

Six themes likely to emerge from banks' talent acquisition struggles in 2023

Article

The news: Banks face a tight job market with limited qualified candidates. Now vying with tech firms and fintechs, talent acquisition is becoming a pain point for most banks. Here we

dive into six themes to watch in 2023 as banks try to make the most of the dwindling candidate pool, [per](#) American Banker.

Theme 1: Banks will try new methods to curb turnover.

- After hunkering down through the pandemic, bankers are now leaving their jobs at record rates. In 2022, banks experienced a 23.4% turnover rate, a giant spike from the previous year's 16.2%, [per](#) consulting firm Crowe LLP.
- Huge salaries and generous benefits haven't done the trick in retaining employees. In 2023, expect banks to focus more on culture and training to attract talent, but also remember that low unemployment levels and increased hiring competition give employees the upper hand.

Theme 2: Banks will launch programs to prepare students of underrepresented demographics in underserved areas, with a focus on cybersecurity.

- Some banks, like **Bank of America**, have already launched pilot programs at inner city schools to fill not only representation gaps, but also to satisfy the need for cybersecurity experts in the industry.
- The move will also bring banks some goodwill for providing students with a career pathway and opportunities they might otherwise have missed.

Theme 3: Banks will place major emphasis on attracting cybersecurity specialists.

- Tech developments in banking have opened the door for bad actors to facilitate fraud and other scams. And banks are struggling to attract the talent to address those issues, as cybersecurity experts are drawn to tech firms.
- Rather than focusing on students and young professionals in tech fields, banks will begin to hire from other disciplines and provide training and learning opportunities in security, thus creating their own cybersecurity talent pipelines.

Theme 4: Banks will turn to refugees with transferable banking skills and knowledge.

- Refugees that have settled in the US to begin new lives are a prime candidate pool. Many of these workers have transferable banking-related skills that are of value to US banks.

Theme 5: The talent wars will escalate.

- Many banking execs say that hiring and retaining competent and skilled talent is a top challenge at their firms.
- But the struggle is about to worsen. The Bureau of Labor Statistics is estimating that the labor participation rate will decline again this year, making in the 13th successive year the workforce has shrunk.

US Bank Executives' Leading Concerns, 2020-2022

% of respondents

| | 2020 | 2021 | 2022 |
|---|------|------|------|
| Ability to attract qualified talent | 27% | 19% | 67% |
| Cybersecurity | 23% | 28% | 51% |
| Interest rate environment | 43% | 56% | 50% |
| Regulatory burden | 22% | 18% | 44% |
| Efficiency, noninterest expenses, costs | 32% | 36% | 39% |
| Weak economy/loan demand | 24% | 48% | 36% |
| Noninterest income | 11% | 17% | 29% |
| New customer growth | 25% | 25% | 28% |
| Cost of funds | 15% | 8% | 8% |
| Credit quality/problem loans | 10% | 42% | 6% |

Note: 2020 n=300; 2021 n=260; 2022 n=300

Source: Cornerstone Advisors, "What's Going On in Banking 2022," Jan 25, 2022

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Theme 6: Fintechs will have a flexibility advantage.

- Job seekers are placing immense value on work-life balance, remote work, and working hour flexibility. Fintechs will lean into these trends to make their workplaces stand out from traditional large banks that offer less flexibility.
- Fintechs will also tout their workplace culture and commitment to diversity. They will promote the idea that their employees are part of a tight-knit workplace community, rather than lost in a sea of employees at a large corporation.

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