

A nighttime photograph of a city street, likely in London, featuring light trails from moving vehicles and a large, illuminated building in the background. The image has a halftone or dot-matrix texture.

Astbury Marsden
life working

COMPENSATION SURVEY 2011
Banking Infrastructure - London

OVERVIEW

Summary

This year's Compensation report highlights a recognisable shift in sentiment when compared to last year's survey. It is clear that the continuing market uncertainty across the globe, seemingly more pronounced in Europe, is influencing City pay sentiment and impacting on compensation expectations. The average City pay growth of 12% across the sector was above RPI for 2011, however expectations remain subdued for 2012. With current trends and the majority of employees unsure about bonus prospects for 2011, it is fair to say that this is most likely to mean substantially lower, perhaps even zero, bonuses for a large number of Infrastructure employees.

Moving employer continues to prove a lucrative option. Those who change jobs are receiving an average 19% increase in pay; those awarded promotions received a 15% increase.

We are also seeing a changing approach to compensation. The majority of staff are more motivated by increases in fixed rather than variable pay; this shows that individuals are seeking a greater degree of certainty in uncertain times.

Good holiday allowances, pensions and medical insurance continue to be the most highly valued benefits offered by employers.

The responses from dissatisfied employees have also tempered since 2010 with the majority of people preferring to seek options with their current employer rather than new employment opportunities. This is a stark contrast to the growing number of candidates registering with agencies to 'keep an eye' on potential opportunities in the market. These 'job shoppers' have become much more prevalent in recent months and it remains to be seen whether these candidates will feel similarly when market conditions show signs of improving.

Approach

The survey was conducted between 16 September and 5 October 2011. Requests to participate in the survey were sent via email to approximately 38,000 candidates and clients of Astbury Marsden across a range of financial services providers. The audience surveyed were predominately "infrastructure" focussed performing a range of roles across, the back, middle and front office.

Respondents were presented with slightly different surveys based on answers to their current employment status.

A total of 1,380 people participated in the survey.

The following report is based on the data derived from responses to the survey.

The survey sought to gain an insight into the following questions:

- To what extent has base pay changed during 2011?
- How have promotion and changing employers affected base pay?
- What are the expectations around bonuses this year?
- How does this sentiment compare against the 2010 bonus round?
- Which benefits are considered important by employees and which are most highly valued by job seekers?
- What are salary increase expectations for 2012?
- What are reactions likely to be if individuals are dissatisfied with their bonus?

The following charts detail the makeup of the audience responding to the survey.

Analysis of Responses

Fig 1.1 Spread of responses by sector and function

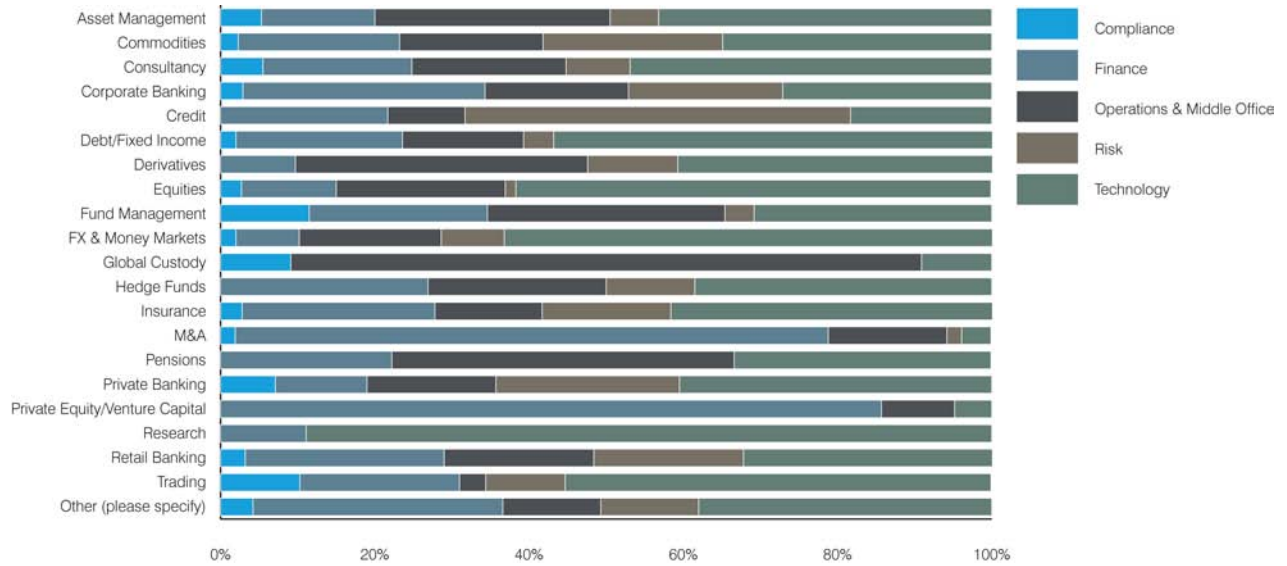


Fig 1.2 Responses by position

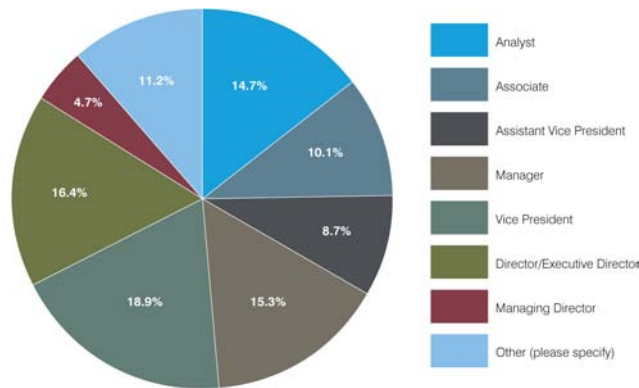


Fig 1.3 Responses by function

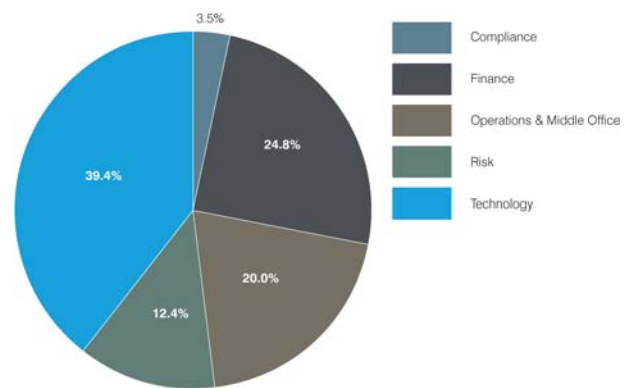
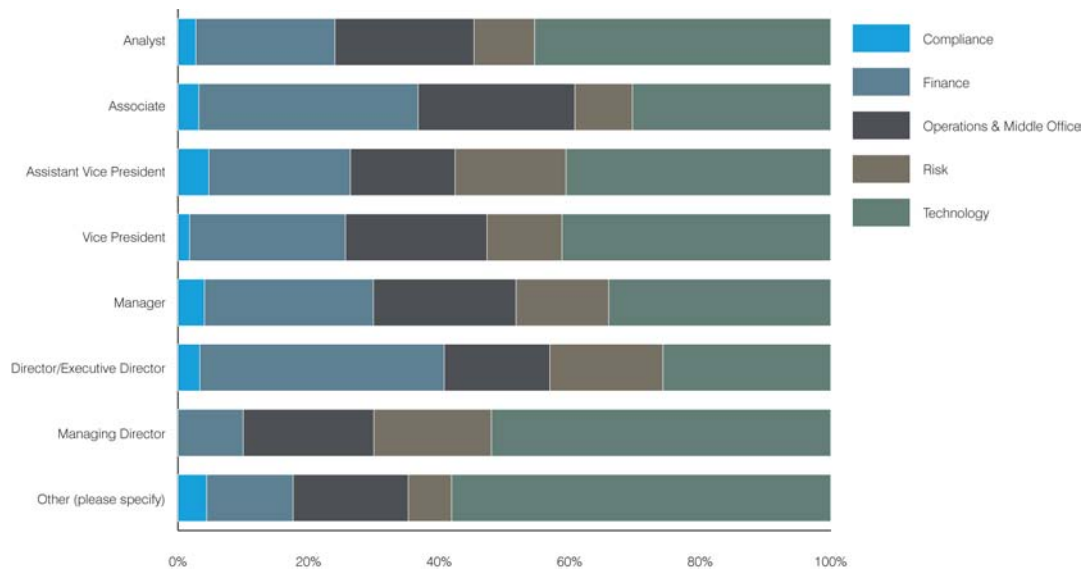


Fig 1.4 Responses by position and function



BASIC PAY

Highlights

- Average basic pay across the infrastructure group polled was £82,874.
- The proportion of employees receiving an increase in basic pay fell to 44% against 68% in 2010 with the rate of growth in pay also slowing to 11.8% in the year.
- Looking further into the general make up of base pay increases:
 - i. 27% of respondents received a promotion which brought with it an average base pay increase of 15.2% (Fig 2.1)
 - ii. 24% changed employers in the preceding 12 months, receiving an average increase of 19.2% (Fig 2.2)
 - iii. A small number (3.8%) changed employers and received a promotion. These progressive moves, while relatively unusual, proved the most lucrative, receiving increases of 20.3%
 - iv. Those not receiving a promotion or changing roles received an average increase in basic pay of 7.6% (Fig 2.3)
 - v. 1.2% of respondents saw their base pay decrease in the year. Approximately half of this group saw their pay decrease by 5.2% with their existing employer, while the remainder received decreases of 14.4% while changing employers.
- Perhaps somewhat unsurprisingly in the current environment, people employed in Risk (12.9%) and Finance (13.5%) functions received the largest average increases in basic pay during the year. (Fig 2.4)
- The highest average salary in infrastructure functions was also found in Risk, reaching £91,647 followed by Finance with £89,634. (Fig 2.4)
- The highest paid infrastructure role type remains Managing Directors in Technology with an average basic of £273,750. However at Director/Executive Director level Risk and Compliance staff had the highest average bases. (Fig 2.5)

Fig 2.1 Promotions



Fig 2.2 Movers

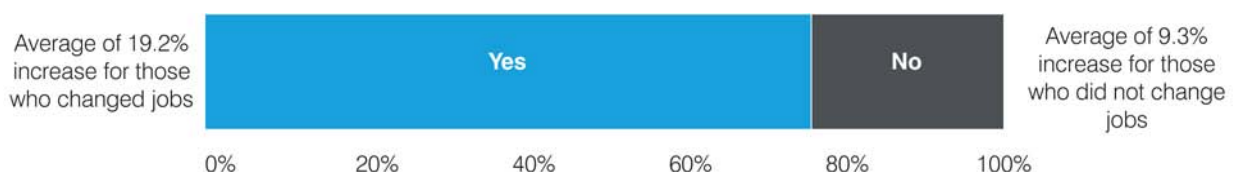


Fig 2.3 Impact of promotion and moving on pay

ROLE	% INCREASE IN BASIC PAY		
	CHANGED JOBS	PROMOTED	NO CHANGE
Analyst	19.2%	14.1%	5.6%
Associate	21.1%	18.7%	7.8%
Assistant Vice President	23.3%	17.1%	8.4%
Manager	18.8%	12.4%	5.8%
Vice President	15.1%	14.0%	7.6%
Director/Executive Director	18.4%	13.2%	10.4%
Managing Director	21.5%	20.0%	20.7%
Other	21.3%	21.3%	5.8%
AVERAGE	19.2%	15.2%	7.6%

Fig 2.4 Basic pay by function

FUNCTION	AVERAGE OF CURRENT BASE SALARY (£)	INCREASE OVER 2010
Compliance	77,481	11.6%
Finance	89,634	13.5%
Operations & Middle Office	74,846	11.1%
Risk	91,647	12.9%
Technology	79,636	10.3%
AVERAGE	82,874	11.8%

Fig 2.5 Basic pay by function and role

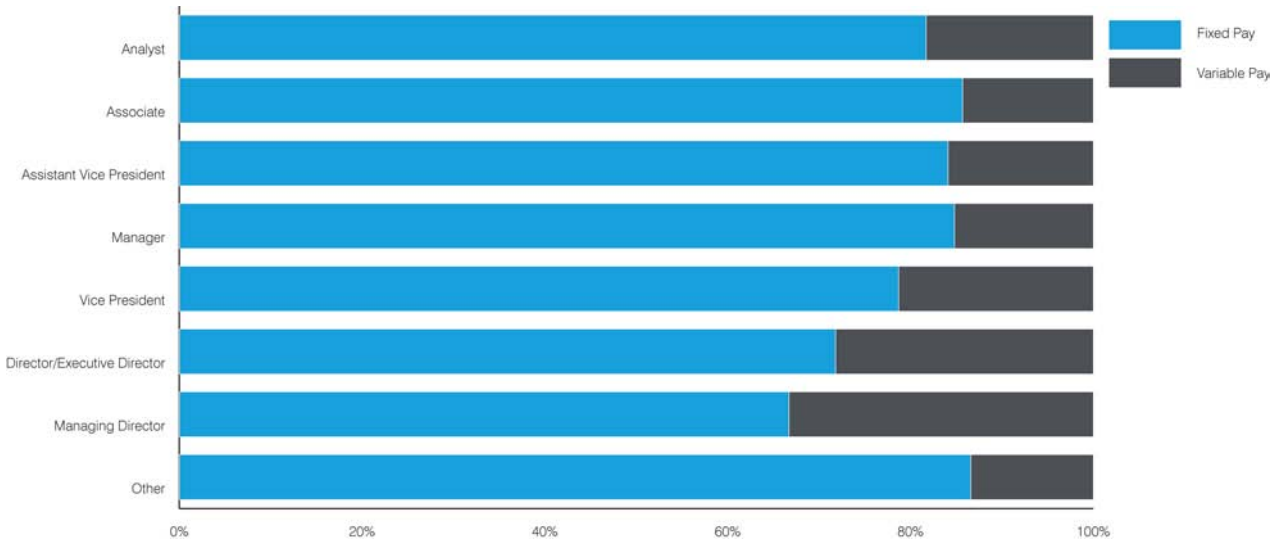
ROLE	AVERAGE OF CURRENT BASE SALARY (£)						INCREASE OVER 2010
	COMPLIANCE	FINANCE	OPERATIONS & MIDDLE OFFICE	RISK	TECHNOLOGY	TOTAL	
Analyst	39,500	57,079	44,777	49,091	54,541	50,405	11.6%
Associate	45,000	65,621	50,018	69,063	62,530	60,712	14.9%
Assistant Vice President	59,000	67,438	57,900	70,692	68,909	66,407	12.6%
Manager	74,571	71,852	56,676	64,501	72,005	67,536	9.8%
Vice President	90,333	91,157	86,507	90,868	96,300	92,155	10.6%
Director/Executive Director	138,400	132,158	118,695	144,182	117,800	130,008	12.3%
Managing Director	-	210,000	222,200	240,000	273,750	237,067	20.7%
Other	42,500	78,227	73,300	85,000	62,788	68,311	11.7%
AVERAGE	77,481	89,634	74,846	91,647	79,636	82,874	11.8%

APPROACH TO COMPENSATION

Majority are more motivated by fixed pay

Respondents were asked whether an increase in fixed or variable pay would be more motivating. On the whole, and perhaps unsurprisingly, the majority stated they were more motivated by increases in fixed compensation.

Motivated by fixed pay or variable pay



“Middle Managers were found to be the most motivated by increases in fixed pay”

BONUS EXPECTATIONS

Highlights

With banker bonuses still the subject of media scrutiny, firms adopted a fairly measured approach to compensation this year. The recently published *Compensation Reform in Wholesale Banking 2011: Assessing Three Years of Progress (October 2011)* concurs, suggesting that the industry has made significant progress on the core requirements of the Financial Stability Board (FSB) by putting in place effective risk-aligned compensation structures. As reforms continue to be implemented, banks and regulators can now begin to review the impact of compensation reform and start to assess whether the desired outputs of all elements of the compensation regulation package are being achieved.

- Just under one third of respondents are anticipating a bonus this year which represents a substantial fall on the 55% expectation seen at this point in 2010 (Fig 3.1). The majority of respondents (55%) remain uncertain as to whether to expect a bonus this year.
- The average bonus anticipated across all sectors and role types was just under 24% of basic pay, a marginal fall on last year's. This is also reflected by two thirds of respondents not expecting their bonus to be more than 2010 (Fig 3.2).
- However, expectations were skewed toward senior roles with D and MD level employees having the highest bonus expectations, 42% and 70% of base salary respectively (Fig 3.3).
- On a functional basis, Finance professionals have the highest expectations (35% of base pay) and IT have the lowest (16%) (Fig 3.4).
- Employees working in the Private Equity and M&A sectors held the highest expectations while those working in FICC had the lowest expectations (Fig 3.5)

Fig 3.1 Anticipating a bonus

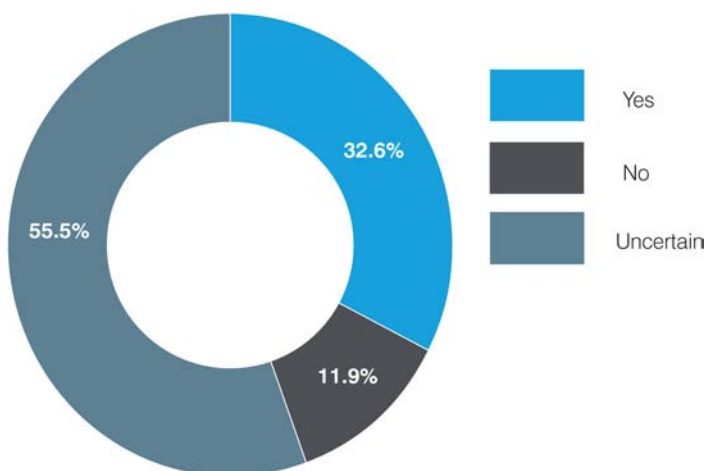


Fig 3.2 Is this more than last year?

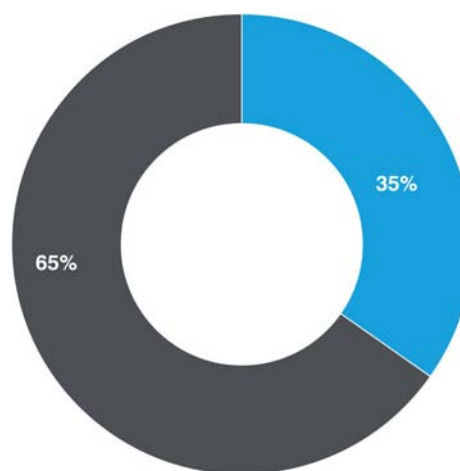


Fig 3.3 Anticipated bonus by position

ROLE	% OF BASE
Analyst	15.2%
Associate	23.8%
Assistant Vice President	15.2%
Manager	18.7%
Vice President	24.1%
Director/Executive Director	42.2%
Managing Director	70.8%
Other	15.1%
TOTAL	23.8%

Fig 3.4 Anticipated bonus by function

FUNCTION	% OF BASE
Compliance	18.0%
Finance	35.5%
Operations & Middle Office	20.2%
Risk	27.4%
Technology	16.2%
TOTAL	23.8%

Fig 3.5 Anticipated bonus by sector

SECTOR	% OF BASE
Asset Management	25.3%
Commodities	25.8%
Consultancy	18.1%
Corporate Banking	22.1%
Credit	22.7%
Debt/Fixed Income	13.4%
Derivatives	25.1%
Equities	19.9%
Fund Management	19.1%
FX & Money Markets	12.8%
Global Custody	11.6%
Hedge Funds	52.8%
Insurance	13.4%
M&A	59.7%
Pensions	27.5%
Private Banking	22.9%
Private Equity/Venture Capital	64.3%
Research	4.4%
Retail Banking	16.5%
Trading	22.4%
Other (Please specify)	20.2%
AVERAGE	23.8%

“Bonus pots will likely be down 20 percent if not more on last year - 20 percent is the number being used to manage expectations down the pub over a beer, but that may yet prove to be optimistic”

Jonathan Nicholson, Managing Director at Astbury Marsden on Reuters (Oct 2011)

BENEFITS

Highlights

- Holiday, pension and medical cover are the most highly valued benefits (Fig 4.1).
- People working in Operations & Middle office functions value holidays more highly than people in Technology functions (Fig.4.2). Compliance professionals also highly value holiday allowances.
- People in Risk and Compliance functions value Pensions more highly than other functions.
- Risk professionals were split on the value of life assurance benefits.
- Technologists value flexibility in working arrangements most highly when compared to other business functions.
- Compliance staff value subsidised gym membership more highly than other staff groups.
- Finance professionals valued share scheme more highly than their counterparts.
- Managing Directors placed far less importance on a good holiday allowance, flexible working and keeping fit than other positions. By contrast, MD's placed higher importance on childcare and life assurance than their colleagues.
- Associate level employees place much less importance on saving for their retirement than others however they value keeping fit in the gym more highly than their colleagues.
- Working environment and the calibre of colleagues were also frequently cited as being of high importance to many respondents.

Fig 4.1 Most highly valued benefits

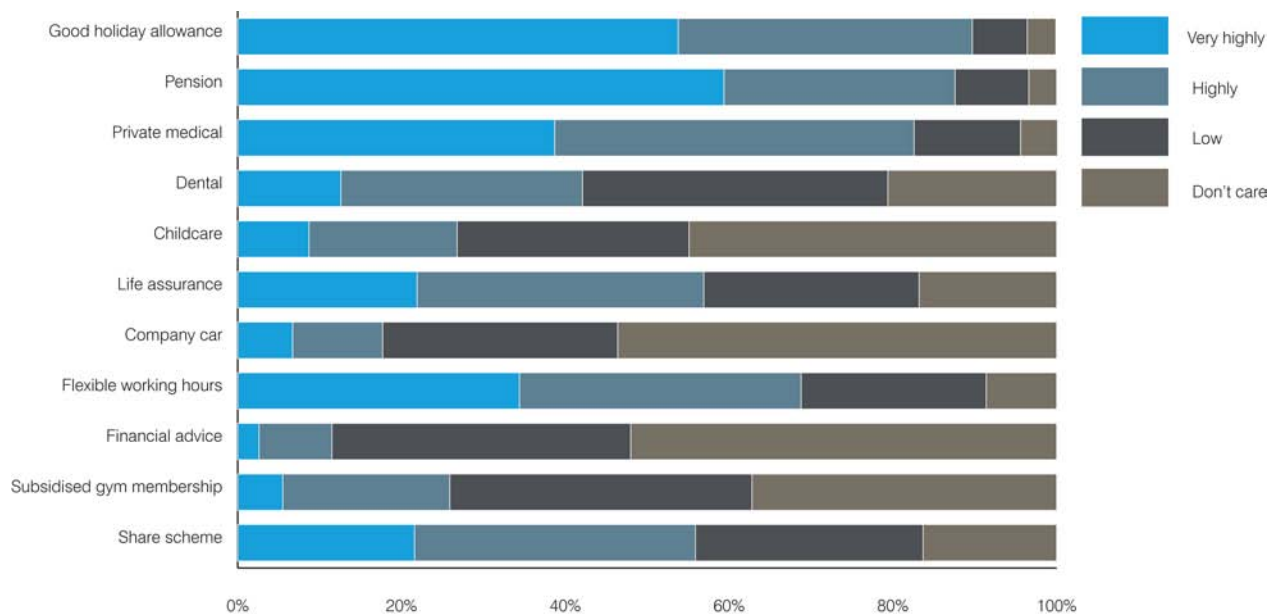


Fig 4.2 Benefit importance perception by function

	COMPLIANCE	FINANCE	OPERATIONS & MIDDLE OFFICE	RISK	TECHNOLOGY
Good holiday allowance					
Important	91.7%	85.0%	93.0%	87.9%	83.1%
Not Important	8.3%	15.0%	7.0%	12.1%	16.9%
Pension					
Important	95.5%	87.6%	85.3%	92.6%	85.8%
Not Important	4.5%	12.4%	14.7%	7.4%	14.2%
Private medical					
Important	78.3%	81.8%	80.6%	83.5%	77.4%
Not Important	21.7%	18.2%	19.4%	16.5%	22.6%
Dental					
Important	31.6%	43.5%	40.6%	41.8%	38.8%
Not Important	68.4%	56.5%	59.4%	58.2%	61.2%
Childcare					
Important	35.0%	22.5%	21.4%	23.5%	28.0%
Not Important	65.0%	77.5%	78.6%	76.5%	72.0%
Life assurance					
Important	47.4%	57.1%	61.6%	49.4%	59.1%
Not Important	52.6%	42.9%	38.4%	50.6%	40.9%
Company car					
Important	21.1%	21.1%	15.2%	18.2%	14.4%
Not Important	78.9%	78.9%	84.8%	81.8%	85.6%
Flexible working hours					
Important	69.6%	66.7%	63.7%	63.8%	75.0%
Not Important	30.4%	33.3%	36.3%	36.2%	25.0%
Financial advice					
Important	5.6%	13.2%	12.0%	9.4%	10.0%
Not Important	94.4%	86.8%	88.0%	90.6%	90.0%
Subsidised gym membership					
Important	44.4%	32.3%	32.3%	28.2%	29.3%
Not Important	55.6%	67.7%	67.7%	71.8%	70.7%
Share scheme					
Important	60.0%	60.8%	51.1%	53.4%	50.0%
Not Important	40.0%	39.2%	48.9%	46.6%	50.0%

Fig 4.3 Importance of benefits by position

	WHAT TYPE OF POSITION DO YOU HOLD IN YOUR COMPANY?							
	ANALYST	ASSOCIATE	AVP	MANAGER	VP	DIRECTOR/ EXECUTIVE DIRECTOR	MANAGING DIRECTOR	OTHER
Good holiday allowance								
Important	89.7%	83.5%	83.7%	90.1%	86.0%	84.6%	69.2%	83.6%
Not Important	10.3%	16.5%	16.3%	9.9%	14.0%	15.4%	30.8%	16.4%
Pension								
Important	86.4%	72.5%	88.1%	86.6%	90.1%	89.6%	88.5%	87.9%
Not Important	13.6%	27.5%	11.9%	13.4%	9.9%	10.4%	11.5%	12.1%
Private medical								
Important	76.4%	79.5%	83.7%	76.5%	83.8%	85.7%	84.0%	74.6%
Not Important	23.6%	20.5%	16.3%	23.5%	16.2%	14.3%	16.0%	25.4%
Dental								
Important	49.0%	54.9%	44.9%	35.3%	39.5%	35.0%	56.0%	28.3%
Not Important	51.0%	45.1%	55.1%	64.7%	60.5%	65.0%	44.0%	71.7%
Childcare								
Important	29.3%	21.4%	30.8%	24.4%	24.7%	18.6%	41.7%	18.6%
Not Important	70.7%	78.6%	69.2%	75.6%	75.3%	81.4%	58.3%	81.4%
Life assurance								
Important	57.1%	44.3%	58.2%	53.7%	59.5%	64.2%	75.0%	46.7%
Not Important	42.9%	55.7%	41.8%	46.3%	40.5%	35.8%	25.0%	53.3%
Company car								
Important	16.9%	12.3%	14.9%	27.5%	11.9%	11.6%	24.0%	20.0%
Not Important	83.1%	87.7%	85.1%	72.5%	88.1%	88.4%	76.0%	80.0%
Flexible working hours								
Important	73.1%	68.8%	62.2%	75.2%	61.3%	61.0%	48.0%	67.2%
Not Important	26.9%	31.2%	37.8%	24.8%	38.7%	39.0%	52.0%	32.8%
Financial advice								
Important	14.6%	13.6%	9.7%	15.5%	6.6%	4.4%	8.0%	8.3%
Not Important	85.4%	86.4%	90.3%	84.5%	93.4%	95.6%	92.0%	91.7%
Subsidised gym membership								
Important	47.9%	41.7%	33.8%	27.3%	21.3%	22.8%	8.3%	27.9%
Not Important	52.1%	58.3%	66.2%	72.7%	78.8%	77.2%	91.7%	72.1%
Share scheme								
Important	66.7%	45.7%	43.2%	60.3%	48.1%	59.8%	60.0%	45.0%
Not Important	33.3%	54.3%	56.8%	39.7%	51.9%	40.2%	40.0%	55.0%

EXPECTATIONS

Outlook for 2012

- The current uncertainty in markets is also reflected in uncertainty about the prospects for pay increases in 2012 with more than half of those surveyed being unsure about expecting any increase in basic pay. That said, those expecting an increase anticipate an average rise of 8%.
- Junior level Finance professionals are the most optimistic about receiving an increase and are anticipating rises above 10% on 2011 base pay.
- Director and Executive Director level Compliance professionals have the highest expectations, anticipating substantial increases in 2012. As a total group, compliance staff are expecting the largest rises of all functions while technologists have the lowest expectations.
- There has been a marked change in sentiment by those likely to be disappointed in their bonus with 33% stating they would seek new opportunities. This is balanced against 48% in 2010 who were considering protesting with their feet.
- Perhaps in response to a slowing jobs market, more individuals would opt for seeking other internal opportunities than new opportunities.
- Having been added to this year's survey, the prospect of relocating internationally was also seen a popular consideration for dissatisfied employees.
- Only one quarter of those surveyed felt that either Government pressure or the Vickers Report would impact their compensation in the coming year.

Fig 6.1 Expectations of an increase

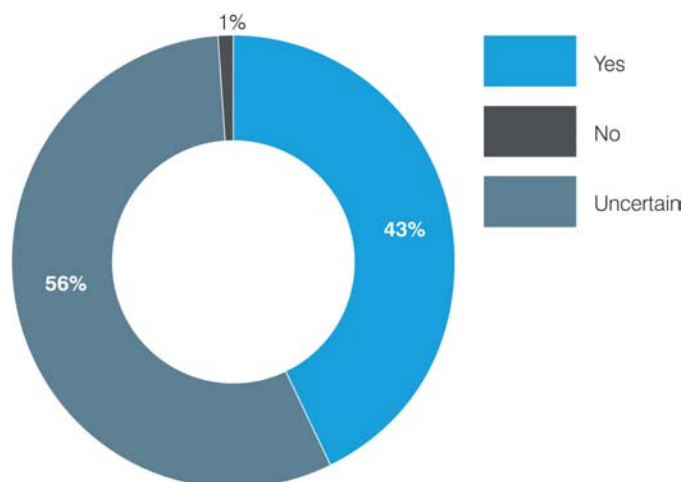
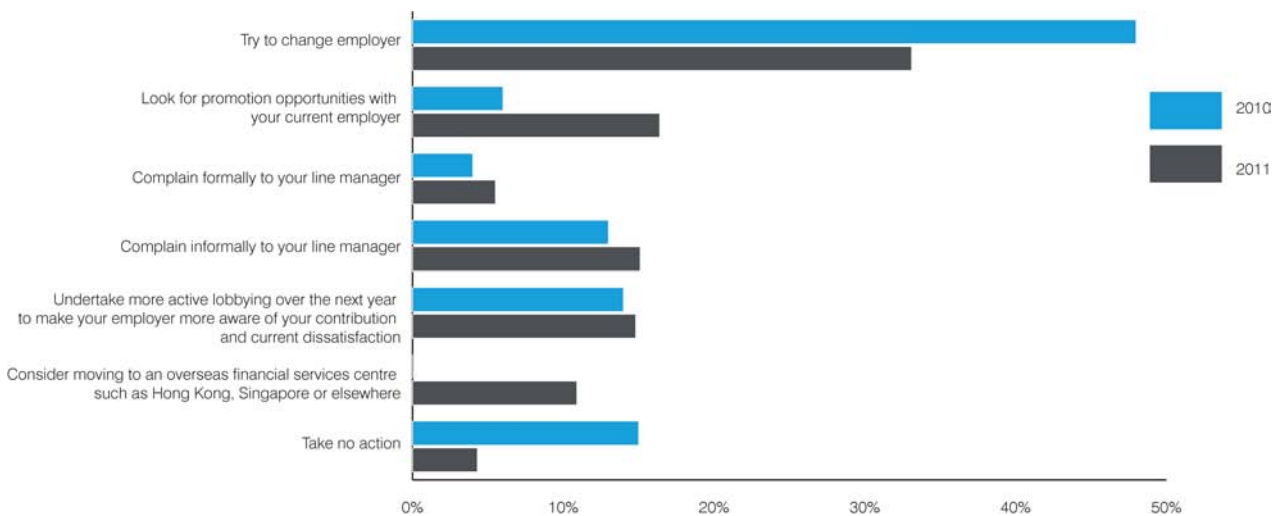


Fig 6.2 Expecting base salary to increase over the next 12 months

	ANALYST	ASSOCIATE	ASSISTANT VICE PRESIDENT	MANAGER	VICE PRESIDENT	DIRECTOR/ EXECUTIVE DIRECTOR	MANAGING DIRECTOR	OTHER	TOTAL
Compliance	3.7%	5%	8.7%	9.6%	8.3%	22.7%	-	5%	9.9%
Finance	14.2%	10.4%	9.3%	6.5%	7.5%	9.9%	-	5.6%	9.2%
Operations & Middle Office	10%	4.8%	7.7%	9.1%	7.5%	5.6%	13.3%	7.4%	7.9%
Risk	8.6%	10.7%	10.8%	6.7%	5.1%	9.6%	2%	4%	8.1%
Technology	6.4%	7.6%	8.9%	7.6%	6.3%	7.7%	10%	6.1%	7.2%
TOTAL	9.0%	8.4%	9%	7.5%	6.9%	9.4%	10.3%	6.2%	8.1%

Fig 6.3 Action if disappointed by bonus and overall pay package



Astbury Marsden
life working

Annual Compensation Survey 2011