Empirical Search

Market Update

Treasury & Risk Oversight

Financial Services

December 2017

Practical Recruitment Solutions

General Overview

Across our two specialist areas recruitment has softened as the calendar year draws to a close. With such a positive start to the year, primarily amongst the high impact firms who in turn provide the greatest number of roles to the external market, it was inevitable such volumes were not sustainable. Moreover, headcount scrutiny increases when budgets near their new cycle. Aside from this familiar pattern, no other prominent reasons appear obvious for the slow down, and there has certainly not been any hangover from Brexit developments or economic forecast downgrades.

Heightened activity earlier in the year was led by structural change initiatives, standard replacement hiring, and strategic up-skilling. A higher proportion of our assignments than normal were managing moves to coincide with annual 2016 bonus payments which resulted in the busiest phase of the 2017 calendar year being broader than in previous years. As things stand we are experiencing a willingness for hirers to wait and allow candidates to secure 2017 bonuses before resigning. It's a clear sign that when planning to start recruitment after July, especially at the senior end, the life cycle from sign off to start date can now range between six and nine months.

Where possible our clients will mainly try to find suitable replacements internally before exploring their external options. Constant development of regulation leading to tighter controls has increased the need for diverse technical skills that not all in-house grown talent can meet. Gender diversity remains very high on recruitment agendas and will often supersede recruiting internally to equalise the gap.

Treasury

With the appointments of several new senior treasurers across the banking space it has taken time for ideas to filter down and structure changes to bed in. In most cases these changes have resulted in newly created roles and fewer redundancies across the teams, which is always a positive sign. We are still immersed in what these changes will mean for longer term recruitment volumes, but are we are finding ourselves playing an increasingly consultative role in advising our clients on best practice structures working elsewhere.

Throughout the year and especially over the summer and autumn months there has been a big drive on reviewing and improving treasury systems, controls, and efficiency. In particular the implementation of new regulatory returns has turned many clients to the external market for experience in the likes of ALMM and PRA110. Although this hasn't affected every client it has meant there was a drain on good liquidity reporting people or individuals with transferable skillsets.

With the Bank of England's Term Funding Scheme coming to an end the year has continued to see a good number of requirements across the treasury funding space. Diversity of available role types in this space has increased with secured/unsecured funding, securitisation, and capital markets execution skillsets forming the backbones of most job descriptions we are given to work on here. This augmented number of requirements set off a domino effect that can be tracked back to the summer of 2016 and has seen several significant moves take place between those banks who have been most affected by the need to originate funding from cheaper sources. With this clearly affecting the retail and corporate banks the most, there is no surprise to see this requirement reach right down to the treasuries of some of the most embryonic retail challenger clients we deal with.

Projects and change requirements continue to play an integral role within Treasury and CRO functions, whether in business as usual or change the bank teams. Recovery and Resolution, Solvent Wind Down, and Ring Fencing all play a role in this and continue to be high profile pieces of work.

We have also seen an increased focus on how to address the post Brexit landscape and how operations need to be changed. The current challenge is largely led by the ongoing political Brexit uncertainty, though post Brexit work is still absorbing current headcount attention with added signs of strategic recruitment. We see all high profile subject matters maintaining their importance throughout 2018.

There have been significantly fewer IRRBB positions coming out to market than in the previous years, though one notable observation is that this specialist pillar appears to be acting as an entry point for traders wanting a career change. It is too early to tell whether this, or the reduction in vacancies, is a trend but we will be looking to comment again in our next market update in June.

Treasury continues to be a key knowledge centre and is playing an ever-increasing role in translating the impact of new liquidity and funding regulation on their bank's business model and product pricing. As such we think this year has seen a peak in the number of clients for whom the softer side of the candidate's skillset is more influential in the decision to hire than the technical side. Individuals who are able to communicate complex ideas or regulations into straight forward language, whilst influencing key stakeholders by working collaboratively, are in greatest demand. This is also very much an observation across the prudential risk space.

Risk Oversight

In nearly all cases now our largest clients have a formal separation of their first and second line risk management teams with a clear segregation of duties. For many smaller financial services businesses, who require fewer staff to manage their treasury and risk oversight functions, it is a process they are working through and an internal discussion around whether they need to have prudential risk managed separately or whether one function can adequately cope.

As the eventual direction seems inevitable, especially amongst increased regulator interest, most of our work in this space continues to be to help the building societies, smaller banks, and other financial services businesses staff this risk oversight area from scratch. In nearly all cases we will be looking to find senior risk managers or chief risk officers where the successful applicant will need to have liquidity, capital, and funding risk knowledge as their primary skillset.

'Review and challenge' has been the phrase of the last six months across the high impact firms. Where prudential risk teams amongst these companies are hiring it will almost always be liquidity risk skillsets that are, and always have been, in greatest demand. Owing mainly to the number of people being picked up and moved back to Treasury with the increased needs there have been back in first line liquidity management this year.

We are getting more and more clients asking us if we cover cyber risk.

We continue to work with the regulators and consultancies on helping them find individuals who can transition into supervisory or advisory type roles across both treasury and prudential risk & regulation.

Empirical Search

We continue to expand our client base but have maintained our pledge to remain specialised in treasury and prudential risk. This has ensured we are still adding the greatest value to the clients and candidates we represent. We are getting a lot of momentum with our new corporate treasury offering and are more readily able to offer the opportunity for candidates to move between financial services and corporate businesses as they desire.

For more information please contact:

info@empiricalsearch.com
+44 (0)203 005 4885

Our offices are at:

Empirical Search
Warnford Court
29 Throgmorton Street
London EC2N 2AT

empiricalsearch.com

Empirical Search

Practical Recruitment Solutions