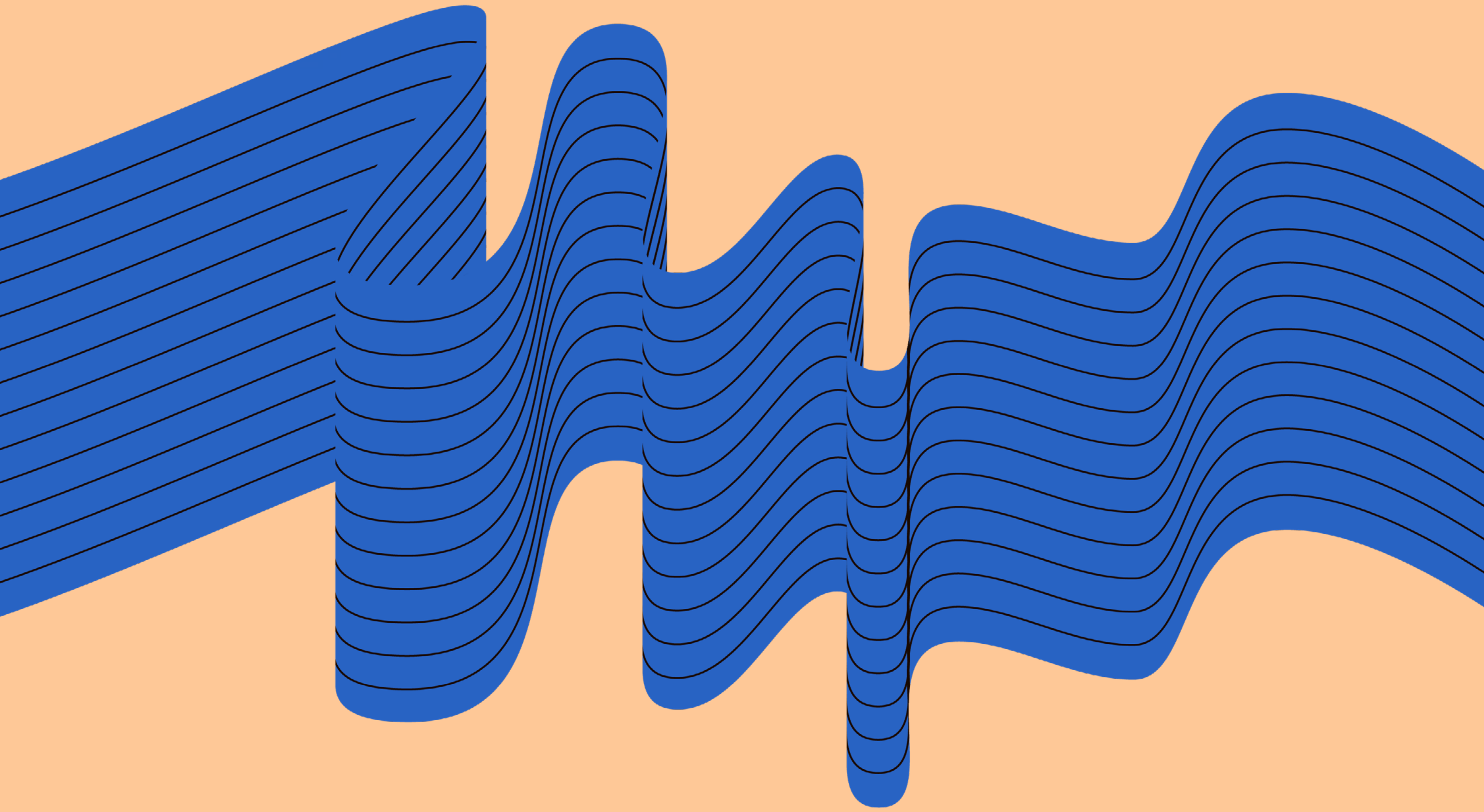
Guild

Financial services talent trends & insights report



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Executive summary

Today's tight labor market continues to drive up premiums on qualified talent needed to address worsening skills gaps within the financial services industry. Entering into bidding wars with peer institutions as well as other industries competing for the same talent is a costly and unsustainable strategy for addressing long-term business needs and DEI goals.

Instead, financial services institutions must find a way to build better talent pipelines from within. But as many FSIs work to connect employees with high-demand skills, growing and scaling mobility efforts remains a top challenge. Guild's latest Financial Services Trends & Insights report explores these and other challenges, along with key insights and solutions that can help institutions get ahead of the trends that hold talent outcomes back.

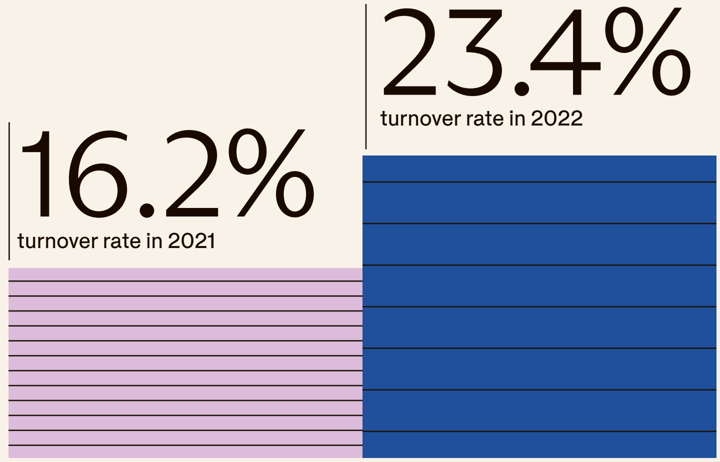
3 financial services talent trends to beat

Trend to Beat #1: Financial services institutions are ignoring — and losing — a large pool of internal, high potential talent.

When institutions limit the definition of high potential (HiPo) talent to those who are already in leadership positions or those on the cusp of those roles, they relegate company talent to proven potential, often in the form of prior performance and credentials. That overlooks HiPo talent in low and entry-level roles, and the potential that exists to develop and grow future leaders and upskill talented people who can address the skills gaps that stand to widen over the next few years.

That talent is becoming harder to hold onto. A tight labor market and fierce competition for talent contributed to the increase in employee turnover at banks of all sizes in 2022. **Though the average pay for non-officer bank staff rose in 2022 (5% on average), the turnover rate for that same group shot up to 23.4%**— it was 16.2% in 2021.[1]

Turnover rate for non-officer bank staff



Although pay will remain a primary motivator, it isn't the only one. **Financial services industry employees are at risk of quitting if their career opportunity expectations go unmet**. These demands are not limited to certain job levels. On the whole, financial services employees tend to be more focused on internal mobility than workers in other industries, and they expect their loyalty to be reciprocated with a career path and opportunity:

79%

of surveyed Financial services employees in Guild's [2022 American Worker Survey] said they would change jobs for better education and career opportunities.[2]

Trend to Beat #2: Hiring managers are overfocusing on the bidding war for skilled hires.

Constantly attempting to outbid competition for qualified talent is costly and unsustainable in the long term.

FSI leaders know it. A recent KPMG survey of hundreds of CEOs in banking, asset management, and insurance showed that a strong majority anticipate a recession in the next 12 months, with 70% indicating that talent retention will have a “significant impact” on their institutions over the next three years.[3]

Thinking of the cost of turnover only in terms of rate of turnover (i.e. the cost of hiring and replacing employees who have exited their roles), overlooks the multifaceted negative impacts of turnover that hurt institutions. This includes immediate negative performance impact and recovery rates to achieve pre-turnover levels of performance,[4] as well as the effect on employee morale.

Today’s talent market remains incredibly tight.

April’s unemployment rates fell back to the 53-year low first achieved in January of this year.[5]

These factors, coupled with high expectations for an improved overall employer value proposition, stand to pressure-test how well current strategies position institutions to retain and attract talent.

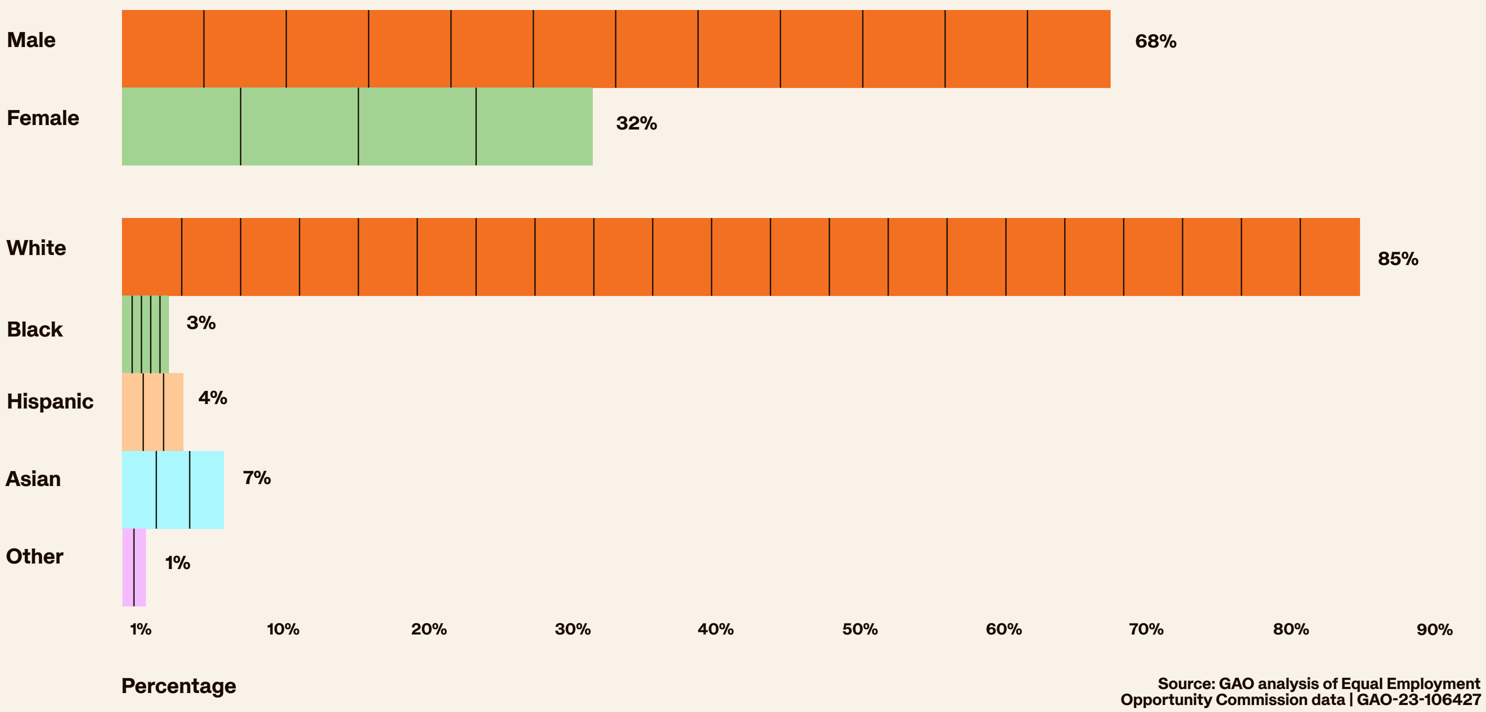
Trend to Beat #3: Representation is part of a wider talent crisis in the financial services industry. Skilling alone won’t solve it.

When employees in the financial services industry look at senior-level leadership, they don’t see diversity — a trend that hurts both people and institutions.

Conversely, there is ample evidence that shows companies that genuinely value and prioritize representation tend to financially outperform their peers, and foster a greater sense of belonging among employees.[6]

Financial services institutions commonly offer education benefits as a way to support more employees in gaining more advanced skills that could potentially lead to mobility. However, the complex and segmented structure of these institutions can make forging connections between education and mobility at scale an enormous challenge, **leaving employees who may stand to benefit the most without an adequate or actionable sightline into opportunities for job movement at their institutions — even when they do grow their skill sets.**

Gender and race/ethnicity representation of executive/senior-level management in the financial services industry, 2020



Source: GAO analysis of Equal Employment Opportunity Commission data | GAO-23-106427

How to improve retention for employees churning at the highest rates

Offer tuition assistance to open up equitable access to internal job opportunities and increase participation.

Retention is strongly tied to an employee's perception of the unique value their company provides.[7] Financial services talent have demonstrated they find internal mobility valuable, and for many, upskilling is necessary to become qualified for high-demand roles.

If, in order to address an upskilling need, institutions exclusively offer tuition reimbursement (that is, requiring employees to front their own tuition costs and paying them back later), retail and banking employees in entry level roles who aspire to grow with their institutions will continue to be disproportionately excluded from opportunities to advance.

There are one million US bank tellers with a median pay of $17.46 an hour.[8] For most, fronting the cost of tuition to gain the skills needed to move into better paying, upwardly-mobile roles is simply untenable. Although some (higher level) employees may be able to afford reimbursement, foisting upskilling costs back onto employees, even temporarily, through a rigid tuition reimbursement-only policy makes internal mobility opportunities more accessible to those who can afford the initial investment. As a result, those rigid policies are unintentionally exclusionary.

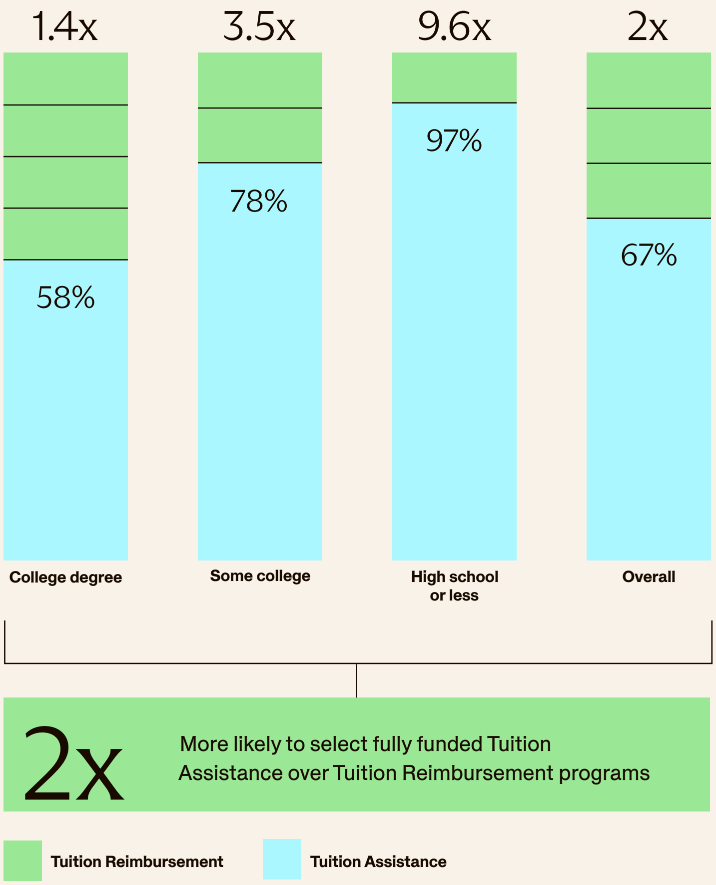
Rocket Central increased employee participation by 500% in under a year and a half after switching to tuition assistance with Guild.

Conversely, tuition assistance can drive significant impact. 100% of Guild's employer partners in financial services offer some form of tuition assistance, in which employers cover tuition costs up-front, removing a critical barrier between employees and upwardly-mobile roles.[9]

> "One of the real challenges in America is access to education for underrepresented groups, and while tuition reimbursement programs may seem to offer a solution, the programs exclude people who do not have the ability to pay for the classes upfront or wait until the end of the course to get reimbursed by their employer."
>
> KimArie Yowell
> Chief Learning Officer
> Rocket Central

Percentage of FinServ employees selecting Tuition Assistance programs

by employee's prior education level



Tuition assistance addresses an equity gap in a way that is particularly meaningful to people working in the financial services sector. Employees at financial service institutions that partner with Guild are two times more likely to select tuition assistance programs over tuition reimbursement.[10]

Partnering with Guild can reduce attrition rates for financial services institutions. Eighteen months after launch, Learning Marketplace learners at one financial services employer were 3x less likely to leave than non-engaged employees.[11]

Tuition assistance improves representation among career advancers.

Guild FSI partners see more talent with racial / ethnic and gender identities that tend to be under-represented in leadership positions completing programs and preparing to advance their careers.

> **61% of financial services completers identify as people of color.***
>
> **53% of financial services completers identify as women.***
>
> *Guild's internal data of Certified Network program learners over the last 12 months as of 01/01/2023

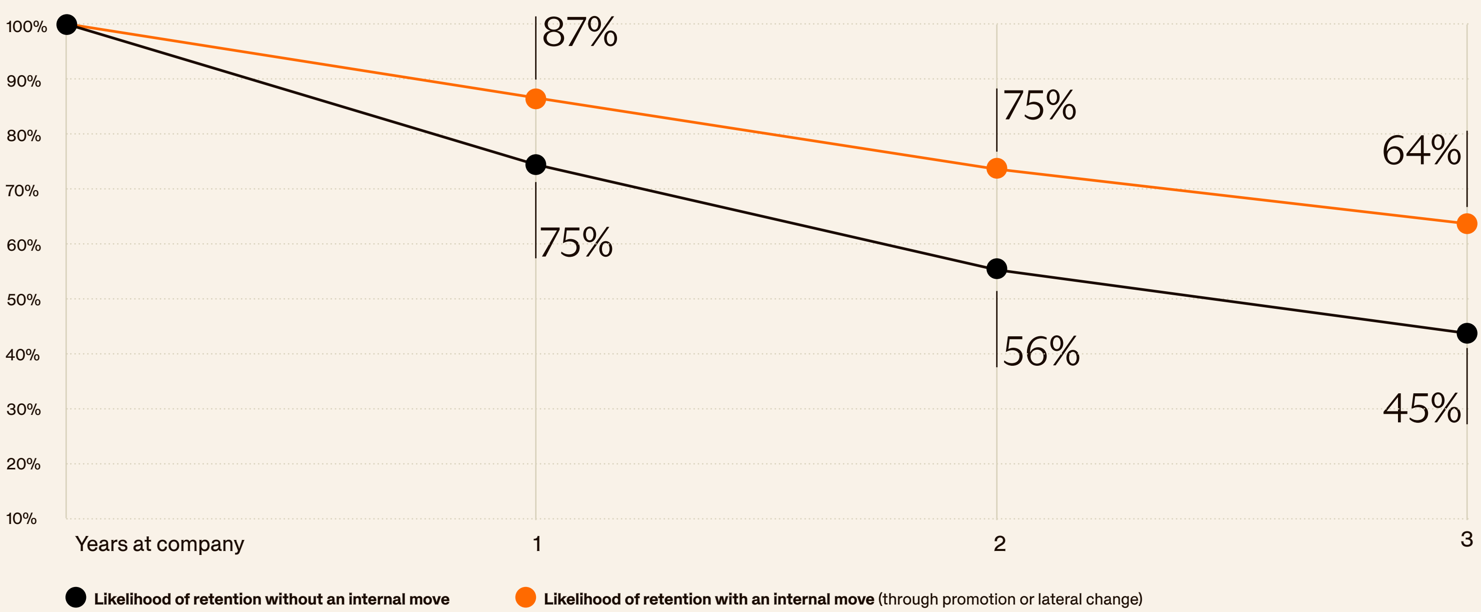
Align accessible skills with accessible pathways to meet talent and mobility goals.

Accessible options to empower employees to learn and hone in-demand skills and illuminating clear career mobility pathways are top drivers of employee retention in the financial services industry.

Across 15 industries examined in LinkedIn's latest Global Talent Trends 2022, **the financial services industry saw the biggest improvement in retention among employees who experienced internal mobility at the 3-year mark.**[12] It's unsurprising that retention rates were higher for employees who achieved a promotion than those who did not, but the study also found retention rates were higher among those who achieved lateral movement as well.

Beyond retention, accessible skilling and career pathways create the career mobility employees expect while bridging the skills gaps employers need to address.

At Guild, learners at one financial services institution are 2.3x more likely to have been promoted compared to non-engaged employees, and 1.7x more likely to change their title compared to non-engaged employees.[13]



Source: LinkedIn, 2022

Career mobility is essential to a competitive employer value proposition.

Skilling and career mobility for all is a sustainable talent strategy for institutions preparing to bring their workforce into the future.

Financial services institutions can beat the talent trends that perpetuate skills gaps and hold back equity by creating pathways that traverse job levels and help employees achieve high-demand destination roles.

Career pathing and the opportunity for diagonal movement can help address vacancy rates in retail and banking divisions while giving advanced upskillers a great reason to stay.

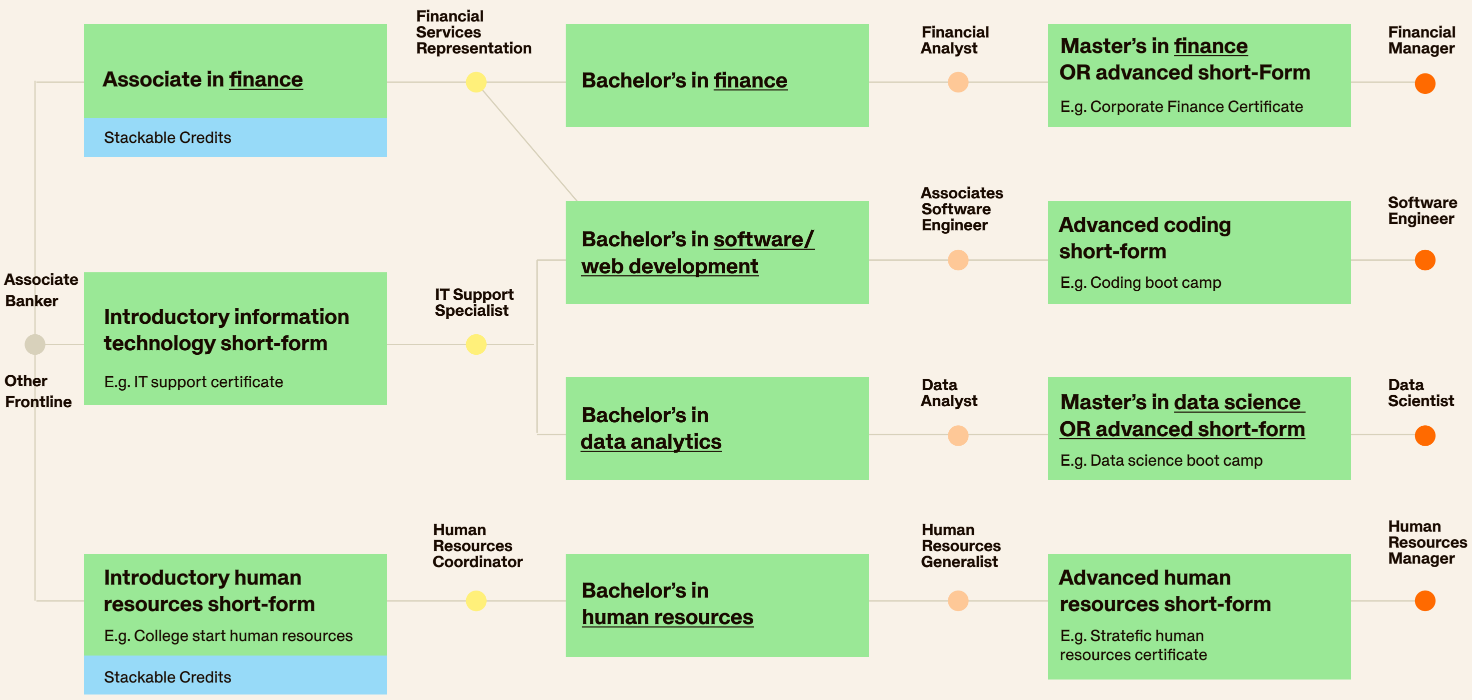
Codifying pathways from entry-level roles into high-priority destination roles is an investment in talent growth and business resiliency. Helping employees see how they can move from their current role into job families better aligned with their skills and interests differentiates employers of choice in financial services.

Mid-level to high-level advancement and upskilling remains a top priority.

Everyone needs to learn in a knowledge economy. Skilling is a crucial part of keeping pace with innovation to maintain and develop skills that are often in demand in more than one sector. Even when employees are in destination roles, upskilling investments are an opportunity to update, hone, and refine skills in order to stay competitive, improve performance, and become better leaders.

Guild's Learning Marketplace programs are selected and curated for the needs of employees across job levels. Guild's skills education expertise and deep understanding of how career advancers evaluate their options in terms of skills needs and career growth aspirations help our financial services employer partners make progress against the mobility metrics that matter the most.

Illustrative example: Skills and career growth with Guild's Learning Marketplace



How leading financial services institutions drive better mobility outcomes

They don't rely on single-threaded partnerships to solve their skilling needs.

HR tech stacks tend to be in a state of flux — they are constantly expanding or contracting as needs evolve and what is and isn't working becomes apparent. This can make finding the right approach to streamline the employee experience in a way that drives outcomes a costly challenge, with scalability an unreachable horizon.

Guild's Career Opportunity Platform is designed to streamline and simplify the employee experience.

As members, employees can:

Explore available roles within their institution, see eligible programs to help them skill, and access 1:1 coaching to reach their goals.

Hone the career readiness skills they need to take the next step in their professional journeys through Guild's [Career Accelerator] tool.

Guild's strong partnerships with skilling and education partners empowers members to choose, and apply to, an array of career-focused programs within Guild's Learning Marketplace from our rigorously-vetted partner institutions and providers trusted by employers within their curated catalogs.

Guild's Learning Marketplace currently offers 850+ Business and Technology certificate, certification, bootcamp, and degree programs across 30 areas of study. This includes high-demand financial services business programs in executive leadership and management skills development and high-demand financial services technology programs in cybersecurity, data analytics, and cloud computing.[14]

Guild's Credit for Training program can also help eligible employees obtain college credit for the training they complete on the job, with an average $1,900 in potential savings.[15]

They empower career mobility at scale to generate more talent pipeline.

Scaling career mobility efforts is critical to building a talent pipeline commensurate with need. FSIs tend to struggle the most with scaling career mobility efforts across complex organizational and business structures. Guild specializes in helping employers navigate these hurdles. We work exclusively with the nation's leading large, complex organizations to build scalable talent pipelines, meet mobility goals, and grow impact.

Financial services institutions that work to grow and scale career opportunities with Guild see better internal mobility and grow mobility outcomes.

- Financial services learners are **90% more likely** to be promoted than their non-engaged counterparts.[16]
- Learners at one financial services employer are **2.3X more likely** to have been promoted compared to non-engaged employees, and **1.7x more likely** to change title compared to non-engaged employees.[17]
- Guild's Learning Marketplace data integrations with certified learning partners enable financial services employers to see real-time, integrated program progress and results.

Don't let the value of your talent depreciate. Connect with our financial services experts to explore the impact and outcomes of career mobility.

→ **Get in touch**

Sources

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12 LinkedIn, Global Talent Trends, 2022

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16 Guild's internal data over the last 12 months as of 01/01/2023 from employers who have provided the required data for at least 13 months post launch

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