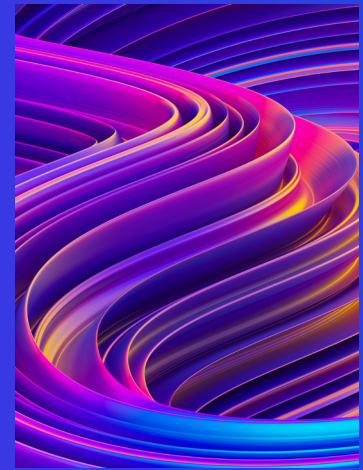




In the vault with KPMG

Employee benefits: Key considerations for banking employers



Win the competition for banking talent with better benefits

Innovative banks and financial institutions can overcome current workforce challenges by improving employee health and welfare benefits.

Common workforce challenges in the banking industry

Banking organizations have to be more competitive than ever as they continue to grapple with resource and talent challenges within their industry:

- Recruiting, retaining, and developing talent, particularly diverse talent
- Engaging with both global and remote teams and workforces
- Addressing increasing demands of employees from their employers
- Managing the pressure to increase employee benefits while simultaneously controlling costs

According to a recent [KPMG American Worker Survey](#), 90 percent of financial services workers consider benefits when evaluating a new employer. The employment landscape is quickly shifting to one that focuses on supporting the well-being of employees both professionally and personally. Another key consideration is that the generational workforce will be shifting by 2025:

- Boomers will decrease from 13 percent of workers to only 5 percent in three years.
- Meanwhile, Gen Z workers will increase from 6 percent to 21 percent.

Employees are the new customers

Just as every banking organization has identified prospective customers, built a book of business, and monitored client satisfaction, they must do the same for their employees. It is vital to understand what your workers need and want and how to offer that while maintaining cost savings and a beneficial employee experience. Some steps your organization can take:

- Determine which benefits will impact your people the most, as every subset of a population (across generations, geographies, etc.) value different benefits.
- Gain a deep understanding of your workforce through employee surveys, stay interviews, and other tools.
- Analyze what is most important to your workers and determine the right benefits to support them.

Some benefits that can go a long way to support banking workers:

- Mental and behavioral health benefits such as innovative EAP programs
- Caregiver benefits like backup childcare or caregiver coaching
- Diversity, equity, and inclusion programs that meet the needs of all population subsets
- Flexible benefits such as a lifestyle spending account.

Cost-savings considerations

With expectations of high healthcare inflation and declining population health, your organization needs to consider new innovations to lower costs while better engaging your population. Questions your financial services organization should be asking:

- Does your company have the right vendor partnerships in place?
 - Have you confirmed their fit in the past two years?
- Are you getting the most value out of your insurance and vendor contracts?
 - Are you negotiating the best terms, including provisions like a claims guarantee or a trend guarantee?
- Are you taking on the right amount of organizational risk?
- Have you taken a holistic, objective, and clinical deep dive into your costs, drivers, and benefits plans?
- Have you considered opportunities within global benefits to lower costs and reduce administration?

Once you have the answers to these questions, you can match them to the best solutions available.

Cost strategy changes due to M&A activity

Your bank also needs to consider any strategic changes to be made as a result of M&A activity, which is common in the financial services industry. Some considerations include:

- If your geographic footprint changes, consider who your medical insurer is in each location, as U.S. medical insurance pricing is determined on a regional basis.
- Is your benefits program set up to meet the needs of your entire workforce? Or only a subset of it? Consider your demographic makeup after a merger or an acquisition.
- Consider leveraging economies of scale insurance purchasing. This has huge benefits when organizations grow larger and can get major price breaks through fee reductions and more available solutions.

How to become a leading innovative bank

Every banking organization is in a different place on their strategic innovation map. Cost-effective and innovative solutions that deliver strong ROI exist, but they are not one-size-fits-all solutions. Your organization can innovate by working toward improving how you purchase healthcare and global benefits. Helpful actions include:

- In geographic areas where a high proportion of your population is concentrated, strategically steer to high-quality, low-cost providers.
- Take advantage of strategies such as custom networks, value-based payment models, and medical tourism.
- Focus on clinical management and employee navigation when you have established a high-quality health network.
- Evaluate the success of programs that target clinical support and member engagement.
- Pivot to more effective solutions if your programs are not meeting the needs that you initially implemented.

For global benefits, there is a significant opportunity to centralize processes:

- Decreasing your administrative inefficiencies will reduce costs and increase worker engagement.
- Localization enables more opportunity to exist for cost strategies like multinational pooling of insurance contracts.
- There are economies of scale within insurance that are magnified at the global level.

Your bank can engage global workers by using technology platforms to help them understand your cultural initiatives and the value of their work programs. They will also develop a cultural connection with their employer.

Hot topic: Mental Health Parity and Addiction Equity Act (MHPAEA)

The MHPAEA requires mental health and substance abuse services to be covered at least equally as rich as medical and surgical benefits. The Department of Labor (DOL) has begun its assessment process for assurance that these requirements are being met. What's important about this regulation:

- Does your company have the right vendor partnerships in place?
- If asked, employers will have 45 days to produce results, which is a challenge to every company.
- Employers would need to find a partner that can complete intricate testing, gather all data, and execute testing within that timeframe.
- We strongly recommend that every self-funded employer proactively evaluate its plan before receiving an inquiry from employees or the DOL.

Winning actions banks can take right now

To win the talent race, your financial organization should:

1. Identify the near-term needs within your worker population.
2. Identify employee programs that will deliver the maximum value.
3. Eliminate internal inefficiencies so cost does not become a barrier.
4. Apply the latest and greatest trends and benefits (most are virtual or a new approach to healthcare).

Every banking employer should also:

- Review their program if they haven't done so since the pandemic. Many more solutions are available now to employers than there were three years ago.
- Take an active role in strategically managing and building a multiyear framework to address changing worker populations and regulatory compliance.

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