

Fewer candidates for investment jobs sparks rise in retention salaries

The Scottish investment sector is paying between 15-20% more in retention salaries just to retain those working in specialist finance and client services roles.

Staff working in areas such as tax and audit, Socially Responsible Investment, Environmental, Social, and Governance, risk and compliance and business change, are part of a skill-set “hot-spot” caused by more people moving into project work, coupled with normal sector demand.

Another factor fuelling salary increases is a change in perception of the concept of “investment operations” from a business enabler role to providing a competitive advantage which directly influences cost reduction and decision making.

The salary trend, expected to continue throughout 2022, was highlighted in the seventh Annual Salary Guide into Scotland’s financial services sector from [Core-Asset Consulting](#). The report is a forensic review of current salary levels and a guide to the major developments that professionals need to be aware of.

The report reveals that investment operations – historically viewed as the nuts and bolts of investment houses and fund managers – had shifted from a client to candidate-driven market, and warned that potential candidates would balance

employer brand, market reputation, employee benefits and flexible working as key differentiators impacting on their choice of employer.



Rachael O'Neill of Core-Asset

Rachael O'Neill, Associate Director, Investment Operations at Core-Asset, said: "Many functional areas of investment operations have experienced significant candidate shortages, magnifying the challenges of an already tight market. Candidates in finance and client services have experienced a 15–20% uplift in retention salaries and this trend is likely to continue in 2022.

"Demand was also proportionally affected by a perception change of investment operations functions, which has moved beyond the role of a business enabler and is now viewed as a genuine competitive advantage and playing an instrumental role in cost reduction and decision making.

"It is now increasingly accepted that staff who are expert in

cloud-based technologies, redefining information flows, providing in-depth data analysis on investment processes and creating a nimble and resilient information supply chain, make a huge contribution to day-to-day decision making and this has been critical in allowing investment houses to respond quickly to the market turmoil Covid created.”



Mark Carruthers

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He said: "In the mid-level in particular there is a real skills shortage impacting the sector and it is spurring on a candidate-driven market. Conversely, within senior positions there is very little movement.

"We're particularly short when it comes to regulatory roles, with too few people in a position to ably support with changes to regulation and the associated downstream reporting."

"There is also a real challenge out there for managers to reengineer camaraderie following such a long period of home-working and a real reluctance in some quarters to return to the office."

While the candidate market remains constrained, employers looking to add to payroll are having to address the pros and cons of a Covid-accelerated shift towards flexible and remote working.

The Guide found that Covid had promoted a change in mindset to the importance of home working and work-life balance and that a pliable working pattern will be increasingly important for investment operations firms and teams.

Shifts in both working practices and technology platforms means that third-party investment operations businesses need to be realistic about the scale of the challenges required to support clients. The way that business is conducted, clients are serviced and team members are managed, will need to continue to evolve and flexible and remote working is likely to become the norm rather than the exception.

Rachael O'Neill added: "Remote working means that a geographically flexible work force is now a more feasible option for Scotland-based firms and demand for talent in these niche areas has been abated somewhat by the ability of hiring

firms to have employees based anywhere in the UK.

“There will continue to be significant candidate skills shortages. Skill set ‘hot-spots’ will include: fund accounting, performance, client services, implementation/transitions, third-party oversight, corporate actions, trade support, settlements, derivatives and client governance.

“Factors outside of salary will remain key drivers in attracting, and more importantly retaining, talent in 2022. Candidates/applicants are starting to place a higher premium on the ability to work from home, over having a set percentage increase on base compensation levels when moving roles.

“The culture of a workplace or organisation, potential reward, diversity, sustainability, progression, variety of work and ethics, will be some of the metrics applicants will be evaluating fully in this more complex marketplace.”

Core-Asset is Scotland’s leading recruiter in the financial services sector and has access to insights from thousands of candidates and Scotland’s top employers in the sector, which accounts for 7% of Scotland’s GDP.

Its annual Salary Guide is a report produced exclusively on the Scottish employment market which benchmarks salaries and jobs in Scotland. The data and numbers produced in it give a crucial alternative picture to the usual London-centric reports.

The report highlights how Scotland continues to build its reputation as a key hub for larger globally based investment operations businesses, continuing the trend started in the mid-1990s when firms began relocating technically complex operational roles to Edinburgh and Glasgow.

[Core-Asset Consulting](#) was formed in 2005. Based in Edinburgh, it is now an £14m business employing 22 people and works

across the entire financial services sector, from the smallest boutiques to the biggest global players.

Initially the firm carved its reputation in Scotland's asset management sector. However, the success of its model allowed it to expand across the wider financial services market. It now boasts dedicated accounting, investment operations and finance teams and also works in Scotland's thriving legal sector.

<https://core-asset.co.uk/news-and-insight/resources/employer-resources/salary-guide-2022-2023/>