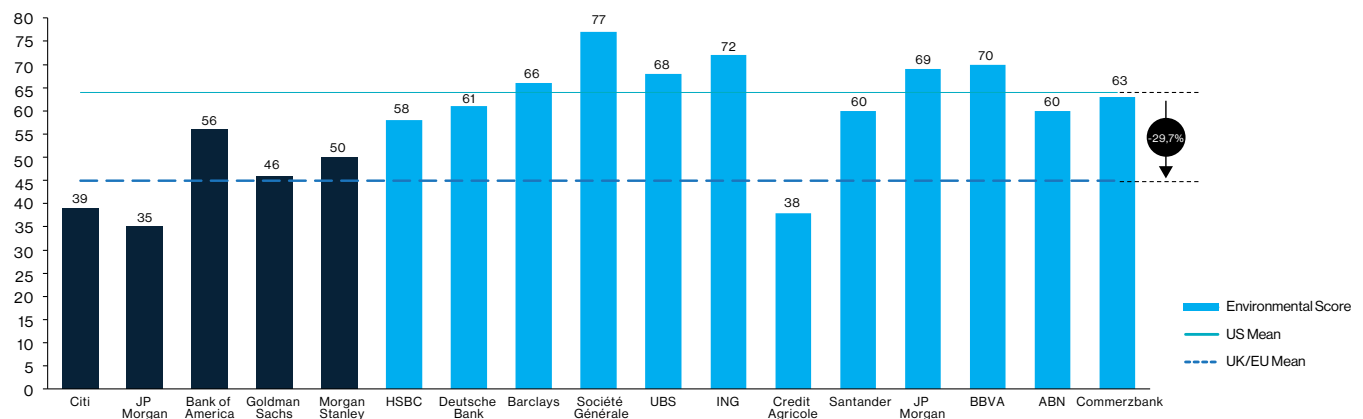
Moving past financial metrics to evaluate CIB performance

In last year's edition of the CIB Outlook, we discussed how CIBs can adopt outcome-based criteria to implement ESG objectives into their strategy and operations. The transition towards ESG recognition and adoption was spurred on from as early as 2004, gaining prominence through a UN-sponsored paper that popularised the term and its core principles for the financial sector³². Since then, it is evident that all banks have adopted these principles to bolster reputations and adhere to market regulations, particularly in Europe. The European Banking Agency (EBA) made headlines late last year when it was the first financial regulatory agency to recommend that banks be mandated to include environmental and social risks in their capital reserves³³. In doing so, banks are incentivised to mitigate the risks and uncertainties on the valuation and pricing of their assets by adopting a "greener" portfolio that is more aligned to sustainability targets set by the EU. Apart from market regulations, bank reputation is a key facet of attracting talent in the increasingly competitive market for skilled, qualified bankers.

Younger employees entering the workforce have stressed the significance of ESG factors as a determining factor for employment (see Chapter 3), hence the reputational gains and awareness garnered by aligning with ESG goals can contribute to improved talent attraction and long-term growth and stability for the bank. A greater concern for a bank's ESG score has also been found to be negatively correlated with capital allocations dedicated to operational risk³⁴. ESG-prioritised banks continuously reevaluate business models to maintain ESG ratings as large operational losses can result in similarly large reputational losses, especially if they are climate, environmental, or socially induced. Hence, business models and operations are fortified against climate-related risks.

ESG scores continue to be a contentious discussion point for sustainability in banking, however, current ratings demonstrate that most banks, particularly European ones, are prioritising ESG goals.

Figure 12: CIB environmental scores taken from S&P 500 ESG ratings (2023)³⁵



UK and EU banks outperform US banks in this regard, as environmental scores are, on average, 29% higher for the UK and EU banks in our sample. This disparity can largely be attributed to the more stringent ESG regulation in the EU, which has directed banks to adopt more sustainable banking practices. Nevertheless, the growing significance of sustainability within the ESG framework is a welcome addition to evaluating a bank's performance, as ESG ratings have become indicative of bank reputation and long-term credit risk and uncertainties

A positive outlook for CIBs ahead

In conclusion, with an improving and stabilising macroeconomic environment, European CIBs have been able to continue delivering positive financial and non-financial performance. Overall, top-line revenue growth has so far outpaced last year's figures. European CIBs have been able to benefit from tighter cost controls to generate improvements to their C/I ratios, contrary to US CIBs that have seen a deterioration in the same period. As central banks across the EU, UK, and the US look to continue cutting rates before the end of the year amidst positive employment and inflation outlooks, CIBs can look forward optimistically to heightened capital markets activity. In preparation for the next cycle, CIBs should drive initiatives to capitalise on increased investment banking activity (particularly in M&A and DCM) and continue further investment in middle and back-office functions to precipitate cost-savings and bottom-line growth. Nevertheless, it continues to be vital for CIBs to internalise non-financial-based metrics to assess performance, as they may be indicative of how well-positioned a CIB is for the long-term.

³²UNEPFI (2024). Who Cares Wins: Connecting Financial Markets to a Changing World

³³EBA (2023). The EBA recommends enhancements to the Pillar 1 framework to capture environmental and social risks

³⁴Galletta et al. (2023). Bank reputation and operational risk: The impact of ESG. Finance Research Letters, 51

³⁵S&P Global Ratings (2024)

Chapter 2

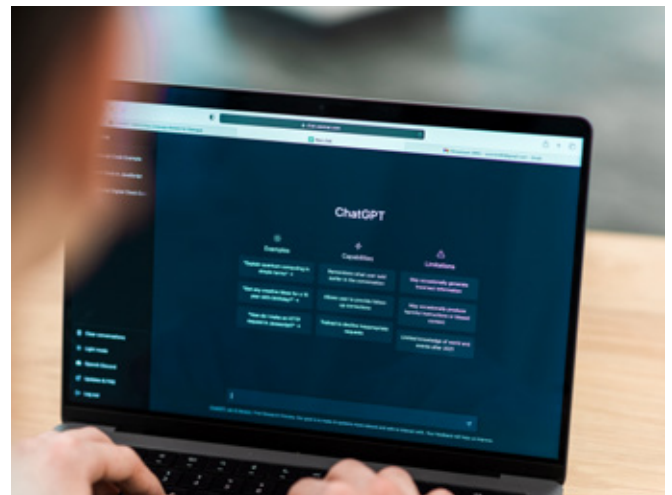
Gen AI

The new AI-driven context

The unveiling of OpenAI’s ChatGPT at the end of 2022 took the world by storm with immense excitement over the vast potential of the technology. ChatGPT is an example of a Generative Artificial Intelligence (AI) model, which combines machine and deep learning to generate high-quality text, images, and other content in response to an inputted prompt.

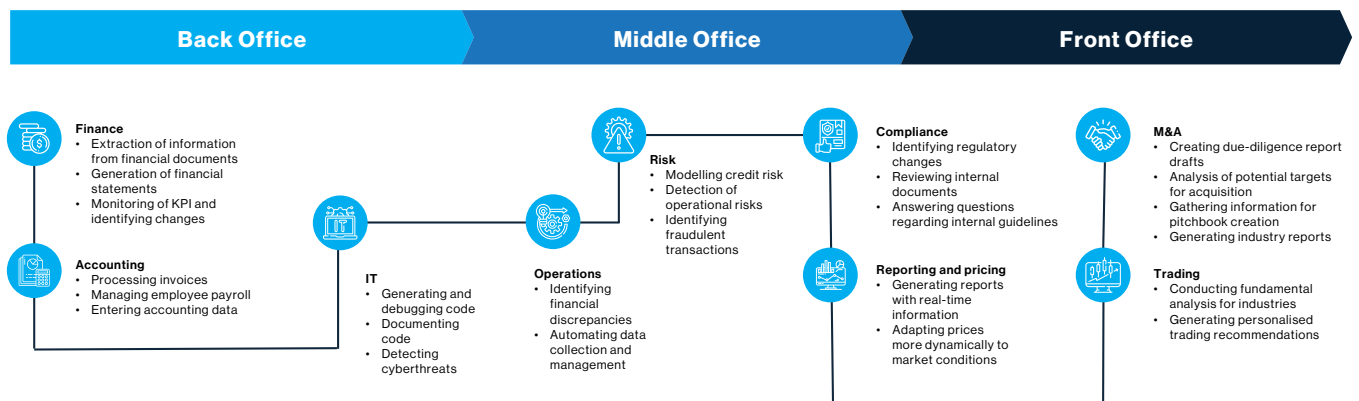
This chapter assesses the potential impact that Generative AI will have in the financial sector and in particular, CIBs. We analyse how CIBs can leverage Generative AI not only in middle and back-office functions but also in potential applications for front-office, client-facing tasks. This report also evaluates possible pain points of the adoption of Generative AI and risk mitigation strategies to ensure its effective deployment.

Generative AI is expected to bring significant benefits to the banking sector, with estimates suggesting that the technology could add \$200-\$340bn in value annually to banking³⁶. This is mainly attributed to a substantial increase in productivity, with our projections indicating that Generative AI could boost CIB productivity by 35% to 60% and reduce costs by 20% to 50%, dependent on the nature and function of the office³⁷.



These gains are unsurprising, with a multitude of operations and processes that require “human-APIs” to make up for shortfalls in legacy technologies. These labour-intensive tasks may consist of manually extracting, inputting, or verifying data between two systems that may not be intelligently connected. Hence, the transition “from human-APIs” to “human-driven AI” can help automate previously rote tasks and create more employee capacity for value-added work.

Figure 1: CIB value chain with generative AI use-cases (For illustrative purposes)³⁸



³⁶Kamalnath et al. (2023). Capturing the full value of generative AI in banking

³⁷Eurogroup & La Javaness (2024)

³⁸Eurogroup Consulting (2024)

In back and middle-office, Generative AI can aid CIBs in regulatory compliance by analysing new documentation released by regulators to provide key insights about significant changes and recommend a course of action for compliance officers³⁹. In addition, the technology can be utilised to answer questions and provide regulatory advice and company guidelines that need to be followed as well as review internal documents to ensure they abide by existing regulations. Moreover, one of the most valuable applications of Generative AI is in risk management. In credit risk, Generative AI can boost the efficacy and accuracy of credit risk modelling by leveraging on a vast range of data from non-traditional sources such as the online activity of borrowers. Traditional credit risk assessments focus on structured financial data such as credit scores and income statements, however the propensity of Generative AI to analyse a wider range of data allows a more comprehensive and holistic view of an individual or institution's credit risk⁴⁰.

The technology also streamlines the credit risk assessment process, providing real-time risk assessments. Operationally, Generative AI models can improve operational risk detection by analysing large volumes of unstructured data to identify abnormal patterns, increasing the likelihood of detecting risk and fraudulent activity that may be overlooked by conventional methods. This allows real-time risk monitoring and enables the deployment of pre-emptive risk mitigation strategies⁴¹. The cost savings from using AI to prevent fraud are sizeable, JPMorgan has reported that the use of AI to improve fraud detection saves the bank \$150 million annually⁴².

Another primary application of Generative AI is the automation of document creation, writing technical documents such as financial, ESG and audit reports. Models can automatically extract data from documents within the information system such as invoices, contracts and identity documents. Generative AI models are also very effective in automating data management processes such as financial data entry and processing documents such as invoices⁴³. The automation of various tasks not only boosts productivity by dramatically reducing the time taken for completion allows resources to be allocated towards other tasks where human oversight is more critical.

In front-office, research suggests that Generative AI can be used by the top 14 global CIBs to boost front office productivity by 27% to 35%. It can be used to assist pitchbook creation by gathering, processing and summarising relevant information from



a large amount of unstructured internal and external data. In addition, Generative AI can be used to compile information for industry reports, helping to identify appealing sectors to pursue investment opportunities in. The technology can also be used when conducting due diligence for an acquisition by examining data from public sources such as press releases, financial reports and media coverage of the firm to generate reports which would then be reviewed by those involved in the M&A process⁴⁴. This can drastically reduce the time taken to conduct the process as Generative AI models can identify more information sources and extract relevant data more quickly than humans. The content generation abilities of Generative AI models are also useful, with models being able to generate a shortlist of potential public and private merger or acquisition targets based on chosen criteria and datasets⁴⁵ with pertinent descriptions of strategic, financial, and cultural fit⁴⁶. While only 16% of mergers or acquisitions currently involve the use of Generative AI⁴⁷, its potential in M&A is increasingly being recognised, with roughly two thirds of financial executives expecting Generative AI to revolutionise the M&A deal process and generate higher alpha on their transactions⁴⁸. On the trading floor, the technology can help to collate and analyse company and industry fundamentals to offer personalised recommendations for institutional and retail clients to act upon. This can rapidly reduce the time taken for traders to evaluate market conditions, increasing trade efficiency.

³⁹Giovine et al. (2023). Been There, Doing That: How Corporate and Investment Banks Are Tackling Gen AI

⁴⁰Yusof & Fatin. (2023). The Impact of Generative AI in Enhancing Credit Risk Modelling and Decision-Making in Banking Institutions. Emerging Trends in Machine Intelligence and Big Data 15, no.10

⁴¹ibid

⁴²Huber, N. (2020). AI 'Only Scratching the Surface' of Potential in Financial Services.

⁴³Byrne et al. (2023). EY Parthenon Retail and Commercial Banking GenAI Survey

⁴⁴Vogelsang, M. (2024) How AI Will Impact Due Diligence in M&A Transactions

⁴⁵Swanger, B. (2024) How Generative AI Will Change the Way M&A Deals Are Done

⁴⁶Ellencweig et al. (2024). Gen AI: Opportunities in M&A

⁴⁷Swanger, B. (2024) How Generative AI Will Change the Way M&A Deals Are Done

⁴⁸Neely et al. (2024). Reinventing M&A with generative AI

Gen AI applications in CIB

The largest CIBs have already begun investing in Generative AI to improve their ways of working. Several investment banks have already created their own Large Language Models (LLMs) for internal use. In 2023, Morgan Stanley launched a new internal AI tool, built using OpenAI's GPT-4 software, that provides financial advisors access to research reports and generates meeting notes and minutes⁴⁹. Goldman Sachs have deployed Generative AI tools to help in several back-office functions such as IT, where their engineers have automated the generation and testing of programming code. Additionally, JP Morgan unveiled a Generative AI tool to help with thematic investing. The tool generates a list of keywords associated with a particular theme and scans articles to identify companies related to the theme, allowing for a broader range of stocks to be identified⁵⁰.

European CIBs have also started to adopt Generative AI. BNP Paribas have developed a proprietary tool to automate the extraction of information, parse payment notices, and simplify accounting processes. ING has also introduced a generative AI-powered chatbot to handle customer inquiries, reducing the need for human effort while also increasing the number of customers assisted by 20%.

Burgeoning investments in Gen AI

Initial scepticism around the technology has rapidly declined and financial executives are beginning to realise the enormous range of potential applications. By 2030 banks are expected to have invested \$85.7 billion on Generative AI, more than 15 times more than what they are currently spending (\$5.6 billion)⁵¹. Banks are increasingly exploring the limitless capabilities of the technology with the number of AI research papers published by 50 of the world's largest banks having grown at a CAGR of 43% and the number of AI patents filed by banks also increasing by 21% between June 2022 to 2023⁵².

European CIBs are lagging behind their American counterparts when it comes to progress in AI, with North American banks making up 9 of the top 10 AI leaders out of the 50 banks. Comparing CIBs, JPM are currently the leaders in AI innovation, driving 45% of all AI research output from the 50 banks looked at, with the fifth highest number of investments in AI startups.

Citigroup currently the lead in the value of investments in AI-focused companies⁵³. Between European CIBs, ING are the leaders in AI progress with banks such as BNP Paribas, who recently participated in Mistral AI's Series A round, and HSBC, who tripled AI research output in 2023, also making gains.

Based on a sample of the FS sector, only 45% of the banks we have interacted with are fully ready to implement AI and Generative AI at a group-level. Banks are currently highly risk-averse to technology investment and need to manage their expectations for what AI can and can't do. AI has many different dimensions and programs must be tailor made to specific use-cases and applications. To scale up and build the infrastructure required, further investment in the technology is vital to realise the productivity and efficiency gains

Fabrice Neiman
La Javaness

⁴⁹Morgan Stanley (2024). Launch of AI @ Morgan Stanley Debrief

⁵⁰JPMorgan (2024). Quest IndexGPT: Harnessing generative AI for investable indices

⁵¹Juniper Research (2024). Global Generative AI in Banking Market: 2024-2030

⁵²Evident (2024). Evident AI Innovation Report: Mapping the race for AI innovation in banking

⁵³bid



Constraints of the technology

Although Generative AI can be used for a vast range of functions in investment banking, there are constraints. The main limitation, at this point in time, is the lack of autonomy in decision-making that can be reliably given to Generative AI models. Models also lack explainability behind outputs, failing to address the pertinent risk of the model echoing biases in its training data and inhibiting its effectiveness in crafting well thought-out and rational decisions. Several leaders in the finance sector have expressed low expectations for generative AI to perform in a decision-making capacity⁵⁴, seeing the technology as more fruitful for the automation of routine tasks which will enhance back and middle-office productivity and deliver cost savings.

Structurally, there are difficulties implementing Large Language Models (LLMs) in languages other than English. Currently, most LLMs are trained in English meaning functions such as voice recognition and interaction aren't as effective in other languages. Since these models have been trained in English, they understand the subtlety of the language more than others, raising issues when presented with prompts in other languages. Addressing these

challenges are paramount to maximising generative AI potential at firms where the working language is not English.

A general rule of thumb is that Generative AI may not be appropriate for a use case if the risks involved cannot be mitigated and if the reliability of output is not great enough given the importance of a task⁵⁵. The lack of robustness and reliability means that it is important to keep human oversight and 'a human in the loop' when deploying the technology. However, it should be noted that the effectiveness of Generative AI can be magnified by using it with other AI techniques.

While Generative AI is a promising prospect for CIBs, there are also hazards that must be addressed to optimise the use of the technology. If the output generated closely mirrors copyrighted or otherwise legally protected content, models could potentially violate intellectual property rights. Additionally, models can generate content that infringes various ethical and anti-discrimination laws if the training data used contains any social biases or stereotypes. Financial fraud is another legal issue that CIBs could face through sub-optimal Generative AI models. This is because models have the capacity to generate inaccurate financial statements or misleading market analyses. This could lead to issues such as regulatory violations and financial losses which could have implications for the firm's reputation⁵⁶.

The unreliability of models is another major risk. Generative AI models can produce outputs with high confidence even when the information is inaccurate, referred to as hallucinations. Since generated responses rely on the training data of the model, any flaws or inaccuracies in the data can be repeated in models with poor architecture⁵⁷. The issue of hallucinations is accentuated by the frequent lack of explainability behind outputs. Generative AI relies on neural networks with billions of parameters, making it complicated for the model to explain the logic and reasoning behind its answers. This therefore makes it difficult to authenticate responses and assess the accuracy. Prompt injection attacks are also another cyber hazard where malicious inputs can manipulate the models to provide responses that create harm through leaking sensitive data or spreading misinformation⁵⁸.

Gen AI regulation in the US and EU

With the increased implementation of generative AI, the risks that the technology brings have become more of a concern. This has and will continue to result in increased regulatory scrutiny. Instead of prohibiting certain use cases, current regulation focuses on controlling the specificities of the AI model.

⁵⁴ibid

⁵⁵McCartney, A. (2024). When Not to Use Generative AI

⁵⁶Krause, D. (2023). Mitigating Risks for Financial Firms Using Generative AI Tools. SSRN

⁵⁷ibid

⁵⁸Kosinski et al. (2024) What Is a Prompt Injection Attack?

In Europe, the EU Artificial Intelligence Act was introduced in 2023 to classify AI systems according to their risk and danger levels. It prohibits systems with an unacceptable level of risk that 'deploy subliminal, manipulative or deceptive techniques to distort behaviour and impair informed decision-making'⁵⁹. High-risk systems, which are deemed acceptable, have to comply with stringent requirements by establishing a risk management system, data governance, and drawing up technical documentation to demonstrate compliance. The act also requires that companies disclose when their content has been manipulated by AI as well as comply with existing copyright laws and disclose the content used to train the models⁶⁰.

In comparison, AI is much less regulated in the US. Currently, there are no comprehensive federal legislation or regulation that regulates AI development or specifically restricts the use of AI⁶¹. There are some examples of federal laws that affect AI but with limited application. For example, the National AI Initiative Act of 2020 created the National AI Initiative Office, which is responsible for overseeing and implementing US national AI strategy⁶². However, there are some frameworks that have been introduced to guide AI regulation such as the 'Blueprint for an AI Bill of Rights', released in 2022. The document provides a framework for how to ensure accountable AI and contains five principles needed for responsible implementation of the technology. An example of one of the principles is 'Algorithmic Discrimination Protection', ensuring that algorithms and systems are used and designed in an equitable way so that users are less likely to experience discrimination⁶³.

Ensuring successful Gen AI design and deployment

To ensure the seamless implementation of Generative AI, CIBs need to mitigate the aforementioned risks the technology accompanies. We have identified 4 main actions that financial institutions must take to minimise the hazards of Generative AI.

First and foremost, to manage the ethical and legal risks of Generative AI, CIBs will have to establish a strong and robust governance framework. This involves establishing clear procedures to ensure that the use cases and content generated by the model comply with industry specific regulations and ethical guidelines. It is important to clearly define the applications and objectives of the technology and communicate with regulatory bodies to ensure internal policies for Generative

AI use comply with existing regulations. This reduces the possibility of legal complications and potential costs which may ensue from this.

To mitigate AI hallucinations, CIBs must ensure the deployed model is trained using high-quality data. This is the primary factor determining a model's efficacy. Training data should be cleaned prior to usage to remove misleading and false information, ensuring it is accurate and up to date. Furthermore, ensuring training data doesn't contain copyrighted content prevents IP infringement and legal issues. Having high-quality model architecture is also crucial for reliability and can be achieved by partnering with reputable LLM providers. To optimise model architecture, it is important to identify the specific use-cases that Generative AI will be used for, as it allows the model to be tailored to these purposes. The model's output must then be frequently verified for dependability, and performance metrics can be designed to monitor this. Furthermore, a number of cybersecurity precautions must be taken. Banks should employ Generative AI tools only on closed networks to reduce the possibility of output leaks and ensure sensitive information is ring-fenced⁶⁴.

Moreover, it is important that the workforce is properly equipped to handle Generative AI. Existing employees in non-technical roles should be taught how to employ the technology to complete their daily tasks. This training should include knowledge on how generative AI tools work, the risks associated and guidelines to adhere alongside regulatory and ethical requirements when using the technology. Additionally, those using the models to generate insights which influence important decisions should be able to critically evaluate outputs and recognise potential biases or errors that could emerge despite precautionary measures⁶⁵.

There are also some important things to consider when implementing Generative AI to maximise its effectiveness. Enormous LLMs from industry leaders such as OpenAI or Google are not always necessary. Instead, smaller fine-tuned models can be used if it is only being deployed for a specific function. The attitude towards Generative AI must also change. More broadly, companies that possess generative AI capabilities are waiting for it to be somewhat of a 'magic tool' where it can be easily and CB model architecture and train the various programs and algorithms in the model by connecting them with the input data and information system. To mitigate security and data-leakage risks, the roles of cybersecurity professionals and data privacy experts will become increasingly essential. Therefore, the implementation of Generative AI will also have an impact on the new generation of talent and workforce in CIBs and beyond, which we assess more closely in the next chapter.

⁵⁹European Union (2024). High-Level Summary of the AI Act

⁶⁰ibid

⁶¹White & Case (2024). AI Watch: Global Regulatory Tracker - United States

⁶²ibid

⁶³Firth-Butterfield et al. (2022). Understanding the US 'AI Bill of Rights' - and how it can help keep AI Accountable

⁶⁴Krause, D. (2023). Mitigating Risks for Financial Firms Using Generative AI Tools. SSRN.

⁶⁵ibid



Chapter 3

Talent Acquisition

Changing profile of the CIB workforce



Talent acquisition at CIBs has been greatly impacted by digital transformation and the implementation of new technologies such as generative AI. As discussed in the previous chapter, the race to adopt generative AI has resulted in banks seeking out new skill profiles, with significant investment in personnel equipped with technological expertise. At 50 of the world's biggest banks, hiring for AI talent has grown nearly 9% over the last six months⁶⁶ – double the rate of growth in the overall headcount of the 50 banks in the same period. JPMorgan has emerged as the industry leader in this capacity, with nearly six times more AI staff than the average bank. Across European Banks, Deutsche Bank, Santander, ING and Lloyds Banking Group are leading acquisitions in AI talent, with Deutsche Bank growing its global AI talent capability by 27%⁶⁷.

Greater technological dependence has also increased the necessity for banks to bolster their cyber security and data privacy expertise. The average cost of a data breach in the financial services sector in the UK was £5.3m in 2023⁶⁸, the highest across all industries. Additionally, the BoE's Systemic Risk Survey found that

70% of financial sector executives deemed cyberattacks to be one of the greatest risks facing the financial sector⁶⁹. In the AI realm, cyber security professionals will be responsible for detecting and mitigating security threats such as prompt injection and data poisoning and the malicious use of Generative AI models⁷⁰.

Inevitably, there will also be roles in CIBs that will become obsolete. The increasing automation within the sector will reduce the need for various back-office functions and data management roles, with a Citigroup predicting that 54% of banking roles are at risk due to AI⁷¹. This will also heavily impact the criticality of certain skills for those in non-technology focused roles. We forecast a reduction in the importance of cognitive skills in favour of technological and social skills. AI and automation will significantly change workstyles, career paths, and therefore the skills expected of future talent. The increase in automation delivered by AI will reduce the necessity of basic skills such as data entry and processing. Instead, social and emotional capabilities such as interpersonal skills and empathy will become more critical.

⁶⁶Fabbro, R. (2024) "The World's Biggest Banks Are Hiring AI Talent Twice Over."

⁶⁷Evident (2024). Evident AI Innovation Report: Mapping the race for AI innovation in banking

⁶⁸IBM (2024). Cost of a Data Breach Report 2024

⁶⁹Bank of England (2024). Systemic Risk Survey Results - 2024 H1

⁷⁰Venkataramakrishnan, S. (2024). Financial Services Counting on AI for a Productivity Boost

⁷¹Citi (2024). AI in Finance: Bot, Bank, and Beyond

Gen AI-driven recruitment and retention

Not only have advancements in technology changed the skill profiles that CIBs seek to recruit, it has also transformed the recruitment methods used. The recruitment process can be narrowed down to three key stages: outreach, screening, and testing. Outreach is to attract the best candidates to apply for open positions, screening identifies suitable candidates that are a good fit for the role and assessment, while testing proves the skills of selected candidates to further narrow the field and finalise employment decisions⁷².

Pandologic, Talenya, and HireScore are examples of software that use AI to scrape data from social media networks like LinkedIn to locate suitable candidates and match them to an open position. AI may also be used to generate and modify job descriptions and monitor how word changes affect the number of applications to determine if the job advertisement is optimally worded and structured for maximum outreach⁷³. AI tools have proven extremely effective in other sectors to drastically reduce the time taken to screen candidates. For example, Hilton Hotels & Resorts used an AI screening tool to reduce their time-to-hire from 42 days to 5 days⁷⁴. Similar efficiency gains can be achieved by CIBs, to reduce the time taken to fill vacant roles. Academic research suggests that the use of AI for screening does not lead to a reduction in the quality of candidate assessment despite large efficiency gains. The use of algorithms in hiring can outperform human decisions by at least 25%, with algorithmic systems identifying a greater percentage of above-average employees⁷⁵.

There are two main ways that banks have already leveraged AI to assess candidates after screening. The first is through gamification, with CIBs using online aptitude assessments to test skills such as verbal reasoning and critical thinking. Secondly, the evolution of AI has led to an increase in the use of video-recorded interviews, with up to 86% of employers using job interviews mediated by technology⁷⁶. One main provider of video interview software to banks is HireVue, which uses natural language processing and AI algorithms to analyse candidates' answers and body language, looking for competencies such as dependability and adaptability. This technology has been leveraged by leading banks such as Goldman Sachs and JPMorgan⁷⁷.

The use of AI for these three stages is extremely useful for CIBs to streamline their recruitment process, saving time and effort for HR professionals while also evidently not compromising on the quality of recruitment. However, to maximise the benefits of leveraging AI in recruitment, it is important to ensure applicants have a positive experience when interacting with the technology. Candidates who

were initially rejected are more likely to reapply in the future if they had a positive experience in the recruitment process. Additionally, the more positive the candidate's recruiting experience, the more likely they will accept an offer if successful⁷⁸.

CIBs also need to be cautious whilst using this technology for recruitment due to certain hazards which may emerge. Firstly, the lack of humanity and transparency can be fatal flaws which may reduce the applicants' trust in the process. Studies suggest that a video interview process using AI can increase applicants' trust if it displays tangibility, the ability of AI to be physically perceived, and transparency, the degree to which individuals can understand why and how they're assessed⁷⁹. Additionally, there is evidence that these technologies can contain bias, with research from The Haas School of Business reporting that 44% of AI systems are embedded with gender bias, with about 26% displaying both gender and race bias⁸⁰. If there are gender or race biases among current high performers which are used as benchmarks for hiring, the AI recruiting system can replicate these⁸¹.



While these AI-tools have streamlined and optimised the recruitment process, AI is not mature enough to make hiring decisions. With the biases contained within the training data, decision-making must still be vested in a qualified HR professional, who is able to qualify and assess a candidate's background, behaviour, and personality more accurately than any AI-tool is capable of at the moment.

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⁷²Black et al. (2020). AI-Enabled Recruiting: What Is It and How Should a Manager Use It? Business Horizons, 63, no.2

⁷³ibid

⁷⁴McLaren, S. (2018) How Hilton, Google, and More Have Dramatically Reduced Their Time to Hire

⁷⁵Kuncel et al. (2014). In Hiring, Algorithms Beat Instinct. Harvard Business Review. May 2014

⁷⁶Jaser et al. (2022). Where Automated Job Interviews Fall Short

⁷⁷Butcher, S. (2021). The New Screening Interviews Used by Investment Banks

⁷⁸Black et al. (2020). AI-Enabled Recruiting: What Is It and How Should a Manager Use It? Business Horizons, 63, no.2

⁷⁹Suen & Hung. (2023). Building Trust in Automatic Video Interviews Using Various AI Interfaces: Tangibility, Immediacy, and Transparency. Computers in Human Behavior, 143, no. 107713

⁸⁰Smith & Rustagi. (2021). "When Good Algorithms Go Sexist: Why and How to Advance AI Gender Equity." Stanford Innovation Social Review

⁸¹Black et al. (2021). AI-Enabled Recruiting: What Is It and How Should a Manager Use It?

High attrition rates are one of the major issues that many financial institutions are facing. Data from the US banking sector has shown that turnover has increased by 3pp. for some levels. However, technology such as AI and machine learning (ML) can be leveraged by HR to reduce staff turnover and boost retention. Large data models can be used to generate insights for each division within a CIB, identifying positions with abnormal turnover. After identifying the critical roles which need addressing, relevant personnel data can be utilised to evaluate the driving factors behind excessive turnover. Additionally, HR platforms utilising AI and ML can predict short-term talent needs, allowing organisations to prepare in advance⁸². HR software can also provide turnover analytics which allows comparisons between competitors and the industry average to identify where the company stands in the sector⁸³.

The global competition for talent

Investment Banking has historically been one of the most prestigious and esteemed career paths, generating high levels of competition between exceptional individuals from top universities to secure a spot in the industry. However, the lure of investment banking has recently declined with fewer applications among university graduates to top investment banks. In 2022, graduate applications to HSBC's investment bank in Europe fell by 49% and in 2023, Morgan Stanley received 6,000 fewer applications to its European internship program⁸⁴. In France, the number of investment banking candidates has fallen by 6% during the past year while the number in sales and trading has decreased by an astounding 65%. Applications to European CIBs are not only in the decline in front-office operations but also middle and back-office. In the UK, there were 11% fewer applications for risk management roles despite the number of vacancies rising by 24%. Similarly, candidate numbers fell by 18% in Accounting and Finance while vacancies rose by 3%⁸⁵.

A large driving factor behind this is the negative publicity surrounding the working hours involved in the investment banking sector. More than 30% of junior investment bankers surveyed reported they were working more than 81 hours a week, with 14% saying they clocked more than 90 hours. Additionally, of the more than 100 juniors surveyed, 70% said that their employer had taken no action to improve work-life balance over the past year⁸⁶. Long hours in the financial sector have inevitably translated into a poor working experience, with 56% of financial services employees saying they would consider quitting over a lack of work-life balance⁸⁷.



Meanwhile, graduates have alternative options to investment banking that offer similar levels of compensation while also promising greater flexibility and work-life balance. Investment Banking faces competition for talent from the tech sector, with more professionals moving from finance to tech (8.9%) than the other way around (7.6%)⁸⁸. An employee survey carried out across investment banks, fintech firms, large tech firms, and consultancies found investment banking to be the least attractive profession overall across several criteria such as compensation, culture, and career progression⁸⁹. Strenuous working conditions and more attractive alternative career paths in other sectors have led to a deterioration in the attractiveness of investment banking as a career path.

The importance of talent in CIBs

Although the importance of talent across organisations and sectors may be seemingly obvious, the difference that exceptional workers can make to an organisation is striking. Top performers evidently provide a significant advantage compared to the average worker. A study of 600,000 researchers, entertainers, politicians, and athletes found that the top 1% were more than four times more productive than the sample average⁹⁰. Additionally, in highly complex occupations (such as front office roles in investment banks) high performers were found to be eight times more productive. In jobs with low levels of complexity, the top 1% were 12 times more productive than the bottom 1%⁹¹. Hence, better talent acquisition systems and processes can transform the efficiency of divisions across a CIB.

Focusing on front-office, there is evidence that suggest individual investment bankers create value for clients beyond the investment

⁸²Workday. (2023). "How AI and ML Will Help Banks Build the Next-Gen Workforce."

⁸³XCD HR. (2023). "How HR Software Reduces Turnover in Financial Services"

⁸⁴Clarke, P. (2023). "It's Just Not Worth It": Top Graduates Are Turning Away from Brutal Dealmaking Jobs.

⁸⁵eFinancial Careers. (2024). Hiring Trends Report Q2/2024

⁸⁶Clarke, P. (2024). "Junior bankers crumble under 90-hour weeks: 'When it's crunch time, nobody cares'"

⁸⁷Damyanova, V. (2022). "Flexibility Beats Pay as Investment Banks Embrace Hybrid Work to Secure Talent."

⁸⁸Banerjee, D. (2023) "In the war for talent, finance is gaining ground on tech"

⁸⁹Baumgartner et al. (2024). "Five Themes That Will Fundamentally Change Wholesale Banking."

⁹⁰O'Boyle & Aguinis (2012). "The Best and the Rest: Revisiting the Norm of Normality of Individual Performance." *Personnel Psychology*, 65, no. 1

⁹¹Keller & Meaney (2017). "Attracting and retaining the right talent"

bank itself. A study investigating the effect of investment banker human capital on M&A outcomes in China found that the acquirer's post-merger performance was superior when the investment banker working the deal had a higher level of education and experience. These findings were even starker for deals with higher levels of information asymmetry and acquirers with poor governance, showing the significant difference that exceptional talent can make⁹². Research shows that the skills and abilities of the specific bankers handling a deal are a key driver of the value that acquirers derive from dealing with a given investment bank. If an exceptional banker moves between banks, clients are likely to follow the banker, with a study finding a positive relationship between a banker's prior deal experience and the propensity for a prospective client to continue hiring the same banker regardless of which investment bank they are employed at⁹³.

Attracting a new generation of talent in CIBs

The challenge to recruit high-quality talent is clearly a pressing concern for CIBs given the crucial difference that top employees make to the success of the firm. We have identified three key steps that CIBs can take to overcome the obstacles faced by the industry.

First and foremost, new graduates have different expectations regarding the workplace. In 2023, 70% of new employees prioritised flexible working hours while 68% desired flexible work locations⁹⁴. Additionally, 77% of gen Z and 71% of millennials would consider looking for a new job if their employer asked them to go into the workplace full-time⁹⁵. With competing industries able to offer this, investment banks must follow suit to remain competitive as top graduate destinations. However, a key question that organisations must address when transitioning to a remote hybrid working model is the preservation of social links and operational efficiency. To tackle these challenges, a European CIB conducted a series of workshops and interviews with 120 managers across corporate banking, private banking, and asset management. Engaging with stakeholders enabled decision makers at the CIB to determine the right mix between on-site and remote working, identify activities eligible for remote working, and to construct a guiding framework concerning the use of the office workspace and operations while in hybrid mode⁹⁶.



⁹²Wan et al. (2021). "Does Investment Banker Human Capital Matter in Acquisitions? Evidence from China." *Journal of Corporate Finance*, 70

⁹³Chemmanur et al. (2018). "Is It the Investment Bank or the Investment Banker? A Study of the Role of Investment Banker Human Capital in Acquisitions." *Journal of Financial and Quantitative Analysis*, 54, no. 2

⁹⁴Geiser, M. (2023). "Win the Fight for Tech Talent in Financial Services."

⁹⁵Deloitte (2023). "Two-Thirds of UK Gen Zs and Millennials Opt for Remote and Hybrid Working"

⁹⁶Eurogroup Consulting (2022). "Corporate and Investment Banking Outlook 2022"



Moreover, Gen Z candidates also place a large emphasis on their company's social impact when choosing their workplace. 93% of Gen Z say that their decision to accept a job is affected by the company's overall impact on society⁹⁷ and 63% believe it is very important to work for an employer that shares their values⁹⁸. With increased scrutiny on sustainability and social impact, investment banks need to prioritise contributions to ESG to ensure they remain competitive in the hunt for exceptional talent.

Additionally, as the most diverse generation yet, the new wave of graduates strongly prioritises DE&I, seeking a working requirement that reflects their own backgrounds. Therefore, the promotion of diversity and inclusion can help banks attract top talent amidst heavy competition with other industries. Diversity is not only beneficial at junior levels, but at senior level with extensive studies to suggest that increased diversity in senior management can yield many benefits for banks. A study focusing on a sample of European Banks found that a one standard deviation increase in gender diversity in banks' boards reduces the probability of bailout by 2.44% and reduces the average amount of guarantees by €1.14 billion, by ensuring better monitoring of bank managers and lower agency costs⁹⁹. However, in addition to the more well-known concept of greenwashing, DEI initiatives within CIBs potentially run the risk of "culture washing", where external marketing and communications of a vibrant and attractive working culture misrepresent the actual working culture of a company. The dichotomy between perceived working culture and reality can be detrimental to the working experience for employees, especially for new starters who have a certain image of the company from public communications.



DEI has become essential in every industry, including the banking sector. Banks have strategic initiatives to portray a positive image of their ESG activities through public disclosures. In recent years, there has been a boost in diversity and inclusion in France across each echelon of the banking organisation, to address recruitment shortfalls in various banking offices. Some banks have launched academies with apprenticeship-schemes to reduce their reliance on the pipeline of traditional high school and university graduates and engender a more diverse workforce. Banks have also prioritised achieving gender parity within their executive committees, which can contribute to a more diverse workforce across the organisation.

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To conclude, the landscape of talent in the banking sector has changed immensely. New technologies are reshaping the way HR teams filter and select potential candidates, reducing inefficiencies and enhancing candidate selection. In parallel, the adoption of Gen AI has also enhanced the productivity of back and middle office employees. CIBs should do more to retain and attract new and current employees, with DEI initiatives, flexible working arrangements, and a positive working culture.

⁹⁷Samdahl, E. (2015). "New I4cp Research: 93% of Gen Z Says Societal Impact Affects Where They Work"

⁹⁸Bellens et al. (2023). "How banking on Gen Z talent will make or break the future of banking"

⁹⁹Cardillo et al. (2020). "Does Gender Diversity on Banks' Boards Matter? Evidence from Public Bailouts." Journal of Corporate Finance, 71, no. 101560

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