High-Impact Credit Training Blog

Close the Talent Gap with Credit Risk Training to Attract and Retain the Best Employees

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Senior executives in the banking industry are retiring, and banks are hard-pressed to replace them. Intensifying the problem is the fact that during the Great Recession, financial institutions hired fewer bankers in their mid-30s and 40s. Moreover, technology has eliminated some banking tasks in recent years, causing bank hiring managers to believe that they could hire fewer professionals.

The talent gap is exacerbated by career choices made by those who are graduating from college or MBA programs with finance degrees today. Increasingly, they are choosing other job opportunities, especially those in fintech startups. The 2016 *Bank Director* Compensation Survey revealed that millennial professionals identify the "opportunity to learn new things" as a key motivator for working in the banking industry. Other studies show this to be true with Generation X banking sector professionals, too. Consequently, 40 percent of survey respondents cited recruiting commercial lenders as a top challenge.

These factors have led some banking industry leaders to believe that the sector is experiencing a critical talent gap, particularly for commercial lenders. The demise of training and career development programs is also a significant contributor to this impending crisis. In the past, when qualified lenders retired or left, bank training programs ensured that a skilled analyst or other experienced professional filled the role. Lending remains a significant source of revenue for banks. A lack of qualified lenders means decreased profits for many.

In this blog post, we want to discuss how a robust training program can help your financial institution attract and retain talent. This is especially true as it relates to lending due to the fact that credit risk management remains central to bank financial health.

Credit Risk Training is Key to Career Development

Generation X and millennial professionals say they need to feel fulfilled at work in order to remain employed with an organization. This means that they must be provided with opportunities to learn at work. These new hires need to feel that they will be key contributors to a bank's success. They also need to believe that the organization is willing to invest in their career development. To accomplish these goals, bank employers should not only provide excellent compensation, but also robust training in order to find good employees.

Credit risk training can help banks meet these requirements by offering new banking professionals the opportunity to work in a learning environment. Not only is credit risk training imperative to prevent lending losses, it is also key to career development within banks. Commercial banks that reduced training programs in response to past economic pressures must restore these career development opportunities if they want to attract younger talent.

Having employees engaged in financial loss prevention strategies provides a sense of involvement for many. Employees want to play an active role in ensuring institutional financial safety. It is imperative that banks train employees to be competent in enhancing bank financial security and addressing regulatory challenges. Moreover, banks should entrust those who demonstrate the most promise with additional responsibilities.

Reduce Recruiting Costs with Credit Risk Training

There are numerous benefits for banks that extend credit risk training across all business units and employees. Once an institution has invested in enterprise-wide credit training, management can identify top performers who excel in applying their newly acquired skills. These employees can be groomed for management roles and other career development opportunities. The implementation of a credit training program also decreases financial losses due to lending errors by spreading credit risk responsibility among more staff.

Training programs also increase employee engagement. Well-trained personnel feel more respected and valued by employers that are actively investing in their career development. Employees are more committed to helping grow the institution as they grow in their careers. They understand that increased revenues, coupled with diminished credit risks, yield benefits for the bank and themselves. Their training enables them to perform to ensure those outcomes.

This kind of credit risk training program gives the bank an internal recruiting pool that further helps build strong teams in the future. Current team members possess organizational knowledge while new hires have a learning curve that at times can take longer than expected. Promoting from within demonstrates opportunity and incentive for employees, enhancing the overall performance of your workforce. The strategy of talent development attracts top talent without the need for aggressive and costly recruiting efforts. Reputation, along with word-of-mouth both online and in-person, contributes to your bank's position when recruiting. The discussions and recommendations of employees can help your bank win the talent war.

Credit Risk Training Can Decrease Employee Turnover

Initial and ongoing credit training, along with internal promotions, bolster employment longevity and lower employee turnover.

If your bank lacks professional advancement opportunities, employees are likely to pursue opportunities with organizations that provide them. This is particularly the case with the most highly educated candidates. Employees with solid educational backgrounds are regularly pursued by recruiters, making it all the more important for an employer to try to break through the noise. Young professionals are looking at organizations that fill a void and provide them with an environment to learn and apply their skills on the job.

The objective of young banking professionals is to work for institutions that will train them for well-paying risk management careers. This means that they won't hesitate to accept jobs offering that training. Thus, commercial banks must provide ongoing credit risk training if they don't want to lose employees to financial institutions that will provide that education. Instituting training programs can prevent the departure of professionals who are difficult to replace. It also diminishes the likelihood of financial losses if employees across the board have credit risk experience and education.

Management Support for Credit Risk Training is Vital

Not only should the bank's C-suite allocate resources to credit risk training, they should also demonstrate that leadership supports such career development. This is possible through the actions of management and through the bank's ongoing internal message. Senior leadership's demonstrated commitment to a risk management culture will be the driving force behind employee willingness to trust their commitment to a bank culture. This has the ability to enhance employee productivity and loyalty to their institution.

Bank management should collaborate to create credit training programs and increasingly move toward advanced courses. One way to make certain that these programs meet the needs of all employees is to solicit feedback regarding training successes and failures. Financial institutions also must develop middle managers to become trained coaches and mentors. As the bridge between senior executives and staff, these key professionals have the most direct contact with employees. They must lead by example, showing credit risk policies in action, and being competent and available to mentor their workers in applying credit risk training.

Offer Credit Risk Training as a Competitive Advantage

Addressing this talent shortage of risk management professionals in the banking industry is critical. Financial institutions that invest in credit risk training are likely to remain the most competitive in the current banking environment. These institutions will attract the finest talent with their training and career development opportunities and over time, develop well-trained risk managers.

Through credit risk training, banks can enhance professional growth around advancing the bank's most significant activity – increasing loan revenue – while reducing related risks. This gives employees a sense of involvement in the institution's well-being and helps retain the best workforce. It also provides employees better opportunities to stay, rather than seek career options with competitors.

Learn about the benefits of leveraging credit risk training as an essential talent management strategy. Download our latest white paper.

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