



THE OUTLOOK FOR 2015

Governance
(compliance, audit, operational risk)



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Compliance and financial crime – permanent and temporary

What a year for the compliance market. There has been a great deal of confidence in hiring, with a number of financial services organisations adding significant headcount to their compliance and AML teams to stay ahead of the game in the changing regulatory climate.

The change in market dynamics has been driven by two key areas;

Firstly the development of new control and assurance roles within compliance. This has allowed candidates with audit backgrounds to move into more technical compliance roles. This has had two benefits – addition of more process and risk rigour within compliance areas and also allowing clients to hire across a more diverse pool of candidates, making it easier to fill vacancies in a candidate driven market.

Secondly financial crime areas where growth has been triggered by new fines and controls experienced by a number of the leading financial services organisations. This has forced these businesses to hire significant numbers of both permanent and contractor staff in order to hit short term deadlines. These candidates have been from strong AML, Sanctions and KYC backgrounds; the top tier Investment banks have been competing aggressively for candidates in these areas especially in the second half of the year, some firms have been paying over the odds to secure good candidates.

There has been a less demand during the year for compliance generalists with banks moving to a product specific model. The exception is for CF10/CF11 and heads of roles in smaller financial services firms where candidates are required to have a broad knowledge of financial regulations, strong product knowledge and ability to implement new rules affecting the Financial Services markets as a whole.

Investment Banking compliance advisory roles are purely driven by specific product knowledge, desirable areas being credit, rates, FX, structured products, equities. All of these are short of candidates in Compliance and Investment Banks are therefore being more flexible and considering candidates from a Legal or Front office background to bridge the gap, the top tier Investment Banks have been hiring specialists throughout the year and some have created roles around candidates to secure them.

As expected, changing regulations are driving a need to hire; Alternative Investment Fund Managers Directive (AIFMD) which is a broad concept of regulatory framework and risk management affecting fund managers is a popular area of questioning in Buy Side firms to test regulatory knowledge even when it doesn't affect their business directly. As it is such a new area it has meant the consultancies are able to capitalise on this shortfall and urgency for the knowledge to bridge the talent gap. Hot regulations include EMIR, MIFID, COBS, FATCA and CASS, and remain short of talent.

The outlook for 2015 is very positive with the majority of financial services companies stating that they will continue to bolster and up-skill their compliance and regulatory businesses. We expect the market to remain candidate driven, where niche compliance skills sets are in very high demand subsequently pushing the salary curve up, further making compliance the career of choice.

Investment banking – compliance

Role	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
UK head of compliance	120,000-150,000	10-20	20	50	80
European head of compliance	150,000-200,000	10-30	20	50	100
Global head of compliance	200,000-300,000	10-30	30	50	100

Front office

Role	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
Equities/fixed income compliance associate	35,000-50,000	10-30	10	15	20
Equities/fixed income compliance AVP	50,000-75,000	10-30	10	20	30
Equities/fixed income compliance VP	75,000-120,000	10-30	10	20	40
Equities/fixed income compliance director	120,000-160,000	10-30	20	30	50
Head of equities/head of fixed income 2	150,000-200,000	10-30	20	30	50
Head of investment banking compliance	180,000-250,000	10-30	20	40	60

Compliance and regulation (cont/d)

Retail banking/insurance

Role	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
Compliance associate	30,000-40,000	10	0	5	10
Compliance manager	40,000-55,000	10	5	10	15
VP	60,000-80,000	10	10	15	20
Senior VP	75,000-90,000	10-20	10	15	25
UK head of compliance	80,000-150,000	10-20	10	20	40
European head of compliance	120,000-180,000	10-30	10	20	40
Global head of compliance	150,000-200,000	10-40	10	30	50

Asset/wealth management

Role	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
Compliance associate	30,000-40,000	5	0	10	2
Compliance manager	40,000-60,000	10	10	20	3
VP compliance	60,000-80,000	10	10	20	30
Senior VP compliance	80,000-100,000	10-20	15	20	40
UK head of compliance	80,000-150,000	10-30	20	50	80

Control room

Role	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
Control room assistant	30,000-50,000	5	0	5	10
Control room manager	50,000-80,000	10	10	20	30
Head of control room	85,000-120,000	10	10	20	50

Monitoring/surveillance

Role	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
Compliance associate AVP	40,000-60,000	10	5	10	20
Compliance VP	60,000-100,000	10	10	20	30
Head of monitoring	100,000-130,000	20	10	20	30

AML department

Role	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
KYC/onboarding analyst	35,000-40,000	5	0	10	20
AML analyst	40,000-50,000	5	0	10	20
Senior AML officer	50,000-70,000	10	0	5	10
Financial crime analyst	50,000-60,000	10	0	5	10
Financial crime manager	60,000-80,000	10	5	10	15
Head of financial crime	100,000-150,000	15-30	5	20	40
MLRO	130,000-180,000	20-30	5	20	50

Compliance and regulation (cont/d)

Interim hire rates – compliance

Role	Low (£)	Med (£)	High (£)
KYC/AML analyst	200	300	450
Control room	300	400	500
Monitoring	300	450	550
Surveillance	300	450	600
Advisory	400	600	800
Head of compliance	550	650	800
MLRO/CF10	600	800	1000

For more information on permanent hiring,
please contact Heather Ninnies:

t: 020 7776 5936

e: heatherninnies@michaelpage.com

For more information on Executive hiring,
please contact Sumrana Saleem:

t: 020 7776 5973

e: sumranasaleem@michaelpage.com

For more information on permanent hiring,
please contact Eithne Hynes:

t: 020 7645 1424

e: eithnehynes@michaelpage.com

For more information on temporary hiring,
please contact Russell Gous:

t: 020 7645 1426

e: russellgous@michaelpage.com

Operational risk – permanent and temporary

The growth of the Operational Risk Market has been strong throughout 2014 and the outlook for 2015 is very positive. This is largely due to the huge focus on regulation within financial services stemming from the dual regulator, focus on Basel III, the Capital Requirements Directive and the impact of huge Anti Money Laundering and Libor fines that many banks are now facing. Having said this, despite a higher number of vacancies, the sector is following the trend of specialist markets where it is becoming increasingly candidate short given the imbalance of supply and demand. Also the specification of a risk manager has shifted towards relationship management, working with the business and putting huge emphasis on interpersonal skills which historically was not such a focus.

As the market is somewhat candidate short we are finding hiring in the governance space overlapping more than ever, as the fundamental skills around controls are present across internal audit, operational risk and compliance. Again a common theme to the internal audit market is the demand for newly qualified auditors in the operational risk market particularly at the analyst and AVP level. There have been quite a few successful hires in operational risk from the new age internal auditors looking to use their core skill set but be more consultative which a career in operational risk offers them.

The demand for operational risk in financial services is prominent in the retail banking sector, investment banking and most recently across asset management where the majority of hiring has been in the latter half of 2014.

Asset managers, traditionally have not developed operational risk functions but due to recent regulatory scrutiny on this area of the industry there has been significant growth, which means a high number of roles coming to market at the Analyst and AVP level. This has led to a huge demand for candidates with asset management operational risk experience on the market which has resulted in strong candidates being able to demand large increments in salary and sometimes receiving multiple offers.

The asset management industry appears to be trying to pre-empt and avoid the scandals that have plagued the major banks recently by investing in staff hence maintaining the credibility and reputation of the Investment Management industry.

Within investment banking the market remains strong due to regulatory focus on governance and control frameworks. The majority of roles seem to be at the AVP and VP level and all the major players are hiring in this space. The new banks particularly are putting a lot of emphasis on getting its governance structure right. This means a steady flow of hiring however the emphasis is on getting it 'right' therefore firms are being very selective in making hires given the importance of this growth area. Retail banks are also hiring quite significantly and insurance and SME clients are following suit.

Hence the outlook for 2015 is that hiring will continue to grow in the operational risk space as the pressure from regulators to implement robust internal controls continues which will ensure a sound governance and operational environment.

Operational risk

Role	Experience	Salary (£)	Likely salary uplift (% 'age)	2014 bonus low (% 'age)	2014 bonus med (% 'age)	2014 bonus high (% 'age)
Analyst/associate	1-3 years'	40,000-55,000	5-10	5	10	15
Senior associate/manager/AVP	3-5 years'	55,000-70,000	5-10	5	10	15
Vice President/senior Vice President/Associate Director	5-8 years'	85,000-100,000	10-15	5	15	25
Director	8-12 years'	100,000-120,000	10-20	5	15	25
Head of department/division	12 years +	120,000-150,000	10-20	10	25	40

Interim hire rates

Role	Low (£)	Med (£)	High (£)
Analyst	300	500	500
AVP/manager	300	500	550
VP/senior manager	350	450	600
Director	400	600	800
Head of department	500	700	1000

For more information please contact Karen O'Neill:

t: 020 7645 1432

e: karenoneill@michaelpage.com

For more information please contact Eithne Hynes:

t: 020 7645 1424

e: eithnehynes@michaelpage.com

Internal audit

The Internal Audit Market continues to grow from strength to strength and the latter half of 2014 has been a healthy period in terms of recruitment on the external market.

The market for specialist auditors continues to remain buoyant and the demand for Market Risk Auditors, Capital and Liquidity Auditors, IT Auditors and Compliance and Conduct Risk Auditors remains. Due to this the continuing trend of staff retention and the attraction of candidates from other areas of the business into Internal Audit still remains.

However many banks have multiple roles that require very specific skill-sets hence these roles are remaining open for extended periods of time and given the demand for a similar skill-set from many of the banks the leading banks are recruiting from a limited pool of candidates.

The demand for newly qualified auditors has seen a marked increase in 2014 which is due to varying reasons. The lack of recruitment at the more junior levels during the economic downturn at the graduate and analyst level has left a gap in the market at the AVP level. Also due to the audit skill-set being in high demand those at a manager or AVP level have been able to secure more senior roles in the market or promotions in their current roles. Also the high demand for auditors on the market means that those who are recently qualified are in high demand due to their qualifications and experience they have acquired in practice. Unfortunately internal audit tends to be down the pecking order in terms of career path which means those who are interested in exploring this route are in even higher demand.

Internal audit continues to be an area of extreme demand as the trend for specialist skill-sets continues to grow. Hiring managers continue to maintain a high calibre with respect to the external hires which makes these roles increasingly difficult to fill. Internal auditors can still demand high increases in salary and they are highly likely to have multiple offers especially for newly qualified candidates and the more niche specialist roles. The internal audit market is hence a very interesting place to be and all signs indicate the buoyancy of the market will continue well into 2015.

Investment banking

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 bonus high (%'age)
Associate (or equivalent)	NQ -3 years'	45,000-65,000	0-5	5	10	15
Manager/associate vice president (or equivalent)	3-6 years'	65,000-80,000	0-5	5	10	15
Senior manager/vice president (or equivalent)	6-10 years'	80,000-100,000	0-5	10	15	20
Senior vice president/departement head (or equivalent)	10+ years'	90,000-150,000	0-5	10	15	30

Retail banking

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus med (%'age)	2014 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/departement head (or equivalent)	10+ years'	85,000-130,000	5-10	10	15	30

Insurance

Role	Experience	Salary (£)	Likely salary uplift (%'age)	2014 bonus low (%'age)	2014 bonus medium (%'age)	2014 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/departement head (or equivalent)	10+ years'	85,000-130,000	5-10	10	15	20

Internal audit (cont/d)

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	5	5	10
Manager/associate vice president (or equivalent)	3-6 years'	60,000-75,000	0-5	5	10	15
Senior manager/vice president (or equivalent)	6-10 years'	75,000-90,000	5-10	5	10	20
Senior vice president/department head (or equivalent)	10+ years'	85,000-150,000	5-10	10	20	30

Interim hire rates

Role	Low (£)	Med (£)	High (£)
Auditor	300	400	500
VP/manager	400	500	600
Head of department	400	600	800/1000

For more information, please contact Karen O'Neill:

t: 020 7645 1432

e: karenoneill@michaelpage.com

w: www.michaelpage.co.uk/bankingandfinancialservices

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