

Comparing C-Suite Compensation: Banks versus Credit Unions

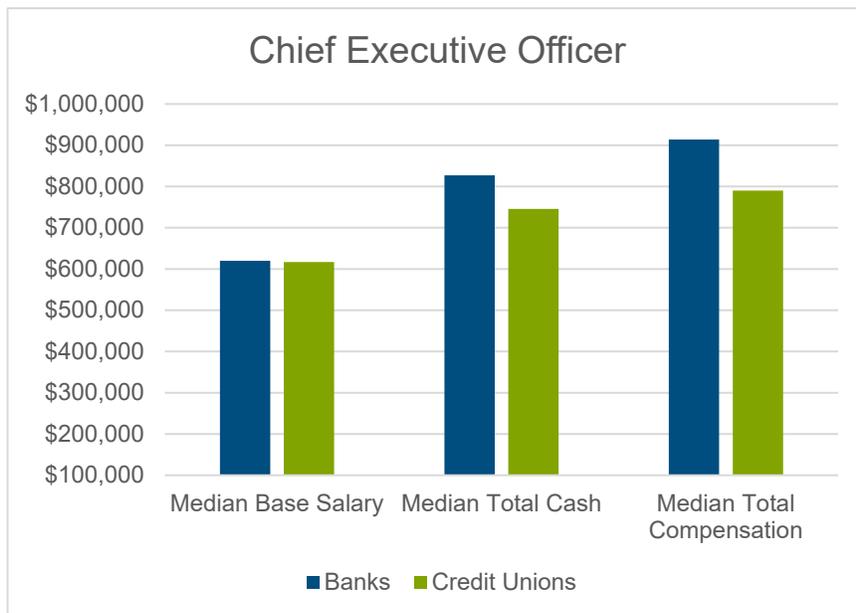
AUTHOR



Rebecca Toman
*Vice President,
Survey Business
Unit*

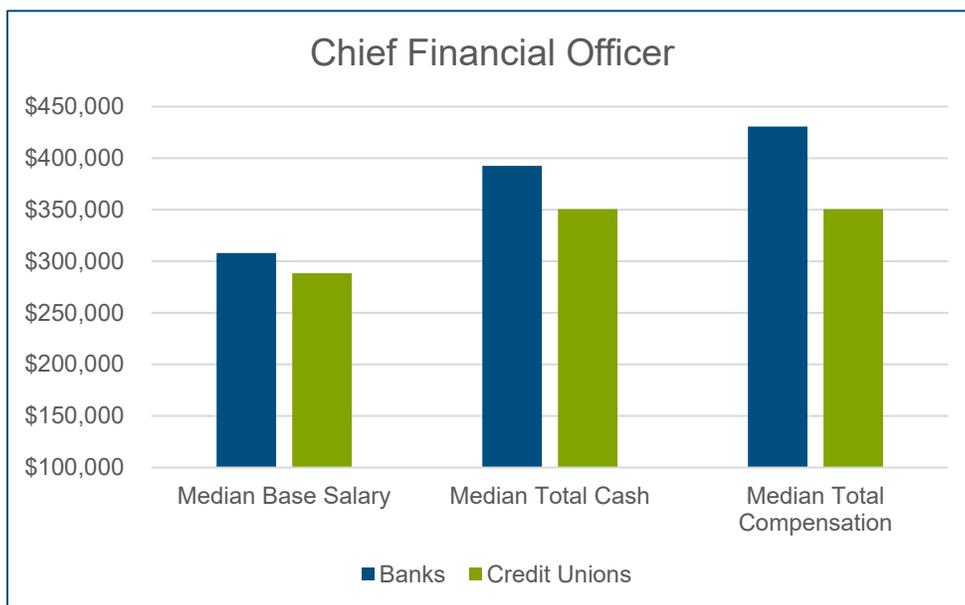
While banks and credit unions have competitive base salaries, banks offer higher total compensation packages according to Pearl Meyer’s 2019 National Banking Survey. Our consulting colleague Tim O’Rourke has followed the evolution of this comparison for four decades and notes that there is an increasing migration of executives in both directions between these two financial services sectors. For organizations who are recruiting at the executive level, it’s imperative to understand how each sector approaches the various compensation components. Comparing the data available in Pearl Meyer’s National Banking Survey with our Credit Union CEO and Senior Executive Total Compensation Survey can provide a recruiting and retention advantage.

The sample size of large banks and credit unions—those with assets of \$1 billion and above—includes 180 banks and 43 credit unions. The banks have an average asset size of \$8.1 billion, while the credit unions have an average asset size of \$8.4 billion.

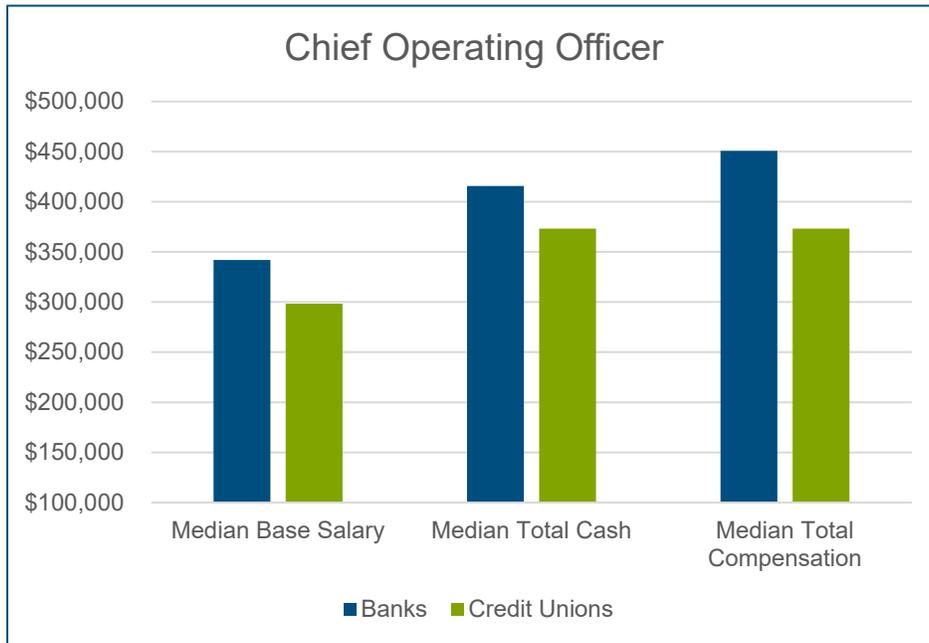




Banks and credit unions both offer nearly identical base salaries for Chief Executive Officers (CEOs). The median base salary offered by banks is a mere half percentage point more than the credit union median base salary. Our colleague notes that base salary is the “bread, butter, and mortgage” money, so it was the first component of executive compensation to reach parity. When considering median total cash compensation, however, the gap between banks and credit unions widens. Total cash compensation includes both base salary and short-term incentives/cash bonuses and the median for the CEO position at banks is 10.9% greater than the median reported by the credit unions. This difference grows again when comparing the median total compensation, defined as total cash compensation plus long-term incentives. The CEO median total compensation at banks is reported as 15.7% greater than that of the credit unions.

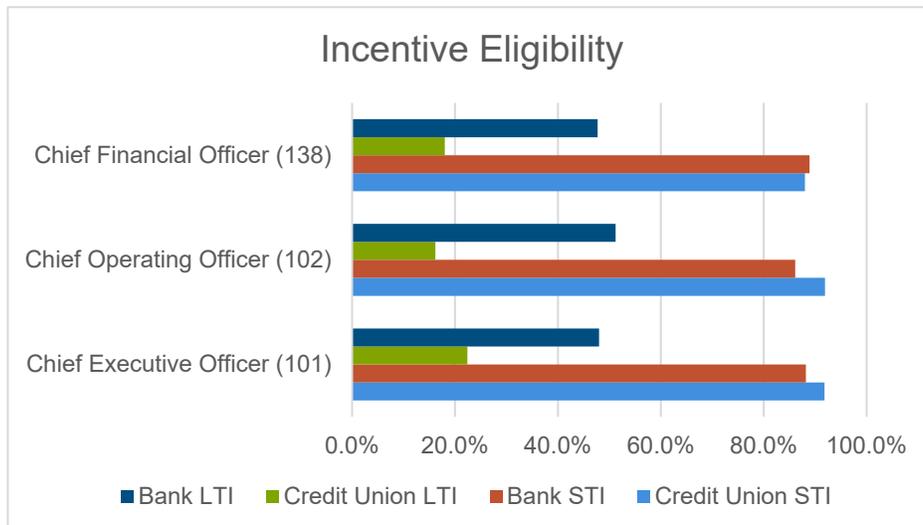


Comparing bank and credit union compensation for the Chief Financial Officer (CFO) yields similar results. The difference in the median base salary for the CFO is 6.8%, a greater difference than that for the CEO. The median total cash compensation reported by banks is 11.9% greater than the median total cash compensation reported by credit unions. This difference almost doubles when comparing the total compensation between banks and credit unions at a difference of 22.8%.



The compensation levels for the Chief Operating Officer (COO) demonstrate a slightly different pattern. The median base salary for the banks is 14.7% greater than of the median base salary from the credit unions. We then see a decline in the difference of the median total cash between banks and credit unions with banks reporting a median total cash that is 11.4% greater than that of the credit unions. Despite this decline in the gap between median total cash between banks and credit unions, we see a large increase in the difference of median total compensation. The median total compensation for banks is 20.7% greater than the median total compensation at credit unions.

Short-term incentive eligibility at the c-suite level is similar between banks and credit unions. Long-term incentives, however, are much more prevalent as a part of the compensation package for banks as compared to credit unions.



Pearl Meyer's 2019 National Banking Compensation Survey includes 388 banks and financial institutions and over 77,600 incumbents. The report allows you to accurately compare your company's pay practices to the market and may provide clues for improving your recruiting and hiring approach, as well as identifying possible retention issues related to compensation. The survey report includes detailed information on 272 jobs as well as timely policies and practices insight.

For more information on purchasing a copy of the survey report or if you would like your bank to participate in this year's survey, contact Jordan Gagnon at jordan.gagnon@pearlmeyer.com or 508-630-1501. The deadline for submissions is July 15, 2020.

If your institution is looking for additional information on credit union executive pay practices, Pearl Meyer also offers a Top Credit Unions CEO and Senior Executives Total Compensation Survey. This survey is for large credit unions with assets of \$1 billion and above and the report contains both compensation and policies and practices data for 27 executive jobs.

This year's survey will be open for qualified institutions through June 30, 2020. Please contact Rebecca Toman at rebecca.toman@pearlmeyer.com or 508-630-1475 for details on participating or for more information on purchasing a copy of this survey report.

About the Author

Rebecca Toman is the vice president, Survey Business Unit at Pearl Meyer. In this role, she designs and publishes compensation and benefits surveys for a wide range of industries and employee populations. Rebecca recently joined the WorldatWork faculty where she will teach a course on Job Analysis and Documentation.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Rochester, and San Jose.



Pearl Meyer

ATLANTA

(770) 261-4080
atlanta@pearlmeyer.com

BOSTON

(508) 460-9600
boston@pearlmeyer.com

CHARLOTTE

(704) 844-6626
charlotte@pearlmeyer.com

CHICAGO

(312) 242-3050
chicago@pearlmeyer.com

HOUSTON

(713) 568-2200
houston@pearlmeyer.com

LONDON

+44 (0)20 3384 6711
london@pearlmeyer.com

LOS ANGELES

(213) 438-6500
losangeles@pearlmeyer.com

NEW YORK

(212) 644-2300
newyork@pearlmeyer.com

ROCHESTER

(585) 713-1349
rochester@pearlmeyer.com

SAN JOSE

(669) 800-5074
sanjose@pearlmeyer.com

**For more information on
Pearl Meyer, visit us at
www.pearlmeyer.com or
contact us at (212) 644-2300.**