Empirical Search

Market Update

Treasury & Risk Oversight

Financial Services

July to December 2018

Practical Recruitment Solutions

General Market Overview

A slower start to the year was followed up by a busier second half with increased recruitment activity in the UK and very prominently across the European regions. It won't be a huge surprise to learn that this has been most evident in the cities being touted as good alternative financial centres. Namely Dublin, Amsterdam, Frankfurt, Paris, and Madrid.

Within the banking sector the job market did however experience it's usual cyclical slow down during the late summer months, and just before Christmas. Whilst we have seen a slight increase in MD mandates in this sector there has been a noticeable drop in director and VP hires, with more activity at the junior end(up to AVP) across both Treasury and Risk Oversight markets.

The challenger bank and fintech institutions continue to offer a plentiful supply of Treasury and risk oversight roles to market. With the headcount restrictions seen in the high impact and international global markets banks having continued into H2, these challengers offer welcome alternatives for job seekers. The clearest trend we have seen within this growing industry is their commitment to offer competitive salaries in order to compete with the more attractive financial benefits, especially pension contributions, available amongst their more established peers.

Building societies have been as quiet as we can remember in recent years with many of the smaller societies fully staffed across Treasury and Risk oversight. Where these businesses are concerned little seems to have changed on the regulatory front and as such most teams have been content to see the year out as they are. The pinching of key treasury and risk personnel by newly formed banks in the regions has created the only movement here through the need for backfill. This has only formed a small part of our portfolio this year.

A renewed focus by alternative FS businesses(like brokers and custodians) to update their liquidity and capital risk management techniques and processes has seen us need to double our efforts to identifying talent that is looking to switch between sectors and add a new dimension to their profile.

Treasury

There has been some movement at the Treasurer level in the banking sector this year, most notably NatWest Market's external appointment, and Barclays, Nomura & TSB moving or promoting from within. We have been successful in identifying three Treasurers for the challenger banks this year and are working on the preliminary work for two similar searches as we move in to 2019.

Liquidity reporting roles sat in Treasury have once again spiked. An unexpected observation with so many of these positions having been off or near-shored in the last five years. Competition for people has been high with numerous examples of offers being rejected for counters or competing offers with other institutions. Hirers have been happy, and in some cases forced, to look outside the box when assessing suitable profiles. Skillsets taken from the wider COREP group, like capital and market risk reporting, are receiving greater attention if it means the line manager can obtain the other skills that naturally come with working in those fields. This has been a positive long-term development as has opened the door to new applicants who, if successful, will now be the next generation of talent in this area.

Treasury front office roles, in particular those with an HQLA focus, have also been in greater supply. We don't often see this trend as positions of this nature are not regularly presented to the recruitment agencies owing to the high success rate of being filled internally or via known networks. Positions managing the banks liquidity buffer have always been popular but have grown in popularity further in the last six months or so. This has been especially prevalent across those banks affording greater freedom to their staff to optimise the balance sheet. Reminiscent of, without being a full move back to, the profit centre models of days gone by.

After almost fifty years being the standard metric for the setting of benchmark interest rates in financial markets, LIBOR will be replaced by SONIA and we have already seen an increase in the number of mandates with a project slant to them to cope with the demand this transition has created for the relevant teams in Treasury and Risk, with the deadline set for 2021.

Risk Oversight and Audit

As mentioned, overall senior appointment numbers across both Treasury and prudential risk have fallen this year. In Risk oversight this has largely been a result of the stabilising of leadership teams and a renewed focus on bringing more junior talent through at the bottom rungs of the team ladders. Our sources suggest 2019 looks set to readdress this balance but not before the Associate and AVP level hiring has been completed. Several teams have instructed us to carry mandates in to the new year. Unlike their first line counterparts in treasury the second line teams seem to have avoided the annual headcount freezes. A reflection of the continued importance that each institution has placed on staffing these areas appropriately.

The second half of this year has seen an increase in horizon scanning, regulatory risk, and capital risk vacancies. We are also carrying these requirements over into the new year with optimism that we will see a of good number of potential candidates ready to enter the interview process in anticipation of resigning post bonus pay out. On average 2017 variable comp in second line was slightly better than first line and many people in these areas will go in to next year expecting the amount they will receive for their 2018 bonus to justify waiting till then to move.

Restructuring of balance sheets has largely finished now with structural reform go live dates passed. The emphasis is now on maintaining the suitability of the balance sheet going forward. There seems to be a key focus on finding additional scenario analysis and stress testing skills. We forecast that this will continue to be the case well in to 2019. Those who can monitor the degradation of the balance sheet will also be key hires going forward for our second line risk oversight teams.

Treasury Audit has been busy. Empirical Search was always set up to offer the market a service across first, second, and third line of defence functions but until now the majority of our portfolio consisted of roles across first and second line only. This year has seen our involvement in Treasury and prudential risk Audit(the third line) searches demand more of our time. The most notable trend in client requirements for these roles has been a preference for first and second line technical and practical exposure over previous audit experience.

Empirical Search

Now in our fourth year, with a growing client base, and an extensive record of recruitment success, we have again added to our team. As a result we are now managing the flow of treasury and risk talent into and around the European continent for our existing and new customers where required.

Though we are not a committed global recruiter, we have experienced success recently in placing expat candidates looking to leave the UK and return to their parent countries often beyond the EU zone. We have been able to facilitate this by leveraging off of our UK Treasury and risk oversight networks to put them in touch with counterparts in their chosen location. Please feel free to spread the message to anyone who may need this kind of assistance.

We wish you a successful 2019!

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