



MIQ Quarterly

Q4 2023

Foreword



Prepare for an **impending economic rebound** by assembling skilled teams now.

Delaying digital investments and talent acquisition will lead to **higher costs** later.

Balance talent attraction and retention to prevent your existing talent from leaving for better opportunities.

With falling inflation, strong hiring intentions, and rising business confidence **Q4 2023 is an ideal hiring time.**

Counteroffers are more common due to skills gaps, however Q4 usually sees a high job-switching trend in the UK. **Don't miss out!**



Greg Coleshill,
CEO, InterQuest Group

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Meet Our Experts



Rob Sugden, Managing Director, ECOM

Rob is ECOM's Managing Director for Manchester. He leads our teams across the North & Midlands operating in Digital Tech, UX & Design, Product & Project, Marketing & eCommerce and Data. He's had over 19 years of recruitment experience in Manchester, building an extensive network.

Hiren Vekaria Director, ECOM

As Director for the Technical Team at ECOM, Hiren manages the contract and permanent recruitment for a range of Software, E-commerce, FinTech & Digital companies and supply them with exceptional candidates as well as managing a team of consultants.

Alex Onoufriou Managing Director, evolve

Alex is a senior recruitment leader who has built new recruitment functions and enhanced existing ones. Alex has run RPO solutions both from an in-house and supplier side and has worked with some of the most innovative recruitment technologies in the market.



Anna Massey Managing Consultant, InterQuest Group

Anna, based in Amsterdam, drives InterQuest's client base growth. She specialises in assisting fast-growing fintech clients in digital assets, crypto, banking, cards, and payments. With a proven track record, Anna builds senior risk leadership teams and wider risk teams, enabling clients to scale rapidly with top talent.

Michelle Khan, Director, InterQuest Group

Michelle is the Director of InterQuest's Risk, Regulation and Compliance practice. Michelle has spent the last 15 years investing in her reputation within risk and compliance in financial services.

Kam Bhangu, Managing Director, InterQuest Group

Kam excels in building and managing successful sales teams in the technology sector, particularly in senior roles. With 18+ years of recruitment experience, Kam has shaped careers and provided invaluable advice to clients across diverse sectors, from SMEs to Blue-Chip companies. He prioritises placing the right people in the right roles, fostering long-term relationships.

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The **end** of tech layoff surge

4,632

4632 Employees laid off, the
lowest since April 2022.



UK recovered faster than estimated



1.8%

UK economy grew 1.8% since the pandemic (revised from -0.2%), faster than France (1.7%) and Germany (0.2%).

Economy grew 0.3% in Q1 2023. Overall, still facing sluggish growth but would avoid recession.

The fact that the UK recovered from the pandemic much faster than thought shows that once again those determined to talk down the British economy have been proved wrong. "There are many battles still to win, most of all against inflation so we can ease cost of living pressures of families."

Chancellor Jeremy Hunt



Economic Trends

Inflation: UK rate stays at 6.7%



6.7%

Inflation stayed at 6.7% in Sept

UK inflation stayed at 6.7% in Sept, same rate as Aug, driven by petrol and diesel costs.

Core inflation down to 6.1% from recent highs in May (7.1%) and July (6.9%).

UK inflation remains above that of France and Germany.



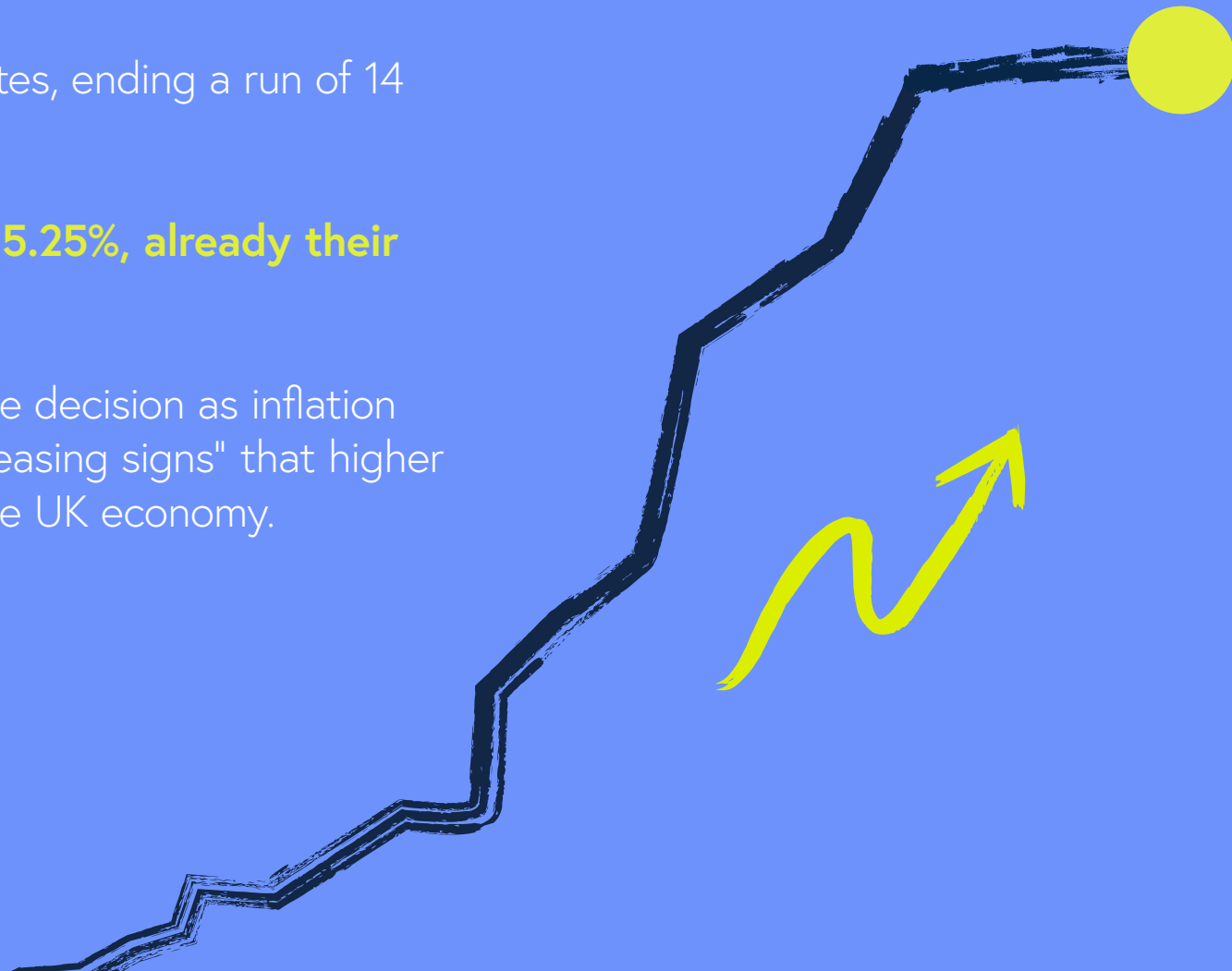
UK interest rates held

The Bank has held interest rates, ending a run of 14 consecutive increases.

Interest rates were held at 5.25%, already their highest for 15 years.

The Bank of England made the decision as inflation lowered and there were "increasing signs" that higher rates were starting to hurt the UK economy.

5.25%



A large, hand-drawn arrow in a dark blue color, pointing upwards and to the right, starting from the bottom left and ending near the top center of the slide.

Wages **are climbing**, even after inflation

Record annual pay growth drove pay above CPIH inflation for the first time in over 18 months.

Average regular pay (excluding bonuses) rose by 7.8%.
This is the largest growth rate seen since the pandemic.



A high share of firms still expect to **raise wages**



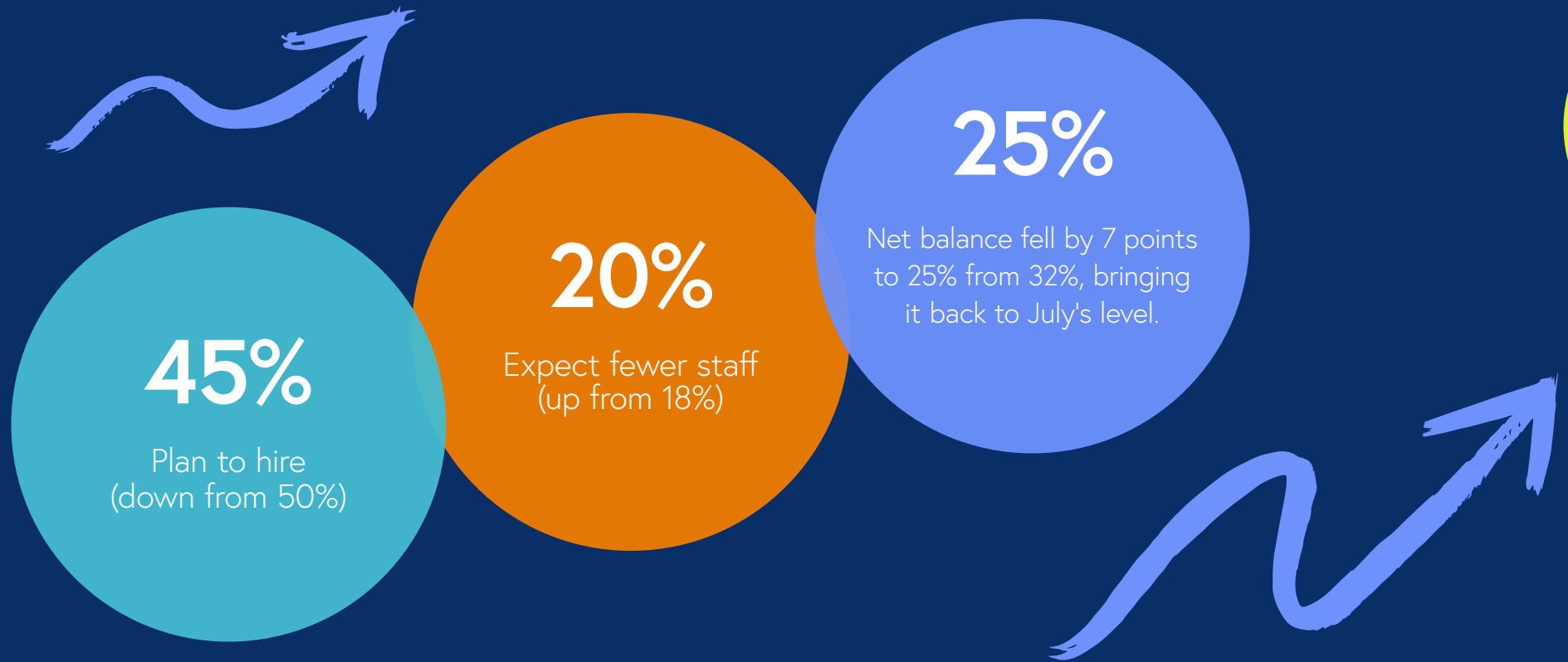
78% of firms expect to raise wages in the next year, up from 68% in 2019. This is down from 83% in August but in line with the yearly average.

Only 6% of firms plan no pay increases, compared to 17% in 2019.

Expect to raise wages **78%**

Only 6% plan no pay increases **6%**

Hiring intentions remain strong



Source: Lloyds Bank Business Barometer (September 2023)

London and Yorkshire most confident



Yorkshire & Humber, North West, and East Midlands showed increased confidence.

London and West Midlands are also confident.

Some regions, including South West, South East, and Northern Ireland, reported lower confidence.

Overall, Q3 confidence improved in most UK regions compared to Q2.





Month-on-month trends



3/12

3 out of 12 of the UK's regions saw a month-on-month increase in confidence in September



ONS – vacancies remain above pre-pandemic levels

188,000

In June to August 2023, total vacancies were down by 268,000 from the level of a year ago, although they remained **188,000 above their pre-pandemic** January to March 2020 levels.

-6%

Quarterly **growth fell for the 14th consecutive period** to negative 6.0% from March to May 2023.





Job switches remain high

902,000

There were 902,000 job-to-job moves in the Q2 of 2023, up from Q1 and remain above pre-pandemic levels.

Seasonal trend:

Oct-Dec: is peak

Jan-Mar: significant reduction

Apr-Jun: small increase

Jul-Sep: significant increase



Unemployment returning to pre-pandemic levels



There are currently just **1.4 unemployed jobseekers for each vacancy**.

The unemployment rate (4.3%) **is up on the quarter and the year**.

A more gradual increase compared to past downturns could help support **upward pressure on wages** for a while yet.

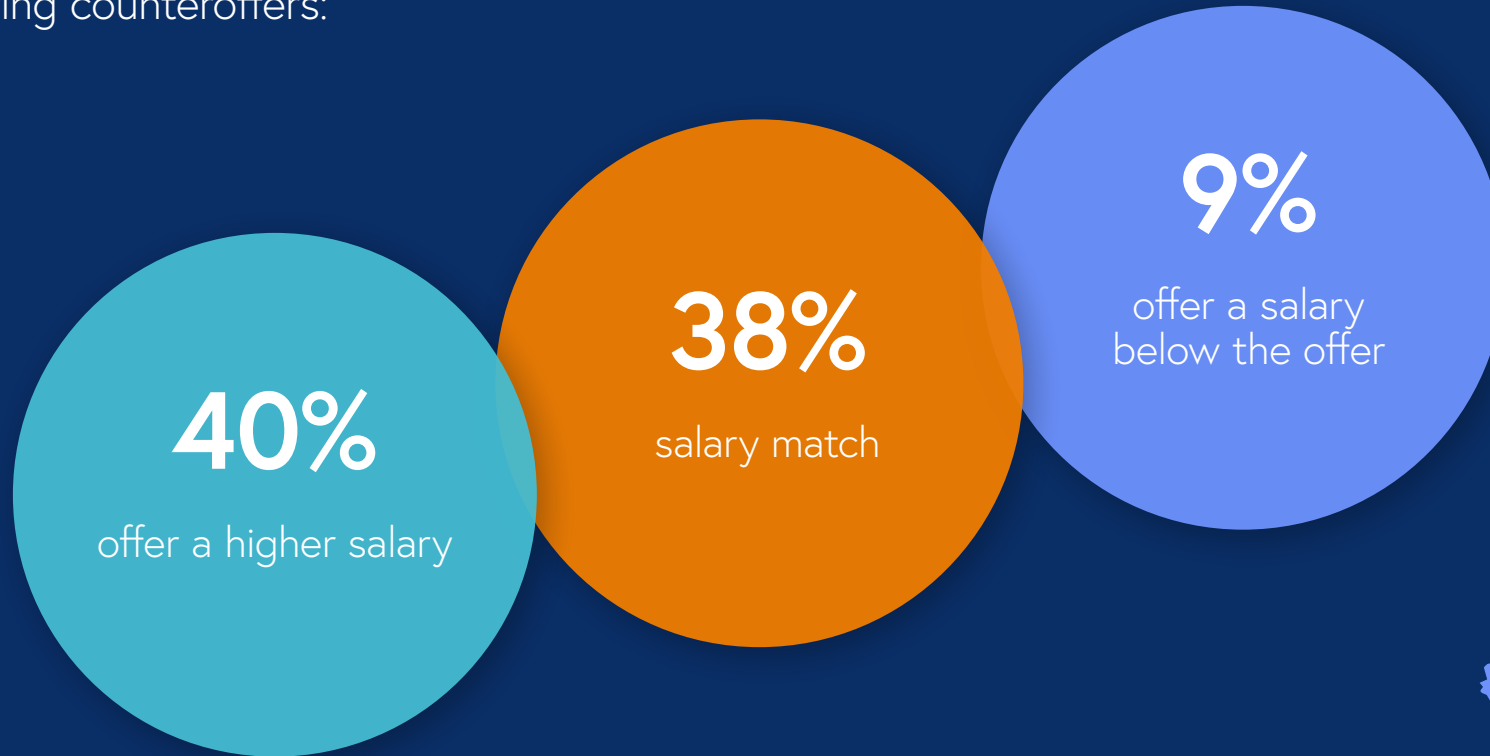
Counteroffers more common in past 12 months

40% of employers have made a counteroffer in the past 12 months. Among them, half (51%) have delivered more counteroffers than before, with 40% offering the same level and 9% offering less than before.



Money talks

Many employers offer more money than the other offer
Among employers giving counteroffers:



Source: CIPD



Understanding and addressing the potential for counteroffers is pivotal. A clear communication of how the company values its employees and ensures their growth helps build trust. This transparent approach mitigates uncertainties and reinforces my confidence in aligning my goals with the company's objectives.

Going into an offer process with a candidate and **not considering counter offers** leaves you **vulnerable to losing candidates**. Low balling in the first instance will see you losing candidates when having to back track in offering more money down the line... if you already have it at the stage of offer it makes more sense to offer it at that point.



Hiren Vekaria

Director, ECOM

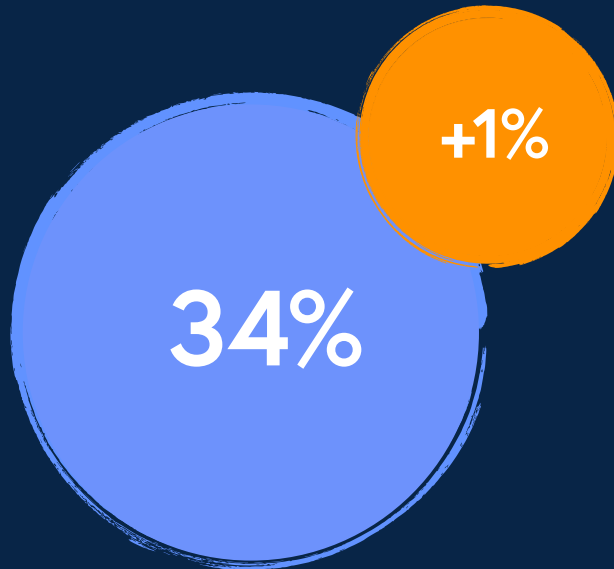
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Change is slower than you think

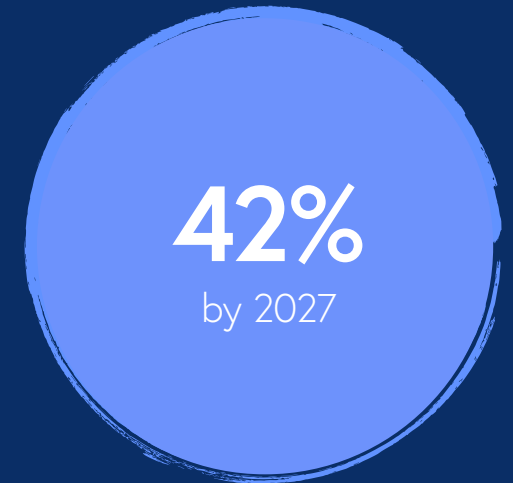


Currently, 34% tasks automated, just a 1% increase since 2020. **Contradicts 2020 prediction of 47% automation by now.**

New prediction: 42% by 2027, varying by task type.

Human traits like reasoning, communicating, and coordinating to be more automatable in the future.

AI adoption in 75% of companies, expected to create job growth (50%) and losses (25%).

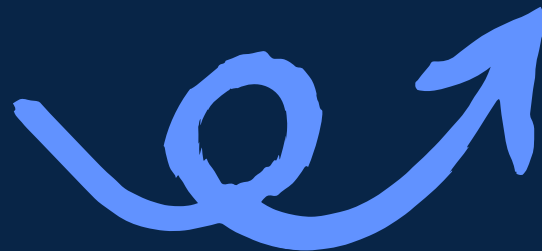




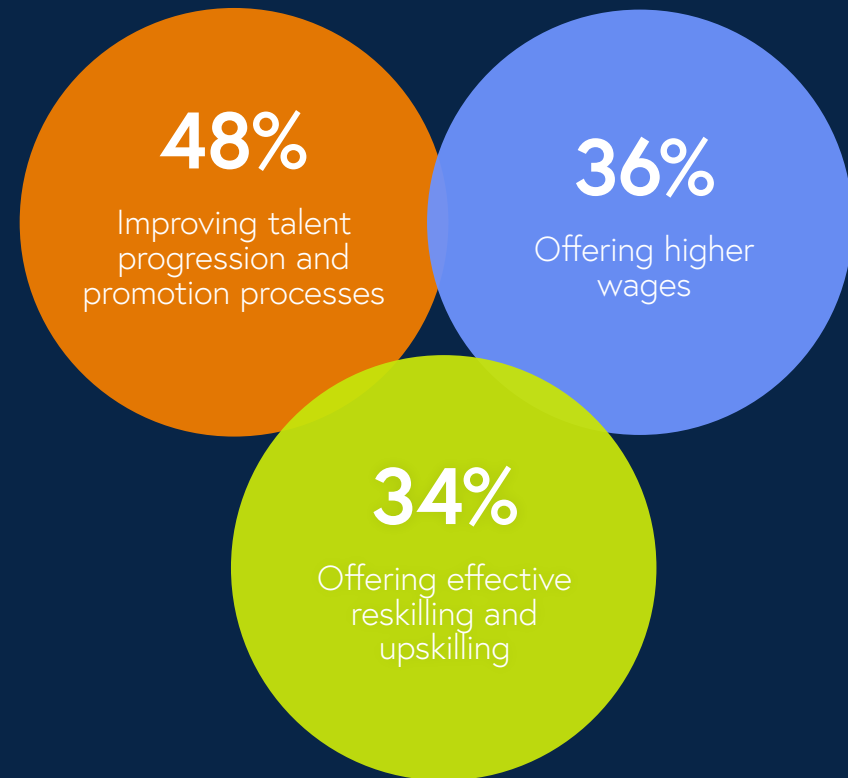
Attract the best talent to stay ahead

Key barriers preventing industry transformation:

- Skills gaps
- Inability to attract talent



Top 3 responses identified to increase the availability of talent to your organisation:



What's Next?



70%

A successful EVP can decrease annual employee turnover by almost **70%**

30%

...and increase new hire commitment by nearly **30%**

50%

When you invest in developing and delivering a strong EVP, you are **50%** more likely to attract talent.



Our experts will benchmark your Employee Value Proposition (EVP), review talent competitors in a personalised workshop, and provide expert insight and opinion to help to you secure the best talent in the market.

We're offering a limited number completely free to our valued MIQ subscribers.

Book yours now to ensure you don't miss out

Greg Coleshill
CEO, InterQuest Group



The background features a collection of colorful geometric shapes: solid circles in blue, orange, teal, and grey, and hollow rings in blue, yellow, orange, red, and grey. Some shapes overlap, such as a blue circle and a yellow ring on the left, and a yellow circle and a red ring on the right.

Digital & Tech Trends

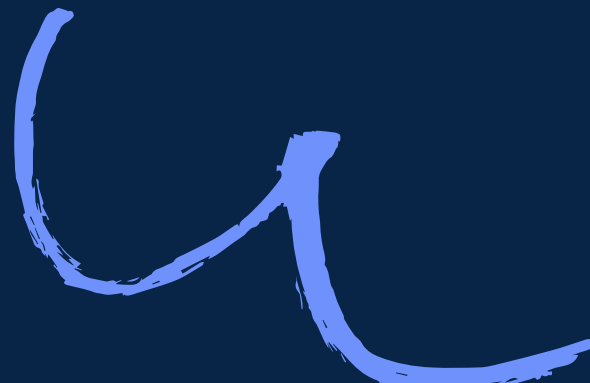


UK digital & tech job posting levels

Seize the opportunity of a lifetime!

With the sluggish UK economic growth, it's prime time to snatch up top-notch digital & tech talent at lower prices.

Percentage-point change from 1 Jul to 23 Sept 2023





The Tech Talent Gap



90%

% of employers **face shortages.**

Largest gaps in **software development** (37%), **cybersecurity** (37%), and **digital marketing** (36%).

57% see the **shortage worsening**, reaching 74% for large companies.

Reasons: lack of qualified candidates (34%) and budget constraints (32%).



72%

72% of UK businesses in digital transformation projects, but only a third well-progressed.

48% have a plan, 19% still have much to do.

Obstacles: delays (45%), workload (30%), talent shortage (22%, 29% with hiring freeze).

Augmented workforce emerging

85m

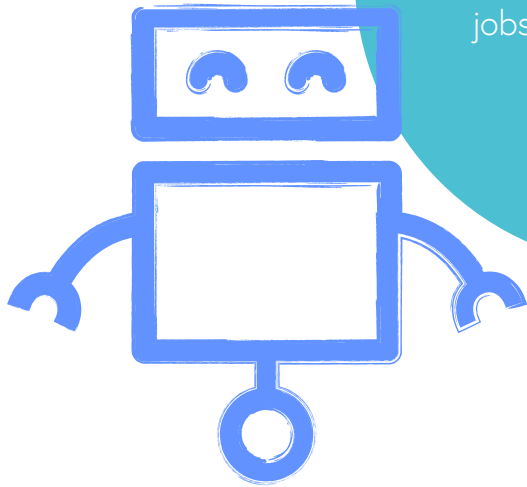
AI and automation: 85M jobs disrupted, 97M new roles by 2025.

44%

of skills disrupted by 2028, generative AI amplifies impact, especially on lower-level workers.

4/5

executives say generative AI changes employee roles and skills.



Source: WEF, IBM

A shifting foundation



UK **executives expect 41% workforce reskilling due to AI** and automation in 3 years.

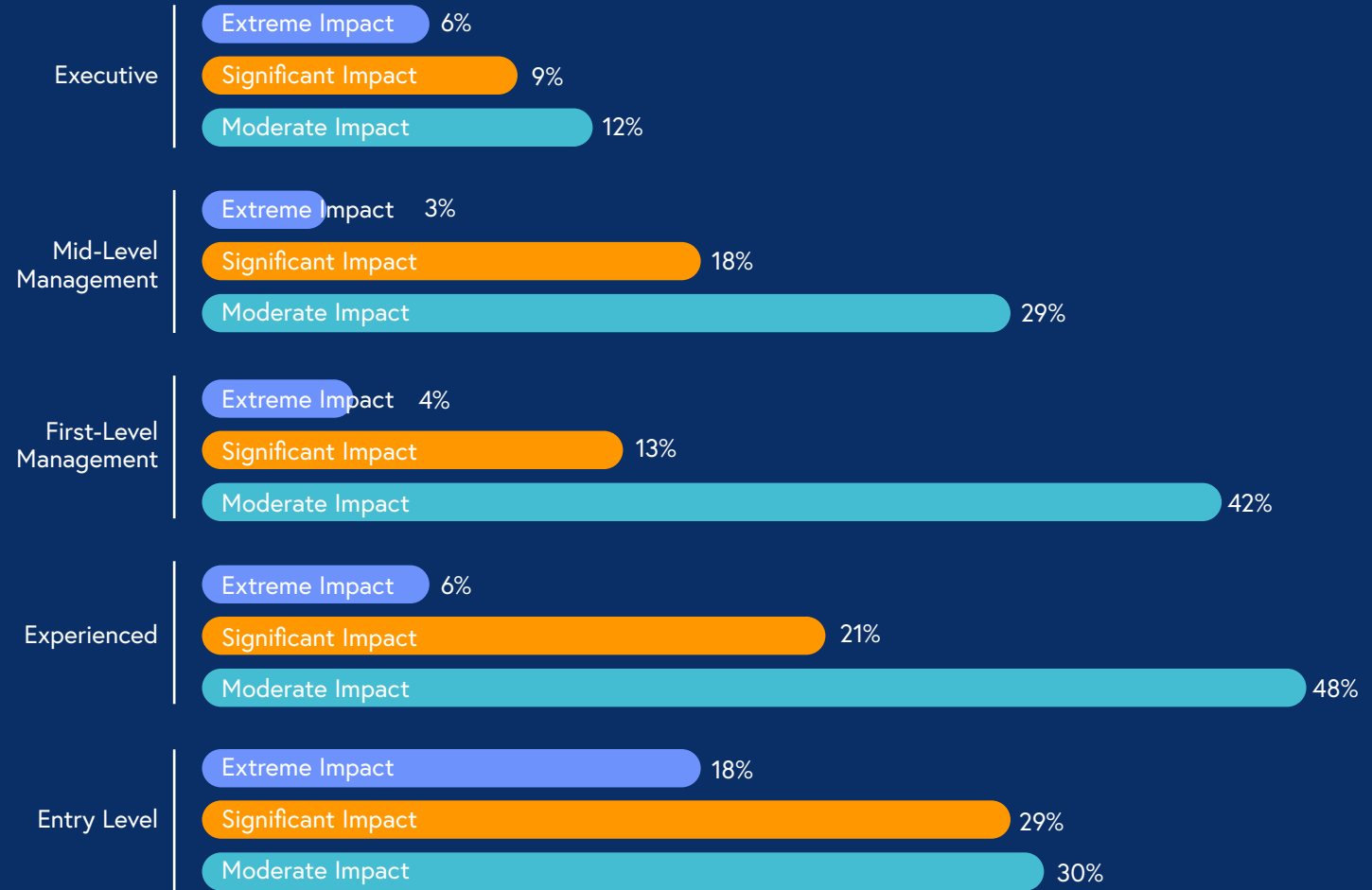
Top talent issues: skill-building and technological literacy. 46% investing in internal reskilling.

Disconnect: UK employees prioritise impactful work, while executives don't.

Both agree on the **importance of flexible work.**

Focus on technology literacy and meaningful work needed for AI transition.

AI Impact by 2025

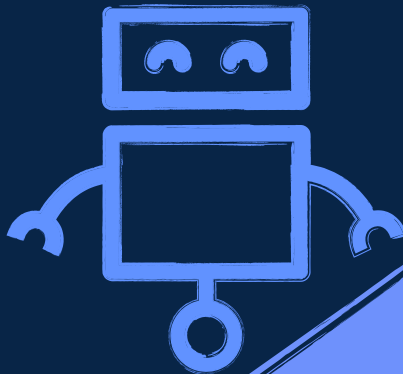
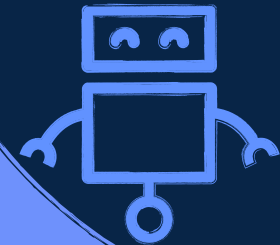


Generative AI placed at peak of inflated expectations

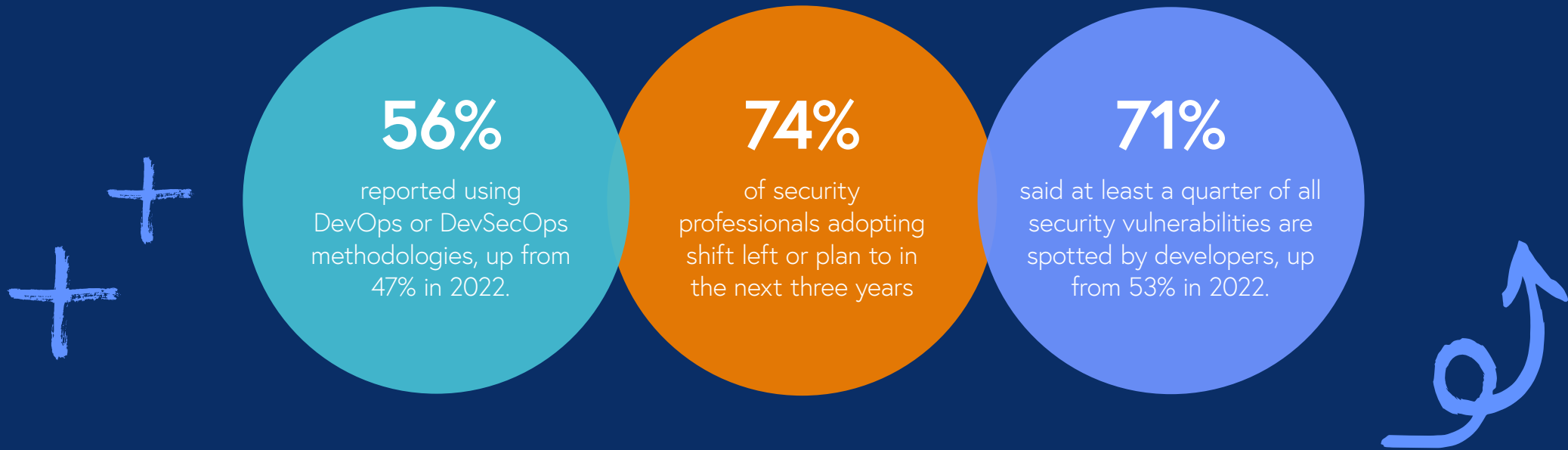


Melissa Davis, VP Analyst at Gartner, urges CIOs and CTOs to shift focus beyond AI to explore other transformative technologies like those improving developer experience, advancing the pervasive cloud, and prioritising human-centric security and privacy.

Generative AI



DevOps and DevSecOps are growing



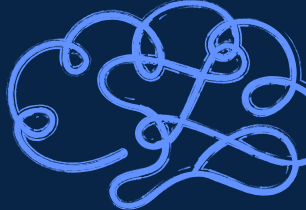
Driving efficiencies with AI

65% of developers said they are using AI and ML in testing efforts or will be in the next three years.

Too many security tools

57% of security respondents said they use six or more tools, compared to 48% of developers and 50% of operations professionals.

DevSecOps raises AI adoption dilemma



83%

find AI crucial for development, **79%** are concerned about AI tools having data/IP access.

40%

see security benefits, **40%** of security professionals fear AI-powered code generation will increase their workload.


90%

use AI in software development or plan to, **81%** need more training to use it in their work.





The High Cost of Work-Related Stress in Tech

92% 

experiencing stress, **36% "very" or "extremely" stressed.**

33% work extra hours outside their job description.

26% work during vacations. 27% regularly work beyond agreed hours.

Impact on family time (37%), efficiency (26%), and job satisfaction (22%).

Tech talent shortage blamed for workplace pressure by 62%, rising to 80% among Senior Management. 47% report increased workload.

Employers offer mental health support (69%), with 69% willing to use it, but 24% fear workplace disclosure.



Financial Services Trends

Fierce competition for talent



Financial and professional services (FPS) in the UK generate **£278 billion** in economic output.

Each financial services job contributes approximately **£177,000** to the UK economy.

2.5 million people, over 1.1 million people in the UK work in financial services and **over 1.3 million** in related professional services.

Two-thirds of FPS jobs are located outside of London.

In 2022, the UK attracted **over £2 billion** in foreign direct investment (FDI) in FPS leading Europe and resulting in **nearly 15,000** new jobs.



UK financial services job posting levels

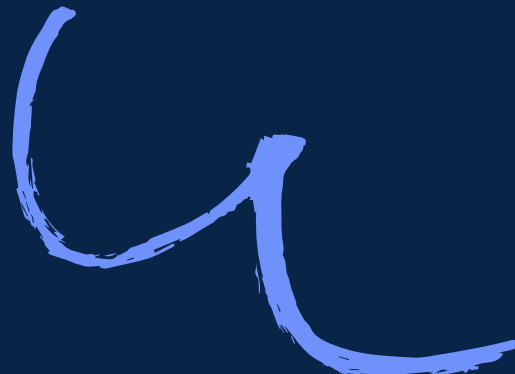


During the quarter, job postings in the Banking & Finance sector declined, while Insurance job postings remained stable. Both sectors continue to exceed pre-pandemic levels.

Percentage-point change from 1 Jul to 23 Sept 2023

Banking & Finance **-5.29**

Insurance **+0.08**





Q2 2023 hiring trends

While applications are up, financial firms could face challenges if the economy weakens, and candidates become reluctant to switch jobs, potentially slowing down application numbers.

Nevertheless, Q4 also present opportunities to attract talent in anticipation of a future recovery.

+84%

Q2 applications per job: YoY change





Q3 2023 hiring trends

In Q3, financial services hiring in the UK showed measured growth, with a **+17%** outlook, a **+4 point** increase compared to Q2 2023.

Brexit has driven job losses to Europe, creating barriers and uncertainties for cross-border operations.

Fierce competition for tech professionals with skills in Blockchain, ML, and cybersecurity has extended hiring times by up to three weeks on average to attract this digital talent.



Q3 2023 highlights



UK firms prioritise diversity and flexibility.



HSBC

Adopts hybrid working.



Standard Chartered

Runs re-skilling program.



Monzo

Recruited over 300, product, engineering, support.



Revolut

Hired 600 in data science, engineering, product. Plans 1000 hires in Q4 2023.



abrdn

Seek investment analytics, research roles.



Barclays

Hired across tech, compliance, risk.



Lloyds

Hired across tech, compliance, risk.



Schroders

Seek investment analytics, research roles.

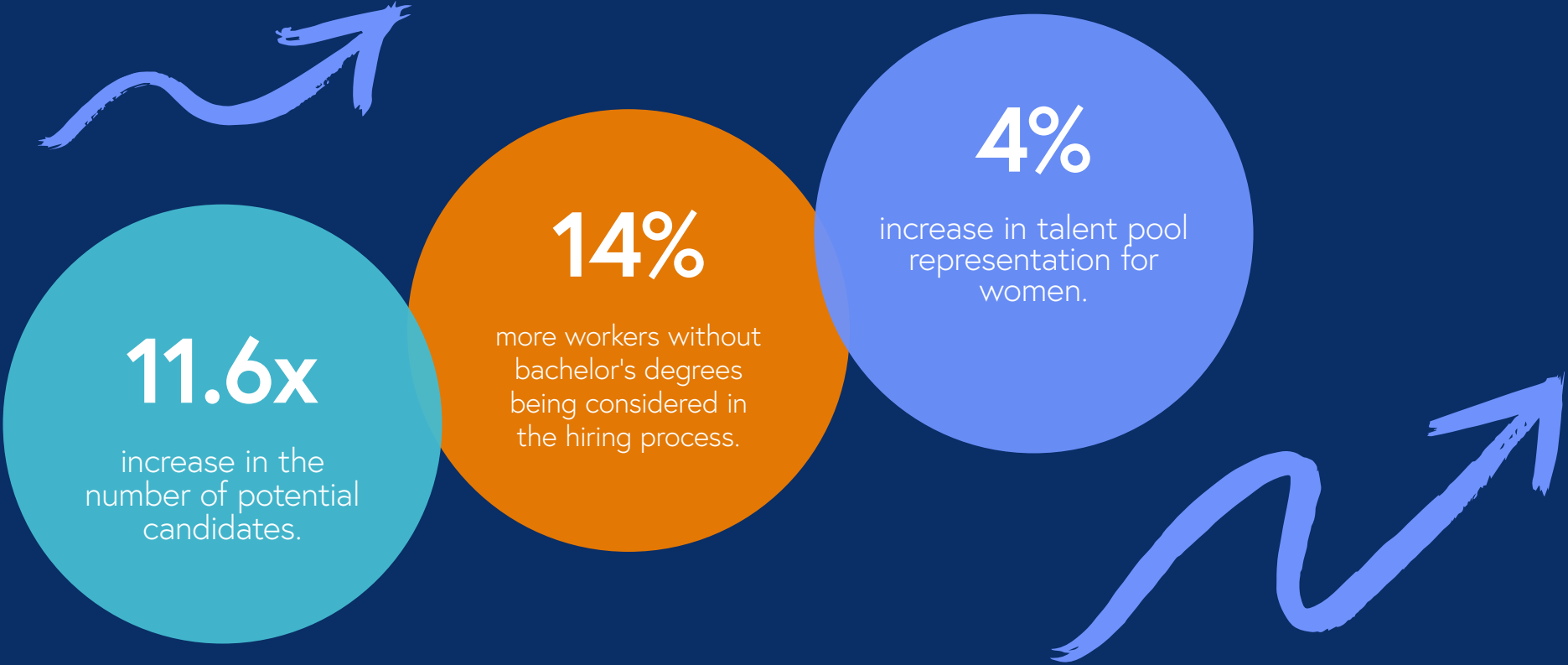


Aviva

Recruits 200 in Q3, plans 300 in Q4.



Skills-first approach in financial services



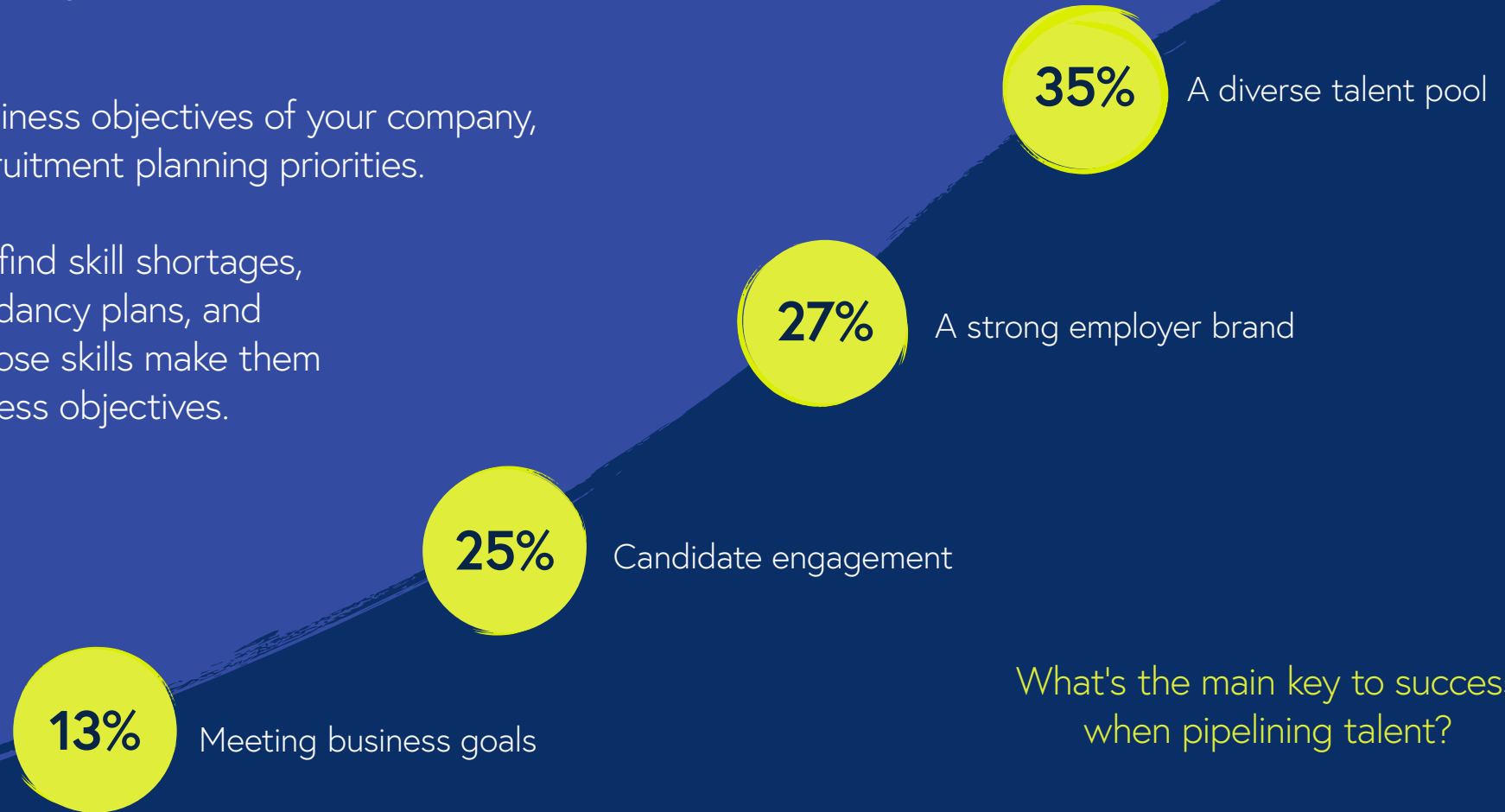
Source: LinkedIn Skills First Report 2023

Futureproof your talent pipeline



Understand the overall business objectives of your company, and align them to your recruitment planning priorities.

Analyse your workforce to find skill shortages, analyse competitors' redundancy plans, and considering candidates whose skills make them a near match to your business objectives.



What's the main key to success when pipelining talent?

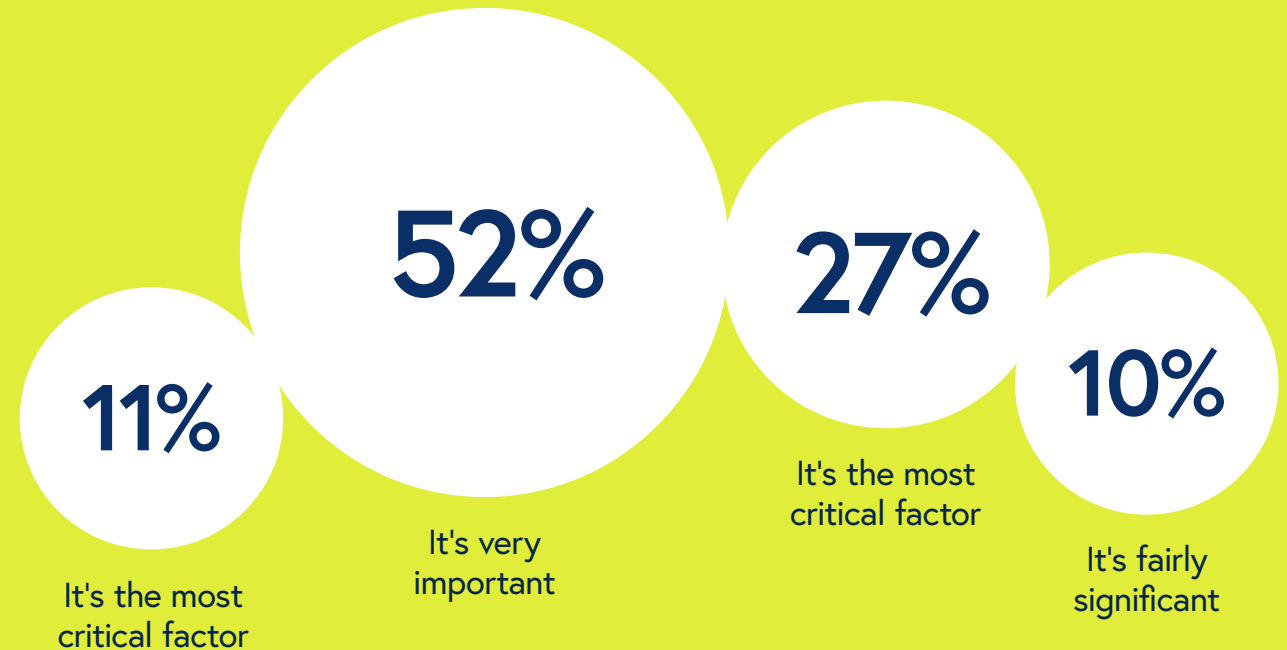


Strong EVP essential to attract top talent

Employer brand crucial in financial services hiring; strong brands attract top talent.

63% of respondents to a recent poll believe having **a strong brand is very important** or the most critical factor to attract quality talent.

How important is having a strong employer brand to attracting quality talent?





Events: A solution to attract passive talent





Hosting roundtables and events attract passive talent by enabling networking, showcasing expertise, engaging with influencers, and showcasing company culture.

It grants access to untapped talent pools, effectively addressing the challenge of hiring passive talent for a Technology Recruitment business.



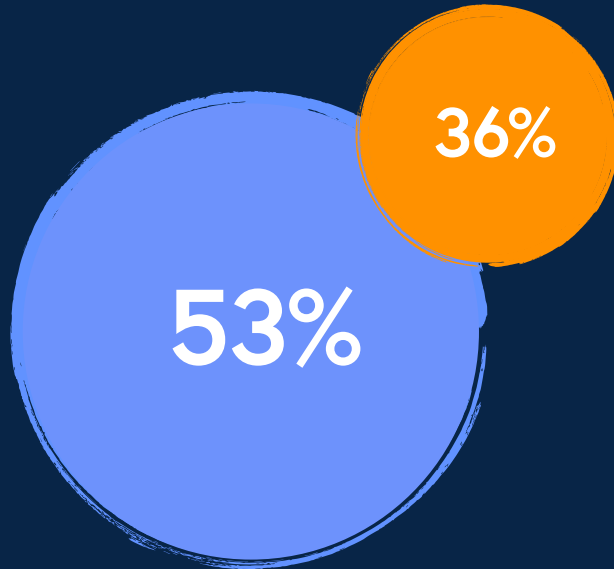
Kam Bhangu
Managing Director, InterQuest Group

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Why events?



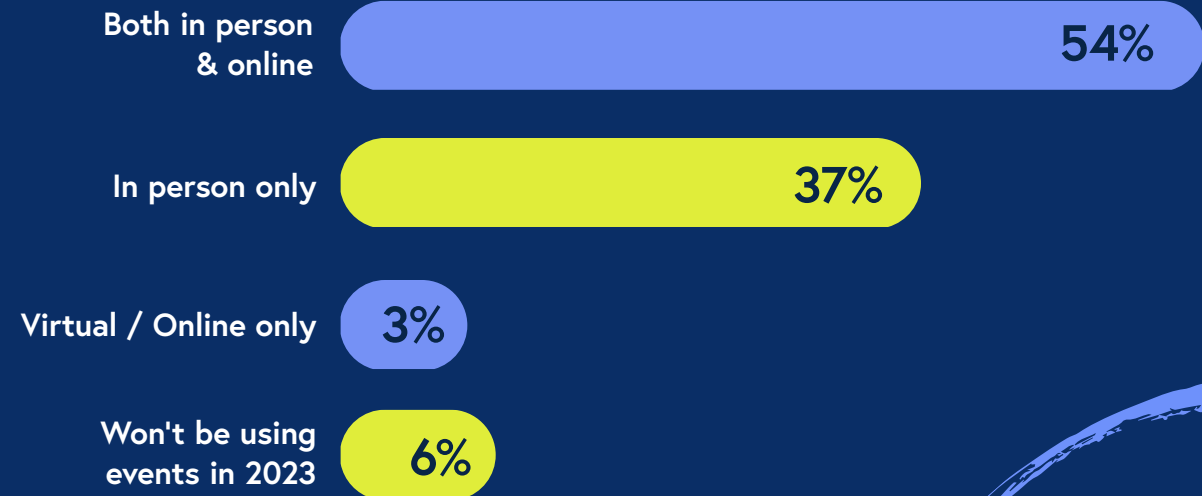
53% of recruiters used events
& careers fairs in 2022

Up from 36% in 2021

Source: eploy UK Candidate Attraction Report 2023

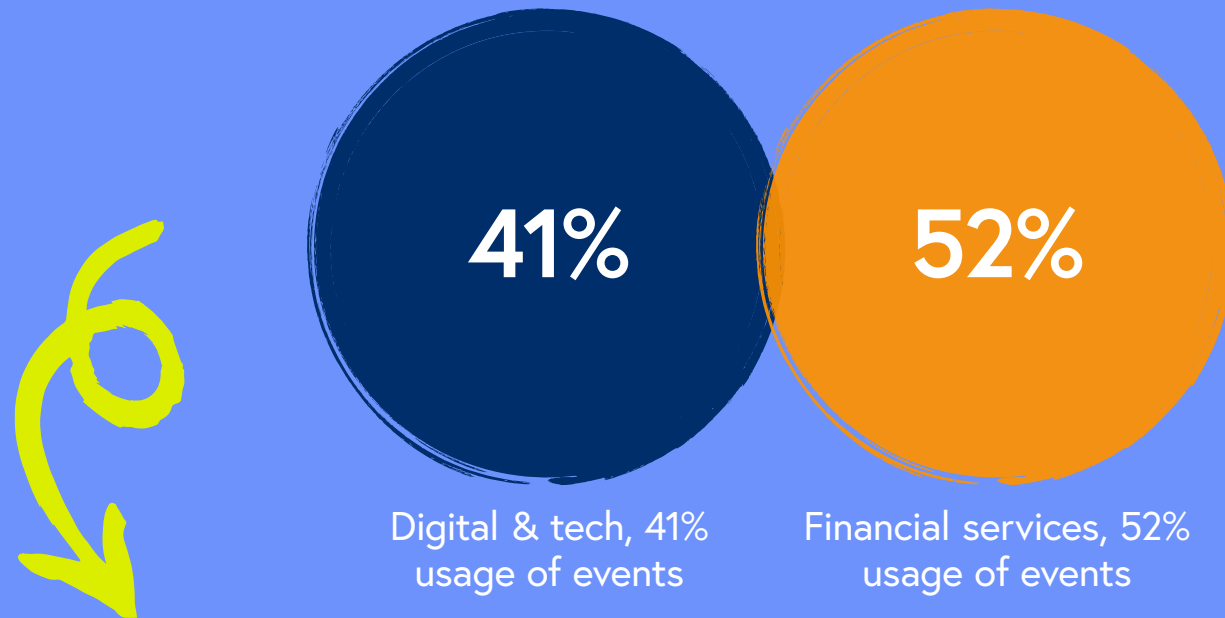


In-person events only (37%, up from 20% in 2021), with a reduction in those using online only or a mix. **The trend appears to be toward getting back to face-to-face!**





Job ads are not enough



Events can unlock the gates to find and nurture top-tier passive talent.

We do it. Do you?

Architecting Manchester, ECOM



The Risk Roundtable, London, InterQuest





The insights in this report are just the start

If you would like to book a free workshop for more tailored insights on your organisation and talent strategy, please click the link below

Click here to **book your free workshop**



Get in touch

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