

# 2023 salary and bonus report

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The broader investment banking arena is a complex market with a specific landscape of opportunities, companies, and roles. As a recruitment and search firm focussed solely on this sector, we are at the cutting edge of recruitment trends, shifts and developments. As part of the tailored service, we offer to clients and candidates we work consistently to be up to date and able to provide accurate market insights and information to everyone we work with. Our specialist consultants communicate regularly with the key players in the sector to make sure they are well informed and able to pass on clear, honest guidance to both candidates and clients.

To prepare this detailed report each consultant contributed their unique insights, and we surveyed 11,000 people currently working in investment banking in the following product areas:

M&A

Corporate Finance/ECM

Debt Advisory

# Review of 2022



Overall, 2022 continued the trend from 2020 and 2021 as a very active year for recruitment into financial services, and this increase in hiring at all levels impacted on salary levels and highlighted talent shortages. Base salaries were forced to increase in order to attract talent as qualified, experienced investment bankers were found to be in short supply. Due to increased business levels time frames for recruitment projects were shorter and decisions were made a lot more quickly. Candidates were fielding multiple offers and counter offers from their existing employers which fuelled the demand for candidates. Firms needed to increase salary and bonus levels as well as improving benefits and flexible working policies to ensure they attracted and maintained the best talent. Pay levels, particularly for junior bankers, reached record highs. This candidate driven market slowed down in the 4th quarter of 2022 with some banks making redundancies as the fear of a global recession affected the market.

Despite still being a good year, 2022 was definitely a weaker year for investment banking recruitment than 2021 and 2020, reflecting the fact that it was a weaker year in terms of corporate finance transaction flow with less IPOs, secondary fundraisings and other transactions. Even M&A activity slowed down to an extent towards the end of the year.

Emily Taggart-Edmeades, Consultant at Alan Mitchell, observed that “mid-market job activity remained active. It was candidate led due to a lack of candidates, mostly Associate level job seekers. This was possibly due to Covid’s impact of less hires overall during 2020 and 2021 which impacted on talent being lost to those moving out of Britain or into other industries.”

Recruitment into specialist industry sector teams showed some interesting trends with Emily commenting that the more active recruiters “tend to be Tech/Consumer at the junior levels, and Healthcare for those with medical degrees.” And Philip noticed that “sectors of particular interest were life sciences, real estate, and tech. Fintech saw a big drop in deal activity and so was reflected in recruitment activity.” Kathy Lambert, our Head of Research, noticed that “interest in the energy sector from candidates is on the rise.” Bina Channa, one of our consultants, commented that there has also been a “slight uplift within the infrastructure sector”.

Other trends that were noticeable in 2022 were diversity and an increase in private fund raisings. Emily particularly noticed “the diversity drive for most teams in Corporate Finance was the shortage of female candidates overall but especially at the associate level.” With Philip commenting that “private fund raisings were big, and so recruitment into teams tapping into private money experienced a big upturn.”

# Predictions for 2023

As the year ended with a slew of redundancies especially across the Equities space, including small/mid houses and the bulge bracket banks this has ensured a much quieter H1 than this time last year, whilst things settle, and the markets start to pick up again. H2 should be a lot stronger as most of our clients would appear to have strong deal pipelines and are just waiting for the institutional investors to turn the money taps back on again.

So, following the slowdown in recruitment during the last quarter of 2022 the outlook for 2023 is looking less hectic than 2022. Job vacancies are likely to drop but talent shortages are likely to continue so the candidate led market is unlikely to end altogether at some levels. However, the recruitment demand will be much more client led than it has been. Recruitment plans will vary from bank to bank with some looking to make redundancies and other looking to build their teams despite the current economic and political, cost of living, crisis which has caused a drop in active job seekers as many are looking for consistency and stability.

It is likely that pay level increases will slow down with pay inflation having peaked and entry level bonuses being reduced.

# Key trends for 2023



## Caution and budget awareness

Mid-market job activity will remain fluid, although the mid-market firms will be cautious with spending, as seen with things like work-visa sponsorship becoming less usual. The top tier banks, including the Bulge Brackets, have made the usual 10% RIF (reduction in force) but otherwise there have not been huge redundancies yet. Job seekers are also having an impact on flow as they also remain cautious; our research team has identified that job seekers are very curious about what the forecast for 2023 is looking like as they are reluctant to commit to job moves due to anxiety around downturn concerns. With more redundancies on the horizon at some banks they are worried about being the “last in, first out”. Kathy, our Head of Research, predicts this uncertainty to continue during H1 of 2023 with a pickup in job seekers in H2.

## Talent shortages at Associate and VP level

As Philip points out “associates will remain in demand – the reasons for their shortage would appear to be exacerbated with the costs of sponsoring Skilled Worker visa being higher than ever. This will include junior ADs and VPs as the skills-gap goes up with annual promotions.”

## Busy recruitment market from Q2

As Emily predicts “the recruitment market will be busy again once bonuses have been paid out. With continued growth of business, mid-market banks and boutiques will be recruiting to build their teams and all banks will be coping with the usual staff turnover”. Bina feels that “It has definitely been a slower start to 2023 than 2022, but the general consensus is that the market should pick up in Q2 as our clients expect to see signs of higher deal activity and this will continue into H2 of 2023”.

## Slower recruitment processes

As Emily predicts “the market will continue to be candidate orientated but the focus will be on slowing down the recruitment process and ensure the right recruit is hired.”

## Salaries and bonuses

Emily predicts that “salaries will plateau with increased budgetary caution due to recession and record increases last year. Bonuses are likely to slightly decrease as market understanding of the downturn and budgetary caution are accounted for, even within growth businesses we would expect them to take reserves into consideration.” Philip reinforces this by highlighting that “salaries should remain flat after the massive uplifts of 2021 and 2022; however, if the shortage at certain levels continues there may be a price war. After a shocking 2022 resulting in mainly poor bonuses, which resulted in and continues to result in fairly high levels of attrition at the senior end, I would expect bonuses to be much better for 2023 – although this is dependent on fee income of course!” Our research team is finding that VPs are seeing static salaries and bonuses reducing with mention of bonuses possibly being locked in at Associate and VP. Some firms are also deferring or spreading bonuses out to maintain stability and prevent rapid staff turnover.

## Recruitment into debt advisory and restructuring

Philip has noticed that “debt advisory has already started strong, with a number of teams growing due to an increased demand for their services.” Our research team has also noticed an increase in recruitment into restructuring.

## Industry sectors

Philip feels that “the life science/healthcare sector will remain strong as will infrastructure and real estate with a lot of activity reflecting the defensive nature of these sectors.” Another sector which is likely to be building teams is the energy sector due to global uncertainty. However, the consumer and retail sectors are likely to be less active. We can also see that the demand for a strong technical skill set will be increased as clients are keen for candidates to be able to move between sector teams during lean periods. As Bina points out “good strong financial modelling skills are essential as well as full execution experience (from pitch to close) as these candidates will be able to hit the ground running when joining a firm.”

## Geographic mobility and teams that focus on regions

We have noticed mention of clients trying to engage more with EU offices and dual EU/UK passport holders, due to long-term difficulties in movement across the EU from the UK without an EU passport. We are also noticing an increase in demand for candidates with a Nordic focus. Kathy has noticed that clients seem less keen on visa sponsorship due to the costs and the speed at which candidates are moving on from them.”

# Salary and bonus survey results and analysis



Independent boutique advisory firms M&A and Debt Advisory		
LEVEL	AVERAGE SALARY	AVERAGE BONUS
ANALYST 1	£ 53,500	50-80%
ANALYST 2	£ 59,250	30-50%
ANALYST 3	£ 64,000	30-50%
ASSOCIATE 1	£ 75,000	30-50%
ASSOCIATE 2	£ 77,500	50-80%
ASSOCIATE 3	£ 89,000	30-50%
AD/VP	£108,000	80-100%
DIRECTOR	£167,222	50-80%

Mid-cap Corporate Broking firms (NOMADS) Corporate Finance/ECM		
LEVEL	AVERAGE SALARY	AVERAGE BONUS
ANALYST 1	£ 44,000	30-50%
ANALYST 2	£ 51,000	30-50%
ANALYST 3	£ 59,500	30-50%
ASSOCIATE 1	£ 75,000	30-50%
ASSOCIATE 2	£ 81,867	50-80%
ASSOCIATE 3	£ 87,500	10-30%
AD/VP	£115,000	30-50%
DIRECTOR	£135,000	30-50%

# Salary and bonus survey results and analysis



Global Investment Banks M&A		
LEVEL	AVERAGE SALARY	AVERAGE BONUS
ANALYST 1	£ 70,000	50-70%
ANALYST 2	£ 76,000	35-85%
ANALYST 3	£ 84,000	30-85%
ASSOCIATE 1	£130,000	40-70%
ASSOCIATE 2	£150,000	80-100%
ASSOCIATE 3	£175,000	50-120%
AD/VP	£190,550	80-100%
DIRECTOR	£213,750	100-150%

**COMMENTARY**

**Independent boutique advisory firm** - M&A and debt advisory

One of the most interesting findings from our survey of analyst[ within Independent Boutique Advisory firms was the huge range of compensation packages available across the different houses. The biggest range was at Analyst 3 level with salaries ranging from £45,000 to £90,000 and bonuses from 10-30% - 100-150%. Although bonuses did not differ massively across the survey the base salaries did. Some firms are paying very high salaries with some analyst 1s being paid £60,500, Associate 3s being paid £110,000 and Directors being paid £250,000.

**Mid-cap Corporate Broking firms (NOMADS)** - Corporate Finance/ECM

The range of compensation package was not so wide at Mid-cap Corporate Broking firms in terms of salaries, but the bonus ranges were surprising. For example, at Associate 2 level the bonuses surveyed ranged from 10-30% to 150-200%. The jump from Analyst 3 to Associate 1 was impressive – 26% - which reflects the skills shortage of candidates available at that level and the subsequent salary increases that have been necessary to attract talent.

**Global Investment Banks** - M&A

As expected, the bigger banks are paying higher salaries, but bonuses are comparable to the other firms. It is also interesting to note that the salaries increase at a greater rate from Analyst 1 to Associate 1 than they do at the higher levels. Again, this is reflecting the higher salaries needed to attract the right people due to the drop of recruitment in 2021/2022 and the subsequent skills gap.