

# Banking and Finance Recruitment Market Update

September 2011

## Overview

As we complete Q3, (which is a traditionally rocky period of recruitment thanks to summer holidays delaying processes) we look back on the last quarter. In the midst of global economic uncertainty, London riots and the absence of a UK summer, a lot of clients have undergone a number of restructures, facilitating some significant moves. However, this is not limited to the trading houses and banks, as we have seen many Utilities, Energy Majors and IOC's taking the opportunity to shuffle their teams – but again mostly in trading and risk. Thanks to this, we foresee a surprising amount of activity in the start of Q4 as, despite a lack of growth and rumours of job cuts, churn is still a significant factor and the burden of regulatory change forces hiring to be a priority.

## Energy and Commodities

This market for Traders and Trading Analysts has been quiet across Q3 and we witnessed restructuring on a global level in a number of trading houses and investment banks, and as a result there is lots of readily available talent to those hiring. However, there have been some senior level appointments in the trading teams this year in particular within power and gas trading. Corporate Advisory has also seen pockets of hiring but both these markets are expected to be quiet until the end of the year.

In the utilities space, two of the top six have been restructuring their middle office recently - leading to a number of Risk Analysis openings. Generally there appears to be a slow but steady increase in headcount at these firms and the announced drop in profits for firms has not stunted any of their hiring plans, although most hires appear to be replacements through natural churn and attrition. Organisations are competing for talented individuals to fill junior to mid level positions and multiple offers for top talent are becoming more commonplace.

The oil majors and IOCs also appear to be undertaking some major changes - with firms undertaking further restructures internally to streamline their businesses. There appears to be a move by the oil majors and some utilities to change their perceived image by taking more aggressive positions and hedging strategies, with a distinct aim to move away from being risk averse - which is great news for traders, and also for the growing risk teams behind them. As such we've seen

some top talent move from banks into this space with people willing to take a sideways move or even a drop in salary for the challenges offered involved in this transforming approach coupled with better work life balance.

Commodity consulting has continued to be slow over the summer with consultancies becoming ever more specific on who they hire and putting hopeful candidates through rigorous interview processes. Q4 should see a consolidation of many of these processes. Both the major consultancies and the smaller boutiques appear to have multiple projects on that are keeping them busy.

## Risk and Middle Office

### Risk Management

Although failing to reach the high expectations set earlier in the year, the appetite to hire across risk management remains an integral part of a number of investment banks' recruitment strategies. With the increase in regulatory influence, roles have moved somewhat away from the traditional "Market Risk Manager" to a broader requirement, focusing on systems, projects and FSA guidelines.

The quantitative risk market has seen increased activity, with a number of permanent moves around associate and AVP level within model validation, and a rise in contract hiring as a result of Basel III, CVA, IMM and internal project deadlines. The move of several key figures and restructuring of teams has led to clients looking to expand amongst the associate and AVP levels, where fierce competition remains for these profiles.

### Middle Office

Hiring activity was relatively quiet in the early months of the year as financial institutions waited to assess the impact of the annual post-bonus fall out. Since then there's been a steady increase in hiring however during Q2 this slowed right down as budgets were slashed and recruitment needs re-evaluated. The majority of vacancies called to market during Q2 were replacement hires, with all headcount increases being fully reviewed to determine their 'business critical' nature. As senior finance roles are deemed to be business critical, this should be business as usual in this space.



Product aligned roles have become more rigid on candidate criteria, and firms have become less flexible and more prepared to wait for the perfect candidate. As a result the hiring process has lengthened considerably in comparison to last year with most headcount approval subject to sign-off at global CFO level.

The market for newly qualified accountants was particularly buoyant during May as candidates reviewed their careers after the early year exam period. As we enter Q3 there has been a reduction in hiring across the board. As seen in the senior market, hiring processes lengthened as even newly qualified roles were subject to much more stringent approval at a global level. In some cases candidates had completed the interview process only to be disappointed when headcount was not signed-off.

Exceptional candidates are still continuing to receive multiple job offers as well as counter offers from their current employers as banks continue to try and retain their best staff – particularly those firms having difficulty signing off replacement headcount. Counter offers include such enticements as significant pay rises, potential moves into other areas or a chance to move to a more desirable role immediately.

## Quants and Business Managers (Front office)

### Quantitative Analytics

After an extremely buoyant 2010, the quantitative analytics space has been markedly quieter in 2011; however there have been pockets of activity. As expected the derivatives space has been particularly muted, but there is still a degree of demand on flow markets. The biggest single area of expansion has been within quantitative development, with many banks bulking up the technical skill set within their quant teams. This trend has been X-Asset, and has applied to both desk-facing “Trader Applications” roles as well as the more traditional “Library” Quant Developers. The front office has also started to be a lot more active in their management of risk, with CVA desks springing up across the City.

### Business Managers and COO's

Following immense movement and restructure across Business Management teams of many of the leading investment banks during the start of 2011, recruitment in this space has slowed considerably. We have seen a number of investment banks restructuring their COO teams, moving

towards a more cross asset approach rather than the classical specialist asset class approach. We saw a number of investment banks making redundancies in the BM/COO space, their loss of headcount coinciding with the market turmoil. More specifically we witnessed an increase in the number of specialist roles. On the permanent side, we have recently seen an increase in demand for project based roles, with a number of positions based on the release of MiFID III in the European Union, at the end of 2011 and the Dodd-Frank Wall Street Reform and Consumer Protection Act in the US. Basel III has also caused a hiring hot spot, as different investment banks are now bringing onboard BM/COO's to deal mainly with credit risk, market risk and clearing.

There were few Business Manager roles available at the beginning of August, and the companies hiring had their pick of exceptional available talent. Thanks largely to the FSA's revised remuneration code and to a bullish market in 2010, the monetary benefits for those seeking a new role are flat bonuses and increased base salaries paying between £120,000 and £160,000 annually or between £600 and £1000 daily rate. So, of those who managed to secure a guaranteed bonus payout, it will at best be equivalent to the previous year's base salary and with the same deferral terms.

## Summary

Overall it would be foolish to be anything but bearish about the market in general but rumours of doom are proving to be as accurate as the prediction of a “BBQ Summer”. Despite the market instability hiring is still occurring, driven by churn, and by the demands of regulatory change.

### Contact us:

If you would like to discuss this report or learn more about how our dedicated Banking and Finance division can help you with your recruitment needs, please contact us via one of the methods below:

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