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INDUSTRY TRENDS AND HOT POINTS

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INDUSTRY TRENDS AND HOT POINTS

Adapting to current trends is a vital part of effective workforce management, and this is especially true in an industry as complex and ever changing as financial services. As HR professionals around the country attempt to optimize their talent attraction strategies for the upcoming year, a large array of considerations should be taken into account. These can include anything from changing regulations in the financial services industry to increasingly diverse forms of competition coming from startups and tech companies, and so much more.

Here, several key takeaways from Mercer's 2017 financial services compensation survey are highlighted to provide a helpful overview of the factors impacting this field, as well as some insight into how HR professionals can better account for them. This survey data covers a broad array of industry segments, including Commercial Banking, Consumer Finance, Financial Operations, Insurance, Retail Banking, and Trust & Private Banking.

INCREASED COMPETITION FOR TOP IT JOBS

The expansion of the global economy and rapid advancements in technology are contributing to changing business models within the financial services industry. Organizations operating within this sphere are no longer simply competing among one another for top talent — they are also competing against other industries for the same employees with in-demand tech skills, many of which can be applied to diverse job types and functions. These implications are accounted for in the 2017 financial services salary survey, which saw the inclusion of tech-related jobs in the Financial Operations module for the first time. The data showed that certain tech-related jobs/employees in the financial services industry (such as Business Analysts) were paid higher than their respective counterparts in other industries.

Still, in spite of this, data also showed that the most difficult positions to fill throughout the industry were often related to technology. On average, surveyed organizations said that job vacancies for the Data Architect position typically took 4.9 months to fill, which was a month longer than the standard of other industries. The second most difficult position to fill was Enterprise Architect, followed by Business Intelligence Architect, and finally the cybersecurity-related Information Security Professional, which took almost half a month longer for financial services companies to fill than other industries.

Cybersecurity roles as a whole are particularly in demand; in fact, recent research found that the pay levels for risk and compliance-related positions had faster 2017 base pay increases than all other incumbents.

These tech-based financial industry trends are sure to continue in the upcoming years as organizations seek to minimize financial risk and comply with increasingly unpredictable financial regulations. To do so, while also attracting more high-value talent to their sector, compensation professionals must become nimble enough to compete with high-tech banking institutions, major e-commerce retailers, and the growing number of organizations that shy away from traditional brick-and-mortar establishments.

INDUSTRY BASE PAY IS ON THE RISE, BUT NOT ALL POSITIONS ARE EQUAL

Outside of the information technology focused job, there were definitely some additional “hot jobs” in the market that had median year-over-year salary increases much higher than the overall averages across the industry. In the Commercial Banking segment for instance, the Business Banking and Commercial Loan Processing Manager position saw a double-digit increase at 11%. Two positions within the Retail Banking segment also experienced double digit growth — Community Development Manager I (+11%) and Branch Support Manager I (+10%).

On the opposite end of this spectrum were jobs with stagnant pay year over year. Some of the jobs not reporting median base salary increases in the different industry segments are:

COMMERCIAL BANKING
Cash/Treasury Management Officer I and Commercial Loan Team Leader

CONSUMER FINANCE
Auto Remarketing Manager, Loan Collector II, and Loan Servicing Clerk I

FINANCIAL OPERATIONS
Operations Department Manager and Operations Processor I

INSURANCE
Compliance Specialist I and Student Actuary I (P/C)

RETAIL BANKING
Branch Support Representative I and Teller Supervisor

TRUST AND PRIVATE BANKING
Trust Operations Officer and Trusts and Estates Officer II

Overall, when looking at the 2016 and the 2017 financial services industry compensation surveys side by side, we find companies that matched the same employees to the same job in both surveys (common incumbents) experienced a 4.0% base pay increases. By comparison, common incumbents between the 2015 and 2016 survey saw a 3.2% increase.

SHIFTING EMPLOYEE VALUES MUST BE TAKEN INTO ACCOUNT

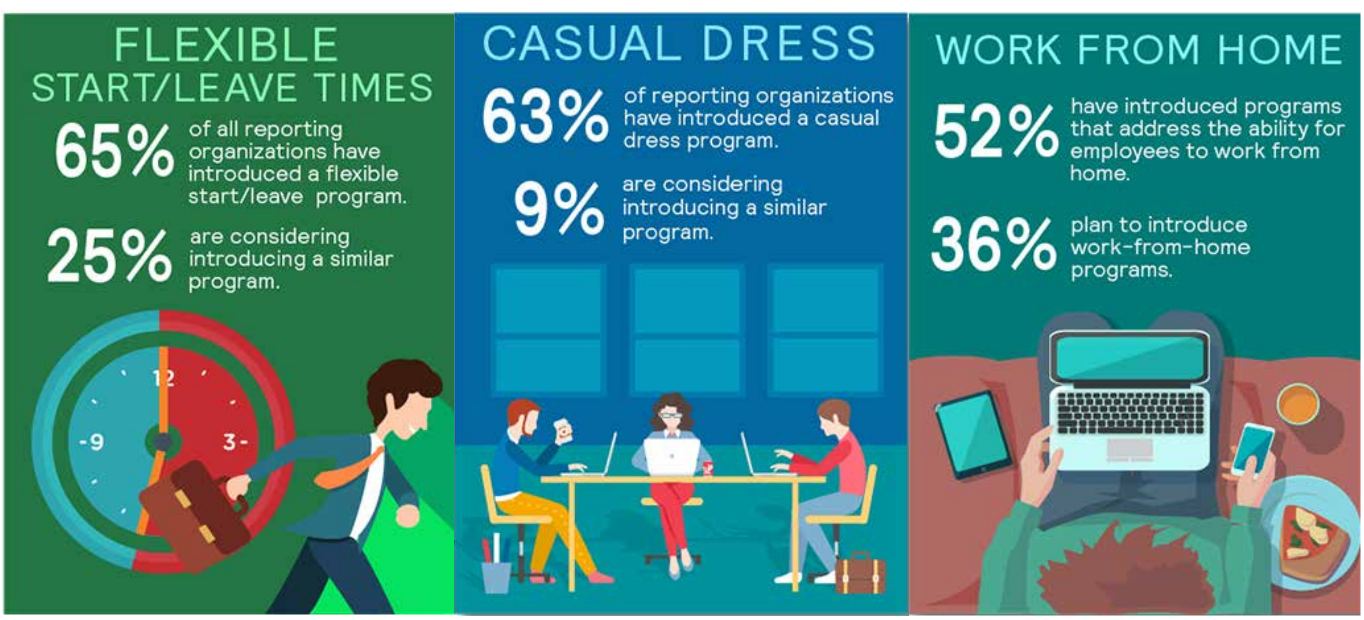
This past year, the highest rates of industry turnover occurred within the Consumer Finance and Retail Banking segments. However, for the financial services industry as a whole, there was actually a decrease in employee turnover. Regardless of this decrease, it was still more expensive for organizations to replace their professional roles with new hires whenever turnover did occur (as opposed to continuing to pay existing incumbents). These increased recruitment costs are precisely why it's important to minimize turnover by identifying and providing the right employee rewards.

Generally speaking, as more and more older workers exit the workforce, they're replaced by millennials and other young employees. With this demographic shift come different perspectives on work-life balance, which many HR professionals still have trouble addressing, including within the Financial Services industry.

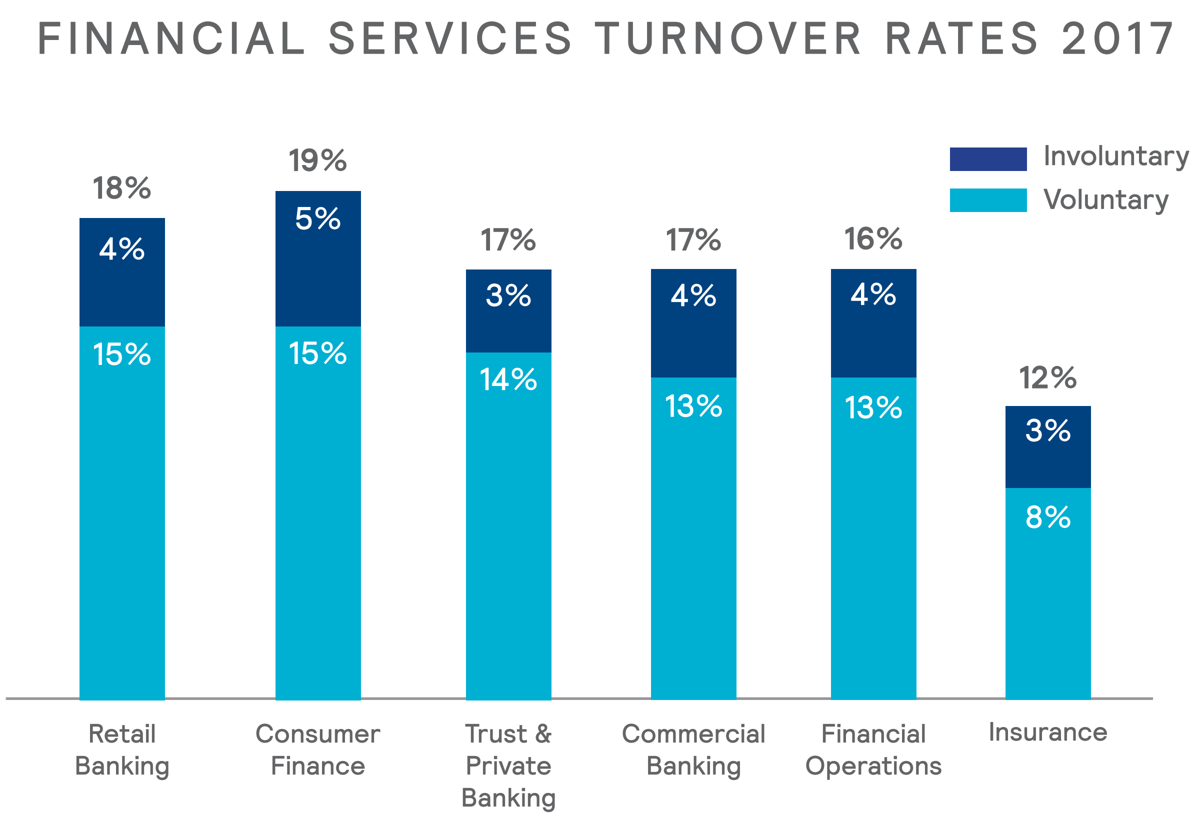
In fact, looking at the Mercer 2016/2017 US Compensation Policies and Practices survey, 93% of surveyed organizations throughout various industries have trouble attracting millennial employees.

To help alleviate these recruitment and retention issues, some organizations are already taking the following steps:

- 65% of surveyed organizations have already introduced a flexible start/leave program. Meanwhile, 25% said they were considering introducing one.
- 63% of surveyed organizations have already introduced a casual dress program, while 9% said they are considering introducing one.
- 52% of surveyed organizations have already introduced flexible work-from-home programs, while 36% said they were considering introducing such programs.



To attract the next generation of employees, HR professionals will have to continue balancing the dynamic new benefits that are most valued by younger employees with the more traditional benefits coveted by seasoned employees. This practice will ensure a happy, well-maintained workforce while minimizing turnover rates.



Data above was compiled from the Mercer ***2017 US FSS: Financial Services Suite***

RESPOND PROACTIVELY TO TOP FINANCIAL INDUSTRY TRENDS

Across the country, it's clear that organizations are in a rush to upgrade their talent, stay on top of financial services industry trends, and remain competitively viable in a constantly evolving yet always uncertain professional landscape. Many of these hot points will play a significant role in the future workforce management efforts of professionals everywhere, but they only scratch the surface.

Whether you're curious how your current compensation plans stack up to the competition or simply want to optimize your incentives plans with robust insights, the **2017 Financial Services Suite** can provide you with the most accurate and up-to-date strategic workforce planning data available.

CONTRIBUTING AUTHORS

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ABOUT MERCER

Mercer delivers advice and technology-driven solutions that help organizations meet the health, wealth and career needs of a changing workforce. Mercer's more than 22,000 employees are based in 43 countries and the firm operates in over 130 countries. Mercer is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), the leading global professional services firm in the areas of risk, strategy and people. With more than 60,000 colleagues and annual revenue over $13 billion, through its market-leading companies including Marsh, Guy Carpenter and Oliver Wyman, Marsh & McLennan helps clients navigate an increasingly dynamic and complex environment. For more information, visit **www.imercer.com**.

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