

Demand and pay for contractors in financial services sees sharp rise

Contractors in financial services continue to make hay as pay rates rise 11%. And not only are rates rising rapidly, but there is no evidence of a drop in demand.

Economic Uncertainty Boosts Demand

A survey published on January 31 by the London-based research consultancy [SkillsMarket](#) and the London-based trade organisation Association of Technology Staffing Companies ([ATSCo](#)) shows that despite the wavering UK economy, banks and insurance companies and brokerages still need skilled IT contractors. There are nearly 100,000 such contractors working in the City of London alone.

"Economic uncertainty seems to be actually boosting demand," suggests Ann Swain, ATSCo chief executive. "Banks may look to mitigate employment costs by putting a freeze on permanent hires, a trend which often creates more opportunities for contract workers." The figures clearly contradict forecasts by some analysts that the credit crunch would lead to an immediate, wider downturn in technology spending in the financial services sector, Swain points out.

From 45 To 50 Pounds Per Hour

The survey found hourly rates for IT contractors working in financial services increased from 45 to 50 pounds per hour, its highest level in two years.

"The post-9/11 downturn saw IT jobs cut across all areas in the City, but we are a long way from being in that position now," Swain adds.

“ Economic uncertainty is leading to increased demand ”

Ann Swain-ATSCo

Equities and Commodities

Strong demand for IT skills in areas such as equities and commodities trading in investment banks is helping to pick up some of the slack on the credit side,, according to the study. In fact, commodities markets have been booming even as credit markets feel the crunch; demand from China for raw materials and consumer products has kept the prices of such commodities as platinum in ever-higher demand. And the equities markets--stocks and bonds--have become increasingly volatile, which means, in a broad sense, that number-crunching has to become ever more complex and precise.

IT Departments Understaffed

"IT departments are not as over-staffed as they were in 2001-02 in terms of IT skills, so there is far less fat to trim this time around. Skilled workers are in demand." Swain notes. According to ATSCo, retail banks are continuing to spend on e-banking and web security while regulatory spending including compliance with Solvency II and IFRS Phase II is driving demand for IT skills in insurance.

Further, banks are revising their trading strategies right now and this is leading to an increased demand for IT business analysts whose job it is to align IT systems with changing business needs, the study shows. A lot of IT investment is now being channelled into beefing up trading systems on equities and commodities desks, where more efficient IT infrastructure is needed to process higher transaction volumes

Who Benefits?

Contractors who specialise in project management, database specialists, IT Analysis, C++, JAVA, Oracle, SAP or UNIX, or as analyst programmers are likely to get the most out of this surge in demand and pay for IT contractors in the City. Project managers with experience in business still command the highest pay of all, but all of these areas will be reaping the rewards of the new trend.

“ IT Departments are not overstaffed so skilled workers are in demand ”

Ann Swain-ATSCo

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