



THE OUTLOOK
FOR 2014

Risk management

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Sell-side market risk – permanent

In 2013 most risk departments have been well staffed and hiring has been lower than in prior years. Most hires that took place in the first half of 2013 were business critical or replacement driven. Areas of focus were UK legal entity portfolio risk, commodities and emerging markets.

In the second half of the year hiring picked up slightly across the board and FX, Interest Rates, Credit and securitisation teams all witnessed some movement. This was primarily driven by replacement positions as opposed to growth. Smaller banks and new UK market entrants have been able to attract talent from the major banks as compensation levels have dropped and jobseekers prioritise perceived flexibility, better work life balance, and reduced bureaucracy. Hiring has tended to be focused at the Associate to Vice President level. Sign off for new hires throughout 2013 has clearly been challenging.

This year bonus sentiment has picked up given market uptick and previous years of reduced bonuses.

Buy-side market risk – permanent

Buy-side firms have been more consistent with recruitment over 2013, with hiring taking place in a number of different areas. Typical investment risk roles still exist with many teams focusing on both market and counterparty credit risk. There has also been a focus on expected regulation with a number of firms hiring regulatory individuals from sell-side and consultancy backgrounds. As risk teams on the buy side tend to be smaller, we have seen roles from a great diversity of clients over the year.

Buy-side firms have proved predictably attractive to sell side candidates as bonuses and regulations have stifled the daily role on the sell-side. There remains a perception that buy-side roles have less of a regulation focus, and more of a risk setting and portfolio strategy focus, which appeals to sell-side candidates. Junior individuals have been able to cross over from banking more easily than those at a more senior level due to the requirement for relatively generalist skill sets.

Market risk

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Analyst/associate (or equivalent)	1-5 years'	40,000-60,000	0-3	0	10	25
Manager/associate vice president (or equivalent)	4-7 years'	55,000-75,000	0-3	0	12.5	30
Senior manager/vice president (or equivalent)	7-15 years'	75,000-105,000	0-4	0	15	40
Senior vice president	9+ years'	105,000-120,000	0-4	0	15	40
Director/department head	10+ years'	120,000-185,000	0-4	0	25	50

Quants – permanent

Front office quant hiring in banks has decreased dramatically in-line with the decrease of complex structured products and closure of front office trading and structuring teams. Hiring in this space has been focused on legacy areas with replacement hiring being the norm. The most active quant space has been within risk methodology and validation teams, particularly focused on credit risk, CVA and counterparty risk analytics. There has also been an influx of regulatory change that has ensured that the demand for quants has remained high.

There has also been an increase in hiring at the big consultancy firms and risk analytics software providers as they compete to provide the financial sector with tools to better navigate today's markets and increased regulation.

Quants

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2013 bonus low (%'age)	2013 bonus med (%'age)	2013 bonus high (%'age)
Analyst/associate (or equivalent)	1-5 years'	40,000-65,000	0-3	0	10	25
Manager/associate vice president (or equivalent)	4-7 years'	55,000-85,000	0-3	0	12.5	30
Senior manager/vice president (or equivalent)	7+ years'	90,000-120,000	0-4	0	25	50
Senior vice president	9+ years'	120,000-135,000	0-4	0	25	50
Director/department head	10+ years'	125,000-225,000	0-4	0	35	70

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Risk Management – temporary/contract

There has been markedly more use of contractors in the risk management arena in 2013 with temp and interim job volumes on the increase especially during Q2 and Q3 of this year. The highest demand has been for strong credit and regulatory risk candidates. With Basel III requirements becoming more technical, and a desire for candidates to have strong modelling skills, financial services companies have looked to hire candidates from quantitative rather than accounting backgrounds to fill their reporting vacancies.

In addition we have seen increased hiring at clearing houses and custodians. Likewise as banks gear up to cater for increased flows of business through these channels they too have needed to hire teams of quantitative analysts tasked with developing new pricing processes, gain more control, and manage the changing product suite that is being driven through exchanges.

There has also been a general move to increase and up-skill credit risk departments. Hiring within these teams has been less focused on credit risk management positions and more focused on reporting and project staff with programming and quantitative skills. These teams have been growing due to the focus and importance on risk of default and pressures on banks to reduce risk weighted assets.

In spite of an increase in temp hiring volumes, there is still a lack of attrition in some business areas – this has meant that candidate flow is still low and sporadic. This has often meant that those in-demand candidates seeking a new role have often been subject to multiple offers in the temp market.

Candidate day rates have increased from 2011/2012 levels. The feeling is that financial institutions are happy to pay competitive rates when they have identified the right candidate for specialist roles. Good examples of this are economic capital, stress testing or internal model method focused change roles. Securing the right person means that they will be adding value in the short and long term.

We have seen a desire for candidates currently in the permanent market to consider temporary and contract roles as and when exciting external opportunities arise, often from market or credit risk positions.

The view for 2014 is that the interim risk market will continue to improve. Financial services businesses will find it easier to obtain headcount and grow in their risk functions especially where new regulation or projects are taking place.

Risk (non-projects)

Role	Low (£)	Mid(£)	High (£)
Market risk (VaR) reporting	250	350	500
Market risk methodology	350	450	650
Stress testing	300	450	600
Credit risk reporting	250	350	450
Quantative credit risk reporting	350	450	600
Economic capital reporting	350	500	600
Risk system development	450	600	700
Operational risk analyst	350	500	650
Liquidity/BIPRU risk	350	500	700

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