RISK

MARKET UPDATE

HALF YEAR 2016

OVERVIEW

Risk hiring in 2016 started conservatively, influenced by continued market instability and bulge bracket banks consolidating their workforce. However Q2 saw hiring increase, triggered by a combination of regulatory deliverables and banks preparing for changes in the EU political landscape.

OPERATIONAL RISK

After a slow start to the year, operational risk recruitment increased in Q2, with vacancies in this area the highest across all risk disciplines. While ongoing cost pressures, near-shoring and global restructuring impacted the larger banks, SME banking firms and boutique financial services businesses took advantage of the availability of talent to expand their operational risk teams.

In addition to the growth of smaller banks, we saw steady demand from asset management firms whose frameworks are often less developed than banks. Hiring was highest at VP level with high calibre candidates finding roles very quickly. We expect hiring volumes to continue to increase within SME banking and asset management.

MARKET RISK

Within market risk, the demand in H1 2016 was lower compared with the same period for 2015 due to the regulatory requirements that drove hiring in 2015 impacting banking revenues. Smaller institutions have sought market risk managers at the AVP/VP level during the first half of 2016. Mid-tier banks lack the depth of coverage should people leave, so replacement hires are needed to ensure market risk functions continue to perform.

Demand for market risk professionals in methodology and projects decreased compared to 2015, driven by changing regulatory demands. Over the second half of 2016 risk professionals can expect opportunities with smaller and mid-sized investment banks acquiring specialists overlooked by the large institutions.

CREDIT RISK

Credit risk has seen a relatively low appetite for hiring in H1 compared to the rest of the risk market. Following a busy 2015, most teams across corporate, FI and NBFI are operating at full functionality for the level of market volume. Bulge bracket banks have consolidated teams to ensure credit risk is assessed at cost-effective levels, which has resulted in some redundancies.

We have seen selective hiring to credit risk review and audit teams largely within the mid-sized, challenger and international subsidiary banks. Given the lower demand for credit risk professionals, salaries and variable compensation have remained flat, with few getting notable increases.

In the second half of the year we expect to see selective credit risk hiring as banks strive for greater stability within certain markets or re-focus efforts in alternative geographies.

QUANTITATIVE RISK

Quantitative risk hiring slowed in the first half of the year compared with the same period in 2015. Strategic level heads of quant teams were installed across the bulge bracket banks during the end of 2015 leading hiring activity during the first half of 2016 to centre on the associate/AVP level.

To keep up with the more complex nature of their infrastructure, hiring managers are demanding greater technical expertise, particularly in quantitative modelling and model validation teams. Asset managers have looked to build out their quantitative functions, resulting in an increase in salaries within this space.

Moving into the second half of the year model governance positions are expected to be the focus, both in banking and asset management.

RISK CONTRACT

Interim hiring was driven by initiatives to review current and future operating models along with servicing ongoing regulatory deliverables. Hiring in H1 was focused on sourcing professionals for transformation projects to embed enterprise wide risk frameworks, ensuring alignment of group policy and accounting for quantitative methodology enhancements across credit and market risk models.

Contract demand has closely followed regulatory deliverables across uncleared margining and model validation, with daily rates increasing. H2 expectations for interim hiring are positive, in line with continued regulatory deliverables.

MARKET TRENDS

The first half of 2016 was characterised by targeted hiring across all risk disciplines, with SMEs driving recruitment in many areas.

Employer hiring strategies have also been impacted by uncertain market conditions resulting in widespread upskilling of professionals within risk functions. In the interim market, regulatory demands continue to drive hiring as businesses look to adjust to new compliance frameworks. Collectively, these factors have driven competition to attract and retain the best talent in niche areas where demand is high.

AT A GLANCE
RECRUITMENT TRENDS

TALENT SHORTAGES

72% of employers have been affected by talent shortages

MARKET UPDATE

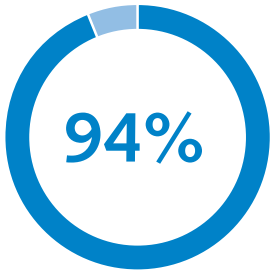
46% of risk employers anticipate skill shortages in 2016

MANAGING SKILLS SHORTAGES

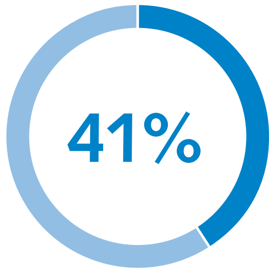
Which of the following recruitment strategies have you adopted to manage candidate shortages?

- **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

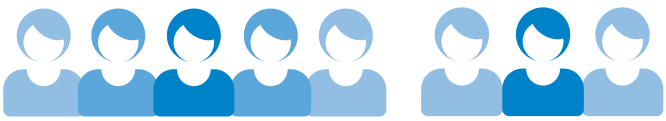


94% of professionals are open to a job approach even when not actively looking



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

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.

RETAINING MILLENNIAL PROFESSIONALS

What keeps Millennials engaged at work?

CAREER PROGRESSION	69%
OPPORTUNITY TO EXERCISE INFLUENCE	54%
RECOGNITION OF INDIVIDUAL ACHIEVEMENTS	32%
PERSONALISED TRAINING	28%

To discuss your recruitment requirements, please contact:

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