Wall Street Is Losing the Best and Brightest

By Terry Duffy

Not long ago, Wall Street attracted many of the smartest people in America—brilliant economists and mathematicians, but also the nation’s most promising college graduates. Not anymore. Five years after the financial crisis, evidence suggests that students have lost their enthusiasm for beginning careers in finance.

In 2008, Harvard sent 28% of its graduating class to firms where they would become bankers, traders or investors. By 2010, Harvard was sending just 17% of its graduating class. Yale graduates entering the finance business fell to 14% from 26% during the same period. Even Princeton, traditionally the most finance-friendly school, fell to 35.5% from 40%.

The media have taken note. “Harvard MBAs Flee Wall Street, Take Pay Cut,” ran a headline in Bloomberg News in July. The month before, MarketWatch noted a “Silicon Valley vs. Wall Street” talent war in which “more graduates with ‘quant’ skills are choosing tech over finance.”

No doubt the financial crisis, with its widespread layoffs, damaged Wall Street’s allure for graduates. And Silicon Valley certainly holds out the promise of getting paid well and maybe even making a fortune—while not having to wear a suit or tie. As the U.S. economy slowly recovers, maybe working in finance will also recover some of its attraction for graduates.

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But I worry that it won’t—that Wall Street has suffered reputational damage, thanks to a few bad actors, that can’t be undone simply by waiting for memories to fade and an economic boom to kick in. I’m concerned that those of us in financial services have forgotten who we serve—and that the public knows it.

For instance, no matter how much you hear about “institutional money,” there is no such thing. Those funds belong to individuals, and regardless of how many zeros are on the ledger, it is money that real people have entrusted to others for savings, retirement or education. That is a reality too often ignored, and when it is ignored, some Wall Streeters can too easily slip into regarding their work as a kind of money-making game divorced from the concerns of Main Street.

Yet Wall Street and Main Street are inextricably linked. Financial-service firms do the behind-the-scenes work of the U.S. economy, making the widespread impact of their work difficult to quantify—and difficult for both Wall Streeters and Main Streeters to recognize. But the invisible hand of financial services gives small businesses the loans they need to grow. It helps major airlines hedge jet fuel, price-risk management at harvest, allowing him to plant more crops. These benefits keep businesses of all sizes growing.

The industry’s employees have an obligation to show communities and those we recruit from universities the value in what we provide. College students especially merit close attention. Those of us who work in finance should try to show students that the financial-services industry offers meaningful work, with tangible benefits for society, in addition to the possibility of a good career. American finance has always been a place for entrepreneurial risk-takers. Historically, Wall Street has been a haven for young people who are passionate about changing the world with a powerful idea. Now it seems that those young people are much more likely to head for Silicon Valley. Yet where will much of the financing for their projects originate? On Wall Street. I have deep concerns about where the financial-services industry is going if we’ve lost our ability to connect with those people.

Finance is about more than work and money. It is about empowerment and contribution. We need to demonstrate how the best bankers, traders and investors have not only talented minds but empathy and insight into what makes people tick—and the resources to help them prosper.

Those of us in leadership positions in the industry will have to spend as much time in classrooms as we do in boardrooms to rebuild lost trust. We have to make the case to young people that if you want a remarkable career at a company with integrity that helps people and influences the world, then come to Wall Street.

Mr. Duffy is executive chairman and president of the CME Group.