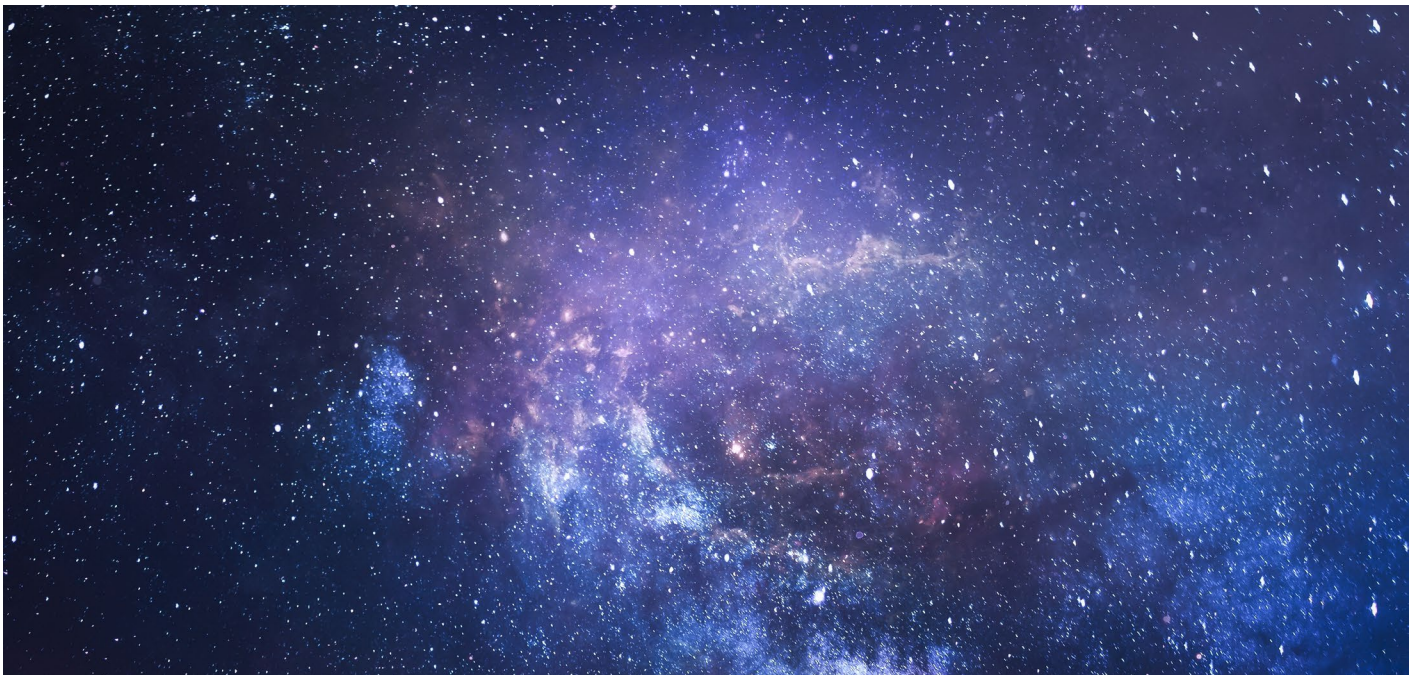


# Tomorrow's Banking CEO: Charting Succession for the Future



The future banking CEO will be tasked with navigating an industry landscape that is rapidly evolving, marked by unprecedented geopolitical pressures, technological disruption, and shifting social dynamics. Banks have been going through a singularly challenging business cycle, facing a growing number of stakeholders with competing priorities. These complexities demand leaders who can deftly manage uncertainty and steer their organizations through unpredictable waters.

However, identifying and developing leaders with this rare combination of expertise and leadership characteristics has become progressively difficult for banking boards. In this paper, we examine the current state of the banking CEO talent pool—the challenges contemporary banking CEOs face, the essential experiences and competencies required to overcome these challenges, and how banks can proactively develop holistic CEO succession programs capable of producing the next generation of effective leaders.



## Banks have bred highly specialized and technical leaders

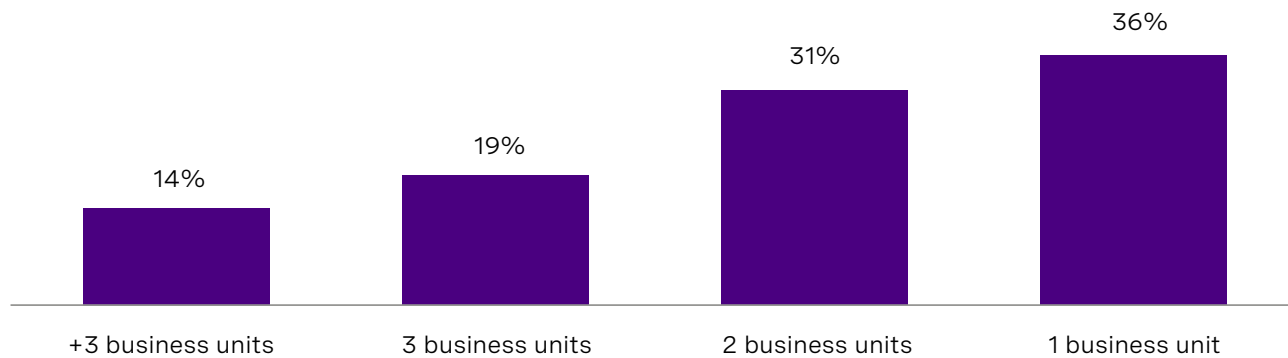
Given the complexity, systemic importance, and stringent regulation of the banking sector, leaders have long been required to develop specialized expertise in key areas. This focus intensified further following the Global Financial Crisis (GFC), as banks increasingly prioritized regulatory compliance and technical mastery within specific business units. However, this came at the expense of generalist development programs, producing a generation of executives with deep technical skills but more limited leadership breadth.

Our data supports this trend. In analyzing the backgrounds of global banking C-suite leaders, we found that a majority

(67%) have had experience in two or fewer business units. Only 14% have worked in more than three business units over the course of their careers, underscoring the prevalence of specialization (Figure 1).

As a result, many leaders struggle with the “leadership sixth sense”—the ability to ask the right questions, quickly get to the core of an issue, and maintain a strategic perspective. Instead, executives often remain entrenched in their areas of specialization, unable to zoom out and address broader issues from a holistic viewpoint.

**Figure 1. Senior Banking executives, by business unit experience**



Source: RRA Analysis N=110 CVs of candidates put forward for banking CEO roles between [2010-2023]. Business units included retail banking, commercial banking, corporate banking, investment banking, wealth management and treasury and security services.

## The banking CEO talent pool has been further limited by a series of external and internal factors

### Market consolidation

Since the 2008 financial crash, the banking industry has undergone considerable consolidation, reducing the number of banks operating in key markets. For example, in the U.S. alone, [the number of banks dropped from 8,000 in 2008 to just over 4,000 in 2024](#).

This consolidation has brought increased scale and complexity, as banks that once focused on a few core product lines now offer a wide range of services, from digital payment solutions to insurance. This reduced number of comparable institutions, coupled with the increasing complexity of banking models, has led to a tighter external talent pool. Our own executive search engagements reflect this, with banking CEO candidate lists becoming shorter over the past few years.

### Structural and cultural challenges

The structure of most banks further limits the development of generalist leaders. Executives are often confined to their own divisions, with performance metrics tied to specific business units or functions, often becoming absorbed by daily operations. This inward focus on specialization and execution, combined with regulatory constraints, leaves little room for cross-functional, cross-business, and external stakeholder management expertise, critical assets for those aspiring to the CEO role.

Cultural factors also play a role. Many banks operate within ingrained mindsets, reinforced by hierarchical cultures and incentive structures that often prioritize technical proficiency. This narrow focus can lead to a “checklist” mentality in hiring and development—one that prizes specific past experiences over broader leadership attributes.

## Ineffective development programs

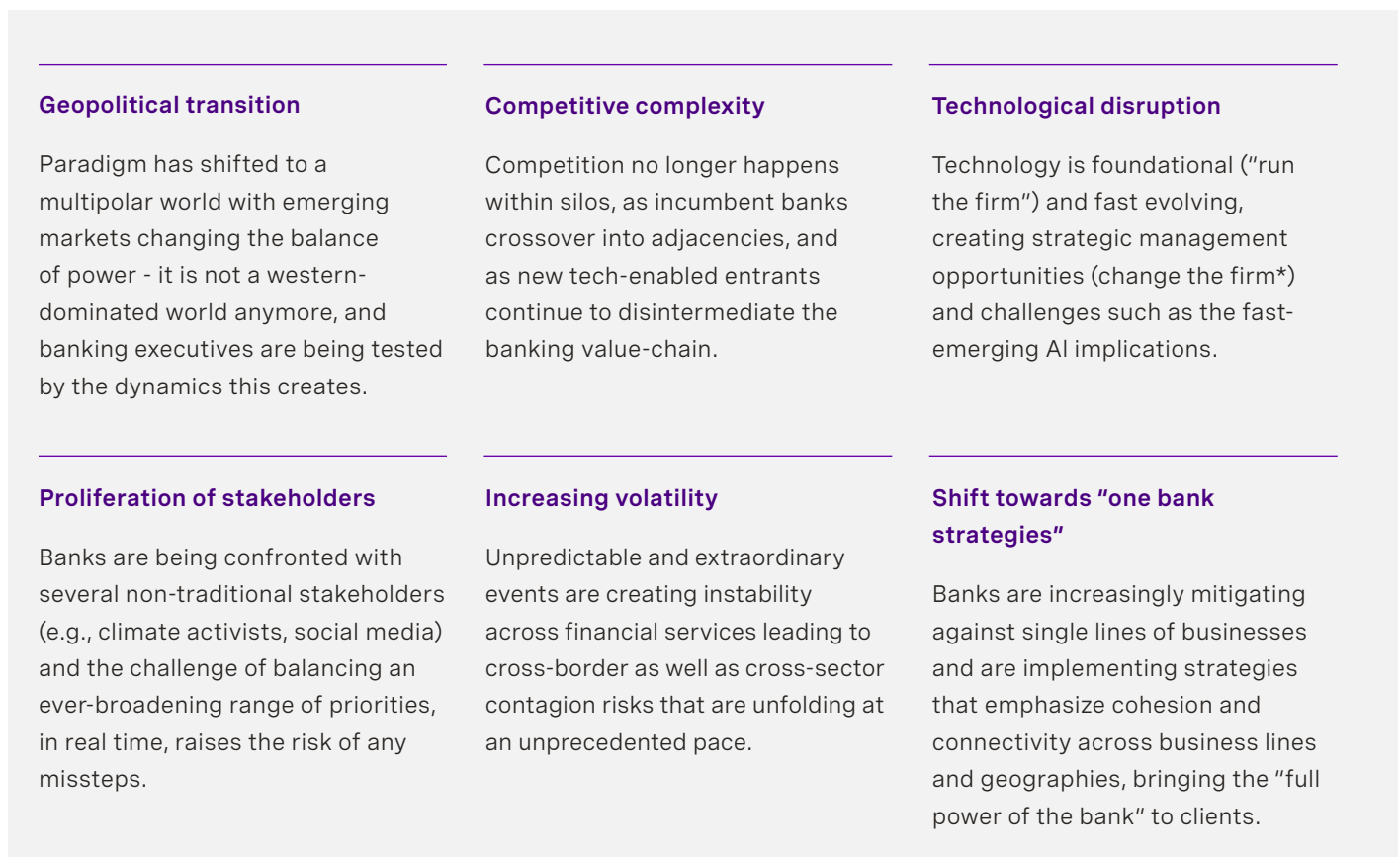
RRA's [Global Leadership Monitor](#) found that, while 46% of the banks surveyed report that they are being proactive in succession planning, 74% of next gen leaders who have been through a succession process said they would

like more support from their organization as they work towards more senior leadership roles. Especially at senior levels, development programs must be carefully crafted, individually tailored, and continuously revisited as the leader moves through their career journey.

## As the talent pool tightens, the CEO job is becoming harder than ever

The global banking landscape is undergoing a profound transformation, driven by a confluence of macroeconomic forces and unique industry-specific challenges. Through our conversations with clients, we have identified six key themes that are reshaping the banking landscape today:

**Figure 2. Macro themes reshaping leadership imperatives**



# The new banking paradigm requires leaders with a breadth of exposure and experiences

Operating within a highly regulated industry, banks still require CEOs that bring a core set of “table-stakes” experiences. When it comes to these foundational experiences, it is important to consider both depth and quality; for instance, assessing whether or not candidates have navigated key crises, made high stakes consequential decisions, or managed high profile stakeholders.

These table stakes experiences typically include:

**Experience managing capital and risk:** CEO successors must lead organizations that drive the global economy while protecting assets and generating returns. This requires deep capital management experience and a thorough understanding of the regulatory landscape. Additionally, candidates must have not only risk management experience but also the thinking agility to understand new risks and how these risks interconnect and translate into new challenges.

**Experience managing balance sheets:** CEO candidates must possess the ability to optimize the bank’s assets, liabilities, and equity to ensure financial stability and growth. This includes maintaining liquidity, managing debt, and leveraging the balance sheet to enhance returns while mitigating risks. A deep understanding of balance sheet dynamics is critical for ensuring long-term profitability and solvency.

**Experience driving P&L performance:** P&L experience is undoubtedly a must-have when it comes to CEO hopefuls. However, when it comes to assessing P&L experience, it’s important not to treat it as a “check the box” exercise, but instead to carefully examine the sophistication and depth of this crucial requirement.

In addition to these foundational requirements, leading banks are now also seeking a set of differentiating experiences in their next CEO, including:

**Broad exposure to multiple business lines and geographies:** CEO candidates should ideally have a few years’ experience within multiple key business lines and regions. This experience gives leaders the ability to zoom in and out effectively and provides them with an “enterprise mindset.”

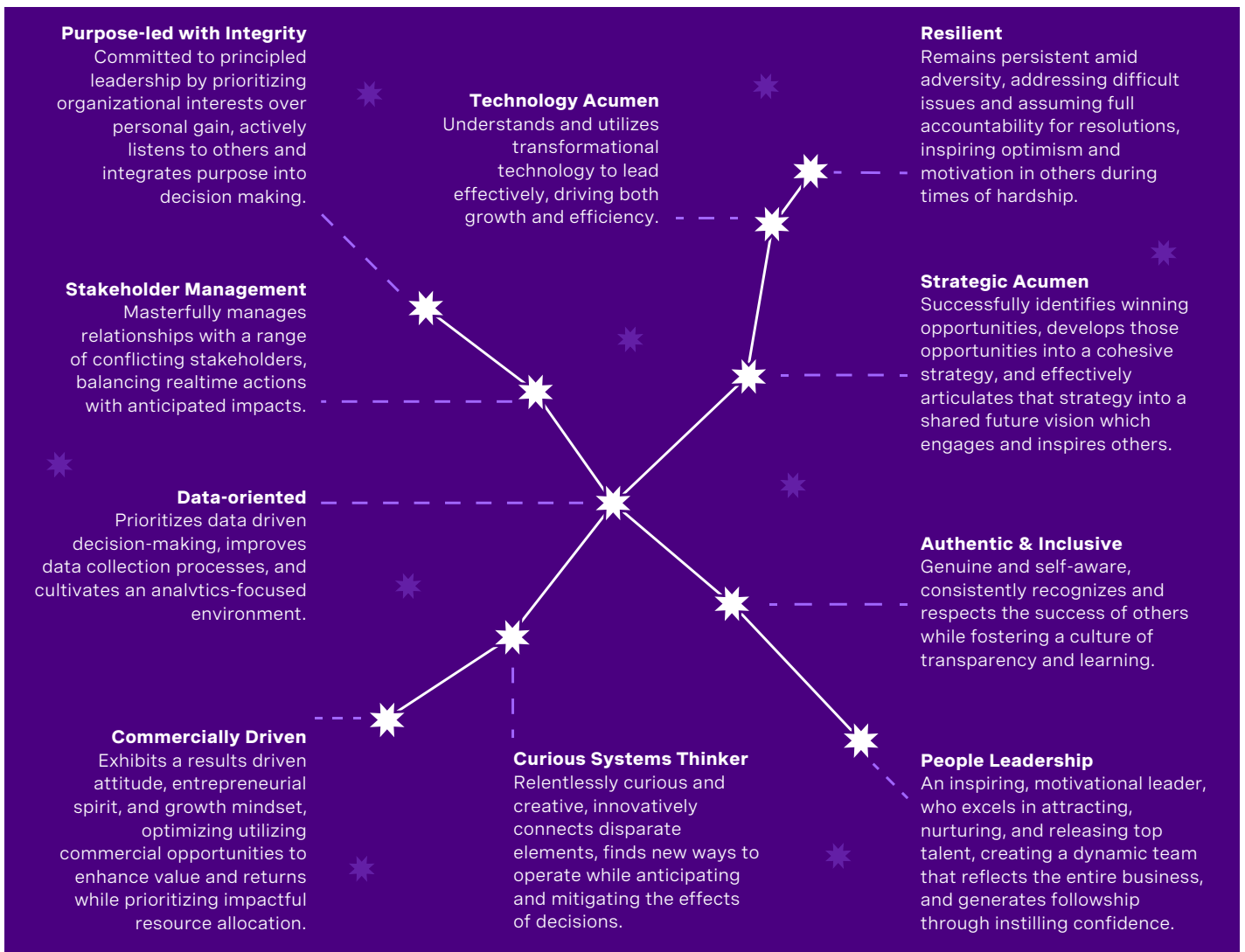
**Broad experience with leadership at scale or complexity:** Leading at scale, achieving complex goals, and demonstrated evidence of leading business transformation is also increasingly moving up the list of desired experiences.

# Beyond these experiential requirements, CEOs need to display a unique balance of leadership characteristics and competencies

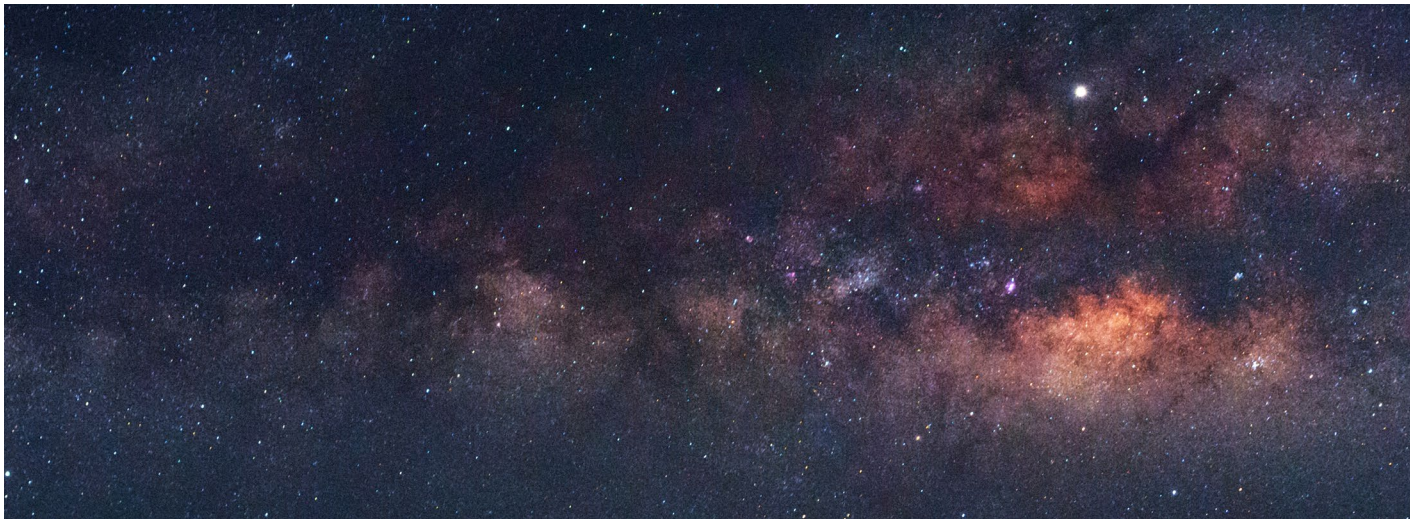
Determining whether CEO candidates have the requisite experience is the first and often easier part of the process. Our research and experience suggest that the best CEO candidates also possess a highly unique set of leadership

characteristics and competencies. This unique combination forms the blueprint for a truly effective leader in today's complex environment.

**Figure 3. Unique balance of leadership characteristics and competencies**







## The path forward for banking leadership

Given this complex and almost impossible set of criteria, it is no wonder that banks are finding it increasingly difficult to source their next CEO, either internally or externally. They are often realizing too late that they don't have enough leaders ready to successfully step into a C-suite role, let alone the CEO role. Leadership development requires a proactive approach to cultivating talent, not just finding it. The limited availability within the existing talent pool necessitates a multi-tiered strategy that tackles existing gaps while building a pipeline for future needs.

### Align early and build familiarity

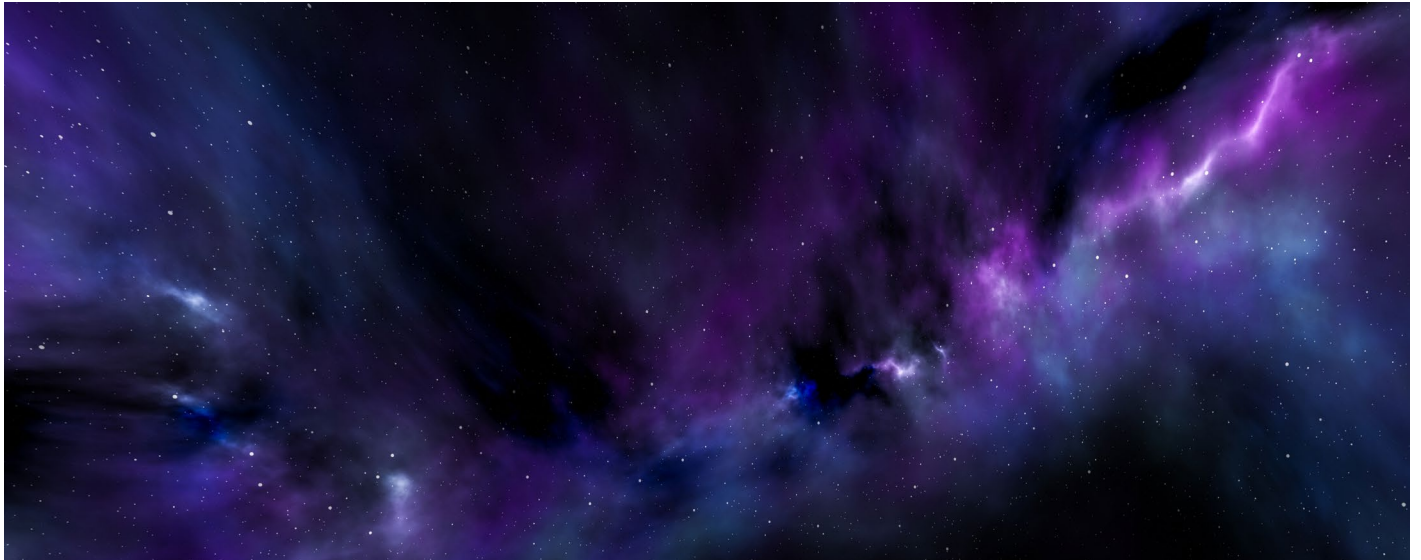
One of the most critical—and often overlooked—steps in CEO succession is the early alignment of the board around a future-oriented CEO role profile. Prior to any candidate evaluation, the board must understand the market context, its constraints, and the organization's strategic priorities. This clarity ensures that the board can define not only the desired organizational culture but also what success will look like for the future CEO, setting thoughtful goals for talent acquisition and development.

Against this backdrop, the board and key stakeholders should align on the desired expertise, leadership capabilities, and personal attributes required for the future CEO. Do not underestimate the importance of upfront alignment – without it, the CEO profile risks becoming an unachievably long “laundry list” of qualifications. Trade-offs

will inevitably arise. While it may be tempting to prioritize expertise and technical skills—such as P&L management, capital management or risk expertise—the differentiator of a truly impactful CEO is frequently a unique balance of leadership attributes. Increasingly, leading organizations are dialing down the premium on technical experience and placing greater emphasis on broader leadership potential.

Additionally, this process is significantly enhanced when the Board and sitting CEO have proactively cultivated relationships early on with internal – and, where applicable, external – candidates. Familiarity breeds trust and understanding, allowing the board to have deeper insights into strengths, development areas, and leadership styles of internal contenders, as well as a clearer view of external options. This early cultivation of relationships not only informs decision-making but also contributes to a more aligned and well-managed process.

The outcome of a well-informed and well-managed process should be a forward-looking leadership blueprint and CEO role profile, intricately linked to the organization's long-term strategy. This profile serves as both an internal and external benchmark for evaluating CEO candidates and informs tailored assessment methods and development programs for the C-suite and emerging leaders. To remain relevant, this profile should be continuously refined to align with evolving cultural, strategic, and business context—ensuring you secure a leader who is not only effective today but equipped to navigate the complexities of tomorrow.



## Integrate C-suite and CEO succession

RRA's [CEO Turnover Index](#) shows that over 85% of recent Banking CEO appointments were internal; a closer look at the top 20 banks show that current CEOs were in their prior position at the bank for on average 7 years before assuming the group CEO role, allowing enough time for a thoughtful development program. While the exact starting point for CEO succession will naturally vary across banks and their markets, this underscores the importance of closely integrating C-suite and CEO succession.

CEO succession and C-suite succession are inherently intertwined. To ensure a strong talent bench for your next CEO, focus on getting the right people into C-suite roles over the course of multiple years through both external hiring or internal promotion, assembling a team with complementary expertise and diverse perspectives. Continuously invest in their development as individuals and as a cohort, building a high-performing collaborative team around the CEO that can collectively amplify the CEO's strengths, compensate for any gaps, and drive the organization forward with a unified vision. This team will serve as your most powerful talent incubator for the next CEO. By taking these steps, the board not only safeguards the success of the current CEO, but also enhances optionality for future CEO succession.

## Start early with emerging leaders

To truly address the CEO talent gap, organizations must begin cultivating tomorrow's leaders today. Identify high-potential talent just below the C-suite, assessing them on both technical excellence and leadership potential. Early identification enables targeted development, which should include broad exposure to cross-functional roles, multiple geographies, functions, and strategic decision-making opportunities. The development process should include exposure and mentorship with sitting C-suite and board members, as well as other key stakeholders, as familiarity fosters understanding.

It's crucial to help emerging leaders develop the attributes needed to inspire and guide others, such as authenticity, inclusivity, resilience, and the ability to lead through change. By investing in developing these characteristics, organizations can ensure that their next generation of leaders is not only technically proficient but also equipped to navigate complexities and lead with vision and empathy. As we look to the horizon, it's conceivable that advancements in artificial intelligence may one day take over the technical aspects of the role, leaving CEOs to focus on being empathetic people leaders and strategic vision setters.

This is not just about preparing for the next CEO transition—it's about ensuring the long-term success and resilience of the organization. By committing to the systematic development of next-generation talent, banks can lay the foundation for sustained leadership excellence in the years to come.



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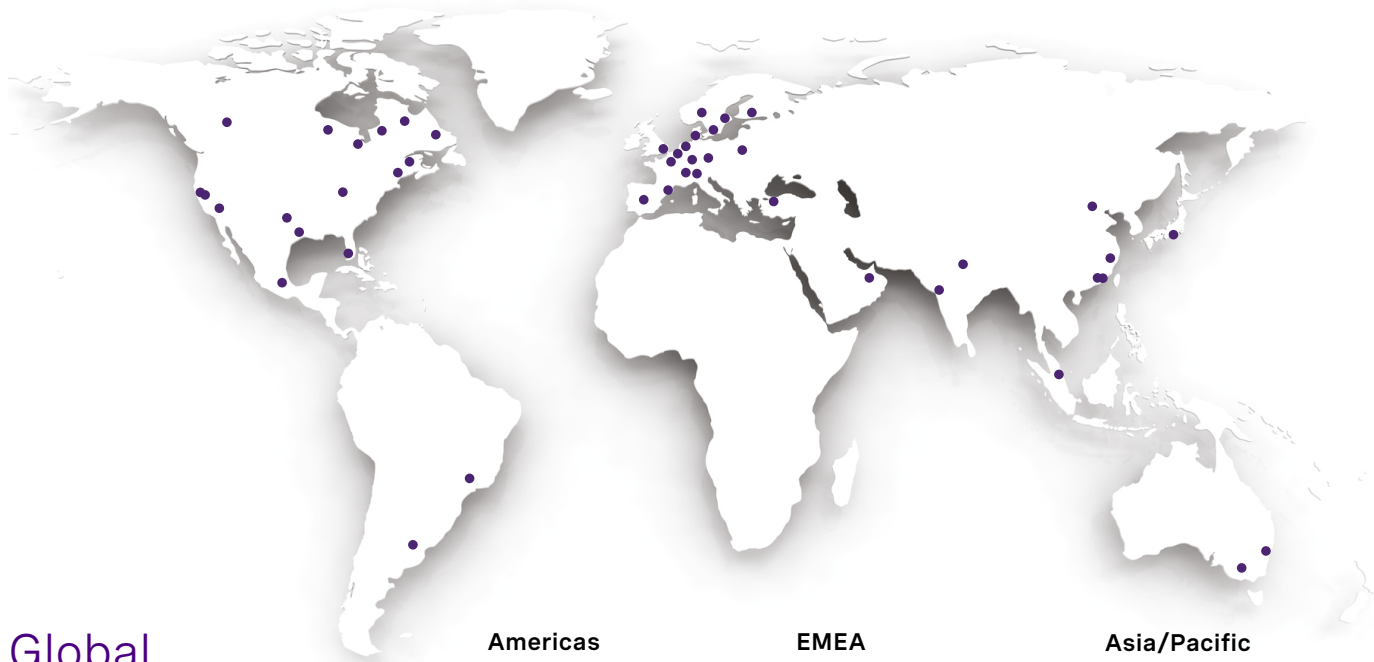
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# About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 500+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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