



# Juggling The Talent Shortage

by Steve Brown

TV show America's Got Talent wrapped up its 10th season in September, doling out a \$1MM prize to ventriloquist Paul Zerdin from London. The popular series showcases a lively array of talented singers, dancers, comedians, contortionists, impressionists, jugglers, magicians and ventriloquists. There are scores of talented hopefuls vying for viewers' and judges' votes, even though only one winner can take home the top prize.

If only attracting top talent were so easy for banks. Consider the results from the Glassdoor Recruiting Outlook Survey conducted last year by Harris Poll. This poll of hiring decision makers found that talent shortage is the #1 hiring challenge. Although BLS statistics show 8mm Americans looking for jobs, the Glassdoor survey paints a sobering picture. About 48% of the participating hiring decision makers said they don't see enough qualified candidates for open positions, and this is only expected to get worse as the economy continues to accelerate.

Another study by ManpowerGroup mirrors these bleak findings. That study found that globally, 38% of employers had difficulty filling jobs in 2015. That's up two percentage points from 2014 and the highest it's been since 2007. The three top reasons cited were lack of available applicants, technical skills and experience.

None of these findings are specific to banks, but there's no doubt that our industry is also experiencing a talent crunch. Experienced bankers are retiring, the industry is in flux, technology is booming and competitive pressures abound.

There's no easy answer to solving the talent problem. But the solution begins with banks identifying that the talent gap exists and developing a clear-cut plan to help close it. Then, clearly set out your needs from a talent perspective now and in 3Ys. Make this part of the strategic planning process by identifying who is at risk, what they are responsible for and who might be a likely candidate(s) to take their job.

It's also likely you may need to redefine qualifying criteria and look further afield than you might have in the past. For instance, you could consider exploring a younger or older set of workers or those with different skill sets. Workers don't necessarily have to have the desired skills from the get-go, as long as they are eager to learn and grow. If they have the right personality and the willingness to learn, much of what they need for the job can be taught through in-house training and development classes. Launch your own "university of my bank," as many already have and formalize your mentorship programs. Then continue to train key staffers to ensure they remain engaged and interested.

You may also want to look outside traditional recruiting areas. Being active in the community can certainly help your recruiting efforts. At the same time, seek to develop additional sources for

drawing in talent, such as a local college or business school. Large banks have teams of HR recruiters, while community banks often go into reactive mode when someone gives notice. Expanding your network of referral sources is a good idea too, so reach out to good customers and see if they know anyone perhaps. You should also offer a compensation bonus program when employees refer others to open positions. Doing so keeps referral money inside your house, employees have friends working with them once hired and they enjoy the job more over time. These are all good things and employees can be some of the best recruiters money can buy.

Certainly, the talent war at banks is very different from reality TV. The competition, however, is equally fierce. Banks that want to compete effectively may want to consider scrapping their old ways of acquiring talent and explore new ones to keep expanding and growing over time.

# **BANK NEWS**

# **M&A Activity**

State Bank of Chilton (\$171mm, WI) will acquire Calumet County Bank (\$91mm, WI) for an undisclosed sum.

### For Sale

French bank BNP Paribas is reportedly considering strategic alternatives for its First Hawaiian Bank unit as it seeks to boost capital levels by mid 2017.

#### **Deposit Rates**

JPMorgan announced it will increase deposit rates for some larger clients in Jan of 2016, making it the first mega bank to take such action.

## **Mobile Banking**

Bain research finds bank customers that are frequent mobile users are 40% less likely to switch banks than those who rarely use mobile. Meanwhile, customers who use branches frequently are 300% more likely to switch banks than infrequent branch users.

## **Online Lending**

The Wall Street Journal reports online lenders are feeling pressure, as rising interest rates, corporate bond market volatility and funding issues begin to weigh on some. These factors and others have led to higher funding costs, weakness in prices backed by online originated loans and delays in launching new deals.

#### **Biometrics**

Gartner reports voice biometrics function perfectly more than 90% of the time. Perhaps this is one reason the major banks are actively rolling out voice authentication in 2016.

#### Settlement

The FDIC indicates The Bancorp Bank (\$4.7B, DE) has agreed to pay \$3mm in penalties and \$1.3mm in restitution related to its prepaid card programs. The bank reportedly issued prepaid cards on behalf of nonbanks (which violated certain FTC laws), charged deceptive fees and failed to resolve account errors according to the FDIC.

#### **New CRA**

Bank regulators have adjusted the asset size threshold for CRA to <\$1.216B to be considered a small bank and \$304mm to \$1.216B to be considered an intermediate small bank.

# **Branches**

Celent reports consumer visits to bank branches are declining at a rate of about 5% to 10% per year.

### Settlement

The FDIC announced settlements with WEX Bank (UT) for \$1.75mm and HigherOne (CT) for \$2.23mm for deceptive practices under FTC laws related to debit card-based products for student financial aid disbursement services.

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