



Shared Work Spaces & Student Loans

by [Steve Brown](#) Topics: [human resources](#), [lending](#)

Summary: Ninety percent of surveyed adults with outstanding student debt said a repayment benefit at work would be welcomed, and by many it was preferred to retirement contributions. What your bank may want to consider.

Shared work spaces are all the rage these days, as companies seek to control expenses as they plot aggressive growth strategies. In this area, a new company called Birdnest has reportedly found a way to match startups with unused office space and underutilized restaurants. We think this is an interesting way to fill empty spaces in this flexible world and it may even allow building owners to eat their lunch and have their meeting too.

Just as shared work companies have been thinking outside of the box, a number of banks are joining forward-thinking companies in order to attract young employees. Benefits such as student loan repayment services seek to attract and retain young workers saddled with debt. This is an issue for the majority of college graduates, where 70% of individuals earning bachelor's degrees have student loan debt, and the median amount borrowed is more than \$25,000, according to Oliver Wyman.

The global management consultant firm surveyed over 3k US households with a bachelor's degree or higher education. They found 90% of respondents with outstanding student debt say having a repayment benefit would positively impact their decision to accept a job offer, to recommend an employer, or to want to stay at their current employer.

Such individuals might even opt for a company that offers repayment assistance over a competitor that provides richer benefits in other areas. Here 58% of respondents said they would prefer that their employer make payments to help reduce their personal debt vs. making additional contributions to their retirement funds. Nearly 50% said assistance with student loan repayment is the single most compelling employee benefit among 6 potential options - of which retirement and health care contributions were included.

Oliver Wyman recommends employers considering this benefit analyze whether it's best to use an online platform that administers the assistance program, or to partner with a preferred student loan refinancing provider.

A \$3B+ asset Midwestern bank in Dec announced that it had added a student loan debt education benefit to its educational assistance program and was making it available to both full-time and part-time employees. The CEO says that the new benefit is in sync with the bank's core mission to take care of its customers, as "we feel just the same about our employees." The bank will contribute up to \$100 per month, based on the worker's employment status and years of service. An important factor is that employer contributions are applied toward principal repayment, helping employees retire their debt faster.

Meanwhile, a bank based in CA was so impressed by how many employees immediately signed up for its student loan repayment assistance program, that in 2016 the bank acquired the platform provider to generate an additional source of revenue. The bank also expanded the program to a tiered financial contribution, based on the length of time an employee is enrolled in the program. The program is offered to all full-time or part-time employees, and the benefit is also available to employees who have taken out educational loans on behalf of their children. The bank's CEO says that the bank expanded the benefit because of the "extremely positive response" from employees, and that management and directors are confident the tiered contribution schedule will serve as a powerful incentive to stay at the bank.

It's all about finding ways to compete for qualified talent, so now may a good time for community banks to examine student loan repayment assistance perhaps.

ECONOMY & RATES

Rates As Of: 03/06/2018 12:01PM (PST)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.67	0.02	0.29
6M	1.87	0.02	0.33
1Y	2.05	-0.01	0.31
2Y	2.24	-0.01	0.36
5Y	2.64	0.00	0.44
10Y	2.88	0.01	0.47
30Y	3.14	0.01	0.40
FF Market	FF Target	Fed Disc	
1.42	1.50	2.00	
Prime	Unemployment	Oil	
4.50	4.10	\$63	

[More Market Rates](#)

BANK NEWS

M&A Activity

1) Skyline National Bank (\$548mm, VA) will acquire Great State Bank (\$139mm, NC) for about \$14.5mm in stock (100%). 2) Ocwen Financial (FL) will acquire PHH Corp and its mortgage servicing platform for about \$360mm in cash (100%). The combined company will service 1.9mm loans with unpaid principal balance of \$328B.

Higher Cybercrime

[A new report by McAfee](#) puts the cost of global cybercrime at \$600B vs. a previously calculated level of \$445B. The increased cost is likened to a 14% tax on growth in the global internet economy of \$4.2T.

Bribery

A PwC survey finds 31% of US organizations surveyed say they were asked to pay a bribe in response to fraudulent activity vs. only 7% in 2016. Only 37% of institutions reported performing a bribery-risk assessment while 51% had specific bribery and corruption policies.

Going Zero

Accenture research finds about 300 large global companies on the Forbes Global 2000 list use zero based budgeting, marking a 57% jump in 2017 vs. 2016. The approach is being leveraged by more companies to take a harder line on cost structures and cut expenses.

INTRODUCING CHECK IMAGING FOR CANADIAN CASH LETTERS

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