

Market Trends

Financial Services Sector

With the August publication of the 2009 Financial Services survey we're starting to see the impact of the recession on salaries.

This sector, which generally has one of the highest market movements, has produced a market movement of only 1.5% at Total Fixed Remuneration and 2.7% at Base Salary.

Even more telling is the change in movement at Total Remuneration. From a positive 3.5% movement in 2008, the sector recorded a movement of **-3.6%** for the year to July 2009. Clearly, variable pay (incentives and bonuses) in this sector have been hard hit by the economic recession.

Forecast salary increase budgets for the industry for the coming year are also lower than in the past, with an overall forecast of 2.7% - a drop from the 4.3% forecast in 2008. Actual salary movement has also been lower than was forecast, with an overall movement of 3.6%.

Perhaps unsurprisingly, given the economic situation, the functional area with the highest rate of market movement is the Corporate Recovery area where Total Fixed Remuneration increased by 6.6%.

Because of the 'lag' nature of remuneration surveys, it's likely that the surveys produced over the next 12 months will also produce similar low market and salary budget movements. However, it will be interesting to watch salary budget forecasts, as the recession begins (we hope) to ease.