LUMO INSIGHTS

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Barclays job cuts and DIY AI: new data shows how AI is reshaping work

Executive Summary

Barclays has become the latest major employer to cut thousands of jobs, citing new AI efficiencies in its operations. A Reuters analysis indicates that more than 100,000 roles across various industries have been eliminated in the past year as companies turn to AI and automation. Meanwhile, a landmark survey reveals that employees are rapidly adopting generative AI on their own - often without organisational support - underlining the urgent need for leaders to proactively manage how AI transforms work.

Barclays cuts 5% of workforce with AI-driven streamlining

London-based banking giant Barclays announced on 22 October that it will eliminate around 5,000 roles - roughly 5% of its staff - by the end of 2026 (money.usnews.com [1]). The bank's third-quarter earnings report described "structurally reducing the cost base to generate capacity for investment" by harnessing new technology (www.cnbc.com [2]). Barclays' chief financial officer, Anna Cross, said about 60% of the job cuts will hit back-office support functions such as developer roles (money.usnews.com [3]). This is one of the clearest signs yet of a large company using artificial intelligence to streamline white-collar tasks and reduce headcount in those areas (money.usnews.com [4]).

Barclays is not alone. Its move joins a growing list of firms using automation to justify workforce reductions (money.usnews.com [5]). Companies from tech to retail and finance have spent 2026 announcing layoffs linked to AI adoption (money.usnews.com [6]). Many are targeting roles that involve routine data processing, administration or software support, betting that generative AI and other automation tools can handle those tasks more efficiently. While such cuts may deliver short-term cost savings, leaders should weigh the longer-term impact: losing experienced staff and institutional knowledge could undercut future growth if not accompanied by strategies to redeploy or reskill workers.

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AI-linked layoffs spread across sectors worldwide

What began largely in Silicon Valley is now a global trend. Industries far beyond tech are seeing job losses attributed to AI and automation. Standard Chartered - one of Asia's biggest banks - revealed in May that it will cut over 7,000 jobs in the next four years as it replaces what it called "lower-value human capital" with technology (www.insurancejournal.com [1]). And in March, HSBC was reported to be weighing some 20,000 layoffs (roughly 10% of its workforce) as part of an AI-driven overhaul (money.usnews.com [2]). Meanwhile in the United States, major companies such as Microsoft, IBM and Walmart have all trimmed certain roles after investing in advanced AI systems.

A recently updated Reuters "factbox" tallied 31 companies that have together disclosed around 102,800 AI-related job cuts worldwide since late 2025 (www.wocult.com [3]). These range from global tech firms to manufacturers and banks, indicating that automation is impacting a broad swathe of the economy. While many of these organisations cite efficiency gains, experts warn that an indiscriminate wave of AI-fuelled layoffs can create skill gaps and damage morale over time. Leaders should closely examine which tasks can be automated and develop plans to transition affected employees into new value-adding roles, rather than defaulting to across-the-board cuts.

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Workers embrace GenAI - often without management's support

While executives plan top-down changes, employees on the ground are already adopting AI tools to boost their productivity, frequently under the radar. Deloitte UK's GenAI Workforce Survey - the largest study of its kind, with 25,000 respondents - found that almost two-thirds of British workers now use generative AI in their jobs (www.deloitte.com [1]). Their favourite use cases are to handle everyday tasks like searching for information, drafting emails and summarising text (www.deloitte.com [2]). Crucially, nearly a third of these GenAI users are doing so without their employer's knowledge (www.deloitte.com [3]) - a phenomenon dubbed "shadow AI" that reveals employees forging ahead of official IT policies. And 17% are even paying for at least one AI tool out of their own pocket, contributing to an estimated £958 million per year in self-funded workplace AI spending (www.deloitte.com [4]).

This bottom-up adoption highlights opportunities and risks. On one hand, staff see clear value: a global survey by BCG found 42% of frontline employees who regularly use AI save about one full workday each week (www.bcg.com [5]). On the other hand, many workers feel under-prepared and uneasy. Deloitte's research found that 65% of UK GenAI users haven't received convincing guidance from leadership on how to use AI at work (www.deloitte.com [6]) - and 23% perceive a stigma around using it (www.deloitte.com [7]). Without proactive support, employees may implement AI tools in ad-hoc or insecure ways, and they may fear being judged or even replaced (www.deloitte.com [8]). For managers, the message is clear: if you want to reap the productivity benefits of AI, you need to provide training, policies and a safe culture for employees to integrate these tools into their roles.

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AI leaders invest in talent - and see gains

A contrasting picture is emerging at organisations that focus on augmenting rather than replacing their workforce with AI. According to PwC's 2026 AI Jobs Barometer, companies most adept at adopting the technology have actually increased hiring and productivity. The firms in the top 20% for AI adoption grew their headcounts by 52% from 2018 to 2025, far outpacing the 36% growth among less AI-focused peers (www.pwc.co.uk [1]). They also report markedly higher efficiency: those "superstar" organisations have seen average labour productivity improve by 163% - nearly five times the gains of their less AI-enabled competitors (www.pwc.co.uk [2]).

This investment in people is mirrored in rising pay for in-demand skills. For instance, UK workers with specialist AI expertise commanded a 34.2% wage premium in 2025, up from just 11% the year before (www.pwc.co.uk [3]). Rather than eliminating jobs, these leading firms tend to redeploy employees into more strategic roles and hire for new capabilities that complement AI. The result is a growing divide between AI leaders and laggards. Companies that treat AI as a catalyst for workforce evolution - providing training and redesigning workflows - are achieving stronger performance and higher employee engagement (www.bcg.com [4]). Those that fail to adapt, by contrast, risk losing competitive ground along with valuable talent.

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Key Statistics

- 5,000 - Roles Barclays plans to eliminate by end of 2026, ~5% of its workforce (Barclays, Oct 2026)
- ~102,800 - Combined jobs cut worldwide since late 2025 with companies citing AI as a factor (Reuters)
- £958 million - Yearly amount UK workers spend from their own pockets on genAI tools for work (Deloitte, 2026)
- 42% - Frontline employees who are regular AI users and save 8 hours per week as a result (BCG, 2026)
- 34.2% - Wage premium for specialist AI-skilled workers in 2025 (up from 11% in 2024) amid surging demand (PwC)

KEY TAKEAWAY

Audit how your people are using AI (and whether they're self-funding tools) and ramp up training and clear guidelines. Redesign roles and processes now to harness AI-driven efficiency gains instead of defaulting to layoffs.

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