

Employment in financial services

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The rate at which financial services jobs are disappearing appears to be gathering pace says the UN's International Labor Organization (ILO). More than 20 million people are employed worldwide in the sector, and the ILO is reversing previous growth projections claiming that employment is now set to contract permanently.

About 325,000 financial services jobs have disappeared worldwide since August 2007, but a staggering two-fifths of those losses have occurred in the past five months. Elizabeth Tinoco, head of the ILO's sectoral activities, said: "As the global economy sinks further into recession... the industry's job losses can be expected to rise even faster."

Job losses in major institutions are becoming familiar due to continued pressure to reduce costs in line with their diminished level of business activity. At the end of March, the CBI forecast the loss of 15,000 jobs in UK financial services by the end of June, with staff being shed at the fastest rate in the last 16 years.

Within three days of that prediction, Swiss Re, one of the world's largest reinsurers, had announced it would be streamlining its global office network with the loss of 10 per cent of its global workforce. It declined to comment on how many UK staff would be affected. A week later, Royal Bank of Scotland announced plans to cut 9,000 jobs, up to half of them in the UK.

Institutions have been cutting back severely on their internships and graduate intake. "While they are keeping their graduate schemes open, the numbers they are recruiting are massively down," says Nicola Monson, a research associate for the Chartered Institute of Personnel and Development. Recruiters are finding that some banks are thinking ahead. They are already seeking candidates who will be well qualified to take advantage of new markets such as Turkey and the Middle East as they recover.

The UK Government are looking to financial services and back office support operations to achieve a spirited target of 225,000 new jobs in the Thames Gateway by 2016. A tall order at the best of times, but with the probability of a "strong bounce-back" in the industry's job sector being doubtful, one that The Centre for Economics and Business Research considers unlikely.

Howard Dawber, Canary Wharf's head of strategy, remains optimistic about the area's long-term growth potential. "Obviously, we are not immune to the current financial crisis, but it does not mark the end of capitalism," he says.

Despite the general market uncertainty there is a glint of light; April was the third successive month to see slight increases in new job vacancies within the City, although the overall total is more than 50 per cent down on the same time last year. Hays, a recruitment company, reports

an undiminished demand for "senior professionals" across the insurance sector, both in London and the UK regional markets.

"We are experiencing a steady flow of recruitment activity for a range of senior insurance roles, from commercial account executives to senior underwriters, claims and pricing managers," says David Carr, one of Hays' regional directors.

He says the demand for project managers is also growing, as many organisations focus on saving money and improving specific areas of their businesses in order to drive efficiencies, manage finances and make a tangible impact on the bottom line.

Prue Heron from Commercial Finance People, a recruitment agency, feels this is not so much the case with banks and building societies. "As far as senior management is concerned, many have been affected by a contraction of activity and reduction in numbers. Some banks have been requiring job incumbents to apply for merged roles, with the unsuccessful candidates' jobs being made redundant."

With the economy as it is, Prue feels the focus is on managing existing risk and, in some cases, growing market share. "We are, however, seeing a rise in requirements for managers who have a background in managing impaired client accounts – both turnarounds and recoveries. Given that these specialists have not been in great demand since the last recession, we envisage that there will be a growing shortage of expertise. As you would expect, wherever possible, banks are redeploying existing management to use in these and other areas before looking externally."

It appears that a small number of overseas banks are faring well, despite the economy, and which see the current climate as an opportunity to grow their business in the UK. These banks continue to hire, including senior managers and are able to be extremely selective in their choice.

As a footnote, some managers are moving out of the banking and finance sector altogether. Of the many candidates that Prue has dealt with recently, one has become a Doctors' Practice Manager, another a Driving Instructor and a third is training to be a Teacher.

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