2019 Crowe Bank Compensation and Benefits Survey

Report Highlights

Smart decisions. Lasting value.™

A total of 778 financial institutions contributed information to the 2019 Crowe Bank Compensation and Benefits Survey. Crowe worked with the firm BalancedComp to supplement participation in this year's survey, which helped to make this survey one of the largest of its kind in the industry. The participants represented a broad sample of the industry by asset size and geographic location.

Profile of participants

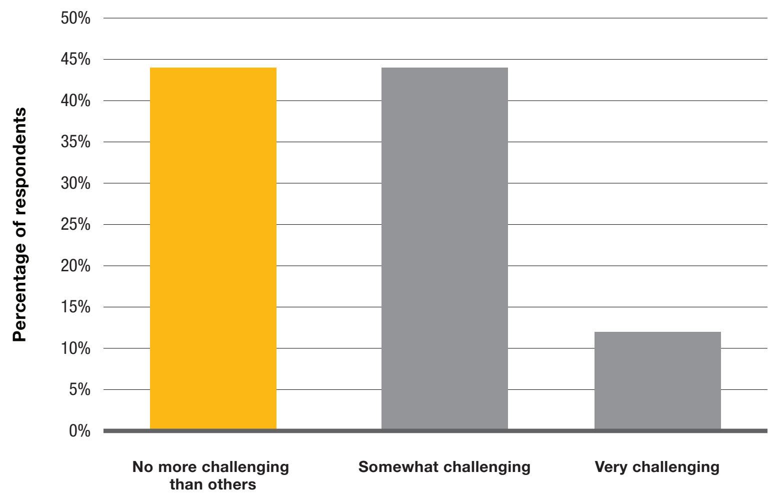
Asset size	Participants
Less than $250 million	302
$250 million to less than $500 million	194
$500 million to less than $1 billion	152
$1 billion to less than $5 billion	117
Greater than $5 billion	13

The survey results provide salary and bonus benchmarks for 273 job positions as well as information regarding benefits, incentives, director compensation, and human resource practices. Following are several observations that showcase the trends and comparisons identified through our survey results.

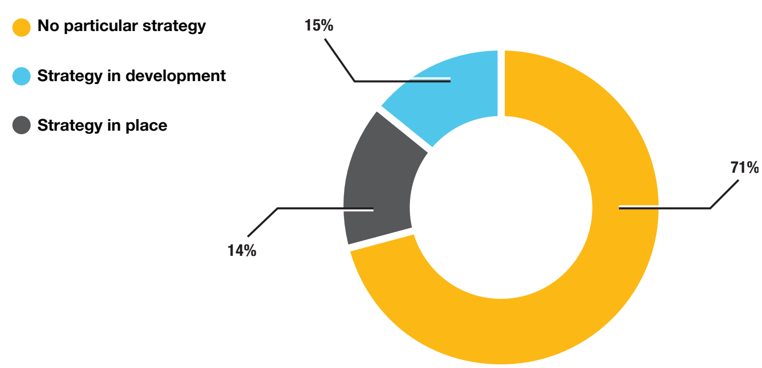
Recruiting and retaining younger talent

Attracting younger talent is crucial for any place of employment, and this focus is especially evident in the ever-changing world of banking. However, many banks reported problems with recruiting and retaining younger talent. Fifty-six percent of banks reported that retaining younger talent is somewhat or very challenging. This significant percentage seems to coincide with the 71% of banks that reported having no strategy for recruiting younger talent but have plans to develop one. Only 14% of banks this year reported having a strategy in place.

Retaining younger talent

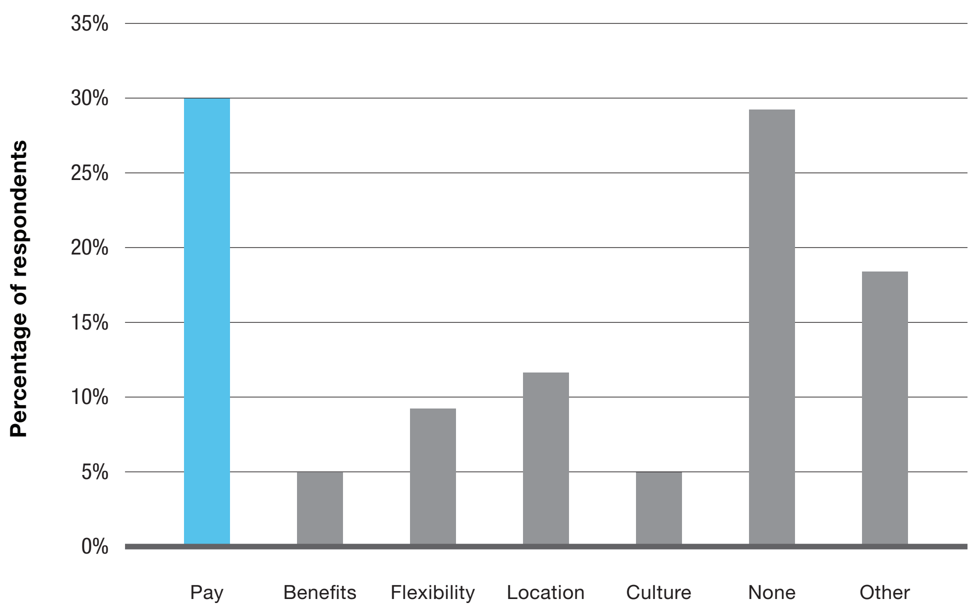


Strategy for recruiting younger talent



Seventy-one percent of banks admitted to issues with attracting millennials, with the biggest pain points including pay, location, and flexibility. Banks are finding it more difficult to recruit younger talent as this group places greater expectations on their employer regarding their careers and work/life balance. In addition, banks must deal with the less-than-stellar, sometimes stodgy reputation that banking holds in the eyes of younger generations. This reputation, coupled with competition for talent from other industries, makes hiring and retention issues even more complex.

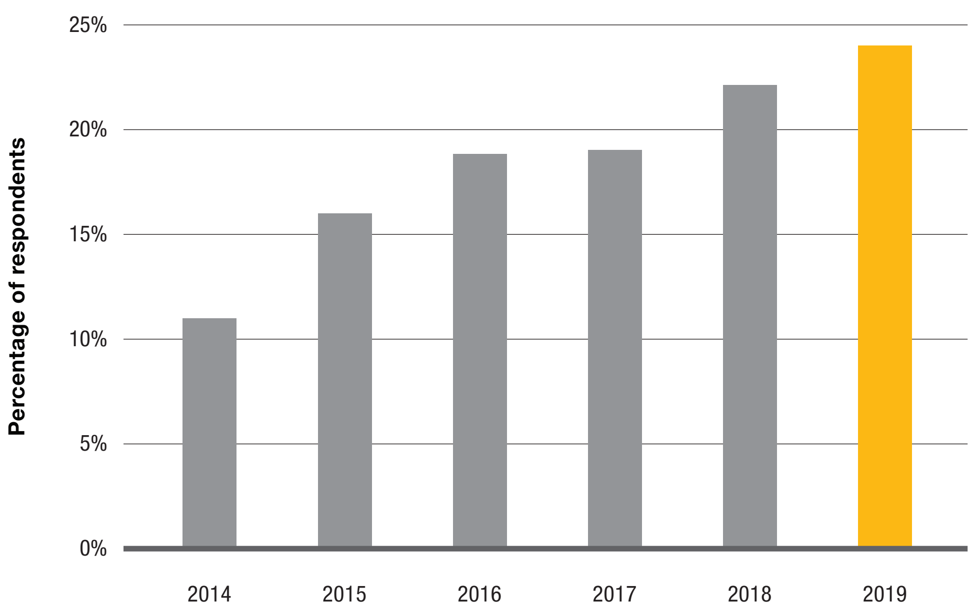
Issues attracting millenials



Employee turnover

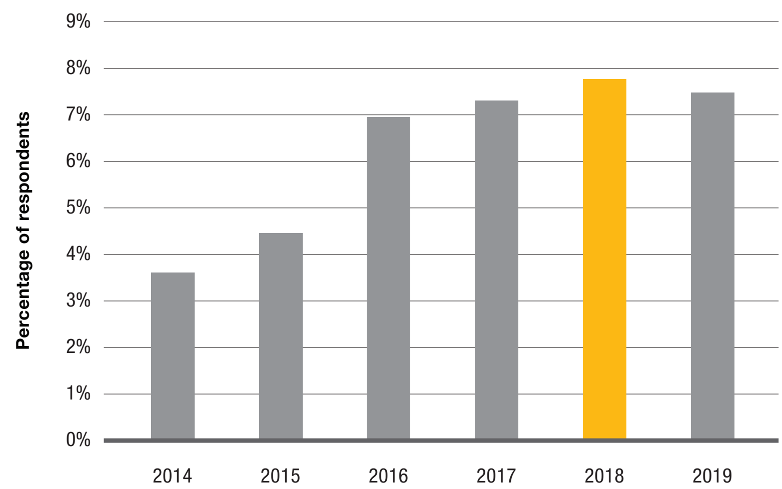
Over the past six years, the turnover rate for those in nonofficer positions has more than doubled, demonstrating yet another problem banks face in addition to talent acquisition: talent retention. Officers of banks typically are long-term personnel who have moved up in responsibility usually within a single employer. Nonofficers, on the other hand, might be younger employees who are susceptible to moving to other employers. In addition to concerns about pay and benefits, high turnover rates suggest a problem with either work environment, poor management, or employee engagement. Employees who are disengaged with their work often turn to other opportunities that are more fulfilling and appealing to their interests.

Nonofficer employee turnover rate

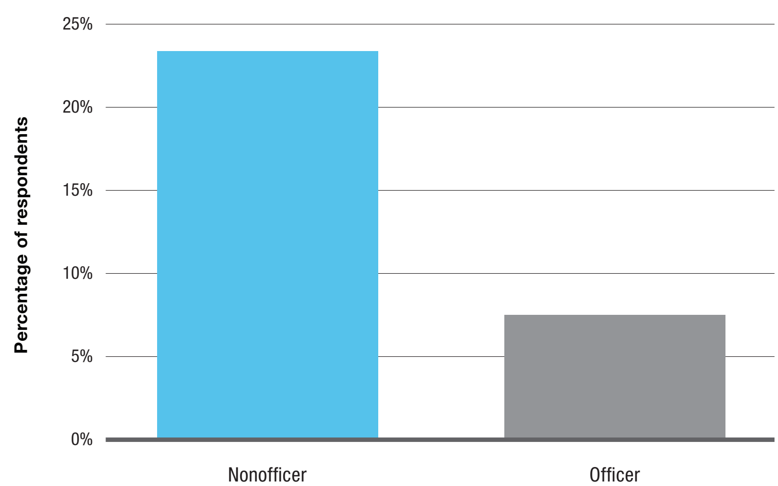


Although the officer turnover rate for banks is not as drastic as that of nonofficers, it's still important to take note of its gradual increase. Over the past six years, officer turnover rates, just like those for nonofficers, have more than doubled, from 3.6% to 7.5%. This trend echoes the problem with retaining nonofficers. Filling openings in both position levels results in a gap in the chain of command. This gap then results in additional work for remaining employees, which, in turn, leads to lower job satisfaction and increased turnover. With nonofficer and officer turnover rates on the rise, banks must focus on keeping employees engaged.

Officer turnover rate



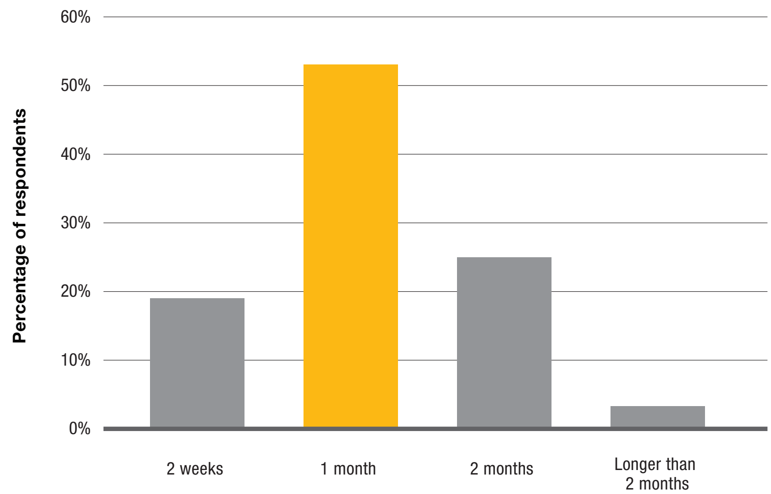
2019 turnover rate



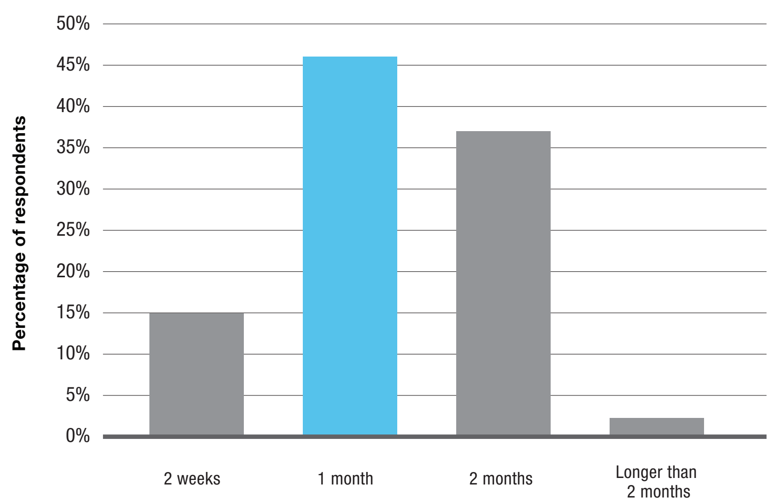
Open positions

In this year's survey, banks reported on their average time elapsed between posting a job to fulfilling (filling) the open position. Although the length of time ranges from a few days to multiple months, one month was the most common answer. Few banks reported taking more than two months to fill their open positions. As turnover rates increase, it is critical for banks to reduce the time between job posting to job fulfillment. Banks with turnover rates above 20% have a higher rate of taking two months to fill positions than those with lower turnover rates. With higher turnover come more positions to fill, which seems to translate to an increased average length of time to fill the open positions.

Average time between job posting and job fulfillment



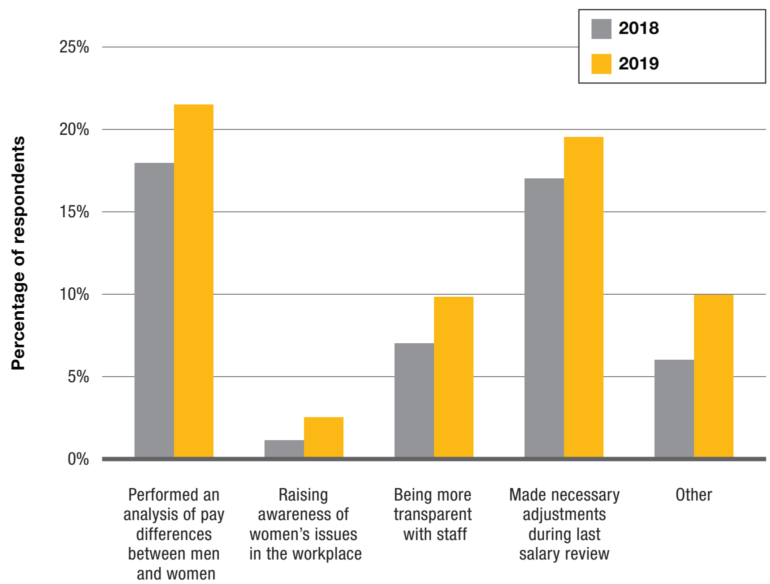
Banks with turnover rate above 20%



Gender pay gap

The banking industry is no exception when it comes to the gender pay gap. Many banks have taken notice of this issue and some have either taken action or are in the midst of doing so. The percentage of banks that have acted on the gender pay gap issue has increased since last year. Since 2018, when this question was first added to the survey, respondents report that each of the actions banks could take to address the issue has become more prevalent. It's interesting to note that the amount of "other" actions has increased the most since last year. This change could mean that banks are coming up with unique initiatives to address the issue.

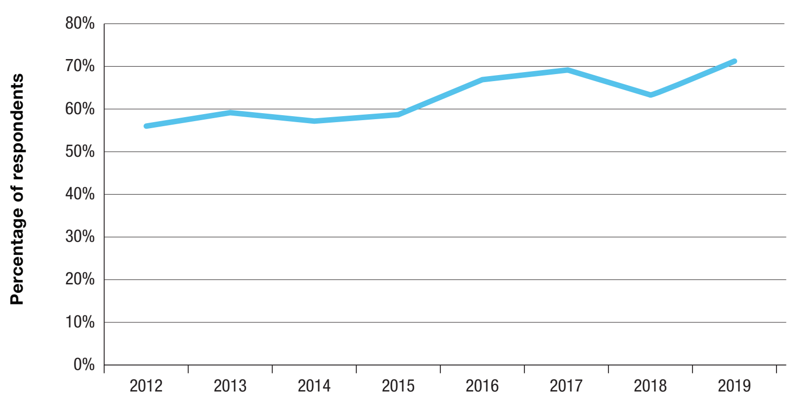
Action taken in response to gender pay differences



Longevity

Like the employee turnover rate measure, rewarding employees for years of service is an important metric for analyzing employee retention. In the banking realm, where many officers spend decades working for the same employer, industry experience and service can sometimes go unnoticed. Since 2012, 15% more banks have implemented a rewards system based on years of service to encourage lower turnover and to increase officer retention. Having in place a system of rewards to recognize those who have been loyal to the bank through continued service can help combat the rising turnover rates many banks have been susceptible to in recent years. As turnover rates continue to rise, the number of initiatives like this one likely will increase in order to help retain valuable employees.

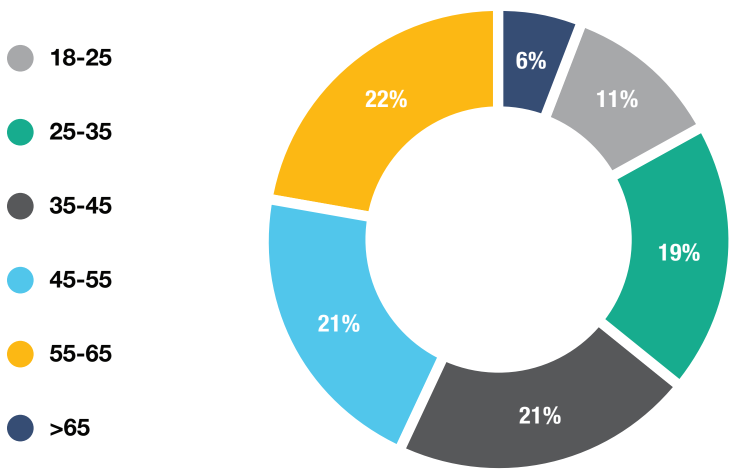
Banks rewarding for years of service



Employee age

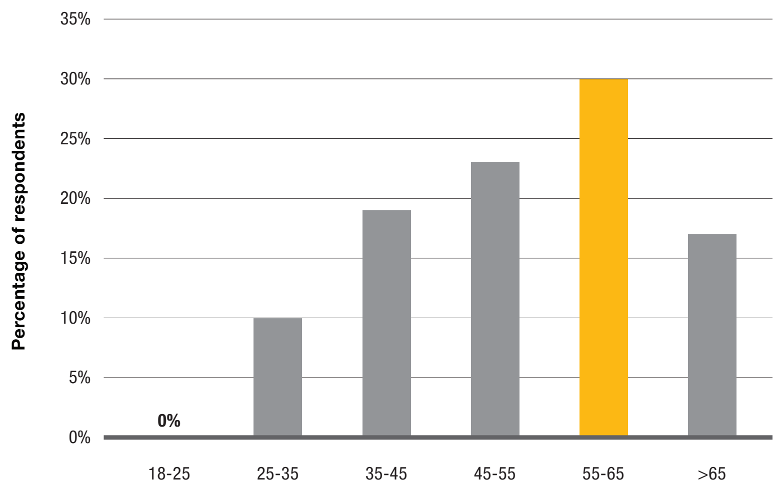
Employee ages in the banking industry are evenly distributed between 25 and 65, and that cohort makes up 83% of the age breakdown. The percentage of young professionals 25 and younger is lower, at only 11%, and reflects the trend of banks experiencing difficulty hiring and retaining millennials. Young professionals between 18 and 25 are heavily recruited globally, but there is a lack of successful recruitment of this demographic in banking. This recruitment gap causes concern as the largest group of employees by age – those aged 55 to 65 – approaches retirement. Banks need to be able to fill the lower skill and pay positions that younger employees typically fill as existing employees are promoted to fill positions left empty by retirees.

Employee age breakdown

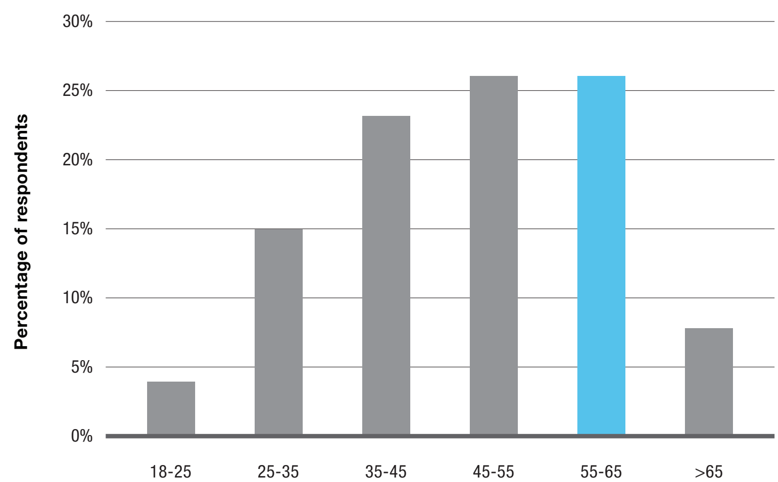


Managers and executives aged 45 to 65 hold the greatest weight in these positions, at 52% and 53%, respectively. There is a consistent increase until retirement age in the number of executives as employees move up in age group. This trend is illustrative of the corporate ladder as employees in higher positions have a greater pool of knowledge and expertise, which come from years of experience. There are very few managers in the 18-25 age group and no executives at all in that same age group.

Executive age breakdown



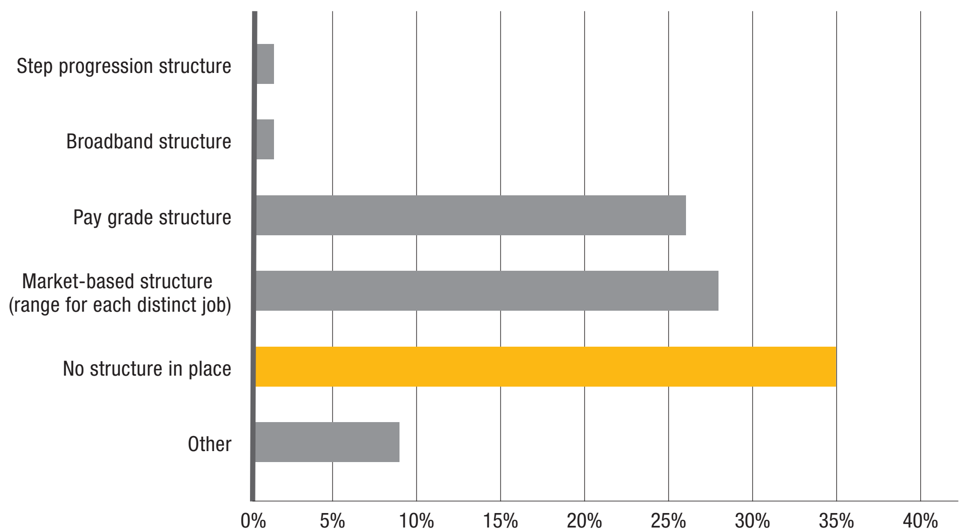
Manager age breakdown



Salary trends

Compensation structures are put in place to ensure that pay levels are appropriate for each job description. Benchmarks such as those gleaned from the Crowe Compensation and Benefits Survey provide insight into the banking industry and how much other banks in different regions and of different asset sizes are paying their employees. It's crucial to provide competitive salaries and benefits to appeal to a diverse group of professionals. Although the majority of banks that responded report that they do not have a structure in place, a great number of banks did acknowledge using a variety of compensation structures to define their salaries. The two most popular options as reported this year are pay grade structures and market-based structures.

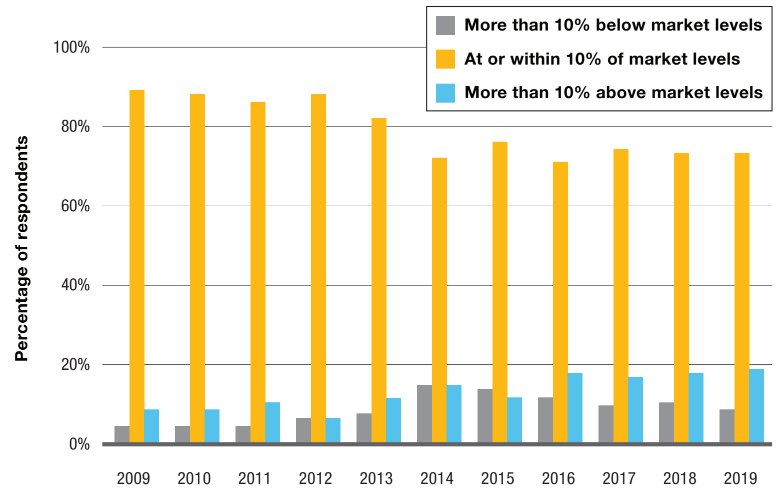
Compensation structure



Base pay

We continue to see an increase in the number of banks pursuing a strategy of base pay above normal market levels. This year, almost 20% of banks reported base pays that are more than 10% above market levels, a figure that more than doubled over the years. As turnover rates increase and younger generations demand more competitive wages from their employers, banks have no choice but to offer greater incentives to potential new hires. As noted earlier, 30% of banks claimed that pay was an issue preventing them from retaining younger talent, which might explain why 20% of banks are trying to go above and beyond normal market-level base pay.

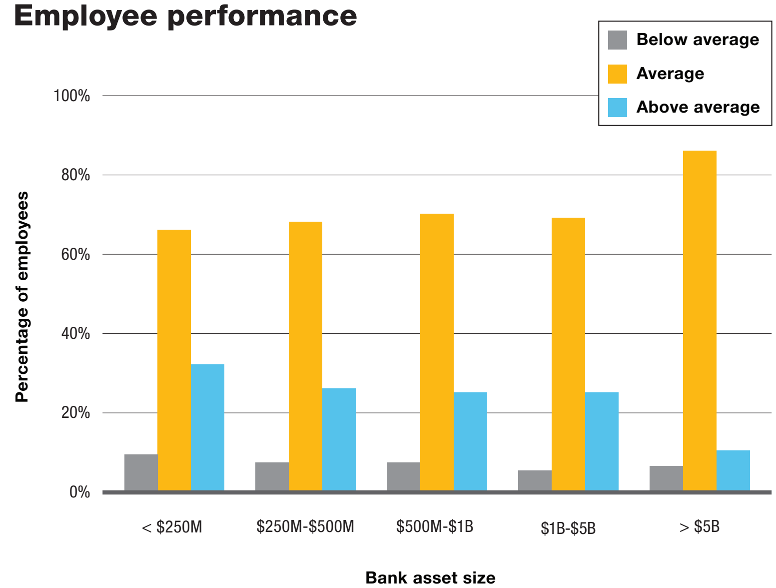
Base pay



Performance

By breaking down banks into distinct asset ranges, many trends appeared, including discrepancies among banks of different sizes and how they rate their employees' performance. Banks with less than $250 million in assets (the smallest of the banks that were sampled) reported the lowest percentage of employees with average ratings and the highest percentage of employees rated above average. The number of employees with average ratings generally increased along with asset size, up to nearly 90% for banks greater than $5 billion in assets. Employees rated above average dropped to a mere 10% for these largest of banks. This drop could be because at larger banks, performance ratings are more scrutinized or consistently applied, or perhaps higher standards are enforced. Employees at smaller banks often hold multiple responsibilities, which might make higher performance ratings more appropriate.

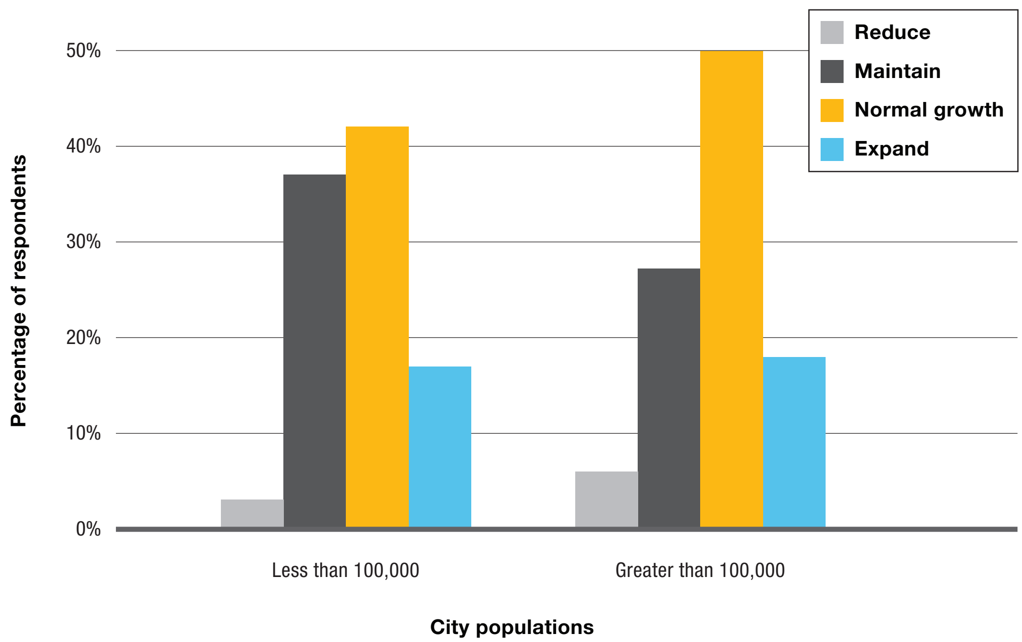
Employee performance



Employment plans

Banks located in cities with populations less than 100,000 are more interested in maintaining current employment levels than banks in cities with populations greater than 100,000. Banks located in larger cities are more likely to have a bigger client base as well as more available capital, which allow them to focus more on normal growth. Banks in both population sizes have similar plans to reduce and expand their staffing levels. This similarity could be an indicator that banks are doing well enough to not have to decrease employment size – even though it is becoming a more common trend to slowly reduce bank branches and convert to online banking.

Total employment plans



Salary trends

This year's survey results indicate an investment in branch staffing. The only position that saw a decline in salary was customer service representative I, but this decrease likely is due to the position being split into two levels in the survey. All other branch positions received higher-than-expected increases. This trend could be a continued reflection of the high turnover in branches and increased competition for talent with retailers offering increased salaries.

Credit positions stayed mostly stagnant this year, both at executive and analyst levels. This trend could be an indication of the current market, which has seen a drop in bad loans, causing credit departments to be less valuable for banks. This trend is likely to reverse in the next downturn.

Like last year, the chief information officer position saw an above-average increase in salary. As data becomes a more valuable asset for banks, IT departments will continue to grow in size and value. The trend is likely to continue in the future, but to a lesser degree than the significant growth seen in the past two years.

Salary trends by position

	Median salary			Percent change	
Position	**2017 (375 banks)**	**2018 (420 banks)**	**2019 (778 banks)**	**2018 to 2019**	**2017 to 2019**
CEO/President	$241,200	$242,887	$231,082	-4.86%	-4.2%
Chief Credit Officer	$150,000	$153,381	$153,500	0.08%	2.3%
Chief Financial Officer	$149,448	$153,355	$150,754	-1.70%	0.9%
Chief Information Officer	$111,000	$117,880	$130,000	10.28%	17.1%
Commercial Loan Officer III	$113,000	$115,650	$120,000	3.76%	6.2%
Chief Human Resources Officer	$97,297	$104,502	$112,586	7.74%	15.7%
Top Retail Banking Officer	$120,000	$111,000	$112,000	0.90%	-6.7%
Chief Compliance Officer	$84,000	$87,000	$88,350	1.55%	5.2%
Branch Manager II	$60,250	$61,000	$64,727	6.11%	7.4%
Credit Analyst I	$45,650	$46,998	$46,870	-0.27%	2.7%
Commercial Loan Processor	$41,348	$42,600	$45,000	5.63%	8.8%
Teller Operations Supervisor	$38,194	$38,976	$37,877	-2.82%	-0.8%
Loan Operations Processor	$34,755	$36,289	$37,000	1.96%	6.5%
Personal Banker I	$34,587	$34,230	$34,503	0.80%	-0.2%
New Accounts Representative	$32,550	$34,000	$33,831	-0.50%	3.9%
Lead Teller	$32,226	$32,652	$33,663	3.10%	4.5%
Universal Banker	$31,200	$32,004	$32,605	1.88%	4.5%
Customer Service Representative I	$32,242	$33,243	$32,365	-2.64%	0.4%
Teller III	$29,561	$30,269	$31,689	4.69%	7.2%
Data Entry/Item Processing Clerk	$29,000	$30,450	$30,660	0.69%	5.7%
Teller II	$25,788	$26,502	$28,287	6.74%	9.7%
Teller I	$23,289	$24,461	$25,725	5.17%	10.5%

Learn more

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Note: the numbers in the exhibits might not total 100% due to rounding.

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