

Talent, Client Experience and Industry Change

Insights from the Latest Institutional Client Advisory Board

What's on the mind of institutional broker-dealers? At BNY Mellon | Pershing's recent Institutional Client Advisory Board meeting, institutional broker-dealers and capital markets firms identified three key opportunities as the financial industry adjusts to a new post-pandemic normal.



Capitalizing on Talent Trends



Driving Operational Efficiency and Client Experience



Navigating Industry Inflection Points

1. Capitalizing on Talent Trends

In the latter stages of the COVID era, institutional firms are still competing with companies within and outside the industry to attract, retain and grow top talent. At the same time, they are working on restoring their company cultures as employees adjust to working arrangements inside and outside of the office.

Recruiting, Retaining and Growing Top Talent

Recruiting ranked as the number one “people focus” among iCAB attendees. As our industry becomes more reliant on digital tools, members described the push and pull that exists between tech and finance for top talent. Diversity and inclusion are also on their minds and several firms are broadening their recruiting reach as they strive to build a culture of inclusivity and equality.

One way firms are expanding their reach is through robust internship programs. Firms are aggressive about getting out in front of students because competition is fierce. Some

programs offer in-depth training, sponsor select interns to get licensed, and then make offers at the end of the internship. For many, retention rates growing because of these efforts.

An age-old business axiom states that it takes more resources to win a new client than to retain a current client. The same holds true with employees. Several clients observed that more important than recruiting is retaining your seasoned and young talent. Happy employees can be your best recruiters.

Plus, it's no longer just about the client experience, leaders want a great experience for their associates. Managers must lay out a path for employees that includes training, culture and increasingly interesting projects to keep them motivated.

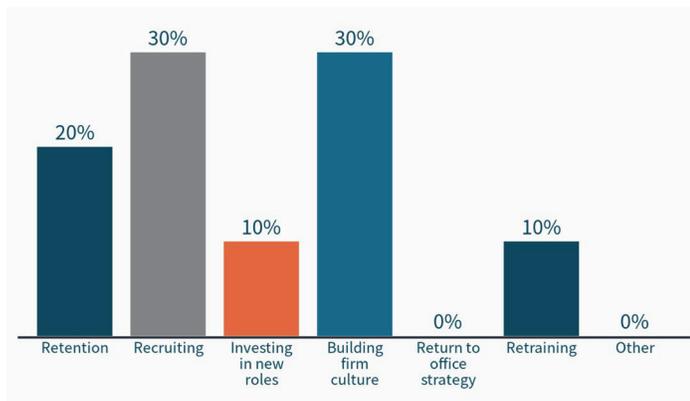
“We have to rethink how to retain and recruit to build a deeper bench for succession planning.”

Building Your Company Culture

The new way of working has increased the need to redefine and revitalize the company culture that may have lagged in the online environment. For many, a great culture leads to value-add engagements with clients. Others stated that having people back in the office is so important, but they've also learned that flexibility is so important to employees.

Many firms are enjoying the best of both worlds in the hybrid environment. In many instances remote work is working well, and employees are happy and productive. But hybrid work arrangements also add a layer of complexity. For example, many new hires over the past two-plus years have not had the advantage of being in the office, building camaraderie with peers, sharing one-on-one knowledge and forming bonds with colleagues. It remains to be seen how firm cultures will endure and what the long-term impact will be.

What is your #1 people focus?



2. Driving Operational Efficiency and the Client Experience

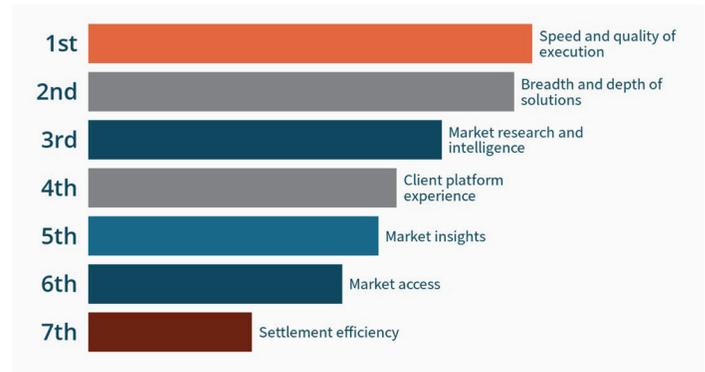
As the pandemic irrevocably changed how firms and clients interact, many firms are rethinking how to use technology at various parts of the client experience. Clients called out the difference between online meetings through Zoom and other tools and in-person relationship meetings. Zoom proved to be an efficient way to communicate, but in-person meetings can have more impact in building a relationship.

“Are you a golf cart or a caddie?”

Clients are also finding they can do many tasks on their own through digital tools, and firms are finding ways to deliver more digitally, while still providing their expertise. One client made the analogy of a golf cart versus a caddie. A golf cart can get you quickly and efficiently from hole to hole but you're on your own to make the decisions about your next shot. On the other hand, a caddie can provide detailed knowledge about the course, help with club selection and plan several shots ahead.

All in all, digital tools are a plus for institutional firms, especially when combined with their specific expertise. Like a good caddie, broker-dealers' focus is to deliver value to their clients, improve their experience and help them succeed. More specifically, firms are focused on providing better returns to their clients and have proven their guidance adds value.

From your client's perspective, what do you believe to be your value proposition?



3. Navigating Industry Inflection Points

The industry is at a key inflection point as firms face challenges regarding regulations, data and consolidation. Our clients share their strategies to turn those challenges into opportunities.

Hybrid Work Brings Regulatory Questions

An increasingly complex regulatory landscape is identified as the single greatest headwind for growth. The challenge is multiplied with so many employees on remote or hybrid working arrangements, clarity in the rules would be beneficial to many firms. What exactly does “working from home” mean? Do firms have to register homes as branch offices or does the personal home exception hold true? How do vacation homes factor in?

In addition, firms must keep a watchful eye on the tools employees are using to communicate. From a compliance standpoint, it's difficult to track and monitor texts and chat messages from Zoom meetings, so employees are encouraged and even required to use trackable work tools. With a larger focus on cybersecurity, firms have also had to add more firewalls and employ two-factor authentication to address cyber threats.

Summary

Pershing and its clients have worked through many huge transitions in past decades, but few can match the size and scope of the transformation underway. We look forward to working with our institutional clients to share ideas and experiments, give them insights to calibrate their performance against their peers and to proactively evolve our services to help them drive success in this highly dynamic industry.

Turning Insights *Into Action*

Contact your relationship manager to discuss how these insights might impact your business.

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