

Performance & Reward Management



Introduction

Technologies like artificial intelligence (AI), robotics and blockchain are increasingly impacting the way firms in the employee reward and incentives market operate. Early adopters are reaping the benefits of applying new technologies to business processes, especially time-consuming manual tasks that can now be successfully automated.

According to respondents of the research that Intertrust commissioned in September 2018, the employee reward and incentives market appears broadly positive and optimistic about how technologies will bring even greater value to their organisations and clients in the near future.

Disruptive technologies are enabling firms to automate employee communication channels and back office processes to deliver more effective services that not only reduce administration but also help with employee retention.

A key driver for the adoption of new technologies is a need to reduce the administrative burden

KEY FINDINGS



More than half (53%) of firms have already adopted fully electronic and online channels



41% of firms report that straight through processing will impact custody and trading



Almost half (44%) of firms have adopted single sign-on arrangements to support employee incentive plans



79% of firms believe that organisations will create senior C-Level technology directors with a mandate to drive strategic change

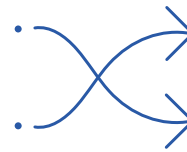
Evidencing employee engagement

Driven by the need for greater transparency and compliance with new corporate governance reforms, companies will need to demonstrate greater employee engagement, awareness and understanding of employee reward and incentives. HR departments have been quick to implement technology to automate employee communications and provide an audit trail. More than half (53%) of firms have already adopted fully electronic and online channels, with a further 41% continuing to use a mixture of online and offline channels.

81% of firms surveyed said that the key driver for employers in increasing plan participation and engagement through the adoption of new technologies is to reduce the administrative burden. This is followed by 38% who say the key driver is employee retention, while the same proportion say it's business transformation.

International companies are increasingly looking at ways to streamline and automate processes such as custody and trading of shares – whether it's a preferred broker arrangement or a panel of brokers. More than 41% of firms report that straight through processing will impact custody and trading and the same number believe it will impact settlement and payments.

Firms are streamlining and automating processes such as custody and trading of shares



Growth in technology platforms

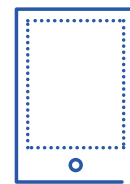
Demand for new technologies that can speed up back end processes has led to a proliferation of new platforms in the sector, such as those provided by transfer agents and software as a service (SaaS) delivered by new market entrants.

Almost half (44%) of firms have adopted single sign-on arrangements to support employee incentive plans so that employees can access consolidated portals to multiple providers including those that are onshore and offshore. 38% of firms have adopted mobile apps to support employee incentive plans and the same number have adopted total reward statements.

Two thirds (65%) of respondents predict that demand for Regtech solutions will increase significantly in the next two years, higher than any sector analysed for Intertrust's research into disruptive technologies, including capital markets (59%). As well as dealing with recent regulation such as the GDPR and MiFID II and EU directives such as AIFMD and UCITS, firms need to consider wider global issues and the risks of non-compliance with aspects such as securities laws, tax and data protection.

Respondents in the employee reward and incentives market are also much more likely than those in other sectors to view cybersecurity as the biggest risk relating to the adoption of new technologies: 80% agree this is the biggest risk compared to an average across all sectors of 50%. This is likely to be driven by the fact that employee benefits and reward systems share high volumes of data with third parties via portals and tech platforms that overlay each other. The risk that systems are hacked and suffer data breaches is a big concern, as is compliance with data protection laws that govern where employees' personal data is stored.

38% of firms have adopted mobile apps to support employee incentive plans



Cybersecurity skills in demand

Given the importance of cybersecurity, it's not surprising that firms are most exposed to skills shortages by cybersecurity (reported by 42% of respondents) along with Regtech (also 42%). It also explains why 79% of firms believe that organisations in their sector will create senior C-Level technology directors with a mandate to drive strategic change.

If you would like to discuss further, please get in touch with us

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