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Banks try to protect their young

By Emma Jacobs Author alerts

Starting on the right foot: banks are trying to address concerns about working conditions but some staff are sceptical

Last summer, Goldman Sachs hired Adam Grant, an author, academic and consultant who has worked with Google and Merck, the drugmaker. His task? Not cost-cutting but finding how young bankers could get the most out of their jobs.

Hailed by Malcolm Gladwell, the 32-year-old is a management professor at Wharton business school and best known for his recent book *Give and Take* , which argued that those who contribute to the success of others gain in the long run.

Banks may have a reputation for taking rather than giving, but Prof Grant says Goldman is prepared to indulge its young employees because it is concerned about the risk of losing talent. Hence the creation last year of a “junior banker task force” and its earlier decision to offer permanent contracts to entrants rather than two-year ones.

On Prof Grant’s advice the bank is introducing the “entry interview”. The entry interview’s mission is to discover an employee’s values and goals in more detail than hiring interviews. It has two benefits: an employee feels valued from the outset and the employer can frame the job around their ambitions.

The entry interview is one example of the sector responding to the changing needs of young bankers. “This generation are much more concerned with work-life balance,” says Prof Grant.

They are also impatient to gain experience and responsibilities, not being content to pay their dues as their predecessors once did. Raj Sood, head of Fitch Learning’s graduate business, which teaches trainee investment bankers, observes: “They are much more demanding. They want their careers to move quickly.”

Attempts to change the working lives of junior bankers are also a recognition that the sector will have to offer alternatives to financial incentives. While investment bankers still out-earn other professionals, the gap is narrowing. Research by PwC shows that the average pay per head in a sample of nine European and US investment banks has fallen from 9.3 times the private sector average in 2006 to 5.6 times in 2013.

Ken McGrath, the co-head of financial sponsors for Europe at Barclays, says: “Post-crisis the world has changed. There has been a shift in perception of the remuneration opportunity in our industry.”

In the dotcom bubble, banks offered dress-down Fridays and concierge services. Today it is responsibility, intellectual stimulation and a life beyond the office – in theory at least.

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Most banks now tell juniors to have time off at the weekend and check that holidays are taken. At JPMorgan, those at analyst and associate level – the first two rungs on the ladder – are implored to take five weeks off a year.

Such policies may be imperfect, admits Prof Grant, but they are better than vague edicts to work less.

In part, this is an attempt to avoid bankers being inward-looking with no understanding of their impact on the world outside. Thomas Cuvelier, a 32-year-old banker who heads AskIvy, which advises wannabe financiers, notes: "If you are a junior banker you are cut off from society. It creates a bubble." Last summer, Lloyd Blankfein, Goldman's chief executive, told interns to have interests away from the narrow confines of work.

The ambition to help young financiers manage their time is also a response to technology. One describes how emails from different time zones stoked his adrenalised anxiety. "You wake up in the middle of the night and, because you're stressed and nervous, you check your emails, then get even more nervous because someone is asking for this to be done as soon as possible."

In 2012, Barclays established an "efficiency committee" to discuss the junior population's concerns. This yielded guidelines for such things as realistic deadline-setting. After a survey of young bankers found 50 per cent still felt they were being managed inefficiently, the bank decided to add teeth. So junior bankers nominated their three best managers and three worst. If the underperformers do not raise their game they will be hit where it hurts: their pay packet.

Banks are also responding to frustration over the mundanity of the early work. One analyst sums it up: "You start with very simple tasks such as looking for data and maybe putting into PowerPoint a slide that was already drafted. When you gradually win your seniors' confidence, they will give you more responsibility until you reach the 'holy grail': doing the Excel model yourself."

Credit Suisse says it has developed mentoring programmes and increased training. Deutsche Bank has created networking opportunities across the bank and more skill development.

There is also the issue of feedback. One second-year analyst explained his frustration over never hearing about client meetings for which he prepared presentations but was not invited to attend. "I've told seniors they should spend five minutes debriefing us. It's interesting and it's part of the learning curve."

In response, banks say they are trying to give young financiers regular informal feedback, rather than year-end reviews. Barclays is asking senior staff to bring juniors to client meetings. Richard Taylor, co-head of the investment banking division at Barclays, says: "We are focused on providing long-term development and a more stimulating career experience."

Yet ambitions to change the working lives of young bankers for the better may falter if their superiors do not buy into them. Geoff Robinson, who teaches investment bank entrants on behalf of Fitch Learning, has written a paper on how their employers can bridge the generational divide.

In it he notes: "Senior bankers are used to analysts being in the engine room, not always clamouring for an invitation to the captain's table." While this can cause a clash of generations, it does not have to if managers are persuaded that change can "inspire evolution", he argues.

So, are the banks' efforts sufficient?

Some junior bankers doubt their commitment, expressing a weary cynicism over the emphasis on reduced hours. One notes: "I'm probably more efficient but I still do a 90-hour week."

Moreover, some predict the pressure will increase rather than abate, particularly for junior recruits, in the wake of job cuts in the sector.

Alexandra Michel, a former Goldman Sachs banker turned academic, found that after three years at a bank, many junior bankers developed physical tics such as nail biting, hair twirling and insomnia. She is pessimistic: "The banks' practices have not changed significantly," she says.

Whatever the impact of changes, it will be too late for one 22-year-old who has quit for private equity. "They see us as just commodities. If it's not you, someone else will do."

Further reading: Competition from sectors that sell their social value

Roberta Benedetti del Rio, below, is one of those who has left banking, *writes Emma Jacobs*, in her case moving from Morgan Stanley to focus on sustainable investing at Generation Investment Management.

She believes a key generational difference marking out young bankers is that they want a job that is of social value. "What bankers are unhappy about is the impact or the purpose of the job. It's a very common feeling among young bankers, that they don't have a purpose; they're processing, advising, providing back-up but they aren't really making a difference."


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Part of the reason that tech companies are perceived as a looming threat by banking recruiters is that they do a better job of selling their social value, says Doug Ward, the partner at hedge fund GSA Capital responsible for recruitment strategy.

Banks tend to emphasise corporate social responsibility programmes, which can be seen as an add-on rather than being integral to their work, says Mr Ward.

There is also a criticism that recruiters turning up at universities already oversell the amount of good work they do. In any case, as one junior banker puts it: "When banks pitch to students a lot of the emphasis is on social responsibility but the amount of pro bono work I do is very small."

Some are sceptical about how much young bankers really value the socially-minded rhetoric. One former recruiter recalls a project that to her demonstrated the distance between the bank's stated community ambition and its young employees' values.

She says: "We were helping to clean and paint a school in Tower Hamlets [the borough in which Canary Wharf is based]. We stopped for lunch. They didn't put their rubbish in the bin. They were there to help clean up a local community and I had to go round cleaning up after them."

This is the second of two features on a new generation entering banking. The first article, "Portrait of a young City banker", was published on July 9

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