



**Empirical
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Practical Recruitment Solutions

Market Update

Treasury & Risk Oversight

Financial Services

H2 2023

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Introduction

As I rub my hands to keep warm the feeling of how fast time flies never stops. How are we in the heart of winter when writing the summer update seems like a few blinks ago!? And here we are, the middle of January, already saying its half way through the month. The cyclical heightened candidate chatter in January continues, likely due to new year career thoughts and perhaps more chat requests this January than the past. The pace of the past two and a half years of sustained recruitment feels like it is slowing and though we are active with vacancies, we remain cautious about 2024 and expect recruitment volumes to decrease.

Below are some snapshots of Notable Activity and Key Messages we feel worthy sharing to those planning or currently recruiting. We hope these are useful and continue to welcome your feedback and discussion.

Notable Activity

Big four turbulence – H2 2023 saw consistent headcount review and various cuts with the Treasury, Risk and Advisory and Prudential Assurance teams.

Bank transformation projects – notable increase in larger banks announcing transformation projects. With the increase of candidates being put on edge and bringing themselves to market, it is hard not to interpret that transformation is another avenue to trim headcount.

VP level salaries increased – senior level VP base salaries have surpassed their long standing ceiling and now blend into what once was an entry level Director salary. It's an overdue increase for senior VP's, though hard to ignore it could result in making an external move harder without prior being promoted to Director.

Off-shored talent pool - An increase in the number of candidates, predominantly with liquidity risk, reporting, and modelling candidates from off shored centres looking to move to the UK. Employers cautiousness to sponsor remains.

Recovery and Resolution – sustained activity here, mostly for resolution.

IRRBB - the ongoing need for technically competent non-traded market risk professionals has proven to be sustainable, seeking talent to deliver in strategic balance sheet management and developing internal and external reporting capabilities. This has resulted in a drained talent pool and alternative skill set must be considered to successfully hire.

Data modelling skills remain a premium – what once was a minority skill within a team, has shifted to being the norm. Result being, hirers now expect to see competent skills in dealing with data. Machine learning, data science and ability to code in R or Python, C++, SAS remains a distinct advantage.

Direct sourcing to reduce costs - cost reduction efforts remain with an aim to capture a high portion of the candidate market, namely candidates visibly searching. Yet regularly the business are not aware of another pool of candidates, those with transferrable alternative skillsets, or the 'passive job seeker', known within the recruiters network.

How important are Professional qualifications?

Qualifications will always be requested when hiring, though the ability to demonstrate technical skills in the role they are applying for, or technical awareness, continues to be the sole reason for selecting the preferred candidate. Couple that with the ability to present well, demonstrate sound competencies, we feel qualifications are most helpful to gain attention at cv review. It's a clear example of the saying you can't judge a book by its cover, but it does help to get an interview. Key qualifications for treasury remain the CertBALM® and BTRM (The Certificate of Bank Treasury Risk Management), with interest in CFA, FRM and accountancy qualifications remain.

Increased Visa options

A repeat from the previous update given the importance we place on it. New Visa options offering additional choice for hirers to employ non-UK nationals. **British National (Overseas) Visa (BNO)** allows Hong Kong residents with British nationality within their family, to work in the UK for 2.5 years or 5 years. **Graduate Visa** allows a graduate of a UK university full time work for 2 years, or 3 years if gaining a PHD or other doctoral qualification. The same conditions apply for a **High Potential Individual (HPI) Visa**, though the difference being the candidate must have been awarded a qualification by an eligible university in the last 5 years. The **Youth Mobility Scheme Visa** and the **India Young Professionals Scheme Visa** both allow 2 years full time unrestricted work. Our advice is to consider the average tenure of an employee and two years starts to feel like a good deal. Afterwards these 2 years there is the option to transfer to a **Skilled Worker Visa** and this low cost option feels more economical than replacing the employee when factoring new recruitment costs and indirect costs such as time to recruit, lost time to do your own job.

Flexible working legislation

This year will see new legislation to improve employees' rights for flexible working. The right to request will increase, allowing two requests in any 12 month period, and although the new legislation does not explicitly state it, employees could have this right from day one of employment, opposed to waiting 26 weeks. It's a possible selling point when hiring if extra benefits will help to close a tricky hire.

Mixed signals of commitment to move

Loyal and longstanding employees appear to be conscious their salaries are out of sync with the market over this past period of sustained wage inflation. A pattern of behaviour emerged with their commitment to start application processes and give the intention to move jobs, however with the purpose of using that as leverage for getting their salaries higher and ultimately wasting hirers and recruiters time. The key message here is that hirers need to be receptive to interviewing after a preferred candidate is identified to ensure backup candidates are available if a contingency plan is needed.

Technical skills versus technical awareness

Successful hiring doesn't always correlate to selecting a candidate with a match of technical skills. If a candidate demonstrates technical skills in their current or past roles, and those skills are within the wider sphere of the role they are interviewing for, that is a good example of technical awareness. Technical awareness is a demonstrable example of being credible in one discipline that has a high likelihood of transferring well to another role.

Like an Italian pizza – less ingredients can taste better

Less skills and experience can be better. Consider the advantages of short term pain versus long term gain. The advantages of hiring a less experienced candidate offers higher levels of motivation and commitment, perhaps a longer runway for providing wage inflation; versus a turn key candidate who will likely want more money from the outset, likely be approached more by competitors, and will likely be closer to looking for a new technical challenge, than a candidate who sees a longer development path in the role.

Regulatory reporting remains busy, yet hard to find good talent

The regulatory family of roles remain a safer haven for 'job security' and their reporting roles feel like they will always experience the greatest challenge to secure good talent. Various reasons have been suggested for this, aside from a high proportion of candidates seeking a 'non-reporting role'. Some feel there is less talent in the joiner ranks due to off/near shoring. Previously there was a large pool of talent from the Big 4, or graduate schemes who saw these roles as viable pathways upwards. Interest in other industries has been suggested, with a loss to non-banks and Fintechs. And Brexit/ Covid has played a part and stopped the volume of overseas talent and affecting diversity in hiring.

Headcount freezes and redundancies

The latter stages of 2023 demonstrated the prolonged high levels of recruitment were not sustainable. We saw a mix of head count freezes and redundancies and we expect this to continue. Feedback we hear are these freezes are interim, like an adjustment, rather than a prolonged stall in hiring. Redundancies feel like it's a minor headcount trimming, with a percentage of firms starting with the voluntary option.

The challenge of being a senior VP or equivalent in a large institution

Our contact from senior VP level candidates looking for a change, either voluntary or forced has increased. It feels as though there is a glut of talent at this level with limited options. Additional challenges are title and money. For title, traditionally, when moving like-for-like, promotion hires are rare, hence Director promotions would likely be better achieved internally. For money, if the desire is to downsize, pivot to Fintech, etc, the pay is likely less.

Is recruitment still seasonal?

Due to differing year-ends resulting in different headcount budget reviews, we feel the seasonal peaks and troughs in recruitment cease to be as noticeable. What was once a familiar comment, "candidates move after bonus", typically March and April, is now spread across the year due to less conformity when bonuses are paid. The only noticeable consistency we see is that recruitment process slows over the summer holiday period of July and August. Message to take from this is to start recruiting as soon as you can and avoid strategizing around best times to recruit.

Summary

After our annual Christmas close down we are ready to tackle what lies ahead in 2024. Though what feels like a uncertain year ahead, we still feel confident that interesting job opportunities will remain and good talent will be committed to move. Despite cost cutting being a growing story, we feel there remains room for strategic hires and growth and scale up initiatives remain. The theme of the year will likely be higher levels of considered hiring rather than reactive and impulse hiring. If your business or your own career will experience this, we welcome being part of that journey. Our goal for perfection remains to ensure both clients and candidates irrespective of the final outcome, have an enjoyable and fulfilling experience of the recruitment process. We sincerely hope you have when working with us.