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**Present and Future HR Challenges in Egyptian Banks Amid
and Post The COVID-19 Crisis****Dr. Maha Ahmed Zaki Dajani**

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The Economist noted that just as the financial crisis in 2007–2009 has highlighted the role of talented Chief Financial Officers (CFOs), the COVID-19 pandemic has emphasized the role of Chief Human Resource Officers (CHROs). (The Economist, March 24th, 2020).

Coronavirus or COVID-19 pandemic is new and is expanding in rapid progress at the time of writing this policy brief. COVID-19 shattered people's life realities and professional constants. It disrupted the existing forces of the global economy in all continents, countries and cities, due to the shock of lockdown, the experiences of uncertainties and fear of unknowing what the future beholds. Initially most of the early studies of this crisis were biomedical focusing on individuals' physical health and promoting safeguards inside and outside workplaces to ensure employees' wellbeing. However, it was acknowledged by the business environment that said pandemic has created both new challenges and future opportunities for human resources (HR) to re-engage with the workforce and reinvent their workplace. The days of traditional policies of HR serving as personnel or people administration became numbered and the return to the old ways of managing workforce strategies were no longer realistic or needed in post COVID-19 world of work.

Banks are the wheels of a country's economy, and so is the banking sector in Egypt. It remains to be one of the most booming and reliable industries in the country.

With an eye to ensure the stability and security of Egyptian banking sector under these unusual circumstances, the Central Bank of Egypt (CBE) instructed all state-owned and private banks operating in Egypt to take several banking measures to alleviate the economic disasters of this pandemic, to state some examples: ¹

- Lowering Key interest rates by 3%;
- Facilitating access to online banking services and reducing cash transactions;
- Launching an initiative for retail customers with non-performing loans;
- Ensuring that the banks' call centres continue to operate in order to respond to the customers' inquiries;

- Cancelling fees and commissions on transactions made on retail point-of-sale (POS) machines, ATM withdrawals and electronic wallet payments for 6 months;
- Raising the daily limits of debit and credit cards; and
- Encouraging customers to carry out banking transactions through electronic channels and cards instead of cash transactions.
- Instructing all banks to postpone loan due repayments for retail and corporate customers including consumer loans and personal housing mortgage loans for a period of 6 months, with no additional interests or penalties as a result of the postponed repayments. Interest rate shall be applicable as per the agreed pricing mechanism;
- Extending credit limits to finance the working capital, particularly for the payment of salaries;
- Developing emergency plans to increase credit lines with foreign banks to secure uninterrupted financing to foreign trade transactions;
- Extending the exclusion period for some basic food commodities, including rice, lentils and fava beans, from the 100% cash cover on imports for commercial purposes, for one year ending on 15 March 2021;
- Exempting domestic transfers in the Egyptian pound from all the relevant commissions and charges for 3 months;
- Facilitating subscription to internet banking services;
- Revising the ceiling of electronic money units issued to each bank as per the regulations of mobile payment services issued in November 2016 to become EGP 500 MM.;
- Raising the maximum limits of mobile accounts to EGP 30,000 daily and EGP 100,000 monthly;
- Issuing electronic wallets for free for 6 months including the creation of the virtual card number (VCN) via the wallet;
- Enabling bank customers to transfer money between a bank account with any bank and any mobile account with any other bank; and
- Implementing know your customer (KYC) procedures electronically as an exception.

Employees are the human capital and the heart of every industry including financial and banking services. They need to be protected from the adverse effects of this pandemic and the economic injury it has already caused and still continues to inflict on individuals and nations.

However, banks in Egypt responded differently. There was no one size-fits-all solution. The implemented HR strategies varied for every bank, based on its IT readiness & infrastructure, technological capability, size of employees, and the resilience of its banking leaders and HR managers.

The banking leaders and HR managers had to respond ad hoc to the COVID-19 pandemic and without the luxury of time to consider longer term strategic sustainability. They were mostly focused on the operational banking services and the short-term employees' and customers' wellbeing and safety decisions. For example, whether to maintain, close or reopen branches, work on banks' locations or remotely, work with full or partial workforce, all these factors and others required the balancing between different paradoxical concerns: the uncertain virus propagation, the indispensable customers' needs to banking services, the financial repercussions of closure on the economy at large and the banking sector in specific.

The complete recovery of COVID-19 pandemic is not foreseen in the near future, due to the lack of available cure or therapeutics and the uncertain timing of a vaccine discovery up to date.

To manage workforce challenges in Egyptian banks, new compelling HR strategies are needed to bridge the gap between the immediate safeguarding HR responses amid the crisis and the re-shaping of the future workforce norms and culture – HR 'New Normal' - to come out stronger than before and wade through this crisis. In other words, it takes two hands to clap, present HR policies and future HR strategies to create a better tomorrow for the coming generations.

BE's measures to mitigate the Coronavirus

This policy brief aims to **address three main questions**: -

- A- What were the HR role(s) in state-owned and private Egyptian banks during the outbreak of COVID-19 pandemic till the present?
- B- What were the HR challenges whilst dealing with COVID-19?
- C- What are the future HR strategies for future recovery?

A- The outbreak of COVID-19 pandemic and the adaptive HR policies

Faced with the eruption of COVID-19 in the midst of March 2020 till the present, the Central Bank of Egypt (CBE) directed all state-owned and private banks operating in Egypt to introduce several precautionary measures to adhere to public-health recommendations and ensure safety and security in the Egyptian banking sector. ²

Hereunder are some examples of these precautions: -

- Raising the health awareness of all banks' employees and their customers, by prioritizing people well-being campaigns. This included, for example, enforcing wearing face masks inside all banks' premises, keeping social distancing, introducing additional cleaning protocols, advocating the best health practices in personal hygiene, ensuring wellness check-ins and healthcare coverage.
- Providing sanitizers and disposable gloves whilst setting up an ongoing mechanism for continuous disinfection and sanitization inside all banks' premises and locations.
- Isolating active and confirmed cases of COVID-19 in staff members and notifying all those who had direct contact with the active cases to self-isolate themselves for a period of 14 days. Also all outside close parties including clients and stakeholders who may had contact with these cases.
- Including HR as a strategic partner in most Banks' crisis and pandemic response teams to report immediate directives and instructions to the employees pertaining new policies and plans to get ahead of the crisis. This was followed by National Bank of Egypt, Banque du Cairo, Commercial International Bank (CIB) and others. ³
- Reporting all cases to the Egyptian Ministry of Health and Population (MOHP) and the Central Bank of Egypt (CBE). Upon learning of the cases, the Bank's management team order closures, deep cleaning, and disinfection following MOHP and World Health Organization protocols as well as the bank's newly formulated crisis management and pandemic response plans, based on the situation of each case.
- Ensuring information transparency, by announcing the temporarily closure of certain branches that witness COVID-19 cases. Then announcing on the bank's online website when these branches will reopen, after deep cleaning and sanitization following MOHP and World Health Organization protocols. The CIB announced on daily basis on its e-bank site said information. ⁴
- Expanding the usage of electronic means (e.g. the scanner and email) in handling documents inside and outside banks, holding meetings using video- or tele-conferencing, advising customers to use the ATMs and online e-banks services to reduce cash transactions inside banks.

These safeguard strategies impacted the HR policies and strategies in different ways. ⁵

- As mentioned above, the HR team in most Egyptian banks played a more vital and integral role as a strategic partner in the Pandemic Emergency Response Teams. Its main role was to keep its employees safe and well-informed to ensure business continuity. HR team provided the guidelines to workforce policies, gathered and shared staff and customer's questions and concerns. Some banks even created a Frequently Asked Questions (FAQ) document that was easily accessible, kept up-to-date and notified staff of changes to the document.

- Moreover, some banks via their HR teams created secured online internet links and allocated specific WHATSUP numbers to share with their staff questions and concerns pertaining the new developments in employment laws and benefits, shared revised policies, provided strategies to manage remote workers, announced regular schedule basis via virtual meeting applications, as ZOOM, WEBEX, MICROSOFT TEAMS, and other.
- The HR teams prioritized building trust with their workforce and management. They encouraged employees to report possible cases of COVID-19 exposure or infection diagnoses. They reinforced there will be no retaliation for disclosing this information and that their confidentiality will be treated with the upmost respect. They shared with staff the status of identified cases (keeping confidentiality), how the organization is addressing it, and what the organization's next steps are.
- To reduce exposure most HR teams attempted to reduce staff at banks' premises and encourage remote/virtual work patterns. Some even private banks, reported that they have the technological capability to provide secured on lines portals so as to have all call centre employees work from home.

B- The HR Major challenges whilst dealing with COVID- 19 pandemic

On the other hand, some HR teams failed to act proactively due to some managerial and structural barriers inside certain banks. Senior and elder generations were unable to act or think strategically. They were reluctant to change their traditional work patterns. They resisted change and the move towards virtual work settings.

Other HR personnel had lack of appreciation of what HR can contribute in this crisis. Whilst, others had difficulty quantifying virtual HR outcomes. Some even ignored the importance of human assets and mistakenly advocating that utilizing in technology and IT information is far more important than investing in people.

Video-conferencing interviews with bankers and HR heads in Egyptian banks revealed major hindrances in the relationship between employers and employees during the pandemic, as follows: ⁶

- Many HR teams and heads reported difficulty in coordinating responses across teams, business unites and geographies. Many HR individuals and teams within Egyptian banks agreed that working from home is feasible in a lateral way across functions, but links between managers and teams in a cross functional pattern was more difficult and hard to utilize.
- The two-way communication was not as effective as it should be. For example, online messages were not always consistent across workers in different positions: on-site employees, back-office employees, suppliers, team heads and top managers.... etc.
- Online communication relied on computer applications, videos and chats that were either alien or not accessible to many blue workers and elder bankers. Moreover, messaging from management to both the workforce and bank's customers were rather confusing as they lacked coordination and matching details, and too slow to respond to customers' shifting concerns and needs.
- In nutshell, there was lack of agility to respond rapidly to the pandemic changing situation and re-prioritize banks' goals, and get alignment among all stakeholders.

This leads us to the next point in this policy brief that addresses what are the future HR strategies that are needed to prepare Egyptian banks for the 'new normal' and emphasize plans for future recovery?

C- The Future HR Strategies and Recommendations for Recovery

Attracting and retaining the right talent remains to be among the classical key HR practices which contribute to the success of any organization. It takes a long time to build an employer brand.

On the road of recovery every HR measure should be carefully thought out and analysed through three interrelated dimensions – the employee, the cost-benefit as well as the legal structure of the business entity. The role of HR has to be redefined from Hiring & Recruitment and Appraisals to New Working Models, Performance-Centric Compensation Restructuring, Managing Cost Optimization and Reduction exercises without damaging employer branding, and play a decisive role in the long term survival of the business.⁷

1) *Commit to guiding principles on employee well-being and safe business health procedures*

The workforce safeguard and wellness issues remains to be the first priority till the end of this pandemic. HR must engage with their workforce, boost their morale, and reinforce safe health practices, as well as provide them access to medical professionals when needed. All employee communication on organizational strategy and direction must be empathetic, lucid and agile.

Banks need to revise its HR policies and procedure manuals to incorporate all these changes that took place post this pandemic and realign the policies to deal with similar crises in future. Thus, it not only the safety and security of the employees but also the business health cycle as well.

2) *Match technology with HR work-from-home(WFE) practices*

At the outbreak of COVID-19 pandemic and the enforcement of lockdowns, it was difficult for most bankers and other workers to get to their work premises. Thus, it is recommended that Banks rationalize access to all its physical locations, creating agile work-from-home (WFH) options and flexible work schedules. In addition to upgrade bank's digital capabilities to fit different banking jobs, such as teller, customers' services, clearing, handling physical documents in trade operations and FX dealing, and so on.

Also, Banks need to bridge IT infrastructure gaps related to communication, training, security, networking, remote co-working to explore innovative methods with vendors and supply chains to up-scale their digital capabilities within a tight time frame.

For instance, instead of using a single intranet platform, they may utilize secured communication platforms to avoid hacking. Also, employ different operational APPS for attendance, training and policy communication to monitor workload and assess performance fairly.⁸

3) *Manage depleted human resources digitally*

There could be a potential skill mismatch of employees with specialized skills, those that cannot work for some reason. For example, if a wealth manager falls sick, then use the existing available resource whether a teller or customer service officer. In order to fill such gaps, banks might want a temporary resource ramp-up. However, unless they have digital hiring and on-boarding capability, it would be almost impossible to hire on-board new workforce in a lockdown situation. In order to train the new workforce as well as reskill and repurpose existing staff, banks need some robust digital learnings and development platforms.

Investing in Artificial Intelligence(AI) and technology can meet the workforce needs in communication, remote working, hiring and on- boarding, training, upskilling, improve well-being, distribute resource and manage workload.⁹

4) *Borrow Prudent HR Measures taken or envisaged by banks across the Globe*

Egyptian banks need not re-invent the wheel. They can make use of global banking success stories, especially in HR or people management lessons in India, USA and Europe. These are some of the recommended actions:

Major	Recommended Actions
<p>1- Banking Finance</p>	<p>1- Restructuring Pay/ Incentive Packages: Some banks in India planned to either rationalize/reducing compensation on a temporary basis, or restructure compensation in such a way to have lower fixed & higher variable package.</p> <p>Whilst the variable pay is linked to productivity and performance parameters. This measure reduces the fixed cost burden of the financial institutions and makes it possible to earn earlier compensation by achieving the desired productivity and targets.</p> <p>Also, some banks are holding or deferring or totally cancelling increments, promotions, performance pay, bonuses, profit-sharing, except for the statutory bonus which is mandated by the law.</p>
<p>2- Operations Retrenchments</p>	<p>2- low Performers and Temporary Staff Termination, Temporary Shutdown/Suspension of Operations: In normal banking days the identified low performers/ non-performers are nudged for voluntary separation rather than termination. In the emerging scenario, this may unfortunately accelerate. Some businesses had to close their non-core/ non-performing divisions with poor cash-flows or bleak economic outlook and/or non-performing branches post lock-down, after evaluating the impact of the pandemic.</p> <p>Temporary/contract employment, an effective tool used by banks, cuts across various segments of manpower. On one hand, we have low-skill or manual jobs and on-the-other, there is professional staffing for high skills jobs. Normally, temporary/contract employees tend to be axed first in an economic downturn. Many operating banks in Egypt are planning to do exactly the same however, there is another set of banks that think differently. ¹¹</p>
<p>3- Leaves</p>	<p>3- Furlough Leave & Compensatory Working: In Furlough leave, businesses inform employees to go on mandatory leave without pay, however, do not retrench them.</p> <p>Employees are brought back to payroll at a later date based on business viability. One of the top hotel chains in the world has recently announced this in the USA and will send thousands of employees on furlough leave as a cost optimization measure during this tough time.</p> <p>Some banks are planning to have compensatory working for the shutdown days as they envisage a large backlog of work that needs to be completed post lock-down contingent to the permissible limit by the labour laws of the respective country. ¹²</p>
<p>4- reshaping the workforce to address shifts in market demands</p>	<p>Redeployment/Re-skilling/Up-skilling Upskilling: Expand the nature of existing roles to encompass new skills and activities that will become part of the “next normal”. <i>Example:</i> Broaden abilities of bankers trading teams to manage remote teams on virtual trading floors.</p> <p>Re-skilling: Retaining employees on all skills necessary for a new role in response to environmental and strategic shifts.</p> <p>HR in European banks are commencing Competency mapping of their employees and exploring the possibility of transferring / re-skilling some of their employees to other divisions/ locations wherever there is a demand or likely to have demand in near future due to the economic impact of COVID-19. ¹³</p>

This crisis is temporary while employees are permanent; how banks and their HR teams manage their workforce will set them ready for technological, economic and social recovery for generations to come.

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