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Banking – the next generation

The Deloitte talent in banking survey 2014:
Canada in focus







The direct impacts of the 2008 recession on the banking industry have been well documented. Some of the indirect effects, however, are less obvious. Given the severity of the financial crisis, the recent focus of Canada's banks has necessarily been on reparative/restorative, crisis-related areas, such as ensuring capital liquidity, monitoring lending practices, and responding to regulatory change through refined approaches to risk management.¹

On top of this, a range of other preoccupations have held banks' attention: the need to keep pace with technological transformation in the fields of social media, smart technology and mobile computing; the need to drive down costs while improving customer services; the global scandals and fines which have drawn unwanted attention to the industry at the worst possible time; and an increasingly competitive environment where non-banking entrants are introducing financial products and poaching financial talent.

In this environment, a number of issues have slipped slightly through the cracks – the still-threatening talent crunch is a prime and critical example. The talent issue has not gone away, and despite ongoing economic volatility, the need for Canadian banks to attract and retain global talent must once again become a lead item on the banking agenda. According to the *Deloitte talent in banking survey 2014*, the time is ripe for banks to act on emerging talent opportunities. This report looks at the survey's key Canadian findings, analyzes the most significant trends and suggests steps Canada's banks can take to drive their talent strategy forward.

¹ Risk, Culture, and Talent in Global Financial Services 2014



Industry popularity versus employer popularity

For business students in Canada, the banking sector continues to be the most popular destination. However, no single bank is listed among the top five most popular employers.



Only one bank in the top 10 employers

In order of attractiveness, the top three banks identified by business students in Canada are TD Bank Financial Group, Royal Bank of Canada, and Bank of Montreal. Of these, only TD Bank is listed within the top 10 employers identified across industries and is ranked 9th.



Google leads the way

Google is the top-ranked employer for business students in Canada, as in 15 other markets. It is one of three U.S.-based employers in the top five. As the world's largest economy and a major Canadian trading partner, the U.S. has significant influence on Canada's job market.



Where are the women?

The results of the survey suggest that banking and investment banking are less attractive to female applicants in Canada, relative to other industries. Women represented 63.1% of all students in Canada, but only 54.8% of banking-inclined students,² and an even smaller proportion (51.9%) of investment banking-inclined students (see Figure 1 below).



Stable career and development

In contrast to the global trend suggesting that professional training and development are the top aspirations for students globally, banking-inclined students in Canada are much more attracted to secure employment. This may be due to fluctuating global economies and a competitive job market.

Highlights

Figure 1: Student demographics, Canada, 2014

	All business students	Banking – inclined students	Investment banking – inclined students
Female	63.1%	54.8%	51.9%
Male	36.9%	45.2%	48.1%
Number of students	9125	3019	2244
Average age	21.7	22.0	21.8

Source: Universum Talent Survey 2014; Deloitte analysis.

² "Banking-inclined students" are a subset who put at least one bank in their top five "ideal employers."

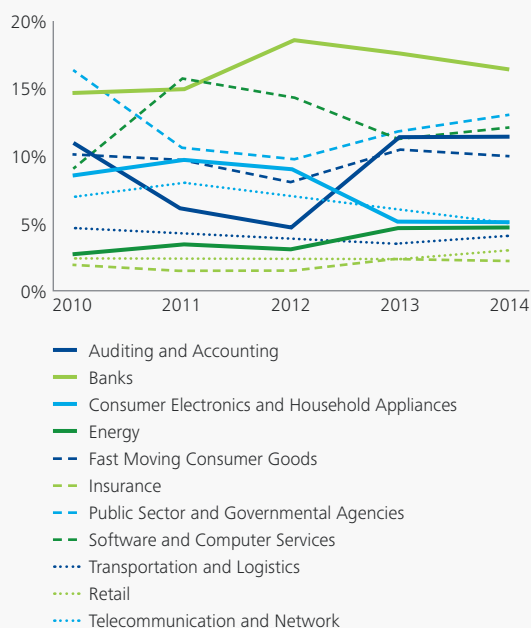
Key trends

Banking takes the lead among popular industries

In 2010, banking was the second most popular sector for a career among business students in Canada, right behind public sector and government agencies. Since then, the banking sector has risen to be consistently ranked as the most popular career destination for business students in Canada (see figure 2), despite some signs of slowing popularity between 2012 and 2014.

In 2014, banks accounted for 16.4% of ideal employer votes, which is marginally higher than the 15.2% of votes banking won globally. The public sector is the second most popular in Canada, with 13.1% of votes in 2014. Only in South Africa is the public sector more popular. This popularity could reflect the growing inclination of students towards job security, due to volatile global economies. Other industries that gained popularity since 2012 include auditing and accounting, and fast moving consumer goods.

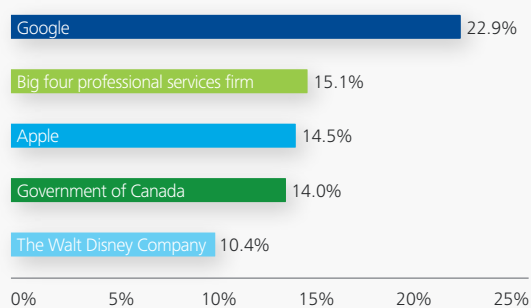
Figure 2: Industry popularity among business students, Canada, 2010-2014



Employer popularity

While the banking sector remains the most popular overall destination for business students in Canada, the most attractive employers are Google, a Big Four professional services firm, the Government of Canada, Apple and The Walt Disney Company (see figure 3), all outside the banking industry.

Figure 3: Top 5 most popular employers, business students in Canada, 2014



In order of attractiveness, the banks identified by Canadian business students are TD Bank Financial Group (ranked 9th across all industries), Royal Bank of Canada (12th), Bank of Canada (15th), Bank of Montreal (22nd) and Scotiabank (29th).

Expectations and aspirations

The survey shows that there is little difference in the starting salary expectations of banking-inclined and investment banking-inclined students as compared to all business students combined. This differs from select other markets (e.g., Japan, Austria) where starting salary expectations for banking-inclined students are markedly higher than for all business students. This perhaps suggests that entry-level monetary compensation may not be as important to those considering banking careers in Canada as it is to those considering banking careers in other countries. Nevertheless, “high future earnings” continues to be an expectation for over 60% of banking-inclined students in Canada.

On the job duration front, figure 5 shows that the majority of banking-inclined students in Canada expect to stay five years or more in their first job after graduation. This trend marks a global high. Indeed, the proportion of banking-inclined students expecting to stay five years or more is 8.8% higher in Canada than globally, which could reflect students’ stronger sentiment for job security. This sentiment may also be reflected in the high proportion of students who want to work in the Canadian public sector, as it has historically been seen as a stable industry and employer.

Figure 4: Expected annual salary (CAD), Canada, 2014

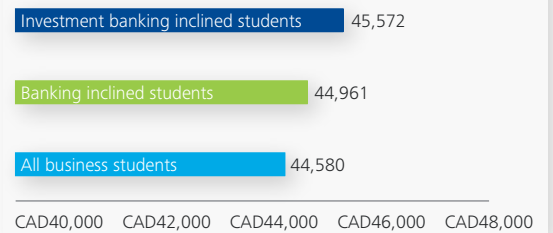
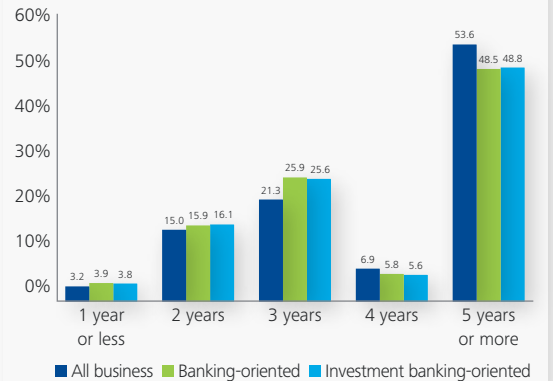


Figure 5: Expected duration of first job, Canada, 2014



It is interesting to note that student aspirations do not necessarily correspond with student expectations – indeed they may differ greatly. While figure 6³ again confirms that a stable career is the top aspiration for Canada’s banking-inclined students, it only ranks 20th as a career expectation. Banking-inclined students in the Americas on the whole are also more likely than their peers in EMEA to associate banking with “secure employment,” which may work to the benefit of the major banks as they seek to attract student talent (see global report).

The second and third most popular aspirations (“Leaders who will support my development,” and “Professional training and development”) each have to do with professional development. These aspirations underscore the importance of talent management and of demonstrating these components to prospective employees. Canadian Financial Services results from the 2015 Global Human Capital Trends survey suggest that 86% of respondents feel their capabilities are weak in terms of providing focused leadership programs for millennials.⁴

Figure 6: Canadian banking inclined students’ aspirations versus expectations, 2014



³ Students were asked to choose up to 12 attributes, out of 40 total, that they most sought for their five shortlisted “ideal employers.” The 10 attributes that scored highest for banking-inclined students are shown in the green bars (“aspirations”). Deloitte then extracted the proportion of banking-inclined students (shown in the blue bars) who expect to find each attribute at the banks that appear in their shortlist of five “ideal employers.” Please note that because the number of aspirations students can choose is capped at 12, while expectations are uncapped up to 40, the proportions of students expecting a particular attribute is likely to be higher than those recording an aspiration for the attribute.

⁴ 2015 Human Capital Trends



Recommendations

“Critical new skills are scarce – and their uneven distribution around the world is forcing companies to develop innovative new ways to find people, develop capabilities and share expertise.”⁵

⁵ Deloitte. *Global Human Capital Trends 2014: Engaging the 21st-century workforce*. The Deloitte University Press, 2014. Accessed at http://dupress.com/wp-content/uploads/2014/04/GlobalHumanCapitalTrends_2014.pdf on Feb 6, 2015.

Canadian banks face many of the same issues as global banks when it comes to the talent crisis, as well as some challenges specific to the burgeoning Canadian workforce. With both sets of factors in mind, there are a few key recommendations Canadian banks may want to consider going forward.

- Make sure to take national/regional trends and preferences into account in recruiting. In 2012, job security briefly overtook work-life balance as the most popular career goal, possibly reflecting Canada's struggle to grow following the recession. However, since 2012, the popularity of work-life balance has continuously increased by a total 16% points to 2014, as confidence in the economy has increased. The data makes it clear that between work-life balance and job security, Canadian banking-inclined students value employment that equates with wellness and stability.
- Research on Millennial work-life balance suggests that while the key word in flexibility, the bottom line is productivity: Banks should increasingly assess performance on the basis of hard results, value added and impact – rather than where the clock is punched.⁶
- While banking is the most popular industry sector overall, student interest is so dispersed across various banks that no one bank makes the top five. This represents an opportunity for banks to develop a unique employer brand and employee value proposition that can help distinguish them from others and make them a top choice for business students. In particular, banks should continue to validate themselves as secure and stable employers, which in turn could help increase overall student interest in the banking industry. Banks are increasingly turning to social media to communicate their employee value proposition, drive competitive advantage in recruitment, and enrich dialogue with their candidate pools.
- Banks should also recognize the strategic value of campus recruiting in increasing the dissemination of their employment brand. Recent research by Bersin suggests that campus recruiting programs are helping organizations gain competitive advantage and are taking on heightened significance for many talent acquisition functions.⁷
- With students expecting to stay five years or more in their first job, banks must demonstrate a robust talent management and support plan that provides incoming students with clear career paths and opportunities for growth and development. Research suggests that learning and development must also be rewarded in order to increase engagement."⁸
- Given the regulatory, cost management and competitive pressures banks face, they would do well to focus corporate talent investment (i.e., learning and growth programs, acquisition/retention programs) in areas that can help them meet their risk and regulatory, cost cutting and customer service-oriented priorities.

Successful organizations in other industries thrive on tailored talent strategies

Apple and Samsung succeed by attracting leading skills in engineering, innovation and marketing. Amazon drives performance by constantly building its capabilities to leverage technology, the user experience and data. Google has become a market leader by turning itself into a destination employer for talented people with scarce innovation, technology and business model skills.⁹

⁶ Source: The future of work – A reorientation guide; 2014

⁷ Developing an Effective Campus Recruiting Program, Bersin by Deloitte, February 2015

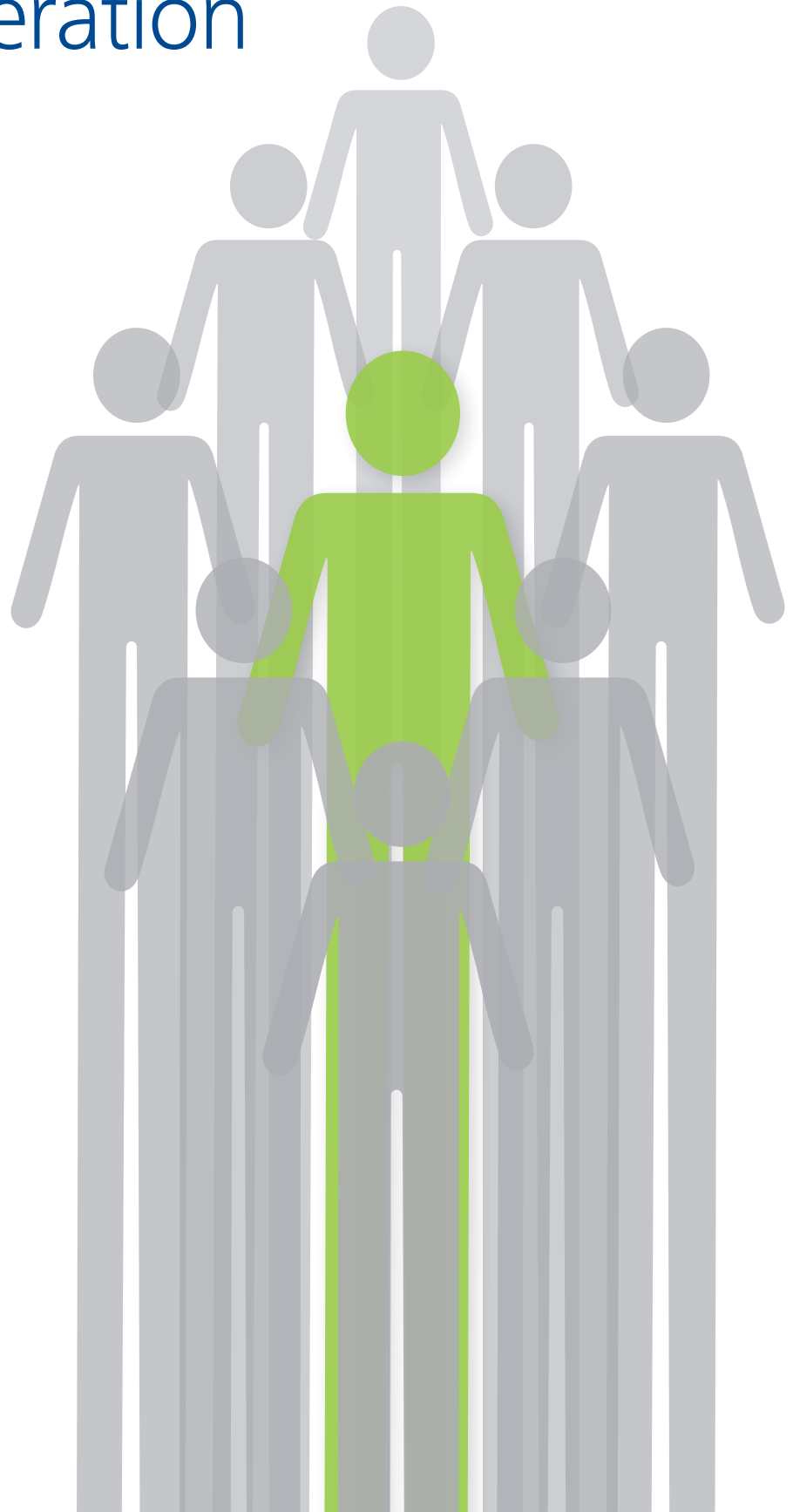
⁸ Becoming irresistible: A new model for employee engagement; Deloitte University Press; Author: Josh Bersin; 2014

⁹ Global Human Capital Trends 2014

Making space for the next generation

There has been much debate about what defines the work character of gen y/millennials and how they differ from previous cohorts, but as noted in Deloitte's *Global Human Capital Trends 2014* report: "For both financial reasons and reasons of professional satisfaction, many are extending their working lives – benefiting from the incredible longevity dividend shared the world over. These two trends are producing the most multi-generational workforce in history."¹⁰ Within this dynamic, it's important that banks balance their quest for new talent with leveraging the knowledge and experience of long-term employees and transitioning this knowledge to the next generation.

Nonetheless, the report also clearly found that, even though "older workers remain engaged and valuable contributors, millennials are now in charge. The 21st-century workforce is global, highly connected, technology-savvy and demanding. Its employees are youthful, ambitious and filled with passion and purpose."¹¹ It's this group whose pulse we took in the *Deloitte talent in banking survey 2014*. Banks who develop a talent strategy that takes both their aspirations and expectations into account will not just close the talent gap, but leap it, taking a giant stride into a dynamic future.



¹⁰ Global Human Capital Trends 2014

¹¹ Global Human Capital Trends 2014

About the research

This report is based on the Universum Talent Survey 2014. It focuses on the career intentions of business students in Canada. A total of 9,125 business students in Canada were surveyed, including 3,019 banking-inclined students. Three other countries were surveyed in the Americas: Brazil, Mexico and the United States. Universum has been researching students' career intentions since 1988. In 2014, it surveyed a total of 650,000 students, including 174,000 business students in 28 markets.

Aggregate data from the 28 countries was used to compile a 2014 global banking report. In-focus reports have also been produced for select countries, including 14 countries in EMEA: Austria, Belgium, France, Germany, Ireland, Italy, The Netherlands, Poland, South Africa, Spain, Switzerland, Turkey, UAE and the UK.

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