

Getting the Most Value from Your Banking Compensation Survey

By Rhonda Snyder, Pearl Meyer

Over the last year, banks and financial institutions have faced 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. That is where a banking compensation survey can be helpful, supplying recent data on current practices for pay at all levels in the organization. However, they are not all equal in terms of the value they provide to your HR team.

To get the most from any survey participation and/or purchase, there are several key things to look for. The best survey will be continually evolving, based on feedback from participants on evolving positions and trends in the industry. To get the maximum benefit from the data supplied, certain breakouts such as by geography, asset size, and ownership model are important. Surveys that are developed with input from resources such as the Economic Research Institute (ERI) and the US Bureau of Labor Statistics will be more comprehensive.

When it comes to using the data at your disposal, the most obvious application is in hiring—and increasingly in retention and dealing with salary compression. 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. However, there are additional pay issues at play in your institution where survey data can be helpful, particularly in informing the development of a comprehensive compensation philosophy and strategy. HR and the compensation committee can work together on an approach that serves the organization over the long term, with data providing important context. Some important questions to work on together include:

- What is our market pricing strategy?
- Is our philosophy and strategy 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?
- Do we have differences in geographic markets? What positions in our institution are geographically sensitive—or sensitive to on-site versus remote work models?

Then, at a more granular level, your HR teams can then use survey data for specific job-level analysis. Benchmark jobs, which are common to the industry, have a standard and consistent set of responsibilities from one organization to another, and for which there is sufficient data to price in a statistically reliable fashion, are the appropriate starting point. Never match your internal job to a survey job based on job titles alone.

Job matching depends on the equivalency 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 the industry’s 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 allow for the planning and controlling of the cost of human assets as well as the development of high performers
- 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, and this process is best undertaken in the context of an organization-wide pay strategy. A well constructed salary survey is your best bet for achieving both.

About the Author

Rhonda Snyder is a survey account manager at Pearl Meyer. She joined Pearl Meyer in August of 2019 and 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's Banking Compensation Surveys

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 survey team and consulting staff work with numerous state and regional banking associations, including the Georgia Bankers Association, 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' perspectives 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.

To participate in the 2023 Georgia Bankers Association Compensation Survey, please contact us at survey@pearlmeyer.com. To learn more about Pearl Meyer's banking compensation surveys, please visit: <https://www.pearlmeyer.com/advisory-services/banking-salary-surveys>.