



Barclay Simpson
corporate governance recruitment

Market Report 2008

Risk Management

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18 years of market reports

Welcome to Barclay Simpson's 2008 Market Report. Although this is the fourth specialist risk report, this is the 18th year we have produced a market report summarising 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.

2007 in summary

Until the third quarter of 2007 there was little doubt that the recruitment market was enjoying unprecedented demand for risk staff. The number of risk staff employed throughout the financial services industry was continuing to grow and skill shortages remained widespread. Demand for risk managers exceeded the available supply. The economy, the key market driver that underpins employment and recruitment, continued to grow above trend.

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 were 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.

It was very clear that in the final quarter of 2007 perceptions of the economy had become more uncertain. A 'credit crunch' had developed.

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 then, if not quite a year of two halves, ended on a very different note to which it started.

However, for all the uncertainty, the risk recruitment market in the final quarter of 2007 was still functioning in a broadly similar manner to earlier in the year. The difficulty with assessing the specific impact of the credit crunch is that the banking recruitment market is seasonally subdued in the final quarter of the year. As bonuses are paid and new budgets are set, the recruitment market fully re-engages again in the New Year. This makes assessing the impact of the credit crunch difficult at the close of

Until the third quarter of 2007 there was little doubt that the recruitment market was enjoying unprecedented demand for risk staff. The number of risk staff employed throughout the financial services industry was continuing to grow and skill shortages remained widespread. Demand for risk managers exceeded the available supply.

2007. While 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 - overall the market remained active. Not surprisingly, some candidates became more cautious. They wished to wait until the outlook became clearer, rather than risk a job and potentially face a "last in, first out" redundancy. This only served to exacerbate candidate shortages in the final quarter of 2007.

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 risk recruitment market in recent years has not simply been on the back of improved corporate governance. It has also been due to 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.

Whilst you can pick your economic forecast for 2008, there is little doubt that the economy will grow more slowly than we have become accustomed to. What is certain is that there are elevated levels of uncertainty, not only regarding the UK economy but also the world economy. It is also clear that **in 2008 government and personal finances are not what they once were. Any slowdown will further aggravate government borrowing and sticky inflation will make it difficult to fully use interest rate cuts to stimulate economic growth.**

It is reasonable to assume that employment growth in the financial services industry will most likely go through a period of consolidation. 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 risk management staff will be required. **Risk management recruitment will most likely be more subdued during 2008. 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 feature of the recruitment market.**

It might be worth speculating that in spite of considerable investment in risk management, much of the banking industry has sustained huge losses on credit instruments, whose potency was not fully appreciated. It does beg the question how effective was the investment? Can an argument be made that not enough has been spent? If what is a business problem becomes a widespread political problem, politicians, post Enron, will be seen to have failed to effectively reform corporate governance.

Corporate governance may well return to the political agenda. At the very least, executive compensation schemes seem to have encouraged some very poor risk taking. Further regulation may well follow.

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02 Key market drivers

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

The credit crunch

The longer term effect of the credit crunch on employment in the financial services industry is not yet clear. However, a period of consolidation can be anticipated. While few job losses have so far been announced, rumours and uncertainties are heightened.

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 that was made too freely available. However, **the complex nature and sophistication of the derivatives products used by the capital markets to repackage and distribute credit, and seemingly confuse the levels of risk they contained, ensures that it will be some time before the full effects of the credit crunch will be realised.** Further bad news from the investment banks can be expected.

The crunch has already claimed the profits of many top tier investment banks as victims. Goldman Sachs is notable in its absence from the growing group of European and Wall Street banks admitting losses during the second half of 2007. These overseas banks have not been the only casualties. There had not been a run on a UK bank since the collapse of the wholesale bank Overend Gurney in 1866 with debts of £11 million. Northern Rock changed that.

Northern Rock, a primarily UK retail mortgage business, used a business model that was based on securing the majority of its funding from the wholesale money markets. **Northern Rock was a very public example of a risk that was not just mis-priced, it was not recognised. The management had not played the 'what if?' game with sufficient rigour.** When the credit crunch caused the wholesale credit markets to close, aside from the Bank of England, they had no source of funding. A more accurate assessment of the risks Northern Rock faced, coupled with an appropriate funding strategy would have prevented its failure. Other less high profile mortgage providers have also fallen victim.

The longer term effect of the credit crunch on employment in the financial services industry is not yet clear. However, a period of consolidation can be anticipated. While few job losses have so far been announced, rumours and uncertainties are heightened. Clearly, if companies pull out of or reduce their exposure to certain markets, fewer risk management staff will be required. **Risk management recruitment will most likely be subdued during 2008. However, for risk management, the outcome may ultimately be positive.** Whilst the risk management profession has demonstrably failed to manage the credit

risks, investment in risk management is unlikely to be cut. The likely response is for more rather than less risk management. A signal may be the appointment of Marcel Rohner as CEO of UBS Investment Bank. Mr Rohner was at one time the Chief Risk Officer.

The financial services industry

Another key driver in the risk management recruitment market is the success of the UK's financial services industry. The UK-based financial and related business services industry is a major source of employment. It is a highly international operation and 40% of the workforce within the City is employed by overseas companies.

The City is the world's leading centre for international finance and business services. Banks, brokers, securities firms and insurers from around the world provide a unique pool of financial liquidity and human expertise. **The City is a centre for innovation – new financial products, new ways of protecting business against risk and new technology to make business more cost-effective and able to react to a fast-changing world.**

For example, London's domination of the European Hedge Fund market is increasing and is estimated to account for 80 per cent of its assets. What makes the industry's momentum presently seem unstoppable is the critical mass of its infrastructure, which includes highly experienced legal and tax advisors, accountants, prime brokers and fund administrators. It helped that even before the hedge fund boom began in earnest in the late 1990s, London was already a major centre for the traditional asset management industry. There was already a pool of expertise in investment management and a favorable regulatory environment.

2007 was another year when both the value of the financial services industry and the total number of people employed in it grew. Not unreasonably, and certainly as new markets and businesses are developed and become established, the associated number of risk management positions increase. However, growth in the UK financial services industry is less assured in 2008 than in recent years.

Regulation

As reported last year, the Basel II Accord, Solvency II and Sarbanes-Oxley have continued to act as powerful drivers behind the recruitment of operational risk managers. The impact of MiFID was less significant.

Sarbanes-Oxley

Whilst the initial intensive compliance phase associated with the introduction of Sarbanes-Oxley is now completed, the ongoing "business as usual" requirements continue to have an impact. The approach by some is to employ a 'stand alone' team. Others fit Sarbanes Oxley into operational risk with a resulting increase in departmental size. However, Sarbanes Oxley compliance work allows departments to recruit accountants and offer them a development path into operational risk. This has helped relieve some of the recruitment pressures.

The Basel II Accord

The Basel II Accord replaced the original 1998 Accord. It was created as an international standard that banking regulators could use when creating regulations covering how much capital banks need to put aside to guard against financial and operational risks. In last year's report, we noted that its effect on recruitment had been minimal. However, **in 2007 it became more relevant, with most of the operational, market and credit risk vacancies in banking having some focus on Basel II.** We expect this to continue throughout 2008 and beyond.

Solvency II

Solvency II continued to underpin demand in the insurance sector. Under Solvency II, insurers and re-insurers are required to recognise the risks inherent in their businesses and allocate sufficient capital to cover these risks. While straightforward in principle, the implementation of this is more complex, involving regulators from all EU countries. Although the basic principles are agreed, there are still differences over implementation, a process that will not be complete until 2010 at the earliest.

Solvency II is resulting in an increase in demand for risk management staff in insurance, similar to that caused by Basel II in banking. Vacancies associated with Solvency II increased during 2007 and arose throughout the insurance sector. Additionally, Solvency II is generating demand for the Big 4 risk consultancies. A lower regulatory burden has historically allowed the insurance industry to invest less in risk management than the banking sector. As a result, the Big 4 risk consulting practices are playing a bigger role in ensuring compliance in the insurance sector than they did in banking.

Migration

Much, perhaps rightly, is made of migratory flows in and out of the UK. The statistics based on International Passenger Surveys and the allocation of National Insurance numbers to overseas nationals suggests that there is net inward migration of approximately 200,000 people per year with perhaps 1,000 people leaving per day and 1,500 arriving.

Within risk management there is not much evidence of significant numbers of risk professionals leaving the UK. If they are, then it is via internal transfers within companies rather than via the recruitment market. **There are, however, significant numbers of people with either direct risk experience or with transferable skills migrating to the UK.**

In 2007 we reported that the risk recruitment market, particularly in London, was becoming increasingly international. The flow of candidates with skills relevant to risk management from both within and outside the EU into the UK has continued. The flow of immigrants from the EU was again augmented by candidates arriving in the UK under the Highly Skilled Migrant Programme.

The chronic skills shortages found throughout the risk recruitment market have meant that overseas candidates with risk management experience and skills have found a receptive employment market. To find employment, such candidates need to be able to demonstrate three attributes:

1. Relevant technical finance or governance skills with a strong academic and professional exam record
2. Relevant business experience
3. Strong communication skills

Overseas candidates meeting these criteria would likely find themselves receiving multiple offers. **With the softening of the market in late 2007, particularly in investment banking, it will be interesting to see if there is an adverse effect on the employment prospects of overseas risk candidates in 2008.** Given the underlying strength of the risk recruitment market outside of investment banking, and barring any widespread economic collapse, it is probable that the underlying skills shortages will ensure a continued, if lower, demand for their services.

Employment legislation

The UK has witnessed a huge increase in employment related legislation. This has primarily been driven by the European Union working to standardise employment practices and employee rights across the Community. After the Age Discrimination Regulations in 2006, 2007 saw the implementation of numerous measures in areas such as

maternity, paternity and adoption leave, equality, statutory holidays and the establishment of a single Commission for Equality and Human Rights. Future developments include amendments to existing regulations in areas such as sex discrimination, obligations to consult with employees on key issues and measures affecting the rights of fixed term and agency workers.

The introduction of employment legislation covering such a wide range of issues has had a number of effects on UK employers and employment markets. As with all legislation, the devil is in the detail. The scale and complexity of these regulations has made employers increasingly reliant on HR professionals and lawyers to protect them from the risks of non-compliance.

The premiums to insure against claims for discriminatory or unfair practices are rising. The regulations have been given teeth through the uncapping of penalties and the burden of proof lies more heavily on the employer than the employee. Employment Law is one of fastest growing areas of the legal profession.

In recruitment, this has led to the increasing involvement of HR in formalising and standardising recruitment processes and has been a factor in the growth of the outsourcing of the management of recruitment processes.

Whilst the growth in regulation has helped to lessen the incidence of exploitation and unfair discrimination, it has increased the costs involved in recruiting and employing staff. It has also lessened the ability of companies to alter their employment practices in the light of changing economic conditions. In attempting to protect the vulnerable and to promote fairness in the workforce, the legislators need to strike a balance and ensure job creation is not compromised.

Compliance with employment legislation cannot now be ignored.

03 Detailed analysis

Overall market

The demand for risk managers began strongly in 2007, building on the trend established in 2006. This demand was combined with chronic skills shortages that resulted in upward pressure on salaries during the first half of the year. The dynamics of the market changed during the second half of 2007.

Analysis by quarter

Risk Management	Q1	Q2	Q3	Q4
Opening vacancies	95%	109%	117%	75%
New vacancies	97%	101%	70%	57%
Closing vacancies	109%	117%	75%	77%
Candidates registering	80%	115%	129%	120%
Defensive registrations	4%	4%	7%	10%
Overall salary increase	23%	24%	22%	20%

Sharp drop in flow of new vacancies

The impact of the credit crunch was clearly noticeable from mid-year onwards. A drop in new vacancies can usually be expected in Q3. However, the drop in Q3 2007 was 30% compared to 2% in Q3 2006.

Decline in number of outstanding vacancies

The number of vacancies in Q4 2007 was 75, 20% down on Q4 2006. This was indicative of the number of vacancies being withdrawn.

Defensive registrations increasing

The lowest level of defensive registrations was in Q1 2007. The number of candidates registering due to unemployment or more likely a perception of increased employment risk rose steadily from Q2. This trend will most likely continue into Q1 2008, even if the overall level of candidate registrations drops due to candidates' reluctance to enter the recruitment market.

Salary increases waning

Risk management professionals have enjoyed a long run of robust salary gains. The last time risk salaries increased at less than 20% was in 2005. The trend in 2007 was downwards from a peak at 24% in Q2.

Overall picture mixed for employers

The risk recruitment market peaked in Q2 2007. Since then, there has been a sharp drop in new vacancies and an increase in candidate registrations, which indicates that

risk managers are feeling less secure in their employment. Salaries are growing at their lowest level since 2005. These trends are all currently negative. However, the news is mixed for employers. **Although salary pressures are easing as the competition to fill vacancies declines, the drop in registrations in Q4 is indicative of the caution that is starting to prevent candidates from entering the recruitment market.**

Market sectors

As might be expected in light of the credit crunch, there were significant differences by sector in the risk recruitment market in 2007:

Operational risk

Operational risk has grown throughout the last ten years. 2007 started like other years, with strong demand across all sectors of the financial services industry. However, whilst other sectors were relatively unscathed, the credit crunch had a major impact on demand in investment banking in the second half of 2007.

Investment banking

2007 began with a broad range of operational risk vacancies across the sector. There were a significant number of vacancies at the VP / Director level focused on products such as fixed income, equities, credit, currency; and commodities, as well as project work including special initiatives, programmes and implementations. By mid year there were also a number of senior vacancies at traditional top tier firms. These were, in the main, for regional Heads of Operational Risk and included Europe, Asia Pacific and North America.

At mid year, the usual pattern of demand exceeding the supply of appropriately experienced candidates was prevalent throughout the investment banking sector. However, at this point, the effects of the credit crunch took hold of the recruitment market. Many banks, as a knee jerk reaction, put their recruitment on hold. Some were destined to report substantial losses from their credit market activities. Only key hires were made which often needed sign off at CEO and/or COO level. In investment banking, this is the usual response to uncertainty.

In the second half of 2007, demand in a significant part of the operational risk recruitment market remained paralysed. There were also redundancies which resulted in a broader range of candidates being available in the recruitment market than there has been at any time in the last three years.

As 2007 came to an end, even though the final quarter is traditionally quiet, demand picked up. There were several vacancies from both top and mid tier firms focused on products. As usual, they required candidates to have strong

technical knowledge of the relevant product and controls, together with the interpersonal skills to manage investment banking executives with diverse and differing agendas.

At the start of 2008, the outlook for operational risk in investment banking is more uncertain than it has been for some years. However, many recruitment plans are in place. Our current expectations are for a lower number of vacancies and most likely a better supply of candidates.

Investment management

In investment management, operational risk teams, which tend to range from two to eight staff, are much smaller than those in investment banking and the sector provided a steady stream of vacancies throughout 2007. **Demand was not affected by the credit crunch in the way it was in investment banking** and vacancies varied in seniority from Analyst to VP. As usual, there was a strong preference for candidates with investment management experience, which was a prerequisite for more senior roles.

Candidates with relevant experience remained scarce and, as a consequence, a number of vacancies stayed open for an extended period of time. Unusually, many of the vacancies in the sector, particularly those at more senior levels, were not filled by recruitment consultancies. They were filled by personal contacts, often made through networking opportunities afforded by risk forums run for the investment management sector.

We expect the investment management sector to continue the trend established in 2007 in 2008, with a steady flow of vacancies and a shortage of candidates with the sector experience these roles require.

Insurance

Risk management in the insurance sector has always employed far fewer people than in banking. Operational risk teams, as in investment management, are smaller and less high profile. However, **during 2007, and particularly as the year progressed, demand from the insurance sector rose sharply.**

Some of this demand was the result of a few large UK insurance groups implementing major restructuring programmes within their group risk teams. New positions were established to further develop and enhance their operational risk frameworks. Data analysis / validation vacancies were common in order to drive improved risk identification, decision making and enhanced oversight.

Solvency II was also a major factor driving the demand with insurers needing to recognise the risks inherent in their businesses and allocate sufficient capital to cover those risks. For some insurers this has become a significant program which we anticipate will continue in 2008 and beyond. Certainly candidates with experience of Solvency II will be in high demand for some time.

Credit Risk

The biggest area of risk management is credit risk, which is central to the banking sector's traditional business of providing credit.

2007 was a challenging year for credit risk as the credit crunch resulted in a re-pricing of risk to levels not seen since the millennium.

Banks in both the US and Europe have been affected by the credit crunch, with some banks reporting very large losses. Fixed Income and Mortgage Backed Securities (MBS) in particular have suffered a loss of confidence. The withdrawal of credit has impacted the Leveraged Buy Out (LBO) market with a number of hedge fund led deals being withdrawn.

The credit crunch has also affected the consumer credit markets. Credit is being withdrawn particularly to those with poor credit histories. **Not only are banks becoming more risk adverse, they have less capacity to lend and wish to retain capital to cover any further falls in their asset values.**

Not unsurprisingly, these developments have impacted the credit risk recruitment market. The number of investment banking roles related to structured credit, MBSs and LBOs, have dropped significantly. However, there is still a shortage of candidates in a number of areas:

- Commercial and corporate banks are still recruiting
- Credit analysts for both cash flow and asset based lending analysis, sanctioning and portfolio management remain in short supply
- Retail banks are recruiting candidates with management information systems, scorecard or portfolio analysis experience

Basel II is continuing to underpin the demand for candidates with reporting, modelling, and portfolio optimisation experience and there remains a consistent requirement for candidates with a background in corporate and retail lending or analytics to work in credit review, credit audit and group risk functions. High levels of derivatives

trading activity have led to a continued demand for counterparty credit risk experience.

The shortage of credit risk candidates is the result of a change in the way the UK clearing banks are organised.

Lending decisions have been moved from their branch network, which have been downgraded, into centralised functions. As a consequence, the flow of experienced branch trained staff into management development programs and areas such as credit risk has been curtailed. The established career paths out of the branch networks no longer exist and retail banks are now recruiting graduates into these roles.

However, credit risk often requires a broad analytical skill set underpinned by a high degree of numeracy. **The shortage of UK graduates with technical degrees is a problem which has led to many banks recruiting overseas graduates.** London remains attractive and the skill shortage is helped by the Highly Skilled Migrants Program (HSMP) Visa. This has been successful in bridging the skills gap and supplementing the supply of candidates.

Despite the influx of overseas candidates, the shortage of high calibre candidates has resulted in inflationary pressures in recent years. 2007 was no exception. **Salaries continued to rise despite the credit crunch and the shortage of experienced credit risk managers is likely to continue in 2008.**

Banks may look to rationalise in certain areas with some likely to announce job cuts in 2008. It remains to be seen what impact this will have on credit risk. At the end of 2007, bonus buyouts were only being offered to credit risk candidates in exceptional circumstances. Many banks were making offers with a view to candidates moving in Q1 2008.

As in other areas of risk, the outlook for credit risk is less certain than it was. Many banks at the start of 2008 are still planning to recruit in the first and second quarter of 2008. Events may prove otherwise.

Market Risk

From 1998 onwards, internationally-active banks in G-10 countries have had to maintain regulatory capital to cover market risk. This is the risk resulting from adverse movements in the level or volatility of market prices of interest rate instruments, equities, commodities and currencies. Market risk is usually measured as the potential gain / loss in a position / portfolio that is associated with a price movement of a given probability over a specified time horizon. This is typically known as value-at-risk (VAR).

Worldwide volatility kept market risk functions occupied throughout 2007 and particularly during the final six months.

Market risk functions are predominantly employed by investment banks. Consequently, demand was lower in the second half of 2007. In the first half of the year there was demand across all the traditional capital markets asset classes, such as fixed income, equities, credit, currency and commodities, as well as more specialised roles focusing in areas such as structured finance, alternative investments or investment risk.

Market risk departments are traditionally filled by professionals with strong analytical skills, who often have a mathematical background. Market risk also remains the most lucrative area of risk management and can provide a route into the front office. Many Chief Risk Officers come from a market risk background.

Big 4

The Big 4 all have well developed financial services risk management functions. These functions have grown steadily in response to ongoing scrutiny from both regulators and the financial institutions taking a more holistic view of how risk should be managed. Rather than having separate teams for each risk discipline, they each sell integrated enterprise-wide risk management capability that spans operational, market and credit risk. As a result, more widely experienced risk managers are of interest to them. **The Big 4 recruited strongly during 2007 and are likely to do so again during 2008.** Recently it is the insurance sector, in response to Solvency II, where demand for their services has been greatest. They are currently most interested in risk managers with experience of the general and life insurance sectors.

Interim Staff

The demand for contract staff to complete Sarbanes Oxley and Basel II projects declined significantly during 2007. These two areas have previously led to demand for large numbers of contractors, but banks have now moved to business-as-usual functions staffed by permanent staff. As a result, a number of risk management contractors, who in recent years have benefited from continuous employment,

have found contract work to be less readily available. Contract rates which were inflated during the height of the Sarbanes Oxley boom have declined.

The void created by Sarbanes Oxley has been partially filled by other risk disciplines. Demand was higher for technology, third party and credit risk contractors during 2007 and this looks set to continue into 2008.

Market risk is currently the best rewarded area of risk, followed by quantitative analytics and credit risk. Despite Basel II, terrorist threats and the occasional fat finger trading loss, operational risk specialists generally achieve the lowest increases.

04 Salaries

Overview

Salary increases peak in Q2 2007

From 18% in Q1 2005, the average salary increase achieved by risk professionals moving jobs increased steadily until peaking at 24% in Q2 2007 and falling back to 20% in Q4 of 2007.

These averages can be distorted by a few particularly high increases, which are usually caused by a move from a regional location to London or a significant step up in terms of position and responsibility.

Market risk is currently the best rewarded area of risk, followed by quantitative analytics and credit risk. Despite Basel II, terrorist threats and the occasional fat finger trading loss, operational risk specialists generally achieve the lowest increases. This may change if the business management responsibilities of risk managers continue to increase. The move from a cost to a profit generator could be potentially lucrative.

A recent development is that it is becoming common for risk managers to earn bonuses equivalent to 100% and occasionally more of their base salary. However, some risk managers have unrealistically inflated views of their worth.

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 for risk professionals.

To give as accurate a picture as possible, we have taken a range of different risk management profiles and provided an approximate salary range that they could realistically expect to earn. The profiles are for good rather than exceptional individuals and take no account of other benefits in addition to salary that normally accrue to risk professionals, such as bonuses, profit sharing arrangements or pension benefits. The ranges indicate London salaries, which are generally 10-15% higher than provincial salaries.

Candidate profiles

Risk Analyst, Investment Management Graduate within operational risk in investment management.	£35-45,000
Credit Risk Reporting, Corporate / Investment / Retail Banking Responsibility for compiling MI and reports for use by board, regulators, rating agencies, sales / trading and credit department.	£35-45,000
Risk Manager, Fund Management Graduate with specialist governance and risk management experience in insurance.	£38-50,000
Credit Analyst, Corporate Banking Graduate with banking experience. Middle office role on Corporate or FI portfolio.	£40-60,000
Associate SOX program, Investment Banking Qualified ACCA with banking experience, responsible for SOX Assurance with an investment bank's credit and rates middle office.	£50-55,000
Group Operational Risk Manager, International Banking & Financial Services Graduate with banking and risk management experience, responsible for developing the operational risk profile of the overseas business units.	£55-65,000
Credit Manager Graduate with credit counterparty analysis experience from the banking sector, with sanctioning authority or line management.	£60-80,000
Risk Consultant, Financial Services Consulting Graduate with banking risk and control experience delivering projects to the Financial Services Sector.	£60-80,000
Senior Risk Manager, Retail Banking Graduate accountant with banking audit and operational risk management experience.	£60-80,000
Market & Liquidity Risk Manager, Banking Value at Risk PhD working on the capital allocation programme within the insurance sector.	£65-75,000
Operational Risk Manager, Investment Banking Graduate accountant with experience in audit and risk control in investment banking.	£65-75,000
Portfolio Risk Manager, Fund Management Graduate with risk management experience with the Big 4 and the fund management industry.	£65-75,000
Operational Risk VP, Investment Banking Graduate with investment banking and risk experience.	£65-75,000
Senior Risk Manager, Insurance Graduate with Big 4 risk management experience in financial services.	£65-80,000

Candidate profiles

Risk Analyst, Investment Management Graduate within operational risk in investment management.	£38-50,000
Market & Liquidity Risk Manager, Banking Value at Risk PHD working on the Capital Allocation programme within the Insurance sector.	£65-75,000
Associate SOX program, Investment Banking Qualified ACCA with banking experience, responsible for SOX Assurance in an Investment Bank's Credit and Rates middle office.	£50-55,000
Counterparty Credit Risk Manager, Investment Bank Graduate with credit risk experience from the banking sector.	£50-60,000
Group Operational Risk Manager, International Banking & Financial Services Graduate with banking and risk management experience responsible for developing the operational risk profile of the overseas business units.	£55-65,000
Risk Consultant, Financial Services Consulting Graduate with banking risk and control experience delivering projects to the Financial Services Sector.	£60-80,000
Senior Risk Manager, Retail Banking Graduate accountant with banking audit and operational risk management experience.	£60-80,000
Operational Risk Manager, Investment Banking Graduate accountant with experience in audit and risk control in investment banking.	£65-75,000
Portfolio Risk Manager, Fund Management Graduate with risk management experience with the Big 4 and the fund management industry.	£65-75,000
Operational Risk VP, Investment Banking Graduate with investment banking and risk experience.	£65-75,000
Senior Risk Manager, Insurance Graduate with Big 4 risk management experience in financial services.	£65-80,000
Operational Risk VP, Investment Banking Graduate with investment banking risk management experience responsible for EMEA operational risk and control over the interest rates trading activity.	£70-80,000
Operational Risk Manager, Investment Banking Investment banking experience in operational risk and audit.	£70-85,000

05 Outlook for 2008

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.

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 learned. 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 risk management and related areas of governance. The question is whether cyclical pressures generated by a weakening UK and possibly 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 risk management issues.**

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 risk management professionals will not be divorced from developments in the wider economy.