Empirical Search

Market Update

Treasury & Risk Oversight

Financial Services

January to June 2018

Practical Recruitment Solutions

General Market Overview

Amidst the backdrop of political uncertainty we approached 2018 with a justifiably high level of trepidation for what the year ahead held for recruitment in the financial services sector. We have however been pleasantly surprised with the positivity around the city to date. The job market in this sector started slowly with lower volumes of roles throughout the first calendar quarter than previous years. Our volume of mandates even took a little while to increase second quarter but when they did we were at times overwhelmed. Similar to 2016 many of our larger financial services clients, especially the high impact banks, were again on headcount freezes or unable to hire for various other internal reasons, often linked to cost. That is still largely the case at the time of writing but it appears the window will open soon.

Across our two markets where hiring restrictions have been waved, it almost always resulted from a skills shortage around the company in question and/or were a direct result of too many leavers at the end of last year in that particular team. Hiring exceptions tended to favour the senior and/or highly specialist technical roles, whereas the junior headcount spend was fiercely protected by COO teams, with a clear message to continue internal sourcing, or redeploy headcount to lower cost centres in the UK or abroad. Alternative methods of managing human resource spend has required senior management to re-prioritise additional headcount, periodically through to year end 2019, all based on BAU and project deliverables.

With the January 2019 deadline for structural reform nearing, our clients appear to be in good order with the majority of legal separations under way and those most advanced well into the part seven process. This work has stretched all departments and clients will feed back that they are glad to be getting back to business as usual.

Other brief though notable trends are the sustained focus on increasing gender diversity, the growing acceptance of agile working and the forward-thinking approach of establishing European trading entities well before the conclusion of Brexit.

Treasury

The reduction in the number of roles normally provided by the high impact and larger international banks, has been counterbalanced by the continued emergence, or second phase growth, of challenger financial services businesses. Those either starting from a greenfield position or adding to their first Treasury skillsets. Job numbers here have been healthy, for banks and fintech FS businesses in the main, the latter being the most active.

As a general rule Treasury roles amongst the smaller financial services businesses tend to offer applicants greater breadth of technical exposures but can sometimes be criticised for not being as intellectually challenging as roles in firms with more complex balance sheet structures. These considerations are naturally at the forefront of any prospective movers mind's as we reach the mid-year point, especially in the absence of options elsewhere.

When considering whether to take the move away from larger and more complex treasury divisions another factor in the decision-making is job security. With the PRA's decision to set the 'too big to fail' threshold for MREL so low, a number of our mid-sized challengers are receiving approaches or making approaches to other providers in order to get themselves into a more competitive situation. This naturally filters down to those working in the Treasury departments of these firms and those considering applying for open roles within them in turn.

The lower recruitment activity seen last year for IRRBB continued into the early part of 2018. That lengthy lull has recently started to shift, driven by requests for this skillset for both first and second line roles. In many cases where securing the role was due to existing ALM/IRR expertise, the scope of these roles broadened with a greater day to day focus on other technical treasury areas, underlining perhaps how universally useful and popular this skillset is perceived to be.

2017 was a busy year for the capital markets divisions of our Treasury departments and while recruitment activity has not equalled that experienced last year. We've heard of heightened activity in the industry conferences, suggesting our clients are channelling their attention to new structured funding solutions given the rundown of the Bank of England funding for lending scheme. Other topical factors affecting headcount consideration have been the upcoming 2019 change to regulation of securitisation and the treatment of capital.

While Capital, specifically its planning, was again quiet last year it seems its being discussed across the sector a lot more in 2018. Capital stress testing capabilities are being regularly requested for Treasury, Risk, and more recently Treasury Audit in third line. A number of treasury capital role specifications will also now incorporate a mention of CVA dealing/trading where relevant to the institution.

Risk Oversight

Trending roles here take on a more recognizable format with liquidity risk vacancies continuing to form the bulk of the mandates. However, clients aren't exclusively relying on liquidity experience. Due consideration is given to the transferable skills offered when hiring from other treasury and risk departments where the deep level of expertise offers intrinsic value to overseeing liquidity. A common example is counterparty credit and traded market risk experience.

As with Treasury the IRRBB skillset had greater demand for many second line roles normally sat within teams that our clients will often refer to as non-traded market risk oversight, prudential risk oversight, or treasury risk oversight.

As financial services businesses have become accustomed to new regulation roles with a focus on prudential policy, typically sat within risk, have shown a steady decline over the last four or five years. However, this year so far we have seen a slight upturn in the number of clients asking us for regulatory horizon scanning experience or capability, especially on EU regulatory changes.

Empirical Search

This summer we welcome a new junior member to the team to assist us with the increasing number of mandates we have across our financial services and corporate clients. We are now firmly established as one of the main suppliers of Treasury and Prudential Risk candidates and have had to happily add resource of our own to help maintain our service levels. We remain committed to servicing these two specialist markets with only the emergence of similar work in Treasury and Prudential Risk Audit, expanding our offering and capability.

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