



Generation Y: Why banking and securities firms should look again

Could this powerhouse generation provide reinforcements for your short-term and ongoing strategies?

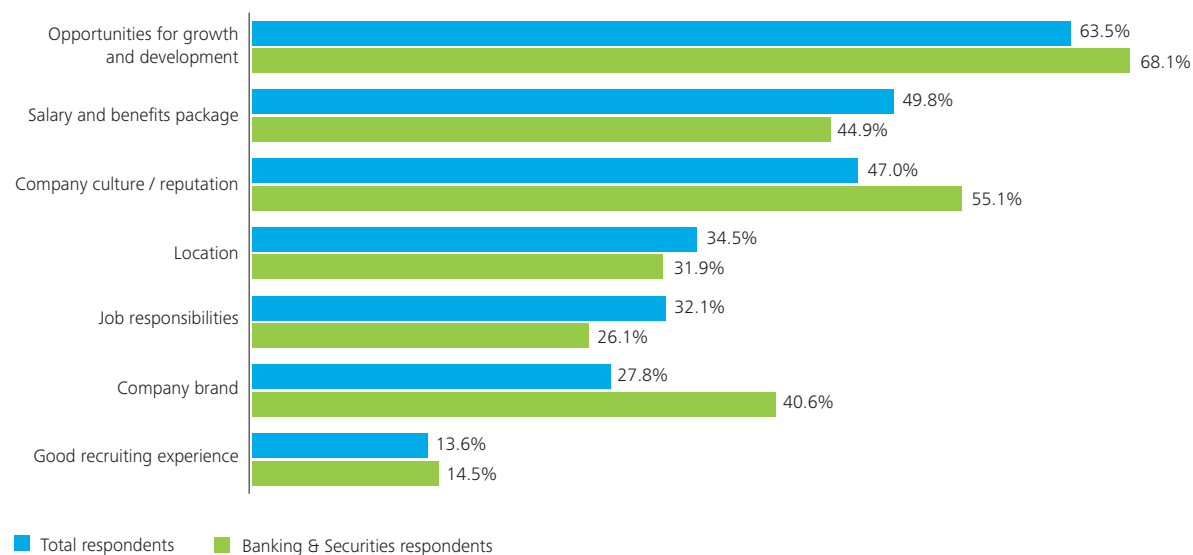


Gen Y still believes in the sector and wants to contribute

In many ways, the Gen Yers in our survey that are in the banking and securities sector are like their counterparts surveyed in other industries. They are enthusiastic, engaged, and eager to make a meaningful contribution. However, the banking and securities sector Gen Y professionals surveyed are somewhat different from their peers in other important respects:

- **They are ambitious and very tuned-in to company culture and reputation.** When asked what factors influenced their decision to work for their current employers, Gen Yers in banking and securities placed more weight on “Opportunities for growth and development” (68%) and “Company culture/reputation” (55%) than on “Salary and benefits package” (45%). While the “opportunities” choice was reflective of their peers in other industries (64%), the emphasis on culture and reputation over salary and benefits was very different – Gen Yers in other industries selected ranked “Salary and benefits” second at 50% and “Company culture/reputation” third at 47%. As banking and securities firms make tough decisions about where to cut, retain, and recruit in coming months, the results of study indicate they might be able to leverage Gen Y’s leaning toward non-monetary rewards as a way to cost-effectively staff key areas and engage employees in meaningful ways to weather the downturn as Gen Y isn’t likely to shy away if the rewards aren’t as plentiful as in the past – as long as there are opportunities.

What factors influenced your decision to work for your current employer?

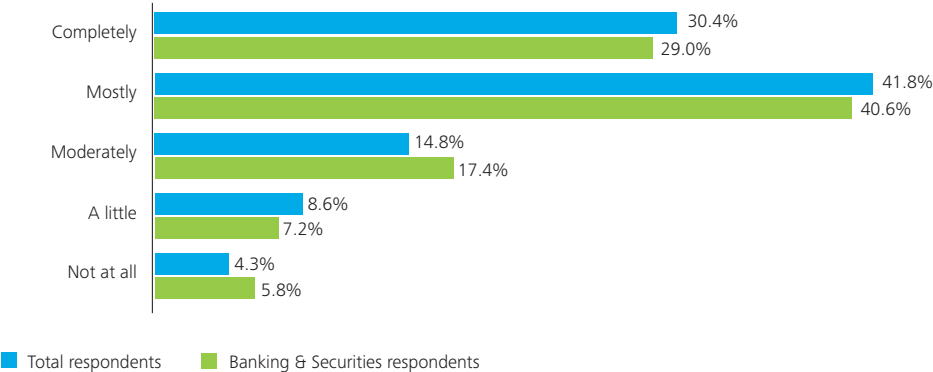


(Respondents were asked to select top three)

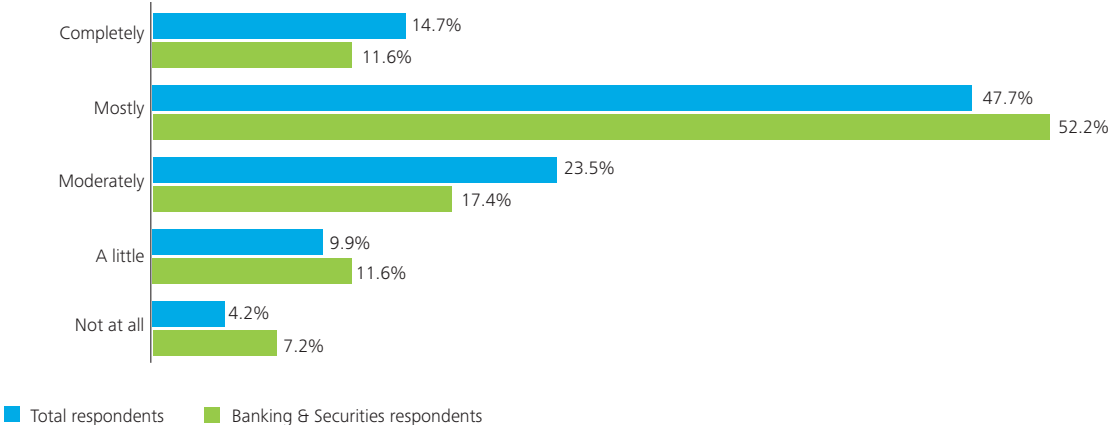
Data represents 69 respondents working in banking and securities companies. These responses are from a total analysis of the views of 860 Gen Y employees (age 19-27) of Fortune 500 companies, across 20 industry sectors, who responded to an online survey distributed by Zoomerang and by Deloitte between November 12, 2008 – January 7, 2009. No Deloitte employees participated in this survey.

- **Even with the turmoil in the industry, they still trust their bosses and companies.** A majority of banking and securities sector Gen Yers in the study indicated that they “Completely” or “Mostly” trust their bosses and employers (70% and 64%, respectively). This is similar to the trust levels expressed by Gen Yers in other industries (72% and 62%, respectively). We believe this would indicate that employers in the banking and securities sector should consider ways to build on this trust to retain, engage, and motivate employees in key workforce segments.

How much do you trust your boss?



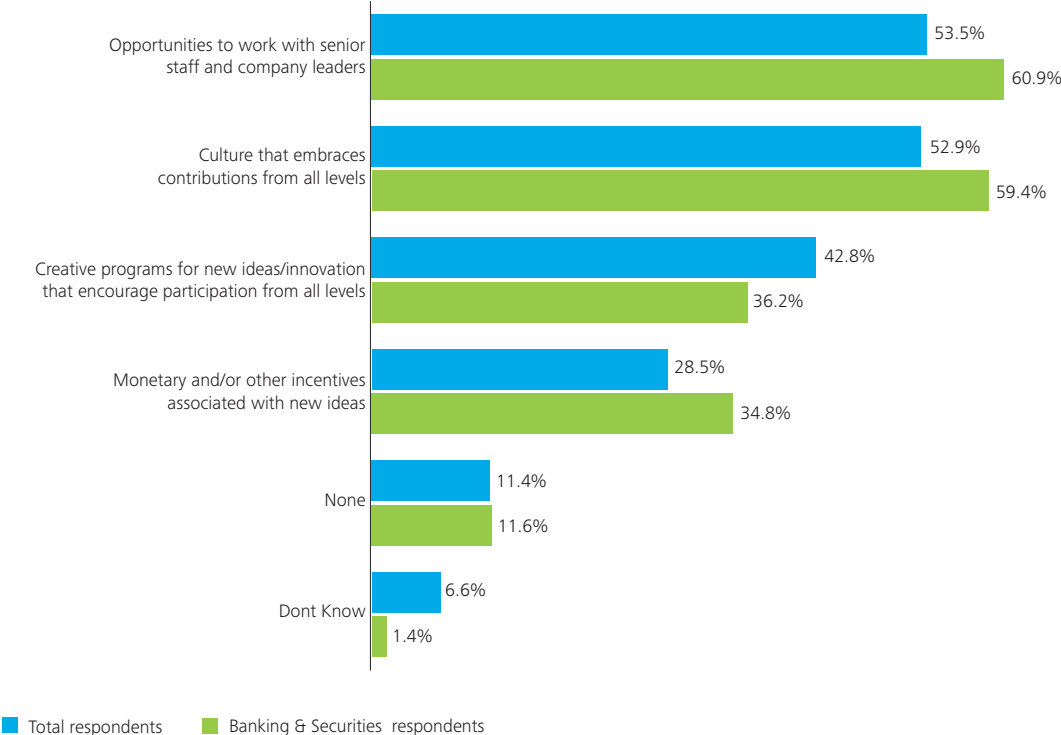
How much do you trust your employer?



(Respondents were asked to select top three that apply.)

- **They welcome opportunities to work with senior staff, especially on programs involving innovation.** We asked respondents “What key enablers encourage you to participate in innovative efforts or initiate new ideas for your employer?” Sixty-one percent of Gen Yers in banking and securities chose “Opportunities to work with senior staff and company leaders,” and 59% chose “Culture that embraces contributions from all levels.” In both cases, the percentages were higher than from their peers in other industries – 54% and 53%, respectively. This finding suggests an opening for banking and securities to attract Gen Yers not just with salary and perks but with the types of programs and opportunities that they value, especially now, when firms are focused on rebuilding and reinforcing their brands.

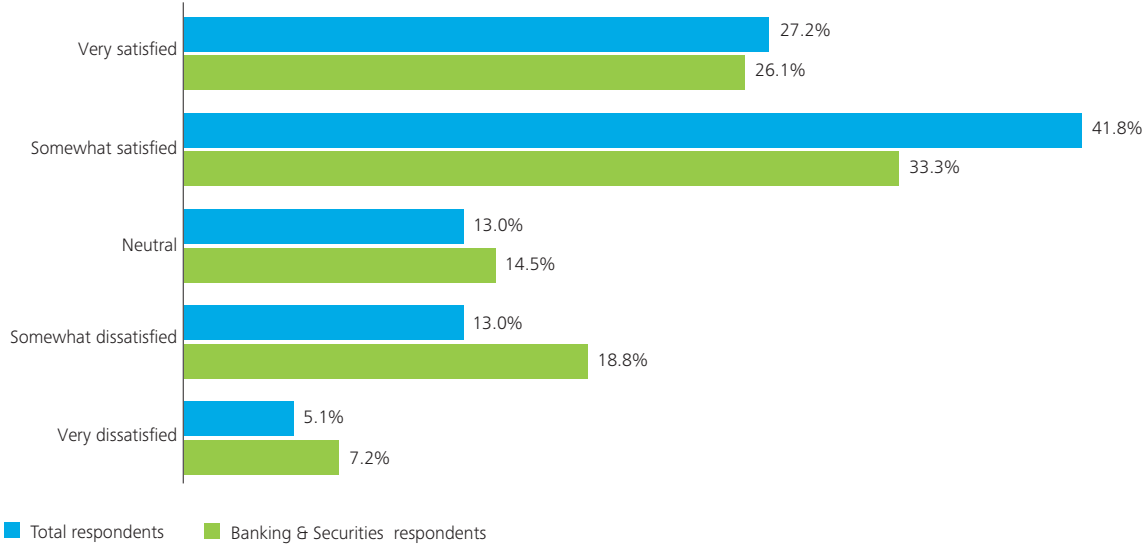
What key enablers encourage you to participate in innovative efforts or initiate new ideas for your employer?



(Respondents were asked to select all that apply.)

- Despite being generally satisfied with their jobs, most plan to change jobs in two years or less.** When asked about job satisfaction, 59% of respondents in banking and securities firms indicated “Very satisfied” or “Somewhat satisfied.” When asked how long they plan to stay with their current employers, 60% of Gen Yers in banking and securities firms indicated they plan to stay less than two years, compared with only 48% in other industries who felt the same way. This restlessness suggests an interesting opportunity for banking and securities firms, especially in light of the other findings described above. If Gen Yers are likely to stay only for a short time and can be motivated by non-monetary rewards, perhaps they can be staffed in shorter term customer-focused and innovation initiatives, especially if they are paired with more experienced employees. At the same time, employers in the sector may find that providing more career mobility within the organization for Gen Yers may help keep them happy longer while simultaneously capitalizing on their collaborative nature.

Please indicate your level of satisfaction with your current job.



How can banking and securities firms capitalize on these findings?

We believe that a continued strategic focus in banking and securities firms on workforce development – including the Gen Y segment – is important for growth and performance. Banking and securities firms need to free up their most experienced executives and managers to address hot issues on both fronts. Engaging younger employees more actively may help provide the necessary reinforcements to accomplish this while simultaneously improving operational excellence across the board.

What specific actions should you consider taking to tap the capabilities of your Gen Y employees in the short term while positioning your firm for the next upswing? Here are a few ideas:

Refine your approach to short-term workforce reductions. Often, approaches to trimming staff are stacked against Gen Yers who may be among the most junior employees. By leveraging key qualities of your Gen Y employees, such as innovation, tech savvy, enthusiasm, and creativity, you may be able to create a much needed spark to support employee engagement, connect your firm with younger customers, and staff certain functions with high potential Gen Y talent.

Polish your image both externally and internally. Many banking and securities firms have worked hard to create strong brands that include corporate social responsibility and support of work/life balance for employees. Try to enhance your firm's image by encouraging younger workers to be champions, engaging them in employee- and community-focused activities. You can also use them to explore technology-based initiatives that appeal to the work preferences of Gen Yers. As you navigate through the current recession, these types of activities may set you apart from other financial services firms and keep an enthusiastic segment of your workforce engaged cost-effectively.

Engage Gen Y to grow your customer base. Banking and securities firms that want to attract Gen Yers as customers will likely first need to engage them as employees and embrace young talent as a valuable source of information and connection to their Gen Y customers. By involving Gen Y employees in more visible channels to contribute in meaningful ways — such as strategic product and customer service decisions, or tapping them as a fertile source of ideas on how best to reach their peers in the marketplace — you may be better positioned to foster a culture of respect that demonstrates the value of all employees, regardless of age or level in the organization.

In addition, banking and securities employers should reconsider how to refine performance management and rewards systems to align with rapid development of young talent and create new ways for seasoned workers to gain recognition through mentoring and knowledge sharing. Investments may need to be made to retool the technology infrastructure, as well as the approaches many employers use to communicate and train within the workplace. For example, banking and securities firms that have not adapted to social media technologies may be losing opportunities to gain valuable customer and employee input and to foster brand recognition and loyalty. Gen Y employees can help lead the way to this new world of Web 2.0, where mastery of networking applications allows for sophisticated forms of influence, persuasion, and community building. Evidence of this is in the pivotal roles Gen Yers played in the 2008 presidential election, which tapped young professionals to develop and implement communications and social networking technology that successfully expanded awareness of the Obama campaign and, ultimately, encouraged voters to go to the polls on election day.

Feed Gen Y's hunger for change. Based on our survey, a hallmark of this generation is its desire to change positions regularly to gain experience in a range of roles across the organization. You can address this desire by working with Gen Y employees to identify their deep-rooted skills, interests and knowledge; find their best fit in the organization; and craft the job design and conditions that help them perform. As they master responsibilities in one area, be ready to challenge them in another. This may help you multiply the return on your investment in these employees by encouraging them to stay longer and contribute more over time.

Use talent management strategies to develop multiple generations of employees. Developing effective talent management strategies is a three-step process that includes aligning your talent strategy with your business strategies, using analytical data to understand talent needs versus the available talent supply both in- and outside your company, and differentiating your workplace by offering talent management solutions and career paths that appeal to the unique needs of an increasingly diverse workforce. Certainly, budgets for these activities are tight today, even scarce. Yet the right talent management approach can help banking and securities firms cost-effectively distinguish themselves from their competitors. Such an approach can also help encourage higher performance from more experienced employees while reinforcing the culture and strengthening engagement across generations.



Now is the time to engage Gen Y

Whatever your approach to Gen Y, it's important to start now. Banking and securities employers that selectively retain current Gen Y talent and use them to their fullest potential are likely to find that they can improve performance in key areas of the organization without incurring significant additional cost. At the same time, by leveraging the enthusiasm, creativity, and technical capabilities of Gen Y employees, banking and securities firms might better position themselves for the next upturn, especially when compared to their less innovative competitors.

For more information, please contact:

Steven Hatfield

Principal
National Leader for
Financial Services Industry,
Human Capital
Deloitte Consulting LLP
212 618 4046
sthatfield@deloitte.com

Leah Reynolds

Specialist Leader
National Leader for
Generational Talent
Strategies and Rewards
Communications
Deloitte Consulting LLP
313 396 3107
leahreynolds@deloitte.com

Hope Hughes

Director
National Leader for Banking &
Finance Companies,
Human Capital
Deloitte Consulting LLP
212 618 4405
hopehughes@deloitte.com

Linda Quaranto

Director
National Leader for Securities &
Investment Management,
Human Capital
Deloitte Consulting LLP
704 887 1863
lquaranto@deloitte.com



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