MARKET READ · Q3 2026

Banking & Financial Services

A one-page read on the talent market, from the practice that runs searches in it. No forecast theater. Just what the data says and what I'd do about it.

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AVAILABILITY

Let's start with the number nobody puts in the board deck: roughly 30% of bank leadership teams have no effective succession plan for any C-suite seat beyond the CEO. And I'd argue the real number is worse, because most of what passes for a succession plan is a document - a name written down eighteen months ago by someone who never asked the name whether they'd take the job.

The industry has been "preparing" for the retirement wave since 2015.

It arrived anyway.

Long-tenured executives are leaving on schedule - their schedule - and when the seats open, they aren't going to the bench. About 57.5% of bank executive transitions last year went to external hires. Sit with that: after a decade of leadership-development budgets, six times out of ten the seat goes to a stranger. That's not a hiring statistic. That's a verdict on the bench.

And everyone is shopping in the same aisle. Compliance, risk, and cybersecurity searches are running 48 to 89 days. The profile every board deck now asks for - a credit mind that can also hold a digital roadmap - is the industry's official unicorn: everybody wants one, nobody's comp band pays for one, and the three that exist in your market already know each other.

COMPENSATION DIRECTION

Up. For the first time in five years, meaningfully up - and not just for executives. Five years of telling candidates the budget was tight taught the good ones to stop calling back. Now the market is repricing without asking permission: 84% of financial services hiring managers say they'll pay premiums for in-demand skills - regulatory technology, data, cyber. Which means, practically speaking, the bank across town has already approved the number your CFO hasn't seen yet.

If your salary bands were set in 2023, they aren't bands anymore. They're a souvenir.

MOVEMENT

The front door is the leak. Teller turnover runs 20-30% a year, and one study found 60% of retail tellers gone within twelve months of hire - 15% inside the first ninety days. At a replacement cost of 50% to 200% of salary per seat, that's not a line item. That's a strategy - just not one anybody chose.

Here's the part the industry keeps getting wrong: that is not a labor-market problem. Ninety-day attrition is a selection problem. Every one of those hires passed somebody's interview. The market didn't fail you at day 80 - your process failed you at day zero, and the exit just delivered the receipt.

Meanwhile fintechs and retail employers are pulling the same candidates with remote flexibility and none of the compliance weight. And the industry's official answer? 73% of banks plan to build the executive bench through mentoring over the next three years. Bold plan. The retirements are scheduled for this one.

WHAT IT MEANS FOR YOUR NEXT SEARCH

Read those three sections as one story, because they are: the industry is planning to develop leaders it hasn't hired yet, at compensation it hasn't approved yet, while the front door leaks the very people who would have become them.

Here's what I'd do with that - this quarter, not in a three-year plan:

1. Turn succession from a document into a map. If 57% of executive fills are external, the only real succession plan includes the outside market - who actually holds these seats in your footprint, what they cost, and who's movable. Get the map before the resignation letter, not after. Afterward it's called a retained search, and it's priced accordingly.

2. Re-price the seats that matter before a search does it for you. Finding out mid-search that your range is 20% light doesn't just cost money - it costs the candidate, the timeline, and your credibility with the board watching the seat sit empty.

3. Treat the front door like the control it is. Sixty percent gone in a year means the interview is measuring the wrong thing. Define what the seat must produce, test for behavior under the pressure the branch actually runs on, and write it down. Your examiners would never accept "we liked them" as a control. Stop accepting it as a hiring decision.

4. Screen for what scrutiny punishes, not what interviews reward. In an examiner's world, the expensive hire isn't the one who interviews poorly - it's the one who interviews beautifully and bends standards quietly. Test for what they've held under pressure, not how they talk about it.

> *The banks that hold their people through this market won't be the ones that paid the most. They'll be the ones that decided best.*

- Steve Lowisz, Banking & Financial Services Practice

SOURCES THIS QUARTER

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