



Compliance

Mid-Year Report 2017
Compensation & Market Trends



2017

Barclay Simpson
corporate governance recruitment

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Introduction

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Barclay Simpson has been producing corporate governance market reports since 1990. We currently produce two reports a year:

Annual Market Report

Our annual Market Report is published in January and reviews the corporate governance recruitment market for the previous year, whilst making predictions for the year ahead. It includes learning from our annual survey of employers.

Mid-Year Report

Our Mid-Year Report is published in July and updates the overall market picture, as well as providing a specific focus on compensation and the views of people working in compliance, based on our annual survey of employees.

This time round, the results are particularly interesting as we asked several questions about Brexit to gauge sentiment amongst compliance professionals and to provide insight into the possible impact of this momentous decision.

Comparable reports exist for all other areas of corporate governance. They can be accessed in section 7 of this report (“About Barclay Simpson”) or at **www.barclaysimpson.com**



At a glance





Executive summary



Economy and wages under pressure

Following a steady performance by the UK economy in 2016, growth rates at the beginning of 2017 have slowed. Whilst the post Brexit recession didn't materialise, the vast majority of economists predict the decision to leave the EU will hit growth. Overall unemployment levels continue to fall. Productivity growth, however, remains elusive and exchange rate depreciation has led to inflation exceeding the Bank of England's 2% target. Real wages, that had been slowly improving over the last few years, are once again coming under pressure. This is exacerbating pressures on salaries in compliance and causing an increase in the number of compliance professionals who would consider entering the recruitment market to improve their earnings.

Uncertainty prevails

Stability and growth tend to raise demand for compliance professionals. Unfortunately, we are still living through a period of uncertainty and, as we write this report, the UK government is about to embark on a set of negotiations that will have far reaching implications, not just for employees and employers in compliance and other areas of corporate governance, but for the country as a whole.

We had hoped that by the time of this report the consequences of Brexit would have become a little clearer. This is not the case. The uncertain situation caused by Brexit has been further complicated by the outcome of the recent general election and it remains to be seen what impact this has on the negotiations of the UK government with their EU counterparts.

Brexit is a potential minefield

Whilst the response to our survey about the impact of Brexit is still speculative, many consider it a potential minefield for compliance departments. The results clearly demonstrate that many compliance professionals are prepared to make significant changes to their lives, including relocation, to protect their jobs and career prospects. This situation is exacerbated by the fact that compliance departments are dependent on EU migration for their successful operation and ongoing recruitment needs

Threat to certain parts of Financial Services

Some sectors may suffer a greater impact than others. Lack of passporting rights and potential EU changes to the current rules governing the euro-denominated derivatives market, which may force "systematically important" clearing houses to operate within the EU, would all have a significant negative impact on employment numbers in London. Other sectors such as Insurance and the Lloyd's market in particular, are so unique to London that they are less likely to be affected.

Softer Brexit?

It is believed by some that the recent election result may force a rethink on Brexit priorities and may potentially put market access and the economy to the fore rather than immigration. This report clearly indicates that compliance, like many other sectors, is highly reliant on sensible EU immigration and anything that puts financial services and market access first can only be good for the wider compliance market.

Outlook

It is very difficult to make any sort of prediction on what is likely to happen over the longer term due to the uncertainty surrounding Brexit. In the short term, we anticipate the compliance market will remain relatively active, particularly at the mid-level. Even during times of uncertainty, regulatory pressure, such as created by General Data Protection Legislation (GDPR), MiFID II and the Senior Managers Certification Regime (SMCR), means companies still need to recruit. Instances of recruitment freezes or job losses due to departmental restructuring and role relocation are balanced by the creation of new roles, particularly in financial crime, surveillance, compliance

monitoring and roles related to the delivery of a broad range of regulations. The market, in the short term, will remain challenging for senior compliance professionals in banking with fewer roles at director level and above. Overall, we expect demand to hold up well with a good supply of candidates in all but the most specialist areas.

While Brexit will undoubtedly have a negative impact on recruitment at some point, especially if immigration controls are prioritized over market access, London continues to enjoy a unique set of benefits that very few, if any, other European locations can match... at least in the short term.



Key issues



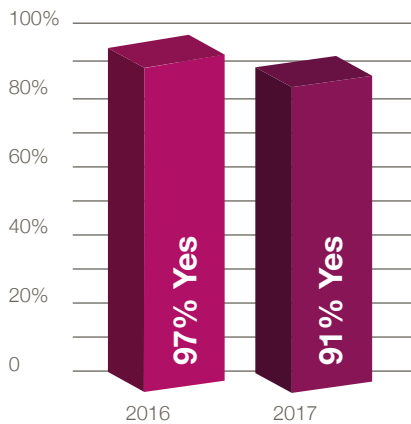
As illustrated in section 2 (At a glance), the overall picture in compliance is relatively positive, with growth across a number of areas. However, pressures are increasing due to economic uncertainty surrounding Brexit and remuneration. Here are the key issues coming out of our survey of compliance professionals:

JOB MARKET GETTING TOUGHER

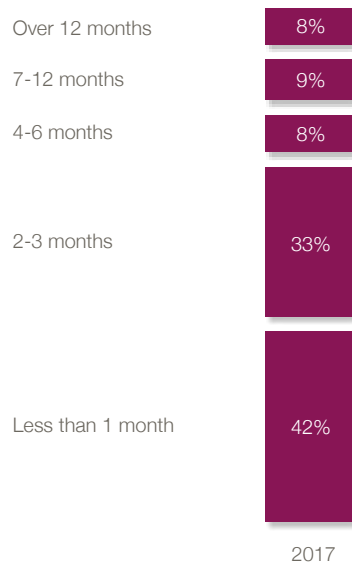
Job market deteriorating for compliance professionals

The number of compliance professionals reporting that they are not currently in work has trebled from 3% in 2016 to 9%. We also found that 25% of compliance professionals not currently working have been out of work for over 4 months and 8% over 12 months.

Are you currently working?



How long have you been seeking a new position?



While this can't be positive news and is reflective of a potentially slowing market, it is perhaps better attributed to a change in attitude towards compliance as well as structural changes within the industry.

Salaries in compliance have risen significantly over the past few years and the market for compliance professionals has matured. Employers expect value for money from their compliance staff. Soft skills are vital and candidates who aren't able to build effective relationships with senior stakeholders, or those who have changed jobs frequently, will find it more difficult to secure a role.

Large banks continue to cut costs to improve their return on equity. Regulatory capital requirements have made certain business lines, such as commodities and structured credit, less profitable, leading to the closure or sale of those businesses. This has had an effect on all areas of corporate governance and compliance is no exception. The number of compliance roles in banking is down significantly when compared to the same period in 2016.

We have seen other areas of financial services help pick up the slack. Areas such as peer to peer companies, fin techs, challenger banks, direct lending funds, asset managers and insurers have started taking market share from banks.

Smaller businesses, like the fin techs, require an even more commercially minded compliance professional who can act as a true partner to a business that may not necessarily understand the importance of compliance. The candidates from larger, heavily regulated, companies, who can adapt their approach, have a clear route into something different and the chance to really make a difference.

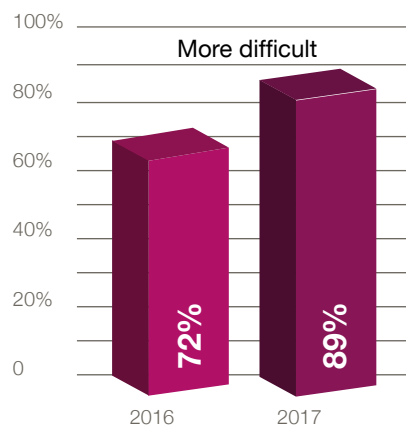
We have seen a steady flow of positions in this space, as well as in asset management. The FCA recently released its final report into this industry, highlighting a number of concerns; fees, advice and suitability have all come under the regulatory spotlight.

The number of new vacancies coming to market is down on 2016 and the level of growth seen in previous years has probably plateaued. This is being offset by the quality of vacancies coming to market and the desire of firms to recruit effectively when they do. These factors are keeping the market going and ensuring good quality compliance professionals will still have options.

Contractor confidence down

Contractor confidence is low, with 89% of those contractors currently looking for a new contract reporting it harder to secure a new assignment than anticipated. This is a big increase from 72% in 2016.

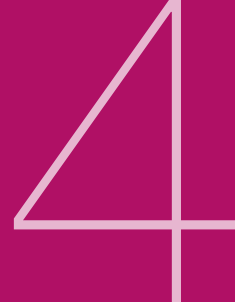
Are you finding securing a new contract more or less difficult than anticipated? (contractors)



Just 32% of compliance professionals in work as a contractor believe that the market for their skills is improving. This is an increase on 2016 (24%), but down significantly from 43% in 2015.

On a positive note, remuneration is improving, as 57% of compliance professionals received an increase in their rate when changing contract, whilst only 14% saw a decrease. However, this reflects a climate of modest increases in remuneration across the board.

Key issues

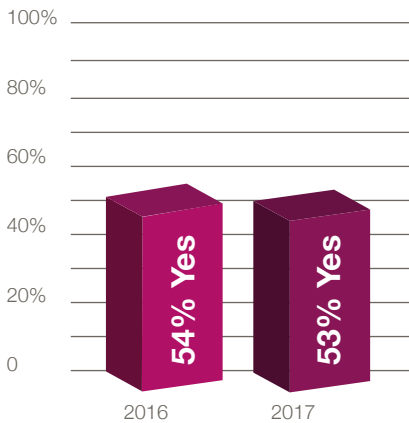


REMUNERATION UNDER PRESSURE

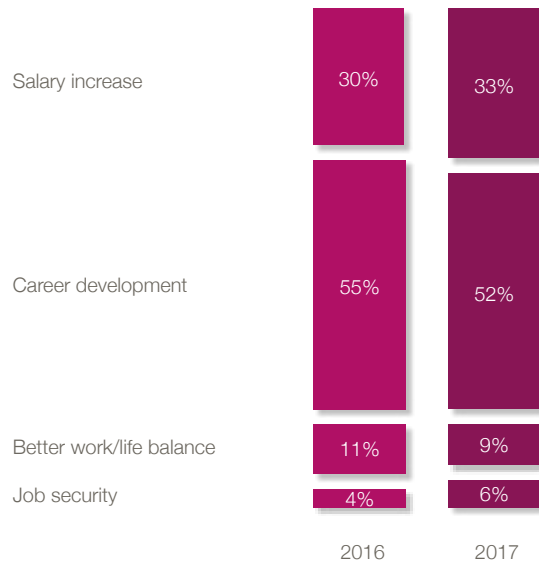
Decreasing satisfaction with remuneration

Overall, salaries continue to be an issue for compliance professionals. The number who feel adequately compensated has dropped only slightly from 54% to 53%; however, the number of compliance professionals who cite salary increase as a reason to change role has increased from 30% in 2016 to 33%.

Overall do you believe you are adequately compensated?



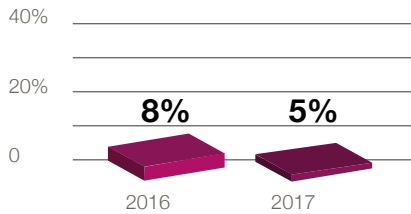
What was your primary motive in looking for another job?



Average salary increase for non-movers down to 5%

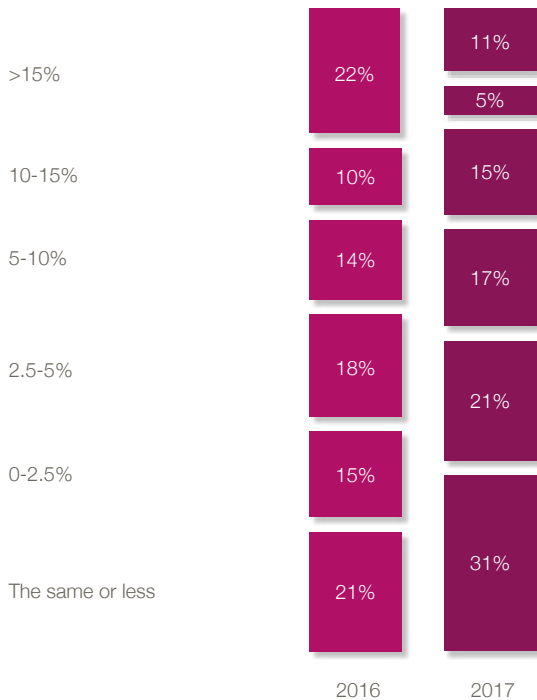
According to our survey, the average salary increase for compliance professionals who stayed with their existing employer fell from 8% in 2016 to 5% in 2017. Furthermore, averages can be misleading as many of those who stayed with their employer will have benefited from promotions or counter offers. If we adjust for this, the figure drops to 2%. Given the recent rise in inflation, this represents a real reduction in the value in compliance salaries.

Salary increase for non-movers



As our comparatives demonstrate, there has been a significant increase in the number of compliance professionals (52%) who received an increase of less than 2.5%. This compares to 36% in 2016.

Which option best describes your salary increase in the last year?



The figure of 31% of compliance professionals reporting they received no increase is up from 21% in 2016. This is a high percentage and may be of some concern.

The picture is mixed across the financial services industry and across different compliance disciplines. For example, the average salary increase achieved by compliance monitoring, group compliance and AML was 5%, however, for compliance advisory it was 4%. In corporate & investment banking the figure was 5%, whereas in retail banking it was 3%. Insurance was the highest at 8% and in funds it was 5%. Women (5.6%) fared slightly better than men at 4.5%.

Sub-groups



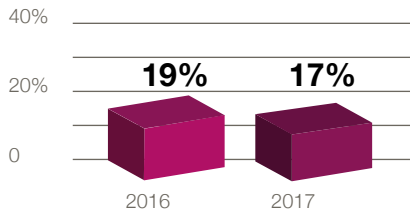
Key issues



Average salary increase for job movers down to 17%

Our survey shows a drop in the average increase achieved by compliance professionals who have changed employers from 19% in 2016 to 17%.

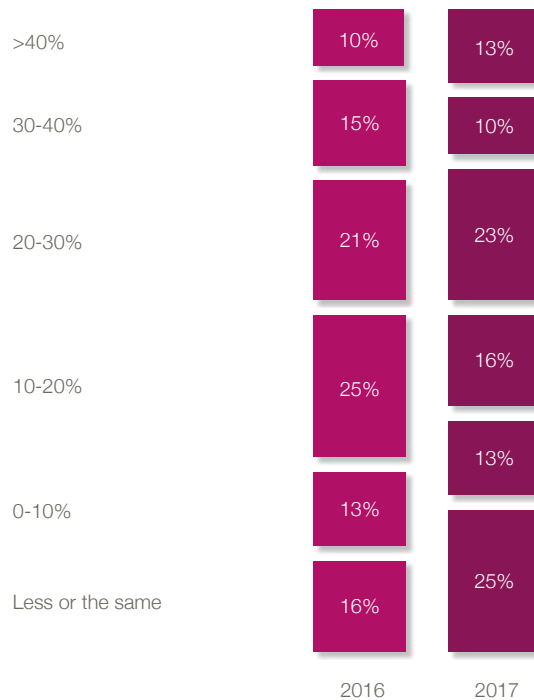
Salary increase for job movers



The picture was most promising for compliance professionals in the insurance sector, who achieved an average increase of 28% when changing jobs, compared to 12% in corporate and investment banking and 20% in consulting and funds. It should be noted that insurance still, on average, pays less than most other areas of financial services. The averages for men and women varied significantly, being 21% and 12% respectively. Managers also fared better (21%) when compared to non-managers, who achieved an average of 13%.

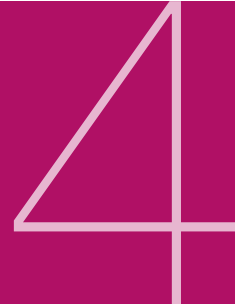
There is a significant difference between the 17% increase in salary achieved by changing job and the 5% average achieved by staying with an existing employer. However, analysing the average reveals a wide range of increases. It is worth highlighting that whilst 17% may be taken as the average, only 16% (down from 25% last year) of compliance professionals actually accepted a salary increase between 10% and 20% and, significantly, 25% of compliance professionals moved for the same money or less, up from 16% in 2016.

Which best describes how your current salary compares to your salary in your previous role?





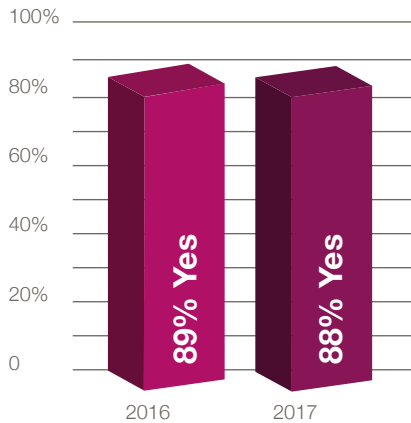
Key issues



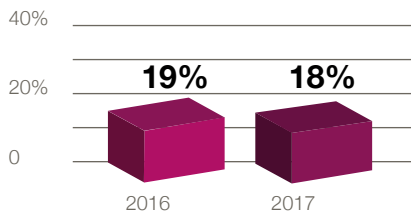
Bonuses down

The number of compliance professionals receiving bonuses dropped fractionally from 89% to 88%, and the average bonus level (18%) was slightly down compared to 2016 (19%).

Does your employer pay a bonus?

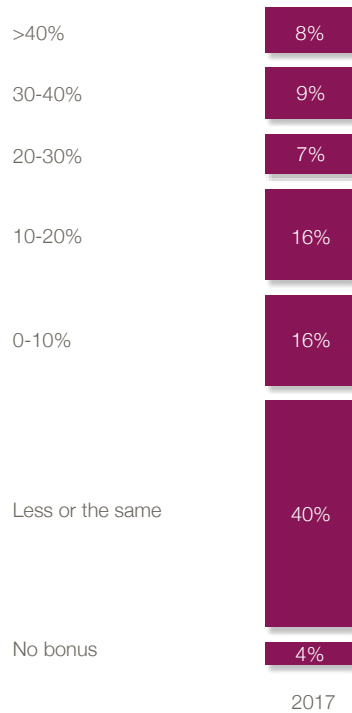


Level of bonus - percentage of salary



Compliance professionals' bonuses were higher than audit (15%), however, they were lower than legal (23%) and risk (29%). The average bonus is not, however, the typical bonus a compliance professional might expect - only 16% of compliance professionals reported receiving a bonus in the 15-20% range and 60% of compliance professionals received a bonus of 15% or less.

Which of these as a percentage of your salary best describes your last bonus?



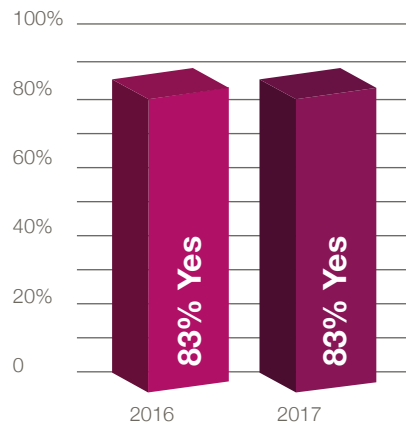
Bonuses were highest in funds/wealth at 33%, up from 30% in 2016 and the only sector where average bonuses increased. Bonuses in investment banking were down from 17% in 2016 to 10% and the average also fell in corporate banking, from 20% to 15%. Retail banking bonus averages remained static at 14%. The average bonus for managers (22%) was higher than for non-managers (14%). Average bonuses were also higher for men (21%) than women at 14%.

Whilst bonuses are a good way for employers to retain staff, they are not an efficient way of attracting them. This is shown in our survey where the average bonus for those who changed jobs was 17% compared to 19% for those who did not. Employers have been reluctant to compensate for loss of bonus when hiring, except for the most senior members of staff. If a compliance professional chooses to move firm, he/she will generally forego any accrued bonus with their current employer and will, at best, receive a pro-rated bonus from their new employer. Bonuses are non-contractual, discretionary and subject to all the usual caveats around performance. In some cases, bonuses may begin accruing from the time employment starts, in others there is a qualifying period. Some employers have a cut-off point in the year after which new joiners will not qualify for a bonus in that year's cycle.

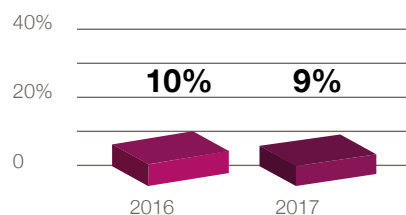
Pensions slightly down

Pensions make a significant contribution to total income and, at 9% of base salary, are slightly down on 2016 (10%). 83% of compliance professionals receive additional pension contributions, the same as 2016.

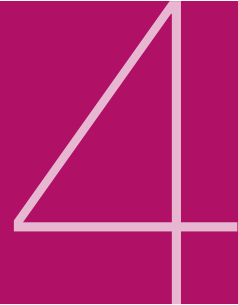
Does your employer provide you with any pension benefits above the statutory minimum?



Average level of pension contributions - percentage of salary



Key issues

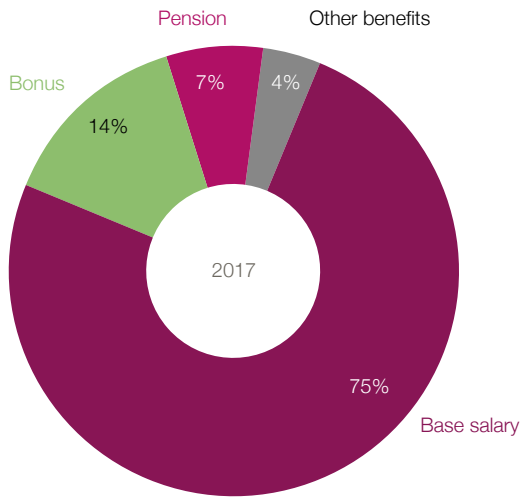


Other benefits stable

Other benefits (which include private health, travel or car allowances, memberships, etc.) remain at an average value of £4,500.

Breakdown of total remuneration

The typical relative importance of the different elements of remuneration in compliance is as follows:

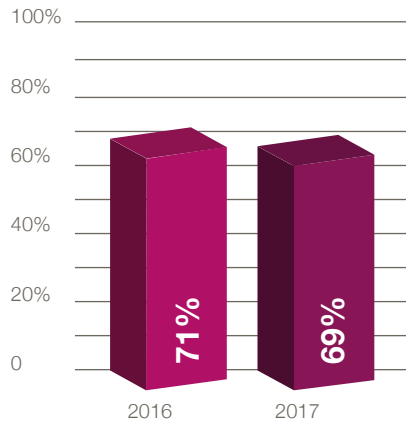


INSECURITY INCREASING

Drop in perceived value of skills

The increasing insecurity in the compliance market is apparent from the slight drop in confidence in the perceived value of their skills for compliance professionals from 71% in 2016 to 69%

Do you believe your skills have become more valuable?

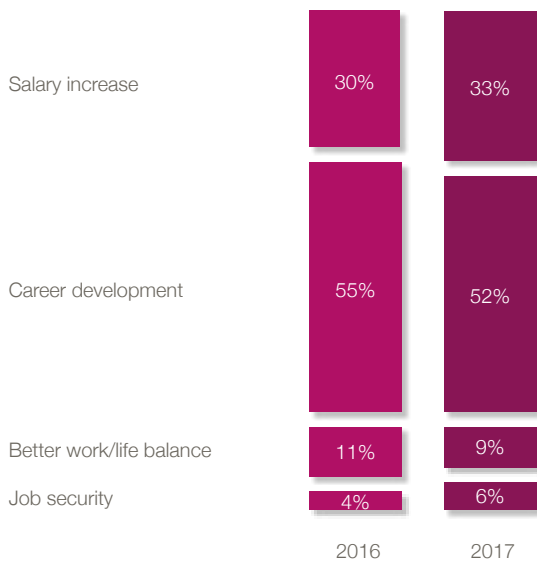


Confidence is greatest in compliance advisory and policy at 77% and lowest in compliance monitoring at 50%.

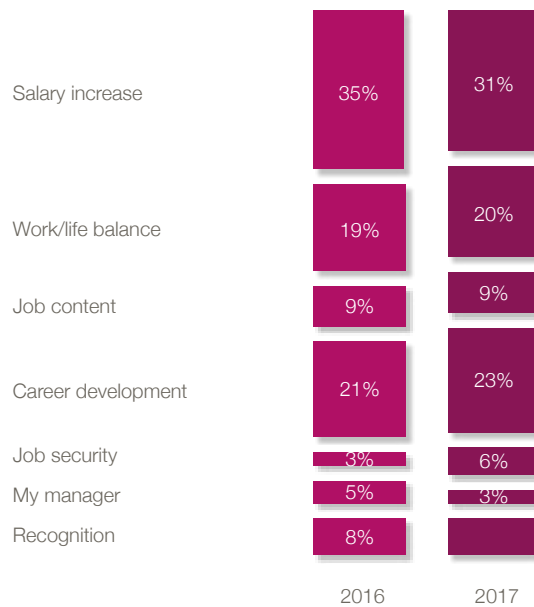
Job security increasingly important

Job security is becoming increasingly important and was the primary motivator for 6% of people who changed job in the last 12 months, compared to 4% in 2016. Job security also doubled in importance as the one thing people would most like to change about their job.

What was your primary motive in looking for another job?



What would you most like to change about your job?



Anti-Money-Laundering professionals feel the least secure, with 16% reporting job security as a reason for changing jobs. 11% of compliance professionals in corporate and investment banking cited job security as the main reason for changing jobs. These are very high figures and are explained not just by the potential impact of Brexit on both the wider economy and compliance, but also the current financial pressures in the banking market. Cost cutting measures have been common in banking for years and the last 12 months have been no different. Regulatory capital costs have led to closure of business lines, which has led to redundancies for compliance professionals who support these businesses. Offshoring, that has also been going on for several years, is another factor that is leading to insecurity among compliance professionals.

Key issues



BREXIT A POTENTIAL MINEFIELD

Brexit is affecting the work of compliance professionals

Brexit is already impacting the work being performed by compliance professionals, with 24% reporting a moderate change and a further 4% a significant change. This is comparable to other areas of corporate governance, such as risk management and audit, with 25% and 23% respectively. It is, however, considerably lower than in legal where 41% of lawyers have reported moderate change to their work and a further 8% of lawyers a significant change to the work they are performing.

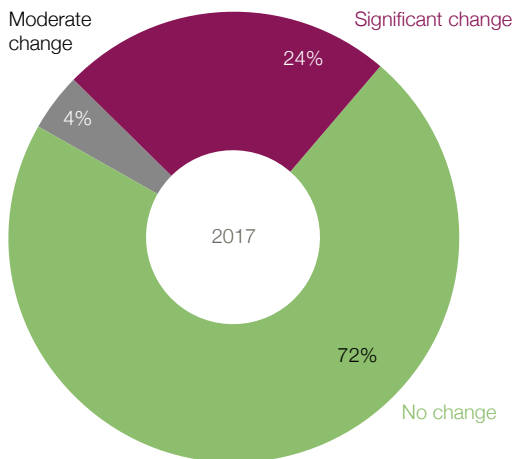
The impact increases in corporate & investment banking, with 27% of banking compliance professionals reporting a moderate change and a further 3% a significant change. In the funds sector, 30% of compliance professionals report a moderate change in the work they do. In consulting, the number reporting moderate change is 28% and the number reporting a significant change to their work due to Brexit is 7%.

Insurance appears to be the least affected sector, with just 10% of compliance professionals reporting a change to the work they do as a result of Brexit.

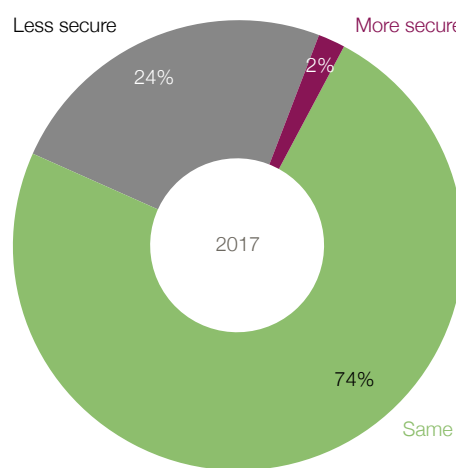
Brexit reducing job security

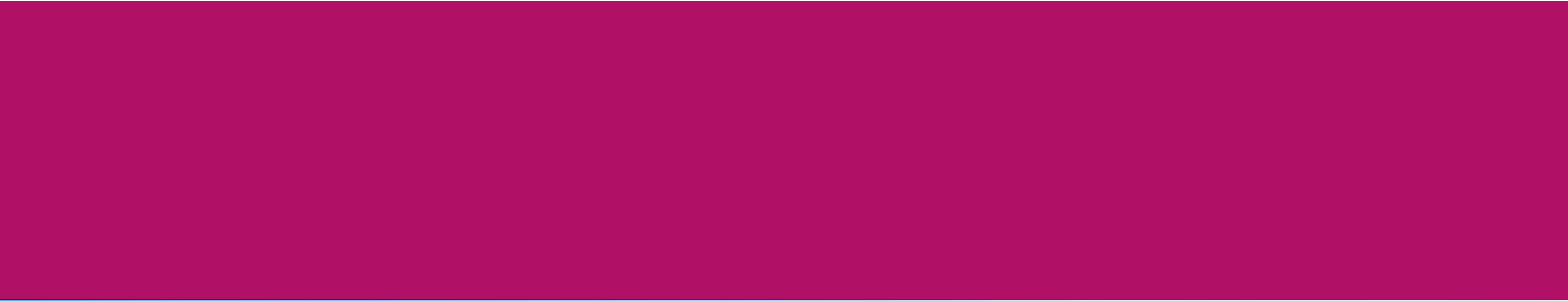
Brexit is also affecting job security with 24% of compliance professionals feeling less secure as a result of Brexit.

Is Brexit affecting the work you do?

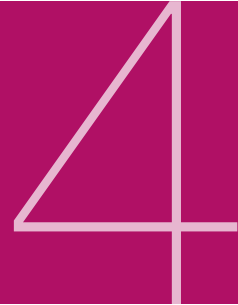


Has Brexit affected your job security?





Key issues



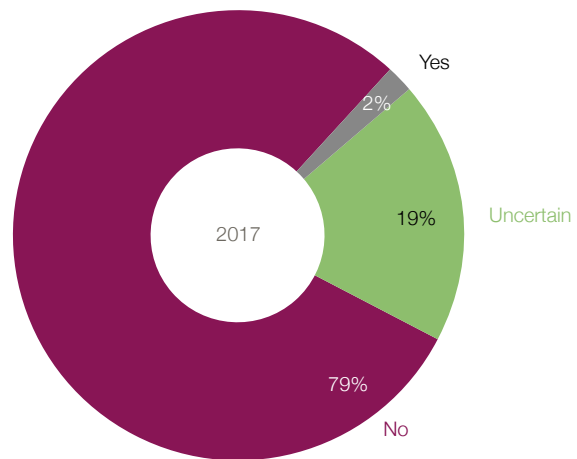
This is higher than audit, where 15% feel less secure, but is comparable to other areas, such as legal and risk, where 27% of lawyers and 25% of risk managers believe their roles have become less secure.

Compliance professionals in banking feel less secure than their counterparts in the broader financial services industry, at 30%. Whilst compliance is a transferrable skillset between geographic locations, for financial services in particular, the depth of the candidate pool in London often dictates where roles are based. London attracts people from around the world so employers, bound by the need to attract the highest quality staff, resist the temptation to hire in cheaper locations and retain roles in London. However, banking is slightly different. We have seen restructuring of compliance departments in banking for cost reasons prior to Brexit for some time and a number of organisations in banking have already moved compliance teams to lower cost locations in other parts of the UK, Europe and beyond: Dublin, Edinburgh and Belfast, along with centres in Eastern Europe and India have all been popular destinations and there is a sense that there is still more relocation of staff to come.

21% of compliance professionals believe their role will or may be relocated

21% of compliance professionals believe their role will or may be relocated to another part of the EU post Brexit.

Are you worried that your role may be relocated to another part of the EU post Brexit?



This figure rises to 35% of compliance professionals in corporate and investment banks, though is much lower in retail banking (5%) and in insurance (10%). Insurance sector compliance professionals feel the most secure with regard to Brexit. UK insurers tend to focus primarily on the UK and the Lloyd's Market is a global centre of excellence that is less reliant on the EU for business than other financial services companies.

Aspects of compliance can be performed remotely, however, there are many roles that require someone to be close to the business areas they support. Those areas of financial services that need to have departments within the EU for their business to function internationally are likely to require a local compliance management presence. On a positive note, the UK is likely to retain equivalence with the EU in rules and regulations for the foreseeable future. The UK also has a good track record of 'Gold Plating' regulatory standards, meaning there shouldn't be any great divergence of rules and regulations between the UK and the EU. For this reason, it is unlikely that roles will be relocated due to regulatory pressure in the short to medium term.

Brexit compressing earnings

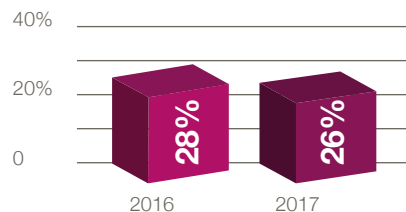
One clear impact of both Brexit and the recent election has been a fall in the value of Sterling. This has led to an increase in inflation which currently stands above the Bank of England's target of 2% and has impacted real earnings. In addition to this, our survey reveals that overall salary increases achieved by compliance professionals either changing jobs or staying put have fallen slightly. When compared to national averages, the figures for compliance professionals still exceed those in the wider economy, however, wage compression as a result of inflation has led to an increase in the number of compliance professionals who reported salary as a key motivator for potentially entering the recruitment market. It is also the thing they would most like to change about their job.

COMPLIANCE PROFESSIONALS SITTING TIGHT

Recruitment activity calm but steady

The number of compliance professionals who changed jobs in the past 12 months decreased slightly, from 28% in 2016 to 26%, but this could still be considered calm rather than low.

Have you changed employer in the last 12 months?

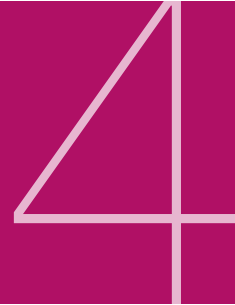


Focus on improving current position

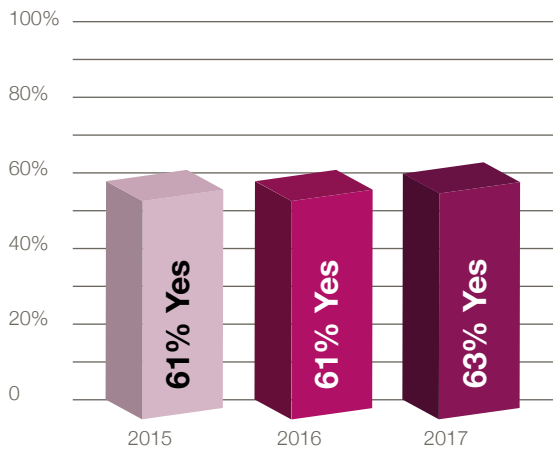
Flexible working (i.e. the opportunity to vary your hours of work or to work from home on either an ad hoc or regular basis) is an increasing motivation for compliance professionals. Employers recognise this and are willing to entertain flexible working for new and existing employees.

This year 63% of compliance professionals reported that they benefited from flexible working, up from 61% in 2016. Furthermore, 75% of compliance professionals reported they would like the opportunity to work more flexibly.

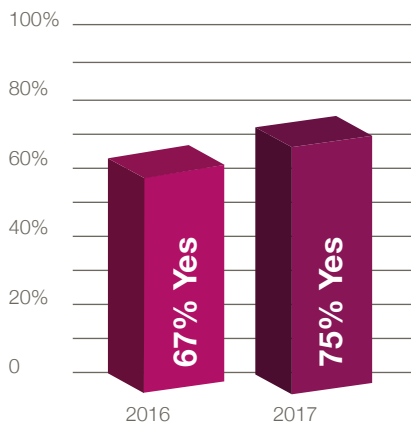
Key issues



Does your employer provide you with the opportunity to work flexibly to any significant level?

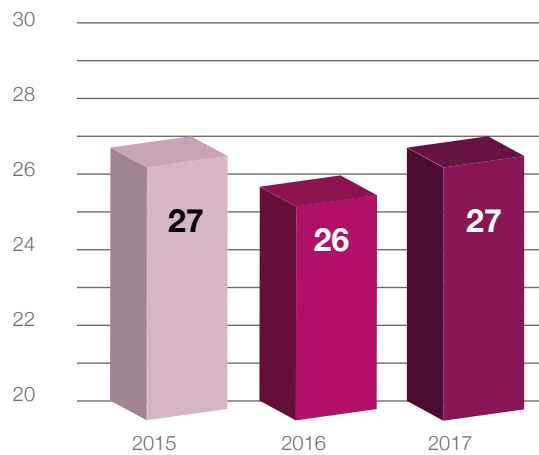


Would you like the opportunity to work more flexibly?



Holidays are another key factor in quality of life, but tend not to be used as a means of securing or retaining staff as much as other incentives. In 2017, the average number of days holiday returned to 27, having dropped to 26 in 2016.

Average number of days holiday



COMPLIANCE PROFESSIONALS READY TO JUMP

Large number of EU Citizens employed in compliance

19% of the candidates who responded to our survey are EU Citizens (Non-UK). This is a significant figure and rises to 34% in corporate & investment banking, which seems to be more reliant on EU Citizens than other areas of compliance.

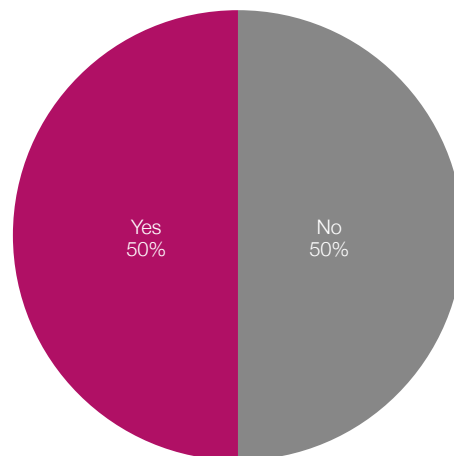
These figures seem accurate based on our experience of the compliance market and in fact, over the past 12 months, 25% of our revenue generated by compliance placements came from placing EU Citizens. That said, the figures may not necessarily be representative of the composition of most compliance departments as our survey is of candidates who are registered with a recruitment agency and most people relocating to the UK to look for work register with a recruitment agency which may skew the figures.

However, it is clear that compliance departments are reliant on EU Citizens to a significant degree for their day to day functioning and future resourcing plans. Post Brexit, if the rights of EU Citizens already working here are not guaranteed and if we fail to adopt some form of free movement or an efficient visa application system, employers may be faced with no choice other than to relocate roles to the continent to attract and retain staff.

50% of compliance professionals ready to relocate

Our survey has revealed a potential brain drain, depending on the outcome of the Brexit negotiations, with 50% of compliance professionals indicating that they would be ready to relocate if their current role or job prospects were significantly affected by Brexit. Madrid is the most popular destination given, with Paris, Amsterdam and Dublin all popular choices.

If Brexit had a significant negative impact on your career or job prospects, would you consider moving to a country within the EU?



Key issues



This figure rises to 100% of non-UK, EU Citizens that responded to our survey and, given the heavy reliance on EU Citizens for the successful functioning of compliance departments, this represents a significant risk for employers.

Language skills could be a problem

- 64% of compliance professionals do not speak another European language
- 78% of compliance professionals who are also British Citizens do not speak another European language
- French is the most widely spoken European language amongst compliance professionals at 16%, followed by German and Spanish at 6%

Whilst the international business language is English in many multinational businesses, particularly Financial Services, language skills may prevent the 78% of British compliance professionals who don't speak a second European language from moving to another EU country. Much of this is dependent on the outcome of the UK Government's negotiations with the EU and, for the time being at least, London remains the main ecosystem and European centre for financial services. For the better candidates, the perception remains that career opportunities and salaries are better here than other EU cities.



Sector analysis



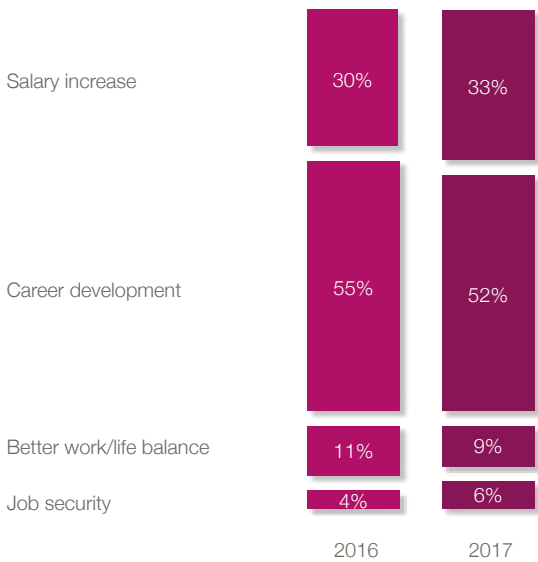
CONTEXT

Following several years of sustained earnings growth, the recent rise in inflation, coupled with a fall in the average salary increases achieved by compliance professionals, has led to the number of compliance professionals citing salary as their primary motivation for changing job to increase from 30% in 2016 to 33%.

Salary increases for both compliance professionals who have stayed with their employers, as well as for those who have moved, are down. Higher than average increases for those who have stayed are often linked to promotion or to a counter offer. Promotions are a good way of motivating and retaining staff, whereas counter offers are much less successful, with many who have been persuaded to stay purely by a salary increase, with no material change to their conditions or the nature of their job, choosing to re-enter the recruitment market within 12 months.

In spite of this, compliance professionals' attitudes have remained broadly similar to 2016. Career development remains the biggest frustration, with 52% of compliance professionals citing career development as the principle reason for changing role in the past 12 months.

What was your primary motive in looking for another job?



QUALITATIVE FEEDBACK

In our survey, we also gave compliance professionals the opportunity to respond qualitatively to the question **“If there was something you could say to your employer, what would it be?”** The strongest theme coming through was dissatisfaction with remuneration:

“Pay is more important than you think.”

“I am being paid £30k less than peers with similar experience. Why?”

“I feel I am under-appreciated, under paid because I haven’t worked for a US bank.”

“I would like to say that its benefit packages need to be updated and brought more in-line with other firms of its type. The health care, pension and maternity/paternity are very unattractive. They would make me consider leaving in the next couple of years.”

Compliance professionals were also frustrated that their employers seem to be taking them for granted:

“Value existing employees.”

“You need to value the people you employ and allow them to exercise their expertise in their area.”

“Invest in existing employees and please stop throwing money after new recruits only.”

“Don’t always think that what’s out there is better than what you’ve already got. Value it and look after it.”

Career development was another important theme:

“Need to recognise executive level roles in compliance as of equivalent value to those associated with other disciplines.”

“What role do you envision for me in the succession planning for when my bosses retire?”

Quality of life/working conditions attracted fewer comments than in other areas of corporate governance:

“Allow and promote more flexible working. If people are judged on their output and delivery of results, allow them to manage their time like adults.”

There were surprisingly few positive comments:

“Good employer but stifled internal progression.”

Sector analysis



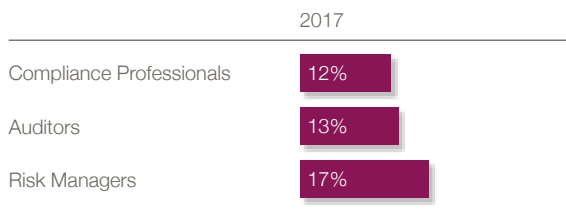
BANKING

The number of compliance professionals in banking who reported changing roles in the past 12 months fell from 30% 2016 to 21%. This is a marked decline in total numbers and is confirmed by our experience; particularly that the number of compliance roles available in banking has fallen significantly. Cost pressures, uncertainty over Brexit and the sense that many large bank compliance departments have plateaued has led to a reduction in the overall number of new roles.

Career development remains the biggest priority for compliance professionals in banking, with 55% in investment banking and 40% in retail banking citing career development as their primary reason for changing jobs. At 27%, salary is also a significant motivator for changing jobs for compliance professionals in banking.

The average salary increase for compliance professionals moving jobs in corporate and investment banking was 12%, comparable to auditors (13%) and lower than the average increases achieved by risk managers in the sector at 17%.

Average salary increase for those moving jobs in corporate and investment banking



However, the continued rise of fin tech and challenger banks has led to the creation of a number of senior roles as new businesses sought heads of compliance with strong regulatory knowledge.

To secure a role in the emerging fin tech or challenger bank space, compliance professionals require a broader, compliance generalist's skill set and need to be prepared to take a hands on approach. Whilst smaller firms might not pay as much, the fast pace and dynamic nature of these businesses is attractive to candidates.

The expansion of contactless technology and mobile app based payments and FX services has led to significant growth in demand for compliance professionals with payments experience. The ease with which accounts can be created and the speed at which transactions can be made is of huge benefit to customers. Both banks and fin techs are expanding their payment products and this is a concern to regulators. Compliance teams have expanded to accommodate the growth of these business lines.

INVESTMENTS

Regulatory scrutiny of the buy side has recently increased significantly with the introduction of MiFID II, leading to the creation of a number of new roles. Specialised candidates with regulatory and asset class experience are in short supply and this is reflected by the average salary increase achieved by compliance professionals changing jobs being 19%.

Bonuses in fund management also tend to be better than in other sectors. The average bonus paid to compliance professionals on the buy side was 33%, up from 29% in 2016.

Senior level recruitment has been very strong in the first half of 2017, as firms look for the right strategic leadership. Smaller, boutique fund managers have responded to regulatory demands by hiring compliance professionals for both new and existing functions. The market for talent is highly competitive and efficient recruitment processes make all the difference in the race to secure the best candidates.

Retail asset management has been under immense scrutiny recently, particularly the need to report on transactions as well as their fees, advice and suitability. The majority of new roles are for mid-level generalists and candidates are in short supply.

MARKETS

Surveillance teams have driven significant recruitment in trading floors with a view to minimising attempts by traders to manipulate markets. There has been demand for mid-level surveillance specialists across all asset classes, with a particular focus on equities in the first 6 months of 2017.

Retail FX firms have been impacted by the FX Global Code (Global Code), a set of global principles of good practice in the foreign exchange market, which has led to some additional recruitment.

INSURANCE

General insurance has seen recruitment at all levels with a particular focus on monitoring and testing as well as Anti bribery & corruption (ABC) & sanctions. Compliance teams in this sector have grown steadily, if unspectacularly, this year. Larger firms are searching for increasingly specialised compliance professionals at all levels. This is a growing trend, and means candidates with such specialised exposure are often highly-marketable and well placed to secure job offers.

Salary increases achieved by compliance professionals who changed jobs in insurance averaged 18%, just above the sector average of 17%. However, bonuses were 13%, short of the sector average for compliance at 18% and pensions at 5% were considerably lower than the average of 9%.

Conduct Risk has presented a challenge due to a shortage of candidates with both insurance sector and conduct risk experience. Hiring managers have had to revise their expectations and have recruited candidates with conduct expertise from other parts of the financial services industry.

Junior roles tend to dominate recruitment activity in the Lloyd's market, whereas general insurers tend to hire at all levels. Compliance monitoring, testing, GDPR, Anti bribery & corruption (ABC) & sanctions roles have been in greatest demand.

FINANCIAL CRIME

AML advisory remains the most sought after financial crime skill set. However, recently, demand for sanctions specialists has grown, as companies seek to minimise losses due to fraud and regulatory sanctions. Considering the cost of fraud to organisations, financial crime specialists are considered a good investment.

The average salary increase achieved by those changing jobs in financial crime was 18%, just above the sector average, though bonuses were lower at 13%. The large banks account for the greatest volume of roles in financial crime due to their size. However, the need to manage costs has led to the relocation of some financial crime functions to low cost centres in the UK, leading to a significant increase in the number of available roles in the West Midlands, Yorkshire and Humberside. Challenger banks, fin techs and Asset Managers are competing with the banks for the best talent. Financial Crime Managers, with full AML responsibility are becoming increasingly common in asset management.

Salary guide

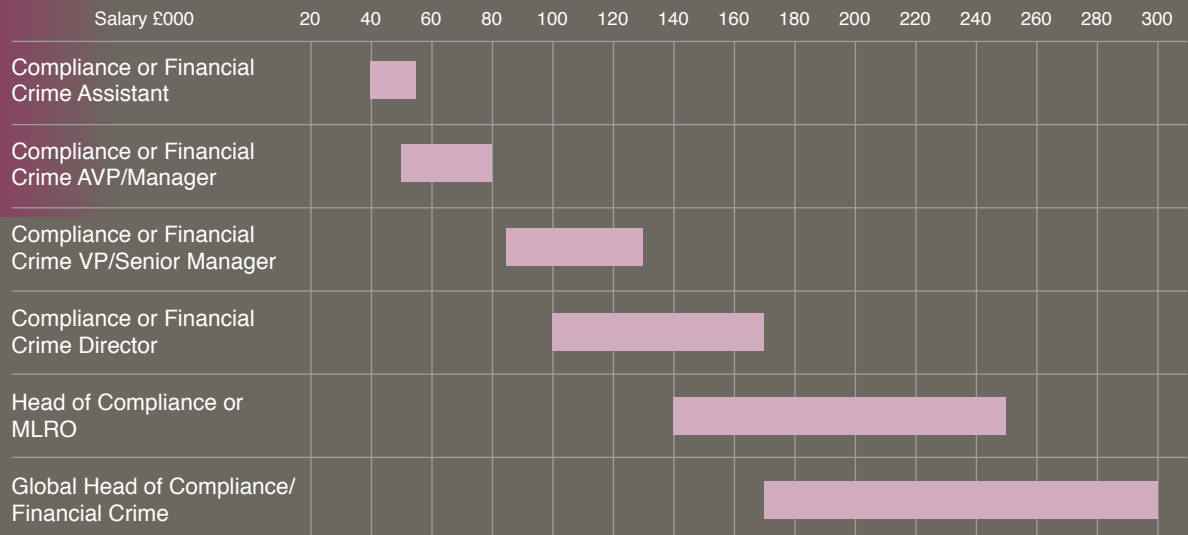


Barclay Simpson analyses the salary data that accumulates from the placements we make in the UK. This provides a guide to salaries for compliance professionals.

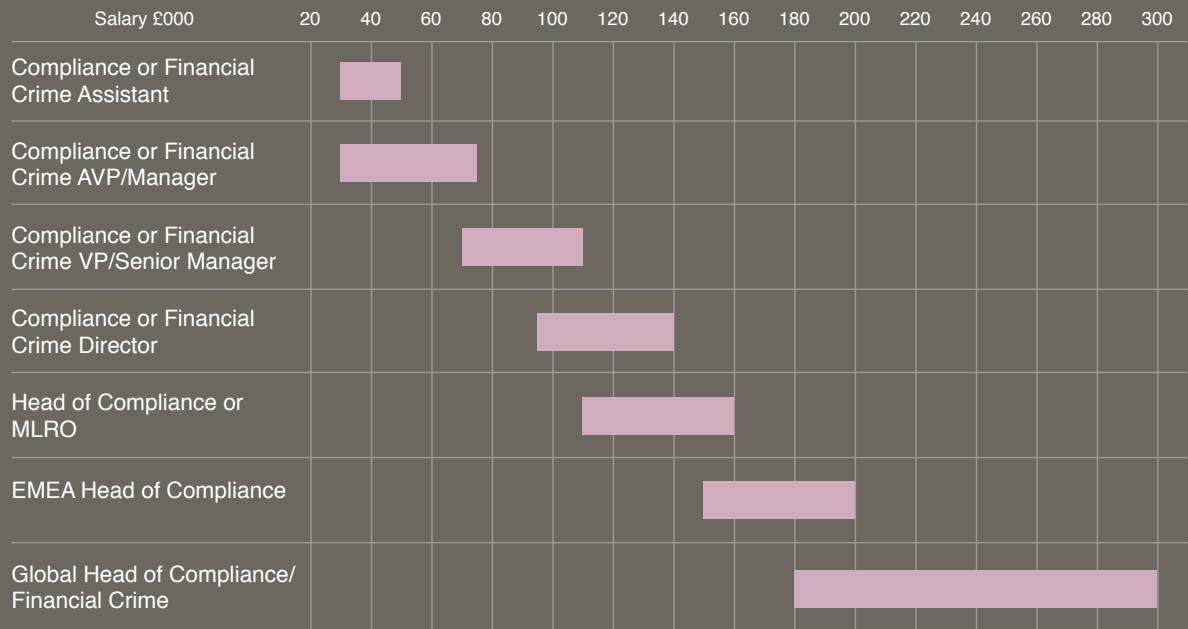
The salary ranges quoted are for good rather than exceptional individuals and take no account of other benefits in addition to salary that usually accrue to compliance professionals, such as bonuses, profit sharing arrangements and pension benefits.

For more information on compliance salaries, please contact Tom Boulderstone (**tgb@barclaysimpson.com**) on 020 7936 2601.

Wholesale Banking & Capital Markets



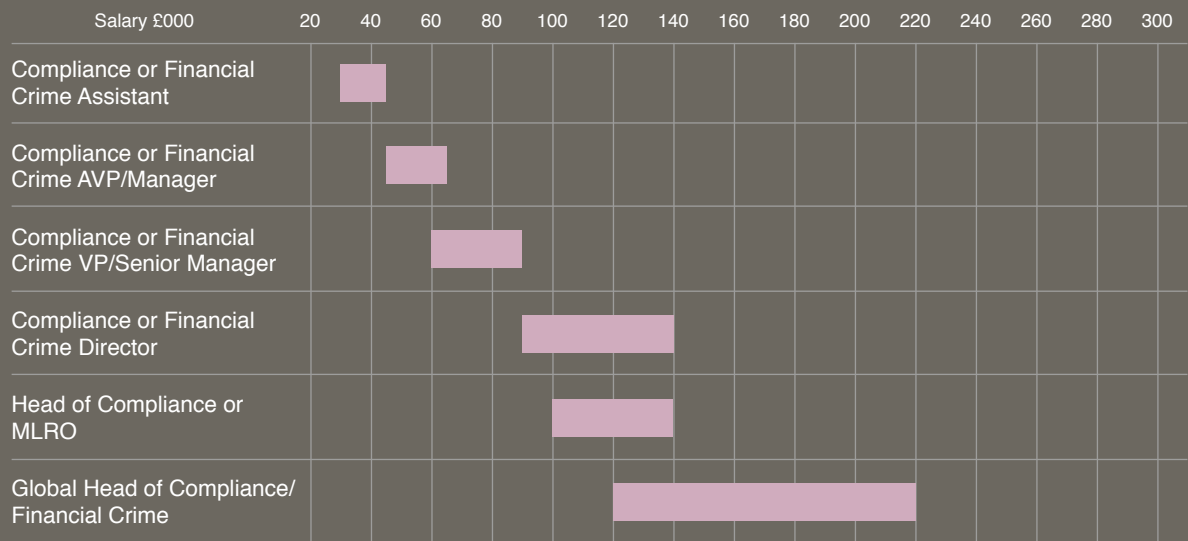
Asset Management



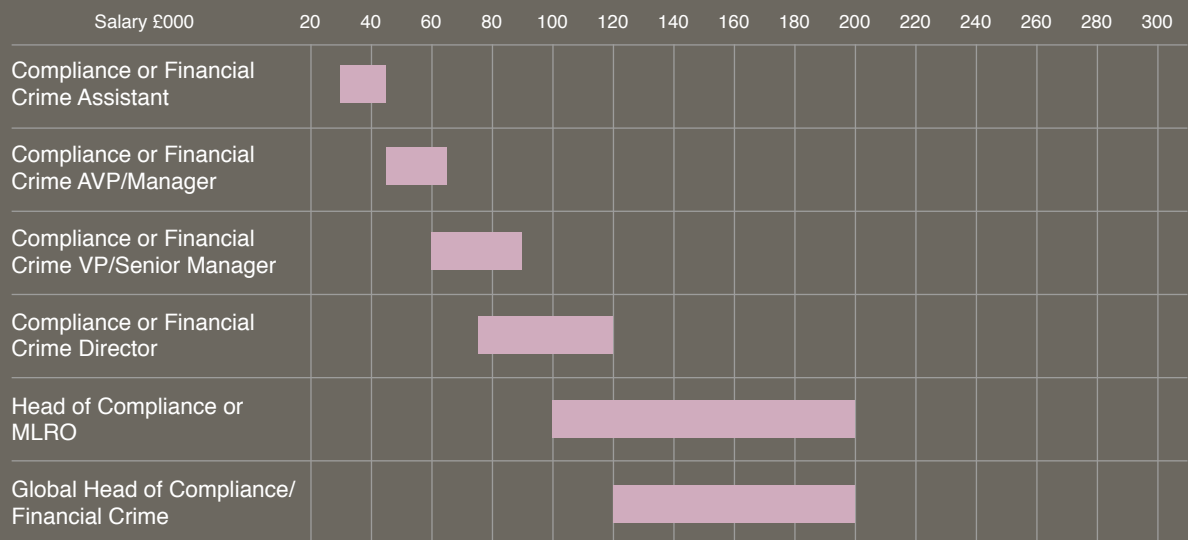
Salary guide



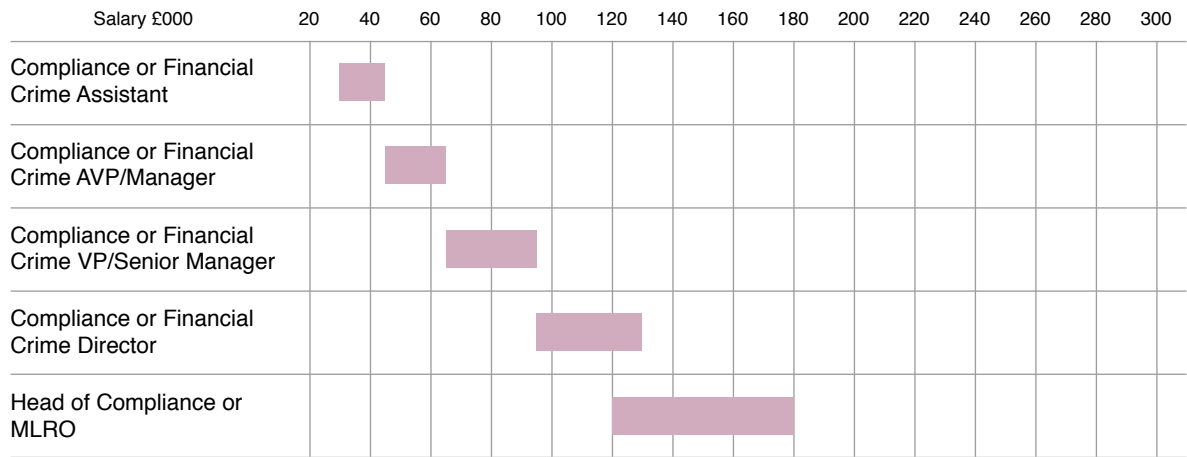
Wealth Managers or Private Banks



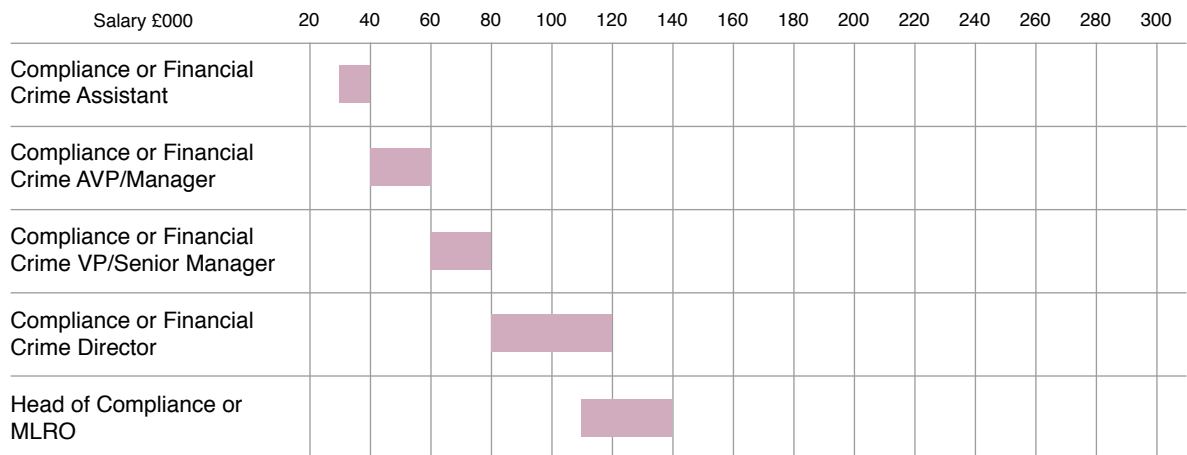
General Insurance



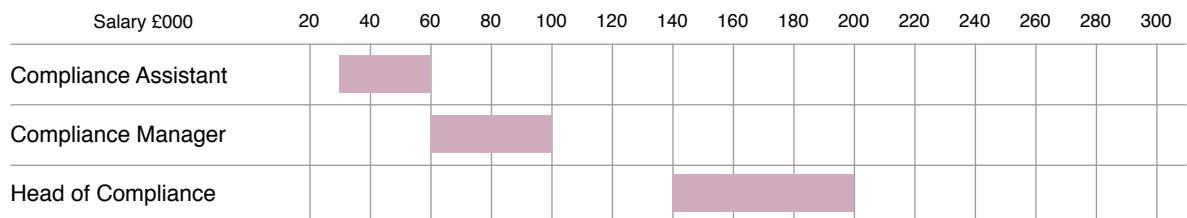
Retail Banking, Life & Pensions and Mortgages - London



Retail Banking, Life & Pensions and Mortgages - Regional



Hedge Fund/Private Equity



About Barclay Simpson

Barclay Simpson is an international corporate governance recruitment consultancy specialising in internal audit, risk, compliance, security & resilience, business continuity, legal and treasury appointments.

Established in 1989, Barclay Simpson works with clients in all sectors throughout the UK, Europe, Middle East, North America and Asia-Pacific from our offices in London, New York, Dubai, Hong Kong and Singapore.

We add value by using our unique focus on corporate governance, our highly-experienced specialist consultants and access to both the local and international pools of corporate governance talent.

Our strength lies in our ability to understand client and candidate needs and in utilising this insight to ensure our candidates are introduced to positions they want and our clients to the candidates they wish to recruit.

For more in-depth coverage, comprehensive reports and compensation guides exist for the Internal Audit, Risk, Security & Resilience, Compliance and Legal recruitment markets. These can be accessed from the links below.

www.barclaysimpson.com/internal-audit-mid-year-report-2017

www.barclaysimpson.com/risk-management-mid-year-report-2017

www.barclaysimpson.com/compliance-mid-year-report-2017

www.barclaysimpson.com/security-and-resilience-mid-year-report-2017

www.barclaysimpson.com/legal-mid-year-report-2017

We also produce other specialist reports, each of which can be accessed for free on our website: **www.barclaysimpson.com**

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