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Remarks
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Strategic Human Resource Management in the Age of Technology

XXII Annual Conference of Human Resource Managers of Central Banks in the Caribbean Region
September 26, 2019
Hilton Barbados Resort

Good morning.

On behalf of the management and staff of the Central Bank of Barbados, I welcome you to Barbados, and to the XXII Annual Conference of Human Resources Managers of Central Banks in the Caribbean Region, which is being held under the theme, "*HR 4.0: A Perfect Vision – 2020 and Beyond.*"

Your theme is forward looking, encapsulating the technological thrust that envelops the operations of the modern-day financial services industry. This is truly appropriate because we live in an era of technological disruption, what many are calling the 4th Industrial Revolution. Concepts that in our youth were unthought of, or at best relegated to the realm of science fiction, now not only exist, but are also commonplace. Terms such as artificial intelligence, Big Data, and blockchain are now a part of our vernacular.

We in the central banking community cannot ignore the emergence of these new technologies. Central banks in the region, including the Central Bank of Barbados, are adapting to the changed environment by examining our processes for the delivery of our services and assessing the adequacy of our resources to cope with the transformation that new technology can engender.

Those of you who are somewhat cynical will point out that we are no strangers to technological advances. We've had to deal with changes in technology for decades and we have adapted. I recall that when I first joined the Central Bank of Barbados, we used large charts that had to be updated manually by staff adding pieces of tape to update the monthly changes. It was a painstaking exercise, assigned to an officer blessed with patience and the skill of attention to detail. Now, I can sit at my desk and have Excel create a chart for me in a matter of seconds.

Developments such as this contribute to the digital transformation that we face across our economies. The pace at which technology is evolving is much faster than what we have seen before, but we cannot treat this digital transformation as if it is simply the latest buzzword.

If we limit ourselves to thinking of digital transformation as simply adopting the latest technology, to digitising or automating processes, we ignore a central tenet of the transformation, i.e. rethinking the way we do things. It entails changes at a fundamental, foundational level, which means that it requires organisations to evolve.

Three examples of how technology is transforming how we do business come to mind immediately. The first is payment systems. In recent years, we've seen the emergence of mobile wallets and crypto assets, offered in many cases by entities that fall outside the rubric of traditional prudential regulation. These developments can influence how the financial sector landscape evolves. We must determine if and how to regulate them, and we must develop the capacity to do so. In Barbados, we envisage that new payments system regulation will seek to address this gap in our regulatory framework.

The second is data. More than ever, both the public and private sector rely on accurate, timely, and specific data for analysis and forecasting, and they look to central banks to provide much of that data. We need to ensure we are able to offer the breadth and depth of statistics they require. In this regard, we recently relaunched our online statistics to make access easier for users.

The third is communication. When the Central Bank of Barbados was established 47 years ago, we undertook the task of educating and sensitizing the public on economic matters, using, inter alia, quarterly press conferences and physical documents for our Economic Review and Annual Reports. Now, our audiences are more fragmented than ever, and consume information in different ways. We have to retool our communications to meet their needs. Most of what we produce is now available online, our press conferences are streamed, and our information is disseminated on social media platforms.

HR's Role in Digital Transformation

All three examples demonstrate how technology is altering how we function as a central bank. But the transformation that we are witnessing is not about technology only. If it was, it would fall exclusively under the ambit of our IT departments. But at its core, this transformation is really about people. This is why HR is critical to its success.

You will have to guide your organisation and its employees through this dramatic change. This is always a difficult feat, but one compounded by the potential anxiety about the new technologies that will form part of this shift. For while in our private lives we readily embrace technology and the conveniences it facilitates – smartphones, Alexa, the myriad social media platforms, and if we travel, Uber and Airbnb – professionally, we are wary of it, perhaps feeling, as Karl Marx did that “machinery does not just act as a superior competitor to the worker, always on the point of making him superfluous.”

Such fears can lead to resistance or, in extreme cases, obstruction, to your efforts. Merely offering statistics that show that adopting new technology can lead to increased job creation and higher productivity will not be sufficient to prevent this.

HR managers and their teams need to counsel staff about the impending changes, offer a vision of what the transformed organisation will look like, and then shepherd them through the process. This means that you, too, must embrace the idea and all that it encompasses. Indeed, for you to be truly effective, you must also demonstrate your own ability to adapt your systems.

One aspect of this is reskilling. While greater utilisation of technology might not lead to a significant reduction in an organisation's staff complement, it will inevitably lead to a shift in where and how staff members are deployed.

An employee who previously performed a job that can now be made more efficient through automation, could find himself transferred within the organisations to perform a new function. For many employees, especially those who have spent their entire tenure in one department, and potentially in the same post, this can be a tremendous shock. As HR professionals, you will be tasked with making that transition smoother, including by identifying the training they will need.

Even when employees maintain their current position, they will need to broaden the scope of their abilities. Consider our colleagues in our Bank Supervision departments: how many of them even 10 years ago would have contemplated the regulatory challenges posed by FinTech or by new entrants from outside the traditional financial sector into the market? How many would have known how to even approach regulating it?

The education and training employees get before entering the workforce is now just the beginning. They will need to commit to lifelong learning, to continually upgrading their expertise. Indeed, Deloitte estimates that the time it takes for the skills you currently have to become obsolete is a mere two and a half to five years.

Moving Beyond "That's the Way We've Always Done It"

For us as central banks to effectively fulfil our mandate, we must be able to identify the gaps in employees' competencies and support them as they work to fill them. Be mindful, however, that as we look to embrace this transformation, we will be asking employees to change not only their skillsets, but also their mind-sets.

While the focus is often on the word "digital", the truly challenging part, budgets notwithstanding, is the "transformation". We can purchase and deploy the latest technology, but if we simply automate existing processes, we will accomplish nothing.

I am sure that many of us are guilty of typing a letter, printing it so we can sign it, then scanning and emailing it. How many steps could we save simply by using an electronic signature?

What I just described might seem like a harmless quirk, but let me give you another example.

About 15 years ago, our Bank purchased a banknote processing machine that could count and authenticate hundreds of banknotes per minute, separate the clean notes from mutilated ones and package or destroy them accordingly. Previously, the process was done manually, with our Currency staff hand-counting the banknotes, but this machine automated the process and produced reports that our internal audit team vetted and approved.

Having that machine should have drastically improved both efficiency and productivity, but initially, it did not. Why? Because one member of staff was not comfortable signing the reports until she had verified, by hand-counting, that the stacks of clean notes were the same number the machine had recorded. That was clearly an example of parallel testing!

That might sound like an extreme case, but the two examples reveal the same thing: we, often to our detriment, hold on to outmoded thinking because “that’s the way we’ve always done it.” This means that our employees will need to be coached into moving away from traditional modes of thinking as more efficient methods become available.

Both examples I cited were focused on processes, but there is another area where changing mind-sets is critical, and more challenging. Culture.

Here’s a quote from Roland Berger’s report, “Central Banking HR of the Future: Driving Strategic Change,” that describes central banks.

“Central banks are often traditional companies with a rather hierarchical, historically grown organisational structure. They are often divided into “suborganisations” or divisions, each performing a specific function. Targets are then defined on the level of the separate departments – often without considering the organisation as a whole.”

I think we can agree that much of this sounds familiar.

The Central Bank of the Future

The report details the changes that are essential for central banks to survive and thrive in the modern era. Much of it reiterates what the literature has been telling us. We need to re-engineer our organisations, so that decisions are made and actioned more quickly, and so that innovative ideas are not lost as they make their way up the chain of command. We need to focus on collaboration, so that we can draw on expertise from wherever it is available, and so that projects are approached from the perspective of what is best for the organisation and not just the department or unit. Building alliances through cross departmental project teams is an effective tool for increased productivity and efficiency. I recently shared with my staff some of our key achievements for the year, and in almost each case the result was based on cross-departmental collaboration. We need to become transparent so staff have a clear sense of our direction. And we need to be more flexible, so that we can keep apace with a dynamic world.

Such a radical shift will not come easy for those who are comfortable with how the organisations has functioned traditionally, so HR will need to carefully manage the change process so that change is accepted, embraced and implemented by all within the organisations. It is necessary, for, as the report notes, “the central bank of the future is designed for speed, agility and adaptability.”

All that I have mentioned thus far is only part of HR’s role in this era of transformation. Even as central banks work to create a conducive culture and to equip employees with the skills to make it successful, HR must also focus on the future. That means attracting talent that fits the new culture and has the right skillset.

Central banks will need to re-evaluate the nature and scope of the tasks our staff will be asked to undertake, and then as we recruit new employees, we will need to cast our nets to find people who have not just the right qualifications, but also the right competencies.

The World Economic Forum identifies creativity as one of the top three competencies workers will need in 2020. We will need to determine how heavily to weigh this and other softer skills the forum identifies – collaboration, judgment and decision-making, cognitive flexibility – against the credentials we have traditionally sought. Then we need to find a way to evaluate these attributes in applicants.

Finding the right mix in prospective employees may require us to work with educational institutions to make sure that curricula reflect our current and future needs.

Beyond this, attracting the right employees will necessitate changing what we have to offer potential employees to make working at a central bank an attractive proposition. Studies are showing us that younger workers are not motivated by the prospect of long-term job security and want more out of a job than a pay cheque alone. We will need to figure out what we can offer that will appeal to the calibre of worker we want.

This will mean re-examining our job descriptions, work programmes, appraisal systems, and rewards packages. And even then, we must accept that we are unlikely to find workers who will stay with the organisation for 20, 30, or even 40 years, and plan accordingly.

Finally, central banks may also look beyond formal hiring and make it a practice to seek outside expertise, who can offer a different perspective. Think of a man who wears the same cologne every day. While the people around him can smell it, he eventually becomes immune to the scent and so uses more. Developing a cadre of subject matter experts in various areas to whom we can turn for clear-eyed critique of our initiatives and actions can help reveal our blind spots and prevent us from becoming that man. Our role is too important to the economic stability of our countries for us to fall short because of tunnel vision.

The world is changing, rapidly and constantly. And we, central banks, are not immune. We must meet the challenge head on, however far outside of our comfort zone it takes us.

You, as HR professionals, will be charged with doing much of the heavy lifting. But you must prepare yourself for the task. By theming this year's conference as you have, it is clear that you recognise this and are committed to arming yourselves to meet the challenge. You are, as I have stressed throughout my remarks, updating, upgrading, and honing your skills to meet the new demands of the world of work. Your theme suggests that you recognize the time for action is now. I commend you for leading by example, and wish you an enjoyable and educational two days.

I thank you.