



Fall of 2015 - Talent Development & Beyond

Autumn is a wonderful time of the year in New England. It is harvest time and local farms and farm stands are bustling with tourists and locals alike, eagerly sharing the bounty of the season. Our foliage season is one of a kind. Scores of visitors spread across Massachusetts and other states, although Vermont provides some of the most quintessential New England foliage experience (some may argue over this but we will steer clear of this debate). Although we've had record low precipitation (second lowest since 1999) and drought like conditions most of the summer, even after record snow fall, mother nature did not disappoint us this year.



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fall, mother nature did not disappoint us this year. Now that it's time to plan for the winter and make an audit of the year that's nearing its end, as well as and the one that's about to begin, it is a perfect time to talk about talent development within our organizations. Shifting demographics are presenting staffing challenges to commercial banking institutions, and these pressures will increase in the coming years. A large majority of senior executives and managers at many institutions, both locally and nationally, are Baby Boomers, and there is a recognizable shortfall in the depth of the pool of younger banking professionals. The RMA is taking a leadership role in helping to address this issue before it's too late.



The primary thrust of this new effort is targeted at college students, as there is a noticeable lack of awareness and interest in commercial banking as a profession amongst Millennials. RMA wants to help the industry attract more students to banking careers by educating students about banking opportunities, getting them involved with the industry early, and providing them with tools to start learning now. The push to increase the visibility of our profession as well as the opportunities presented therein is multipronged and includes:



- A new Credit Essentials Certificate program, and creation of banking curriculum content for use by colleges and universities to support student certification;
- Scholarship opportunities at both the local and national level;
- Free student membership to RMA.

This fall the RMA is piloting the Credit Essentials Certificate program. The Credit Essentials Certificate is an assessment that validates learning outcomes for an academic based credit risk analysis skills curriculum. In the coming year we will be actively building partnerships with local universities, built around this program, in order to expand the visibility of commercial banking as a potential career while at the same time providing students excited about banking with a solid foundation for success.

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Fall of 2015 - Talent Development & Beyond, *cont'd*

The certificate is for students in an undergraduate or graduate commercial banking program and a college/university who have received formal training in fundamental credit risk analysis skills. It presents them with an opportunity to demonstrate their comprehension of these skills via an independent assessment in order to improve their opportunities for employment. The skills assessed include: cash flow analysis; financial statement analysis; loan structuring; personal financial statement analysis; business tax return analysis; and industry and market analysis.

The Academic Initiatives effort will be augmented by a substantial commitment by the RMA to fund scholarships for college students. The RMA will be kick-starting its Academic Initiatives Program by awarding up to \$200,000 in scholarships this Fall to students in an undergraduate program who are interested in working in the banking industry after graduation. These RMA Foundation scholarships will range from \$2,000 to \$5,000 and are renewable. Applications were being accepted between October 1st and November 17th. Applicants will be notified by early January if they have been selected as a winner and scholarships will be disbursed shortly thereafter. Interested students can visit www.rmahq.org/scholarship to learn more about the scholarship and application opportunities for the following year.

Effective immediately, RMA Student memberships are free. Benefits include:

- Invitations to local chapter meetings.
- Mentorship opportunities through participating chapters.
- Access to RMA study packs through the RMA Members Only section of the website which can be used for research papers.
- Access to RMA's eMentor, which includes industry information, underwriting reports, and study materials on the Best Practices in commercial lending.
- Access to RMA's online training courses to supplement a school's curriculum.
- Free membership renews automatically until one year post graduation.

Clearly, there are significant efforts being made by the RMA, both locally and nationally, to ensure that the banking industry has a solid 21st century workforce. As a member institution, the benefits of these efforts should bear fruit in the near-term by helping to fortify the pipeline of high potential candidates for entry level positions. 

To learn more about the RMA Academic Initiative, please contact Paula Zaiken (617) 723-7878), Will Montague (617-912-4489), or Dima Berdiev (617-233-1405).

RMA RISING PROFESSIONALS' COMMITTEE PRESENTS: Annual CEO Series Event with Clayton G. Deutsch CEO, Boston Private Financial Holdings, Inc.

WEDNESDAY, NOVEMBER 18, BOSTON, MA

Please join us at BOSTON PRIVATE for a unique opportunity to learn firsthand about a success story in banking, including its challenges, crossroads, and successes. This annual event brings together the most talented and distinguished bankers in Massachusetts with the next generation of banking professionals.

SOLD OUT!

RMA National Training Courses Held in New England

STRUCTURING COMMERCIAL LOANS - NOVEMBER 19, 2015, BOSTON, MA

STAY TUNED FOR MORE POSTS FOR THE COMING YEAR!



New England Chapter Newsletter

Recap of Two Recent Chapter Events

THE CONNECTICUT / WESTERN MA SENIOR EXECUTIVE BANKING ROUNDTABLE

It has become our semiannual tradition to hold the Connecticut / Western MA Senior Executive Community Banking Roundtable. The latest in a series of these events was held at Carbone's Restaurant in Hartford, CT on 09/24/15.

The speaker was **Bryan Cassidy**, Information Security Officer at Farmington Bank, who spoke about Cyber Risk Management: Frameworks, Threats and Incident Response. Bryan discussed pro-active efforts within the bank to minimize cybersecurity threats and evaluate appropriate response actions. The group also discussed various "what keeps you up at night" issues. As always, the event was filled with exchange of ideas and best practices. The food was great too!

DOWNTOWN NETWORKING NIGHT BY OUR RISING PROFESSIONALS' GROUP

RMA New England's Rising Professionals' Group is an affinity group of the RMA New England Chapter. We are local professionals providing junior to mid-level bankers (and other financial services professionals) training opportunities, networking venues and exposure to senior level individuals to equip them with the right knowledge and skills to be successful in their careers.

Downtown Networking Night event was held on 10/01/15 at Upstairs at the Black Rose in Boston. Over 40 rising and mid-career professionals from commercial banking, commercial finance, accounting, legal, and other fields gathered to connect, network, and enjoy good company.

Our Rising Professionals' Group aims to hold several networking events throughout the year. If you are interested in being added to our distribution list or would like to get involved in our Rising Professionals' Group, please contact our Chapter Administrator, Julie Conroy, whose information is provided on the last page of this newsletter.

RMA Credit Risk Certification

For more information, visit www.rmahq.org

In today's rapidly changing financial services industry, you need practical, day-to-day knowledge that will help you excel in your profession. You need the latest skills - skills that are current and complete. And you need the demonstrated ability to serve a diverse base of clients. Plus, you need all of your knowledge, skills, and abilities to be validated by a respected organization like RMA.

There are seven skill sets you need to build on when preparing for the RMA-CRC examination. This is in addition to the knowledge acquired through the application of concepts as a hands-on lender, analyst, credit officer, or loan services officer.

1. Evaluate the client's industry, markets, and competitors.
2. Assess management's ability to formulate business and financial strategies and to execute them.
3. Complete accurate, ongoing, and timely financial assessments of the client and its other credit sponsors.
4. Assess strengths and quality of client/sponsor cash flow.
5. Evaluate collateral values and conduct periodic inspections of collateral.
6. Identify repayment sources and appropriately structure and document credit exposures for the intended purpose.
7. Learn to recognize problem loans and the actions needed.

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A New Generation Of Bankers; Turning A Talent Crisis Into A Success Story

By Dima Neil Berdiev | Copyright © RMA and the author

Foreword: RMA has been in the vanguard of bubbling up to the surface the challenges of the impending generational turnover. The efforts go back by over ten years. Other article examples covering talent issues include “The Next Banking Crisis: Talent Risk?” and “The New Generation of Bankers - Are We Ready?” RMA currently has several initiatives underway to help attract and develop the industry’s rising talent. This article excerpt is an example of our continued work.

Over the last five to 10 years, commercial bankers across the U.S. have been experiencing generational turnover, generational conflict, an aging industry, and a shortage of junior talent.

Meanwhile, the following statements have been heard in commercial bank hallways and offices:

- Young talent is not interested in our industry.
- Rising professionals know nothing about commercial banking. When asked about the industry, they think of retail banking and teller jobs.
- Training and development frameworks have been decimated over the last 10 to 20 years.
- Training budgets are minimal and are the first areas to be cut in good times and bad.

Consider also the following factors:

- The industry is increasingly commoditized, and its technology lags behind some other areas of financial services.
- Regulatory costs are mounting.
- The economy still hasn’t improved enough to move interest rate spreads so that banks are not just surviving but thriving.
- Competition is pushing pricing and structures to dangerously unsustainable levels.

A personal experience of this author from several years ago shows how commercial banking can sometimes struggle to connect with younger generations. At a meeting of a commercial banking group, a construction consultant shared a story about a developer encountering wetlands. Owing to the wetlands’ protected status, the consultant said, an environmental impact study was commissioned and it halted the project. The construction consultant derided the project’s environmental consultant as “a long-bearded Ph.D. loon with stacks of silly books. He must have had a great time in the sixties and then decided to go to school to protect his little butterflies and bugs.”

The conversation then shifted to the protected piping plover bird and what a silly idea it was to have a conservation law that costs real estate developers time and money. The discussion was accompanied by belittling remarks and laughter.

The only two people not laughing were the young credit analyst and a slightly older colleague in his early 30s. (Ages of the other bankers in the room ranged from the 40s to the 60s.) The younger bankers were not environmentalists, but simply understood and appreciated the importance of responsible business. What their senior colleagues seemingly lacked was an appreciation for balancing business with what’s important to - and benefits - our communities.

Of course, there are veteran bankers out there who understand that an environmental focus is part of caring for and investing in communities—just like working to address hunger, poverty, basic financial education, the needs of individuals with disabilities, and the challenges of low- to moderate-income neighborhoods (areas many commercial banks are involved in). Nonetheless, we as an industry have yet to develop a proper and genuine appreciation for what is valued by younger generations, even though these values - concern for the environment, interest in alternative energy, and embracing of technology - benefit us all in the long term. It is high time for some of us to reassess our values and to change.

Many large to mid-size banks had credit and leadership development programs through the 1980s. And many current banking executives note that when they started in commercial banking, they went through formal credit or management training programs that became the very foundation of their future successes, providing the most essential knowledge, skills, and networks. Unfortunately, the late 1980s brought a turning point, as noted by Richard J. Parsons in his *RMA Journal* article, “The Next Banking Crisis: Talent Risk?” (December 2013/January 2014), the poor economic environment of the late 1980s to early 1990s led to slower hiring and subsequent mergers that resulted in layoffs.

Meanwhile, the splitting of commercial lending into credit and business development functions led to more specialized career tracks. Efficiencies that were created through these more specialized tracks further contributed to an excess of trained, experienced bankers. Lastly, banks began to look for ways to make training programs more efficient. They wanted trainees to start contributing as early as possible and not to “sit” in training. This prompted banks to throw new employees directly into credit analyst roles without the benefit of any formal training.



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A New Generation Of Bankers; Turning A Talent Crisis Into A Success Story *cont'd* By Dima Neil Berdiev

The following statements became the prevailing wisdom:

1. It is not worth training our employees because we are just training them for other banks.
2. Instead of training, we can just poach trained bankers from other organizations.

Now there is hardly anyone to poach because there are fewer and fewer credit-trained bankers out there. The traditional model, depicted in the flowchart below, has stopped functioning.



Managers of 1980s and 1990s training programs have told this author that employees left for competitors shortly after being trained not for a quick increase in pay, but mainly because over-hiring had caused a lack of growth and development opportunities. (See my April 2007 *RMA Journal* article, “The New Generation of Bankers - Are We Ready?”) In some instances, they said, line managers who oversaw newly trained bankers were not themselves adequately trained to develop new hires. The accepted belief that trained hires left quickly for higher pay seems to be a cover for the industry’s inability to provide adequate growth and a development infrastructure.

Whatever the cause, the industry is left with only a few large banks that offer full-time, formal credit-training programs. A few more invest in formal part-time programs (training while in a full-time job) or semi-formal training programs (with some structure, but not a consistent, progressive curriculum). The rest, which include most mid-sized and all small banks, provide informal training. This entails a one-off class here and there - but mainly it’s on-the-job training.

The success of the latter model is typically in the hands of a credit manager or a team leader. The quality of training is based on that manager, has a very wide range, and is closely tied to what’s on the manager’s plate. This usually means that training and coaching of team members is low in priority or facilitated by those who are truly passionate about spending extra hours at work to develop team members.

So with time running out and the window of opportunity closing, how do we start readying our young bankers to take

our places? Here are 10 ideas to keep in mind as we work toward developing trained, experienced, and well-rounded commercial bankers.

1. Invest in a learning and development culture.

If we look at the most successful organizations in financial services and elsewhere, they all have a learning culture that permeates every level. These organizations are constantly evolving into something better. A learning culture includes training, development, mentoring, coaching, and so much more, but it is ultimately a mindset and a way of thinking and living. A learning culture requires a long-term view and consistent multi-year investment—just like the technology, business development, and regulatory sides of our business.

The “let’s give this training initiative a few quarters to see if it works” mentality does not work if you want to develop sustainable, long-term bench strength and draw and retain younger generations. The good news is that organizations such as RMA have helped preserve and develop training know-how in the form of the Credit Risk Certification (CRC) credential, individual training programs, online and in-person classes, and training materials.

Every organization will need to figure out for itself what to take from other organizations, what to develop in-house, and how to have a structured and consistent training and development platform that supports the bank’s long-term goals. This can be accomplished under a wide range of budgets and with many different resources, including some bootstrapping. (And let’s not forget about training opportunities for our more veteran colleagues.)



To read the rest of this article as well as other articles published by the RMA Journal, please visit www.rmahq.org. You may also reach Dima Berdiev, the author and RMA New England Board Member, at [dnb \[at\] dnbAdvisory.com](mailto:dnb[at]dnbAdvisory.com).

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Meet the RMA New England Chapter Board

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WE WANT TO HEAR FROM YOU!

We are a group of high energy banking and non-banking professionals who put together educational, networking, panels and various other events and programs. We work within our business community to bring value to our peers through a wide range of services and products.



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