Empirical Search

Market Update

Treasury & Risk Oversight

Financial Services

January to June 2019

Practical Recruitment Solutions

General market overview

We arrive at the half-year mark at interesting times with mixed views of where the UK economy is headed. One view expresses positivity of the economy being in a respectable state showing evidence of growth, a low unemployment rate and inflation in wages, whilst another view, which is centred on Brexit uncertainty, points towards future economic drag. It is therefore not surprising that we have seen a higher proportion of our clients' approach recruitment with some trepidation. Greatest caution has been exercised within the global and UK high impact institutions. Here headcount freezes/reviews or nearshoring to lower cost centres are common place. The majority of career opportunities continue to sit within the start-ups, non-banking lender licence applicants and Fintechs.

AVP level Treasury and Prudential Risk mandates continue to be most numerous, as is almost always the case, followed by VP with the number director & MD level position being almost equal.

The contractor market, despite pockets of demand, has also succumbed to cost cutting measures and activity has waned as a result. Creating a clear buyers' market, uncertainty about when a recovery will surface, combined with pending IR35 changes, has fuelled debate within the contract community as to whether to return to a career as a permanent employee or continue as they are. This influx of new candidates has inevitably had a knock-on effect on the supply and demand in the permanent market.

From the hiring managers perspective diversity remains the key hiring criteria, outside of the specifics of the role itself. From a candidates perspective agile or flexible working are becoming increasingly high up on the wish list.

We still feel optimistic the market will offer attractive career moves across Treasury and Risk Oversight in the near future. The global and UK high impact institutions will in time exhaust options around internal mobility and recruit new external talent, whilst the new market entrants will continue strategic plans to build teams to support their growth initiatives to disrupt the market.

Treasury

Regulatory changes continue to create opportunities for treasury professionals, both permanent and contract. Different institutions ensured delivery on these objectives in different ways. Some favouring interim external resource and in so doing rebalancing their run-the-bank and change-the-bank mix whereas others focussed on internal redeployment between functions of Finance, Risk and Treasury.

The core regulatory focal points included the planning stages of projects for transition of Libor to Sonia benchmark; regulatory reporting deadline changes for Liquidity PRA110; final implementation of the BCBS' updated guideline of interest rate risk management process in the non-trading book; enhanced development of liquidity stress models and documentation; and the next 18 month phase development in Resolution with self-assessment to the Bank of England for resolvability. Secured Funding teams have also been handed increased regulatory requirements to meet new credit granting criteria and risk retention rules, new disclosure and transparency requirements under Simple, Standardised and Transparent (STS) certification and new data templates for reporting.

Within the Fintech industry, an interesting recent development was the announcement confirming the Bank of England's intention to allow overnight cryptocurrency deposits in interest bearing accounts. Its fair to predict that by offering a level playing field with commercial banks on payment systems this should increase the need for Fintechs to have the same demands for ensuring regulatory compliance and perhaps offering attractive new career opportunities for people as a result.

Positions in Liquidity risk methodology; reporting; policy; stress testing, and planning, have been a mainstay in our portfolio for years now and continue to be the most frequently asked for skillsets. We do not see that abating. Capital has traditionally also been a popular discipline due to its strategic focus, though without ever quite producing a constant enough supply of roles to satisfy the demand. It has shown signs of resurgence this year and we feel this has primarily been driven by the increased need of the banks to ensure that the cost of capital is effectively allocated to the right business units. Model development to satisfy pillar 2 requirements has precipitated through a renewed focus amongst our client base to upskill across capital teams in treasury. The professional services firms have responded to this in turn by increasing their permanent hiring activity across their treasury and prudential teams. Specifically looking for those with both capital and credit combination skillsets.

Start-up banks have increased demand for interest rate risk and liquidity experience (ALM), predominately at the 3 to 5 year experience level. As expertise in both areas at this level is uncommon, successful candidates have secured jobs by demonstrating additional strength in business internal customer engagement, ability to understand the risk behaviour of the banks products and having a quantitative mindset with tech savvy skills.

We still see ALM as the most likely entry point for past traders realigning their career.

The amplified need for Treasury front office skills, in particular those with a funding trader and HQLA focus to their CV, continued into this year, though has since quietened. We observed a distinct disparity in what banks offer in terms of compensation in this area, largely determined by where these teams sat - in Treasury/CFO or Front office. Despite providing the same internal service front office maintained a clear lead in total compensation, which beckons the question do job seekers and hirers have access to the whole market without some degree of compromise.

Risk Oversight

Most major banks now have established second line prudential risk teams and any resurgence in hiring is catering for junior and mid-level replacements. At the Director and MD level, recruitment remains low, only with the occasional replacement hire. The key message when hiring is twofold, for senior hires, especially at the VP level, accountability and driving initiatives forward to completion with peers in treasury and front office is a premium, whilst there is an ever-increasing need for quantitative and technology skills at the junior to mid-levels. This year the question has once again been posed as to whether other risk disciplines are a useful poaching ground to develop the next generation of prudential risk professionals. Training Market and Counterparty Credit risk people to add Liquidity or capital to their repertoire of expertise ultimately benefits the prudential community, for both risk and treasury. And given empirical risk methodology using increased sophistication and quantification techniques is becoming more prominent for steering the business than previous uses of expert judgement to influence risk management decisions, it is a hiring initiative we encourage.

Empirical Search

Things continue to go from strength to strength here at Empirical and after nearly four years of hard work across the team we are confident that our place as preferred supplier in the Treasury and Prudential Risk space has been cemented. Our client list is expanding all the time and includes almost all the target businesses identified at the company's inception, as well as many new businesses that have started or we have been recommended to since. We are grateful to those that have offered to provide testimonials for our work and also those that have fed back their appreciation of our commitment to ensuring delivery and value add on each engagement.

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