



FINANCIAL SECTOR EMPLOYEES



The outlook for 2015



2014 attitudes and opinions

During November and December, we conducted our annual survey of 5,000 financial professionals on their views and opinions on a variety of compensation, recruitment and career topics.

General outlook and summary feedback

Sentiment and levels of optimism have generally improved as the year has progressed in 2014. This has been reflected in both the volume of quality vacancies available and by the general appetite of individuals to move roles. Nevertheless, the optimism continues to be cautious in the UK as macroeconomic factors continue to affect decision making in banking and financial markets. The broad economic forecast for global growth is continuing to indicate that 2015 will be a bumpy ride and that the UK will remain affected by European woes despite the US kicking ahead.

Generally speaking the results of our survey were that 2014 has been a better year than 2013 in financial services, although, as with last year, the improvement has been very gradual. There is evidence of a continuing shift in feeling from the nervousness of the last seven years to a more optimistic and positive outlook. That being said, many of our responses indicate that the big Investment Banks (IB) are likely to continue to focus on managing their cost bases, particularly in infrastructure and that more opportunities exist in mid tier and boutique businesses outside the IB arena.

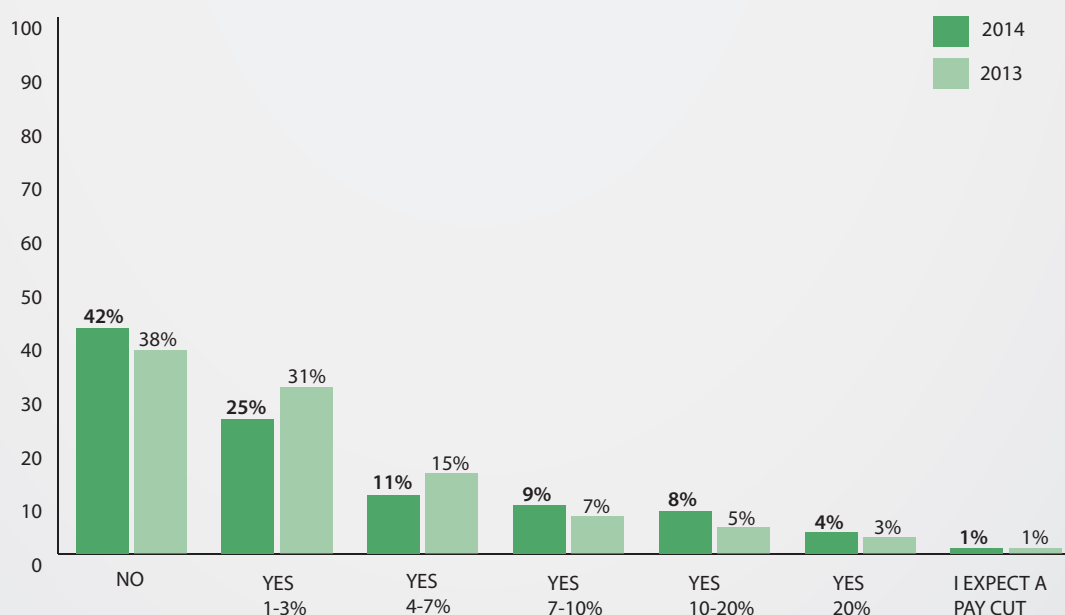
The continuing shift in market sentiment is positive news for all financial services companies but our survey confirms that as employees of these companies start to perceive an improvement in the market, they also begin to expect commensurate improvements in pay and conditions. Whilst there is some improvement in pockets of the market, the larger employers are unlikely to make wholesale changes whilst expecting more for the same or less. This is a key driver in the increased appetite of individuals in these companies to apply for a new job and for the rise in the number of passive job seekers.

In this report we will show some of the key data from the survey to try and illustrate this point.

Compensation expectations

Broadly there is still an expectation of little movement in base pay going into 2015, with an increased percentage (42%) of respondents expecting no pay rise at all this year. Interestingly this dipped in 2014 and sentiment is now similar to 2012 perhaps illustrating that this is the “new norm” in financial services. Of those expecting a rise, half are expecting this to be nominal or inflationary at only 1-3%.

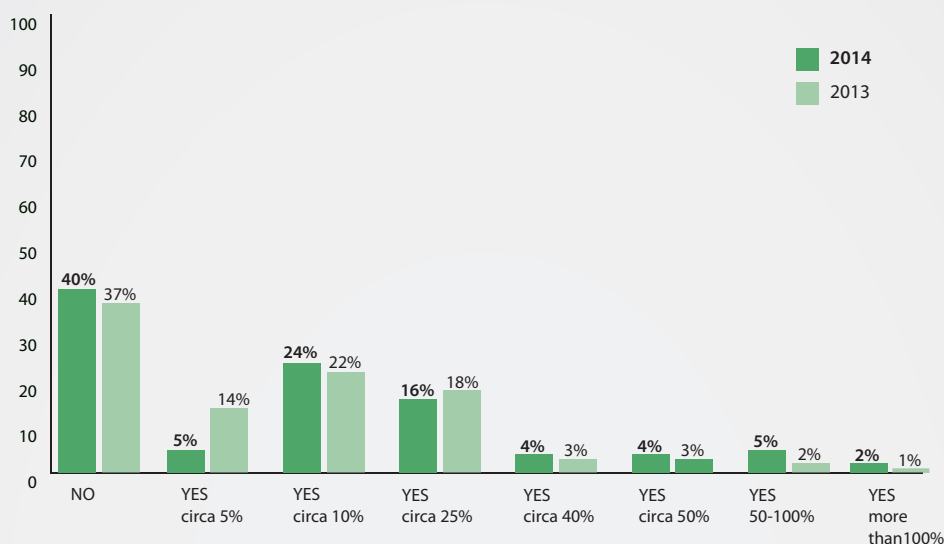
Do you expect a pay rise this year?



On bonuses

Reflecting on the sentiment of the new norm, 40% of our respondents said that they weren't expecting a bonus at all this year, an 8% increase on the same question last year. Of the majority that do expect a bonus, 76% expect a payment of 5-25%, and of that group the largest individual section of 40%, expect c.10% payment.

Do you expect a bonus this year?



Interestingly and despite the above, over half of the respondents feel that their compensation is fair. Whilst not that informative, this is very similar to the statistics from our surveys in 2012 and 2013 and illustrates that even when pay in Financial Services has been effectively static, respondents are still, for the most part, satisfied.

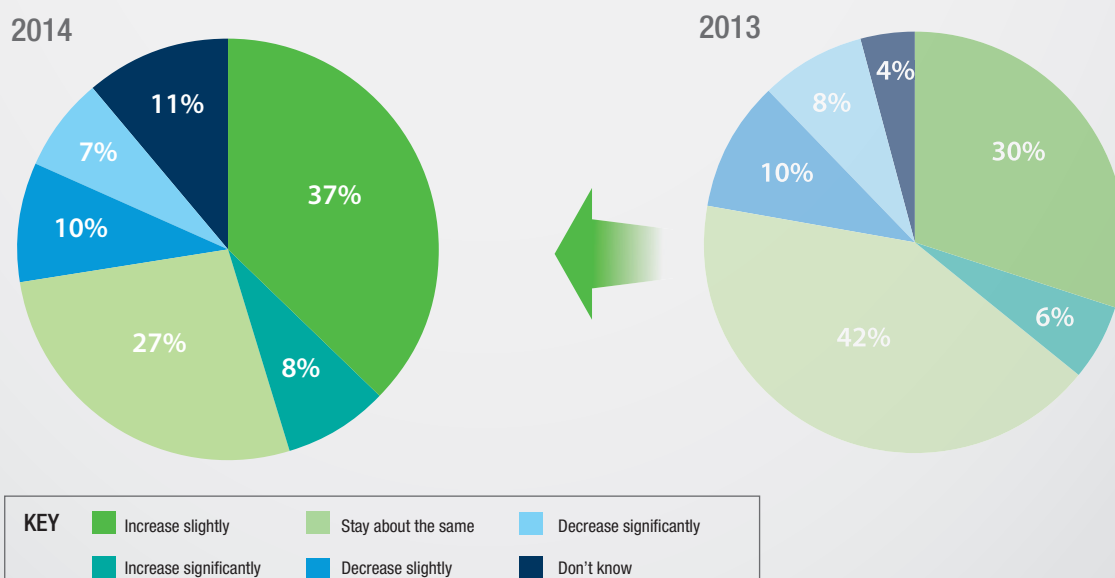
Growth prospects in the sector

We asked whether employees expect the headcount in their area to change in the next 12 months. Since many of the respondents are decision makers in their firms, the answer gives some insight into growth prospects for the sector as a whole. For some firms it will provide some perspective on employees' perception of opportunity, for example if a firm has plans to grow but their staff perceive no likely growth, this potentially impacts retention.

The expectation that 2015 will be a year for hiring has certainly increased. 45% of our respondents now believe that growth is imminent next year with nearly 20% of those predicting that headcount is going to rise "significantly".

Very few now anticipate downsizing (17% of respondents) and the shift in opinion of those individuals is in favour of the expectation of headcount growth.

Do you expect the headcount in your area/team to change in the next 12 months?

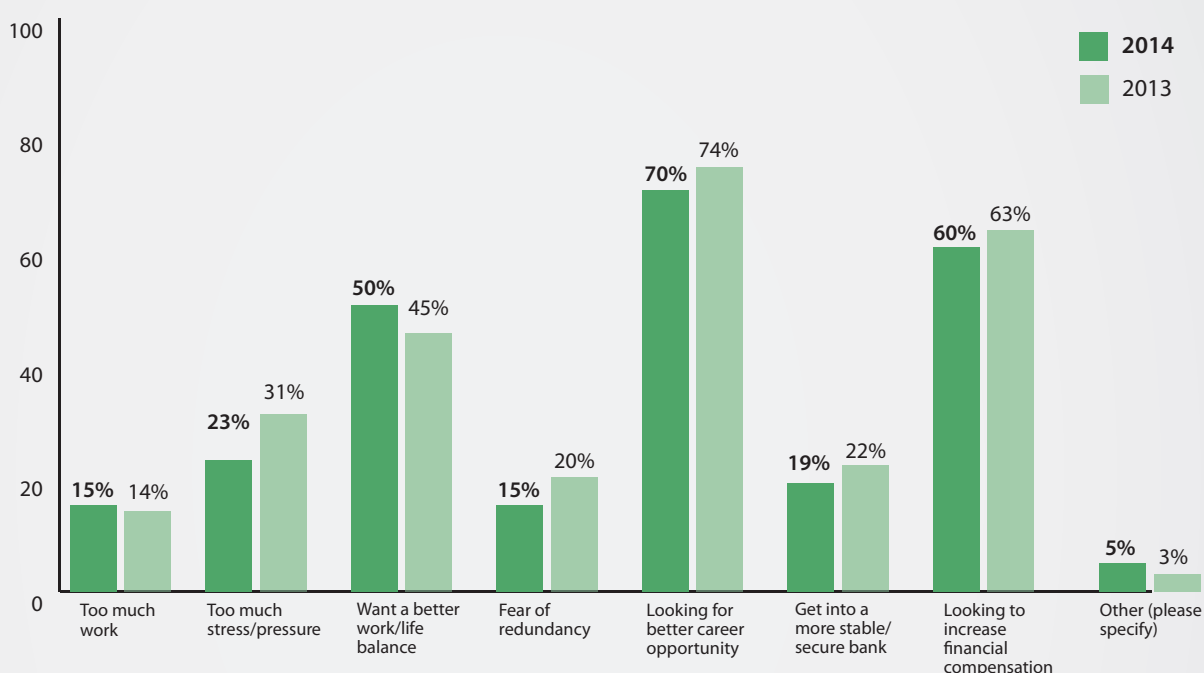


Time for a job change

The fear of redundancy and the desire to find more stable employers, has waned considerably over the last three years and has fallen again in 2014 showing that there is finally a clear perception of greater stability in the market and that headcount has now normalised in the UK. Many banks have completed their rationalisation programmes and their offshoring projects and are now more focussed and stable in form.

The unfortunate side effect of this rationalisation is that many are expected to do more for less – as in workload has increased and staff numbers have dropped and thus hours have gone up. Per the above, pay and rations have remained (and are expected to remain) relatively flat. Thus, one of the key motivations now is that employees in the Banking and Financial Services sector are looking to improve quality of life in any job move. This is reflected in our survey where nearly 50% cite this as a key factor that motivates individuals to move jobs.

In the current market, what in your opinion are the main factors that motivate people to move jobs?



A move abroad?

Contrary to expectations that flat-lining compensation levels in the UK might encourage a flight to other jurisdictions, our survey has shown for the last four years that the percentage of those respondents who would consider international moves for better pay, has remained the static (70% this year vs. 67% last), so whilst this seems high, it is not moving.

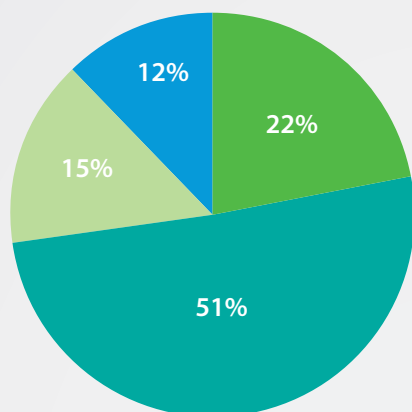
Escaping the ratrace

Each year we ask the financial industry's workers if they think about careers in other sectors. In tune with the responses to other questions this year and on a very similar trend to 2013, there is a shift in opinion with more saying no, and fewer saying yes, or being definitive about such a move.

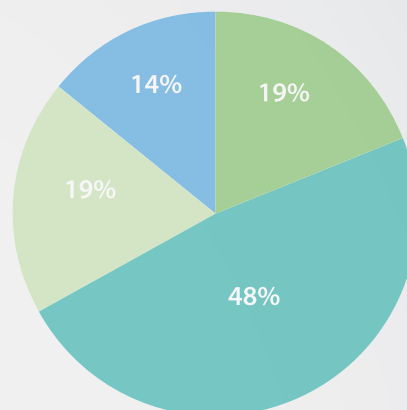
As we stated last year, even though very a large number are saying that it crosses their mind, the strong indication is that the large majority never expect to act on it, and in that sense there is a fundamental commitment to the sector.

Do you think about alternative careers you would pursue outside the banking sector?

2014



2013

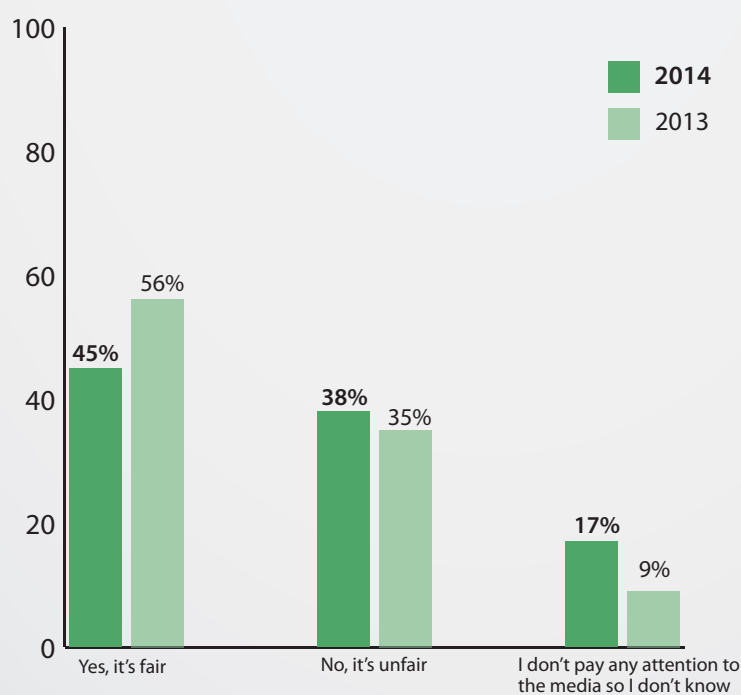


KEY

■ No	■ Regularly, but it's unlikely I'll ever follow it
■ Occasionally	■ Yes, and I'm already planning for my exit

Fleet Street

The balance of those bank workers who feel that the media take unfair position on the sector, has shifted again. Last year we saw a significant drop in the number of individuals who feel that the sector was getting negative coverage. This year only 45% see it as fair (compared with 56% last year) and this reflects the general UK sentiment of the “politics of envy” and appealing to the masses in the run up to the general election. Bankers are still seen as easy targets for politicians and a useful political football.



Part of
PageGroup