Rich Data To Recruit Bankers

by Steve Brown

If you want to target rich bank customers, you may want to see what devices they use. In a recent Global Web Index study of tablet users, 44% were more likely to be in the top 25% for income. They were also more likely to be parents and fall into the age category 35-44. It is pretty amazing what you can find out when you crunch the data.

Artificial intelligence, or AI, is basically data crunching on steroids. It is used today for a wide range of tasks including medical diagnosis, electronic trading and aviation. It's even quickly becoming a game-changer in the HR process.

A growing number of AI-focused start-ups are making it easier for companies to find and hire ideal jobs candidates. This is especially important as research indicates a sizeable portion of new hires don't work out. That comes at a high cost to the hiring company (or hiring community bank).

AI seems to offer several advantages in the recruiting process. For one, it allows companies to review substantially more resumes than humans can alone. Next, AI can take human biases out of the equation when it comes to candidates' race, gender, background and other factors. There can be cost benefits too.

A growing number of well-known companies are heading down this path. For the past year, consumer goods giant Unilever has been using AI to hire entry-level employees. This has substantially boosted diversity and cost efficiency in the process, according to published reports. On the financial front, Goldman Sachs, Morgan Stanley, Citigroup and others are reportedly among banks exploring the use of AI to sniff out applicants with traits the companies deem advantageous for the job. AI also can help surface things that aren't always evident from a resume or don't necessarily shine through in an interview.

As interest from corporations grows, there is a growing number of AI firms to help them narrow the potential pool of candidates. Some are using AI to ensure companies introduce more diversity into their employee ranks. AI is also helping companies gauge candidates' emotions and truthfulness during interviews.

Another way AI is being used: to give companies a better sense of how an applicant is likely to mesh with the corporate culture as well as perform on the job. This application of AI can measure abstract qualities and turn them into usable data points for hiring decisions. Bank hiring managers are well aware how hard it is to attract and retain top-notch employees. By using AI as a viable option, banks may one day be able to hire only committed, hard-working staff members in a cost-efficient and effective way.

To be sure, we're just on the cusp of these developments, so you probably have some time to take them all in. That said, maybe it is time to look around to see what's out there, as you begin to consider the pros and cons of various AI offerings.

While the technology is still relatively new and the players are still emerging, it's a good opportunity for banks to start doing their homework as things continue to evolve quickly.

After all, Accenture research projects in 18Ys (by 2035), AI technologies have the potential to increase profits in the financial services industry by 31% and increase labor productivity by 40% or more. Who knows where it all comes out, but looking at the data now and again sure is interesting.

BANK NEWS

Global Growth

The Organization for Economic Cooperation and Development (OECD) suggests leading indicators point to robust growth in 2018 globally. Global growth in Q2 was 3.6%, the greatest increase since Q1 2015.

Retirement Rules

Fidelity Investments says a good rule of thumb for people saving for retirement is to have the equivalent of your salary saved by age 30 and 10x your last salary saved by age 67.

Wealthiest

A Fed survey finds the top 1% of families capture 23.8% of total income vs. 20.3% in 2013 and their share of total wealth increased to 38.6% vs. 36.3% in 2013.

Staying Put

More Americans are deciding not to move, with the lowest number of moves in 70Ys, according to new Census Bureau numbers. While retirees are still moving, fewer millennials are - which is tipping the numbers downward. Large student loans and the high cost of housing are reasons cited for the decision not to move.

Branch Transformation

Research by Efma finds 20% of financial institutions say they are already underway with a digital branch transformation journey and are starting to roll out their future branch model. Only 8% of banks and credit unions say they have no plans to change their branch design or model.

Loan Portfolio

FDIC data finds that as of Q2 2017, the average loan portfolio for financial institutions with assets <$1B was in real estate (76%), C&I (13%), Farm (5%), Consumer (4%), and other (2%). Within the real estate category and as a percentage of total loans, the breakdown is: single family residential (30%), commercial real estate (29%), construction (7%), farmland (7%) and multifamily (4%).

Board Update

A Korn Ferry survey of CIOs finds this group makes presentations to the board as follows: quarterly (47%), semiannually (24%), annually (15%) and do not present to the board (13%).

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