Practical Recruitment Solutions

Market Update

Treasury & Risk Oversight

Financial Services

July to December 2020

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Market overview

Reflecting on our previous market update, we are encouraged that the generous tone of positivity continues in this edition, with maintained volumes of recruitment in the second half of 2020 providing opportunities to work on a variety of roles across our Treasury, Finance and Risk Oversight Specialisms.

Small to mid-sized institutions and overseas subsidiaries remained active, either due to growth, less capacity to absorb attrition, or regulator directives to improve regulatory framework and governance. The largest institutions, prone to experience the greatest risks, predictably hired the least.

The financial sector on average absorbed the pressure well and although redundancies were seen, these were thankfully not to the levels expected. From the post-redundancy pool created, the market makeup naturally changed, and clients benefited from a period with a wider choice of well qualified, immediately available candidates at flexible price points. Shortlists still offered the normal choice of gainfully employed candidates, committed to move to enhance their careers.

We predict the coming bonus season to yield mixed results with Investment banks fairing best due to increased fees from capital markets activity, and retail and commercial less so due to mortgage payment holidays.

The main body of this update focuses on two key factors that will evolve further in 2021 to materially impact how we recruit – post Brexit and working from home. Our market updates also aim to cover recruitment trends, highlighting hot hiring areas with suggested reasons as to why and thoughts of potential activity ahead. A brief overview is listed below:

Notable Activity

Regulatory Capital - The heightened activity seen earlier in the year has continued and essentially become a mainstay within our portfolio of vacancies. We are always identifying talent who can report, interpret, and implement updated rules.

Recovery and Resolution Planning - due to increased focus on Resolution and recent developments in the Resolvability Assessment Framework.

Structured Funding – likely due to delaying funding at the outset of Covid-19, recent extension of the regulators Term Funding Scheme for SME's, and system changes around Securitisation Regulation Technical Standards.

Behavioural Balanced Sheet Modelling – an increase in the sophistication of building models and analysing customer behaviour of what contractually is expected but differs in practice. Increased need for skills in Machine Learning, Data science and ability to code in R or Python.

Where activity may evolve

Building Societies - Increased prudential risk hiring. Mix of strengthening second line defence and requirements to demonstrate to the regulator full control of the balance sheet when transitioning from Matched to Extended for supervisory treasury approaches.

ALM and IT system development – due to the notion of negative interest rates, what does it mean for Treasurers and how can the core banking systems/mortgage platforms handle this.

Climate change - there will be more expectation to talk about this in recovery plans and ICAAP's with the challenge stemming from a lack of data to go from, therefore lack of people and expertise.

Employing Non-UK residents

With our exit from the European Union now complete, included in the many changes becoming the new norm, will be the ability to hire eligible employees from anywhere in the world. EU and Non-EU candidates are now treated equally and will apply via a revamped Skilled Worker sponsorship (Tier 2 visa) scheme. There are two notable changes which we feel will help hirers consider non-EU candidates in the same way that EU candidates have been treated up to now, thus widening the available talent pool. The first is the no cap on hiring via a Tier 2 visa, removing any limit of skilled workers allowed to enter the UK. The second is the abolishing of the Resident Labour Market Test (RLMT), which is replaced by the employer only requiring demonstration of a valid vacancy. Removing the RLMT also reduces the recruitment process by four weeks, previously considered as an unnecessary addition. If you feel you would benefit from extra information, please feel free to contact us and we can discuss the changes in more detail or refer you to a specialist firm whom we have partnered with.

Working from home

Working from home, previously considered to be a perk and perhaps a unique selling point has now become the norm. We have seen a mixed reaction to this in the market with frustration for many at the loss of commuting time leading to an extension of the working day and the ongoing difficulties we have all had to adjust to without face-to-face contact. More positive remarks however, include the discovery of roles previously perceived as office critical, operating just as well from home, and an increased prevalence of internal meetings ensuring colleagues continue to interact and, in some cases, meet colleagues previously not known. Finally, the freedom to enjoy more family time whilst still working hard is a benefit many have enjoyed.

The most notable change and surprisingly the one we have seen show the least resistance, is how comfortable job seekers have been with joining a new firm without ever physically visiting the office or meeting their colleagues. The usual cautious response of reluctance to change jobs due to the potential scenario of last in-first-out still existed but was far outweighed by candidates comfortable to continue applying and committed to move.

Regional clients have faced and continue to face a new challenge as the new normal continues. Where we have previously recruited Treasury and Risk professionals into non-London based roles there has always been a drop in pay available on the salaries for equivalent level roles. We have become used to this and have either recruited local talent where available or moved qualified people who have a connection with the region in question. Where people have moved to that area from London, they have almost always taken a drop in package. However, the quid pro quo was that they were now living and working in a lower cost area and so net pay after living costs was maintained. There is an increasing amount of people who do not see the argument for moving locations in quite the same way owing to the fact they can now move to that area and still work in London, on London pay, with a different office attendance plan. Ultimately this issue will continue to be a challenge if it remains possible for people to work the majority of the time from home. The longevity of the issue, and subsequent affect it may have on supply and demand of people for London roles, and the new benchmarking regional clients may have to consider, will become clearer as the year goes on and whether employers commit to long term flexibility on working from home.

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Like all businesses we have not been immune to the effects of the pandemic and immediately took sensible steps to protect ourselves from more drastic measures down the line, given so much uncertainty. These changes helped us adapt to the new environment, continue to operate effectively and we are very pleased to say we avoided the need for severe measures such as redundancies or downsizing, as seen elsewhere in our industry. We have remained constantly available for the clients that have needed us throughout this period and hope to emerge from the end of this even stronger for the experience. We feel it is important to share that the team have continued to sign new client agreements and have made more placements in the last nine months than at this same time last year, emphasising that although the market is challenging, the opportunities are still out there. We will continue to do what we can to balance high service levels to our clients and marketing of jobs to our candidate base as we move into 2021. We are hiring!