

IT Contractor hiring spike indicates higher expected growth in Investment banking

Powerchex finds an increase in IT contractor hiring shows optimism in Investment banking for the next quarter.

London, 16 July, 2010. Hiring of IT Contractors surged in June, a recent survey has found. The research was commissioned by London pre-employment screening firm Powerchex, and shows mixed results for the financial industry overall. But there was strong, recent growth among job offers for IT contractors and Investment banking.

IT contractor employment offers leapt 320% from May to June, while Investment bank recruitment experienced a 45% increase (see figure 1). Based on historical data, Powerchex has discovered that recruitment numbers in these two sectors are the most highly correlated to each other among the categories surveyed.

Powerchex believes the boom in IT contractor hiring is a positive sign that Investment banks have increased their IT and finance projects and are preparing for another surge in growth. Furthermore, Powerchex predicts another jump in hiring for Investment banks this quarter though it is statistically the most volatile job category among financial services.

The good news is more moderate in the rest of financial services. Total industry offers rose 52% for the month compared to a year ago, but offers only rose 7% from May to June 2010 (see figure 1), and declined 2% across Q2. But Q2 offers were up for all sectors of financial services compared to the same quarter in 2009.

The research showed mixed results in employment offers compared to the previous month. Stockbrokers and Insurance offers were down on the previous month, 12% and 4% respectively.

Hedge fund recruitment has also slowed from May to June growing 16% compared to its explosive growth in recent quarters with 344% more employment offers in June 2010 compared to the same month last year. Investment banks increased job offers 125% compared to a year ago, but stockbroker offers were down 26% on June of last year (see figure 2).

"Fears of a double-dip recession are beginning to dissipate," says Alexandra Kelly, managing director of Powerchex. "Recruitment in the financial sector has generally flattened in the last quarter, but IT contractor hiring shows signs of another round of optimism in Investment banking this summer. The financial industry was preserving liquidity and waiting to see what changes would occur as a result of the general election and possibly tighter regulations in the new budget. But the surge in IT contractors shows the sector has released the build-up that had been waiting on the back burner until government news was certain. This trend echoes the new, national employment figures that show the recovery is getting back on track."

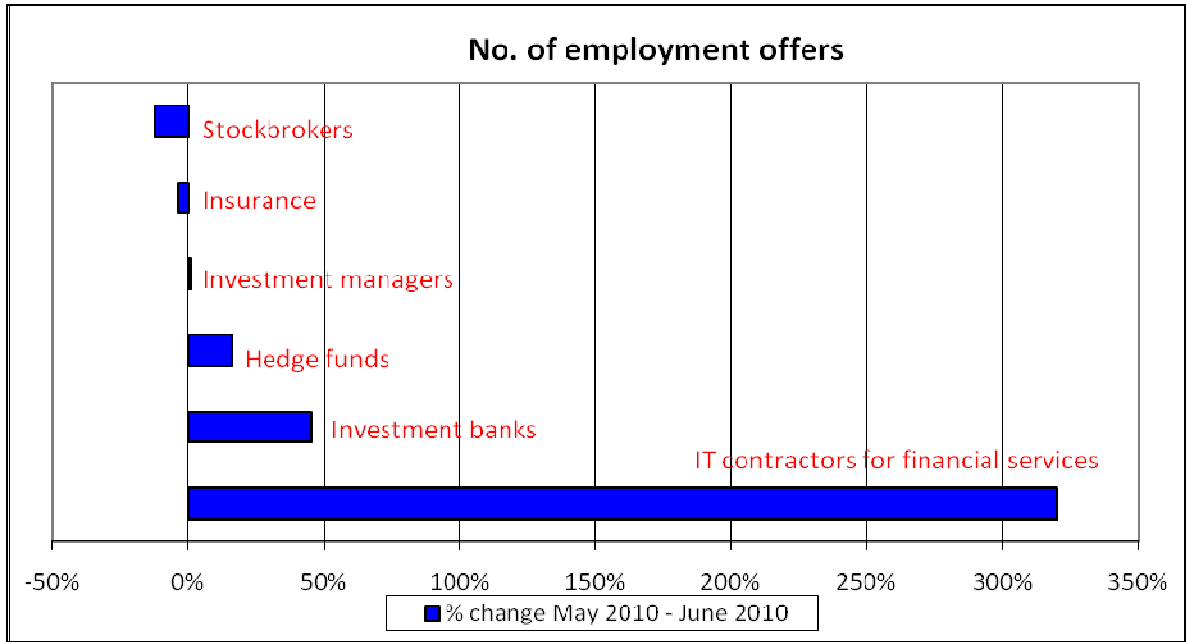


Figure 1: Change in number of employment offers from May to June 2010.

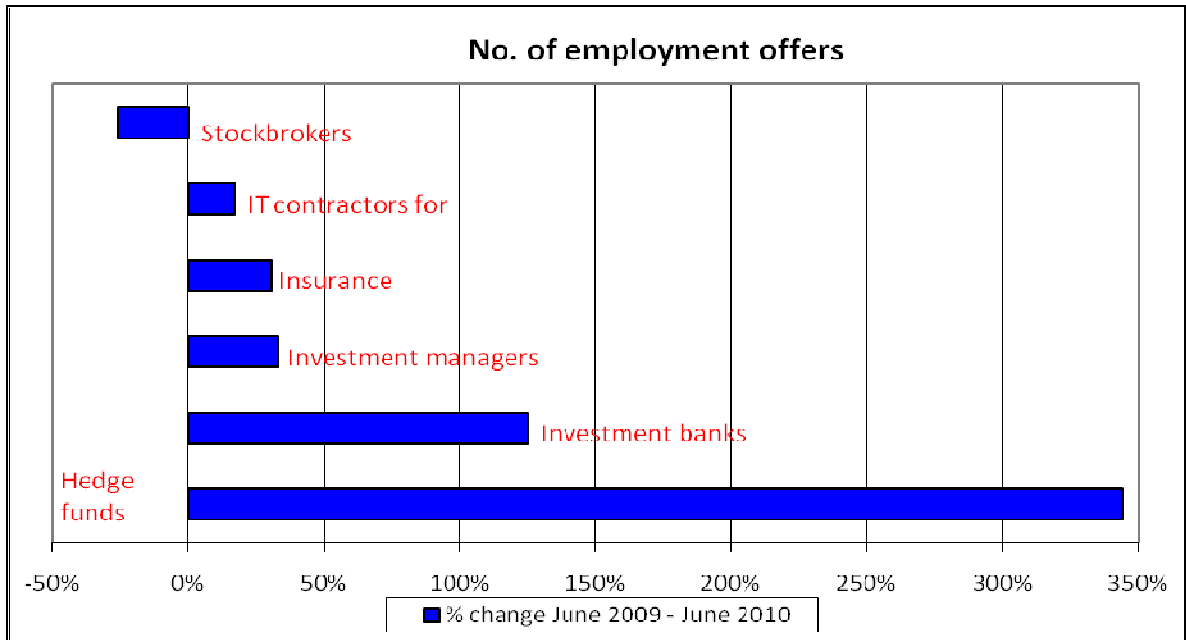


Figure 2: Change in number of employment offers comparing June 2009 to June 2010.

NOTES TO EDITORS:

About Powerchex

Powerchex is the UK's premier pre-employment screening firm for financial institutions. Based in the City of London, Powerchex checks the background, employment history, criminal records and professional qualifications of applicants on behalf of financial institutions. It sets the industry benchmark of 5 days for a background check.

www.powerchex.co.uk.