efinancialcareers global insight

A review of job market trends in finance & tech

Answers to questions submitted to eFinancialCareers webinar panel

What have been the key drivers in people moving jobs over the past 6 months?

The eFinancialCareers professional research we mentioned in the webinar indicates that the top-five factors motivating candidates to move are: 1) compensation; 2) a meaningful role; 3) work/life balance; 4) a company that aligns with their values; 5) a company that keeps up to date with tech/innovations.

Is compensation the main driver for securing talent or is it roles, culture, development, and influencing decisions?

As stated above, compensation is still the top driver. However, pay inflation is surging across the finance industry, so compensation has also become just a hygiene factor: all your competitors are likely to be paying very well, so you need to offer more than a great salary to actually get the candidate across the line. The factors you mention would mostly fall under having a "meaningful role" – and that's the second key motivator for candidates (see above).

With the market having changed drastically since the pandemic, what are the best practices to attract the right talent?

Our professional research revealed that lack of feedback from recruiters/employers (both after applications and interviews) is the top challenge in the hiring process from a candidate perspective. A slow recruitment process is the second main concern. This indicates that organisations that create an efficient candidate experience have a better chance of securing talent in the current competitive job market.

In this candidate-led market, I feel candidates have really inflated their compensation expectations, and some only want to work remotely. While a hybrid/flexible work arrangement used to be a selling point, it has now become an expectation. Candidates are willing to switch industries to get what they want, and are getting it! Are you seeing this? Do you think this is now the future of the market going forward permanently, or do you think this is a trend due to COVID and will lesson in time?

We're definitely seeing these two trends: rapid pay inflation and the expectation of hybrid working. One client recently told us: "In 20 years of recruiting, I've not seen these kind of salary increases." Pay inflation (especially in technology and front-office investment banking) will be a feature of the market in 2022, at least in the first half, because demand from financial institutions outstrips the supply of candidates. But at some point, perhaps in 2023, pay rises on the current scale will become unsustainable, especially when the post-pandemic great resignation ends and employers are no longer forced to backfill so many roles at a high cost. However, we don't see the expectation of hybrid working ending – in fact this year, candidates will be trying to lock hybrid arrangements into their employment contracts.

How have salary trends looked like in investment banking? Is there currently an inflation in salaries happening among certain roles? If so, is this creating a larger gap between roles in the financial markets, and is there an increased need to perform salary reviews and benchmark?

In front-office investment banking there was huge – perhaps unprecedented – salary inflation in 2021, but this was concentrated at the junior level after a boom in deal making was combined with record resignations as juniors complained of overwork and left for more appealing jobs in areas like crypto. Analysts and associates didn't even have to join a new firm to enjoy a large salary hike. First-year analysts at Barclays, Citi and JP Morgan saw their base pay rise from about $85k to $100k last year as triple-figure salaries at that level became the new normal for almost all investment banks.

Increases this year to analysts and associates may not be on quite the same scale, but JP Morgan announced a new pay rise in January, so pay pressure is still there and banks will need to perform regular salary benchmarking to ensure they don't fall behind their peers. The pay gap between the front-office and other functions (tech excluded) is widening. However, after complaints from analysts at Goldman Sachs in March 2021, it's become clear that higher pay for junior bankers is largely a reward for long working hours. The ***2021 eFinancialCareers Compensation Survey*** found that across all levels, investment bankers' average pay per hour is actually behind that of quants and salespeople/traders.

How is remote work affecting the war for talent? Will companies need to be more open to allowing employees to work remotely in order to be competitive?

As mentioned above, the rise of remote working has coincided with the candidate-led market, so it's giving candidates an extra avenue for negotiation. According to our professional research, work-life balance is the third top factor motivating candidates to move jobs, which highlights the importance of remote working in employers being competitive in the war for talent.

Are tech candidates being more demanding about flexible working than finance candidates?

Yes they are, as a rule, for two reasons: 1) many tech roles are suited to remote working; 2) the tech job market is the most competitive in the FS space, so tech professionals can afford to be demanding. If a bank doesn't give them flex working, a tech company probably will.

What are the qualities that tech candidates are looking for within a company these days?

Our ebook, ***How banks can win the war for digital talent,*** examines this issue. For example, we see an increased trend of technologists in the finance sector wanting to know how their work will impact consumers.

One of the main issues in this market is that demand for candidates is very high. What are some changes that companies can make to get top candidates to engage with hiring teams, and differentiate their jobs over all of the other jobs being presented to candidates endlessly.

We'd recommend that you read our ebook: ***Supercharged hiring strategies for a recovering job market***. You'll find lots of useful tips on precisely this topic – from restructuring talent acquisition teams to onboarding candidates.

How can recruiters do better to support inhouse teams?

In-house teams are under extreme pressure right now as hiring surges because many of them remain understaffed following cutbacks in 2020. Their workloads were increasing in Q4 2021, and now we're heading into bonus season, an even busier time for them. Agency recruiters need to talk with TA teams in early 2022 to find out their most urgent hiring needs for the rest of the year. We understand that in-house teams are particularly struggling with sourcing talent for initial interviews, so recruiters that help with the sourcing stage of hiring will be particularly in demand.

Which banking vertical is impacted most severely by the great resignation? Or is it across all verticals?

It's across most verticals and has added to the strains on TA teams described above because they are seeing a surge in new headcount and replacement (great resignation) hiring happening at the same time. The great resignation is most apparent in the technology vertical within the financial services sector for two reasons: 1) technologists are very sought after within FS; 2) they have skill sets that are typically easily transferable to other sectors, almost all of whom are also hiring in tech.

Is there a trend to come back to face-to-face meetings at senior levels for critical hires?

We still see video interviews being more common, even for senior roles, for early-stage interviews. But for later interview rounds, face-to-face interviews should start to make a comeback later this year, depending on local Covid rules. But even when regulations don't permit face-to-face meetings, financial firms won't delay senior hiring – they'll continue the process virtually. Employers have become used to making hiring decisions based on video interviews.

What is the current impact on UK finance jobs due to Brexit?

US banks like Goldman Sachs, JP Morgan and Morgan Stanley say they've mostly finished moving people out of London and into Europe. The European Central Bank has different ideas: it's pushing for banks to move more risk-takers (traders) into European centres and there are suggestions that migration out of London could hot-up in 2022 as a result. Click here for more eFinancialCareers news articles that mention Brexit.

How hard is it for graduates to break into private equity without any work experience?

Going into PE straight from university is still very difficult. When these companies recruit juniors, they typically hire people with two or three years investment banking experience under their belts. However, some of the larger firms, like Blackstone, have started their own graduate recruitment programmes to generate their own staffing pipelines rather than hiring from banks' own non-diverse junior ranks.