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2022 Crowe bank compensation and benefits survey highlights

Highlights

A total of 429 financial services organizations contributed information to the 2022 "Crowe Bank Compensation and Benefits Survey." The participants represented a broad cross section of the industry by geographic location and asset size up to $10 billion – with some banks well above $10 billion.

The survey results provide salary and bonus benchmarks for 271 job positions as well as information regarding employee benefits, incentives, director compensation, and current trends in key human capital management practices. The following highlights and summary observations showcase trends and make certain comparisons based on the survey results.

Profile of participants

Asset size	Participants
Less than $250 million	126
$250 million-$500 million	115
$500 million-$1 billion	95
$1 billion-$5 billion	77
Greater than $5 billion	16

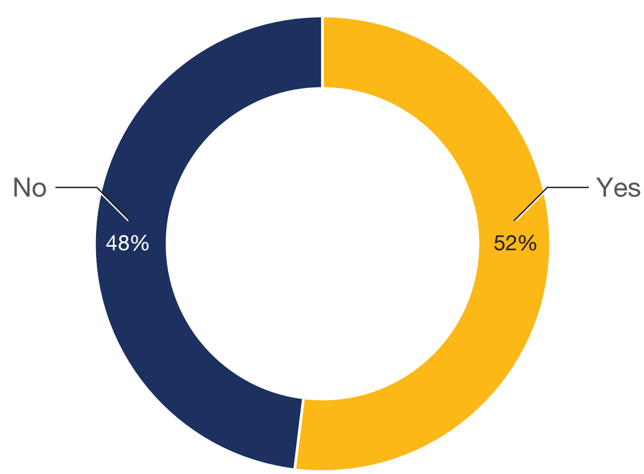
Remote work

With the ongoing COVID-19 pandemic that began in 2020, banks were forced to adapt to a mostly remote environment for both employees and customers. The new remote work and service environment has continued at many banks through 2021 and into early 2022. Although branches have substantially returned to in-person services, in-person customer activity is well below pre-pandemic levels, which places further stress on branch staffing models.

Now in 2022, many banks have returned to in-person work, while others have adopted a hybrid model. Banks are deciding whether they will allow employees to continue to work remotely, implement hybrid working models, or mandate in-person work.

In the survey, 52% of respondents planned on allowing employees to work remotely in the future, while the other 48% indicated that they would not follow. Like most industries, the banking industry remains divided regarding remote work opportunities. Deciding whether to support remote work could dramatically affect recruiting and talent retention efforts, as recruits and current employees are increasingly seeking more flexible working environments.

Percentage of banks at which remote work will remain an option after the pandemic

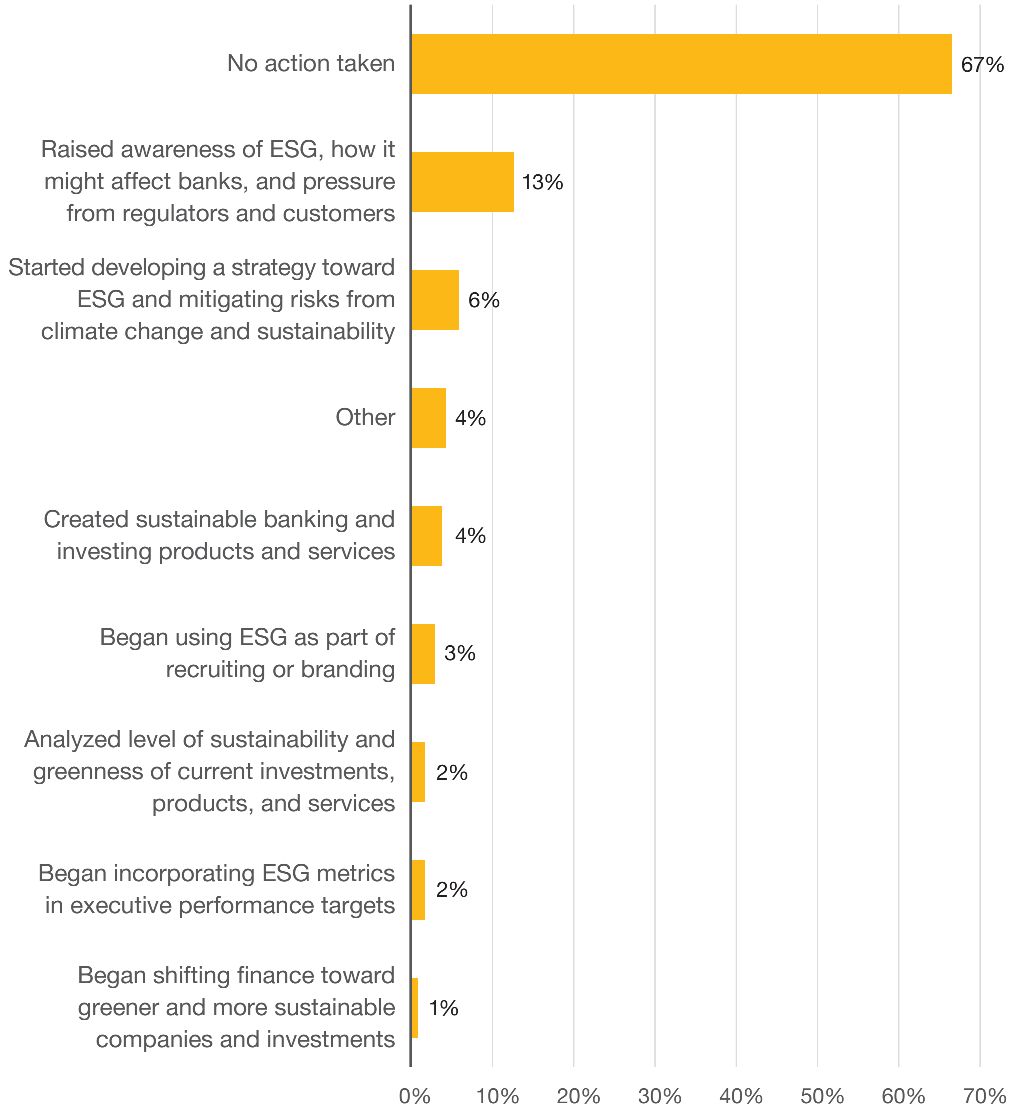


Environmental, social, and governance initiatives

The financial services industry is in a constant state of change, particularly because of shifts in the regulatory landscape, technologies, customer demographics, and the economy. In the last few years, industry in general has seen a growing emphasis on environmental, social, and governance (ESG) initiatives. The banking industry is no different; it has increased focus on ESG considerations for its businesses and their customers. Investors are becoming more conscious of where their money is going and more involved in the initiatives that financial services organizations are taking to support environmentally sound practices. The rise in awareness of ESG issues has prompted some banks to begin to offer products focused on sustainable investments, tie ESG metrics to executive performance targets, and develop ESG strategies.

However, 67% of our survey respondents had not yet taken action on ESG initiatives at their own organizations. As ESG practices become more significant over time, it could push banks to participate. Our survey results were not totally unexpected, as banks smaller in asset size, which make up the majority of our respondents, typically do not have the resources necessary to initiate ESG programs and might not have a customer base that is focused on these types of initiatives in a small financial services organization.

What ESG actions has your organization taken?



Retaining younger talent

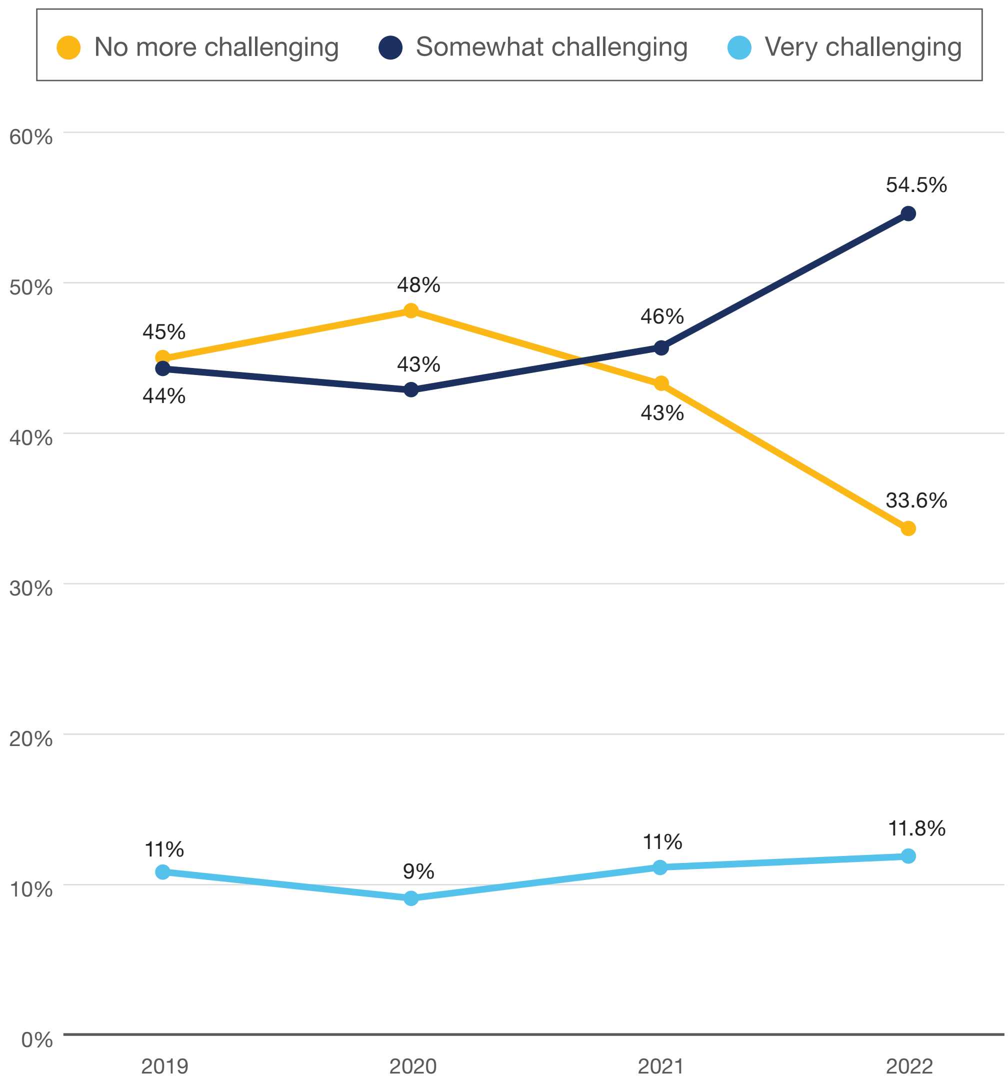
With the highly competitive job market, we are hearing that banks are finding it even more difficult than in the past to attract and retain talent. Many factors affect recruitment and retention, such as compensation, career opportunities, remote work flexibility, and other benefits. As banks have evaluated their compensation and benefits packages, they likely have had difficulty in determining the right balance of compensation to benefits for attracting new employees and retaining current ones.

The banking industry has struggled for a long time to attract younger employees. Historically, retail banker wages and job requirements have been low, technical expectations are limited, and preference has been to hire experienced individuals.

There has been a shift in mindset to now seek younger generations to fill these positions to increase technical proficiency and bring more diversity to the position.

To make life even more challenging, the difficulty of retaining younger talent has affected the majority of respondents: 54% of banks responded that retaining younger talent is “somewhat challenging,” 12% responded that it is “very challenging,” and 34% of banks responded that retaining younger talent is “no more challenging.” The percentage of banks that responded “somewhat challenging” increased by 19% from 2021, while the percentage of banks that responded “no more challenging” decreased by 22%. This sharp change is consistent with our expectations.

How challenging has it been to retain younger talent?

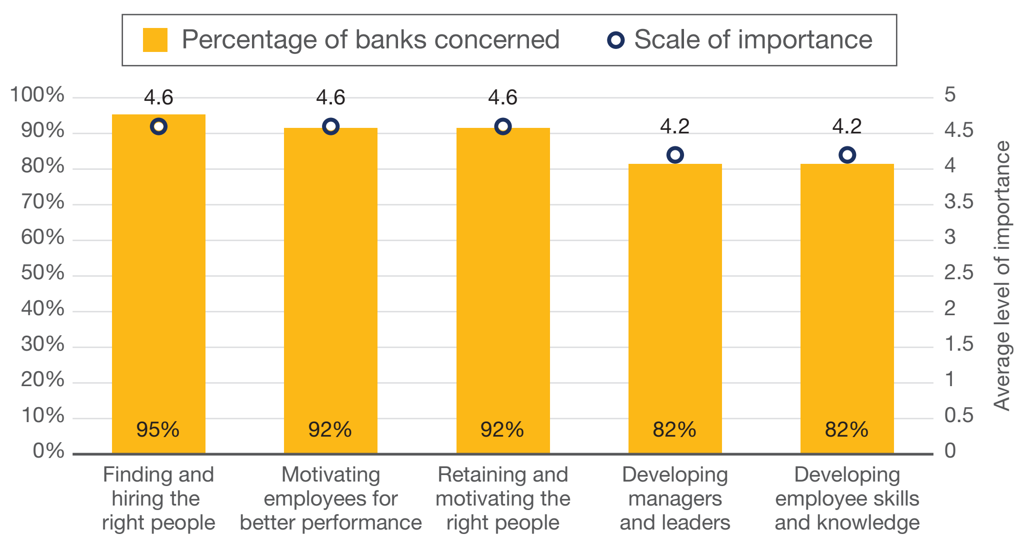


Human resources management issues

Among the top human resources (HR) management issues, the top five related to finding, motivating, and developing the right people. Banks want to attract and retain talent and to incentivize employees to boost performance. Ninety-five percent of respondents identified “finding and hiring the right people” as top of mind, with an average importance of 4.6 on a scale from one (least important) to five (most important).

As this economy continues to move forward with massive uncertainty, banks might want to look at their training programs. The fourth and fifth highest-rated HR issues related to training and people development. Banks cannot compete for talent based on compensation alone. They must build a team, a desirable work environment and culture, and an effective learning environment, and they must help their employees grow technically and financially.

Human resources management issues

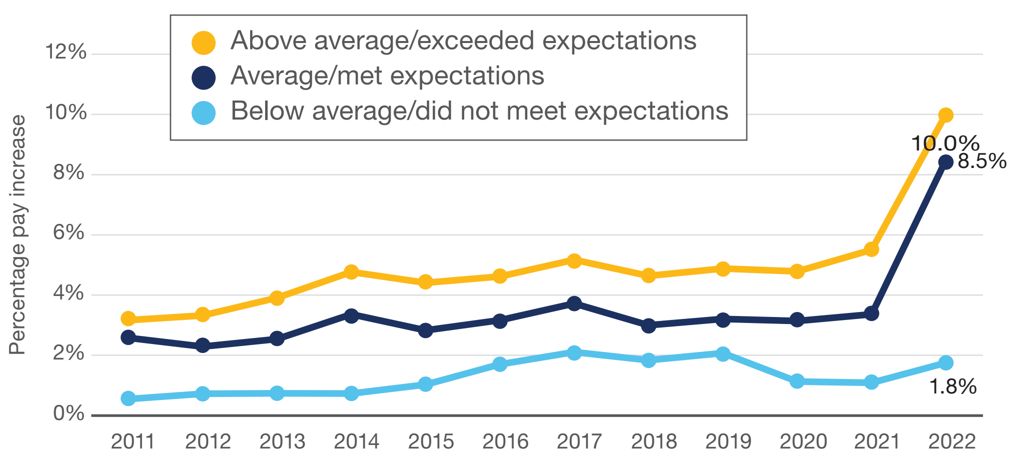


Employee performance and pay increases

Among 2022 survey respondents, 64% of financial services organizations reported a pay-for-performance program. These programs mostly have proven to incentivize employees to perform well to receive bonus compensation (typically in a sales-related position). However, huge wage pressures introduced in 2021 and 2022 have clearly led banks to increase pay for their top performers, and our data indicates even average-level employee wages rose significantly. The question is, what will happen in 2023? And how will employee retention be affected in 2022 and 2023? Will such substantial pay raises help retention?

Pay increases at each performance level rose since 2021, most notably for top performers, who saw an average increase of 10%, up from 6%. Additionally, employees who met expectations had an average pay increase of 8%, up from 3% in 2021. Raises for employees performing below expectations lagged, with an average increase of just 2%, up from 1% in 2021. Clearly, the job market is skewed toward top performers as banks seek to retain top talent.

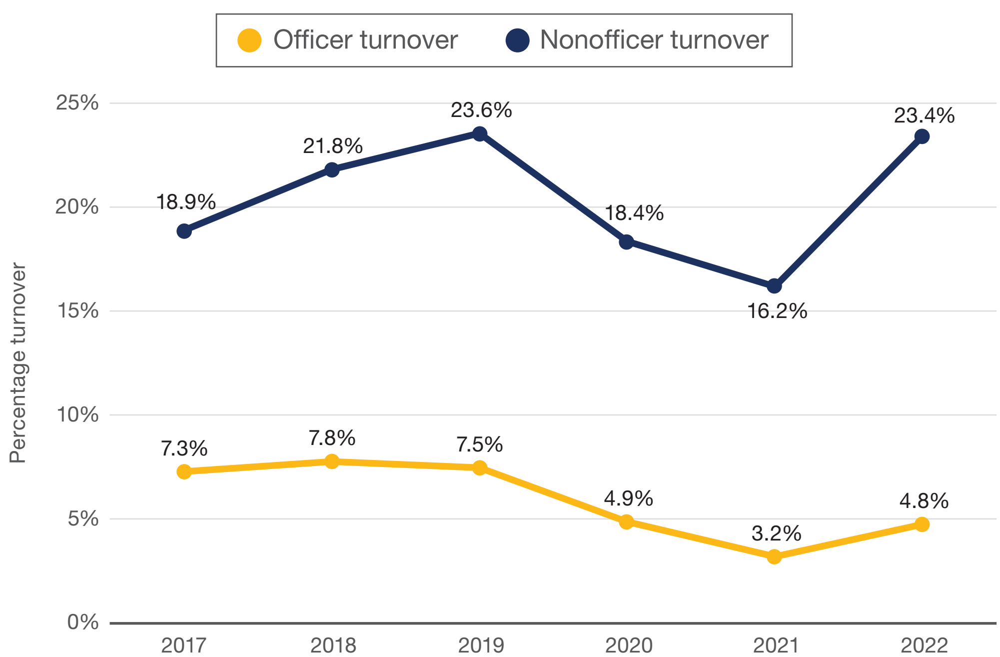
Employee performance and pay increases



Nonofficer and officer turnover

In 2022, turnover for nonofficer employees reached its highest levels since 2019, at 23.4%, and officer turnover increased to 4.8%, which is on par with 2020 but remains below the historical trend line of 7% to 8%. The effects of a highly competitive job market fueled by staffing shortages and economic volatility could be prompting nonofficers to leave and dramatically increasing employee turnover. An interesting phenomenon is that officer turnover has been more stable during pandemic. Will that last?

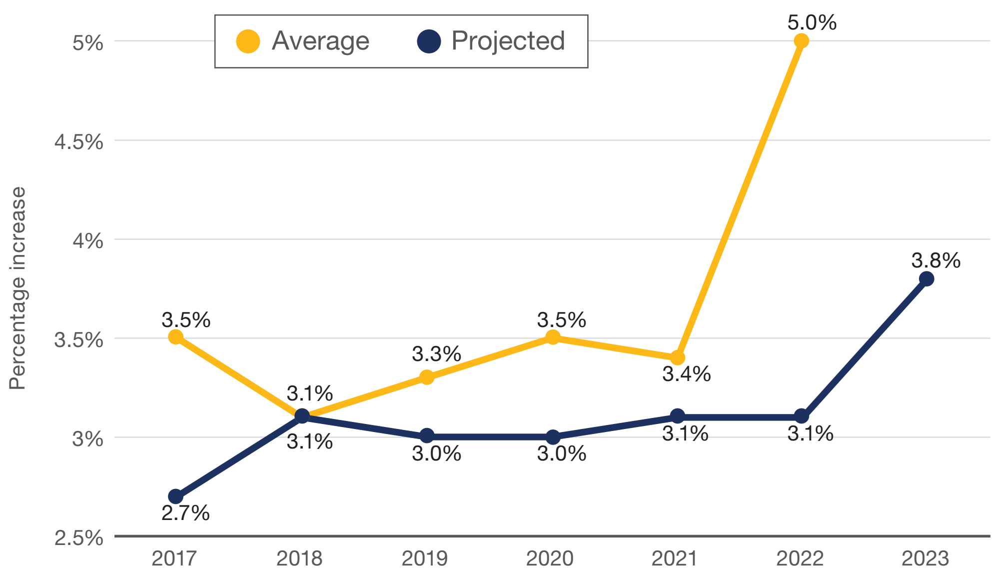
Nonofficer and officer turnover



Salary increases

In 2022, the average salary increase for nonofficers increased from 3.4% in 2021 to 5%. The increase well surpassed the 2022 projected number of 3.1%, and it is projected for 3.8% in 2023. Inflation and the pandemic-affected job market have pushed banks to increase compensation for employees in order to attract potential new hires and remain competitive with peer organizations. Still, banks are experiencing near-record-high levels of turnover at the nonofficer level, despite many offering attractive compensation and benefit packages.

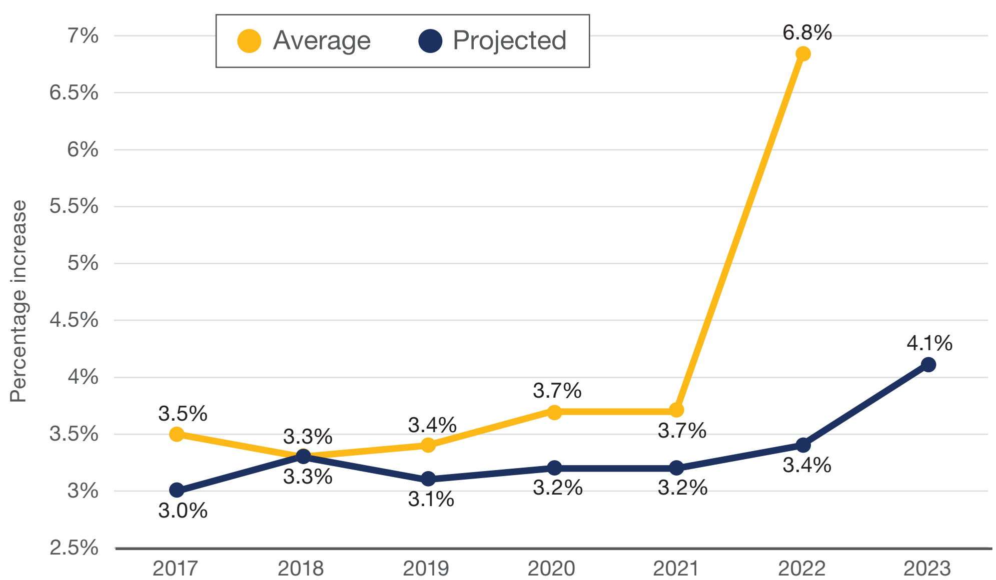
Salary increase: Nonofficers



Likewise, the average salary increase for officers increased to 6.8% in 2022, up from 3.7% in 2021. The projected salary increase for officers in 2023 is 4.1% (the highest project annual rate in many years). Compensation pressures abound, but uncertainty exists as to how long these pressures will remain.

Based on the current job market and high levels of turnover, banks need highly skilled individuals and top performers at the officer levels and have taken action to retain this talent by offering increasingly higher pay raises.

Salary increase: Officers



Salary trends

Annual survey results help organizations take a pulse-check on the current job market, compensation levels, turnover rates, and related trends. As staffing challenges continue to affect banks, many organizations will need to find new ways to attract talent and fill key positions. Additionally, banks will need to adjust compensation, work flexibility, and benefit packages for current employees to help retain talent. At some point, even the below-average-performance workers might need better wage gains.

While top executive pay continued to rise in 2022, most notable are the chief information officer (CIO) and chief human resources officer (CHRO). The CIO and CHRO positions had 13.6% and 13.5% median salary increases from 2020 to 2022, respectively. Human resources personnel have been challenged with managing turnover, attracting and developing talent, and improving or modernizing compensation and benefit programs. As such, it is likely that CIOs and CHROs have had to ramp up their teams and departments to accomplish mission-critical business objectives.

As the need for high-level personnel performance continues, we expect compensation demands to remain high. The front-office operations of banks have struggled with staffing. The teller position was identified as being the most difficult to fill despite receiving 11.6% to 12.6% median pay increases from 2020 to 2022. Directly related to managing the front office, the top retail banking officer position had a median pay increase of 18.2% from 2020 to 2022, the highest of all positions within the survey. The huge pressures on managing banks' branches and retail operations have never been more complex. Banks have had to address declining foot traffic, manage massive turnover, and coordinate their digital transformation while justifying small banking offices and managing profitability, service, growth, and risks associated with active or large offices.

As such, in order to be more cost effective, many banks have closed some branches to allow them to better focus on mobile and web banking and get finance investments into more desirable new markets. Additionally, the traditional retail banker job role is fragmenting into more specialized roles, including universal banker, personal banker, or small business banker.

Commercial loan officers experienced a 10.7% increase in salary when comparing 2020 to 2022. Commercial loan officers remain in high demand as profitability in banking is closely linked to loan production and quality asset growth. In the rapidly evolving financial services employment landscape, this position is one of several that are in high demand.

	Year and number of banks			Percent change	
Position	2022 (429 banks)	2021 (437 banks)	2020 (386 banks)	2021-2022	2020-2022
Chief executive officer/President	$265,225	$251,082	$245,000	5.63%	8.3%
Chief financial officer	$172,970	$163,000	$156,413	6.12%	10.6%
Chief credit officer	$170,000	$160,000	$155,000	6.25%	9.7%
Chief information officer	$137,500	$129,209	$121,000	6.42%	13.6%
Commercial loan officer III	$133,891	$126,500	$121,000	5.84%	10.7%
Top retail banking officer	$130,000	$111,500	$110,000	16.59%	18.2%
Chief human resources officer	$125,000	$114,550	$110,095	9.12%	13.5%
Chief compliance officer	$94,324	$93,357	$87,500	1.04%	7.8%
Branch manager II	$64,370	$62,071	$61,007	3.70%	5.5%
Credit analyst I	$52,686	$49,319	$49,000	6.83%	7.5%
Teller operations supervisor	$43,125	$41,227	$40,062	4.60%	7.6%
Loan operations processor	$40,845	$39,501	$37,800	3.40%	8.1%
Personal banker I	$39,291	$37,190	$36,071	5.65%	8.9%
Lead teller	$37,229	$35,057	$34,000	6.20%	9.5%
New accounts representative	$36,960	$35,170	$34,930	5.09%	5.8%
Universal banker	$35,721	$33,600	$33,000	6.31%	8.2%
Customer service representative I	$35,700	$34,984	$34,230	2.05%	4.3%
Teller III	$34,850	$32,851	$31,970	6.08%	9.0%
Data entry/Item processing clerk	$33,600	$35,700	$32,743	-5.88%	2.6%
Teller II	$31,500	$29,309	$28,214	7.48%	11.6%
Teller I	$29,400	$27,300	$26,103	7.69%	12.6%

Learn more

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