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The Spotlight

The Spotlight is a regular Q & A feature that showcases our people, their expertise, and trending topics that are on top of our clients' minds directly from the voices of our business leaders.

Blake Kerrick, Partner, Banking and Capital Markets

Blake Kerrick leads the banking and capital markets practice at McLagan. In this role, Blake provides performance and reward consulting services to the leading global banks and securities firms, regional banks and broker-dealers, and commodity trading firms. His areas of expertise include advising senior management on incentive funding approaches, levels, and pay mix, benchmarking key performance metrics across banking, sales, and trading divisions, designing annual and long-term incentive plans, and analyzing competitive pay practices and levels.

Questions and Answers

What's top on the agenda for banks in 2019?
With the global economy starting to slow down, most firms will first and foremost be focused on maintaining business results. The second is digital and the continued focus on leveraging technology to do things better. The banking business is re-shaping, driven largely by advances in digital initiatives and technology. This investment will need to continue even if the cycle turns.

Given the current market, how have banks changed their compensation strategies?
Recent adjustments to compensation strategies are being driven by changes in talent and how firms compete. First, and most notable, is the convergence of the technology and financial services industries, which is forcing banks to re-visit their entire employee value proposition. A key difference in pay between the two industries is that technology firms are more effective in differentiating pay for top performers. This is in large part due to the use of equity that is both a valued vehicle, especially compared to bank stock, and distributed in a less structured approach than in banks. Although banks are not there yet, salary ranges are being challenged and altered and HR is more focused on pay for top technology talent.

Secondly, the way banks view local talent and pay is changing. Ten to fifteen years ago, firms typically looked at salaries for local markets and small cities as a discount to larger metro locations. However, as location strategies and talent pools continue to evolve across the globe, HR and reward teams are closely examining local market pay levels that broadly span financial services and even other industries. Banks are now both thinking and acting locally.

If you could describe today's banking and capital markets industry in three words, what would they be?
De-Leveraged, Customer-Focused, Tech-Enabled.

Where does the banking sector stand ten years after the financial crisis?
In short, the sector is better and safer. Post crisis, regulators across the globe mandated changes that have increased banks' capital strength and ability to withstand future crisis. In the U.S., banks are now required to have living wills that provide an orderly dismantling of the business if it begins to fail. Culture and conduct are now terms that are pivotal to shareholders, regulators, and bank management alike.

What advice would you give for a successful year ahead?
Navigating the uncertainties that lie ahead can be challenging and competition for certain skill sets is at an all-time high. You can't hit what you can't see and education is the first step. It may sound obvious, but understanding the competitive market for pay and talent is critical for firms to assess where they currently stand. Furthermore, generational and regional differences drive alternative views on both pay and the broader employee value proposition. The banking business is evolving very quickly and talent strategies, including assessment, performance management, and pay, must be clear, yet flexible, to stay aligned with this transformation.

If you are interested in connecting with Blake, he can be reached at bkerrick@mclagan.com.

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