

ARKESDEN LONDON INVESTMENT BANKING SALARIES - MARKET UPDATE

SEPTEMBER 2021

Race for financial services talent heats up in the US and Europe



Overview

As we reported in our previous market compensation report, as the race for financial services talent heats up both in the US and in Europe, the Investment banks have all increased their fixed compensation structures in recent months. In some cases the banks have implemented a double increase.

This has been in reaction to ever greater erosion rates at the Analyst and Associate levels. Young bankers are in high demand from the Alternative Investment industry including the Private Equity and Credit markets, Fintech firms and more entrepreneurial corporate opportunities.

For our Alternative Investment clients, the banking compensation structure they typically hire from has long been mostly ignored because of the medium-term carry structures on offer. Therefore, the reality of fund-based recruitment has often led to a step down in fixed compensation at the entry point for bankers moving from sell to buy side.

The recent compensation structures now being implemented over the summer of 2021 are harder to ignore however. As we report below, with the cut in Analyst programmes in many banks, junior Associates with just 2 years full time experience are now commanding 6 figure bases. Historically, young bankers being asked to absorb cuts in basic of £5 - £10K has been achievable to join funds and broadly accepted by the banking talent. However, as we report below the gap has widened and bankers are certainly pausing more when being asked to drop their base by up to £25K in the new structures they find themselves in on the sell side to join a fund.

Why this matters for Private Equity

This brief overview is designed to do two things. Give our clients the accurate reality of salaries as of September 2021 at the leading banks. And by doing so secondly to generate discussion on how to bridge the ever widening pay gap that funds and banks currently offer – if indeed our clients feel there is a need to currently.

It is possible that this could lead to an increase in junior PE base compensation, as candidates seek to ensure fair value for themselves vs the market for their services and to maintain the lifestyle decisions they make on higher salaries (e.g. mortgages). In turn, this would likely see incremental rises across the PE levelling structure, to ensure sufficient progression remains between levels.

Alternatively, funds could take the view that candidates enter investments for the long term upside on compensation from carried interest, and thus shouldn't be focused on a 10-20k pay cut at the junior level. From the select clients we've discussed this with so far, responses have been mixed between these two options, and a market consensus is yet to be formed.

It is clear from our work that there is no lack of interest in moving to the buy side, quite the opposite. But if the gaps highlighted below continue, it is certainly worth keeping abreast of how this may become more of a challenge to bridge in the future.

Analyst, Associate & Vice President – Fixed Compensation update September 2021

LEVEL	Analyst 1		Analyst 2		Analyst 3 / Associate 0		Associate 1		Associate 2		Associate 3		VP 1		VP 2		VP 3	
	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New	Previous	New
JP Morgan	£50K	£60K	£55K	£65K	£60K	£70K	£90K	*	£105K	*	£120K	*	£150K	*	£150K	*	£150K	*
Goldman Sachs	£50K	£65K	£60K	£75K	£80K	£90K	£91K	£106K	£106K	£121K	£122K	*	£150K	*	£150K	*	£150K	*
Morgan Stanley	£50K	£60K	£55K	£65K	£80K	£91K	£98K	£115K	£123K	£140K	£123K	£140K	£170K	**	£170K	**	£170K	**
Bank of America	£50K	£62.5K	£55K	£65.5K	£80K	£90K	£90K	£105K	£105K	£120K	£120K	£135K	£150K	£165K	£150K	£165K	£150K	£165K
CITI	£50K	£60K	£55K	£65K	£60K	£80K	£90K	£110K	£105K	£120K	£120K	£135K	£135K	£150K	£150K	£165K	£150K	£165K
Deutsche Bank	£50K	£60K	£55K	£70K	£80K	£90K	£90K	*	£105K	*	£120K	*	£140K	*	£155K	*	£155K	*
Barclays	£50K	£60K	£55K	£65K	£60K	£70K	£90K	£105K	£105K	£120K	£120K	£135K	£140K	£155K	£150K	£165K	£150K	£165K
Credit Suisse	£50K	£60K	£55K	£65K	£60K	£70K	£90K	£105K	£105K	£120K	£120K	£135K	£150K	£165K	£150K	£165K	£150K	£165K
UBS	£50K	£60K	£58K	£65K	£62K	£70K	£95K	£110K	£110K	£125K	£122K	£137K	£150K	£165K	£150K	£165K	£150K	£165K

* No increase until January 2022

** Not changed yet



Arkeden Private Equity

We are a leading search firm that focuses on placing individuals in to the Private Equity and Investment space. We are London based but we undertake mandates throughout Europe and wider CEEMEA. We have over a decade of experience and over this time we have consistently delivered both for our clients and candidates. Our mandates focus on placing individuals at the MD, Investment Director, Principal, Investment Manager, VP and Associate levels across the buy-side space.

Typical Fund Coverage:

- Private Equity Funds (Small, Mid & Large Cap)
- Fund of Funds, Co-Investments and Secondaries
- Sector and Geographic Focused Funds
- Operational and Portfolio Management Teams
- Credit, Distressed and Special Situations Funds

Our Approach

During our fourteen year history we have built a very wide ranging network of professionals within our five core markets. This has been built from real belief and understanding of the importance many people place on their careers. We always aim to offer sound medium term career advice. This approach has led us to be recommended many times to other professionals and clients alike to build fresh relationships.

Contact us

To find out more about Arkeden Private Equity and the work we do please contact us.

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TALK TO US ABOUT YOUR RECRUITMENT NEEDS

Arkesden are a leading search firm that focuses on placing individuals into financial services and corporates.

We are London based but we undertake mandates throughout Europe, MENA and North American regions.

We have over a decade of experience and focus on individuals at the Investment Director, Principal, Senior Associate and Associate levels.

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