

FINANCIAL SERVICES

Insights



Key issues affecting the UAE's banking, insurance and capital markets industries

Executive summary

Following the economic crisis, financial services businesses worldwide are working hard to rebuild the industry's reputation. As part of this, banks and other financial institutions are redoubling their efforts to assemble the best teams to take advantage of the recovery. The challenge for leaders in the sector is that competition for top candidates is already intensifying.

According to our Robert Half Middle East [2014 Salary Guide](#), this war for talent within financial services firms has pushed up salaries for top-tier professionals, with companies paying a premium to secure the best local and international talent. It has also created an imbalance among tenured staff whose remuneration has not kept pace, leading to retention fears. Another challenge is that top performers who have stayed put during the recession may start looking around for alternative roles.

So how is the industry coping?

Remuneration on the rise

The industry is seeing increases to salaries and bonuses for accounting, finance and operations professionals



Financial flight

Q1 typically results in high employee turnover. How has regulation changed the remuneration culture?



Niche specialisms in demand

Regulation, risk and compliance – the financial technology driving the hiring agenda.



Avoiding the financial flight

Robert Half offers five tips to help you retain financial services staff.





Remuneration on the rise

Remuneration for finance, accounting and operations professionals at financial services firms is expected to rise in the first half of 2014.

More than four in 10 (41%) financial services CFOs/COOs plan to increase base salaries for existing employees, suggesting that as the market for skilled professionals continues to tighten, companies are increasing pay to attract and retain skilled talent.

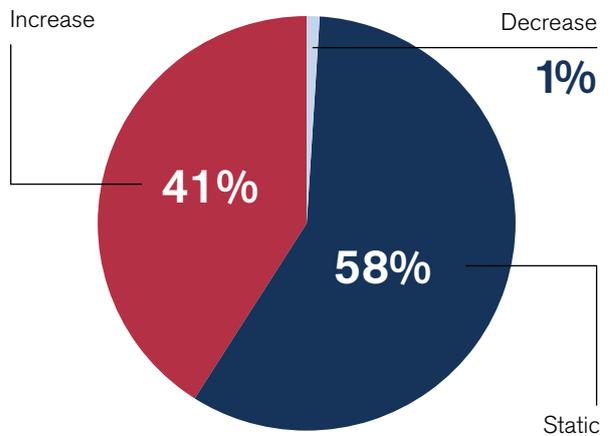
Bonuses are also likely to rise, with three in 10 (31%) executives increasing payments and 63% maintaining current levels. However, while the first quarter has historically prompted a financial flight in the industry and while executives are rightly concerned about the possibility of losing talent, these numbers are lower than those seen in years gone by. Efforts to reduce risk by regulating remuneration have decreased the prevalence of employees looking for greener pastures following their bonus payouts.

6.81%

The average salary increase for finance, accounting and operations professionals*

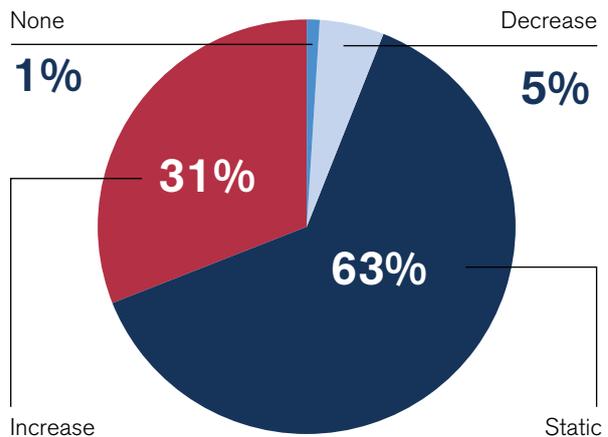
**Based on executives who plan to increase salaries*

Salaries



Source: UAE survey of 75 CFOs/COOs in financial services businesses.

Bonuses



Source: UAE survey of 75 CFOs/COOs in financial services businesses.



Financial flight

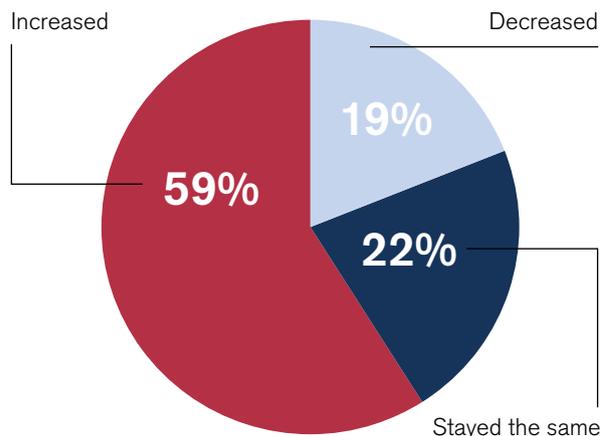
While more than half (52%) of executives indicate that resignations increased following last year's bonus period, (compared with the rest of the year), it is less than in previous years.

The prevalence of deferred and equity-based bonus payments as well as increased base salaries has had the triple effect of offsetting risk and providing capital relief to institutions while also decreasing employee turnover overall.

Yet following several years of stagnant or minimal salary and bonus increases, the resurgent job market has resulted in employees feeling they can get more money elsewhere and requesting a rise in their current roles.

This is backed up by the fact that a high proportion of financial services candidates have increased their expectations for remuneration.

Candidates' remuneration expectations



Source: UAE survey of 75 CFOs/COOs in financial services businesses.

'Top financial talent continues to command a premium, particularly as businesses look to capitalise on the upswing and therefore turn to their key players to help improve efficiencies and provide profitable revenue growth. Not surprisingly, more than eight in 10 (84%) financial services executives are concerned about losing top talent to other opportunities. As the job market heats up and more businesses are adding new permanent roles, workers are becoming more bullish, looking to new opportunities and commanding higher premiums whether from their future or present employer.'

**James Maidlow, Senior Manager,
Robert Half Financial Services**



Niche specialisms in demand

Financial services businesses recognise that demand for the most highly skilled talent is outweighing supply, particularly within niche specialisms.

The regulatory agenda remains firmly entrenched in executives' daily routines with privacy, financial crime, anti-money laundering (AML), conduct risk and disclosure or reporting requirements the areas of regulation posing the greatest impact.

Regulation will continue to put pressure on resources since nearly a third (30%) of global firms surveyed say the finance function is taking the lead on managing regulatory change, compared with approximately one in 10 (13%) passing that responsibility to the risk department and 12% to compliance.

Nearly nine in 10 (88%) global executives say that the management of regulatory reform is a challenge for their businesses. Two-thirds (67%) expect the financial workload from regulatory change to increase, resulting in additional recruitment for permanent and interim regulatory professionals. With demand for skilled regulatory accountants outweighing supply, salaries are set to rise in 2014.

Other areas that will put pressure on remuneration policies are risk and compliance management and financial technology.

Trends in financial technology have been consistent over the last two years and are expected to continue. Cyber security, data analytics and mining, information security, regulation, cloud and infrastructure renewal and digital and mobile initiatives are all important factors. Remuneration for more specialist roles, such as data analysts, developers and IT security specialists, will see salary gains over the next year.

As employees' salary expectations increase, businesses must re-evaluate their remuneration policies, making sure they are competitive on both a local and a global scale.

The constant conundrum for organisations in a recovering market is when to start recruiting for growth. Wait too long and you don't have the resources to take advantage of growth in demand, but move too quickly and you can push the compensation costs beyond acceptable limits. Getting the right balance of base salary, bonus and benefits to attract, recruit and retain talent is pivotal for businesses to capitalise on opportunities that lie ahead.

Regulatory environment



88%

of global executives are challenged in managing regulatory change

Most challenging aspects of managing regulatory change (global %)



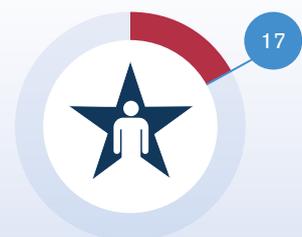
Managing external auditors



Managing costs



Meeting deadlines



Securing talent



Avoiding the financial flight

FIVE TIPS TO AVOID THE FINANCIAL FLIGHT

1. Communicate with all staff clearly and regularly – make sure they understand the vision for the team/company and buy into it.
2. Outline business achievement targets for the year ahead, how personal performance targets feed into that and will be rewarded with bonuses in 2015.
3. Understand individual motivations for each member of staff: flexibility and work–life balance may be more important to one member of staff than another.
4. Make sure key players are getting the roles and responsibilities that motivate them – a rewarding environment is not just about the money that individuals earn.
5. Recognise that a recovery tends to lead to a 'seller's market' in terms of senior roles – consider upping the ante for salaries and bonuses paid to your top 10% of people.

About Robert Half

Robert Half is the world's first and largest specialised recruitment consultancy and member of the S&P 500. Founded in 1948, the company has over 345 offices worldwide, including Dubai, Abu Dhabi and Doha providing recruitment solutions for accounting and finance, financial services, technology, human resources and legal professionals. Robert Half offers workplace and recruitment related resources, available at roberthalf.ae.

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