# INSTITUTIONAL BANKING & LOAN FUNDS
# Market Update 2018

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## Overview

The first 6 months have been very eventful across domestic banks, international banks and the funds space; arguably, for most it has been one of the busiest in the last few years. These are interesting times with everything that is going on in The Royal Commission, resulting in a number of senior departures; which has only added to the pain felt by the domestic banks. This has ultimately led to the knock on effect for new hires and increasing challenges for domestic banks around staff retention in those areas most effected by restructures. Retention is especially challenging amid increasing opportunities for more attractive, higher paying roles at new to market international banks and those looking at increasing their presence in the market.

## Domestic Banks

Domestic banks are becoming more and more conservative in their approach to lending, focussing on their core banking products and existing clients. The domestics have started to welcome international banks to use their balance sheets to help support deals, which ultimately is beneficial as helps increase international banks lending and exposure in the market. One of the biggest challenges for domestic banks at the moment is retention of quality staff, as a result of limited progression opportunities, constant restructuring, stagnant compensation and disappointing bonuses. Where domestic banks used to be considered a more stable environment for bankers, especially in past years with the departure of the likes of RBS, GE and Barclays; this is no longer the case. A common theme being only to replace if someone leaves; or in a number of cases, not at all.

## International Banks

The increasing amount of activity from international banks either expanding, entering or re-entering the market, has meant that they are starting to make their presence known from both a hiring and an exposure perspective, generating a number of opportunities from junior through to senior level hires. This hiring is likely to continue intermittently throughout the rest of 2018 and into 2019.

International banks are bringing more products on-shore in order to increase their product offering to clients and become more competitive in the market, as a result driving down margins. The American and European banks are more advanced than their international counterparts, due to their ability to utilise their global client relationships and broader product offering. Although the Japanese, Taiwanese and Chinese banks are active and growing their overall impact on this market is less material, but watch this space.

*Recent hiring includes:*

- *Japanese Bank hires a Director and an Associate in Leveraged and Event Driven Finance, as well as a VP in Distribution.*
- *Canadian Bank hires Director in Credit Risk, bring credit onshore and an Associate in Corporate Banking.*

## Loan Funds

The fund space continues to be very active with a large number popping up in the last few years and making investments locally. They continue to be active and provide additional liquidity to the local market.

Opportunities in both Credit/Loan Funds (both Local and Global Credit Funds) and within the International banks, provide candidates' opportunities to apply their loan experience in an investment role, increasing ones' exposure to clients/products/sectors as well as being part of a growing organisation. In addition to this being able to offer potentially higher remuneration packages with attractive LTI and STI components. Funds have bridged the gap in lending as domestic banks become increasingly more conservative.

*Recent hiring includes:*

- *An Associate, Financial Sponsors from a Global Investment Bank into Global Credit Fund. Director Principle Investment team from an investment Bank into Global Credit Fund*
- *Local mid-market Corporate Loan Fund is currently hiring a Director and an Associate.*

## Credit Risk

We have seen a spike in the last 18 months in the number of roles due to one Rating Agency in particular looking to increase its market share. Roles with Ratings Agencies provide great opportunities for candidates with strong analytical credit skills, either looking at moving out of mid-market credit underwriting, wanting to gain different sector exposure, wanting to use as a platform to move overseas and/or keen to use Ratings firm as a stepping stone to get into a front office role. Ratings firms provide plenty of opportunity to move into client facing roles whilst maintaining fundamental analytical skills.

*Recent hiring includes:*

- *A ratings firm recruited 6 hires into their Structured Finance and Securitisation team; plus an additional 2 senior hires in Public Finance and Financial Institutions. In addition to this they have 3 onshore from AsiaPac and London and a 1 senior departure going into a Senior Credit role at a Global Investment Firm.*

## Hiring Trends

We have seen a healthy uplift in opportunities offering career progression, whether that be increasing ones' exposure to clients, gaining experience in different and/or multiple products, breadth of sector coverage or an up-lift in job title and pay. International banks and debt funds, who can usually provide this, generally tend to have leaner teams with a wider breadth of responsibility and a lower head count; so as a result they must ensure they hire superior skillsets and a sophisticated product understanding.

As bonuses at the domestic banks in recent years have remained less clear or certain, moving to a new job pre-bonus has become more common. The reasoning here is that there is less to walk away from and it is easier for hiring organisations to pay out bonuses and/or offer a make good guarantee to cover the shortfall.

## Compensation Guide

### Institutional Banking

| **Title** | **Experience** (years) | **Compensation** (including super) | **Bonus** (STI) |
|---|---|---|---|
| Executive Director | 15+ | $330-380,000 | 50-75% |
| Director | 10 – 15 | $250-300,000 | 50-75% |
| AD/VP | 5 – 10 | $180-250,000 | 30-50% |
| Senior Associate | 3 – 6 | $150-180,000 | 30-40% |
| Associate | 2 – 4 | $100-150,000 | 20-30% |
| Analyst | 0 – 2 | $80-100,000 | 10-15% |

### Loan Funds

| **Title** | **Experience** (years) | **Compensation** (including super) | **Bonus** (STI + LTI) |
|---|---|---|---|
| Executive Director | 15+ | $300-350,000 | 100-300% |
| Director | 10 – 15 | $250-300,000 | 100-200% |
| AD | 5 – 10 | $180-230,000 | 75-150% |
| Associate | 3 – 6 | $100-150,000 | 50-100% |
| Analyst | 0 – 3 | $80-100,000 | 30-75% |

### Credit Risk

| **Title** | **Experience** (years) | **Compensation** (including super) | **Bonus** (STI) |
|---|---|---|---|
| Executive Director | 15+ | $280-350,000 | 40-50% |
| Director | 10 – 15 | $200-250,000 | 30-40% |
| AD/VP | 5 – 10 | $150-200,000 | 20-30% |
| Senior Associate | 3 – 6 | $120-140,000 | 15-20% |
| Associate | 2 – 4 | $100-130,000 | 10-15% |
| Analyst | 0 – 2 | $80-100,000 | 10% |

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