

Staffing the Private Debt Boom: Skills, Talent, and Consequences

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Abstract

This paper examines the human capital drawn to the private debt industry and its implications for the banking sector. Using a novel dataset of 2,336 professionals who entered private debt funds between 2000 and 2024, we show that entrants are drawn disproportionately from top universities. Only about a quarter come directly from banks, as private debt is recruited broadly across finance, including private equity, asset management, and insurance. We find that structuring expertise, high-yield debt experience, proactive deal-making, and industry specialization—rather than traditional commercial lending—are central to the private debt model. At the same time, private debt constitutes a sustained drain of talent from megabanks, with clustered senior departures leading to measurable declines in banks' leveraged loan market share.

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1 Introduction

As of the end of 2010, the global private debt industry had roughly \$300 billion in assets under management (AUM). Fifteen years later, that figure had grown to approximately \$3.5 trillion, providing credit to thousands of companies worldwide. This remarkable expansion has gone hand in hand with an industry-wide hiring surge. Our conservative estimate indicates that between 2000 and 2024, the U.S. private debt sector added at least 2,000 new professionals. Most of these hires were drawn from other segments of the financial system. From which industries and firms did they come? What does their prior experience reveal about the skills and capabilities private debt firms were seeking? And what are the implications for the sectors that lost this talent? We address these questions by analyzing detailed biographical data and career histories of the professionals who populate the private debt industry today.

We take an especially close look at the role of professionals coming from the banking sector. A central question surrounding private debt is whether it represents a form of regulatory arbitrage — an extension of bank-like credit into segments where banks are constrained in their lending by regulation — or whether private credit instead reflects a fundamentally different credit origination model and risk management approach.

The regulatory tightening after the global financial crisis (GFC) has frequently been cited as the main trigger of the private debt industry’s exponential growth over the last 15 years. However, more recently, this explanation of the rise in private debt has faced pushback. An alternative view emphasizes demand-side forces: Post-GFC, a chase for yield led to a substantial inflow of capital into private equity, which in turn pushed buyout activity deeper into the middle market and tech companies, increasing demand for leverage in these segments (see Ivashina (2025b), Jang et al. (2025), and Robinson and Wallskog (2026)). That

said, this demand-based explanation does not, in itself, rule out a role for bank regulatory constraints. Banks did not meaningfully expand into these new lending segments because their longstanding regulatory constraints have historically limited their exposure to high-yield borrowers to relatively small, super-senior tranches, and have generally discouraged lending to firms with minimal or highly adjusted EBITDA.

The transaction-level literature documents substantial use of contractual structuring in private-debt deals (e.g., Jang (2024) or Davydiuk et al. (2025)), and anecdotal evidence points to the creative deployment of restructuring tools. Although these practices differ from typical bank behavior, it remains unclear whether they simply reflect traditional lending practices unconstrained by bank regulation or instead arise from distinct lending technologies and skill sets.

Separately, given its meteoric rise, private debt has had to fill a substantial share of its mid-level and senior positions by recruiting professionals from other sectors. Beyond shedding light on the inner workings of the private debt industry, it is important to understand whether the human capital and specialized practices developed within the industry constitute a durable competitive moat — even if regulatory constraints on banks were to be eased.

We begin our analysis by asking which industries the employees of private debt funds primarily came from. Given our focus on the transfer of skill and talent between incumbent industries and private debt, we restrict our attention to full-time employees who switch jobs and enter the private debt industry for the first time. Overall, our sample includes 2,336 employees who joined private debt between 2000 and 2024. Of these, 436 entered at the most senior level. The final sample spans 177 private debt funds. Figure 1 illustrates the evolution of the total new hires by the private debt industry across different seniority levels¹.

¹ The statistics at the end of the sample could be reflecting a lag in either Revelio Labs data or people updating their online profiles.

Examining our dataset, a striking pattern emerges: Employees switching to private debt are very likely to have graduated from top schools. Approximately 60% of professionals joining private debt — across all seniority categories, from associates to partners — hold degrees from prestigious universities (by any standard definition). Nearly 40% of those entering private debt funds at the partner level attended Ivy Plus institutions. This pattern persists even when we restrict the sample to switchers from top-20 banking institutions.

Graduate degrees do not appear to have played a particularly important role during the early decades of private debt’s development. Only about 38% of the most senior employees in our sample hold a graduate degree of any kind.

Contrary to the common belief that banks are the primary feeder of human capital to private debt, we find that of the more than 2,000 individuals employed by U.S. private debt funds as of the first half of 2025, only 27% were hired directly from the banking sector. A slightly smaller but similar share came from the broader alternatives industry (e.g., private equity) and asset management. In addition, approximately 40% of employees across all seniority levels report prior experience in industries that have been a primary investment focus of the private debt sector.

We also examine prior experience more broadly, both overall and specifically among ex-bankers. Taken together, the evidence suggests that proactive deal-making, transaction structuring, and industry expertise — rather than traditional commercial lending — constitute the core skill set of employees transitioning into private debt. In addition, we show that PE-sponsor relationship building at the private debt firm level plays a central role in loan origination. We further find that hires at the vice president level or above are associated with higher deal-making activity at private debt funds. By contrast, we find no evidence that employees switching specifically from banks drive deal volume in a differentiated way.

For banks, employee losses are concentrated among the 20 largest banks, with institutions such as Goldman Sachs, JPMorgan, Morgan Stanley, and UBS (including the former Credit Suisse) leading the rankings. When we compare departing employees to bankers of the same seniority and career length who remain in banking, we do not find meaningful differences in measured skills. However, differences in educational background between those who stay and those who move to private debt persist even within this matched sample. Another important observation is that employees who switch to private debt do not appear to have held more prior positions, i.e., would be considered more experienced.

Why are top bankers moving to the private debt segment? Reports by Sheffield Haworth, a global executive search and talent advisory firm, highlight the appeal of working in “less regulated environments” and a flatter, more entrepreneurial culture — described as a move from “battlecruisers to more nimble frigates” — as key motivations for bankers leaving leading banks for private debt funds.² A similar take on banking culture that impedes its ability to compete with private credit is offered by PwC. Banks often operate with a “no, unless” mindset shaped by organizational silos between sales and risk, whereas private credit lenders rely on cross-functional teams and pursue a “yes, if” approach that focuses on structuring deals within risk constraints.³ At the same time, large banks have raised wages, reflecting the fact that private debt compensation is often comparable to, if not higher than, that offered by traditional banking institutions.⁴

We show that departures from banks to private debt have been continuous throughout our sample period. Moreover, these losses occur in waves, with the largest clusters of de-

² See “Big banks are losing commercial lenders to ‘less regulated environments,’” *American Banker*, May 27, 2022.

³ “Lending’s next act: Strategies for banks to compete and work with private credit,” PwC, November 10, 2025.

⁴ For example, see “Wall Street bonuses to jump by double digits at big banks,” *Bloomberg*, January 9, 2025.

partures following the exit of the most senior employees. On average, when a senior-most employee leaves for private debt, the bank loses an additional 1.14 employees to the private debt industry. The largest cluster in our sample, conditional on at least one most senior departure, involves seven additional employees leaving for private debt within the same six-month period. Finally, we show that these personnel losses weaken banks' positions in the leveraged loan market in subsequent years.

Our findings contribute to the emerging literature on the drivers of private debt, particularly its growth. Ivashina (2025a) provides a comprehensive overview of the academic and policy literature on the subject. In seeking to understand what private debt does differently, most existing studies adopt a loan-level perspective (e.g., Chernenko et al. (2022); Davydiuk et al. (2025), Robinson and Wallskog (2026)), or Block et al. (2024) conduct a survey, focusing primarily on deal characteristics. In contrast, our analysis focuses on human capital. Specifically, we examine the skill sets that characterize professionals entering the private debt industry. Some of our findings reinforce the literature's emphasis on contractual structuring. We show that structuring expertise and experience with high-yield debt are particularly valuable in the private debt sector. At the same time, our results highlight the importance of proactive deal-making skills - such as those developed in M&A, the leveraged loan market, and private equity - which appear to be central to success in private debt. Importantly, our study shows that while the banking industry is a relevant source of human capital for private debt, it is not the only one. In building its talent base, private debt has drawn broadly from across the financial industry, recruiting professionals with structuring and deal-making expertise, as well as deep industry knowledge, in sectors central to its investment strategy.

One key conclusion of our analysis is that private debt funds do not tend to recruit commercial lending officers. In addition, bankers who transition to private debt do not uniquely

enhance relationships with private equity sponsors—a critical relationship node—nor do they demonstrate higher productivity relative to other entrants. These findings push against the view that private debt growth is primarily driven by regulatory arbitrage—that is, by constraints on bank credit supply—and instead support the interpretation of private debt as a distinct lending technology.

We also show that private debt has been an important drain on the banking industry’s human capital. This constitutes the second core contribution of our paper and speaks to the growing literature on the scope of banking and the boundaries of financial intermediation (e.g., Diamond (1984); Boot and Thakor (1997); Kashyap et al. (2002)), as well as work on financial architecture, stability, and the rise of nonbank competitors (e.g., Adrian and Shin (2010); Buchak et al. (2018); Allen and Walther (2021)).

Finally, our findings on the reallocation of human capital across financial intermediaries reflect broader patterns of creative destruction and labor turnover documented by Davis and Haltiwanger (1992) and Davis and Haltiwanger (1999), who show that substantial gross flows underlie seemingly stable aggregate outcomes. As noted earlier, while the banking industry experiences only modest net losses, aggregate numbers obscure the significant departure of many senior and highly talented employees (as proxied by education). Our results are also consistent with the Schumpeterian framework of Aghion and Howitt (1992). More recent evidence highlights how technological and organizational change reshapes labor demand and reallocates workers across firms and sectors (Autor et al. (2003); Acemoglu and Restrepo (2020)). In our setting, the migration of specialized talent from banks to private debt funds represents a concrete mechanism through which innovation in financial intermediation restructures incumbent institutions and reallocates expertise to emerging organizational forms.

The remainder of the paper is organized as follows: We first address our data sources and

the compilation and features of our novel dataset in section 2. Thereafter, we examine the characteristics of employees joining private debt funds, especially those of ex-bankers, and assess how the hiring funds’ deal-making and lending relationships are affected in section 3. In section 4, we study banks’ employee losses to private debt and its adverse consequences for their economic activity. Lastly, section 5 concludes.

2 Data

2.1 Data Sources

Our analysis uses a comprehensive dataset of employees at US-based private credit funds, sourced from Revelio Labs. Revelio Labs is a workforce data provider that collects and processes information from LinkedIn and other publicly available data sources, covering more than 100 million profiles worldwide. Recent papers using Revelio Labs’ employee-level data study firm and labor dynamics (see, e.g., Kazinnik and Brynjolfsson (2025), Fadhel et al. (2022), or Nguyen and Sila (2025)), with a particular focus on diversity outcomes (see e.g., Baker et al. (2024), Cai et al. (2024), or J. Chen et al. (2025)) or assess the database’s ability to substitute for inaccurate or inconsistent labor statistics (see Chang et al. (2026)).

Among others, Revelio Labs’ data includes employees’ employment history and educational information, akin to resumes. Key aspects of the data include employment titles and descriptions, employer information, and employment start and end dates. We use this employee-level data to identify the employees of private credit funds, trace their employment history, and assess their skills.

To cleanly identify employers as private credit funds or banks, and to obtain additional employer information, we match employer names to CapitalIQ. Particularly, we use firms’

industries and business descriptions from CapitalIQ. Although Revelio Labs provides us with six-digit NAICS codes for each firm, Capital IQ allows us to examine industries with far greater granularity. For example, using business descriptions from Capital IQ, we can easily distinguish asset managers that specialize primarily in alternatives from traditional asset managers.

We also obtain information on the economic activities of private credit funds and banks from PitchBook and LSEG Loan Connector.

2.2 Identifying employments in private credit funds

To compile our core dataset, we first construct a comprehensive list of U.S. private credit funds using Preqin. We exclude bank-affiliated funds from this sample. We then identify the employees of these private credit funds and collect their employment histories using Revelio Labs data.

Some of the private debt funds in our list are large alternative asset managers that invest in strategies beyond private debt. To ensure that we focus specifically on private debt professionals, we tag positions whose titles or job descriptions contain the terms “debt,” “credit,” or “lending.” We then remove positions whose job descriptions include terms such as “bond” or “trading.” This final step ensures that occupations such as “Head of U.S. Equity Trading for Securities Lending” are not classified as private debt roles.

We retain only employees with complete employment histories; that is, we exclude individuals with missing start/end dates or job titles for prior positions.

Using position titles and descriptions, we map each employment observation to one of four main seniority groups. Interns, temporary analysts, and trainees are assigned to seniority group “0” and are excluded from our analyses. Our most junior category, seniority group “1”,

includes analysts and associates. Seniority group “2” comprises vice presidents (VPs) and managers. Seniority group “3” includes directors and principals. The most senior category, seniority group “4”, comprises managing directors (MDs), partners, and individuals listed as “head” of a specific business line (e.g., Head of Portfolio Finance). Table A2 in the Appendix provides additional details. In constructing these classifications, we rely on both job titles and position descriptions. For example, an employee with the title “Investment Professional” whose description states “Director, Private Credit and Equity Investments” is classified as seniority level 3.

Because job titles vary across firms, we account for potential heterogeneity by grouping seniority levels 2–4 into a single “Senior” category in some specifications. In several of our analyses, e.g., in an alternative approach to Table 7, we conduct robustness checks using career length rather than seniority level.

The final dataset comprises 2,336 individuals with at least one private credit position. The start dates of their private credit employment span from June 2000 to October 2024.

2.3 Employee Characteristics

We can measure the characteristics of employees who join private debt along two broad dimensions: education and work experience.

Education data also comes from Revelio Labs. The data includes information on undergraduate and graduate schools, fields of study, and degrees. We complement Revelio Labs’ data by adding schools’ rankings from the 2024 QS World University Rankings and the 2024 U.S. News & World Report. Information on employees’ education is only available for 84.8% of employees in our main sample (1,980 of 2,336).

Work experience includes previous employment outside of the private debt industry. For

example, whether the individual worked in the banking or consulting industry. We also look at the set of skills that appear to be valuable in the private debt sector, specifically: deal sourcing, due diligence, structuring, and back office roles such as marketing or IT.

A widely cited principle in private equity is that value creation requires firms to “buy right, structure right, manage right, and exit right.” This underscores that proactive sourcing, proprietary due diligence, clever and customized financial structuring, a clearly defined operational value-creation thesis, and well-timed exits are the central levers of private equity value creation. In private debt, an analogous principle would be to “buy right, structure right, and restructure right if needed.” Unlike private equity, private debt investments have predetermined maturities and do not confer active ownership rights. As a result, value creation in private debt relies primarily on sourcing and due diligence (“buy right”), as well as structuring and, when necessary, restructuring expertise.

Thus, similar to private equity, private debt involves proactive deal sourcing. For example, a substantial portion of private debt activity consists of financing transactions sponsored by private equity firms. Consequently, private lenders closely monitor and seek to anticipate the acquisition and exit activity of private equity sponsors in order to position themselves as preferred financing partners. This sourcing process is closely intertwined with due diligence. In contrast, commercial banking for on-balance sheet lending is typically more reactive, with borrowers approaching banks for financing. Bank loan officers typically do not cold-call companies or take potential clients out to dinner. However, the proactive dimension of private debt is analogous to how banks market underwriting services, M&A advisory, and loan syndication capabilities. Accordingly, one would expect that individuals with prior experience in M&A or investment banking are likely to possess sourcing-related skills, whereas those with backgrounds in asset-backed securities or infrastructure finance are more likely to have

structuring expertise. We therefore seek to identify individuals with prior experience in fields that require proactive sourcing and due diligence.

We further leverage industry experience to assess whether employees possess skills that are specific to private debt. To do so, we use Global Industry Classification Standard (GICS) codes to categorize these industries according to whether they enable individuals to develop skills in structuring, due diligence, or supporting roles. For example, an individual who previously worked at a firm in the “Commercial and Residential Mortgage Finance” industry would be classified as having experience relevant to structuring and due diligence. These classifications are described in greater detail in the next section.

2.4 Sample Coverage and Representativeness

Our Preqin sample contains 321 US private debt funds specialized in direct lending. The average assets under management (AUM) of a private credit fund in this sample is \$US1,715 million. We match 269 funds to the Revelio Labs employer database and observe first-time entries for 177 of them. The average fund AUM for this sample is not surprisingly larger, standing at \$US2,318 million. Our final sample is thus skewed toward larger funds with potentially larger teams.

Private credit funds’ headcount varies with the fund size. Smaller funds typically operate with 10 to 15 employees, while larger asset managers have teams of more than 100 employees. On average, we observe 13 entries per fund during our sample period. Consistent with very large asset managers having large teams, we observe 198 employees for BlackRock. For a small fund with roughly \$US55 million in AUM and an investment team of 9 people, we observe one entry. These numbers are consistent with the number of entries and employees increasing by fund size, and our sample being representative of market dynamics.

We do not find evidence that our sample exhibits better coverage for larger funds. Verifying the team size of a random subset of funds and comparing it to the number of employees observed in our sample suggests that workforce coverage in our data is largely random, ranging from 10% to 80% of a fund’s workforce.

In the Revelio Labs data, we initially identify a large number of private debt employees. During sample construction, we drop roughly 1,580 observations due to inconsistencies in the raw data that prevent us from coherently tracing individuals’ employment histories. On average, this removes about 42% of the initially identified employees per fund, with larger losses for larger funds. The dropped observations disproportionately affect the most senior employees (about 30%), and roughly 16% correspond to individuals who previously worked in banks before joining private debt funds. Importantly, these losses reflect data limitations in the underlying data rather than any active sample selection.

There are two potential shortcomings of Revelio Labs’s data. First, as depicted in Figure 1, we observe an increasing number of employees entering private debt funds over time. Apart from the growth of the private debt industry, data coverage might improve over time. LinkedIn, which is a primary source of Revelio data, was founded in 2003. As the platform grew, data coverage and quality could have improved, leading us to observe more individuals entering private credit. Second, our sample is subject to a potential selection bias. We can only consider individuals with a profile who include the relevant information in their position title and/or description. Although LinkedIn covers a large portion of the U.S. workforce, especially finance professionals, for whom professional networking online is important (Agrawal et al. (2021)), incomplete information in the position title and/or description might lead us to miss relevant stakeholders. Concerns are mitigated as our entry observations increase with fund size. Furthermore, the strong positive correlation between private debt funds’

fundraising activity and the number of employees they hire, shown in Figure 3, mitigates concerns that data coverage and quality are mainly driving the increase in observations over time.

3 Results: Who Joins Private Debt?

3.1 Characteristics of Employees Joining Private Debt

Our analysis focuses on individuals' first job in the private debt industry. In other words, if a person initially worked at Blackstone Credit and Insurance (BXCI) and later moved to Apollo's private credit platform, we analyze only the career trajectory that led to the BXCI position. The core of our approach is to infer the skills and talents of private debt professionals from their prior employment. Given the nature of our data, we can draw limited inferences from moves between private debt providers. Accordingly, we consider all individuals who enter the private debt industry (and have an observable online biography or LinkedIn profile, as captured in the Revelio Labs data), focusing only on the point at which they transition into private debt. Note, however, our sample begins in 2000, when the private debt industry was still in its infancy.

In Table 1, we present the characteristics of the full sample of employees who joined the private debt industry between 2000 and 2024. As noted earlier, we group employees into four seniority categories. The sample is roughly balanced between junior employees — analysts and associates ($N = 1,173$) and senior employees ($N = 1,163$). 436 professionals in our sample entered private debt at the most senior level, that is, as Managing Directors or Partners, often leading specific strategies within the segment.

Consistent with our seniority classification, both the number of prior positions (i.e.,

employments at different firms and/or in different roles) and total career length increase with seniority. For example, analysts and associates have, on average, worked for nearly six years across all sectors. The most senior professionals, by contrast, have, on average, more than 16 years of work experience.

Fund rank corresponds to the 2024 PDI fundraising rankings and is therefore effectively conditional on the sample of private debt firms operating as of the end of 2024. The statistic suggests that, on average, the types of private debt firms hiring junior employees are comparable to those hiring employees at other seniority levels.

Based on the start year, we observe that junior external hires in private debt tend to enter slightly later than senior employees. The representative junior in our sample began working at a private debt fund in 2018, whereas the average senior employee started in 2016. Consistent with this pattern, and unconditionally, employees in senior positions have longer tenure at their respective funds. The overall pattern is consistent with the industry’s growth and its increasing appeal to junior employees.

We divide employee characteristics into two broad categories: education, which we interpret as a proxy for talent, and work experience. Strikingly, Partners (including founders), Managing Directors, and Heads of business lines have nearly a 70% probability of having attended a prestigious university—such as the Wharton School at the University of Pennsylvania, the Kellogg School of Management, or Harvard Business School—at some point in their lives. This pattern is robust across alternative school rankings.⁵ More generally, more than half of the private debt professionals in each category of seniority graduated from

⁵ Prestigious university includes top-40 national universities and top-25 liberal arts colleges of the 2024 U.S. News and World Report. Ivy Plus is an indicator of whether any of the user’s attended universities are in the Ivy League or Stanford, MIT, Chicago, or Duke. The top 20, top-50, and top-100 schools are indicators for whether any of the user’s attended universities are in the top 20/50/100 schools in the 2024 QS World Universities Rankings

prestigious universities. Nearly 40% of private debt leaders (436 individuals in our sample), and roughly one-quarter of employees in other seniority categories, attended Ivy Plus institutions.

However, graduate degrees do not appear to have played a particularly important role during the early decades of private debt’s development. Only about 38% of the most senior employees in our sample hold a graduate degree of any kind. Ph.D. degrees are especially rare: just 3% of the most senior professionals have earned a doctorate. Likely mechanically, the likelihood of holding a graduate degree increases with employee seniority. For comparison, Ewens et al. (2024) show that 57% of start-up founders hold a graduate degree, with 13% holding a PhD. More generally, as we show below by focusing on private debt employees who join directly from the banking sector—and by comparing them to employees who remain in banking—the education profile in terms of degrees and specializations is largely similar in private debt and in large banks. In sum, from an educational perspective, individuals working in private debt do not fit the profile of an entrepreneur; rather, they resemble that of an investment banker.

Although Revelio Labs provides information on undergraduate and graduate majors, we believe that its aggregation of raw biographical data may overstate the prevalence of business degrees.⁶

Examining employees’ prior experience before entering the private debt sector, we find that only about one-quarter transition directly from banks. Junior employees are somewhat more likely than senior professionals to have worked in banking immediately prior to joining a private debt fund. The unconditional probability of moving directly from a bank to a private debt fund is 29% for juniors, compared with 25% for seniors. This pattern is consistent with

⁶ Math/engineering, finance/economics, and business together account for over 90%. We believe that other degree types (e.g., humanities) are grouped with business majors in the Revelio Labs data.

the common perception—and related career advice—that large banks such as JPMorgan or Goldman Sachs, which offer extensive training and resources, serve as strong training grounds for junior professionals.⁷

If we broaden our sample to include professionals who worked in banking at any point in their careers, we find that 55% of all private debt employees have prior banking experience. This share is slightly higher among senior employees, 61% of whom have worked in banking at some stage. For senior professionals, this likely reflects historical hiring patterns, as the private equity industry in the U.S. traditionally recruited heavily from investment banks. However, as the industry has grown more competitive and more institutionalized, it has become increasingly common to enter private equity at a more junior level. Jackson (2025) documents that whereas in the early 2000s only about one-quarter of lead private equity professionals began their careers in the industry as associates, by 2025 this share had risen to nearly two-thirds. The notable difference between employees who move directly from banking into private debt and those who left banking earlier in their careers suggests that a significant fraction of private debt professionals transition from other segments of the alternative asset management industry⁸.

Table 1 indicates that, across all seniority levels, employees have a low probability of prior experience at a consulting firm. This is consistent with MBA-level recruiting patterns, where transitions from consulting into private equity are relatively rare—particularly in the highly competitive U.S. market.

⁷ In June 2025, it was widely reported that, in an effort to curtail this practice, JPMorgan sent a letter to graduates joining its analyst training program stating that anyone accepting a position with another company before or within their first 18 months with the firm would be fired. In public remarks, JPMorgan’s CEO Jamie Dimon specifically mentioned junior employees being poached by the private equity industry.

⁸ Until recently, private debt was often viewed as an adjacent asset class to private equity, serving a similar set of portfolio companies. Anecdotally, many private credit platforms were initially launched—or at least incubated—within private equity firms, sometimes with existing partners tasked with building out a dedicated private credit unit.

To better understand the specific skills valued in the private debt space, we take a closer look at the job functions and industries in which external hires previously worked. As discussed in the previous section, our guiding framework focuses on identifying experience in proactive sourcing and structuring.

We begin by screening all prior job descriptions for a set of keywords indicative of structuring experience. The detailed list of keywords is provided in Appendix Table A2. The underlying intuition is that individuals involved in securitization or employed in industries characterized by highly complex and structured financing arrangements—such as infrastructure or real estate transactions—are likely to have developed the skills necessary to think flexibly about customized, hybrid financing solutions.

This definition is conservative, as structuring expertise may also be acquired in other roles not captured by our keyword approach. Nevertheless, even under this narrow definition, we find that approximately one-third of professionals entering private debt through traditional career paths have prior experience with complex financing structures.

Prior research shows that, in the years leading up to 2026, private debt has primarily financed private equity-backed buyouts, particularly in the mid-cap and SaaS segments. This focus has contributed to a pronounced industry concentration within private debt portfolios (see Ivashina (2025b); Jang et al. (2025)). Using Business Development Company (BDC) portfolio concentrations as of 2019, we classify employees as having PD-industry experience if their previous job descriptions reference one of these concentrated industries. We exclude industries related to financial services and telecommunications&media from this classification. We find that approximately 40% of employees across seniority levels list, in their *previous* job descriptions, experience in industries that have been a primary focus of the private debt sector.

If a *previous* job description includes (in any semantic form) M&A, investment banking, leveraged finance, or private equity, we classify the individual as having deal-sourcing experience. Under this definition, nearly two-thirds of private debt professionals in our sample have prior sourcing experience. Notably, the first three categories—M&A, investment banking, and leveraged finance—typically imply prior employment in banking. These figures are therefore consistent with the patterns documented earlier, highlighting the strong representation of banking backgrounds among private debt professionals.

Finally, after matching employer names to Capital IQ and identifying the industries of individuals' previous employers, we construct three variables: equipped for structuring, equipped for due diligence, and equipped for supporting roles. These variables are indicator (dummy) variables that capture whether an individual has prior experience in industries associated with these roles. The categories are not mutually exclusive. Specifically, individuals who previously worked in the Advertising, Data Processing and Outsourced Services, IT Consulting, Other Services, and Office Services and Supplies industries are classified as being equipped for supporting roles. However, the first three industries may also be relevant investment targets in private debt markets. In such cases, industry expertise may also contribute to deep due diligence capabilities.

More broadly, the distinction between these three expertise variables and our other measures of structuring and sourcing is that the former are based on the industry classification of the employer, whereas the latter are based on the individual's job description. To reiterate, all experience variables are constructed using employment information prior to the individual's transition into the private debt sector.

Individuals who worked in financial firms—including insurance and reinsurance companies—are categorized as being equipped for structuring. We also classify experience in the

real estate and infrastructure sectors as structuring expertise, as these sectors are typically characterized by complex financing structures. Nearly 90% of the most senior employees, and approximately 80% of the broader sample, previously worked in financial services, real estate, or infrastructure industries.⁹

Due diligence expertise is defined more broadly. We classify individuals as equipped for due diligence if they have prior industry experience outside of financial services and real estate. The underlying assumption is that industry-specific expertise provides professionals with an informational advantage when evaluating investments in the same industry. While this definition yields a relatively large number of individuals classified as equipped for due diligence, it is likely a noisy proxy for actual due diligence capability.

Finally, only about 4% of professionals in private credit are classified as equipped for supporting or back-office roles.

Table 2 takes a closer look at the industries from which private debt employees originate. The sample in this table is conditional on our ability to identify the industry of prior employment; hence, the total number of observations is slightly smaller ($N = 1,862$) than in Table 1. Consistent with our measure of deal sourcing experience, we find that half of the individuals who move to private debt directly from banking come from Investment Banking or Leveraged Finance. However, banks account for only about a quarter to a third of the origin industries for all employees joining the private debt industry.

Interestingly, 22.6% of employees originate from traditional asset managers, such as BlackRock, Fidelity, or Invesco. Another 22.3% come from alternative asset managers,

⁹ The complete list of industries classified as equipped for structuring includes industries containing the terms “bank,” “finance,” or “financial,” as well as REITs, insurance, and reinsurance. In addition, this category includes Credit Unions, Agricultural Products and Services, Diversified Capital Markets, Diversified Real Estate Activities, Independent Power Producers and Energy Traders, Internet Services and Infrastructure, and Real Estate Services.

including Ares, Blackstone, KKR, and Brookfield. Fewer employees join directly from insurance companies and other financial firms (11.0%), non-financial firms (8.8%), or consulting firms (3.8%).

3.2 Employee Characteristics and Productivity

In Table 3, we examine the productivity of external hires; the unit of output is a deal. Accordingly, Panel A analyzes how new hires translate into an increase in the number of deals executed by a given private debt fund in a given year. To better understand the role of employee experience and industry of origin, the regressions in Panel A of Table 3 decompose new hires by seniority and by the industry of their previous employer. Because the deal-making process in private debt is not instantaneous, we construct hiring measures over different time horizons. The first measure captures the number of employees hired in the previous year (columns (1) to (4)). The second measure averages the number of employees hired over the previous three years (columns (5) to (8)).

We estimate Poisson regressions, with marginal effects reported in Panel B. All regressions control for the number of past deals, measured over the same time horizons as our hiring variables—either in the previous year (columns (1) to (4)) or as the average over the previous three years (columns (5) to (8)). In addition, all regressions include fund and year fixed effects to account for time-invariant fund characteristics and common year-specific shocks.

The regressions in columns (1) and (4) highlight the importance of senior hires in comparison to junior hires. This makes a lot of intuitive sense. Based on the estimate in column (1), one additional senior employee hired in the previous year translates into an average near 10% increase in deal-making, or, in total numbers, roughly 0.7 additional deals. The effect is not only economically meaningful, but also statistically significant at the 5% level. The

effect increases when regressing the number of deals on the average number of junior and senior employees hired over the last three years, as shown in column (5). One additional senior hire leads to roughly 27% more deals, or 1.8. Very junior employees do not appear to matter for the deal-making.

When decomposing employees by their industry of origin, we do not find evidence that hires from banks significantly increase private debt funds' deal-making activity. In contrast, employees joining from non-bank institutions are associated with meaningful productivity gains, as measured by the number of deals financed. Columns (3) and (7) further decompose banking hires by seniority. The results indicate that improvements in deal flow are driven primarily by senior-level hires. Notably, the effects are stronger for senior employees coming from non-bank institutions. For both measures of non-bank hiring, the coefficients imply economically large effects that become even more pronounced when accounting for longer-term hiring dynamics. These estimates are also highly statistically significant. For senior bankers, the estimated effects are economically sizable but smaller than those for senior non-bank hires, and only weakly statistically significant.

Finally, given that Table 1 shows that approximately 55% of private debt fund employees have prior banking experience, we further decompose non-bank hires into those with and without previous banking backgrounds. Columns (4) and (8) report the results. We find that non-bank hires with prior banking experience have a positive effect on the execution of private debt funds' deals. In economic terms, one additional senior non-bank hire with prior banking experience—averaged over the previous three years—is associated with 2.5 additional deals financed per year by the average fund (column (8)). As noted earlier, this group consists primarily of senior employees who transitioned from private equity to private debt.

Overall, senior hires are associated with increased deal-making activity. However, the evidence that bankers possess uniquely valuable skills for private debt is limited. The strongest effects on private debt funds’ deal flow come from senior hires originating outside the banking sector—particularly those with earlier-career banking experience. This finding challenges the notion that bankers are the primary source.

3.3 The Role of Sponsor Relationships in Private Debt

As discussed above, lending to private equity-sponsored transactions — and, more recently, lending against a portfolio of buyouts (a strategy known as “portfolio finance”) — has been central to the growth of private debt in both volume and scope. Anecdotal evidence suggests that private creditors focus not only on individual investments but also on private equity sponsors as a core component of deal origination and due diligence. For example, according to Ivashina and Mylavarapu (2026), as of 2022, Blue Owl maintained relationships with more than 630 sponsors in the middle- and upper-middle-market segments. A managing director covering Thoma Bravo, a U.S.-based private equity firm, also covered approximately 40 to 50 other private equity firms, of which 20 to 25 were active clients.

In Table 4, we directly test the role of past lending relationships with different borrowers backed by the same sponsor. This builds on the large empirical banking literature, including the seminal paper by Bharath et al. (2007). To construct the previous relationship measure, we obtain deal-level data from PitchBook on private debt (PD) lending to private equity (PE) sponsors from 2008 to 2023. We then construct a balanced annual panel for each PE–PD fund pair. Our final sample includes 102 PD funds and 551 PE funds, yielding 154,460 fund-pair relationships over sixteen years. Note that not all funds and not all sponsors operate in each year.

The measure of relationship concentration between a PE and PD fund is defined as the number of deals by PE firm e that were financed by PD firm d in year t as a share of the total number of deals by PE firm e financed by PD funds in year t :

$$\text{Relationship concentration}_{e,d,t} = \frac{\text{Deals}_{e,d,t}}{\sum_{j \in \mathcal{D}} \text{Deals}_{e,j,t}} \quad (1)$$

The results reported in Table 4 correspond to OLS regressions. All specifications control for PD firm, PE firm, and year fixed effects. The key variable of interest is the concentration of past relationships between a PE and a PD fund. Columns (1)–(3) include relationship concentration measured in the previous year, while columns (4)–(6) use the average relationship concentration over the past three years. The relationship concentration measure ranges from 0 to 1.

In line with the hypothesis that private debt is highly dependent on sponsor relationships for due diligence and deal sourcing, the past concentration of PE-PD relationships strongly predicts future relationship concentration. The coefficient implies a 17% probability that a given private debt fund is chosen as a lender when it was the sole lender in the previous year, compared with an unconditional probability of roughly 6% (median of 2%). If the private debt fund was the sole lender over the previous three years, the probability increases to 25%. For comparison, in the banking setting, Bharath et al. (2007) estimate that when a firm’s borrowing is fully concentrated with a single bank over a five-year period, the probability that the same bank is chosen again increases from an unconditional level of 3% to 77%. Beyond being measured over five years, the banking sample includes a range of smaller borrowers than the private debt sample.

In the remaining columns, we control for the number of employees hired in the years preceding the deal. To disentangle the effects of seniority and bank experience, we decompose

the number of hires by employee seniority and by previous employer. Hiring is measured over the same window as the past relationships. Consistent with the earlier results, one additional senior hire increases the funds’ lending relationship concentration by 0.3%, which is economically small. Finally, columns (3) and (6) suggest that it does not matter whether the employees come from banks. This finding indicates that private debt creditors are not acquiring relationships per se, but rather specific skills.

3.4 Zooming In on Bankers Joining Private Debt

Table 5 examines the characteristics of employees who transition to private debt directly from banking. The structure of the table is similar to that of Table 1. The sample of employees leaving banks comprises slightly fewer senior employees ($N = 282$ across the three ranks) than junior employees ($N = 332$).

The conclusion that emerges from Table 1 is that, overall, ex-bankers were not central in populating the private debt industry. For individuals joining from banks, however, we observe that their first employment in a private debt fund occurs substantially earlier than in the aggregate sample - on average in 2016, across all seniority levels. Importantly, the start year decreases with increasing seniority. This suggests that highly senior employees joining from banks were among the first hires of private credit funds and, in that sense, may have been instrumental in building the industry. As we already emphasized in Table 2, bankers with proactive deal-making and structuring experience were particularly relevant. This can also be clearly seen in Table 5.

While ex-bankers may have constituted only a fraction of those who drove the development of private debt, we are also interested in whether this talent poaching was disruptive to the banking industry itself. We examine this question more directly later, but Table 5

already provides suggestive evidence. Banks lose a substantial number of employees who attended top schools. As in the aggregate sample, this probability increases with seniority. The remaining education measures are also broadly comparable to those in the aggregate sample.

In Table 5, we also introduce a variable that captures bank ranking, based on the London Stock Exchange leveraged loan league tables. For an employee who joins a bank private debt firm in a given year, we assign the bank’s ranking that same year. We focus on leveraged loan rankings because this segment is closest to private debt, as a subset of firms can refinance from private debt into the syndicated loan market and vice versa (Ivashina, 2025b). Both segments primarily provide debt financing for buyouts. In this sense, we allow for the possibility that our experience variables may not fully capture the relevant background sought by private debt firms, and the ranking variable is intended to capture exposure to buyout financing in a competitive setting. That said, leveraged loan rankings are significantly correlated with rankings in other underwriting markets. We find that, across all seniority levels, banking employees who switch to private debt firms tend to have worked for top leveraged loan arrangers. In fact, all former bank employees in our sample worked for one of the top 20 lead arrangers active in the leveraged loan market.

With this in mind, Table 6 examines which banks lost the largest number of employees to private debt firms. The table reports the top 10 banks by seniority group (in cases of ties, banks are listed alphabetically). Across all seniority groups, Goldman Sachs accounts for the largest share of movers. It ranks first for seniority groups 1 and 2, and is among the top two for seniority groups 3 and 4. UBS is also consistently represented, appearing among the top five origin banks across all seniority groups. Other prominent source institutions include JPMorgan Chase, Bank of America, and Morgan Stanley. Deutsche Bank, BNP

Paribas, Citigroup, and Wells Fargo appear less frequently, but are present across multiple seniority categories. Table 6 confirms that the top lead arrangers active in the leveraged lending market are the top source for bank talent migrating to private credit funds.

The fact that private debt professionals with prior banking experience are concentrated among the top 20 banks—particularly the largest and most elite investment banks — pushes back against the notion that the expertise demanded in private debt is rooted in small-scale commercial or relationship-based business lending. This interpretation is further reinforced by the observation that leveraged loan desks and investment banking divisions are the primary feeders of banking talent into private debt. In addition, a large body of literature documents that bank consolidation, beginning well before the GFC, was associated with a retreat from lending—particularly to smaller firms. Berger et al. (1999) provide a detailed analysis and review of the early wave of bank consolidation, showing a contraction in relationship-based lending within large banking organizations. More recently, Bord et al. (2021) and B. S. Chen et al. (2017) document the further retrenchment by large banks from small-business lending after the GFC.

Our findings seem to support the idea that the very top banks serve as training grounds for private debt, echoing concerns voiced by JPMorgan’s CEO, Jamie Dimon.

So far, we have not provided direct evidence comparing bankers who leave for private debt with those who remain in the banking sector. We address this in Table 7, which presents a comparison of the two groups. To construct this analysis, we create a matched sample of remaining bank employees. Specifically, each individual who transitions to private debt is matched to two bankers based on (i) the seniority of their prior position at the bank (before the switch) and (ii) the start year of that position. Importantly, the control group consists of employees who are also on the move but remain within the banking sector. The overall

sample is restricted to employees from top-10 lead arrangers. Our objective is to better understand the characteristics associated with transitioning to the private debt sector.

Table 7 displays each group’s average and median. To assess differences between private debt employees and bankers, we conduct a t-test on the means of both groups. The difference and its statistical significance are displayed in the last column.

Strikingly, we find significant differences in educational background between the two groups. Employees who transition to private debt are more likely to have attended higher-ranked institutions than comparable bankers who remain in the sector. This pattern holds across all measures of educational quality. The differences are economically meaningful, ranging from 14 to 17 percentage points. Moreover, all differences are statistically significant at the 1% level. To the extent that educational quality is correlated with talent, these findings suggest a meaningful drain of human capital from the banking sector. At the same time, private debt employees and bankers do not differ in their overall level of education or field of study, either in economic magnitude or in statistical terms.

One potential concern is that individuals who move to private debt may place a higher value on the optionality associated with such opportunities. For example, they may be better connected, come from more affluent backgrounds, or exhibit greater confidence. While there may indeed be something distinctive about the private debt opportunity, these individuals—who have, on average, accumulated nine to ten years of career experience—do not appear to follow a markedly different career trajectory prior to the transition.

In fact, the total career length of private debt employees at the time of transition is only modestly shorter than that of comparable bankers. On average, private debt employees previously employed by a top lead arranger have 8.7 years of experience, compared to 9.6 years for bankers who move to another position within the banking sector—a difference of

0.9 years. In addition, private debt employees have held, on average, 0.5 fewer positions at the time of their career change than their peers who remain in banking.

In addition to not exhibiting strong differences in career trajectories, bankers who switch to the private debt sector appear less likely to have performed functions closely aligned with private debt activities or complex financial structuring than their peers who remain in banking. In particular, experience in industries relevant to private debt is significantly more prevalent among bankers who stay. On average, 51% of bankers have this industry experience and, on average, all bankers do. The difference in means amounts to 9 percentage points and is statistically significant at the 5% level. By this metric, banks appear to have a sufficiently deep bench of employees performing similar functions to replace those who leave for private debt. However, the caveat is that they may be losing individuals with stronger underlying skills or talent, proxied by the higher educational quality of those who switch. We will return to looking at consequences for the banks in the next section.

We confirm these findings using different matching criteria. Appendix Table [A5](#) conditions both groups on having attended a prestigious university. Appendix Table [A6](#) excludes junior employees.

4 Results: Implications for Banks

4.1 Spillovers in Employee Departures to Private Debt

Figure [2](#) displays employee outflows to private debt for six large lead arrangers over time. The data are aggregated at the half-year level and across all seniority groups. We find that all major lead arrangers have experienced persistent employee losses over the past fifteen years. Consistent with the patterns documented in Table [6](#), Goldman Sachs, JPMorgan

Chase, and Bank of America exhibit the largest outflows. Moreover, their losses increase over time, suggesting a strengthening pull of private debt on talent from these institutions. Figure 3 illustrates the positive relationship between the growth of the private debt industry, measured by annual fundraising, and the number of employees lost by banks to private debt funds.

There are likely to be contagion effects from the departures of more senior banking employees. This may operate through network effects, with junior employees following their senior colleagues, or through the validation of the private debt industry as an attractive career path. In Table 8, we examine whether there are waves of departures associated with senior banking employees switching to private debt.

Table 8, Panels A to D, reports the number of additional employees lost by a bank in a half-year, *conditional* on at least one senior employee departing within the same time window. Each observation is bank*time window. In effect, this provides an assessment of the total additional cost associated with the exit of a given seniority level. For example, 0.18 rank 4 employees lost in Panel A means that there are at least 1.18 total rank 4 employees lost. Our half-year windows follow the calendar year; that is, we divide each year into January–June and July–December periods. If a senior employee leaves in March 2018, we consider all other employees who leave in the first half of 2018.

It is difficult to implement a more precise timing structure for several reasons. First, if an employee does not enter the exact start date of a new job or the exact departure date, LinkedIn often auto-fills January 1 or the first day of the indicated month. Second, directly lifting an entire team from a former employer is typically constrained, so such hires often occur with some lag. Finally, compensation milestones and other contractual or institutional factors may lead to gradual leakage of employees over time rather than immediate departures.

Panel A displays the number of additional employees lost by seniority when the most senior exit is from seniority group 4. Panel B displays the number of additional employees lost by seniority when the most senior exit is from seniority group 3, i.e., there is no departure from seniority group 4. Panel C displays the number of additional employees lost by seniority when the most senior exit is from seniority group 2, i.e., there are no departures from seniority groups 3 or 4. Lastly, Panel D displays the number of additional employees lost when only junior employees exit.

Losses are largest, or most costly, when a senior employee from seniority group 4 exits. Panel A indicates that, in these half-years, a bank loses an additional 1.14 employees on average. The departure of a seniority group 4 individual also coincides with the maximum number of employees lost by a bank in a half-year over our full sample period, reaching 7 additional employees, or 8 in total. 52.6% ($= 0.60/1.14$) of the other losses are juniors, and 15.8% ($= 0.18/1.14$) are other seniors of seniority group 4. 16.7% ($= 0.19/1.14$) are seniors of seniority group 3 (directors and principals), and 14.9% ($= 0.17/1.14$) are seniors of seniority group 2 (VPs and managers).

Overall, Panel A shows that periods in which banks lose partners, managing directors, or heads of divisions or business lines are costly not only in terms of total headcount. The results indicate that, while junior departures strongly coincide with these very senior exits, these periods are particularly costly because they also involve the loss of other (highly) senior individuals.

The total number of additional individuals lost declines when the most senior exit in a given period is from a lower rank (Panels B to D). Still, the exit of directors and principals (seniority group 3) is also associated with substantial additional senior departures: 20% ($= 0.16/0.79$) of the other losses are fellow directors and principals, and 24% ($= 0.19/0.79$)

are VPs or managers. When a VP or manager (seniority group 2) exits, the additional departures consist primarily of juniors, with fewer other VPs and managers (15.5%) leaving.

In half-years when only juniors exit, the average bank loses an additional 0.43 juniors. Note, however, that the standard deviation and the maximum of these losses are sizable, at 1 and 5, respectively.

Overall, Figure 2 and Table 8 provide evidence that departures occur in clusters and that periods of very senior exits are particularly costly for banks, as they lead to a significant number of additional employee losses, especially among other highly senior employees.

Table 9 assesses the effects of senior exits on the number of additional employees lost to private debt within a regression framework that controls for bank and time (half-year) fixed effects. To emphasize these are not general departures, but employees departing to work in the private debt industry. The estimations regress the total number of additional employees lost by a bank in a given half-year on a set of indicator variables corresponding to the most senior departure in that half-year for that bank. Only banks with departing employees of seniority 1 through 4 are included in the analysis.

For example, the indicator variable *Loss seniority 4 (0/1)* equals one if the most senior loss in a given half-year for a given bank is an employee from seniority group 4, and zero otherwise. *Loss seniority 3 (0/1)* equals one if the most senior loss in a given half-year for a given bank is from seniority group 3, and zero otherwise, and so on. These indicator variables are mutually exclusive (with the omitted category serving as the reference group). In column (1), the effects are estimated relative to periods in which only juniors depart. Column (2) includes the indicator variables for seniority groups 3 and 4, comparing the effects of departures of directors and principals (seniority group 3) and partners, managing directors, and heads (seniority group 4) to departures of VPs and managers (seniority group

2) and juniors. Column (3) includes only the indicator variable for seniority group 4. The estimations therefore compare periods with the most senior employee departures to all other loss periods, i.e., seniority groups 1, 2, and 3 serve as the reference group.

The coefficients provide information about the effect's economic size and statistical significance compared to the reference (omitted) group. All regressions are Poisson regressions. Marginal effects are indicated at the bottom of the table.

Consistent with Table 8, half-years in which banks lose seniority group 4 employees (partners, managing directors, and heads) exhibit the strongest economic effects on subsequent employee departures. Based on the estimates in column (1), if a bank loses a group 4 employee in a given half-year, it loses an additional 0.74 employees relative to a bank that, in the same half-year, loses only a junior employee (seniority group 1). The same column shows that losing a group 3 employee is associated with an additional 0.67 departures compared to losing only a group 1 employee.

In column (2), the reference group consists of banks that, in a given half-year, lose employees of the seniority group 1 or 2. In this specification, if a bank loses a group 4 employee, it loses an additional 0.62 employees relative to banks that lose only group 1 or 2 employees during the same period.

Column (3) focuses specifically on half-years in which banks lose a partner, managing director, or head (seniority group 4), and compares them to banks that, while experiencing departures to private debt in the same period, do not lose any group 4 employees. In these half-years, banks lose an additional 0.434 employees. In percentage terms, this represents a 66.7% larger effect relative to the control group.

These findings are consistent with spillover effects, in which waves of departures are particularly associated with the loss of the most senior employees. Consistent with the

hypothesis that departures become more disruptive at higher levels of seniority, the estimated effects generally increase with the rank of the most senior departing employee. However, the difference in economic magnitude between adjacent ranks—particularly between groups 4 and 3—is not statistically significant. This is shown in the lower panel of Table 9, where we directly test the equality of the coefficients using Wald tests. The null hypothesis in these tests is that the specified coefficients are equal.

4.2 Bank Activity Following Departure

In the final set of results, we examine the adverse consequences of employee losses for bank economic activity. While some departures may eventually be offset by new hires, anecdotal evidence suggests that hiring has lagged. For example, in 2021, Sheffield Haworth reported that JPMorgan lost thirteen corporate and commercial bankers during the year and hired only six, resulting in a net loss of seven.¹⁰ As our analysis shows, these figures do not capture the fact that the departing employees may be uniquely talented, as reflected in the rankings of the institutions they attended. So the idea is to track potential economic consequences for the banks.

We acknowledge that this analysis is not strictly causal. Instead, we study the relationship between personnel losses due to departures to private debt over (i) the previous year and (ii) the previous three years, while controlling for the bank’s lagged performance over the same horizons. However, we cannot rule out the possibility that an unobservable shock to the bank simultaneously leads to departures—particularly of its most highly skilled employees—and to changes in performance.

We specifically focus on banks’ role in the leveraged loan market. The leveraged loan

¹⁰ See “Big banks are losing commercial lenders to ‘less regulated environments,’” *American Banker*, May 27, 2022.

desk accounts for about 8% of all employees joining private debt (24% of bank employees). We focus on leveraged loans for two reasons. First, this market overlaps substantially with private debt: it is a high-yield, cash-flow-based segment in which a significant fraction of issuance finances sponsor-backed transactions. For example, according to PitchBook Leveraged Data and Commentary, in 2024, approximately \$383 billion of new loans backed U.S. PE-sponsored transactions, out of a total of \$661 billion in leveraged loans issued in the United States that year. This 58% share is comparable to the 60–85% of private debt activity backing sponsored transactions cited in the literature, e.g., Block et al. (2024) and Ivashina (2025a). In other words, this is the line of business that is most directly—though not perfectly—comparable to private debt.

The other reason is that lending to PE-sponsored transactions is highly lucrative for banks, as it facilitates repeat business and the cross-selling of fee-generating services (Ivashina & Kovner, 2011). In that sense, a loss of market share in leveraged loans is likely to have broader consequences for the bank overall.

In Table 10, our measure of banks’ economic activity is their market share in the leverage loan market, which we construct from LSEG Refinitiv’s league tables. The market share of bank b in year t is defined as the total amount arranged by bank b in year t as a percentage share of the total market volume in year t :

$$\text{Market share}_{b,t} = \frac{\text{Lending}_{b,t}}{\sum_{j \in \mathcal{B}} \text{Lending}_{j,t}} \quad (2)$$

The results reported in Table 10 are based on OLS estimations. In columns (1) and (2), we measure employee losses over the previous year. In columns (3) and (4), we use the average number of employees lost over the previous three years. All regressions include bank and year fixed effects.

Our estimates indicate that losing one additional employee to the private credit industry in the previous year reduces a bank’s market share by 0.048 percentage points (column (1)). The effect increases substantially when we consider the average number of employees lost over the prior three years (column (3)), rising to 0.152 percentage points. The average market share for the top 20 lead arrangers—which constitute the primary source of private debt talent coming from banking—is 3.1% over our full sample (median is 2.1%). Thus, the estimate in column (1) corresponds to a 1.5% (2.3%) decrease in market share relative to the mean (median). In column (3), the estimates correspond to 4.9% (7.2%). While the former effect is comparably small and statistically insignificant, the latter effect is sizable and statistically significant at the 5% level.

Decomposing the effect of banks’ employee losses by seniority, column (4) provides evidence consistent with our previous findings that, particularly, the loss of senior employees adversely affects banks’ market share. One additional senior banker lost on average over the past three years decreases banks’ market share by 0.233 pp. The effect is statistically significant at the 10% level. The effect for junior bankers is sizable, with 0.073 pp, but there is no evidence for a statistically significant effect of junior losses on banks’ market share in the leverage loan market.

5 Final Remarks

The rapid expansion of the private credit market, which grew more than ten-fold in just 15 years, was accompanied by an industry-wide surge in hiring. Most of these employees were drawn from other segments of the financial system, including at senior levels. Our analysis inquires not only into the origins of these employees, but also into what their prior experience reveals about the skills and capabilities sought by private debt funds, and the

implications for the sectors losing this talent.

Using data from Revelio Labs, a workforce analytics provider, we study the transfer of talent from incumbent financial sectors to private debt. Contrary to common perceptions, only about a quarter of private debt employees are hired directly from banks. Moreover, we find no evidence that private debt funds rely on traditional commercial lending expertise. Instead, proactive deal-making, transaction structuring, and industry specialization define the core skill set of entrants. We further show that former bank employees do not differentially drive the deal volume of private equity-sponsored transactions.

Conversely, private debt constitutes a sustained drain on bank human capital. Departures occur continuously over our sample period and are concentrated among the 20 largest banks. We show that these losses impose significant costs, especially when they involve senior employees, and weaken banks' subsequent positions in the leveraged loan market. We find that departing employees have, on average, attended more prestigious schools. Although, relative to bankers of comparable seniority and career length who remain, departing employees do not exhibit systematically stronger measured skills or greater experience.

Overall, our evidence suggests that the private debt business has emerged from distinct lending technologies and employee skill sets that facilitate proactive, sponsor-centered due diligence and deal origination. Because traditional banking skills do not appear particularly well suited to private debt lending, our results indicate limited transferability of bank human capital, pointing to a differentiated lending technology. Accordingly, the growth of private credit appears less consistent with a regulatory arbitrage explanation. Instead, our findings suggest a durable competitive separation between private credit and banks, consistent with a demand-driven expansion of private credit into a segment of leveraged borrowers that is not well served by the traditional banking model.

Figure 1: Employee hires to private debt funds

The figure displays the total number of employees hired (black line, left axis) alongside the total number of employees hired by seniority group (bars, left axis) by half-year. Employees are divided in four different seniority groups based on their first private credit fund employment. Seniority 1 is the most junior group, comprising analysts and associates. Seniority group 2 comprises vice presidents (VPs) and managers. Seniority group 3 comprises directors and principals. Seniority 4 is the most senior group, comprising partners, managing directors (MDs), and heads. The total number of employees hired by private credit funds over the full sample period is 2,336.

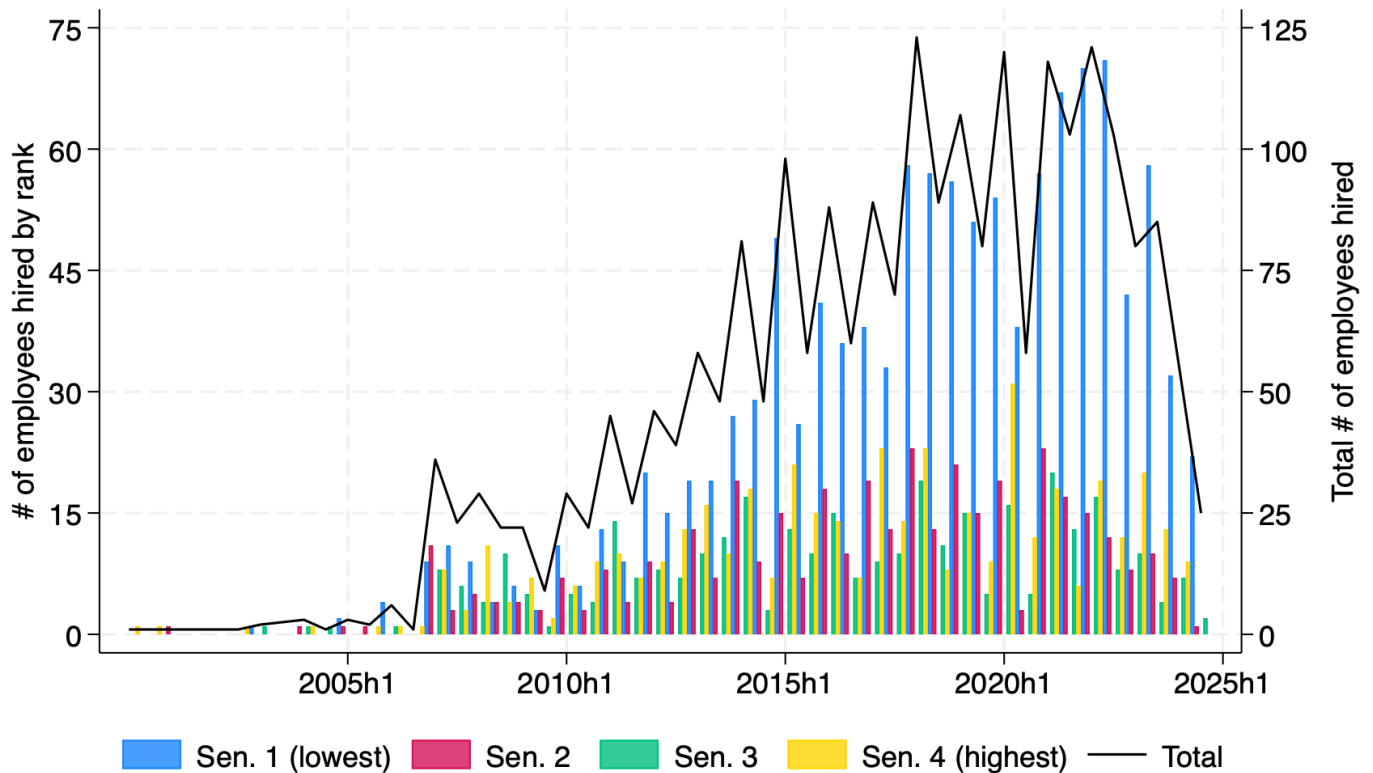


Figure 2: Employee losses for top lead arrangers

The figure displays the total number of employees lost in a given half-year by a selected set of top lead arrangers. The total number of employees lost sums over all four seniority groups.

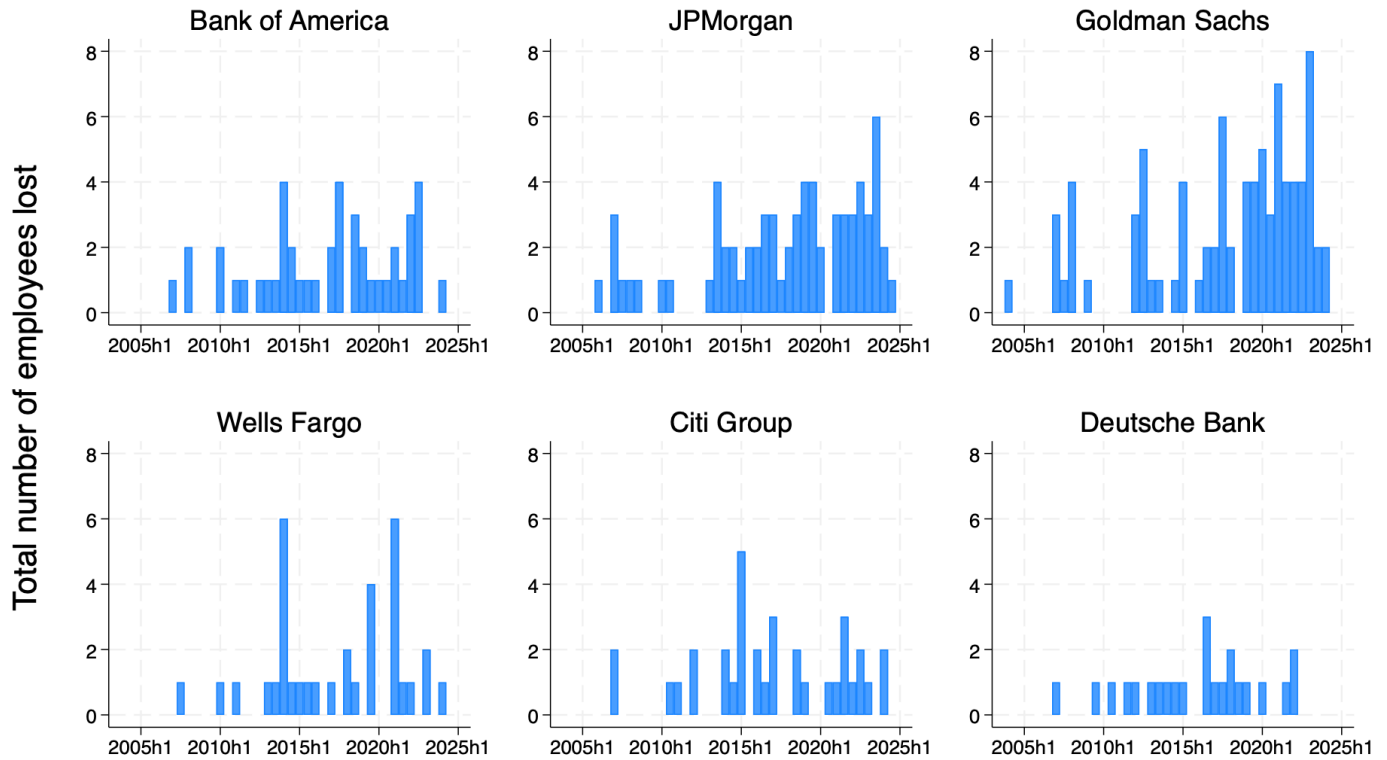


Figure 3: Relationship of private debt fundraising and employees hired

The figure plots fundraising by private debt funds in billions of US dollars against the total number of employees they hire. Observations are annual. The solid line represents the fitted linear trend.

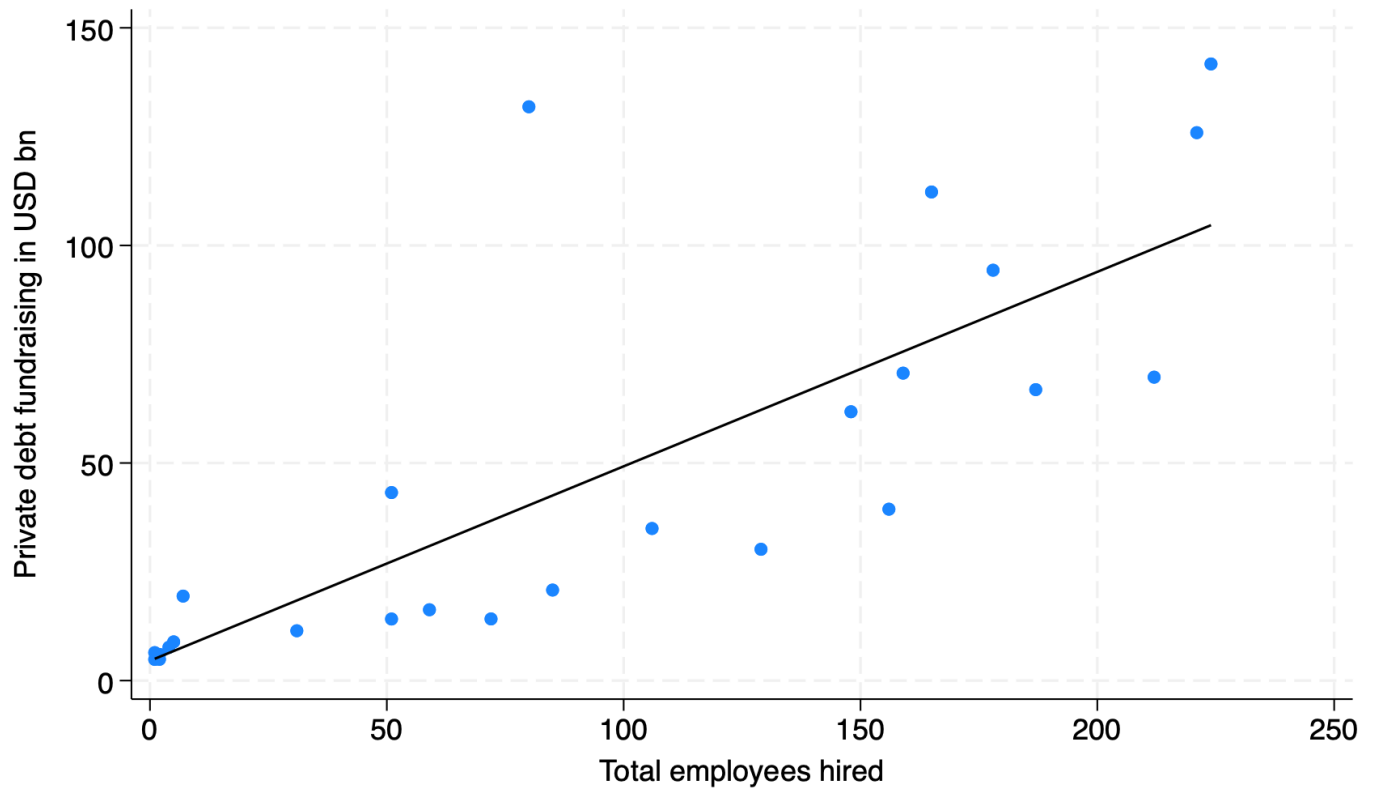


Table 1: Employee characteristics by seniority

The table displays summary statistics of employee characteristics for all sample employees working in private credit funds ($N = 2,336$). The summary statistics are for the first private credit fund employment recorded in our sample. Employees are divided in four different seniority groups based on their first private credit fund employment. Seniority 1 is the most junior group, comprising analysts and associates. Seniority group 2 comprises vice presidents (VPs) and managers. Seniority group 3 comprises directors and principals. Seniority 4 is the most senior group, comprising partners, managing directors (MDs), and heads. The displayed statistic is an average by seniority group. Experience measures of employee characteristics are based on the position and employer information provided by an employee on their LinkedIn page. Industry-based experience measures of employee characteristics are based on an industry classification and capture all industries a given employee previously worked in.

	Seniority level			
	#1 Analyst/ Associate	#2 VP/ Manager	#3 Director/ Principal	#4 Partner/ MD/Head
Observations	1,173	386	341	436
Employment history				
# Prior positions excl. internships	2.71	3.52	3.45	4.02
Total career length	5.65	9.20	11.21	16.39
Previous position's seniority	0.93	1.66	2.09	3.04
Current position				
Start year	2018.14	2016.64	2016.10	2016.35
Tenure	2.01	3.21	4.52	4.43
PD fund rank	45.08	44.35	36.18	44.48
Education				
Prestigious university (0/1)	0.56	0.57	0.61	0.69
Ivy plus school (0/1)	0.23	0.24	0.28	0.38
Top20 school (0/1)	0.16	0.19	0.21	0.31
Top50 school (0/1)	0.30	0.35	0.37	0.47
Top100 school (0/1)	0.37	0.42	0.44	0.55
MBA (0/1)	0.06	0.15	0.18	0.27
PhD (0/1)	0.00	0.02	0.02	0.03
Masters (0/1)	0.07	0.11	0.09	0.08
Math/Engineering degree (0/1)	0.06	0.10	0.10	0.06
Finance/Econ degree (0/1)	0.40	0.40	0.33	0.36
Business degree (0/1)	0.49	0.50	0.53	0.58
Experience				
Worked in banking immediately before (0/1)	0.29	0.24	0.29	0.22
Worked in banking at any point (0/1)	0.50	0.56	0.64	0.62
Worked in consulting at any point (0/1)	0.10	0.13	0.10	0.08
Structuring experience at any point (0/1)	0.25	0.33	0.34	0.33
PD-industry experience at any point (0/1)	0.40	0.40	0.45	0.35
Sourcing experience at any point (0/1)	0.60	0.64	0.63	0.64
Prior industry – equipped for:				
Structuring (0/1)	0.75	0.83	0.83	0.87
Due diligence (0/1)	0.75	0.71	0.66	0.61
Supporting roles (0/1)	0.04	0.06	0.03	0.04

Table 2: Industries of origin of private debt employees

The table displays the industries of origin for all sample employees working in private credit funds, conditional on us observing a professional employment and a prior employment industry ($N = 1,862$). Employees entering private debt directly from college or an internship are excluded. The industry of origin is the industry of the company in which a respective employee worked in immediately prior to joining a private debt fund. Industry classifications are based on CapitalIQ's Global Industry Classification Standard and have been modified to correctly capture banks and non-bank financial institutions.

	Share (%)
Banking – Other Investment Banking	8.2
Banking – Leveraged Finance	7.6
Banking – Other	15.8
Traditional Asset Management	22.6
Alternatives	22.3
Insurance and Other Finance	11.0
Non-Financial	8.8
Consulting	3.8

Table 3: Productivity of PD funds' hires

Panel A displays the results of Poisson regressions, regressing the annual number of deals financed by a private debt (PD) fund on different measures of employee gain. The measures of employee gain capture the employees' seniority and industries of origin, and they are either the total number of employees gained in the previous year ($x = t - 1$, columns (1) to (4)) or averages over the previous three years ($x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$, columns (5) to (8)). Senior hires are gains in the seniority groups 2, 3, and 4. Junior hires are gains in the seniority group 1. The seniority group definitions are equivalent to Table 1. *Bank* indicates employees coming directly from banks, and *Non-bank* indicates employees coming from all other employers. The regressions additionally control for the number of deals financed by a PD fund in the previous year ($x = t - 1$, columns (1) to (4)) or as an average over the previous three years ($x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$, columns (5) to (8)). Standard errors are clustered by PD fund. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively. Panel B displays the coefficients marginal effects.

Panel A: Estimations

	$x = t-1$				$x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$			
	(1) # Deals	(2) # Deals	(3) # Deals	(4) # Deals	(5) # Deals	(6) # Deals	(7) # Deals	(8) # Deals
Senior hires _x	0.096** (0.039)				0.237*** (0.086)			
Junior hires _x	-0.038 (0.028)				-0.097 (0.090)			
Bank hires _x		-0.010 (0.032)				0.011 (0.067)		
Non-bank hires _x		0.047 (0.037)				0.133* (0.069)		
Senior bank hires _x			0.084* (0.047)	0.083 (0.054)			0.203 (0.136)	0.165 (0.109)
Junior bank hires _x			-0.085** (0.033)	-0.092** (0.039)			-0.173* (0.094)	-0.185* (0.106)
Senior non-bank hires _x			0.101*** (0.039)				0.244*** (0.086)	
Junior non-bank hires _x			-0.011 (0.040)				-0.049 (0.111)	
Senior non-bank hires w/o bank exp. _x				0.072 (0.056)				0.149 (0.100)
Junior non-bank hires w/o bank exp. _x				-0.037 (0.040)				-0.058 (0.096)
Senior non-bank hires w. bank exp. _x				0.146* (0.080)				0.340* (0.183)
Junior non-bank hires w. bank exp. _x				0.043 (0.072)				0.009 (0.220)
# Deals _x	0.007*** (0.002)	0.007*** (0.002)	0.008*** (0.002)	0.008*** (0.002)	0.004 (0.004)	0.003 (0.004)	0.004 (0.004)	0.004 (0.004)
PD fund FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo R ²	0.729	0.726	0.729	0.73	0.73	0.726	0.731	0.732
Observations	1016	1016	1016	1016	1016	1016	1016	1016
SE clustering	PD fund	PD fund	PD fund	PD fund	PD fund	PD fund	PD fund	PD fund

Panel B: Marginal effects

		$x = t-1$				$x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	# Deals	# Deals	# Deals	# Deals	# Deals	# Deals	# Deals	# Deals
Marginal effects								
Senior hires _{<i>x</i>}	0.71				1.761			
Junior hires _{<i>x</i>}	-0.282				-0.722			
Bank hires _{<i>x</i>}		-0.077				0.079		
Non-bank hires _{<i>x</i>}		0.351				0.989		
Senior bank hires _{<i>x</i>}			0.62	0.618			1.507	1.222
Junior bank hires _{<i>x</i>}			-0.629	-0.684			-1.28	-1.372
Senior non-bank hires _{<i>x</i>}			0.747				1.813	
Junior non-bank hires _{<i>x</i>}			-0.078				-0.364	
Senior non-bank hires w/o bank exp. _{<i>x</i>}				0.534				1.105
Junior non-bank hires w/o bank exp. _{<i>x</i>}				-0.278				-0.433
Senior non-bank hires w. bank exp. _{<i>x</i>}				1.082				2.522
Junior non-bank hires w. bank exp. _{<i>x</i>}				0.32				0.065

Table 4: Relationship lending in private equity and private debt

The table displays the results of an ordinary least squares (OLS) regression, regressing a measure of the annual relationship concentration between a private equity (PE) and private debt (PD) fund on different measures of employee gain by the PD fund. The measure of a PE and PD fund's annual relationship concentration is defined as the number of deals of PE fund e financed by PD fund d as a share of the total number of deals executed by PE fund e in a given year ($Relationship\ concentration_{e,d,t} = \frac{Deals_{e,d,t}}{\sum_{j \in \mathcal{D}} Deals_{e,j,t}}$). The measures of employee gain capture the employees' seniority and industries of origin, and they are either the total number of employees gained in the previous year ($x = t - 1$, columns (1) to (3)) or averages over the previous three years ($x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$, columns (4) to (6)). Senior hires are gains in seniority groups 2, 3, and 4. Junior hires are gains in the seniority group 1. The seniority group definitions are equivalent to Table 1. *Bank* indicates employees coming directly from banks, and *Non-bank* indicates employees coming from all other employers. The regressions additionally control for the relationship concentration in the previous year ($x = t - 1$, columns (1) to (3)) or as an average over the previous three years ($x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$, columns (4) to (6)). Standard errors are clustered by PD fund. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively.

	(1)	$x = t-1$ (2)	(3)	(4)	$x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$ (5)	(6)
	Relationship concentration	Relationship concentration	Relationship concentration	Relationship concentration	Relationship concentration	Relationship concentration
Relationship concentration _{x}	0.174*** (0.017)	0.174*** (0.017)	0.174*** (0.017)	0.254*** (0.023)	0.253*** (0.023)	0.253*** (0.023)
Senior hires _{x}		0.003** (0.002)			0.006** (0.003)	
Junior hires _{x}		-0.001 (0.001)			-0.002 (0.001)	
Bank hires _{x}			0.000 (0.001)			0.001 (0.002)
Non-bank hires _{x}			0.001 (0.002)			0.003 (0.002)
PD fund FE	Yes	Yes	Yes	Yes	Yes	Yes
PE fund FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.085	0.085	0.085	0.094	0.095	0.095
Observations	154460	154460	154460	154460	154460	154460
Number of PE sponsors	551	551	551	551	551	551
SE clustering	PD fund	PD fund	PD fund	PD fund	PD fund	PD fund

Table 5: Employee characteristics of private debt employees originating from the banking industry

The table displays summary statistics of employee characteristics for all sample employees working in private credit funds that worked in banks directly before joining a private credit fund ($N = 614$). As in Table 1, the summary statistics are for the first private credit fund employment recorded in our sample, and employees are divided into four different seniority groups based on their first private credit fund employment. The seniority group definitions, experience measures of employee characteristics, and industry-based experience measures of employee characteristics are equivalent to Table 1.

	<u>Seniority level</u>			
	#1 Analyst/ Associate	#2 VP/ Manager	#3 Director/ Principal	#4 Partner/ MD/Head
Observations	332	92	96	94
Employment history				
# Prior positions (excl. internships)	2.70	3.53	2.93	3.82
Total career length	5.98	9.21	11.51	16.48
Previous position's seniority	1.06	1.56	2.00	2.93
Bank rank (previous position)	13.13	14.65	17.75	12.30
Current position				
Start year	2017.84	2016.12	2016.02	2014.86
Tenure	2.20	3.47	4.79	5.52
PD fund rank	41.60	38.34	32.96	48.00
Education				
Prestigious university (0/1)	0.62	0.67	0.63	0.65
Ivy plus school (0/1)	0.27	0.34	0.29	0.40
Top20 school (0/1)	0.18	0.22	0.22	0.31
Top50 school (0/1)	0.35	0.37	0.36	0.48
Top100 school (0/1)	0.43	0.48	0.42	0.52
MBA (0/1)	0.05	0.18	0.15	0.31
PhD (0/1)	0.01	0.03	0.02	0.00
Masters (0/1)	0.08	0.08	0.12	0.05
Math/Engineering degree (0/1)	0.04	0.11	0.11	0.06
Finance/Econ degree (0/1)	0.46	0.44	0.39	0.36
Business degree (0/1)	0.47	0.48	0.46	0.66
Experience				
Worked in consulting at any point (0/1)	0.07	0.07	0.10	0.06
Structuring experience at any point (0/1)	0.24	0.40	0.34	0.36
PD-industry experience at any point (0/1)	0.41	0.42	0.44	0.38
Sourcing experience at any point (0/1)	0.72	0.71	0.54	0.57
Prior industry – equipped for:				
Structuring (0/1)	0.82	0.85	0.78	0.81
Due diligence (0/1)	0.75	0.73	0.69	0.66
Supporting roles (0/1)	0.04	0.04	0.01	0.04

Table 6: Top previous bank employers

The table displays the top 10 banks in which private debt fund employees worked in immediately prior to joining a private debt fund ($N = 614$). The ranking is by seniority group. Seniority groups are defined as in Table 1. If banks have the same share, we rank them alphabetically.

<u>Seniority level</u>								
#1 Analyst/Associate			#2 VP/Manager		#3 Director/Principal		#4 Partner/MD/Head	
1	Goldman Sachs	13.76%	Goldman Sachs	14.29%	UBS	29.73%	Morgan Stanley	11.54%
2	JPMorgan Chase	13.48%	Morgan Stanley	8.16%	Goldman Sachs	10.81%	Goldman Sachs	11.54%
3	Bank of America	10.67%	Citigroup	7.14%	Barclays	8.12%	UBS	11.54%
4	UBS	8.68%	JPMorgan Chase	7.14%	Deutsche Bank	8.12%	JPMorgan Chase	9.62%
5	Wells Fargo	6.74%	UBS	6.12%	Fifth Third Bancorp	8.12%	Bank of America	5.77%
6	Citigroup	5.90%	Bank of America	4.08%	Truist Financial	8.12%	BNP Paribas	3.85%
7	Morgan Stanley	5.62%	Barclays	4.08%	Wells Fargo	8.12%	Capital One	3.85%
8	Deutsche Bank	3.65%	Deutsche Bank	3.06%	Capital One	2.70%	Citigroup	3.85%
9	BNP Paribas	3.37%	Mitsubishi UFJ Financial	3.06%	Citizens Financial	2.70%	First Citizens	3.85%
10	Royal Bank of Canada	3.09%	BNP Paribas	2.04%	First Citizens	2.70%	Wells Fargo	3.85%

Table 7: Characteristics of private debt employees originating from the banking industry compared to bank employees, conditional on both groups having been employed by top lead arrangers

The table displays the average and median characteristics of private debt employees coming from the banking industry and comparable bank employees. Each private debt fund employee who came directly from a bank ($N = 361$) is matched to two employees who continued working in a bank ($N = 722$). Matching criteria are the seniority level of the prior position, the start year of the first private debt or next bank position respectively, and the prior position being at a top lead arranger. The last column on the right displays the results of a difference in means test (t-test). *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively. Experience measures of employee characteristics are equivalent to Table 1.

	Private Debt		Control		T-Test
	Mean	Median	Mean	Median	Difference
Observations	361		722		
Employment history					
# Prior positions (excl. internships)	3.04	3.00	3.54	3.00	-0.50***
Total career length	8.73	7.01	9.62	8.01	-0.89*
Bank rank (previous position)	4.29	4.00	3.90	3.00	0.38*
Education					
Prestigious University (0/1)	0.66	1.00	0.51	1.00	0.16***
Ivy Plus School (0/1)	0.35	0.00	0.18	0.00	0.17***
Top20 School (0/1)	0.24	0.00	0.11	0.00	0.14***
Top50 School (0/1)	0.42	0.00	0.26	0.00	0.15***
Top100 School (0/1)	0.50	0.00	0.35	0.00	0.15***
MBA (0/1)	0.14	0.00	0.13	0.00	0.01
PhD (0/1)	0.01	0.00	0.01	0.00	0.00
Masters (0/1)	0.08	0.00	0.06	0.00	0.03
Math/Engineering degree (0/1)	0.06	0.00	0.06	0.00	0.00
Finance/Econ degree (0/1)	0.41	0.00	0.36	0.00	0.05
Business degree (0/1)	0.52	1.00	0.55	1.00	-0.03
Experience					
Worked in consulting at any point (0/1)	0.08	0.00	0.06	0.00	0.02
Structuring experience at any point (0/1)	0.29	0.00	0.37	0.00	-0.09**
PD-industry experience at any point (0/1)	0.42	0.00	0.51	1.00	-0.09**
Sourcing experience at any point (0/1)	0.69	1.00	0.71	1.00	-0.03

Table 8: Composition of banks' employee loss by seniority

The table displays summary statistics on the composition of banks' employee losses by half-year and seniority. Panel A displays the total number of additional employees lost (*# Lost (All)*) conditional on the loss of an employee of seniority 4, and decomposes the additional loss by seniority. Panel B displays the total number of additional employees lost (*# Lost (All)*) conditional on the loss of an employee of seniority 3 but without a loss of an employee of seniority 4, and decomposes the additional loss by seniority. Panel C displays the total number of additional employees lost (*# Lost (All)*) conditional on the loss of an employee of seniority 2 but without a loss of an employee of seniority 3 and 4, and decomposes the additional loss by seniority. Panel D displays the total number of additional employees lost (*# Lost (All)*) conditional on a bank only losing employees of seniority 1 (junior).

Panel A: Additional loss of employees and loss composition conditional on the loss of a seniority 4 employee

	Mean	SD	Min	p25	Median	p75	Max
# Lost (All)	1.14	1.47	0.00	0.00	1.00	2.00	7.00
# Seniority 4 lost	0.18	0.45	0.00	0.00	0.00	0.00	2.00
# Seniority 3 lost	0.19	0.43	0.00	0.00	0.00	0.00	2.00
# Seniority 2 lost	0.17	0.41	0.00	0.00	0.00	0.00	2.00
# Juniors lost	0.60	1.02	0.00	0.00	0.00	1.00	4.00

Panel B: Additional loss of employees and loss composition conditional on the loss of a seniority 3 employee, but not of a seniority 4 employee

	Mean	SD	Min	p25	Median	p75	Max
# Lost (All)	0.79	1.29	0.00	0.00	0.00	1.00	6.00
# Seniority 3 lost	0.16	0.52	0.00	0.00	0.00	0.00	3.00
# Seniority 2 lost	0.19	0.51	0.00	0.00	0.00	0.00	2.00
# Juniors lost	0.44	0.80	0.00	0.00	0.00	1.00	3.00

Panel C: Additional loss of employees and loss composition conditional on the loss of a seniority 2 employee, but not of a seniority 3 and 4 employee

	Mean	SD	Min	p25	Median	p75	Max
# Lost (All)	0.58	0.88	0.00	0.00	0.00	1.00	4.00
# Seniority 2 lost	0.09	0.29	0.00	0.00	0.00	0.00	1.00
# Juniors lost	0.49	0.86	0.00	0.00	0.00	1.00	4.00

Panel D: Additional loss of employees and loss composition conditional on the loss of a seniority 1 (junior) employee only

	Mean	SD	Min	p25	Median	p75	Max
# Lost (All)	0.43	0.87	0.00	0.00	0.00	1.00	5.00

Table 9: Effect of senior exits on additional employee loss

The table displays the results of Poisson regressions, regressing the total number of employees lost in addition to the most senior exit ($\# \text{ Loss (All)}$) on a set of indicator variables for the most senior loss in a given half-year by a given bank. The indicator variable *Loss Seniority 4 (0/1)* is one if the most senior employee lost in a given half-year by a given bank was of seniority 4, and zero otherwise. The indicator variable *Loss Seniority 3 (0/1)* is one if the most senior employee lost in a given half-year by a given bank was of seniority 3, and zero otherwise. The indicator variable *Loss Seniority 2 (0/1)* is one if the most senior employee lost in a given half-year by a given bank was of seniority 2, and zero otherwise. Note that all indicator variables are mutually exclusive. All regressions control for bank and half-year fixed effects. Standard errors are clustered at the bank level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively. The displayed p-values are from Wald tests assessing the null hypothesis of coefficient equality. The observations are conditional on a bank experiencing the loss of at least one employee in a given half-year.

	(1) # Lost (All)	(2) # Lost (All)	(3) # Lost (All)
Loss Seniority 4 (0/1)	0.867*** (0.197)	0.732*** (0.204)	0.511*** (0.178)
Loss Seniority 3 (0/1)	0.786*** (0.262)	0.649*** (0.246)	
Loss Seniority 2 (0/1)	0.387* (0.213)		
Bank FE	Yes	Yes	Yes
YH FE	Yes	Yes	Yes
Reference group	Seniority 1	Seniority 1, 2	Seniority 1, 2, 3
Pseudo R^2	0.246	0.243	0.231
N	264	264	264
SE clustering	Bank	Bank	Bank
p-value			
H_0 : Loss Seniority 4 (0/1) = Loss Seniority 3 (0/1)	0.681	0.676	
H_0 : Loss Seniority 3 (0/1) = Loss Seniority 2 (0/1)	0.132		
H_0 : Loss Seniority 4 (0/1) = Loss Seniority 2 (0/1)	0.091		
Marginal effect			
Loss Seniority 4 (0/1)	0.735	0.621	0.434
Loss Seniority 3 (0/1)	0.667	0.551	
Loss Seniority 2 (0/1)	0.328		

Table 10: Effect of employee loss on banks' market share

The table displays results of OLS regressions, regressing a bank's (lead arranger's) annual market share on different measures of employee loss. The measure of a bank's (lead arranger's) annual market share captures a bank's (lead arranger's) activity in a given year according to LSEG Refinitiv. The measures of employee loss capture the employees' seniority and industries of origin, and they are either the total number of employees lost in the previous year ($x = t - 1$, columns (1) and (2)) or averages over the previous three years ($x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$, columns (3) and (4)). Senior losses are losses in seniority groups 2, 3, and 4. Junior losses are losses in the seniority group 1. The seniority group definitions are equivalent to Table 1. The regressions additionally control for a bank's (lead arranger's) market share in the previous year ($x = t - 1$, columns (1) and (2)) or as an average over the previous three years ($x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$, columns (3) and (4)). Total employee losses are from Revelio's Workforce Dynamics data. Standard errors are clustered by bank. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively.

	$x = t-1$		$x = \frac{1}{3} \sum_{\tau=t-3}^{t-1} X_{i,\tau}$	
	(1)	(2)	(3)	(4)
	Market share	Market share	Market share	Market share
	%	%	%	%
Total loss to PD _x	-0.048 (0.033)		-0.152** (0.065)	
Senior loss to PD _x		-0.075 (0.066)		-0.233* (0.131)
Junior loss to PD _x		-0.027 (0.050)		-0.073 (0.160)
log(Total employee losses) _x	0.208 (0.222)	0.210 (0.225)	0.277 (0.235)	0.288 (0.247)
Market share _x	0.647*** (0.046)	0.651*** (0.050)	0.734*** (0.076)	0.746*** (0.085)
Bank FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
R^2	0.423	0.423	0.394	0.396
Observations	307	307	307	307
SE clustering	Bank	Bank	Bank	Bank

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6 Appendix

Table A1: Seniority descriptions

The table gives the descriptions of each seniority level. Seniorities are extracted from the titles and descriptions of individuals' employment.

Seniority level	Description
-1	Any roles at a university, school, military institution, camp, or park. Coaches, athletes, TAs, RAs, teachers, baristas, servers, etc.
0	Internships, externships, summer and winter analysts.
1	Analysts, associates, team members, assistant traders.
2	VPs, managers, AVPs, team leads, traders, underwriters, brokers, specialists.
3	Directors, principals, senior VPs, executive VPs.
4	Partners, managing directors, unit heads, CEOs, CFOs, CTOs, executives, chairmen, founders, board members, committee members.

Table A2: Skills

The table provides descriptions of each skill variable. All variables are extracted from the users' titles and descriptions of their prior roles.

Variable	Description
Structuring experience	An indicator for whether the user has ever had a role meeting the following criterion: the title or description of role mentions: collateralized debt obligation, collateralized loan obligation, commercial mortgage backed security, fixed income, structured credit, mortgage backed security, credit default swap, asset-backed security, treasury bill, commercial paper, infrastructure, energy, power, transportation, defense, and bond (as well as abbreviations of the above).
PD-industry experience	An indicator for whether the title or description mentions one or more PD industries from a list of industries in BDC holdings data. Media and Telecom and generic finance terms removed from list of industries.
Sourcing experience	An indicator for whether the title or description mentions M&A, merger, investment, investment bank(ing), private equity, or leveraged finance.
Equipped for structuring	An indicator for whether any of the user's prior roles are in the following CIQ GICS industries: Asset Management and Custody Banks, Credit Unions, Diversified Banks, Regional Banks, Agricultural Products and Services, Commercial and Residential Mortgage Finance, Consumer Finance, Diversified Capital Markets, Diversified Financial Services, Diversified REITs, Diversified Real Estate Activities, Financial Exchanges and Data, Independent Power Producers and Energy Traders, Industrial REITs, Internet Services and Infrastructure, Mortgage REITs, Multi-Family Residential REITs, Multi-line Insurance, Office REITs, Other Specialized REITs, Real Estate Services, Reinsurance, Retail REITs, Single-Family Residential REITs, or Specialized Finance.
Equipped for supporting	An indicator for whether any of the user's prior roles are in the following CIQ GICS industries: Advertising, Data Processing and Outsourced Services, IT Consulting and Other Services, or Office Services and Supplies.
Equipped for due diligence	Nearly all other prior experience in CIQ industries equips a user for due diligence, although there is some minor overlap with the structuring and supporting categories. Industries which overlap with the prior two variables are: Advertising, Agricultural Products and Services, Data Processing and Outsourced Services, Financial Exchanges and Data, IT Consulting and Other Services, and Independent Power Producers and Energy Traders.

Table A3: Summary Statistics

Panels A to D display summary statistics of the dependent and independent variables from Tables 3, 4, and 10.

Panel A: Number of deals executed by private debt funds

	N	Mean	SD	Min	p25	Median	p75	Max
# Deals	1,016	7.42	13.38	0.00	0.00	2.00	8.00	104.00
# Deals, 1-year lag	1,016	6.94	13.10	0.00	0.00	2.00	7.00	104.00
# Deals, 3-year average	1,016	6.12	11.14	0.00	0.50	2.00	5.67	76.67

Panel B: Relationship concentration between PE and PD funds

	N	Mean	SD	Min	p25	Median	p75	Max
Rel. con.	154,460	0.02	0.11	0.00	0.00	0.00	0.00	1.00
Rel. con., 1-year lag	154,460	0.02	0.11	0.00	0.00	0.00	0.00	1.00
Rel. con., 3-year average	154,460	0.02	0.09	0.00	0.00	0.00	0.00	1.00

Panel C: Lead arrangers' market share

	N	Mean	SD	Min	p25	Median	p75	Max
Market share	307	1.52	2.02	0.00	0.11	0.77	2.03	11.37
Market share, 1-year lag	307	1.49	2.03	0.00	0.10	0.70	1.99	11.37
Market share, 3-year average	307	1.46	2.00	0.00	0.10	0.66	2.05	9.89

7 Internet Appendix

Table A4: Characteristics of private debt employees compared to bank and fixed income employees conditional on being hired after 2006

The table displays the average and median characteristics of private debt employees and comparable employees in fixed income and banks. Each private debt fund employee who came directly from a bank ($N = 2,101$) is matched to one employee who continued working in fixed income/a bank ($N = 2,101$). The matching criteria are the seniority level of the prior position and the start year of the first private debt or the next fixed income/bank position, respectively. Also, the sample is constrained to all positions starting after 2006. The last column on the right displays the results of a difference in means test (t-test). *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively. Experience measures of employee characteristics are equivalent to Table 1.

	Private Debt		Control		T-Test
	Mean	Median	Mean	Median	Difference
Observations	2,101		2,101		
Employment history					
# Prior positions (excl. internships)	3.29	3.00	3.70	3.00	-0.40***
Total career length	9.38	7.67	10.24	7.96	-0.86***
Bank rank (previous position)	13.93	6.00	23.70	13.00	-9.77***
Education					
Prestigious University (0/1)	0.60	1.00	0.45	0.00	0.15***
Ivy Plus School (0/1)	0.26	0.00	0.15	0.00	0.11***
Top20 School (0/1)	0.20	0.00	0.09	0.00	0.11***
Top50 School (0/1)	0.35	0.00	0.23	0.00	0.12***
Top100 School (0/1)	0.42	0.00	0.30	0.00	0.12***
MBA (0/1)	0.13	0.00	0.12	0.00	0.01
PhD (0/1)	0.01	0.00	0.00	0.00	0.01**
Masters (0/1)	0.08	0.00	0.06	0.00	0.02*
Math/Engineering degree (0/1)	0.07	0.00	0.06	0.00	0.01
Finance/Econ degree (0/1)	0.39	0.00	0.41	0.00	-0.01
Business degree (0/1)	0.51	1.00	0.50	1.00	0.01
Experience					
Worked in consulting at any point (0/1)	0.10	0.00	0.07	0.00	0.03**
Structuring experience at any point (0/1)	0.30	0.00	0.34	0.00	-0.04**
PD-industry experience at any point (0/1)	0.42	0.00	0.52	1.00	-0.10***
Sourcing experience at any point (0/1)	0.64	1.00	0.66	1.00	-0.01

Table A5: Characteristics of private debt employees originating from the banking industry compared to bank employees, conditional on both groups having attended a prestigious university

The table displays the average and median characteristics of private debt employees coming from the banking industry and comparable bank employees. Each private debt fund employee who came directly from a bank ($N = 317$) is matched to two employees who continued working in a bank ($N = 634$). Matching criteria are the seniority level of the prior position, the start year of the first private debt or next bank position respectively, and education at a prestigious university. The last column on the right displays the results of a difference in means test (t-test). *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively. Experience measures of employee characteristics are equivalent to Table 1.

	Private Debt		Control		T-Test
	Mean	Median	Mean	Median	Difference
Observations	317		634		
Employment history					
# Prior positions (excl. internships)	2.84	2.00	3.57	3.00	-0.72***
Total career length	8.71	7.01	10.13	8.22	-1.42**
Bank rank (previous position)	12.65	6.00	19.60	9.00	-6.95***
Education					
Prestigious University (0/1)	1.00	1.00	1.00	1.00	0.00
Ivy Plus School (0/1)	0.47	0.00	0.37	0.00	0.11**
Top20 School (0/1)	0.32	0.00	0.23	0.00	0.09**
Top50 School (0/1)	0.57	1.00	0.47	0.00	0.10**
Top100 School (0/1)	0.68	1.00	0.59	1.00	0.08*
MBA (0/1)	0.17	0.00	0.22	0.00	-0.05
PhD (0/1)	0.01	0.00	0.01	0.00	-0.00
Masters (0/1)	0.10	0.00	0.10	0.00	0.00
Math/Engineering degree (0/1)	0.08	0.00	0.08	0.00	0.00
Finance/Econ degree (0/1)	0.41	0.00	0.40	0.00	0.02
Business degree (0/1)	0.53	1.00	0.55	1.00	-0.02
Experience					
Worked in consulting at any point (0/1)	0.05	0.00	0.07	0.00	-0.01
Structuring experience at any point (0/1)	0.31	0.00	0.41	0.00	-0.10**
PD-industry experience at any point (0/1)	0.39	0.00	0.54	1.00	-0.15***
Sourcing experience at any point (0/1)	0.72	1.00	0.76	1.00	-0.04

Table A6: Characteristics of senior private debt employees originating from the banking industry compared to senior bank employees

The table displays the average and median characteristics of senior private debt employees coming from the banking industry and comparable senior bank employees. Each senior private debt fund employee who came directly from a bank ($N = 264$) is matched to one employee who continued working in a bank ($N = 264$). Matching criteria are the seniority level of the prior position and the start year of the first private debt or next bank position respectively. The last column on the right displays the results of a difference in means test (t-test). *, **, and *** indicate statistical significance at the 10%, 5%, and 1% level respectively. Experience measures of employee characteristics are equivalent to Table 1.

	Private Debt		Control		T-Test
	Mean	Median	Mean	Median	Difference
Observations	264		264		
Employment history					
# Prior positions (excl. internships)	3.47	3.00	4.00	4.00	-0.53**
Total career length	12.62	11.18	13.32	11.68	-0.70
Bank rank (previous position)	14.88	8.00	21.98	14.50	-7.11**
Education					
Prestigious University (0/1)	0.65	1.00	0.51	1.00	0.14**
Ivy Plus School (0/1)	0.34	0.00	0.27	0.00	0.08
Top20 School (0/1)	0.25	0.00	0.15	0.00	0.10*
Top50 School (0/1)	0.41	0.00	0.32	0.00	0.09
Top100 School (0/1)	0.49	0.00	0.39	0.00	0.10
MBA (0/1)	0.22	0.00	0.19	0.00	0.03
PhD (0/1)	0.01	0.00	0.02	0.00	-0.00
Masters (0/1)	0.08	0.00	0.05	0.00	0.03
Math/Engineering degree (0/1)	0.10	0.00	0.11	0.00	-0.02
Finance/Econ degree (0/1)	0.40	0.00	0.42	0.00	-0.02
Business degree (0/1)	0.54	1.00	0.50	0.00	0.04
Experience					
Worked in consulting at any point (0/1)	0.08	0.00	0.06	0.00	0.03
Structuring experience at any point (0/1)	0.37	0.00	0.42	0.00	-0.05
PD-industry experience at any point (0/1)	0.42	0.00	0.52	1.00	-0.09*
Sourcing experience at any point (0/1)	0.61	1.00	0.72	1.00	-0.12**