



THE OUTLOOK
FOR 2014

Governance (compliance, audit, operational risk)

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Compliance and regulation – permanent

Compliance hiring continues to be a key focus for most organisations as the financial services industry adapts to increased scrutiny from a prudential and conduct perspective and an ever changing regulatory landscape.

Firms are typically seeking specific technical knowledge and experience – key areas in demand are AIFMD, RDR, MMR, this has made competition strong for available talent. Candidates without relevant compliance experience are finding it difficult to enter the market, though there are some exceptions to the rule e.g. we have seen a number of front office staff transitioning into compliance advisory roles.

Whilst the sell side has remained fairly stagnant, the buy side has been very busy and therefore highly competitive for candidates, especially at the AVP level where specialist candidates in this bracket are still able to secure multiple offers. CF10/11 roles have been more prominent on the buy side this year, however at this level the market is candidate heavy and companies can be spoilt for choice. Monitoring is another highly sought after skill set which has low availability in the market. Firms are increasingly leaning to the audit market to attract individuals with a strong risk and control mind set to cover this knowledge gap.

AML, sanctions, fraud and financial crime have been areas of focus as banks face the threat of significant sanctions from the regulator. A number of financial services firms are trying to create anti bribery and corruption teams, however again, as this is a new area there is a shortage of experienced talent. Lending is also facing increased regulations and therefore commercial banks and specialist lenders are focusing on their governance proposition leading to increased compliance hiring.

Consultancy firms are actively hiring in volume to offer a specialist proposition to clients, especially to SMEs who can not afford the regulatory knowledge which is starting to price candidates out of the market. Although hiring has picked up this year, the appetite to hire is generally limited to specific roles that will make an impact to a firm's compliance proposition and improve their relationship with the regulator.

Investment banking – compliance

Role	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
UK head of compliance	120,000-150,000	0-5	10	20	50
European head of compliance	150,000-200,000	5-10	10	30	70
Global head of compliance	200,000-300,000	5-10	10	30	70

Front office

Role	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Equities/fixed income compliance associate	35,000-60,000	0-3	0	5	10
Equities/fixed income compliance VO	70,000-100,000	0-3	0	10	30
Equities/fixed income compliance senior VP	90,000-110,000	0-3	5	20	40
Head of equities/head of fixed income 2	150,000-250,000	0-5	10	30	50
Head of investment banking compliance	100,000-180,000	5-10	10	20	40

Retail banking/insurance

Role	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Compliance associate	30,000-40,000	0-3	5	5	10
Compliance manager	40,000-65,000	0-3	5	5	15
VP	65,000-75,000	0-4	5	10	20
Senior VP	75,000-90,000	0-5	10	15	25
UK head of compliance	80,000-150,000	0-5	10	15	40
European head of compliance	120,000-180,000	0-5	10	15	40
Head of compliance	150,000-200,000	5-10	10	20	50

Compliance and regulation (cont/d)

Asset/wealth management

Role	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Compliance associate	30,000-40,000	0-3	0	5	10
Compliance manager	40,000-60,000	0-3	0	10	20
VP compliance	60,000-80,000	0-3	0	10	30
Senior VP compliance	80,000-100,000	0-4	5	15	35
UK head of compliance	80,000-150,000	0-4	5	20	60

Control room

Role	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Control room assistant	30,000-50,000	0-3	0	5	10
Control room manager	50,000-80,000	0-3	0	10	15
Head of control room	80,000-120,000	0-4	5	10	30

Monitoring/surveillance

Role	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Compliance associate	30,000-50,000	0-3	0	5	10
Compliance VP	60,000-90,000	0-3	0	10	15
Head of monitoring	80,000-120,000	0-4	5	15	30

AML department

Role	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
KYC/onboarding analyst	25,000-40,000	0-3	0	5	10
AML analyst	30,000-40,000	0-3	0	5	10
Senior AML officer	45,000-60,000	0-3	0	5	10
Financial crime associate	55,000-65,000	0-3	0	5	10
Financial crime manager	60,000-80,000	0-3	5	10	15
Head of financial crime	80,000-150,000	0-4	5	20	40
MLRO	100,000-150,000	0-4	5	20	50

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Compliance – temporary

Throughout 2013, all financial services organisations have been increasing temporary headcount in key compliance business areas to cope with the continuing demand of new complex regulations. Most firms are looking to recruit at the senior level despite the additional cost involved in hiring staff with more experience. The knowledge base that such senior staff bring satisfies the regulator's expectations; these senior candidates have a stronger direct impact, without prior training.

All of the major banks have ongoing KYC and AML remediation projects

The demand for generalist compliance professionals has remained relatively consistent, the roles in this area tend to be longer term – covering sick leave or maternity cover. SMEs (particularly those within asset management) have created many of the generalist compliance roles seen over the past year.

The demand for compliance change management professionals has increased and will continue to do so going in to 2014 with such candidates satisfying the various regulators and implementing changes where necessary.

Temporary rates have increased by around 5 to 10% on those in 2012, with clients happy to pay a premium for niche skill sets – including CASS and FATCA.

Whilst the market has slowed toward the end of 2013, we envisage that demand will rise in late Q1/early Q2 2014 likely to be driven by an increase in compliance related projects.

We expect that both compliance and regulatory business analysts as well as project and programme managers will be in high demand next year.

Compliance

Role	Low (£)	Mid (£)	High (£)
KYC/AML analyst	200	250	300
Monitoring	250	350	400
Surveillance	250	350	400
Advisory	400	450	800
Head of compliance	500	600	800
MLRO/CF10	500	550	600
Control room	200	300	350

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Operational risk

Operational risk hiring in 2013 has been at a similar level to 2012 and has generally been at associate to director level.

A broad range of firms, ranging from large retail banks to smaller hedge funds, have hired newly qualified chartered accountants at associate level, and those with enterprise wide risk gained from Big 4 are particularly in demand. However, this pool of candidates is limited as the majority qualify through the traditional audit route.

In comparison to the previous year, demand for Group level operational risk candidates has dropped off slightly. Instead, a number of the major banks have sought to build up their functional/business line operational risk capacity at the AVP and VP level. Candidates with strong business line and operational risk experience are required for such roles. There is a general talent shortage in this area, and higher premiums are often offered to those with the relevant skill set.

With relatively high staff retention and limited number of redundancies across the board, operational risk candidates tend to be well looked after by their employers and we find that many of them are only passively looking for opportunities.

Our outlook for 2014 is that hiring will continue and may pick up in volume terms as banks will be continue to be under pressure from regulators to implement robust controls, ensuring sound governance and operational environment. We anticipate compensation levels will remain robust and competitive in this areas.

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2012 bonus low (%'age)	2012 bonus med (%'age)	2012 bonus high (%'age)
Analyst/associate	1-3 years'	40,000-50,000	0-3	0	10	15
Senior associate/manager/AVP	3-4 years'	50,000-65,000	0-3	0	10	15
Senior manager/associate director	4-5 years'	65,000-80,000	0-3	0	10	15
Vice president/senior vice president	5-8 years'	80,000-100,000	0-4	5	15	25
Director	8-12 years'	100,000-120,000	0-4	5	15	25
Head of department/division	12 years+	120,000-150,000	0-4	10	25	40

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Internal audit

The first half of 2013 saw a marked increase in the amount of Internal Audit hiring and this increase rose significantly midway through the year and continues to remain relatively strong throughout Q4.

Regulatory initiatives appear to be driving demand and the FCAs increased focus on conduct risk has resulted in an increase in hiring at the senior level also.

Specialisation continues with capital markets experience remaining very much in demand and the specialist areas of Market Risk, Credit Risk, Compliance and IT Audit being key areas of focus. Similar to 2012 organisations have attempted to retain talent and to attract internal candidates to move into audit functions from other areas of the business. However due to the large volume of vacancies that have arisen in 2013 organisations have had to reach out to the external market. As these positions have tended to require specialist skill-sets, consistent with 2012 some of these vacancies have remained on the market for extended periods of time during 2013. However organisations have not been willing to compromise on calibre and experience of candidates and this coupled with a continued reluctance for candidates to move in the market has resulted in an extremely candidate short market.

Another growing trend in the latter end of 2013 that will no doubt continue into 2014 is the establishment of Audit functions in the smaller houses. These organisations who historically would have co-sourced their audit functions are now building their own teams and functions as a result of an increased focus on internal governance and regulatory pressure to establish their own audit functions in the UK.

Also, there has been less demand for newly qualified accountants, as organisations when recruiting have been focusing on experienced hires.

Overall, although the level of vacancies coming to market has increased significantly in 2013 the demand for specialist auditors with extremely niche skill-sets has resulted in the level of hiring being lower than would be expected with this level of vacancies. We expect to see these trends continuing into 2014.

Investment banking

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Associate (or equivalent)	NQ -3 years'	45,000-65,000	0-5	0	5	10
Manager/associate vice president (or equivalent)	3-6 years'	65,000-80,000	0-5	0	5	10
Senior manager/vice president (or equivalent)	6-10 years'	80,000-100,000	0-5	5	10	20
Senior vice president/department head (or equivalent)	10+ years'	90,000-150,000	0-5	10	15	30

Retail banking

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Associate (or equivalent)	NQ -3 years'	35,000-55,000	0-5	0	5	10
Manager/associate vice president (or equivalent)	3-6 years'	55,000-70,000	0-5	0	5	10
Senior manager/vice president (or equivalent)	6-10 years'	70,000-85,000	5-10	5	10	20
Senior vice president/department head (or equivalent)	10+ years'	85,000-130,000	5-10	10	15	30

Internal audit (cont/d)

Insurance

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus medium (%'age)	2013 bonus high (%'age)
Associate (or equivalent)	NQ-3 years'	45,000-55,000	0-5	0	3	5
Manager/associate vice president (or equivalent)	3-6 years'	55,000-70,000	0-5	0	5	10
Senior manager/vice president (or equivalent)	6-10 years'	70,000-85,000	5-10	5	10	15
Senior vice president/department head (or equivalent)	10+ years'	85,000-130,000	5-10	10	15	20

Wealth management & funds

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Associate (or equivalent)	NQ-3 years'	45,000-65,000	0-5	0	5	10
Manager/associate vice president (or equivalent)	3-6 years'	60,000-75,000	0-5	0	10	15
Senior manager/vice president (or equivalent)	6-10 years'	75,000-90,000	5-10	5	15	30
Senior vice president/department head (or equivalent)	10+ years'	85,000-150,000	5-10	10	25	50

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