



COMPLIANCE
PROFESSIONALS

2021

Salary Survey

Compliance and
Financial Crime

WORD FROM THE MD

Welcome to Compliance Professionals' annual market report and salary guide for 2021.

Last year was an extraordinary year that no one will forget. Looking back to January/February 2020, both the financial services market and subsequent recruitment market were relatively buoyant considering the Brexit uncertainty. However, in a short space of time both businesses and individuals had to come to terms with the impact COVID-19 had, including multiple lockdowns and an economic shock.

Companies in the financial services space adapted remarkably quickly to a remote working model and many have recognised that their businesses can function with people working remotely. However, one area of concern highlighted by businesses is that they have struggled to retain the company's DNA and regulatory culture without the interaction associated with working within an office environment.

For the most part COVID-19 dominated the news in 2020, but the financial services sector also had a close eye on Brexit negotiations. For an industry that accounts for approximately 3% of the UK workforce and contributes over 11% of all employment taxes, the outcome of the Brexit negotiations that finalised on Christmas Eve was not what the sector was hoping for. The loss of passporting rights and ongoing discussions on equivalence means considerable uncertainty and makes cross border business more challenging. Some member states such as Belgium and Luxembourg have made adjustment to their local laws/regulations in order to allow UK firms to continue providing some cross border services.

Other EU countries such as Germany, France and the Netherlands have taken a harder stance, with the Dutch regulator saying UK firms without an EU license can no longer operate. A decision on equivalence is expected by 31st March 2021, which will override any agreement made with individual

countries. We have already seen approximately 7500 jobs move from London to Europe and we expect more to follow in 2021.

The effects of COVID and Brexit uncertainty led UK unemployment rise to a five year high of 5.1% (equivalent of 1.74m people) in the period October – December 2020. In the last quarter of 2020 we began to see redundancies rise in the financial services space as businesses reviewed their cost base. In the short term we expect little improvement in the wider economy with the Bank of England estimating that unemployment may continue to rise and peak at 7.75% in mid 2021.

Speaking to financial services employers in January and February 2021, over 60% of respondents indicated they didn't have a documented strategy for the remote working pattern following the lifting of governmental restrictions. I think it is fair to say we are 12-24 months away from understanding what the 'new normal' will look like. The only thing we can be certain of is that employees are now looking for more flexibility than ever, and firms that insist on employees attending the office 5 days a week are likely to find retention and attraction of staff challenging.

For people looking for employment in the compliance and financial crime fields there are positive signs. The regulatory challenges have not decreased, and although firms have adapted, improved technology and implemented new processes, over 50% of the teams we've spoken to have reported that the increase in workload will drive the need to hire further staff 2021.

Throughout 2020/21, the Compliance Professionals team have been working hard both advising clients on virtual interview strategies and onboarding, as well as matching many candidates with their new employer. I hope you find this report useful. If you have any feedback or would like to input into any future reports then please email me at marcus.courtney@complianceprofessionals.co.uk

OUR SERVICES

In an ever-changing recruitment market, Compliance Professionals delivers a dedicated and specialist recruitment service for both UK employers and candidates specifically focussing on the compliance and financial crime space. We help build out teams, source specialist individuals and provide an end to end recruitment service for both permanent and contract staff.



WHY US?

With 15 years+ market knowledge and experience, we have the insights that set us apart from other firms in the industry. With this experience, we have earned the trust of both our clients and candidates, which means that we have the industry's top talent and leading firms working with us. Our consultants can offer you a tailored, bespoke service to match your every hiring need and requirement, whether you are looking to grow out a team or to find a niche specialist to help with a particular project. From a candidate perspective, our consultants are here to help guide you on your job-hunting journey and provide you with the best next step in your career.

26% of our business was contract in 2020.

15% was the average salary increase for candidates joining a new employer.

INTRODUCTION

Welcome to the Compliance Professionals' market report and salary guide for 2021. Our experienced consultants have gathered their industry insights and analysis of the financial services compliance market to bring you this pack.

We hope that this report will be an informative guide for both our clients and candidates, whether to plot growth strategy, understand what is happening in the market or to look at remuneration benchmarking.

Please note that the research for this paper was carried out in 2020. Given the unprecedented nature of the COVID-19 outbreak and uncertainty it continues to bring to businesses and individuals, we only make predictions on what the future holds for compliance recruitment trends.

As part of our work as your dedicated compliance recruitment specialists, we carry out constant market research through attending virtual seminars, writing blogs and engaging with our clients on a regular basis. This research continues to keep us at the forefront of compliance recruitment and as one of the UK's leading specialist firms.

OVERVIEW OF COMPLIANCE RECRUITMENT

After a relatively slow start in January 2020, we saw positive signs as recruitment volumes increased in February and early March. However, as lockdown commenced in March 2020, 80%+ of our live jobs were frozen and the new job flow was almost reduced to zero. In the first half of 2020 Compliance Professionals saw new vacancies decrease by 34% when compared to H1 2019. However, what was more startling was the 62% drop in new vacancies between Q2 and Q1 2020. This was clearly a result of COVID, with firms facing cuts in budgets as well as feeling uneasy about hiring without having face to face meetings with future employees. As the year progressed we saw an improvement in market confidence & job flow and the year finished with compliance and financial crime job volumes down 28% when compared to 2019.

If we look to our candidate registrations, Compliance Professionals recorded a decrease of 11% when comparing H1 2020 to H1 2019. As we progressed beyond summer 2020 candidate registrations increased between the lockdowns as confidence increased, but unfortunately so did redundancies. Overall for the year we saw candidate registrations decrease by 3% when comparing 2020 with 2019.

Across the compliance market, the average salary increase for someone changing employer in 2020 was 15%. This is down on 2019 where the average increase was 19%. Once again, pressures placed on firms' budgets due to COVID and Brexit has meant that there has been little room for pay rises and candidates have recalibrated their expectations.

We have highlighted some of the specific trends below, as well as an overview of the contract workforce market trends.

BUY SIDE TRENDS:

- In terms of the buy-side compliance recruitment market, there was a significant drop in vacancies. 2020 v 2019 saw a decrease of 43%, although we saw an improvement in job flow after summer 2020.
- Advisory candidates are still very much sought after. The most buoyant area of this skill set is the £70k to £100k salary bracket where candidates are very much in demand.

- In the second half of the year we saw an increase in demand for monitoring candidates in the £40,000-£70,000 range and by the end of the year the talent pool had been significantly drained.

SELL-SIDE TRENDS:

- In terms of the sell-side compliance recruitment market, there was also a significant drop in vacancies. 2020 v 2019 saw a decrease of 23%, although again we saw some improvement in job flow in the 2nd half of the year.
- Monitoring, surveillance and generalist candidates remain in demand at all levels.
- The KYC/CDD/EDD space remained job short throughout 2020, particularly in relation to contract recruitment. This led to a surplus of candidates and rates/salaries remained depressed.

FINTECH

- The fintech market has certainly shown more resilience than the more traditional financial services firms during the COVID-19 pandemic. Although overall funding is down there have been several large funding rounds during 2020 which has driven recruitment across the board, not just in the compliance and financial crime space.
- H1 2020 v H1 2019 saw a decrease in vacancies of 14% and Q2 2020 v Q1 2020 saw a drop of 28%. Later in 2020 we witnessed an increase in job flow and the year ended down 12% when compared to 2019.
- The focus for hiring remains in the financial crime space, where candidates are highly sought after at all experience levels but predominantly mid to junior. The salaries in the Fintech space still trail behind the traditional banking sector.

TEMP/CONTRACT RECRUITMENT TRENDS:

The potential for a second postponement of the new IR35 regulations has now passed. We saw the acceptance of the finance bill in July 2020; and the budget in March 2021 confirming it will come in to effect on 6th April 2021. This will mean the IR35 status will be determined in the majority of cases by the company engaging the worker.

In terms of the contingent workforce, temporary contract jobs made up 26% of our business in 2020 which is a decline from 35% which we saw

in 2019. This decline is attributed to upcoming changes to IR35 regulations, restrictions on budget due to the economic impact reducing the number of new projects and the fact businesses were reluctant to hire contractors remotely.

Looking forward, for those firms who haven't finalised their contingent workforce strategy, time is now of the essence if they want to retain and attract the best talent. It is worth noting that generally after a recession or economic shock the contract recruitment market is generally the first pick up so readiness is the key.

FUTURE TRENDS:

When we last wrote in August 2020, we predicted September 2020 would be a key month in financial services recruitment. As did everyone, we hoped some normality would return, schools would reopen, offices would start welcoming back staff and we would avoid a second wave. Unfortunately the UK, along with many other countries experienced a second wave and subsequent lockdowns. This meant that many of the plans discussed with our clients in the second half of 2020 have now been pushed back to summer 2021, when we hope the government roadmap will see the restrictions of lockdown lifted and some level of normality returning.

Over 65% of the financial services firms we have spoken to don't expect to have a significant presence back in the office until at least August/September 2021. The majority of these firms are still finalising their workforce strategy but have indicated the return to the office will include an element of flexible working with either 2 or 3 days in the office and the remainder from home. With this in mind we have already seen firms releasing central London office space to make cost savings and we expect this pattern to continue throughout 2021.

Although employers seem to be more optimistic about 2021 and with 54% of firms spoken to indicating their intention to hire, given the current lockdown/roadmap, we don't see any significant increase in compliance recruitment until the second half of 2021. Talking to our clients there is a strong indication that we will see more senior level strategic hires (Senior Manager/Director) in 2021 when compared to 2020.

With the question of equivalence still unanswered we expect firms to continue looking into hire in mainland Europe and Ireland. We expect this trend to continue for at least the next 6-12 months until the regulatory landscape and associated laws become clear.

As firms adapt to the new IR35 workforce regulations in April 2021 and start to return to the office in summer we expect and upward trend in temporary/interim job registrations as projects are resumed and additional headcount is required to deal with the implementation of new and upcoming regulations.

Although internally within businesses we expect salaries to plateau and bonuses for 2020 to be down, we could see upward pressure on base salaries for niche roles as candidates are looking to be compensated for the risk of moving.

We estimate the average increase in salary for individuals moving position/employer in 2021 will be between 12-15%. Salary is no longer the main driver for employees. COVID-19 has led many people to reassess their lifestyles and look for

employers who can satisfy not only financial and career ambitions but also address the work life balance and allow flexibility in terms of where and when people complete their work. The top 3 motivators are now flexible working, wellbeing and career progression. Looking forward employers who insist on the 9-5 in the office, 5 days a week are likely to miss out on some of the best talent.

In conclusion, firms looking to hire in 2021 will need to have a strong recruitment process to attract the best talent. They will need to articulate a clear strategy on Brexit, COVID and post-COVID and what it means for their employees as we are already seen candidates doing more in-depth due diligence and research on potential employers prior to accepting offers of employment.

REMUNERATION GUIDELINES

Please note that these figures are based on base salary only and data collected in 2020.

Corporate Banking/Wholesale Banking/ Broking/Stockbroking/Private Banking/ Exchanges/Fintech	Basic Salary	Daily Rate
Compliance Assistant	£30,000 - £40,000	£180 - £250
Compliance Analyst/Associate	£40,000 - £50,000	£200 - £350
Senior Compliance Analyst/Associate	£45,000 - £60,000	£250 - £400
Compliance Supervisor	£60,000 - £75,000	£300 - £450
Compliance Manager /Senior Compliance Officer	£75,000 - £90,000	£400 - £600
Deputy Head of Compliance	£90,000 - £110,000	£500+
Head of Compliance (SM16 registered roles)	£120,000+	£700+
Global Head of Compliance	£160,000+	£1,500+

TOP 3 MOTIVATORS: FLEXIBLE WORKING, WELLBEING, CAREER PROGRESSION

REMUNERATION GUIDELINES

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IR35
amendments to
be implemented
in April 2021

Investment Banking	Basic Salary	Daily Rate
Compliance Assistant	£33,000 - £45,000	£200 - £300
Compliance Associate	£45,000 - £55,000	£250 - £350
AVP/Manager	£60,000 - £85,000	£300 - £500
VP/Senior Manager	£75,000 - £120,000	£450 - £600
Director/Deputy Head of Compliance	£115,000+	£700+
Head of Compliance (SM16 registered roles)	£140,000+	£800+
Global Head of Compliance	£180,000+	£1,500+

Asset Management	Basic Salary	Daily Rate
Compliance Assistant/Analyst (1/2 years)	£35,000 - £50,000	£200 - £250
Compliance Associate	£45,000 - £65,000	£250 - £350
AVP/Compliance Manager	£60,000 - £80,000	£350 - £500
VP/Compliance Manager	£80,000 - £120,000	£500 - £750
Head of Compliance	£130,000 - £180,000	£750 - £1,200
Global Head of Compliance	£180,000+	£1,000 +

Financial Crime	Basic Salary	Daily Rate
AML/Financial Crime Assistant	£30,000 - £40,000	£180 - £250
AML/Financial Crime Analyst/Associate	£45,000 - £60,000	£200 - £350
AML/Financial Crime Senior Officer/Supervisor	£55,000 - £70,000	£300 - £450
AML/Financial Crime Manager	£75,000 - £90,000	£400 - £600
DMLRO	£85,000 - £100,000	£500+
MLRO (SM17 registered roles)	£110,000+	£700+

KYC/Onboarding	Basic Salary	Daily Rate
KYC Analyst/Assistant	£30,000 - £40,000	£180 - £250
Senior KYC Analyst/Officer	£45,000 - £60,000	£260 - £350
QA/QC Officer	£55,000 - £70,000	£330 - £420
KYC Manager/Supervisor	£70,000 - £85,000	£450 - £650
Head of KYC/Onboarding	£85,000 - £120,000	£650+

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I've been in contact with Natalie for a number of years and she's always shown a great deal of professionalism by regularly taking time out to speak with me. The fact that Natalie has helped me secure a role during the current pandemic shows the amazing service I've received! At a time when things were very difficult for me I went from interview to starting my new role within a week! Thank you for your amazing support!

S Zafar

I had a great experience with Compliance Professionals, as the name states it was a very professional and reliable service. The team were amazing at making me feel comfortable and really listening to my needs and wants. Even once employment was secured they called to make sure that everything was going well on my first day. I would definitely recommend them.

S Gomes

I was in contact with Compliance Professionals over several months and was placed by Natalie in July. She was very thorough and insightful in preparing me for each interview. I would definitely recommend Natalie and Compliance Professionals.

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E Crowther

YOUR RECRUITMENT PARTNER



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