Pearl Meyer

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Getting the Most Value from Your Banking Compensation Survey



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2021 has seen banks and financial institutions face higher than normal turnover and compensation decisions continue to be crucial. As the economy changes during these uncertain times, employers are dealing with continued pressure on compensation levels. This year's Pearl Meyer banking compensation surveys provide data on current practices for compensation as bank employees and leadership continue to work to maintain profitability, support their customers, and balance shareholder interests.

Compensation surveys are an important tool in the management of your employee compensation programs. As you think about various surveys available in the market, ask the following questions:

- What jobs are surveyed?
- What are the data breakouts?
- What geographical markets are covered in the survey?
- What data is collected?

Pearl Meyer's survey team and consulting staff work with numerous state and regional banking associations to develop a survey report especially for association bank members. Our survey team listens to the association and member suggestions regarding evolving positions in the financial industry, and to our banking consultants' perspective from their client experiences. The Pearl Meyer banking surveys currently collect data for 275 benchmark banking positions and the data is reported by asset size with several of our state banking surveys offering specially developed geographic markets. We establish geographic markets based on conversations with your association as well as data gathered from various resources such as the Economic Research Institute (ERI) and the US Bureau of Labor statistics.

To support an HR professional in the administration of pay programs, our comprehensive survey not only reports pay information but policies and practices data as well. The Pearl Meyer banking compensation survey reports encompass the many facets of compensation: base salaries, salary ranges, short-term and long-term incentives, total cash compensation, and total compensation. Our surveys also include an in-depth policies and

practices report including information on salary increases, merit increases, structure adjustments, outsourcing, turnover, and recruiting.

Most importantly, once you have selected compensation surveys to support your salary administration system, how do you utilize the data? Employees expect to be compensated at the “going market rate” for comparable positions, and employees themselves are savvier than ever with regard to compensation as access to online salary data sources is becoming more common. Human resources professionals need to be well-informed in compensation survey data.

When using any compensation survey or database, remember the following guidelines:

- What is your institution’s compensation philosophy and strategy?
- What are your market pricing strategies?
- Are these philosophies and strategies the same across all levels in the institution?
- Is there an existing salary structure and/or incentive plan(s), and how are they set compared to market?
- What are your geographic markets? What positions in your institution are geographically sensitive?
- What is your institution’s size and what positions are sensitive to size and complexity of the institution?

Once you have answered the questions above, you can begin selecting jobs for compensation analysis. Jobs surveyed and reported in compensation surveys are known as benchmark jobs. These are common to the industry, have a standard and consistent set of responsibilities from one organization to another, and there is sufficient data to price in a statistically reliable fashion. Never match your internal job to a survey job based on job titles. Job matching depends upon the “job match” between the survey benchmark job description and your institution’s job description. As a best-practice guideline, if 75% of the core responsibilities reflected in the job descriptions match, then the two jobs can be considered a match, but keep in mind, the market is driven by the supply and demand of specific knowledge, skills, and abilities. Survey job descriptions are our best representation for collecting that value.

After matching the benchmark positions to your internal positions, select the data points that best fit your organization’s compensation philosophy and strategy. Remember the objectives of a strategic and well designed compensation plan:

- To attract, retain, and motivate a sufficient number of people with the knowledge, skills, and abilities necessary to implement your unique strategy.
- To balance the rewards to productive employees with returns to shareholders.
- To provide employees with an opportunity to earn a living comparable to others in similar jobs at similar organizations in relevant market areas.
- To pay people in a way that is internally fair, comparing the relative contribution made by each.
- To determine consistently fair decisions in an efficient manner.
- To allow for the planning and controlling of the cost of human assets.

- To comply with legal and regulatory requirements.

Compiling, selecting, and analyzing compensation benchmark job data requires a thorough process, competitive market data for relevant peer size, similar jobs, and appropriate geographic markets. The Pearl Meyer banking compensation surveys provide detailed data on banking compensation and pay practices with metrics you need to create and maintain a well-designed compensation program.

Pearl Meyer's 2021 banking compensation surveys have been published and are available for purchase. Also available, are our Banking Benefits and Human Resources Policies Survey and our Bank Director Compensation and Governance Practices Survey. For additional information please regarding any of these surveys please contact Jordan Gagnon or Rhonda Snyder.

About the Author

Rhonda is a senior survey account manager at Pearl Meyer. She works as a liaison to the Southeast banking associations on banking salary surveys while also assisting many other state and national survey clients.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.