



# Solving the Commercial Lending Talent Shortage



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# THE TALENT SHORTAGE IN COMMERCIAL LENDING IS A CHALLENGE FACED BY MANY FINANCIAL INSTITUTIONS AND BANKS. COMMERCIAL LENDING REQUIRES A SPECIALIZED SKILL SET AND EXPERIENCE IN ASSESSING CREDIT RISK, UNDERSTANDING FINANCIAL STATEMENTS, AND BUILDING RELATIONSHIPS WITH BUSINESS CLIENTS.

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Several factors contribute to the talent shortage in this field:

## **High Demand for Commercial Lenders:**

The demand for experienced commercial lenders is consistently high as businesses require financing for growth, working capital, and various other purposes. Commercial Lending, Commercial Real Estate Lending and Construction Lending are typically some of the most profitable business lines that banks provide to their customers. In addition, there are many Chief Lending Officers and Commercial Leaders approaching their retirement. As a result, there is fierce competition among financial institutions to attract and retain talented lenders.

## **Complex Regulatory Environment:**

Commercial lending is subject to complex and evolving regulations. This can make it difficult for financial institutions to find individuals with both lending expertise and knowledge of regulatory compliance.

## **Specialized Skill Set:**

Commercial lending requires a specialized skill set that includes credit analysis, risk assessment, financial modeling, industry knowledge, and relationship-building abilities. Finding individuals who possess all of these skills can be challenging.

## **Evolving Technology**

The financial industry is rapidly adopting technology solutions for lending processes. Finding lenders who are not only experienced in traditional lending practices but also adept at using new lending technologies can be difficult.



### **Competitive Compensation:**

Talented commercial lenders can command higher salaries and benefits due to their specialized expertise. Smaller financial institutions may struggle to compete with larger banks in offering attractive compensation packages.

To address the talent shortage in commercial lending, financial institutions can consider the following strategies:

### **Training and Development:**

Invest in training and development programs to upskill existing employees or recent graduates. Provide mentorship opportunities for less-experienced lenders to learn from seasoned professionals.

### **Recruitment and Networking:**

Actively recruit from universities, industry associations, and networking events. Building relationships with educational institutions can help identify potential talent such as offering internship roles to students to assess their acumen and culture fit before they graduate.

### **Diversify Recruitment:**

Expand the talent pool by considering candidates from related fields, such as corporate finance, credit analysis, or small business lending, who can transfer their skills to commercial lending.

### **Technology Integration:**

Embrace technology to streamline lending processes, allowing lenders to focus more on relationship-building and customer service rather than administrative tasks.

### **Competitive Compensation Packages:**

Offer competitive salaries, benefits, and performance-based incentives to attract and retain top talent. Consider flexible work arrangements and career development opportunities.

### **Succession Planning:**

Develop a succession plan to address the aging workforce and ensure a smooth transition of knowledge and experience.

**Collaboration and Partnerships:**

Consider partnering with fintech firms or other organizations that specialize in certain aspects of commercial lending to augment your lending capabilities.

**Continuous Learning:**

Encourage commercial lenders to stay updated on industry trends, regulations, and best practices through ongoing education and certifications.

The talent shortage in commercial lending is a significant concern, but by developing and utilizing proactive strategies and having a commitment to attracting, retaining, and developing skilled lenders, financial institutions can better position themselves to meet the ongoing demand for commercial lending services.



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