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INSIDE KNOWLEDGE

HIRING TRENDS REPORT

Q2 / 2024

Cautious optimism and growing complexity

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Cautious optimism and growing complexity

Global year-on-year change in average Q2 applications per job*

*eFinancialCareers jobs and applications data.

After a stronger than expected start to 2024, the second quarter confirmed that the trend for the year so far reflects a significantly milder business cycle than many had feared. Overall job postings are down on Q2 2023, but only by single digit percentages, and some mid-office areas (particularly Accounting & Finance) are still seeing strong growth in demand.

When adjusted for the effect of improvements in the eFinancialCareers platform during 2023, which resulted in a step-change in the number of applications, it appears that the underlying number of applications per vacancy is likely to be broadly flat on last year. This aggregate picture reflects a slight tightening in most labour markets, combined with a large and growing oversupply of candidates in the APAC region.

For the year so far, investment banking revenues and deal flow appears to have surprised to the upside, as both trade buyers and private equity investors have taken advantage of market valuations. Trading revenues have held up less well, as the turn in the monetary policy circle has depressed volumes. Looking forward, however, the second half of the year may be affected by political uncertainty and economic volatility, holding out the possibility of a reversal of both of these trends. Many of the biggest players are now "right-sized" as both cost-cutting and investment programs come to an end, so hiring is likely to become more selective and strategic for front office roles. Regulatory uncertainty and technological change continue to be constant factors for the industry, so we should expect continued demand for mid office staff across a range of specialities.

Based on the latest data from eFinancialCareers, this report analyses the differential trends across geographies and industry segments. As hiring becomes more localised and strategic, talent acquisition professionals will need to adapt and work with business partners and the market in order to access the right candidates for their particular situation.

> "Overall job postings are down on Q2 2023, but only by single digit percentages"

The eFinancialCareers Team

Sectors with rising and falling applications

In an overall tightening market, there were nonetheless some sectors where candidates became more willing to consider job moves. Here we identify some of the areas which went against the trend, along with the key areas of labour market pressure.

Capital markets

Trading up in the recovery

+22%

Q2 apps per job: YoY change

Over the course of the second quarter, the recovery in global equity IPOs and equity-linked deals continued. The UK market saw the launch of Raspberry Pi, while Greater China companies sold over $9bn of convertibles. Banks which maintained their capital markets franchises during the downturn have now given improved earnings guidance and have more prospects to chase in the second half of the year.

Because the downturn did not see so much cost-cutting, however, the recovery in deal flow has not been accompanied by an increase in capital markets hiring. In fact, the number of new vacancies posted for equity and debt capital markets professionals over the last quarter fell by slightly more than ten per cent compared to last year. The number of candidates, however, was flat on 2023. It appears that capital markets professionals may see the recovery as an opportunity to "trade up", and consequently that it is a buyer's market for talent in this sector for the time being.

" capital markets professionals may see the recovery as an opportunity to "trade up"

Operations

Opportunities from volatility

+14%

Q2 apps per job: YoY change

Many large banks (including Citigroup, HSBC and Barclays) have spent significant effort in 2024 on streamlining their processes and operations, while downsizing or entirely leaving marginal or unprofitable lines of business. This has resulted in redundancies globally in the Operations segment, at all levels from back-office staff to senior operational managers. In many cases, banks have attempted to absorb job cuts internally, leading to a significant (slightly less than 20%) reduction in external job postings compared to the same period last year. The number of applicants has also fallen, but only by a small amount, leading to an increase in candidates per vacancy.

This potentially presents an opportunity for agile employers to upgrade their talent. Operations is a large and diverse segment, in which candidates' specific training and experience varies widely. Different banks are cutting and investing in different areas, and there are many operational and support roles where one employer wants to hire while another is making premium employees redundant due to a strategic decision about the whole business line. Talent acquisition professionals with strong market information and good understanding of business needs can add a great deal of value as operations managers decide on optimising their human capital.

Private Banking & Wealth Management

Global variation reaches extremes

-24%

Q2 apps per job: YoY change

On the face of it, the story of the private banking and wealth management sectors in Q2 2024 merely looks like the continuation of previous quarters, with an ever-tightening labour market and fewer and fewer candidates per vacancy. In fact, however, the fall in applications per job (which has markedly decelerated; last quarter was down 74% yoy) masks a great deal of geographic variation.

The US wealth management market, for example, was nearly in balance – a large increase (more than tripling) in the number of vacancies posted was matched by a similar sharp increase in applicants. In the MENA region, however, the number of candidates fell by 40% while vacancies were almost unchanged. As well as in the USA, there was an increase in the number of jobs available in the UK and Germany, but the market fell in Hong Kong and Singapore. All this variation emphasises that the wealth management market is one of local and specialised niches, where macro trends matter, but specific expertise is essential.

> **"All this variation emphasises that the wealth management market is one of local and specialised niches"**

Accounting & Finance

The squeeze continues

-22%

Q2 apps per job: YoY change

A global "shortage of accountants" has been observed for more than a year now, and the second quarter of 2024 was another period during which the number of vacancies posted rose (by nearly 20%) while the number of candidates fell. It appears that financial firms have been able to "hoard" skilled labour in this segment, paying retention premiums to hold on to key staff.

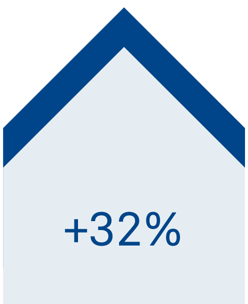
It does not seem that there is much that can be done to alleviate the squeeze in the near term; qualification takes time, applications to qualify are falling worldwide and the Big Four firms are not making net redundancies. All that firms can do is stay alert to opportunities, while potentially re-engineering job functions to use technology and allow accounting jobs to be filled by general Finance staff.

Big regional hiring trends

Our data provides exclusive insights into the performance of the job markets in the UK, US, Hong Kong, Singapore, France, Germany, the Middle East, and Australia during the second quarter. Here are the highlights for each country and territory, including data showing average applications per job.

Singapore

Strategic hiring in a cautious market



Q2 apps per job: YoY change

Although the number of candidates continued to grow faster than the number of job opportunities, Singapore is beginning to look like a market in the early stages of recovery rather than the consistent decline of a few quarters back. As Christopher Pidsley, eFinancialCareers' VP of Sales for APAC puts it, "Strategic hiring continues, however the sentiment remains cautious from most organisations. Banks continue to hire for wealth management, sustainability and tech-related roles... Year on year headcounts, for the most part, remain flat".

Some confirmation of a possible change in direction can be gained by looking at the small number of subsectors which went against the overall trend and tightened. Investment Banking job vacancies were 31% lower than in the second quarter of last year, but there were 38% fewer candidates. Similarly, in Debt/Fixed Income roles, there were half as many postings but 85% fewer applications; it appears that in sectors in high global demand, some of the potential talent may have become used to looking outside the Singaporean market.

And in a similar vein, the sectors where job postings increased seem to show a pattern. Sales & Marketing vacancies rose by 10% and Investor Relations/PR by 9%. According to Christopher Pidsley, "We're also seeing pockets of activity in sales and deal making positions, vital to driving new business opportunities and maintaining client relationships".

Private Equity and Venture Capital jobs were also flat on last year, while Hedge Fund vacancies only fell by 14%. However, these areas saw very large growth in the number of candidates (+60% for private equity). It remains a challenge for Singapore's talent acquisition community to look through the large number of candidates applying for every job and find the smaller population of genuine matches. This has been difficult, according to insights shared at our round tables, as many of the best candidates have reacted to market conditions by staying put and becoming risk averse. However, as the overall market begins to turn, hiring conditions are likely to get more normal.

> **"Strategic hiring continues, however the sentiment remains cautious from most organisations"**
> **Chris Pidsley, VP Regional Sales APAC**

Hong Kong

Very early signs?

> "recruitment professionals continued to observe that although the overall ratio of applicants to posts is high, finding the exact skills match is difficult at present"

+31%

Q2 apps per job: YoY change

The headline picture might incline observers to think that little had changed in Hong Kong from Q1 to Q2; the IPO market remained all but closed, large firms like HSBC continued to cut jobs and the eFinancialCareers data showed vacancies down 37% on last year with applications almost flat. However, looking at the detailed breakdown suggests that we may be seeing increased investment in some of the leading indicators.

Once more, Credit job vacancies were up (+36%) on last year, with Hedge Fund (+41%) and FinTech (+25%) posts also in recovery. Graduate and Internship posts were only 17% lower than in 2023, suggesting that the majority of large players are continuing to maintain the size of their intake. And although Capital Markets postings fell by 66%, Derivatives vacancies were 91% higher, which may reflect the fact that the Hong Kong convertibles market returned to life in the second quarter, with over $9bn of issuance.

Anecdotally, recruitment professionals continued to observe that although the overall ratio of applicants to posts is high, finding the exact skills match is difficult at present. Some subsectors even saw tighter labour market conditions overall in niches like Global Custody (applications fell by 41%), Commodities (-88%) and even in Sales and Marketing, where there were 2% more candidates than this time last year, but 18% more available jobs.

Australia

A pause for breath

Q2 apps per job: YoY change

Job vacancies posted during the second quarter were somewhat lower versus a strong base for comparison in Q2 last year. These falls were mainly driven by Technology (-44%), Compliance/Legal (-59%) and Accounting and Finance (-35%). Although overall investment banking revenues are up 6% for the year to date, many large banks are right-sized for their target markets, and are becoming selective in any further hiring.

Candidate applications, however, appear to have fallen faster than vacancies, even allowing for the improvements in the eFinancialCareers website which caused a step change in the previous year. The number of applications per vacancy more than halved for Capital Markets jobs, while Investment Banking / M&A candidate numbers fell by 65%. The areas which saw increased interest from candidates were for the most part the classic "forward-looking" subsectors like Fintech, where applications more than tripled, and Hedge Funds (+152%).

This may indicate that the Australian market is entering into a transitional phase. The overall talent pool remains large and deep, but candidates appear to be broadly satisfied with their current positions, and reluctant to take risks on career transitions, except in cases which might involve an entirely new challenge. Firms, for their part, appear to mainly be hiring for specific positions requiring specialist skills or client relationships. Talent acquisition professionals may need to be proactive and to think laterally in order to navigate a market in which more activity is happening below the surface.

> **"The overall talent pool remains large and deep, but candidates appear to be broadly satisfied with their current positions, and reluctant to take risks"**

Middle East

A market reaching maturity

Q2 apps per job: YoY change

Overall, job postings in the Middle East region were down 16% on the same quarter of last year; the days in which it could be guaranteed that secular growth in regional markets would drive recruitment inexorably upward are at an end. However, core segments like Accounting & Finance (+16%), Private Equity & Venture Capital (+31%) and Capital Markets (+125%) demonstrate that there is still a strong long term growth story.

Chris Pidsley, VP of Sales for eFinancialCareers in the Middle East region, also notes that there are still many major institutions staffing up – "Appetite from talent to move from Europe to the region is still strong as banks continue their regional expansions. UBS, Santander and Deutsche Bank have all announced new headcounts in recent weeks". As they arrive, they may find tight labour markets, however – in key areas like Operations (-18%), Technology (-21%) and Sales & Marketing (-55%), candidate numbers have fallen sharply year-on-year. Chris Pidsley also notes that "Private sector organisations are being encouraged to develop long term strategies to attract and retain top local talent, rather than just fulfil Emiratisation quota targets."

This suggests that the Middle East market, particularly in the large UAE financial centres, is reaching a point in its development where structural change begins to be seen. Rather than scrambling to keep up with growth and attract expats to fill vacancies, talent acquisition and recruitment is becoming a more strategic game, with uncertainty over both supply and demand for specialist skills. The HR and Recruitment sector saw both job postings (-60%) and applications (-78%) fall compared to the same period last year, but skills in this sector are likely to come into sharp focus in the next few quarters.

> "Appetite from talent to move from Europe to the region is still strong"
> **Chris Pidsley, VP Regional Sales APAC**

USA

Pockets of activity

Q2 apps per job: YoY change

Nick Buckland, VP Regional Sales USA at eFinancialCareers, pithily summarised the state of play at the end of the second quarter: “Financial Services hiring is still slow in the US, but there is an increasing sense that – if we’re not yet seeing green shoots – we are perhaps past the nadir. Recruiters we speak to tell of pockets of activity, but that these pockets require significant business development efforts to find. Investment banking revenues are increasing modestly – a fundamental requirement for hiring to gear up, however two key topics are holding back any meaningful growth, the timing of interest rate reductions and the upcoming US presidential election.”

Overall market conditions in the USA in the second quarter could hardly have been better in terms of deal flow. Both equity and debt capital markets saw continued double-digit growth in sums raised, and the bulge bracket Wall Street banks all raised revenue guidance; on average, the top five firms now expect investment banking and advisory revenues to be up 25% on last year.

> **“two key topics are holding back any meaningful growth, the timing of interest rate reductions and the upcoming US presidential election”**
> **Nick Buckland, VP Regional Sales US**

However, although the second quarter continued to build on the tentative optimism of the start of the year, this did not for the most part translate into a sectoral hiring boom. Most firms had not really downsized to begin with, and so found themselves right-sized for improved conditions rather than understaffed. Vacancies posted were down 45% on last year in Capital Markets and 25% in Investment Banking/M&A.

For similar reasons, employees were less likely to be looking for jobs – applications fell faster than vacancies in both Capital Markets and M&A, as bankers preferred to concentrate on making the best of what they had. Consequently, as this picture was repeated across many segments, the US market appears to have tightened, with a 13% fall in the number of applicants per position. However, anecdotally many market participants are looking out toward political uncertainty and economic volatility later in the year, which may disappoint optimistic bonus expectations and bring more candidates into the market.

One area where the US bucked the trend, however, was in the mid office. Accounting and Finance positions saw a 25% increase in the number of candidates per vacancy, despite the global shortage. This may reflect the streamlining of operations at Citi and a number of other big banks, as well as the gradual realisation of the benefits of past investments in technology to improve productivity.

UK

A tale of two markets

> "M&A and Capital Markets experienced a rise in the number of job seekers looking for a move"
> Rob Eade, VP Regional Sales UK

Q2 apps per job: YoY change

The UK saw a marked divergence in conditions between different market segments in the second quarter, as some signs of life began to return to deal volumes and investment banking revenues. As Rob Eade, VP Regional Sales UK at eFinancialCareers put it, "Q2 saw the usual dip in hiring activity in the UK. However, there were a couple of areas where demand increased. M&A and Capital Markets experienced a rise in the number of job seekers looking for a move, likely prompted by the payout of bonuses, which were poor or non-existent".

This was borne out by the statistics. Although there were 20% fewer Capital Markets vacancies in Q2 than a year ago, there were 9% more candidates. The number of candidates per vacancy in investment banking was 25% higher than a year ago. There was also something of a buyer's market for Technology staff, with vacancies 18% down on Q2 2023, but applications only 9% lower.

However, many other important segments began to see tightening conditions. There were 11% fewer applications for Risk Management jobs, despite 24% higher vacancies, for example. Accounting & Finance candidate numbers fell by 18% with vacancies rising 3%, while Trading jobs saw the same number of applications as last year, with 25% more vacancies. It seems that candidate willingness to consider job moves may be driven by their assessment of the 2024 bonus season and their perception of the possibility of doing better next year.

Rob Eade also noted that the hiring market itself was changing and becoming more complicated. He said that "We observed a significant increase in the number of direct businesses (non-staffing) accessing the eFinancialCareers CV database as these firms look to rely more on in-house talent acquisition teams. Consequently, there were further redundancies within the staffing market, as search firms were less busy than anticipated at the start of 2024". Overall, it appears that there are still grounds for optimism about London recruitment, but more definite momentum will be needed to really drive volume.

France

Could this be the peak?

Q2 total job postings: YoY change

On the face of things, it looks like the French financial labour market continues to grow and get tighter. Job postings were 56% up on Q2 2023, while the number of candidates per vacancy continued to fall. However, although growth is continuing, it might no longer be seen at an accelerating rate – in the last Hiring Trends report, vacancy growth was more than 100%.

Abel Ekpitini, Vice President for Europe Sales at eFinancialCareers, notes that new technology is also beginning to affect the market. He says that "Financial institutions are increasingly integrating technologies like generative AI and cloud computing. This shift necessitates hiring professionals who can navigate and implement these technologies effectively. The focus is on agility and innovation to stay competitive amidst rapid technological advancements"

Furthermore, the growth is no longer concentrated on what might be considered to be "leading sectors". Technology job postings were up 80% and Operations up 22%, but Trading jobs were flat on last year and Capital Markets down 61%. Sales & Marketing vacancies fell by 27% and Credit by 70%. There were still some strong areas in front office segments (Investment Banking +58% and Fintech more than triple last year), but the overall impression appears to be that major banks may have "staffed up" their Paris operations to somewhere near the target size, and are now concentrating on building out support systems and infrastructure.

As companies switch their focus, employees are also changing their behaviour. Abel Ekpitini points out that "Employers are placing a greater emphasis on diversity and inclusion, particularly in investment banking and private equity. This shift is part of a broader trend towards creating more inclusive work environments. Companies are finding it challenging to attract and retain employees with niche skill sets. Competitive compensation packages, including benefits, are becoming crucial in retaining top talent. There is also a noticeable trend of employees not returning to their previous employers once they have left, indicating a preference for new opportunities over rejoining old ones." Although candidate numbers grew strongly in sectors like Technology (+65%) and Operations (+45%), they were down in front office areas like Trading (-65%), Investment Banking (-6%) and Research (-61%).

Given the current political uncertainty, there may be some softness to come, particularly given some very demanding bases for comparison. As Abel Ekpitini puts it, "the financial sector in France is navigating a complex landscape with a strategic focus on technological innovation, regulatory compliance, and talent retention".

"The focus is on agility and innovation to stay competitive amidst rapid technological advancements"
Abel Ekpetini, VP for Europe Sales

Germany

Catching up with improving trends

> **"Bigger organisations are hiring, but with reduced budgets"**
> Christian Jurack, Strategic Account Director for Germany

Q2 total job postings: YoY change

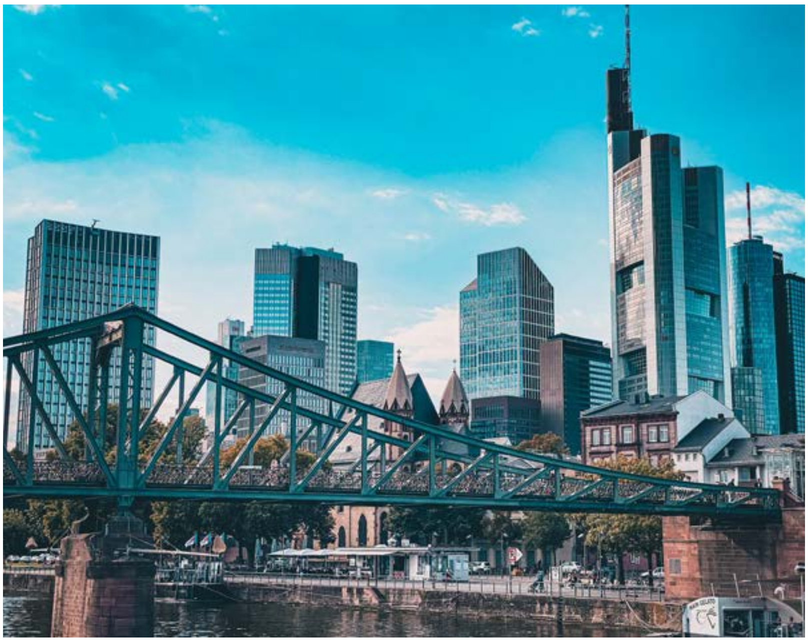
"Bigger organisations are hiring, but with reduced budgets ... there is currently no bounce back in the market, and we have only light hopes to see this in the second half". That's the view of Christian Jurack, the Strategic Account Director for Germany at eFinancialCareers. This is underlined by the falling numbers of posted vacancies for most of the major front office job categories; Trading was down by 55% on a year ago, Investment Banking down 24% and Wealth Management by 84%.

The overall number of job postings was driven by strong growth in Technology and Accounting/Finance roles, both of which were more than double the levels of Q3 2023. Compliance and Legal vacancies were flat on last year, demonstrating that the market is being dominated by the non-cyclical segments. Another area where vacancies increased was in HR and Recruitment; as Christian Jurack said, "staffing firms are investing in business development despite still having a lack of mandates".

This investment on the part of recruitment firms might be seen as a vote of confidence in the underlying strength of the German-speaking markets, however. Revenue trends for Deutsche Bank and UBS have been strong in Q2, with both banks giving positive guidance on investment banking business. It is noticeable that Capital Markets vacancies were up 14% on last year. Although employers in the region may be reluctant to increase their fixed cost base, at some point the pent up demand will need to be translated into action.

The first signs of change may come among the smaller employers. Christian Jurack notes that "Small and mid size companies are still holding back their recruitment activities and far less jobs are being advertised across all channels". Private Equity and Venture Capital vacancies were down by 27% on last year, while Credit job postings fell by 33%. This was despite continued growth in revenues for these sectors, so it appears that recruitment is lagging business growth.

When demand recovers, the labour market is likely to be tight. Job applications in Trading were down 92% on last year, down by 76% in Fintech and by 55% in Capital Markets. In nearly all sectors where vacancies fell on last year, applications were falling at a faster rate. It seems that potential candidates are preferring to stay with their current employers rather than take a risk.



Key takeaways

New opportunities in a less competitive market

- The underlying picture of the financial industry is healthy. The recovery in deal revenues from Q1 has continued and accelerated, with some of the geographical laggard markets now seeing signs of activity.
- However, this has been slow to translate into hiring, largely because fewer cuts were made in the downturn than might have been expected based on previous cycles. Firms have not yet found themselves understaffed for their current level of business.
- There was little or no "post-bonus rush" to change jobs. Candidates were cautious about making career changes earlier in the year, and now they appear to be at least slightly optimistic about the future. Particularly in specialist niche segments, this has meant a tightening labour market, with employers needing to make special offers to attract the right talent.
- Optimism about the second half of the year and 2025 is at a lower level than might have been expected given the favourable surprises so far. Political uncertainty in a number of major markets, combined with concerns about the macroeconomic cycle have made people reluctant to plan on the basis of continued momentum. Talent acquisition teams are in the position of having a lower number of vacancies to fill, but needing to do more work and take more time on each individual mandate.

Get dynamic, well-qualified candidates

- eFinancialCareers is the space to inspire and grow exceptional careers in financial services and tech.
- We connect dynamic, well-qualified candidates to the best jobs with the most aspirational employers.
- We help candidates to build their careers and recruiters to engage with, source and hire the people they need.

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