Analysis of the finance sector over the past four years.

The survey looks at the information supplied to the TARGET City & Finance based on actual employer requirements.
Introduction

This report into trends in graduate recruitment in the finance sector over the last four years has been compiled from forms completed by graduate recruiters advertising in the last four issues of TARGET City & Finance.

GTI is the market leader in terms of the number of employer advertisers in each of our TARGET by sector titles so we are confident that the findings are the best representation of the graduate recruitment situation within each of the sectors.

Eight sectors have been analysed in the GTI Graduate Trends Survey 2002/3. These are: engineering, IT, law (solicitors and barristers), investment banking, finance, management consulting, the built environment and property.

The organisations involved

Between 30 to 40 finance recruiters completed forms each year to provide us with the data to complete the survey.

We asked them to estimate their current and future vacancies, the number of applications received and the starting salary for graduates.

We also asked them to comment on selection methods, benefits packages, degree disciplines sought, work experience and secondment opportunities.

The GTI Graduate Trends Survey is the largest and most comprehensive graduate survey in the UK.
Analysis of finance statistics

Headlines for the finance sector

- The number of vacancies falls sharply
- The sector is gloomy – predictions of fewer vacancies next year
- Finance more attractive to graduates – applications rise for the first time in three years
- More use of online applications systems
- Recruitment process becomes more rigorous with greater use of group selection
- Against expectations, starting salaries rise
- Benefits packages lose a little in value
- Work experience opportunities fall slightly

The companies covered in this section of the survey include accounting, financial management, insurance and financial service companies along with retail banks and a small number of City-based organisations servicing the financial sector.
Vacancies – the number of vacancies fall

The average number of vacancies per employer fell sharply from 126 last year to 98 this year confirming the widely held belief that the finance sector is retrenching in terms of new recruitment.

This figure of 98 is, however, higher than the figure two years ago.

The sector is predicting a further fall next year in the number of vacancies on offer. This is concerning especially as last year’s predicted figure was actually higher than the number of vacancies advertised.

(see figures 6.1, 6.2 and 6.3 for more information)
Applications – applications rise as vacancies fall

Contrasting with the fall in vacancies is a rise in applications. The average number of applications per employer rose sharply from 1,818 last year to 2,244 this year.

This rise is especially interesting as it follows two years of gentle decline in the number of applications made.

The finance sector, therefore, seems to be more popular with graduates at a time when it offers fewer opportunities.

The number of applications per vacancy rose from 14 to 23 this year.

(See figure 6.4 for more information.)

Figure 6.4: The average number of applications received by finance recruiters

Figure 6.5: The number of applications per vacancy
Application method – growth in the numbers using online systems

The growth in the use of online application systems in this sector is marked, from 19 per cent of employers surveyed three years ago to today’s figure of 76 per cent.

Use of other methods, especially the standard application form, is declining although a healthy number of employers still use their own company application form.

(See figure 6.6 for more information.)

Figure 6.6: The percentage of finance recruiters using each application method

Selection procedures – tests and group selection more common

In common with many other sectors, there has been a growth in the use of testing as part of recruitment, up in total to 19 per cent from last year.

There has also been an increase in the number of employers using group exercises in selection a fairly steep increase from 60 per cent last year to over 80 per cent this year.

These increases mean that the selection process for candidates hoping to join this sector is becoming more rigorous.

(See figure 6.7 for more information.)

Figure 6.7: Selection procedures favoured by finance recruiters

EAF – employer application form
SAF – standard application form
Salaries – starting salaries continue to rise

For the fourth year in a row, starting salaries are up. This year’s average figure of £22,833 is more than £1,000 higher than last year’s figure.

This rise is worthy of comment, coming as it does against a reduction in the number of vacancies and a rise in applications.

The greatest number of employers paid salaries in the range £21,000 to £25,000.

There was a rise in the number of employers offering starting salaries over £31,000.
(See figures 6.8 and 6.9 for more information.)

Figure 6.8: Average starting salaries

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<th>2000</th>
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<td>£19,783</td>
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</tbody>
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Figure 6.9: Salaries offered to graduates pursuing finance careers

Benefits – packages not quite as good as last year

Despite an increase in the average starting salary, some key benefits were offered by fewer employers.

There was a reduction in the percentage of employers who offered:

• annual bonuses
• gym membership
• pension schemes
• share options
• company car
• life assurance
• private health care
• subsidised restaurants.

Despite their being deluged with applications, there was a slight increase in the percentage of employers offering golden hellos.

Although the value of benefits packages appeared to fall this year, they remain an important part of a firm’s offer.
(See figure 6.10 for more information.)
Work experience – slight fall in work placements

After three years of growth in the number of placements on offer, this year saw a slight fall-off, from 76 per cent of employers last year to 75 per cent this year.

The fact that there is a slight fall is not especially significant as the figure three years ago was 50 per cent.

Employers in this sector remained convinced of the value of offering work experience to motivated students.

(See figure 6.11 for more information.)

Please note that average figures were used for this analysis, that is, the middle figure between the lowest and highest range. Some of the data were collected in ranges, for example on the subject of vacancies the response options were 0-5, 6-10, 11-20, 21-30, etc. On the graphs the lowest range uses the smallest figure, ie 1, 6, 11 and the highest range uses the upper figure, ie 5, 10, 20, etc. Therefore in figure 6.1 in 2002 the number of vacancies range between 77 and 120 and the average figure is 98.