



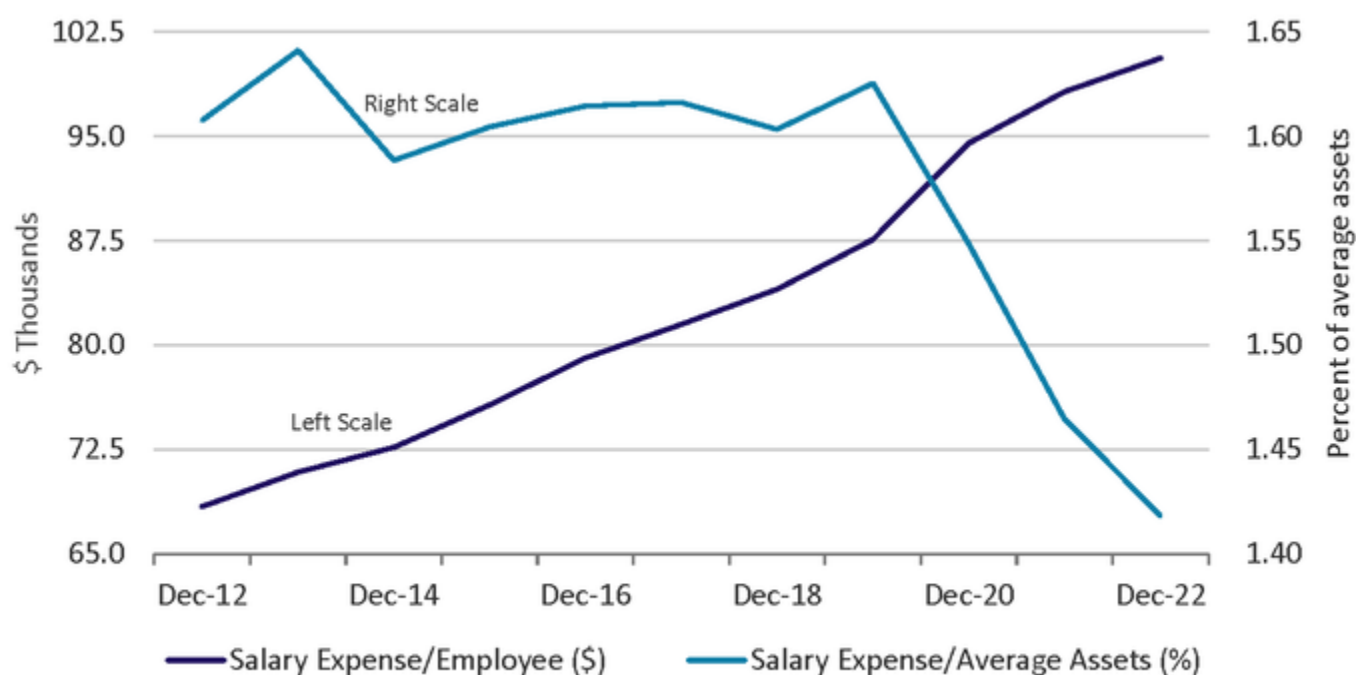
Community Banking Bulletin

Highlight: Rising salary expenses as balance sheets grow

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Community banks are paying more in salary costs, despite lower staffing levels, but employees are managing more assets than ever before.

Salary Expenses



Source: Reports of Condition and Income.

- Overhead costs related to salaries have increased across community banking organizations^[1] (CBOs) despite lower levels of full-time equivalent (FTE) employees.^[2] The number of FTE employees at CBOs has steadily declined throughout time, reaching a record low in early 2022. At the same time, total bank spending on salaries is at record highs. The average salary per employee now totals nearly \$101,000.
- Although rising, total salary costs increased at a slower rate than the significant growth in total assets over the prior three years. As a result, salary expense as a percent of average assets declined to a record low of 1.4 percent in 2022.

- Significant asset growth and decreased FTE employee levels have also resulted in record-high asset-to-employee ratios. CBOs now hold \$7.3 million of assets per employee, up from \$5.6 million at year-end 2019. Increased asset-to-employee ratios have been seen across all bank sizes, though smaller CBOs continue to hold less assets per employee than larger CBOs.

Questions or comments? Please contact KC.SRM.SRA.CommunityBankingBulletin@kc.frb.org

Endnotes

^[1] Community banking organizations are defined as having less than \$10 billion in total assets.

^[2] Salary expense also includes employee benefits.