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Demand pushes up pay scale

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The fallout from the credit lending debacle in the United States -- still being played out in financial markets -- is already affecting demand for talent in financial services as more corporations create new positions to address increased scrutiny on risk management: chief risk officers.

"There are chief risk officers now in a lot of organizations where maybe there wasn't in the past and it was just thrown in under finance somewhere," says Gail Evans, in the Calgary office of management consulting firm The Wynford

Group.

"With the current instability in the U.S. in particular, it has them looking at a lot more [risk] scenario planning."

The trend was highlighted this week when Bear Stearns Cos. was picked up by JPMorgan Chase & Co. as another well-known financial institution fell prey to the instability in U.S. markets and illustrated the need for more focus on risk management.

It's part of a broader trend in financial services across North America leading toward higher-than-average salary increases across the board, particularly for new recruits at public accounting firms in Canada.

Companies who employ financial services workers in all industries are boosting salaries for the most in-demand jobs in the 9% range, hoping to build the pool of fresh talent as the full effect of retiring Baby Boomers is felt over the next few years.

At public accounting firms, young professionals who progress quickly through the ranks can expect to see annual salary increases of 10% to 20%, says Geri Markvoort, director of total rewards for KPMG in Toronto.

"Young, new recruits will see almost 20% increases in their first couple of years as they develop their skills and get their (Chartered Accountant designation)," says Ms. Markvoort, adding senior positions will see more average gains in the 6% range. "It's very important to be competitive at that junior level because they have lots of options," she says.

Also contributing to high salary increases is a continued 10-year shortage of tax accountants, with tax specialists

and auditors seeing increases between 6% to 9%, according to the 2008 salary survey by Robert Half International (Canada). In the world of banking, a senior manager or vice-president of operations can expect to earn a salary of \$100,000 to \$120,000 with an opportunity to earn 20% to 50% more through bonuses.

Significant signing and retention bonuses have become commonplace for many occupations within the broad financial services field, according to the salary survey.

Among the Big Four public accounting firms, there is such a high level of rapid upward mobility that the structure encourages people to move around fairly quickly, says Mark Dahlman, managing principal in Calgary for Towers Perrin.

"Because it is so mobile and there is so much growth and need for these kinds of people there are just not enough people in the system to accommodate the growth that our economy is experiencing," says Mr. Dahlman.

Mario Paron, chief HR officer for KPMG in Toronto, says that there is enough supply in the system for a couple of years, but then the picture starts to look concerning.

"Our concern is when we look out three to five years and that trend reverses," says Paron. "We have challenges now and the thought of what's going to happen in three or four years from now means we really have to start planning now for that."

Across the accounting industry, organizations have been forced to embark on major overseas recruitment drives to help fill the shortage of qualified people and are working with regional accreditation bodies to help streamline the process of credential recognition for foreign-trained accountants, says Mr. Paron.

"We're looking at putting the systems in place that allow us to move (labour) resources around the world and in this case, bring them to Canada for that eventual need," he adds.

THE TOP OF THE PAY SCALE:

Average salaries and annual increases for finance professionals near the top of the pile for 2008:

Chief financial officers/ treasurers will earn between \$160,500 and \$278,000, up 5.6% from 2007;

Vice-presidents of finance will see an 8.6% increase to the range of \$117,250 to \$164,250; Tax managers will see 9.7% gains into the \$90,500 to \$132,000 range;

New accountants with one to three years of experience will see salaries jump an average 8.9%, varying from \$41,750 to \$55,750;

Internal auditors can expect a 8.6% rise to between \$88,000 and \$130,750;

Starting salaries for all accounting and finance professionals will increase an average of 5.5%;

Risk specialists will see average salary increases of 6% nationally, with those in Alberta getting the biggest pay hikes at 7.3%;

Banking services A senior manager or vice-president of operations working in Toronto can expect to command between \$100,000 and \$120,000 a year, with the potential to earn an additional 20% to 50% in bonuses.

Source: Robert Half International (Canada)

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