FINANCIAL TIMES

April 12, 2015 3:30 pm

‘Dull work, flat pay and lousy colleagues’

Ben McLannahan, New York Author alerts

The work is dull, the pay flat and your colleagues lousy. But that could well be your lot in financial services, according to a global survey that has uncovered deep frustrations at the heart of the industry.

According to the survey, carried out between January and March by Options Group, a New York-based executive search and consulting firm, just one-fifth of participants said they were content with their job, their firm, their pay and their prospects. Half of the 100 people interviewed — in a range of mostly senior positions at banks, brokers and asset managers — said they were unhappy on all four fronts.

“In an environment where pay and bonus pools are stagnant, brute politics and internal credit-stealing are ascendant,” said one anonymous investment banker, who works at a US bank in the UK and has about a dozen years’ experience.

Other reasons cited for low job satisfaction included a proliferation of rules turning brokers into “utilities”, ultra-easy monetary policy causing “pathological prices”, and “greedy senior managers only interested in protecting their own privileges”.

“A lot of people are unhappy and they’re looking for greener pastures,” said Mike Karp, chief executive of Options Group. “Unfortunately, greener pastures are not that readily available.”

The survey, now in its fifth year, has produced consistently downbeat findings amid mass job cuts and a big regulatory squeeze since the crisis, said Jessica Lee, an Options Group director. A broader survey on hiring trends will be published in the coming months.

This year, while staff are coming to terms with tougher regulatory and reporting requirements, they are still unprepared for what Mr Karp called a “new paradigm” in pay.

The days of bankers doubling their bonuses by switching firms are long gone, he said, noting that guarantees tend to be capped at about 1.2 times. And if a senior executive is looking to match a pot of deferred compensation worth, say, $5m, he or she may have to settle for a maximum of $2m, paid out over three years.

For people staying put, the picture is mixed. Mr Karp said that bonuses rose as much as 8 per cent and 10 per cent this year in investment banking, with the biggest rises handed out to juniors of three to four years' experience. Bonuses in fixed-income sales and trading were down 4 to 5 per cent, while payouts for equity traders were flat or slightly lower.

Base pay held fairly steady from last year, at around $400,000-$500,000 for managing directors at US banks and $800,000 to $1m for European bank managing directors.

The 100 people interviewed over the phone said they were willing to talk in exchange for greater detail on the survey's findings. Two-thirds were managing directors or directors; a similar share was over the age of 35. More than half were based in the US, with most of the rest in the UK and Asia ex-Japan.

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>
> \- anonymous investment banker

"Trending very poorly," said one interviewee, a trader at a European bank in the US with 15 to 20 years' experience. "In a lot of cases keeping your job is your bonus."

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