

PERFORMANCE PAY ON THE RISE IN FINANCIAL INDUSTRY

Tuesday 15th April 2003: Professionals employed in the banking and finance industries will be receiving healthy salary increases over the next 12 months, while having their remuneration packages bolstered by performance pay, according to a new survey.

The April 2003 *Banking and Finance Industries Salaries and Benefits Survey*, produced by remuneration specialists Classified Salary Information Services (CSI), also found executives have been awarded significant remuneration increases over the past 12 months after a period of moderate salary growth.

According to the survey of 34 banking and financial organisations, companies are forecasting average salary increases of 4.0 per cent over the next year, though they were more optimistic at the same time last year – anticipating annual increases of 5.2 per cent in April 2002.

The 4,239 employees accounted for in the survey were given average total remuneration increases (including bonuses and incentives) of 6.4 per cent over the year to April 2003, while those in the upper echelons received average increases of 8.4 per cent, up from 5.5 per cent in April 2002. The average annual base salary increase was 4.6 per cent.

“The average total remuneration increase tells us that the banking and finance industries are rewarding people according to individual and overall company performance,” says CSI managing director Mr Peter Barton. “The ability of companies to award their staff good increases is relative to the overall health of the industry.”

The banking and finance industries have seen total remuneration movements oscillate between 5.5 and 6.5 per cent since October 1999 – these steady movements perhaps reflecting the overall stability of the industry itself (as apposed to the IT industry, where general remuneration

increases have fluctuated between 7.9 and 4.7 per cent since July 1999, according to CSI's *Computer Specialists Survey*).

With corporate restructuring activities conducted in response to the global economic downturn resulting in the retrenching of 5.2 per cent of the sector's total workforce (please refer to CSI's *Redundancy in Australia 2002* report), the survey demonstrates that companies now have the flexibility to return to awarding incumbents healthy increases, including bonuses.

Employees in the computing, marketing/sales, and human resources job families (traditionally those suffering the most redundancies) have seen their total remuneration packages increase on average by 8.4, 7.0 and 6.5 per cent respectively, further highlighting that companies are awarding competitive remuneration packages to retain those who have managed to hold on to their jobs.

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Note: CSI are Australia's remuneration specialists. We conduct 20 industry-specific salary surveys in Australia and New Zealand and provide remuneration consulting services ranging from executive compensation advice to remuneration technology services.

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