

Julia: Hello and welcome to a DerivSource podcast. I'm Julia Schieffer, the founder and editor of DerivSource.com

In the past we have covered career-related topics and trends for our readers and in this podcast today is a continuation of that.

The global recruitment firm, Robert Walters, recently published some research highlighting two interesting trends: 1 - the number of permanent financial services roles in London has gone up 80% since April last year and 2 there seems to be a skill shortage across the City which of course isn't great for companies.

In today's podcast, I speak to James Murray, Associate Director - Projects & Change Division at Robert Walters about some of current trends impacting the London job market for professionals working in the City and specifically professionals working in change management roles within regulation, compliance, risk and operations. Make sure you listen to all throughout to also hear his predications for 2016 too.

Julia: Welcome to the podcast James.

James: Hi Julia. Thank you for having me.

Julia: James, DerivSource readers include derivatives professionals who work in operations, technology, risk, and compliance of course change management and project management. Many of our readers are in London and of course this is your target market at Robert Walters. So, focusing on London specifically and to give our local readers some insight into career and recruitment trends, I want to touch on some research that you have recently done. In your recent City Jobs Index you found that permanent financial roles were up 80% in London In your recent City Jobs Index you found that permanent financial services roles are up 80% in London from April last year. Why is there such an increase in permanent roles?

James: I think, Julia, what we have here is a number of issues combining to create a demand for experienced professionals in the market.

Firstly, over the past number of years (going back 10 years plus now) we've seen a significant trend towards offshoring of particularly middle and back office positions to lower cost locations. The net effect of this has been that over that same period there's been fewer people being trained through the system and so the population of suitable candidates in any given area, particularly in middle and back office, has decreased compared to its historical norm.

Combine that with what we're now seeing, which is a fairly strong return to confidence in the market and a requirement for these kind of individuals, and the demand that has been pent up for some time is now starting to come through.

I guess the third thing that I would add to that is there is fairly significant demand for regulatory change within most of the big banks and asset managers and this is drawing in people who have worked in run the bank or run the firm positions and have deep subject matter expertise into these programme roles, leaving a dearth of people behind in the run the bank positions and hence seeing the resulting requirements being released in the market for these kind of individuals.

Julia: The second question to you James is: In your research you mention a skill shortage in change management with the total number of jobseekers declining. Can you explain this trend and what skills are needed and for what type of firms?

James: The real driver of change recruitment, projects recruitment across the market at the moment are the regulatory initiatives that are impacting all firms.

The skill sets required vary quite widely in terms of the subject matter expertise, but I guess the common theme is the requirement to have candidates who offer deep understanding of one or more areas of subject matter expertise, be that compliance,

finance, operations, front office, controls, together with a demonstrable track record of having run and delivered projects of some description within a financial services environment.

It's the combination of those two skills together that are ever more increasingly in demand, and that's led to a particular demand for example, for people who have come through from external consultancy type backgrounds, within the big four for example, and worked with financial services firms on large projects and have then looked to move in-house, either on a contract or a permanent basis.

Julia: **Now, changing gears a little bit. James, what are the biggest trends that you see among derivatives professionals in change management that are really impacting recruitment and job searching?**

James: I guess there's always 'fashionable areas' if you like, depending on the regulatory book of work that people are looking at or the organisations they're looking at any given time. Certainly, over the recent past there's been a significant increase in risk and control positions, given the regulatory demand for more robust frameworks within these organisations and improved transparency as to what they're doing.

Again, within the kind of operations space, people with background around the middle office trade support environment who've moved into project roles have been very popular for areas, for example, like response to Dodd Frank or EMIR programmes, and we anticipate seeing that continuing really in terms of the theme: I think risk and control and front to back understanding of operations processes are likely to be key areas.

With the regulations that are upcoming we are expecting MiFID II down the pipeline shortly, and from a UK perspective most of the big firms are just now starting to get on top of the implications of the Vickers report and the bank ring-fencing requirements, and this could have fairly profound impact on everything from the balance sheet, to the product line, to the operational structures of the organisation.

We've seen recently in the news HSBC talking quite openly about rebranding their retail banking operation in the UK, and that means how these organisations are going to structure themselves going forward is very much up in the air, and people with these broad change skill sets and fundamental understanding from front to back of how banks are put together and how they might need to change to respond to this regulation is going to be a theme of the next six to nine months for certain.

Julia: **James, you mentioned a good knowledge and experience in the entire working chain of a bank, so middle and back office, and front office. Speaking of change management trends for just a little bit longer, how much does a professional need to have some in-depth knowledge about all the regulatory change that's going on? For instance, knowing quite a bit of detail about EMIR. Is that something that they can really leverage and would it be a differentiator when they're going up against others in terms of looking for a new role, or going for a new role?**

James: Yes. Having subject matter expertise is always a distinct advantage. Interestingly, these programs of work are often so broad that having a deep knowledge across all of the functions of a program is pretty unusual. Mostly these programs will be divided into work streams with specific specialisations, and therefore knowledge in all of it is not necessarily required, but knowledge of some of it (or particular work streams) is clearly a distinct advantage.

Again, often the impact of the legislation or regulation is relatively simple to interpret.

A classic example would be FACTA, the US legislation around identifying all US citizens who may be liable for US tax. The principle of the legislation is relatively straightforward in terms of requiring financial services firms to disclose who these individuals are. The programs to actually find out in very large organisation, who your US citizens are and

where they sit within the organisation and who you need to report the information to, is much more complex.

So, yes, subject matter is important and almost always roles will require a component of subject matter in addition to strong change management skills, but breadth across every single facet of a particular regulation is not necessarily required.

Julia: I'm sure some people will be quite relieved about that; it's quite a big ask to have that much knowledge, given the full spectrum of regulatory change that's going on in the current environment.

So, James, we've been talking a lot about change management, but looking specifically to operations as that's a big area amongst our readers in terms of where they work within: what change management roles within derivatives and operations are really high in demand? And are there specific roles that have seen a recent hike in pay?

James: In terms of roles, I guess the trend of the past 18 months or so from a regulatory and projects perspective has very much been the impact of Dodd Frank in the US and EMIR in Europe, and the impact that's having in terms of the trade reporting, central counterparties, collateral, and the knock-on effect in those kind of areas (margin). So across the whole operations spectrum these subjects have been required in-depth, and those are the programs that we've seen most of the hiring on. Those programs are relatively mature now, and some are sort of running down or have already delivered.

As I mentioned earlier, we are anticipating that MiFID II certainly will pick up some of the slack created as those programs run down. I guess in the broader operations environment there are a significant number of banks that are fairly well-known who have had big problems around KYC (Know Your Client) which relates very heavily to the client onboarding functions within operations, and we continue to see big programs of work from a number of large institutions around remediating previous deficiencies within their onboarding and KYC processes, and we anticipate that those will be ongoing for some time yet.

Julia: Now, looking ahead to 2016, we're 6 months in to this year so it's not out of the ordinary that we are already looking a year ahead. Do you have any predictions James for what trends will really dominate in 2016, either existing trends or perhaps new ones?

James: Yes, I think as the surveys have been showing, the number of permanent roles coming to the market has increased significantly over the past period. Historically, particularly with regard to running projects and programs of work, there's been a tendency to hire heavily from the contractor population.

Projects by their nature have a finite lifecycle and therefore the view was to bring in specific subject matter skilled experts to run those and work on those programs and then obviously they would leave when those programs were completed.

I think the environment within banking has changed and there's a realisation that essentially these programs of work will continue for extended periods of time and that even though the individual programs may come and go, the requirement to be able to implement change across an organisation is likely to be with us for the foreseeable future. So, I guess the combination of increased confidence in the market, and more broadly in the economy in general, with the realisation that actually it's better in many instances to have a core of professional change people within an organisation who retain organisational knowledge and networks and can be the core of delivering a range of different change programs has meant an increased amount of permanent mandates coming to the market this year, and we anticipate that trend continuing.

We've increasingly seen large institutions developing internal consultancy groups and change management specialisation in teams that are able to address large front to back programs, and we see permanent headcount into these teams continuing to increase over the foreseeable future.

Julia: So the final question for you James that I have is really about the coming months, so the summer time. Is the summer truly still a quiet period for recruitment? If so, why or why not?

James: Certainly I think the summer is *quieter*. I'm not sure that there's a deliberate reason for that. Clearly with school holidays and people being away from the office, processes have a tendency to slow just because attendance in the office is lower. Historically, obviously financial services year is very centric around the payment of bonuses early in the annual cycle. There then tends to be a rush of people resigning and mandates to replace those individuals immediately post that period. So the summer I guess represents something of a natural break in that cycle.

Certainly, it's not the case that we don't see work coming through from clients over the summer period, we certainly do. We're slightly frustrated by the pace of ongoing assignments; as I say, with people just simply not being available on both the client and the candidate side, and I guess we also then (particularly on the project side) tend to see a pickup in process speed getting in towards the end of Q3 as senior management mind tends to be concentrated by the requirement to deliver on their current year's book of work by the end of the year and getting in the right sort of place to assist their budget negotiations for the following year.

So certainly there is something of a lull in the middle of the year, but I don't think in any way it's the case that the market is dead, and certainly we're not anticipating that this year.

Julia: That's really great insight for our audience. Thank you so much James for joining us on this podcast and sharing your insight on recruitment and trends in the London market.

James: It's been a pleasure. Thank you very much for your time.

Julia: Thank you to James Murray for sharing his views with us on this DerivSource podcast.

If you would like to see the full transcript of this podcast please see our podcasts notes page on [DerivSource.com](#)

Also, I'm curious if the listeners out there would like more information on jobs, the jobs markets and career advice, specifically of course to those working within the derivatives industry.

So please do let us know if you would like more information on these related topics by emailing us at editor@derivsource.com or of course you can always comment on the podcast notes page itself.

Thank you for listening. Join us next time.

Copyright for this document is retained by DerivSource and this document or any excerpts should not be republished or distributed without written notice of Julia Schieffer, of DerivSource.com. For further information please contact Julia Schieffer at Julia@derivsource.com