

Banks struggling with employee turnover can still deploy strategy to attract talent

Article

The news: Despite higher-than-normal pay increases, banks are still struggling to hire new talent and slow turnover, according to a [report](#) from consulting and accounting firm Crowe

LLP.

The 2022 Crowe Bank Compensation and Benefits Survey polled 429 financial services organizations about salary and bonus benchmarks for 271 job positions.

Key stat: In 2022, bank turnover at the nonofficer level reached 23.4%—its highest level since 2019. At the officer level, turnover in 2022 hovered around 4.8%, below the average 7% to 8%.

Finding the right fit: When it comes to talent acquisition, 95% of those surveys listed “finding and hiring the right people” as the most important element of their search. But that’s becoming more difficult—especially when it comes to younger workers, as the banking industry has tended to favor more experienced workers.

- Hiring younger talent has become harder for firms, with 66% of respondents saying hiring these workers is “somewhat challenging” or “very challenging.”
- The percentage of banks that responded “somewhat challenging” increased by 19% from 2019, and the percentage of those that responded “no more challenging” decreased by 22%.

Benefits and perks are falling short: Many factors attract workers to their companies, like compensation, opportunities for advancement, and flexibility. In some areas, banks might not be doing enough. In others, their concerted efforts still aren't making a difference.

- **Remote work:** Since the pandemic, a larger number of employees have been demanding more flexibility for remote work. Yet, just over half (52%) of those FIs surveyed said they planned on allowing employees to work remotely. The remaining percentage (48%) said they would not follow suit.
- **Core values:** More employees, especially among the younger generations, choose to work for companies that reflect their values and beliefs. The concept of environmental, social, and governance (ESG) awareness is growing in importance for firms looking to retain younger workers. But 67% of those surveys said their firm has not yet taken action on ESG initiatives.
- **Compensation:** In 2022, the average salary increase for nonofficer-positions was 5%, up from 3.4% in 2021. Pay raises were disproportionately higher for top performers, who saw an average salary increase of 10%. Low-performing employees saw their salaries increase 2% on average, up from 1% in 2021, and employees who met expectations had an average increase of 8%, up from 3% in the previous year.

Leading Threat Facing Talent Acquisition and Retention at Their Company According to US HR Leaders, Jan 2021

% of respondents

Acquisition	
The remote work environment brought on by COVID-19	40%
Hiring freezes due to COVID-19	27%
Competitors with larger budgets (for salary, recruiting)	16%
Building critical skills and competencies across the organization	9%
Lack of employee referrals	4%
Lack of brand awareness	2%
Negative company reviews (on employee review sites)	0%
Other	2%
Retention	
The remote work environment brought on by COVID-19	33%
Lack of growth opportunities	17%
Competitors with larger budgets (for salary, engagement, training, etc.)	14%
Increasing employee experience expectations	14%
Merit increases being frozen due to COVID-19	13%
Lack of workforce job security	5%
Lack of reskilling/upskilling (promotions, raises)	3%
Negative company culture	2%

Source: iSolved. "Transforming Employee Experience: A SWOT Analysis of 500 Human Resources Departments," Feb 9, 2021

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Banks still have an advantage: Though banks face some challenges in attracting and retaining employees, there is hope. Our report on [The Future of Work](#) highlights current trends on what's attracting workers, and offers guidance on hiring to banks.

- Last year, we saw employees at incumbent banks flock to new jobs at sleek and sexy fintechs. But with fintech funding starting to dry up and a crypto winter setting in, employees will begin to favor the stability and relative certainty offered by more established banks.
- Banks are slowly realizing that they can maintain productivity while also mirroring the desirable environment that fintechs have used in the past to poach employees: flexible working arrangements and attractive compensation.

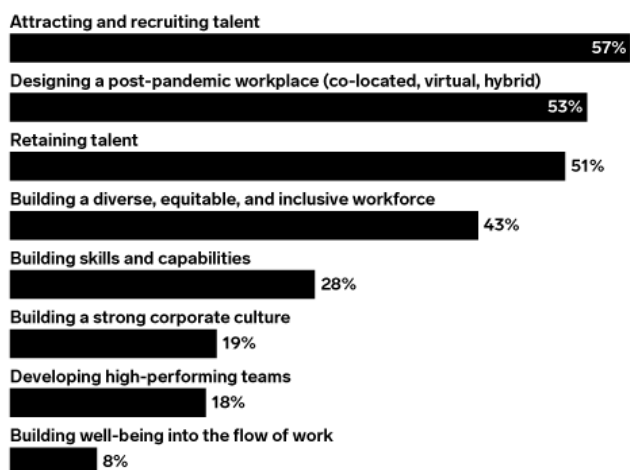
The big takeaway: To make their workplace a stronger asset that helps with hiring and retention, executives are encouraged to think in four modes:

- **Practically:** Determine which workers truly need to be in the office, and which workers can operate with more flexibility.
- **Culturally:** Consider how managers expect work to be completed, and ensure their workers are aligned with that opinion.

- **Environmentally:** Evaluate the current office setup and decide if the floorplan is conducive to productivity.
- **Strategically:** Identify the skill sets that are needed to make the business successful, cost efficient, and innovative

Challenges to Their Company's Talent/Workforce Goals According to CEOs Worldwide, Sep 2021

% of respondents



Note: top 3 responses

Source: Fortune and Deloitte, "2021 Fortune/Deloitte CEO Survey," Oct 28, 2021

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