

EUROPE

INDUSTRY INSIGHTS

Bonus Season Breakdown

An analysis of rewards in the Financial Sciences & Services industry and how it impacts the talent market



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Introduction

In today's ever competitive Financial Sciences & Services landscape, understanding bonus structure has become not only a critical aspect to businesses in attracting and retaining top talent, but also for professionals in knowing their true value.

For our latest report analysing the rewards arrangement across the finance and banking industry, we surveyed over 2,000 professionals* based in Europe to discover the key drivers behind their bonus payouts, as well as the performance metrics used to determine bonuses in the first place, and ultimately the overall impact these incentives have on employee satisfaction.

Some key findings include:

- **¾ of financial professionals surveyed received a bonus in the last year.**
- **40% said their bonus had increased YOY.**
- **¾ also stated that a higher bonus would entice them to accept a new offer.**

Offering valuable insights to both professionals looking to benchmark themselves, and for businesses reflecting on their compensation strategies, both parties can take away a number of key considerations as the world of finance continues to evolve, and compensation continues to make a fundamental difference in retaining & attracting top talent.

***About the respondents**

2,342 finance professionals took part in the survey. 40% of those surveyed are team leaders or managers, with 35% also identifying as analysts or associates, which are more junior typically in tenure. A quarter of respondents have been at their current company for between 2-5 years.



Overall results

75% of survey respondents did receive a bonus for their performance in the last year.

RECEIVING A BONUS

Over 75% of survey respondents did receive a bonus for their performance in the last year. Nearly 20% said they had not only received a bonus, but that their bonus had increased by upwards of 15% year on year. It will be interesting to see if this trends continues into 2024 and beyond however, with macroeconomics impacting the industry.

Having a typical bonus seasons means the majority are received on a yearly basis. Indeed 90% of those surveyed revealed a yearly structure to their bonuses, and 41% also receive bonuses weighted to 10-50% of their salary. Nearly 20% see bonuses reflecting 50-100% of their salary percentage. In summary, **40% of those surveyed stated their bonuses had increased**, nearly **20% said it had decreased**, and **40% saw their bonus stay the same**.

THE STRUCTURE

While yearly was easily the most popular time frame in receiving incentives, we asked for information on how bonuses were determined in the first place. 66% of respondents said their bonus was a reflection of a combination of various factors, such as team targets, individual targets, and overall company performance.

Changes in the structure, despite the Financial Services industry developing rapidly in the past few years, have not been too common. **Over 70% of the survey participants haven't experienced any changes to their bonuses** in their tenure, with 14.45% seeing just one set of changes within their current role.

EXPECTATIONS

Alarmingly, 55% were not happy with the bonuses received, and therefore the majority of survey respondents expectations have not been met.

With 45% suggesting that their bonus keeps them motivated as well, it means that reduced bonuses could be a severe contributing factor for not only looking for a new role (87% suggested it does) but also it can impact the performance of an individual, which could affect the bottom line of firms.

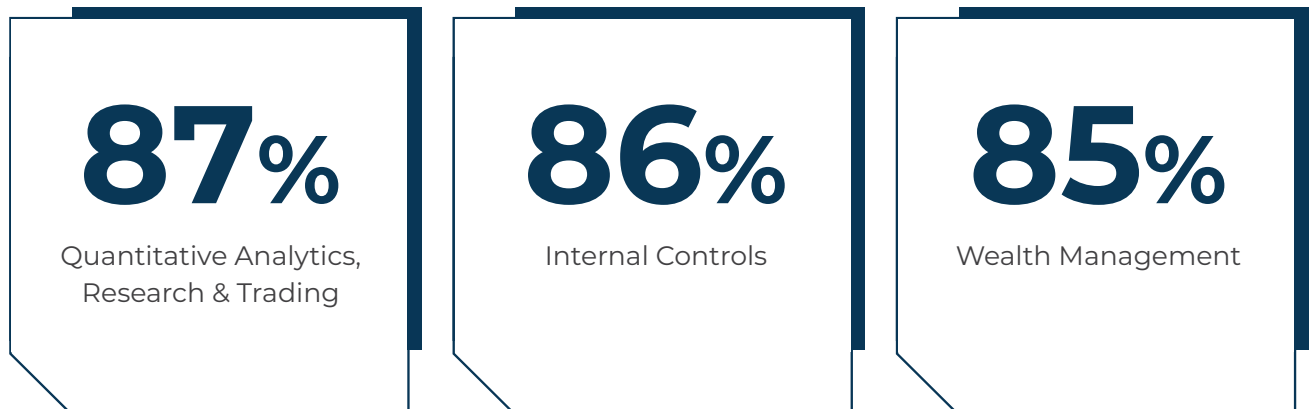
In parallel, a higher bonus would entice 76% of those surveyed to accept a new offer.



Industry specific **breakdown**

There were marked variations between sectors in the Financial Services space when it came to receiving bonuses.

The top three sectors that received bonuses were:



It is important to note that the majority of survey respondents, 75%, still received bonuses for their work, albeit not as heavily as above.

The three sectors that received a bonus least were:



This doesn't however mean that Sales & Trading professionals necessarily received less monetarily. While 12% of them didn't receive a bonus, for the ones that did, it could have been very substantial. In fact out of all sectors, Sales & Trading professionals said they received the highest bonus, with 150%+ of their salary. The majority of Compliance in contrast chose 0-10% (39%) of their salary.



THE HIGHEST BONUSES

Sales & Trading had the highest percentage size of bonuses, at 150%. Therefore despite less of Sales & Trading professionals receiving bonuses in the first place compared to those in Wealth Management for example, the amount received is a bonus is given, is typically very large.

23% of Investment Bankers surveyed also saw their bonuses increase 15%+, as did 30% of Quants, and 28% of Sales & Trading professionals once again.

BONUS INCREASES

Respondents detailed their bonus increases year on year, and we can reveal Quantitative Analytics, Research & Trading professionals said their bonus increased the most.

Below are the top three sectors that received the biggest YOY bonus growth:



BONUS DECREASES

And the sectors that saw the biggest decrease YOY:



An important note to make here is that some Investment Banking professionals may see their bonuses improve over time once promoted, from Analyst to Associate, or Associate to VP, and therefore their base salary and bonus earning potential would naturally increase, which could be behind why the sector appears so strongly in both bonus increases and decreases.

SECTOR SPECIFIC EXPECTATIONS

Internal Controls (59%) and Quants professionals (57%) were most likely to be happy with their bonuses, while those with their expectations least met were in Risk Management (59%), Compliance (58%), and Wealth Management (58%).



Industry Analysis

Discover our individual sector insights on how bonuses can impact top talent decision making.

QUANTITATIVE ANALYTICS, RESEARCH & TRADING

For Quants talent, the market is very strong, as evidenced by the strong bonus data in our survey. Volatility has proved fruitful for the industry as a whole, with macro funds in particular experiencing major success, as **Associate Director, Head of Quantitative Analytics, Research and Trading, Matthew Rooney says:**

“Competition for strategic, business-changing hires is still critical, and sign on bonuses are becoming more normal. Following in the footsteps from the US are European firms raising base salaries due to bonuses being a real mixed picture. Over the past five years total compensation structure has developed. A percentage of bonuses is being paid as deferred cash or stock, dependent on seniority and experience. Firms use this in theory to retain talent, and some even offer internal funds.”

RISK MANAGEMENT

As salary expectations continue to increase from Risk Management professionals, firms must find ways to differentiate themselves from their competition in order to attract key talent, and flexible working is one of them, according to **George Aplin, Director at Selby Jennings:**

“Typical benefits such as offering private medical insurance, a competitive annual leave allowance, and above-minimum pension contributions, are seen as a standard by professionals. Some firms have started to introduce guaranteed bonuses for business-critical roles as well, though these usually come with iron-clad claw back provisions to ensure retention.”





FINANCIAL TECHNOLOGY

The challenge of retaining candidates is persisting in the Financial Technology space, even as BigTech reduces headcounts due to economic uncertainties. **Kirsty Tutton, Head of Financial Technology, explains one strategy companies have adopted to give themselves an edge:**

“Include guaranteed bonuses as future stability is in question. If a candidate knows they will receive a fixed amount that is not tied to company performance, their loyalty and motivation may increase.”

INSURANCE

It is likely that organisations will continue to pay a premium to win over top talent in Insurance from their competitors, and the lack of bonuses decreases is reflective of that sentiment. We have witnessed as a leading talent partner, albeit more so in the US, a discrepancy between the supply and demand of actuarial professionals. As more jobs are available than talent, we are often seeing candidates have 3-4 offers on the table. It's no surprise therefore that compensation is of upmost importance to Insurance professionals.





INVESTMENT BANKING

Interestingly Investment Banking ranks highly for both bonus increases and decreases, suggesting change within the industry. That lack of consistency could result in talent looking elsewhere, because if a competitors bonuses are rising as your current employers are falling, there is a real incentive to make a move, according to **Head of Corporate & Investment Banking at Selby Jennings, Brianne Sterling:**

“The market outlook may not be as fruitful as before, but it makes now a good time to formulate strategic hiring decisions and career moves. Critical segments of Investment Banking such as power, utilities and infrastructure (PUI), renewable energy and healthcare, technology, and sustainable finance could still see solid growth, which is where bonus growth will probably lay.”

INVESTMENT MANAGEMENT

Investment Management professional that partook in our survey stated they have seen the biggest bonus decrease, with 25% receiving less year on year. This could be the results of when markets opened back up after Covid-19, there was an uptick in professionals interviewing for new roles. But when resigning, they were given exceptional counter offers, which has resulted in highly inflated salaries.

This has now caused disparity within the top talent candidate pool, who as **Elliot Soards, Head of Investment Management says, are expecting a sizeable uplift with regards to basic and bonus:**

“It is often not feasible for companies to meet such high expectations. Solid benefits packages could make a difference here, alongside flexible working policies, but ultimately both businesses and professionals must meet in the middle.”



INTERNAL CONTROLS

Internal Controls professionals in this survey were the least likely cohort to have their bonus expectations met. As processes become more complex, the need for Internal Controls professionals remains high, resulting in businesses needing to be able to attract top Internal Controls talent, and fast.

The willingness to move is estimated to be high for established candidates who have been with the Big Four for five years or more. In addition, remote and hybrid models are providing significant opportunities for Internal Controls professionals, especially given the trend toward a more agile methodology. **Principal Consultant and Internal Controls expert Tom Flint explains:**

“Here at Selby Jennings we have witnessed top talent turning down higher offers to join firms that can offer them more flexibility, and only expect this to continue. Employers that can bolster bonuses with flexible working thus may stand out amongst competitors.”

COMPLIANCE

The fact that Compliance saw little decreases in their bonuses makes this result a little curious, but for employers it means they need to ensure their Compliance talent is engaged with their projects and roles, and to also potentially consider outside of bonuses what other benefits can make a compensation package more appealing, says **Joseff Richards, Head of Compliance Benelux:**

“In the near future additional hiring needs from payments and fintech companies that were founded is expected. This could be an opportunity for candidates from larger corporate banks, some of whom may feel stifled in regards to growth due to current economic uncertainty.

“The only role changes available are lateral, therefore we have witnessed qualified professionals looking to leave traditional banking for fintech’s, where salaries can in some parts be higher and there is, in their eyes, more potential for growth, albeit with increased risk.”

Providing internal growth opportunities is key for organisations to retain top Compliance talent. Compliance & Legal professionals have particularly high expectations of work-life balance, culture, and benefits, therefore employers must be able to provide all these elements to attract the very best.



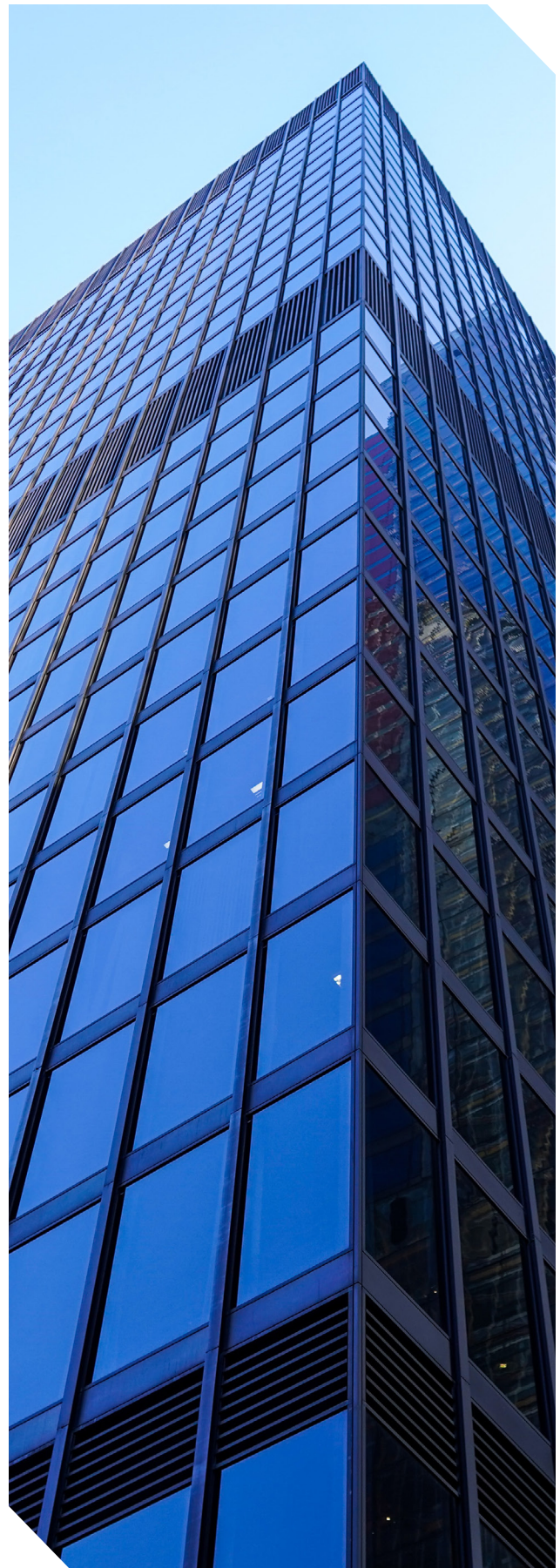
SALES & TRADING

A major factor contributing to decision making for professionals is bonus season as usual, which is highly unpredictable. If a company has a reputation for changeable bonuses, whether that is due to allocating part of the pool to lower performing units or even to encourage some natural attrition in overstaffed teams, talent could be more likely to focus on base salary negotiations and more selective when interviewing.

WEALTH MANAGEMENT

Capitalising on previous strong performances, banks hired private bankers in to expand their client base throughout last year until external market conditions and year-end performance impacted the talent acquisition strategies of many family offices, pure-play private banks and multinational global banks. **Head of Wealth Management Brianne Sterling explains her take on what talent might be thinking:**

“Given the economic uncertainty that dominated much of the past year, Wealth Management professionals today have a lot to consider before making a career change. Salary and bonus increases, bolstered by inflation, may counteract this to some extent. One sure-fire strategy to attract passionate candidates in 2023 is a strong focus on alternative asset classes as part of a bank’s portfolio. Private banks will need to demonstrate confidence in private debt, crypto and equity to attract high net worth individuals and candidates.”





Summary

Our survey findings highlight the significant impact a good or bad bonus season can have on top talent, affecting both their satisfaction with their current role, and potentially further down the line, their performance in their organisation. By examining the experiences and preferences of Financial Sciences & Services professionals across ten core specialisms, we can acknowledge what diverse perspectives the industry encompasses, and professionals can benchmark their benefits packages and performances thoroughly to make informed decisions about their futures.

Organisations can also utilize this knowledge to optimise bonus structures to attract and retain business-critical talent, delivering actionable recommendations to hiring managers in banking and financial institutions to enhance their offering and ultimately support them in maintaining a competitive edge.

Selby Jennings can assist both businesses and professionals with their compensation goals - identifying, sourcing, and delivering business-critical talent to the most innovative companies across the US, Europe, and APAC.



About Selby Jennings

Selby Jennings is an award-winning, established Financial Sciences and Services talent partner.

Whether that be Quantitative Analytics, Research & Trading professionals developing complex financial models to improve a firm's bottom line, or Investment Management specialists leading the charge on sustainable investments and greener assets to make an impact, we are here to build the right team for you, and have been doing so for nearly 20 years.

Working with the world's largest financial institutions to revolutionary fintech start-ups with all their hiring needs, we have developed relationships with the brightest and boldest minds in banking and finance, and deliver this talent to leading, innovative businesses around the world.

As part of Phaidon International, we are a trusted talent partner working with leading firms and organisations to solve their hiring challenges.

OUR SPECIALISMS

- Quantitative Analytics, Research & Trading
- Risk Management
- Financial Technology
- Insurance & Actuarial
- Compliance
- Investment Banking
- Investment Management
- Internal Controls
- Sales & Trading
- Wealth Management





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