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## EMPLOYEE SATISFACTION

by [Steve Brown](#)

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Nearly every banker we speak to tells us it is very difficult to find and retain quality employees. In fact, studies show this is the second most difficult thing community banks grapple with (cited by 95% of respondents), just behind finding new deposits. The good news is that there are many things banks can be doing on this front.

As we intuitively know, compensation is an important factor when it comes to employee job satisfaction. Surveys show that about 50% of employees feel they are underpaid. Interestingly, analysis shows only 22% actually are below the fair market value for their job. Further, 17% are above fair market value and 33% were right on top of it. Experts indicate that the data shows employees are fairly compensated, but that they lack insight into what represents fair pay for their job. Clearly, community banks and other employers probably aren't that far off market when it comes to compensation levels, but greater communication of the facts with employees is needed.

As many may not know, however, compensation actually ranked third overall in importance to employees when it comes to job satisfaction. In fact, employees rated strong relationships with colleagues and managers first, while a good work-life balance came in second. Depending on the study selected, job security, education/training and a feeling that their work contributes to the company's overall mission also scored very high.

With this information in mind, we scoured companies that ranked highest in employee satisfaction to see what else community banks might be able to offer their employees to increase satisfaction and retention levels. While perks vary among companies and industries, some of those we found among the top 100 companies that rated highest in employee satisfaction were flexible schedules (57%), paid sabbaticals (22%), parking reimbursement (50%), working from home about 20% of the time (82%), on site child care (33%), reimbursement of education costs (61%), free coffee (84%), health-care coverage (97%) and casual dress (95%).

In addition, some of the most unusual included free grocery delivery, valet parking, laundry services, massages, car washes, a dollar-for-dollar match of employee charitable contributions up to \$12,000, free prescription drugs, \$250 gas cards, rock climbing, workout rooms and weekly TGIF parties.

Recall also that the cost of replacing a good employee can be 25% to 200% of base salary, so having a hiring and retention strategy is important. To do so means banks will need to identify critical employees that contribute the most to the bottom line and then develop specific programs around them. Compensation and perks can vary from employee to employee based on overall importance, so banks will need to decide which actions will deliver the greatest results.

No matter the list of perks, community banks that provide employees with a fair wage, pleasant working conditions, an opportunity for growth, job security, a challenging environment, resources to do the job and recognition for work well done are well on their way toward finding and retaining top talent. In short, studies also show that banks that are able to maintain high employee morale will outperform their competitors.

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## **BANK NEWS**

### **Mortgage Mess**

The New York Attorney General has filed suit against First American Corp. for reportedly caving in to pressure from Washington Mutual by inflating the value of home appraisals nationwide. The Attorney General said the company encouraged consumers to pay too much for homes or borrow against equity they did not have. This is the biggest regulatory crackdown so far on allegedly abusive lending practices that created the housing crisis.

### **Remote Cash Capture**

The American Banker reports that Fifth Third bank is testing a service called the Remote Currency Manager, that lets customers place cash in a specialized safe that records the notes and gives the client immediate credit. While title to the cash transfers, the physical notes do not until normal courier pickup. BofA also offers the service, which is currently experiencing strong success. This is yet another product that can help extend a branch's service area as geography becomes increasingly less important.

### **Rate Cuts**

The Chief Investment Officer of the world's largest pension fund, Bill Gross, said the FOMC will eventually have to cut rates as low as 3.50% to prevent a recession and fix the housing mess.

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