INVESTMENT BANKING OPERATIONS

MARKET UPDATE

HALF YEAR 2016

OVERVIEW

Hiring levels over the first half of the year were lower than the levels seen over the second half of 2015. As per the market cycle we saw lower levels of recruitment over Q1 of this year. This was however exacerbated by the banks being highly cost conscious in light of lower revenue from trading. In addition, uncertainty prior to the EU referendum meant there was apprehension to add additional headcount.

Despite this, we saw highly concentrated recruitment within structured/exotic trade support, OTC trade support/collateral and regulatory reporting. These areas became extremely competitive as employers sought to secure the best talent. In response to this, the need to engage passive job seekers and move quickly became imperative.

April saw an increase in hiring driven by a number of factors including the pressure placed on existing functions from not hiring in Q1 becoming too great, changes within OTC collateral and clearing, banks increasing activity in exotic markets and ongoing regulatory changes with impending deadlines. While there existed a continual push to redeploy internally, for niche operations roles this proved difficult, as such we saw banks go to market for talent at an increasing rate.

KEY HIRING AREAS

Specifically, there was a significant increase in demand for candidates with exotics experience, driven by banks either entering this market or increasing their exposure to it. Due to the limited supply of candidates with this specific experience, demand grew for candidates with strong product knowledge of OTC derivatives and the potential to develop these skills. Similarly we saw an increase in demand for candidates with OTC clearing and collateral experience driven by the deadline for EMIR clearing obligations approaching, with firms seeking to strengthen their competency and capacity within this space.

We also saw a renewed demand for candidates with regulatory experience; due to the high volume of recruitment in this space previously there was a reassessment of resources over Q1 which had caused a dip. Since April we have seen renewed demand for candidates with regulatory experience with a focus on MiFID II.

Beyond the bulge bracket investment banks there remained a strong demand for experienced operations professionals from smaller banks. While demand for candidates was similar to that of the large banks, candidates with a more varied skill set and the ability to cover multiple functions within smaller, less functionalised operations were highly sought after.

CANDIDATE MARKET

A shortage of temporary candidates has persisted; strong candidates are often involved in multiple processes across the temporary and permanent markets. This blurring between temporary and permanent candidates continues for most contracting roles and managers are prepared to wait out notice periods to secure top talent.

Rates remained stable and reflected those seen in 2015, however for roles within regulation and exotics middle office, some of the bulge bracket banks were able to offer a premium on rates. Cost saving strategies across wider operations functions have caused rates to remain flat.

The permanent candidate market remained quite challenging over H1, with the uncertainty in the market permeating through, and fewer candidates entering in spite of lower bonuses and salary increases. For those areas that remained buoyant we did see significant salary increases when moving roles at an average of 10% demonstrating the need to approach passive jobseekers when recruiting.

OUTLOOK

We expect banks to remain cost conscious over H2 and watchful of the effects of leaving the European Union, as the implications are established. However we do envisage recruitment within the regulatory space and profitable trading areas to continue as per H1. Further to this recruitment within the contract market, for finite periods, and for projects implementing the impending changes will increase.

There will also be continued pressure on roles placed on hold over H1, that will place greater strain on existing operations. Should these be business critical we will likely see banks returning to the market. We also anticipate smaller boutique banks and those with less exposure to Europe to continue to hire through the second half of the year.

AT A GLANCE
RECRUITMENT TRENDS

TALENT SHORTAGES

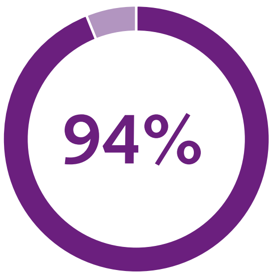
72% of employers have been affected by talent shortages

MANAGING SKILLS SHORTAGES

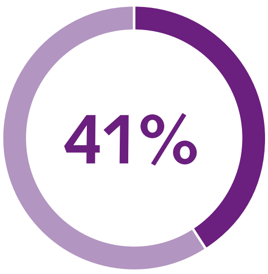
Which of the following recruitment strategies have you adopted to manage candidate shortages?

- **41%** Appointing interim or contract staff
- **28%** Developing a talent succession plan
- **23%** Recruiting from new talent pools
- **15%** Shortening the interview process
- **10%** International staff transfers

PASSIVE JOBSEEKERS



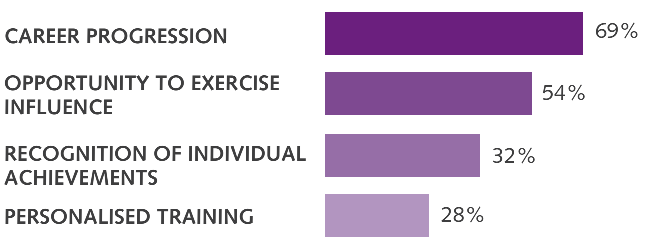
94% of professionals are open to a job approach even when not actively looking



However, only 41% of employers have a plan in place to attract passive jobseekers

RETAINING MILLENNIAL PROFESSIONALS

What keeps Millennials engaged at work?



HIRING INTENTIONS

55% of operations employers plan to recruit for junior roles in the second half of 2016

ENGAGING WOMEN RETURNING TO THE WORKFORCE

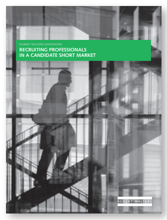
84% OF WOMEN WANT THE OPTION TO WORK FROM HOME

39% OF EMPLOYERS OFFER IT

MARKET LEADING INTELLIGENCE

The Robert Walters Salary Survey is the most comprehensive review of global recruitment trends and salary levels available. It's ideal for benchmarking your team's salaries, your organisation's salaries and your own, making determining pay and bonus reviews significantly easier.

Our recruitment insight series of whitepapers provides industry leading research to help employers manage their recruitment strategies and address key talent management issues. To receive a copy of any of our market leading intelligence please contact us on the details below.



To discuss your recruitment requirements, please contact:

Daniel Connors, Manager
Operations Permanent

T: +44 (0)20 7509 8271
E: daniel.connors@robertwalters.com

Liz McKeever, Manager
Operations Contract

T: +44 (0)20 7509 8792
E: elizabeth.mckeever@robertwalters.com

ROBERT WALTERS