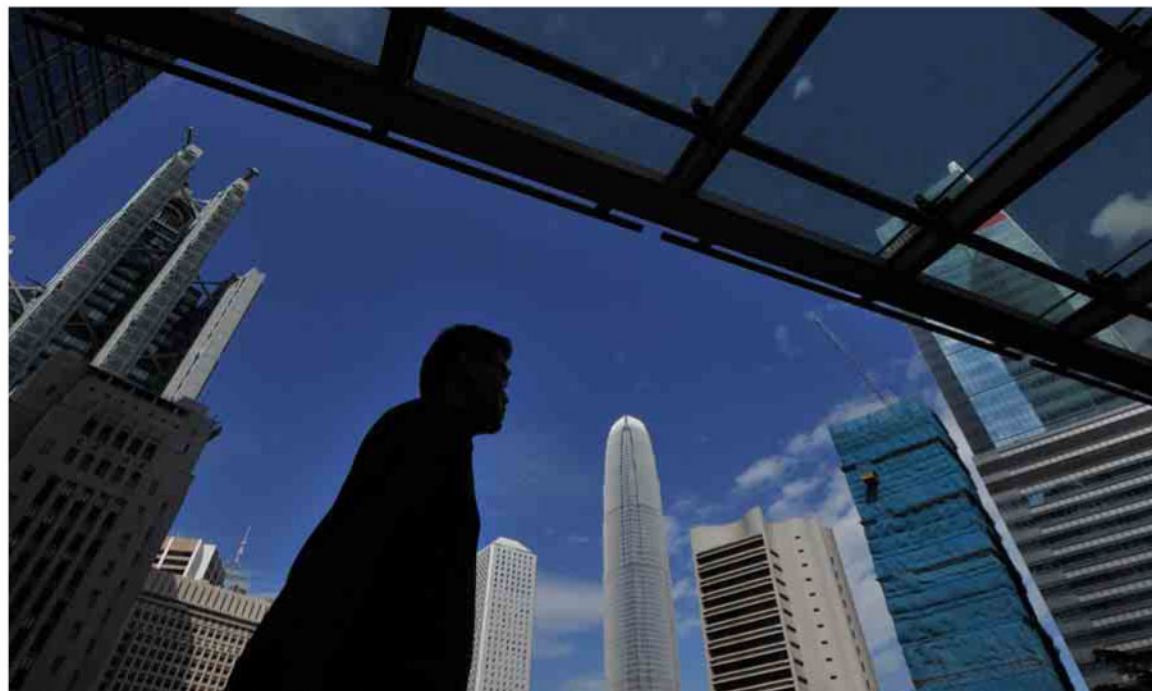


## BANKING &amp; FINANCE

## COMPENSATION

## HK BANKERS BRACE FOR LOWER BONUSES



Astbury Marsden found that the average basic pay for investment bankers rose 15 per cent to HK\$890,000 last year

**Incentive payouts** seen to fall 20pc to 30pc even as survey shows high finance executives expect 35pc of their base pay this year as reward for performance

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Hong Kong bankers are bracing for smaller year-end bonuses due to weaker business in the second half of last year and this year's bleak economic prospects.

"There aren't much expectations on bonuses. They may drop by 20 to 30 per cent compared to 2010," said Jerry Chang, director of Barons & Company, a headhunting firm.

Chang said there would be more retrenchments after the Lunar New Year following the payout of bonuses.

Investment banks usually give year-end bonuses between the end of January and March, with American firms the first to do so, followed by European lenders, said Mark O'Reilly, managing director of Astbury Marsden Asia-Pacific, a financial

services recruitment firm. "This year more people will be getting zero bonuses than any other year in the global banking industry," said O'Reilly, adding that he expected Hong Kong to fare better than other regions.

A survey of 630 investment banking and hedge fund executives in Hong Kong showed respondents expected to get an average 35 per cent of their base salary as bonus this year, said O'Reilly.

That is fairly high compared to other financial hubs such as London, where bankers expect 24 per cent, he said.

Astbury Marsden found that the average basic pay for investment banking and fund management executives in the city rose 15 per cent to about HK\$890,000 last year, but overall compensation is still expected to decline due to impending cuts to bonuses.

Most of the pay rises were made earlier last year when confidence in an economic recovery was strong.

More recently, pay rises have been rarer and more modest, and the strong salary hikes may not be repeated this year.

However, banks have been increasing base salaries in a bid to

retain staff. Since the serial bailouts during the financial crisis, investment banks have been under pressure to slash their bonus payouts, a move they have been trying to offset by raising base salaries.

As the financial year end draws to a close, the bonus payout plans of the world's largest banks are coming under the spotlight again, and governments will likely criticise banks that make excessive payouts.

Hector Sants, chief executive of Britain's Financial Services Authority (FSA) warned recently that further criticism would ensue if banks fail to ensure that they have sufficient levels of capital but pay out hefty bonuses instead.

British Prime Minister David Cameron yesterday said that paying bonuses for failures in top firms was wrong and should be addressed.

Cameron said while it was not up to the government to dictate compensation levels, rewarding executives of companies that were doing badly "made people's blood boil".

\$8.8m

HKEx boss Charles Li Xiaojia was awarded this amount, in Hong Kong dollars, of shares last year, up 22 per cent from the prior year