

2016 | H1

Investment Banking

MARKET INSIGHT



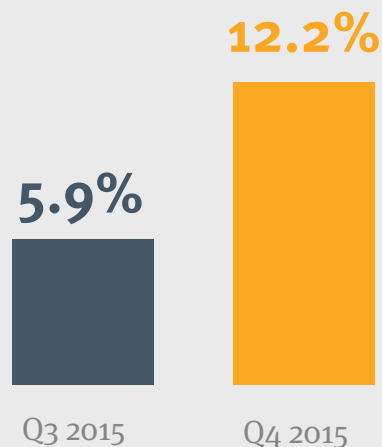
Investment banking bucks candidate-led trend

At the end of 2015, Banking Firms started reducing contractor numbers

Despite much of the market being candidate-led, investment banking told a different story. At the end of 2015, Banking Firms started reducing contractor numbers; as a result, the market became saturated with candidates – many of whom are concerned for their futures, and beginning their job search around two months before their final end date.

Investment Banks have been cautious of contract extensions, and often are only able to do so for business-critical roles – partially due to the financial performance of the banks.

QUARTER-ON-QUARTER CHANGE IN ADVERTISED ROLES FOR NON-PERMANENT WORK IN UK FINANCIAL SERVICES



Cost cutting exacerbates candidates' concerns

In the midst of cost cuts, contractors will always be the first to go – particularly in areas that are not 'business critical' (essentially any area that does not fall directly under the auspices of a regulatory change). The capital that is saved from these cuts is frequently redeployed to the aforementioned business-critical areas; often in a project to align target operating models with new regulatory requirements.

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Offshoring becoming ever-more prevalent

Hiring managers are being continuously pressured to hire in offshore locations; historically, this practice was reserved for operational roles, but organisations are now looking towards more analytical roles as well. London-centric roles are now at risk of moving offshore.

Senior skills gaps

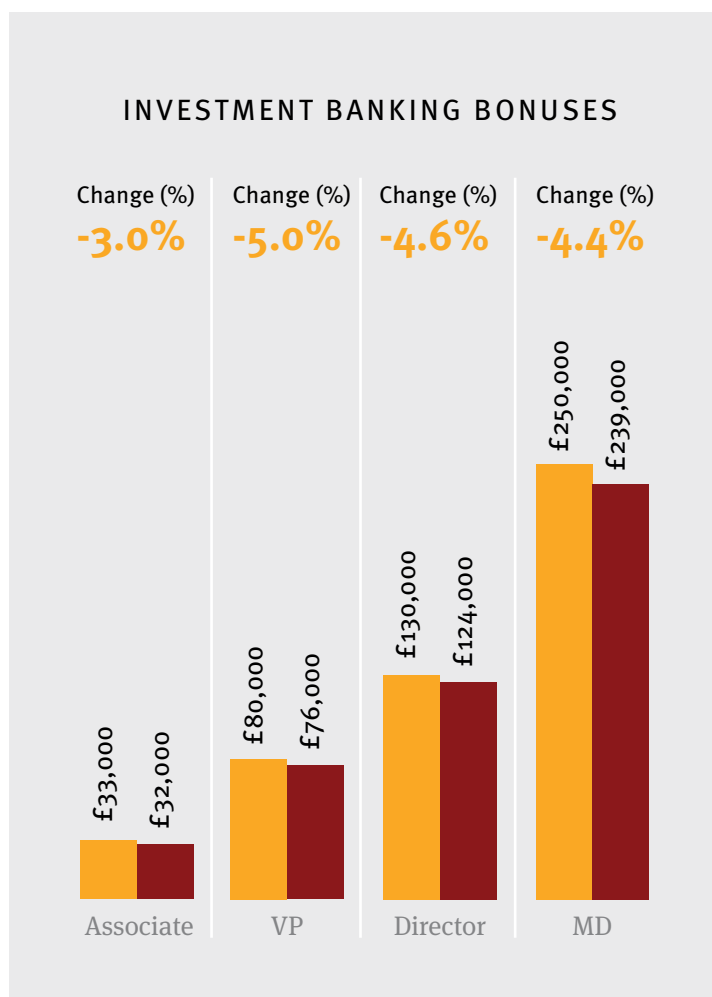
Throughout the first half of the year, Investment Banks struggled to find senior regulatory candidates with the requisite experience – with market demand for technically proficient talent outstripping supply. As a result, candidates having been reading up and investing personal time on getting up to speed with various regulatory changes, helping them to demonstrate their knowledge and experience at interview stage.

Salaries dip as competition eases

2016 has so far seen contract rates decline slightly in the investment banking space, with some candidates willing to accept lower pay just to keep their CVs up to date. Many banks also implemented a 10% cut across the board in Q1.

On the permanent side, salaries also remained fairly flat; candidates do however understand that the investment banking space is a fluctuating market and they must roll with the punches. Banks are also now focusing on how they can retain talent with non-financial incentives, such as internal mobility. Base salaries did however see a recent uplift of circa 10% in an effort to reduce the bonus structure traditionally used to attract talent. Banks are making a conscious effort to move away from the big-bonus structure that has tarnished the sector in recent years.

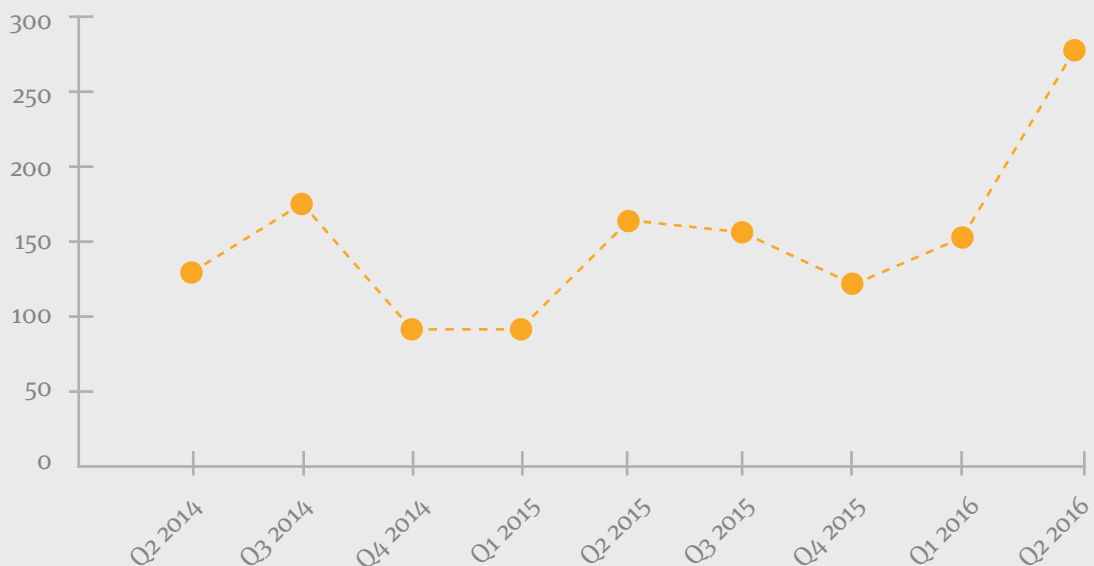
Advertised contract rate in Financial and Insurance Services fell 2.9% in Q1 2016 compared to Q1 2015.



Hiring peaks for compliance

Regulation reporting and compliance have been growing consistently throughout H1, with businesses pre-empting, as well as reacting, to changes in the regulatory and compliance landscape.

JOB ADS ADVERTISED PER QUARTER WITHIN THE FINANCIAL SERVICES INDUSTRY THAT REQUIRE COMPLIANCE AS A SKILL



Retention, counter-offers & benefits packages

Given the external hiring restraints that most hiring managers are facing, the focus is on retaining existing talent and promoting from within. Low volumes of roles in the market have prevented staff from looking externally, with the majority of candidates holding out until the jobs market shows signs of recovery.

Whilst a salary increase is one of the main draws of a new role, candidates are now – more so than ever – weighing up the longer term benefits of a move; particularly given the constant threat of outsourcing and offshoring to their career paths.

BREXIT - WHAT NEXT?

The landmark result of the EU Referendum sent shockwaves across the banking sector, but considered preparation for either outcome meant banks were back to business after only a few turbulent days. The question is, what will British business look like as we take our leave from Europe?

Sensational rumours about large-scale banks relocating staff continue to circulate, but many of these plans were laid pre-Brexit due to headcount costs and restructuring. The top priority for many institutions remains freedom to hire from within the EU and banks will be pushing to ensure their access to top talent isn't restricted as part of the UK's terms of withdrawal.

Meanwhile, asset and investment management firms remain bullish about the inherent opportunities of British independence. We are likely to see a long-term increase in demand for interim and contract staff to implement organisational and business changes brought on by Brexit.

The immediate outlook remains uncertain, however, and the banking sector's prevailing air of cautious recruitment looks set to continue as we wait for definitive action.



The year ahead

We would advise candidates that in this incredibly competitive job market – rife with cost cutting – they demonstrate a broad set of skills at interview stage and really do their research if interviewing externally.

For employers, the lack of fluidity in the market owing to economic uncertainty means they will need to really sell the long-term opportunities of a move to their preferred candidates.

Contact us

Take the first step in a lasting partnership.
Contact us to discuss your career or business goals.

Birmingham

Part 5th Floor,
35 Livery Street,
Birmingham, B3 2PB
+44 (0)121 234 9200
birmingham@badenochandclark.com

Brighton

3rd Floor,
Ovest House,
58 West Street,
Brighton, BN1 2RA
+44 (0)1273 628 243
brighton@badenochandclark.com

Bristol

101 Victoria Street,
Bristol, BS1 6BH
+44 (0)117 930 8534
bristol@badenochandclark.com

Cambridge

53-54 Sidney Street,
Cambridge,
Cambridgeshire, CB2 3HX
+44 (0)122 341 7000
cambridge@badenochandclark.com

Edinburgh

3rd Floor,
The Capital Building,
13 St Andrew Square,
Edinburgh, EH 2AF
+44 (0)131 524 9020
edinburgh@badenochandclark.com

Glasgow

20 Blythswood Square,
Glasgow, G2 4BG
+44(0)141 220 6460
glasgow@badenochandclark.com

Leeds

First floor,
Civic Court,
Calverly Street,
Leeds, LS1 3ED
+44 (0)113 231 4545
leeds@badenochandclark.com

London Head Office

Millennium Bridge House,
2 Lambeth Hill,
London, EC4V 4BG
+44 (0)20 7634 0100
londoncity@badenochandclark.com

Manchester

12th Floor,
Lowry House,
17 Marble Street,
Spring Gardens
Manchester, M2 3AW
+44 (0)161 838 7920
manchester@badenochandclark.com

Middlesbrough

10 Albert Road,
Middlesbrough,
North Yorkshire, TS1 1QA
+44 (0)164 226 1019
middlesbrough@badenochandclark.com

Milton Keynes

Part 2nd Floor,
Chancery House,
199 Silbury Boulevard,
Milton Keynes, MK9 1JL
+44 (0)190 820 2700
miltonkeynes@badenochandclark.com

Newcastle

Apollo House,
Northumberland Road,
Newcastle, NE1 8JF
+44 (0)191 269 9520
newcastle@badenochandclark.com

Nottingham

3rd Floor Angel House,
12-13 Cheapside,
Nottingham, NG1 2HU
+44 (0)115 958 6777
nottingham@badenochandclark.com

Reading

3rd floor,
St Mary's House,
Reading, RG1 2LG
+44 (0)118 959 1800
reading@badenochandclark.com