



**Empirical  
Search**

# **Market Update**

**Treasury & Risk Oversight**

**Financial Services**

Year to date - 2016

**Practical Recruitment Solutions**

### **Recruitment Activity**

The award for the most common word spoken this year arguably would be Brexit. General recruitment activity at the beginning of 2016 experienced a slower than normal start and maintained that measured and steady pace until the referendum. Through this slower period across the market as a whole we only noticed marginal disruption to recruitment activity in the Treasury, Risk Oversight and Prudential regulation disciplines we specialise in. Mainly owing to the continued importance that these areas are appropriately staffed.

The year has proven to display a mixed response in terms of managing headcount. The majority of larger banks including UK and international have taken a 'no action and take stock' approach and focussed their efforts almost entirely internally for permanent hiring. We expect 2017 to see a shift on the reliance of internal mobility to one for external expertise, mainly due to specialist teams nearing critical mass where upskilling expertise will be given more weight than solely relying on existing internal resources.

### **Treasury**

Within Treasury finance the need for talent who are adept in understanding the accounting treatments for the management of the banking book continues to be a premium, especially with IFRS9 now being one year away for all companies producing their accounts on an IFRS basis to comply. We expect to see even further need for skilled accountants to join Treasury and Treasury Finance teams alike due to structural reforms across the new ring-fenced banks.

With the new regulations on the horizon driven from Basel IV, financial institutions are again considering how to implement regulatory aligned balance sheet management principles, most notably to meet the stringent capital requirements with greater financial disclosures required. Post credit crunch we all noticed a marked global transformation in how financial institutions managed their balance sheets. Arguably in the UK, management of liquidity attracted most resources. Nowadays the management of liquidity is now more a case of best practice than defining best implementation, with capital planning requiring increased attention. Capital regulation requirements centring on consideration and planning around TLAC and MREL appear to be gaining most consideration as well as a neighbouring view of how CCAR has been implemented in the United States. Like Liquidity, we have seen development in better defined first and second line defence responsibilities concerning capital, where talent is increasingly being perceived as interchangeable between both functions. New entrants to teams managing capital typically originate from an accounting background, especially accountants with experience of complex legal entities.

Clients of ours from the Asset and Investment management sector seem to be starting to look closer at liquidity management, and despite not having to adhere to the same degree of regulation here that banks do, are paying a lot of attention to what resources they will need to cover this adequately. This has opened opportunities for our more senior candidates, who have extensive Treasury and Regulatory experience, to be marketed to these companies on a consulting basis. Candidates offering themselves as independent Treasury/Liquidity management contractors have increased in number as a result and it has given welcome respite to individuals out of permanent employment while the market has been dry at the Senior Director and MD level.

### **Risk Oversight**

As was the case for most of 2015 Risk oversight recruitment in 2016 was most prevalent across the challenger banks and building societies, primarily to meet demands for further development of second line risk oversight functions. Within this financial services community, a majority are still in planning phases of how to match risk taking capabilities with demonstrable best practice risk management systems and controls. This PRA requirement has heightened the need for prudential risk skilled professionals. Most successful hiring processes have incorporated flexibility when evaluating the combination of skills required. Given the breadth of skills within the CRO function necessary to meet PRA guidelines there has not always been a ready-made shortlist for every role we have covered, especially where there have been geographical challenges. This is common in the Challenger Bank and Building Society sector as many are based outside of London and at times away from any major UK city, and subsequent talent pool. Client's here were most successful in hiring when giving consideration for alternative prior experience from areas like front office execution and first line Treasury management, alongside the more conventional Risk profiles they may have hoped and expected to see.

### **What is new**

Growth has been noticed in Financial Resource Management, a function providing in-business leadership on capital & liquidity efficiency across the banks corporate clients. With low interest rates continuing along with margin erosion, this team helps respond to the banks key focus of regulatory capital and liquidity optimization opportunities. It has been an attractive prospect for treasury professionals, already experienced in the core treasury disciplines of Funding, Liquidity, Capital & Asset Liability Management, to apply their skills in a new strategic direction. The majority of recruitment has been internal, though with institutions proving they will maintain this focus, we expect increased hiring next year.

### **Empirical Search**

We have had a very positive first full calendar year, are very much looking forward to 2017 and the move into our larger and newly refurbished office in January. We will be continuing to execute on our growth plans and ensure we have the necessary capacity to deliver the same high standard of service to our expanding client portfolio as we have done to all those we have worked with since we started.

We maintain a flexible approach within our recruitment proposition and feel this nimble offering helps build confidence in our clients. Though London based we have capacity to recruit across different geographies and to date we have successfully completed hiring across the UK and in Europe, with new mandates on the horizon spanning further around the globe.

Not all market information has been included in the update and please do feel free to contact us in the new year to discuss other developments that interest you.

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