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2023 Crowe bank compensation and benefits survey highlights

Highlights

A total of 388 financial services organizations contributed information to the 2023 "Crowe Bank Compensation and Benefits Survey." The participants represented a broad cross section of the industry by asset size and geographic location.

The survey results provide salary information and include more details regarding cash bonuses, commissions, and equity compensation with benchmarks for 272 job positions. Key metrics offer valuable insight into employee benefits, incentives, director compensation, and current trends in human resources management practices. Following are highlights and summary observations that showcase trends and certain comparisons captured through the survey results.

Profile of participants

Asset size	Participants
Less than $250 million	75
$250 million-$500 million	100
$500 million-$1 billion	102
$1 billion-$5 billion	98
Greater than $5 billion	13

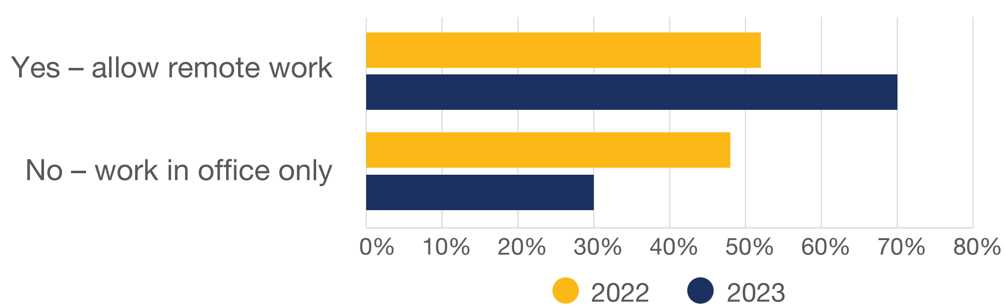
Remote work

As restrictions put in place during the COVID-19 pandemic have abated, many banks have begun enacting return-to-office policies. However, the ability to work remotely continues to be a high priority for employees and job seekers alike. The results of our survey demonstrate a shift in the willingness on the part of banks to meet this demand: 70% of respondents allow one or more days of remote work as a post-pandemic option for some employees. This shift represents a 17 percentage point increase over 2022, and it demonstrates that the banking industry – which might adopt changes more cautiously – is aware that staying competitive means nontraditional accommodations are necessary.

While hiring employees within a specific geographic footprint remains the most desirable option, banks are reckoning with a generation of employees that wants freedom and mobility.

This reckoning has prompted some organizations to consider candidates outside their geographic footprint, with 10.9% of respondents indicating a willingness to hire fully remote positions in some areas. Expanding remote work opportunities is a potentially viable solution to the challenges banks continue to face in recruiting new talent and retaining existing talent. Survey results indicate that banks find the credit analyst position to be the most adaptable in a remote work environment. However, it is also important for organizations to consider adopting more than one variation to a remote work policy to better meet internal needs and allow for the flexibility employees are seeking.

Percentage of banks allowing remote work

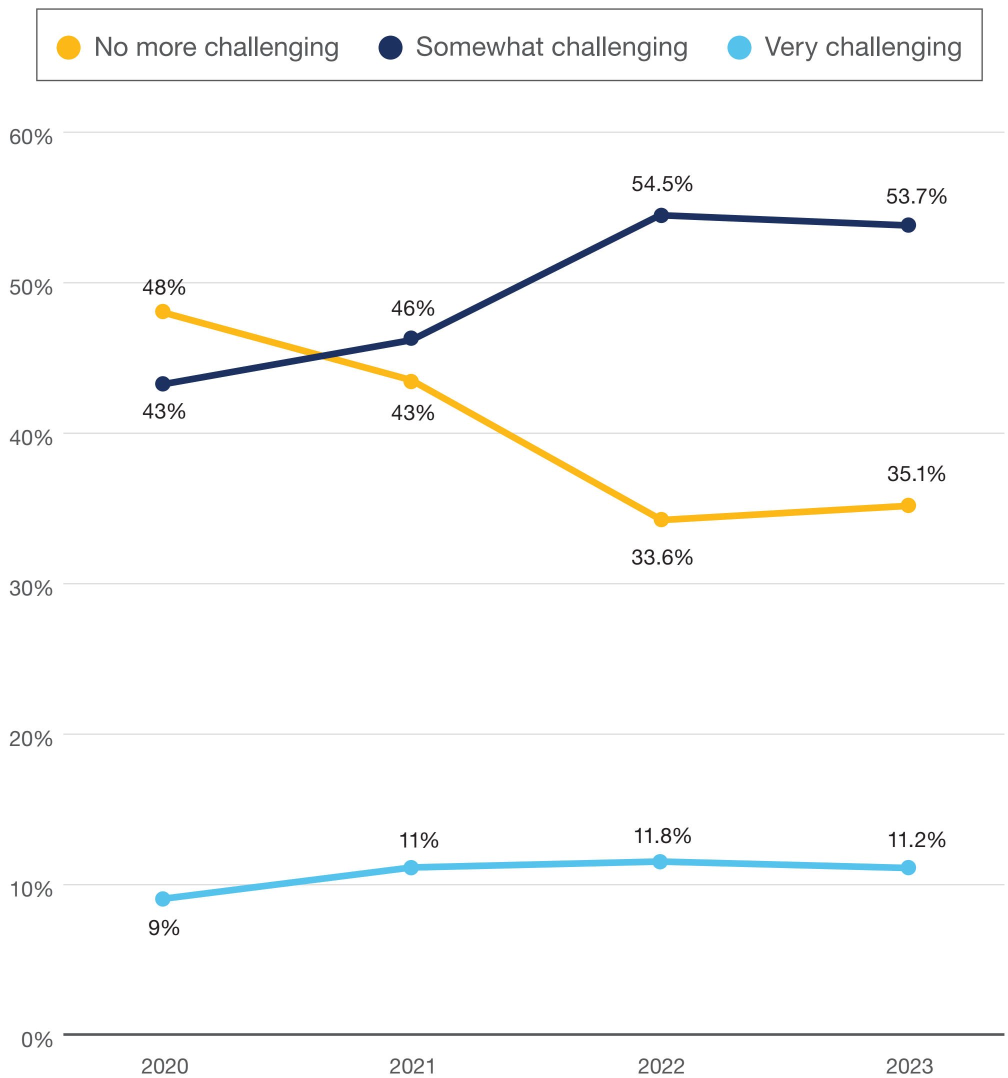


Retaining younger talent

The job market remains highly competitive, and survey respondents found retaining younger talent in 2023 to be no less difficult than in 2022. According to 64.9% of survey respondents, retaining younger talent in 2023 remains "somewhat" or "very challenging." This talent pool wants to work in a business environment that allows for creativity, adapts to change, and embraces technology – all areas that can be difficult for banks to navigate.

Despite these perceived gaps, the banking industry can provide younger talent with the experiences they are seeking through automation, remote work flexibility, and a work culture that emphasizes experience and values over only compensation.

How challenging has it been to retain younger talent?

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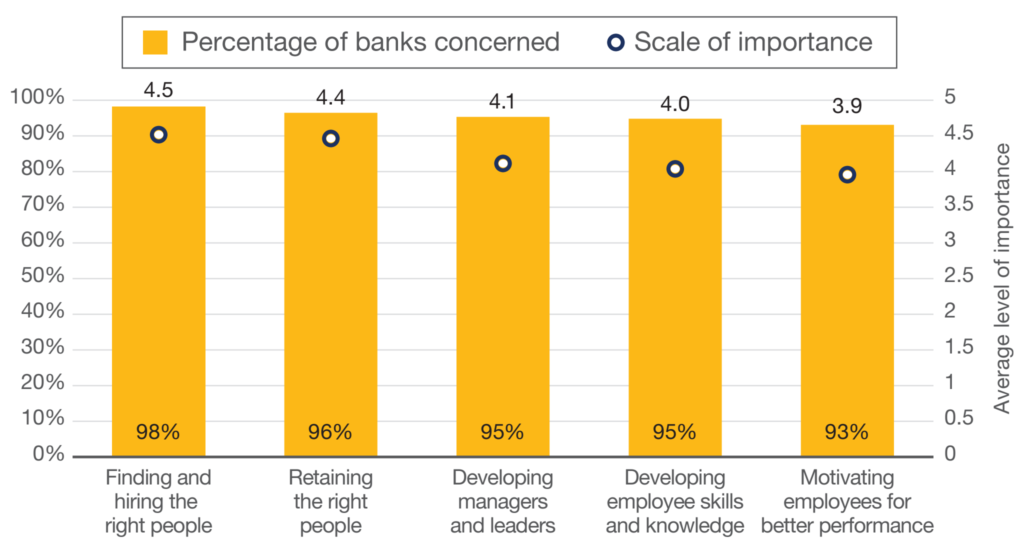
Human resources management issues

Among critical human resources (HR) management issues, the top five related to hiring, retaining, and developing the right people. On a scale of 1 (least important) to 5 (most important), 98% of respondents indicated that "finding and hiring the right people" rated an average of 4.5. "Retaining the right people" and "developing managers, leaders, and employees" followed closely with average scores of 4.4 and 4.1, respectively.

Hiring and retention challenges that started to strain the workforce in 2021 continue in 2023. Banks can benefit by strengthening their management and leadership programs to support the stability of the organization as existing leadership moves toward retirement. Organizations could provide job seekers with paths to career advancement they desire. Implementing development programs could also help retain employees.

Human resources management issues

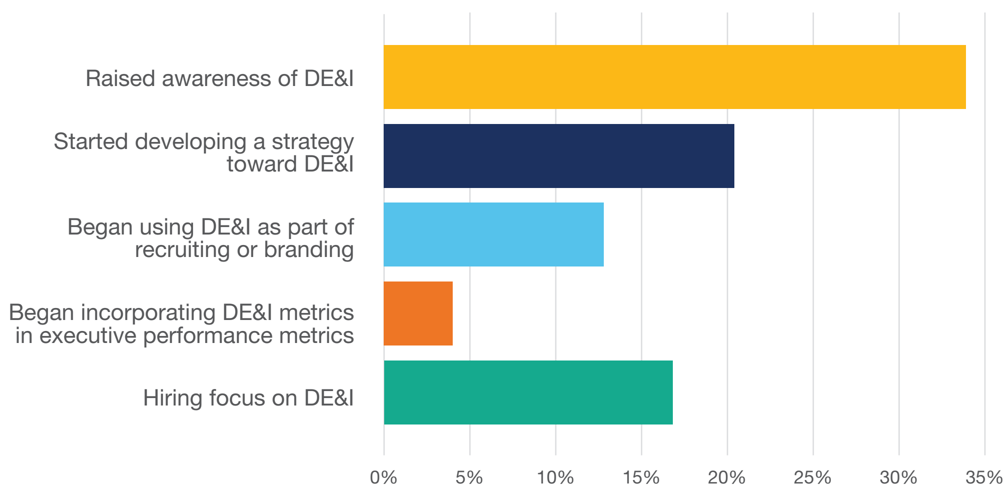


Diversity, equity & inclusion

In recent years, diversity, equity, and inclusion (DE&I) has come to the forefront in many industries, and the banking industry is beginning to embrace DE&I initiatives. The younger generation has clearly expressed a desire to work for companies whose values align with their own. Many organizations are acknowledging this cultural shift: 33.9% of respondents indicated they have "raised awareness of DE&I," and 20.4% of respondents have "started developing a strategy toward DE&I."

Despite the shift by some, 52.6% of survey respondents have taken no action on DE&I. Certain banks might consider seizing this opportunity to reach specific demographics they might be seeking.

What DE&I-related actions have taken place this past year?

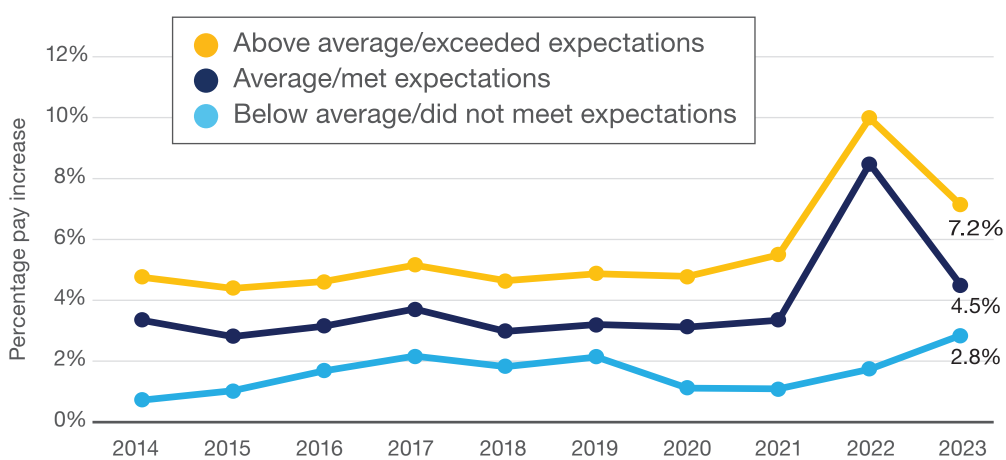


Employee performance and pay increases

In 2022, significant pay increases occurred across many industries, and financial services organizations were no exception. While a factor in 2023, salary increases have begun to normalize in the financial services industry. For the 76% of respondents that report having a pay-for-performance program, the average base pay increase for top performers was 7.2%, down by 28% compared to 10.0% in 2022.

Similarly, for employees who met expectations, the average increase was 4.5%, down by 47% compared to 8.5% in 2022. Employees who did not meet expectations received a slightly higher base salary increase, although small, from the prior year. Balancing compensation as an element of a total compensation and benefits package will be important as we move into 2024.

Employee performance and pay increases

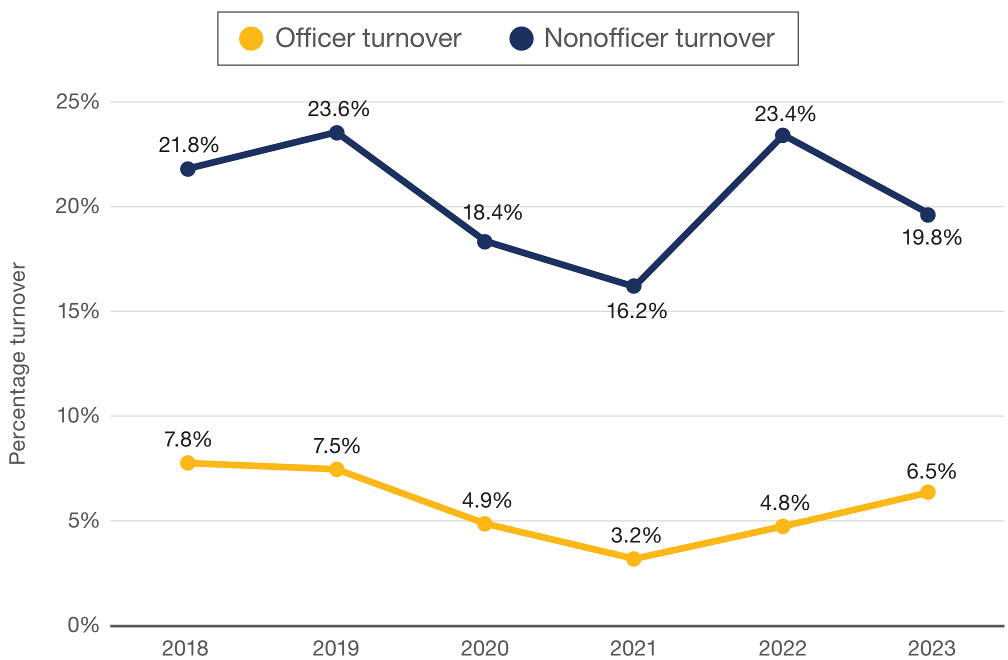


Nonofficer and officer turnover

While turnover was still high in 2023, nonofficer turnover was not as high compared to 2022. The nonofficer position that continues to be the most difficult to recruit and retain is the teller position. Many banks are moving away from a teller model toward a universal banker model, which allows for a frontline position with increased pay and additional flexibility at the branch level where foot traffic continues to decline.

Officer turnover increased for the second year in a row from a 2021 low of 3.2% to 6.5% in 2023. The exact rationale is not completely clear, but we are seeing that economic volatility is leading to job changes at all levels.

Nonofficer and officer turnover



Turnover rationale

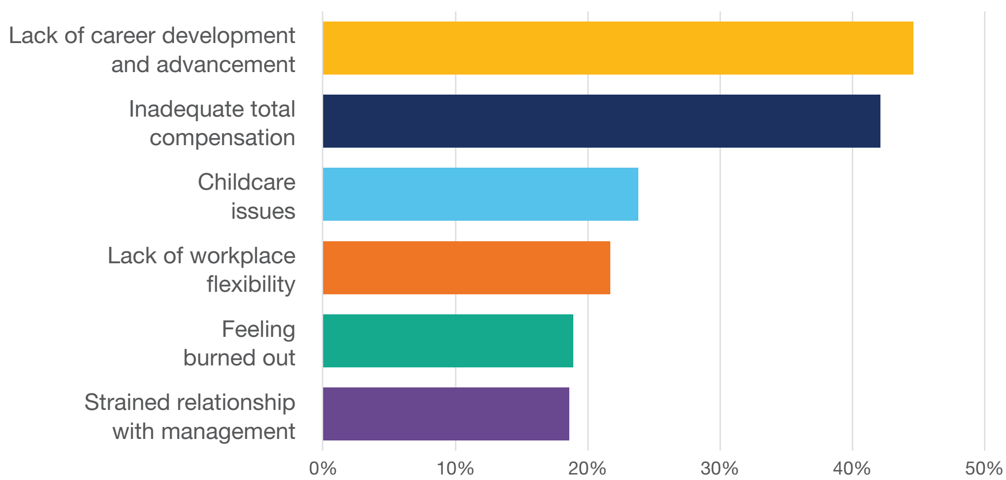
The competitive job market has allowed both new talent and existing resources to reevaluate what is important. Job seekers are unafraid to explore new opportunities and seek better compensation to achieve the work-life balance that has come to define the post-pandemic workforce.

According to survey results, 44.6% of respondents cited “lack of career development and advancement” as the most common reason employees seek employment elsewhere. Banks could change this narrative going into 2024 by implementing career development programs that focus on high performers, providing more extensive on-the-job training, and offering employees actionable, collaborative, and goal-oriented plans.

However, “inadequate total compensation” is an area that banks will have to address as part of efforts to reduce turnover, as low pay was cited to be the second most common reason employees left.

Approximately 10% of respondents cited retirement as a rationale for turnover, highlighting the need for banks to put appropriate succession plans in place.

Most common reasons employees leave

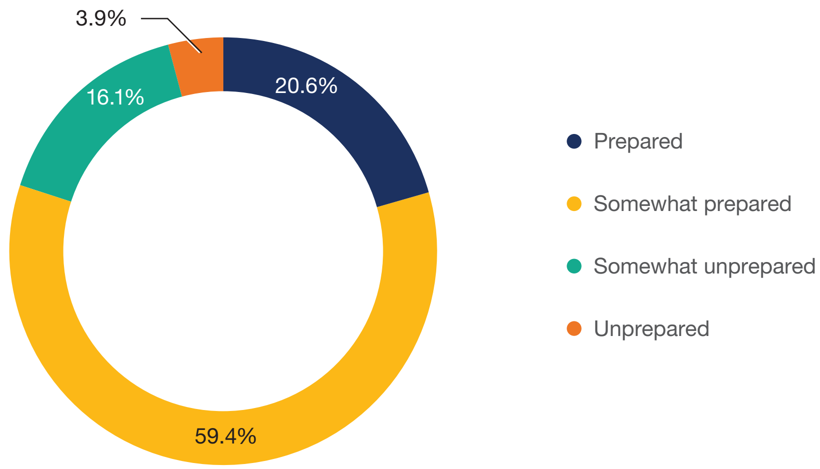


Age breakdown and succession planning

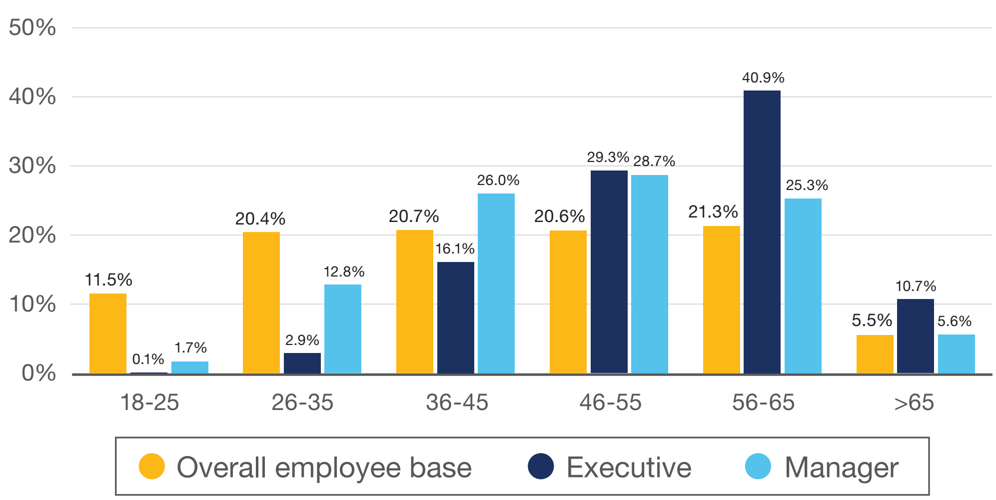
Banks require a strong succession plan to be in place if they intend to effectively manage the transition from existing executive management to the next generation. Of those surveyed in 2023, 80% of respondents reported being either “prepared” or “somewhat prepared” for executive succession in comparison to 85.2% in 2022, indicating that financial services organizations are even less prepared in 2023 than they were in 2022.

A sizable number (10.7%) of executives over the age of 65 are approaching retirement, and it is critical for banks to identify and resolve any challenges to their succession planning approach.

How prepared is your bank for succession of leadership to the next generation?



Age breakdown

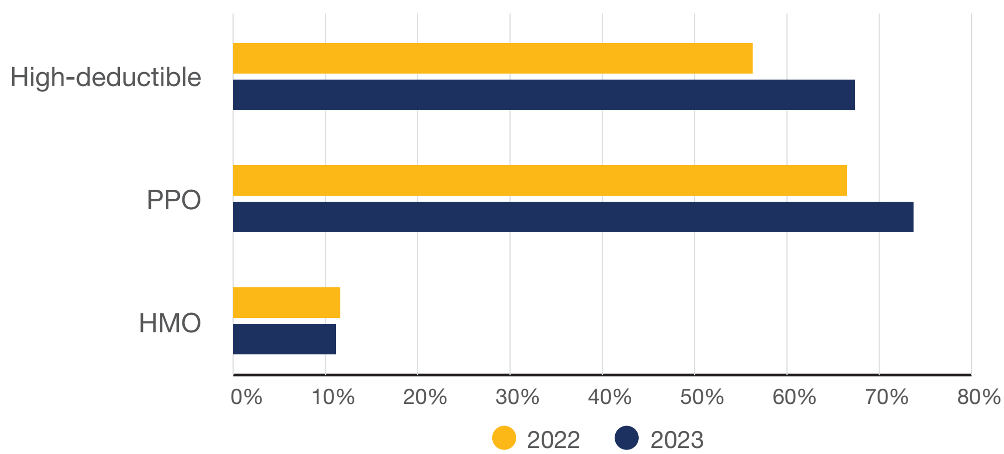


Employee benefits

As part of a total compensation package, employee benefits can be a key factor in attracting and retaining desired talent. The cost of providing benefits continues to rise and financial services organizations are tasked with finding comprehensive plans that are attractive to job seekers and don't break the bank.

To reduce their health insurance costs, many banks have implemented various surcharges, with 62.5% of respondents implementing a spousal surcharge and 43.8% implementing a tobacco surcharge. In some cases, banks offer incentives for employees to elect for insurance elsewhere. Additionally, banks are implementing other cost containment measures, such as "increased deductibles" (25.1%) or "increased employees share of premiums" (28.6%).

Health insurance plans



Many banks are changing the types of health plans they offer. Only 11.1% of respondents offer health maintenance organization (HMO) plans. Instead, banks are shifting to preferred provider organization (PPO) (73.7%) and high-deductible plans (67.4%) that appeal more to employees.

Banks will need to be creative in managing employee benefits programs to be able to provide the value that employees desire.

Salary trends

Annual survey results help organizations take a pulse check on the current job market. To provide more granular detail, the 2023 survey captured information related to cash bonus incentives, commissions, and equity compensation. As reflected in the 2023 compensation survey, base salary increases appear to be normalizing to pre-pandemic levels.

From 2022 to 2023, hourly positions such as teller, teller operations supervisor, and item processing positions were among the highest percentage pay increases. Employees within this salary range have various career options outside of financial services organizations that might have less responsibility and more flexibility, which might be one factor that is contributing to higher base salary increases for these positions.

Most officers of the bank had median salary increases that became more normalized from 2022 to 2023, with the chief executive officer or president and chief compliance officer (CCO) receiving the highest increases of 6.8% and 6.0%, respectively. CCOs are tasked with overseeing an industry that is under increased regulatory scrutiny, which has led to higher demand and a need to pay higher salaries for this limited talent pool.

Despite receiving significant base wage increases in 2021 and 2022, the teller position remains the most difficult to recruit and retain. From 2021 to 2023, teller I salaries increased by 17.0% and teller II salaries increased by 15.1%. Banks will need to become creative in searching for approaches to differentiate themselves in the market from other industries, and they should continue to focus on digital transformation to address the declining need for in-branch services.

Position	Median salary 2021 (437 banks)	2022 (429 banks)	2023 (388 banks)	Percent change 2022-2023	2021-2023
Top CEO/President	$251,082	$265,225	$283,388	6.8%	12.9%
Chief financial officer	$163,000	$172,970	$180,000	4.1%	10.4%
Chief credit officer	$160,000	$170,000	$176,024	3.5%	10.0%
Chief information officer	$129,209	$137,500	$140,000	1.8%	8.4%
Top retail banking officer	$111,500	$130,000	$135,012	3.9%	21.1%
Chief human resources officer	$114,550	$125,000	$130,000	4.0%	13.5%
Commercial loan officer III	$126,500	$125,380	$129,992	3.7%	2.8%
Chief compliance officer	$93,357	$94,324	$100,000	6.0%	7.1%
Branch manager II	$62,071	$64,370	$65,387	1.6%	5.3%
Credit analyst I	$49,319	$52,686	$52,052	-1.2%	5.5%
Teller operations supervisor	$41,227	$43,125	$49,080	13.8%	19.0%
Loan operations processor	$39,501	$40,845	$43,347	6.1%	9.7%
Personal banker I	$37,190	$39,291	$40,482	3.0%	8.9%
New accounts representative	$35,170	$36,960	$38,253	3.5%	8.8%
Lead teller	$35,057	$37,229	$38,108	2.4%	8.7%
Universal banker	$33,600	$35,721	$37,553	5.1%	11.8%
Teller III	$32,851	$34,850	$36,375	4.4%	10.7%
Data entry/Item processing clerk	$35,700	$33,600	$36,733	9.3%	2.9%
Customer service representative I	$34,984	$35,700	$35,521	-0.5%	1.5%
Teller II	$29,309	$31,500	$33,749	7.1%	15.1%
Teller I	$27,300	$29,400	$31,930	8.6%	17.0%

Learn more

John Epperson,
Managing Principal, Financial Services
+1 630 575 4220
john.epperson@crowe.com

Stephanie White
+1 502 420 4461
stephanie.white@crowe.com

Dana Lori
+1 574 236 7663
dana.lori@crowe.com

Our full report includes many more survey insights, including:

- How long it takes, on average, to fill an open position
- What percentage of organizations plan to increase staff through normal growth
- If organizations plan to implement a management training program
- Whether organizations raised awareness of environmental, social, and governance issues in the last year

Purchase the full report

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