

Contractors see no slowdown in the city

Despite Northern Rock, despite all the fuss about tight credit, observers cite no evidence of a slowdown in IT contracting for financial services.

Graeme McIntyre, one of the five executives who run the London-based financial services job board Canarywharfcareers.co.uk, is jubilant. "We've seen 2500 job ads for our specialised job board in the past eight weeks," McIntyre exults. "We have not seen any slowdown of any kind, certainly not in the IT or engineering areas. Our biggest problem is still finding enough qualified personnel to fill all these jobs."

Job Boards Are Busy

Over at the Colchester, Essex-based job board Jobserve, the feeling is slightly less enthusiastic. "IT has been stable in the past month," says Karen McDermott, head of marketing at the board. "Certainly we've not seen any noticeable fall-off in demand."

What's Driving Financial Services?

Contractors themselves have also not seen any diminution in demand for their services. "I still get regular calls from agents, about three to four each week. These are often for banks and other financial services providers. So I guess things seem pretty healthy," says IT contractor Jason Gorman.

"I've not noticed any change so far, although there could be some slowdown if the budgets next year are not as large as previously," agrees Ian Webster, a Cranage, Cheshire-based contractor who specialises in financial services IT. "There is a lot of compliance-driven demand," Webster points out.

There are good reasons for the continued demand in financial services IT contracting. Most of these are related to compliance, an area in which, regardless of the state of the market, all companies in the sector must invest in. They are, among others:

- o Treat Consumers Fairly
- o Markets in Financial Instruments Directive
- o Basel III

Most notable amongst these in the UK is a series of regulations promulgated by the watchdog agency, the Financial Services Authority, called "[Treat Customers Fairly](#)."

This is a series of measures designed to raise consumer confidence in the financial services industry, and imposes a substantial IT component. Banks in the UK are still getting TCF underway, by and large, and if they don't they face heavy fines from the FSA. So they will need plenty of IT contractors to complete the changes.

The Markets in Financial Instruments Directive, which is a set of rules imposed by the EU in Brussels, is a vast reworking of the regulatory and compliance rules required for observance by banks and brokerages. MIFID changes the way in which stocks and bonds are traded in Europe, imposing, for example, a requirement for "best execution" which means that a broker must prove he made the best possible deal for a client. Lots of IT involved and as MIFID goes into force on November 1, banks are scurrying to get their back offices lined up for it.

Then there is "Basel III," which only involves banks, but which follows hard upon Basel II. Both of these are extensive rules about capital adequacy imposed by the Bank for International Settlements in Basel--hence the "Basel" sobriquet. These "Basel" requirements force banks to show in real-time that they won't go broke if there are credit problems. The investment on a per-bank basis is calculated in the billions of pounds.

So you have the whole financial services industry dealing with huge compliance issues, and forced to invest to stay on the right side of the regulators. Then you have a gap of about 25% in the number of skilled IT workers who can do what is necessary to make these banks compliant. Is there much likelihood of a slowdown for IT contracting in the City? Do the maths and see for yourself.

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Jason Gorman - IT Contractor

“ Much of demand is compliance driven ”

Ian Webster - IT Contractor

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