



Barclay Simpson  
corporate governance recruitment

# Market Report 2008

Compliance

**Barclay Simpson Market Report 2008**

# Compliance

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## 01 Executive summary

### 18 years of market reports

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Welcome to Barclay Simpson's 2008 Market Report. Although this is the fourth specialist compliance report, this is the 18th year we have produced a market report summarizing and analysing recruitment trends in corporate governance, as well as making predictions for the year ahead.

We place great value on professional reaction to the Report and would appreciate your comments.

### Review of 2007

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Until the third quarter of 2007, there was little doubt that the recruitment market was continuing to enjoy the unprecedented demand for compliance staff that has become a regular feature of our recent market reports. The total number of compliance staff grew on the back of both growth in the financial services industry and the increased resources that continued to be made available to ensure appropriate levels of corporate governance.

**The FSA's 2007/08 business plan, which was published in February 2007, focused on the move towards more principles based regulation.** It also set out the following priorities:

- For the wholesale sector the focus was on MiFID, Solvency II, financial crime and market abuse.
- In retail the focus was on making the market more effective through driving forward on Treating Customers Fairly ('TCF') and improving customers' financial understanding.

The plan helped ensure not only a high volume, but also a varied range of vacancies reflecting the diverse issues raised by the FSA and the new product and business areas developed by the financial services industry.

At any given time, there are risks to the economy, and by mid year, with one exception, they were collectively or individually perceived to be no more elevated than usual. The exception, and like most risks, there was no shortage of commentators who foresaw potential trouble, was **US sub prime mortgage lending.**

Whilst for many a far away and arcane matter, its sudden manifestation in the UK was a run on a FTSE 100 bank, Northern Rock. This was an unprecedented event where **confidence, the commodity that underpins not only the financial system, but much else, simply drained away. In the final quarter of 2007, it was very clear that perceptions of the economy had changed dramatically.**

Until the third quarter of 2007, there was little doubt that the recruitment market was continuing to enjoy the unprecedented demand for compliance staff that has become a regular feature of our recent market reports.

Five interest rate rises designed to cool the economy and curb potentially sticky inflation had given way to clarion calls to cut interest rates and help stop problems in the credit markets spilling over into the wider economy.

2007, if not quite a year of two halves, ended on a different tone from which it had started. **However, for all the potential gloom and uncertainty, the compliance recruitment market in the final quarter of 2007 was still functioning in a broadly similar manner to earlier in the year.** There were some recruitment freezes, notably amongst the investment banks, and there was a marked reduction in the number of vacancies within retail financial services, particularly outside of London. Not surprisingly, some candidates became more cautious. They wished to wait until the outlook became clearer rather than risk a job move and potentially face a "last in, first out" redundancy. This only served to exacerbate candidate shortages in the final quarter of 2007.

However, other areas of the market seemed unaffected. In fact, demand from the asset / wealth management and private banking sectors appeared to strengthen towards the end of the year.

Despite the continued shortage of candidates, it was clear that companies were less willing to be flexible around their recruitment requirements in 2007. This contrasted with 2006 when recruiters were more open minded and prepared to compromise on skills and knowledge gaps. As a consequence, vacancies remained open for longer.

**Compliance recruitment during 2007 continued to become more international with an increasing number of offshore and Middle Eastern vacancies. There were also an increased number of roles that incorporated international policy or monitoring responsibilities and many that included overseas travel.**

We had anticipated that MiFID would have created more vacancies, including contract roles. However, many companies allocated MiFID implementation work to in house project managers and re-assigned staff internally to work on projects. As recruiters, we were less involved than we expected.

## Prospects for 2008

At the start of 2008 there is more uncertainty than there has been for the last five years. The growth in the compliance recruitment market in recent years has not simply been on the back of improved corporate governance. It has also been on the back of the growth in the financial services industry, which has been the fastest growing and most profitable part of the UK economy. The City has been the UK's most valuable export. **Regardless of the demands the FSA or good corporate governance may make, if companies**

**cease to trade or pull out of or reduce their exposure to certain markets, fewer compliance staff will be required.**

The course of the UK economy during 2008 is currently uncertain. It is perhaps reasonable to assume, however, that employment growth in the financial services industry will most likely go through a period of consolidation. **On the basis of developments in the final quarter of 2007 compliance recruitment will be more subdued. However, in periods of uncertainty, people tend to avoid entering the recruitment market, preferring the employer they know. Candidate shortages will most likely remain a fixture of the recruitment market.**

Areas that we anticipate still growing in 2008 include commodities, the opening up of the fund of hedge fund (and other alternative investments) arena to retail investors and wealth management which is growing internationally. We expect Financial Crime and Market Abuse to remain high on the agenda and the move to principles based regulation will affect all sectors. The FSA is, for example, due to produce consultation papers on ICOB regulation in the summer of 2008 and any related rule changes are expected in December. TCF procedures are also to be implemented fully by then.

A key question is whether the troubled credit markets remain primarily a business problem. If it were to become a political problem, particularly if more Americans lose their homes, politicians, post Enron, will be seen to have failed to effectively reform corporate governance. At the very least executive compensation schemes seem to have encouraged some very poor risk taking. Further regulation may well follow.

## 02 Key market drivers

In 2007, the factors that had most impact on the compliance recruitment market were as follows:

### Principles based regulation

In 2007, the FSA began implementing its move towards more principles based regulation and a more streamlined FSA handbook. The FSA handbooks are being amended, removing regulations where costs of compliance outweigh the benefits. The FSA now believes that principles which express outcomes are more enduring and appropriate within fast changing financial markets. A number of key principles based rules such as New Conduct of Business rules (NEWCOBs) came into effect during 2007.

We commented last year that principles based regulation would be an interesting development. There would be more involvement in interpreting rules and regulations, more flexible ways of applying rules to a business and the opportunity to draft procedures that work specifically for a particular business. We were concerned that there would be less need for the in-house compliance teams and more reliance on external consultants and lawyers. However, in fact, **the new regulatory approach increased demand for in-house staff. New and forthcoming rules and handbooks required compliance departments to adapt. This involved training staff and very often hiring new staff with the requisite skills.** Certainly, the demand for analytical skills and the ability to explain regulations and actually apply them to a business were high in 2007.

The FSA aimed to save companies £1m a year in costs by the merger of the customer functions under the Code of Practice for Approved Persons regime (APER). This was to reduce administration costs and provide the flexibility to respond to business needs. The implementation date for this initiative for retail businesses was November 1st 2007 and significant work was required to prepare for it. Further work was required with the arrival of NEWCOBs. This new rule book, at half the length of its predecessor, resulted in many job descriptions citing experience of working on NEWCOBs and related issues as a prerequisite.

The momentum of rolling out the principles based regulations was maintained even when the CEO of the FSA changed during 2007. When John Tiner resigned and was replaced by Hector Sants, he reaffirmed that the FSA will continue its risk and principles based approach to regulation. **We anticipate the continuing move to principles based regulation will remain a key driver behind the compliance recruitment market into 2008.**

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## Treating Customers Fairly 'TCF'

Another key driver affecting regulated businesses has been the implementation of procedures to ensure that customers are treated fairly (TCF). We have previously discussed TCF failures during 2007 which have resulted in fines. In March 2007, the FSA spent £2m on a campaign to help consumers considering buying insurance products as part of its commitment to raising the financial understanding of consumers and it is actively encouraging the industry to educate customers about its products and their risks throughout the sales process.

This focus impacted compliance recruitment in 2007 and demand from the insurance sector was particularly strong with companies seeking candidates who could implement procedures and who, for example, had experience of dealing with TCF issues and quality assurance.

**TCF requires companies to embed a TCF culture throughout their business. The CEO, marketing team, financial advisers and customer call centre staff must all be educated. This resulted in a need for compliance staff competent in identifying training issues and delivering training programmes. The FSA had a tough message for companies failing to meet the required standards. Some smaller companies were forced to leave the industry or were closed down in 2007.** Given the problems in the mortgage sector, the FSA undertook a major review on TCF. The outcome was a number of fines for non-compliance.

As part of the TCF initiative, financial promotions such as marketing material including advertisements, prospectuses and key features documents, have been under review by the FSA for some time. **Compliance professionals with skills in approving financial promotions continued to be in demand in 2007 across all sectors. We particularly noticed a growth in demand within the investment management sector.** The impact of releasing an unfair and / or misleading item of marketing material can be widespread. However, investment in compliance may be paying off. The FSA, having previously criticised the home and motor insurance sector, remarked in May 2007 that there had been improvements in the standards of financial promotions.

The FSA intends to intensify its scrutiny of companies who are not engaging with TCF and will be requiring FSA supervisors to undertake more testing on TCF at the 'front line'. This will involve very structured visits, mystery shopping and telephone calls to ensure that TCF is fully embedded into the business culture. **The deadline to achieve the necessary standards is December 2008. The message is clear and it is likely this emphasis will continue to drive compliance recruitment into 2008.**

## The effect of the 'credit crunch'

There are few people, and certainly not those who work in the financial services industry, who are not aware of what has become known as the "credit crunch". The financial services industry and possibly the wider economy will have to adjust to the consequences of credit being made too freely available. Financial products designed to distribute risk have exacerbated the problems of identifying and quantifying what will ultimately be substantial losses.

### The effect on Investment Banking

Investment banks were heavily involved in manufacturing and trading mortgage backed and other related structured products. During the final quarter of 2007, many reported heavy and in some cases still not entirely quantifiable losses. This impacted the demand for compliance professionals in the latter half of 2007 and led to a number of compliance vacancies being withdrawn. Recruitment freezes, particularly amongst the harder hit US investment banks, were implemented. There was also a sentiment that bonus payments would be cut as cost saving initiatives were introduced.

Such initiatives often result in reorganisations which can affect compliance departments. Poor performers certainly face a higher risk of redundancy.

**At the end of 2007 confidence had certainly suffered. Many potential entrants into the recruitment market not unreasonably preferred to stay with the perceived security of their existing employer.**

However, there is also optimism about the potential for a quick recovery. At present, demand is subdued, redundancies lower, but confidence is recovering.

### The effect on Retail Financial Services

The credit crunch has directly impacted the UK mortgage market. Those mortgage providers who have substantially relied on wholesale financial markets, Northern Rock being the extreme example, have experienced real difficulties. However, **building societies that are more reliant on retail deposits for their funding are competitively in a stronger position. The companies who have noticeably suffered are smaller UK groups and many of the UK mortgage subsidiaries of US financial institutions. These have stopped recruiting and in some instances closed down their UK operations.** An ongoing problem for the sector is the downturn in the demand for mortgages

which became evident during the last quarter of 2007.

**The sector has in effect suffered a 'double whammy': falling demand for its products together with funding problems. Not surprisingly compliance recruitment was subdued and there were redundancies.**

Against that, regulatory pressures were also brought to bear. Several mortgage brokers were fined for operating well below the necessary standards and failing to 'treat customers fairly'. Other mortgage providers have been required to undertake past business reviews and even employ specialists to resolve their problems.

In spite of this, it is likely that recruitment in the mortgage sector will be particularly weak going in to 2008.

## 03 Detailed analysis

### Overall market

In 2007, despite the effects of the “credit crunch”, there were a record numbers of vacancies in compliance. We had expected demand for compliance staff would remain high in 2007, driven mainly by MiFID and TCF. The constant pressure to meet various FSA driven deadlines, to prepare for and undergo regulatory visits would all increase demand. However, **it was investment in new products and services that really drove the market. Vacancies were higher than in 2005 and 2006 and a large proportion were new rather than replacement positions. Whilst redundancies are certainly possible during 2008, many plans to expand departments remain in place.**

The sectors experiencing most significant growth were investment and wealth management. Investment banking, though, was subdued in the final quarter. The retail sector, after a strong year, was buoyed by insurance and financial crime recruitment.

### Analysis by quarter

Compliance	Q1	Q2	Q3	Q4
Opening vacancies	59	54	67	45
New vacancies	51	68	43	64
Closing vacancies	54	67	45	76
Candidates registering	79	93	87	59
Defensive registrations	12%	14%	28%	26%
Overall salary Increase	22%	16%	26%	18%

### Increase in defensive registrations

However, not all sectors are confident. A closer examination of candidate registrations revealed a significant increase in defensive registrations.

**In 2006, the numbers of candidates registering because of a perceived threat to their employment dropped to 5%, a record low.**

In contrast, by Q3 and into Q4 2007, defensive registrations had risen to over 25%. The largest number of defensive registrations came from the mortgage / lending sectors. There were little or no defensive registrations in the asset management sector and investment banking was at levels broadly consistent with 2006.

### Overall registrations down in Q4

Despite the high number of candidates registering for defensive reasons, the overall number of candidate registrations actually dropped significantly in Q4. In periods of elevated uncertainty people tend to minimise their risks by staying with their existing employer. For example, candidate registrations in Q4 2006 were particularly high, reflecting the confident mood in the financial services industry at that time.

### Market Sectors

Demand for compliance staff was strong during 2007 and was spread across a range of sectors.

- Investment banking recruitment peaked early in the year when there was a particular need for experienced specialists at senior levels
- The asset and wealth management sectors provided a large source of vacancies at a wide range of levels
- Retail banking and financial services were active
- The large retail banks and insurers sustained demand during the final quarter of the year

### Investment Banking

There were some key senior appointments in investment banking during 2007 and noticeably more vacancies with salaries in excess of £80,000 than in 2006. There was also growth, as we predicted, in some of the more obscure product areas such as energy and commodities.

Whilst the opportunities tended to be interesting and varied, the number of suitably knowledgeable and experienced candidates remained low, with many of those who did become available being sourced through referrals or networking.

Candidates either possessed the product knowledge or compliance experience, but rarely both. This resulted in these vacancies often going unfilled for extended periods of time.

Another area of demand was for mid level monitoring managers in the £40-60,000 salary range. This was partly driven by people currently working in compliance monitoring

wishing to move away and into more strategic advisory compliance positions which has resulted in salaries increasing to attract and retain staff. However, this does not seem to have solved the problem. Rather it has encouraged candidates with less relevant experience to apply purely because of the high salaries on offer.

The credit crunch affected some investment banks more than others. Of those badly affected, some froze all compliance recruitment and redundancies may still result. However, current best estimates are for these to be limited and compliance recruitment should recover as 2008 progresses.

**Looking forward, the EU is expected to extend MiFID regulations to apply to commodities in the near future and this will drive further recruitment.** The FSA has also been studying the risks and challenges of the growth in the commodity markets and the risks to trading infrastructures. It will be essential that suitable systems and procedures are in place to manage trading and to prevent abuse in potentially volatile markets.

### Retail Financial Services

In the first half of 2007, nearly 50% of all vacancies registered in retail financial services were for mortgage or lending compliance. This percentage dropped to less than 10% by the final quarter as many smaller groups stopped recruiting. The larger retail banks and insurers tended to maintain recruitment levels established earlier in the year.

A number of retail banks restructured their compliance functions in the first half of the year but did not follow through with their planned recruitment. In contrast, **vacancies for quality assurance and financial crime grew throughout 2007.** Many companies in the sector invested in their quality assurance functions to assist with embedding a TCF and principles-based compliance culture. Although the impact of some high profile FSA fines cannot be underestimated, it appears this recruitment was driven more by the commercial need to improve customer service and staff accountability.

Recruitment within financial crime finally saw a noticeable increase as 2007 progressed, albeit six months after we had predicted. These roles were at group level with a number of the largest retail banks seeing considerable movement.

**Whilst key areas such as fraud and AML stayed high on the agenda, there was a genuine shift towards pure financial crime positions.** Sanctions also came into focus with a number of the key international retail banks looking to either grow or establish specialist teams.

**Quality assurance remains buoyant with many businesses keen to look inwardly at standards and make changes.** By investing in quality assurance, mortgage companies have shown clear intent on ensuring high standards of customer service and are aware of the commercial implications of doing so. Mortgage companies have been seeking candidates who are customer orientated and who can demonstrate skills in overcoming business challenges, implementing new policies and procedures and general influencing.

Redundancies were a feature of the retail financial services sector and specifically the mortgage sector during 2007. In the first half of 2007, 15% of the candidates who registered were motivated by actual redundancy or a perceived threat to their job security. This had risen to almost 40% by Q4. Clearly **confidence in retail financial services is currently low and a significant number of people are concerned about their job security.**

#### **Asset Management – covering fund / investment and wealth management**

The demand for compliance professionals in this sector was particularly high during 2007 and, although the year started well, it ended with a big surge in new vacancies.

Nearly 50% of compliance vacancies registered with Barclay Simpson in Q4 were in asset management and the majority were new positions in the £40-60,000 salary range.

Vacancies were diverse. In **wealth management**, for example, there was an increase in the demand for compliance managers with a broad range of skills covering monitoring, advisory and AML issues and also for specialists both in desk and field monitoring.

A number of wealth management companies are moving to a global approach and are aligning their compliance functions to reflect this. Not surprisingly, the demand for compliance staff to cover international jurisdictions has risen together with the number of offshore positions.

In **private banking** there was demand for a mix of monitoring skills and structured product knowledge. Candidates needed to be able to demonstrate logical thinking, coherent verbal and written communication skills and strong technical knowledge of both regulations and products. Candidates appear to be interested in working in this sector and many of the vacancies were for new positions at £50,000 and above.

**Institutional and retail asset management** groups also actively recruited. In many cases they launched new products or services and compliance expertise was needed to support marketing and product development, particularly financial promotions and TCF. In retail asset management there was high demand for candidates with knowledge and expertise in Collective Investment Schemes (CIS) compliance. However, there were few candidates available with these skills. In **institutional investment** there was an increase in the need for guideline monitoring skills and generalist skills covering PA dealing, maintaining breaches, gifts, approved persons and other essential compliance records. These roles were “junior” but salaries have been increasing when compared to 2005 and 2006 and are now up to around £40,000.

There was less activity at senior levels and few Head of Compliance roles, which in any event have proven difficult to source. The shortage of experienced candidates more generally has resulted in asset management vacancies taking longer to fill. Companies are currently searching for candidates who exactly match their criteria and are less willing to compromise.

**The demand for staff in the asset management sector looks set to continue into 2008 and candidate shortages will not end soon.**

#### **Underlying trends**

During 2008 and probably beyond, **MiFID** will continue to have an impact on recruitment as companies manage 'teething' problems and embed the new systems and procedures that the directive requires.

If MiFID is extended to cover other product areas its effect will be felt more widely and compliance recruitment levels will increase. The growth predicted in commodities trading should help boost levels of recruitment activity in investment banking.

We reported in 2007 that companies would continue to hire staff from outside of the UK. The fluidity in the global recruitment market and the growing awareness of compliance in banking and financial services will help to continue this trend.

The FSA is maintaining the move to **principles-based regulation** and it is expected that regulated businesses will continue to seek compliance staff with excellent analytical and interpretational abilities. **TCF** has been a major project for regulated businesses and, with a deadline to have actual working practices in place by December 2008, demand in this area should continue.

We reported in 2007 that companies would continue to hire staff from outside of the UK. The fluidity in the global recruitment market and the growing awareness of compliance in banking and financial services will help to continue this trend. A growing number of companies are opening new offices and businesses overseas, in particular the Middle and Far East. Demand for compliance staff in these areas is growing and should continue to do so.

**The growth in the asset management sector looks set to continue** with the development of wider opportunities for retail investors to invest in hedge funds or alternative investments (or FAIFs – Funds of Alternative Investment Funds). This bodes well for the compliance industry as the FSA will encourage businesses to ensure their compliance functions are appropriately resourced to keep pace with the consultation papers and the launch of products.

**Financial Crime and Market Abuse will remain key issues.** We expect that the latest Joint Money Laundering Steering Group (JMLSG) notes, as well as industry awareness concerning the fight against financial crime will boost recruitment activity. Companies are taking financial crime more seriously and market abuse is increasing in importance as trading volumes rise.

There have been a large number of fines levied by the regulator covering failures in systems and controls, TCF issues (including advice given), market control and complaints handling. The FSA is relentless in its pursuit of its objectives: promoting efficient, orderly and fair markets; assisting retail consumers to achieve a fair deal; and improving business capability and effectiveness. These objectives drive regulatory activity. Companies need to prepare and maintain robust systems and controls and a good relationship with internal business areas to ensure compliance.

## 4. Salaries

### Overview

#### Salary increases remained high

In 2006, the average salary increase on accepting a new position was 20%, which was a significant increase on the average of 14% in 2005. In 2007, salary increases remained high and in some sectors salary increases of over 25% were not uncommon. Over the course of the year, salary increases in investment banking were within the range of 20-25% and in asset management, where there were severe shortages of candidates, increases were up to 30%. Salary increases in retail banking and financial services were lower and averaged approximately 15%.

#### Continued shortage of suitable candidates

The main explanation for the continued high level of salary increases is the shortage of suitable candidates. Companies were often competing for the same candidate and therefore had reduced bargaining power. In many cases, companies moved to offer quickly and exceeded the target salary. As recruitment consultants we had to manage the expectations of both clients and candidates.

#### Different picture in Q4

The pressure on salaries did ease towards the year end. In the first half of the year, companies appeared more likely to offer or construct packages to attract candidates and often offered to buy out any guaranteed payments. As market conditions changed there was more resistance from companies to accede to higher salary demands.

#### Outlook for 2008

At present, the mismatch between supply and demand that has been driving salaries higher is likely to continue. There is still a great deal of pressure to achieve high standards of compliance in all industry sectors and candidates with technical skills remain sought after. However, prospects for the financial services industry are currently more uncertain than they have been for some years and a period of consolidation rather than expansion is likely in 2008. Salary inflation will probably ease and it is quite possible that more candidates will enter the recruitment markets if lower bonuses and pay become common in 2008.

### Salary survey

Barclay Simpson analyse the salary data that accumulates from the placements we make in the UK. This provides a useful guide to salaries and salary trends in compliance.

To give as accurate a picture as possible, we have taken a range of different compliance profiles and provided an approximate salary range that they could realistically expect to earn. The profiles are for good rather than exceptional

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individuals and take no account of other benefits in addition to salary that normally accrue to compliance professionals, such as bonuses, profit sharing arrangements or pension benefits.

The salary ranges are based on London salaries, which are generally 10% more than salaries in the South East and 10-20% more than the rest of the UK.

## Asset Management

<p><b>Compliance Associate</b> School leaver with compliance monitoring experience and some guideline monitoring exposure within a global asset management business. Reporting to the Head of Monitoring with IAQ under study and genuine desire to pursue career in compliance.</p>	£30-40,000
<p><b>Financial Crime Executive</b> Graduate calibre candidate with global wealth management company, managing management information to identify training issues and deficiencies in systems and procedures. Interaction with MLROs and head of financial crime.</p>	£32-40,000
<p><b>Compliance Analyst</b> A graduate in an institutional asset management company, covering monitoring, maintaining compliance records, low level compliance advice. Small team environment and reporting to the Head of Compliance. Strong academic background and paper 1 of the Investment Management Certificate.</p>	£35-38,000
<p><b>Associate Director of Compliance</b> A graduate possessing compliance industry qualifications working within an international private bank with proven experience of monitoring, strong product knowledge, ability to interpret various regulations and interact with the business at senior levels. Mentoring junior team members, experience of devising monitoring programmes and executing monitoring visits, legal, finance or accountancy qualifications.</p>	£50-60,000
<p><b>Senior Compliance Manager</b> Working in a large group compliance function focusing on investment management, covering strategic group compliance issues, liaising with business units' compliance teams and advising on policies and procedures. No direct man management responsibilities. Rolling out compliance monitoring programmes and reporting to the Compliance Director. Outstanding academic record and industry qualification.</p>	£65-75,000
<p><b>MLRO</b> Expert in AML issues working in a medium sized private banking compliance department, managing one AML assistant. Experience of devising procedures, with a strong banking industry background and Diploma in AML. Ability to influence senior management and interact with external bodies.</p>	£70-85,000
<p><b>Compliance Director</b> Graduate, holds CF10 for a mid-sized international wealth and asset management company. Manages team of 5 in compliance, reporting to the CEO, strong background in investment banking compliance and good product knowledge. Oversight of all compliance activities.</p>	£85,000+
<p><b>Head of Compliance and MLRO</b> Qualified lawyer with outstanding record of academic excellence, experience of working for regulator and in industry. Heads up compliance of UK arm of international asset management company, manages compliance team and holds CF10 and CF11. Excellent private client compliance and legal experience.</p>	£100,000+

## Investment Banking

<p><b>Compliance Assistant</b> Graduate working in an innovative derivatives business in a team of circa 5 compliance professionals, assisting with all aspects of compliance including compliance monitoring, fraud, complaints handling.</p>	To £40,000
<p><b>Control Room Officer</b> A member of the control room team in a top tier investment bank, with strong control room experience, especially the management of conflicts of interest.</p>	£50-60,000
<p><b>Compliance Manager</b> Working for a European bank, focusing on their capital markets division and delivering sound regulatory advice to the trading floor. Carrying out operational reviews on various aspects of the capital markets business.</p>	£55-65,000
<p><b>Head of Monitoring</b> Heading up the monitoring department of a mid-sized investment bank. Strong monitoring and managing experience and familiarity with corporate &amp; investment banking activities including fixed income and credit trading, new issues, research, metals and energy trading, trade financing, lending, advisory services, wealth management.</p>	To £90,000
<p><b>Head of Compliance and MLRO</b> CF10 / CF11 for a leading European investment bank managing a team of circa 12 compliance staff and responsible for the oversight of financial regulation, regulatory compliance and anti-money laundering activities.</p>	£110,000+

## Retail Financial Services

<p><b>Compliance Assistant</b> A graduate calibre candidate with a solid foundation of compliance knowledge within either a general insurance or life &amp; pensions environment. Will be working closely with other more senior team members to ensure compliance requirements are implemented and regulated correctly. Strong academic background and genuine interest in compliance.</p>	£28-30,000
<p><b>Compliance Officer</b> Will need to have a strong understanding of FSA regulation and be competent in both a monitoring and policy capacity. Will often be required to monitor regulated activity and liaise with senior internal staff, both with compliance and line.</p>	£35-45,000
<p><b>Compliance Manager</b> A proven manager with a track record of delivering compliance solutions to a medium sized client base, possibly on a multi-site basis. Will have a complete understanding of relevant regulation and the ability to advise the business in a commercial and result-orientated capacity. Is likely to have business qualifications to complement experience.</p>	£50-60,000
<p><b>Compliance Director</b> As the head of a medium to large sized compliance team, this person will be working at either board or senior director level within the business. This is more than likely at divisional or group level and no doubt they will have impact on group compliance policy and business strategy.</p>	£75,000+
<p><b>Head of Financial Crime &amp; MLRO</b> An AML &amp; Fraud expert with a strong industry background and / or a proven investigative pedigree. Likely to have managed a team of specialists and have the ability to influence at a senior level and the confidence to "push back" at manager and / or board level. Will often still need to be hands on, but will also be required to form both strong internal and external relationships.</p>	£90,000+

## Retail Banking

<p><b>Compliance Assistant</b> Graduate calibre working in a small bank providing analytical support for a full range of responsibilities including FSA compliance, the initial contact for all account opening referrals, complaint handling and review of bank's marketing to ensure compliance.</p>	£30-40,000
<p><b>Compliance Manager</b> A generalist role to assist the Compliance Officer in ensuring that all products and procedures fully meet UK regulatory requirements, advising the business on general regulation issues such as complaints handling, anti money laundering controls, data protection, training &amp; competency, financial promotions etc.</p>	£45-55,000
<p><b>International Compliance Manager</b> To assist the Head of International and Group Private Banking Compliance in the management of the compliance function in its international offices. To provide Area and Local Compliance Officers (ACOs and LCOs) with the necessary advice, expertise and guidance to ensure that business is conducted in accordance with all applicable laws, rules, regulations and codes of practice as well as with established group standards.</p>	£50-65,000
<p><b>CF10 and CF11</b> Working in a very small retail bank with few UK branches. Acting as the central point of contact for the UK operations on all regulatory and money laundering issues and the interface between the bank and FSA. No direct reports.</p>	£50-70,000
<p><b>MLRO/CF11</b> Experienced AML expert working in a large retail bank covering all aspects of AML company wide and managing 6 AML Assistants. Required to assess the banks exposure to internal and external fraud and ensuring procedures are adequate to protect the business.</p>	£90,000+

At the start of 2008, there is probably more uncertainty about the prospects for the UK economy than there has been for five years. In 2003 the world was dealing with deflationary influences and the imminent prospect of war in Iraq. Now we are dealing with the prospects of falling asset prices and losses in the world's financial system that have yet to be properly identified or quantified.

## 5. Outlook for 2008

At the start of 2008, there is probably more uncertainty about the prospects for the UK economy than there has been for five years. In 2003 the world was dealing with deflationary influences and the imminent prospect of war in Iraq. Now we are dealing with the prospects of falling asset prices and losses in the world's financial system that have yet to be properly identified or quantified.

**It may be that the damage is confined to the feckless areas of the financial services industry and lessons are learnt. If it spreads to the wider economy then it has a danger of feeding back into the financial services industry in the form of lower demand for the industry's services.**

Recent developments in the credit markets may ultimately be interpreted as the result of too little rather than too much corporate governance. Politically in 2008 it would not be a good time to be cutting back on compliance and related areas of governance. The question is whether cyclical pressures generated by a weakening UK and world economy are sufficiently strong to counter this.

However, **a potentially positive indicator of the future direction of the recruitment market during 2008 is the behaviour of the Big 4. They are continuing to recruit strongly as clients require their input on a range of compliance issues.**

Outside of economic developments, there are a number of regulatory issues that will most likely drive demand in 2008:

- **Completion of MiFID projects.** Whilst the Directive has now been implemented it is likely that companies will continue to manage MiFID related technical issues and procedural updates as 2008 progresses. Previous involvement with MiFID projects will most likely appear as a requirement on many job descriptions and even more so if the FSA extends MiFID's remit to cover new markets.
- **TCF** will continue to impact retail financial services. Given that TCF culture must be embedded by December 2008, many companies will have to work hard to meet the FSA's standards.
- **Principles based regulation.** The constant development of the Handbook to produce simplified rules will result in a demand for good advisory skills and ability to interpret the principles based rules.

- **Scrutiny of Financial Crime and Market Abuse.**

The FSA is keen for businesses to put robust, practical procedures in place to cover all areas of financial crime, AML, fraud and sanctions. As a result demand in this area will remain high at least in the first half of 2008.

Anyone reading this report probably has as good an insight into the future direction of the UK and world economy as we do. There is no shortage of economic forecasts.

Our experience would indicate that the job prospects for compliance professionals will not be divorced from developments in the wider economy.