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## View From AFME

### Returning to Office - The Next Phase of Compliance for Investment Banking

25 June 2020, By James Kemp

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After many months of lockdown and having had only 5-10% of staff in the office, investment banks are now looking to phase a fuller return to offices. This has been a hugely challenging period and, being very careful to avoid complacency, banks can take pride in how they have performed so far. Having shifted to remote working in what felt like only a few days, banks have shown their resiliency by continuing to service markets and clients, during a period of real volatility, with few operational issues. Underpinned by a broader strategy of increased digitalisation and adoption of new technologies, how banks now continue to harness technology will be key as they navigate their next challenge; striking the right balance for a 'new normal' as staff return to offices.

One of the main factors that will influence return to office is how well staff have worked remotely. The majority of staff have been working away from the main sites with many working from home; only a small percentage of key workers, predominantly trading staff, have continued to work from the office. Compliance and control obligations have been maintained through the use of remote infrastructure to access central trading systems, the use of always-on virtual trading room software, recorded chat facilities, and mobile phone voice recording. This has helped counter the loss of line-of-sight and day-to-day oversight that compliance officers would typically have when working on the same floor as traders. The resulting smooth transition to remote working means that organisations may have less pressure to return to the office.

What is clear at this stage is that any return will be cautious, phased and geared towards staff safety. It is likely we will see more of the front office moving back first, with middle and back-office teams continuing to work remotely for longer. This phased return means banks will need to judge whether their remote trading environments are "controlled" enough and if additional technology solutions need to be implemented. This may include the greater adoption of cloud-based software to support offsite workers and the potential use of new monitoring solutions to better enable the outsourcing of certain operations.

Importantly, in determining return to office procedure, banks will need to ask themselves how long they believe the pandemic's operational impact will last. If the impact is only expected to be a few months, the return to work might mean that many pre-pandemic processes can be retained. However, if the implications are longer-term (e.g. 6-24 months), internal procedures are likely to need to be further revised. For instance, this could include re-developing processes to train graduates remotely or rolling out new "hybrid" surveillance systems. Moreover, if the company is in the process of a business-wide technology transformation, this might need to be catered for with staff rotational patterns that enable teams to be gradually onboarded.

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Another change that could arise from remote working is how organisations address work-life balance. While it can be expected that most traders will eventually return to the office, the lockdown has proven that they have to a large extent successfully performed their jobs remotely, where previously it was perhaps judged too complicated – and risky – to set up the correct controls from home. This could afford organisations greater flexibility in allowing traders to work from home more frequently, knowing that it will improve their quality-of-life without impacting the bottom-lines. Going forward, one potential benefit of having this more flexible work culture might also be to help organisations in recruiting and retaining diverse talent.

As the world navigates this unprecedented period, a “new normal” for businesses is likely to emerge that may look very different from the past. Banks have had to react quickly to the threat of coronavirus, and the new working environment is evolving rapidly along with the technology to support it. However, despite this change, so far banks have again proven themselves resilient. Even though the duration of the lockdown and the future of the office workspace remains unclear, there is no doubt that banks are prepared for the challenge.