

GRM

LEGAL PROFESSIONALS IN FINANCIAL SERVICES
SALARY ANALYTICAL REPORT

**SOUTH AFRICA
2018**





THOUGHTS FROM THE HEAD OF RESEARCH AND ANALYTICS: RAYNE HANDLEY

This report includes salary and skills findings pertaining to Legal Professionals in the financial services sector in South Africa. The legal professionals included in this survey work within **Investment Banking, Retail Banking, Investment Management, Insurance, Audit, and Private Equity firms.**

For the purpose of this report, the following parameters are applicable; full-time employed (excludes part-time employees and external consultants), only admitted attorneys are included in our data for Legal Professionals within the Financial Services Sector in South Africa.

Our findings in this report are derived from the labour market data gathered by our experienced Principal Consultants directly from Legal Professionals. Consequently, gaps in the data may exist. In particular, there is limited data for entry-level legal professionals given GRM's general focus on senior placements.

Outdated data (older than 12 months) was updated by the Knowledge Consultants in our Research Team before inclusion in our findings. No externally sourced data or confidential data has been included in these findings.

GRM has not associated a financial value to non-financial remuneration or benefits nor has data been weighted to account for regional compensation differences.

All salaries and bonuses are annual and not monthly data.

Overall GRM data shows incremental increases in the salaries for legal professionals in the financial services sector in South Africa from 2017 to 2018.

Average annual net salaries for legal professionals in the financial services sector in South Africa according to our 2018 data is; R1.6m for Executives, R937k for Legal Advisors, R658k for Legal Officers and R161k for junior or entry-level legal staff.

What the GRM research report also indicates is that strong brand names, have the ability to pay lower salaries without negatively impacting the talent pipeline.

KEY FINDINGS

LEVEL OF SENIORITY

SALARIES (ZAR)

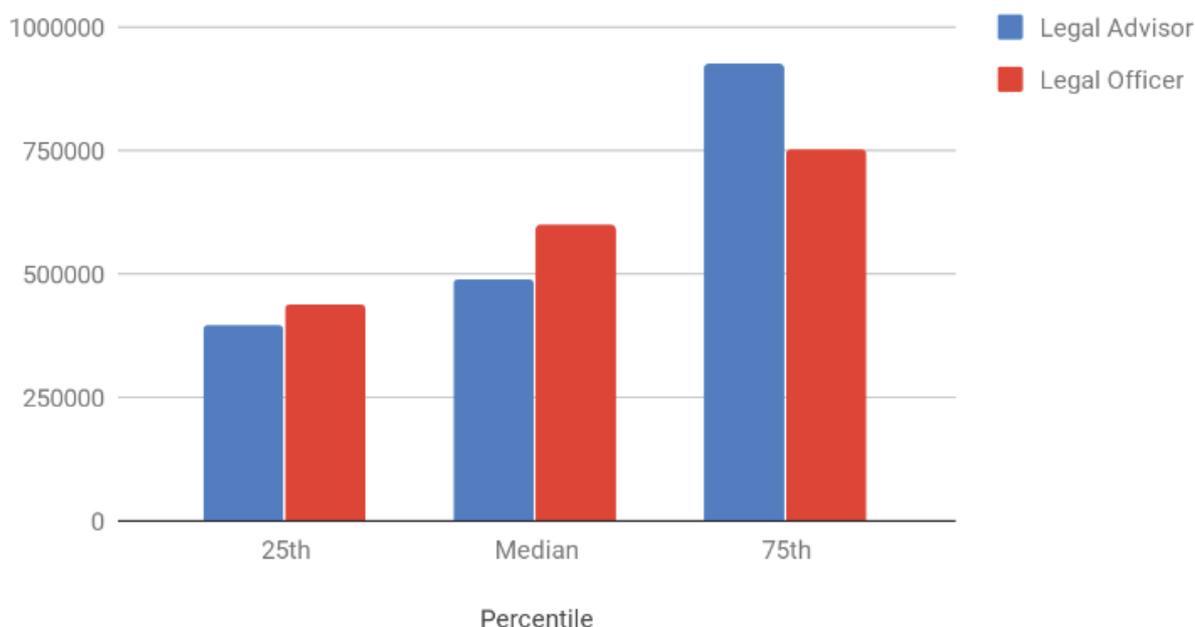
Seniority	Mean	25th Percentile	Median	75th Percentile
Executive	1,600,000.00	1,250,000.00	1710000.00	3400000.00
Legal Advisor	937,317.50	396,000.00	489,600.00	924,000.00
Legal Officer	658,111.11	438,000.00	600,000.00	750,000.00
Junior	160,523.23	120,000.00	167,000.00	280,000.00

BONUSES (ZAR)

Seniority	Mean	25th	Median	75th
Executive	1,200,000.00	500,000.00	1,300,000.00	3,400,000.00
Legal Advisor	249,960.00	25,090.00	75,000.00	332,500.00
Legal Officer	247,272.50	48,500.00	100,000.00	88,250.00
Junior	15,750.00	7,250.00	20,500.00	35,500.00

As one would expect, net annual salaries and bonus amounts are seen to rise with the level of seniority with greater variance in the percentiles for higher levels of seniority than that for lower levels of seniority.

LEGAL ADVISOR & LEGAL OFFICER SALARIES



From our deeper analysis into the data, GRM researchers picked up that many senior and executive level legal professionals have an equity compensation or profit-sharing scheme as opposed to a pure cash salary and bonus.

Many executive legal professionals or Partners who approach GRM for private practice and in-house positions request equity compensation. Due to scope and time limitations, we have not included the value of equity or profit sharing schemes into the above findings.

ORGANISATIONAL SIZE

SALARIES (ZAR)

	Mean	25th	Median	75th
Big 5 Banks	956,714.29	795,000.00	847,000.00	1,090,000.00
Large firms	783,555.56	504,000.00	750,000.00	924,000.00
Medium firms	455,400.00	450,000.00	484,800.00	490,200.00
Small firms	622,800.00	336,000.00	468,000.00	816,000.00

BONUSES (ZAR)

	Mean	25th	Median	75th
Big 5 Banks	444,600.00	70,000.00	73,000.00	450,000.00
Large firms	86,772.50	59,795.00	77,000.00	88,250.00
Medium firms	40,000.00	22,500.00	30,000.00	47,500.00
Small firms	68,085.72	10,800.00	27,000.00	39,000.00

We see that small-sized companies typically have to offer higher salaries in order to attract and retain legal professionals.

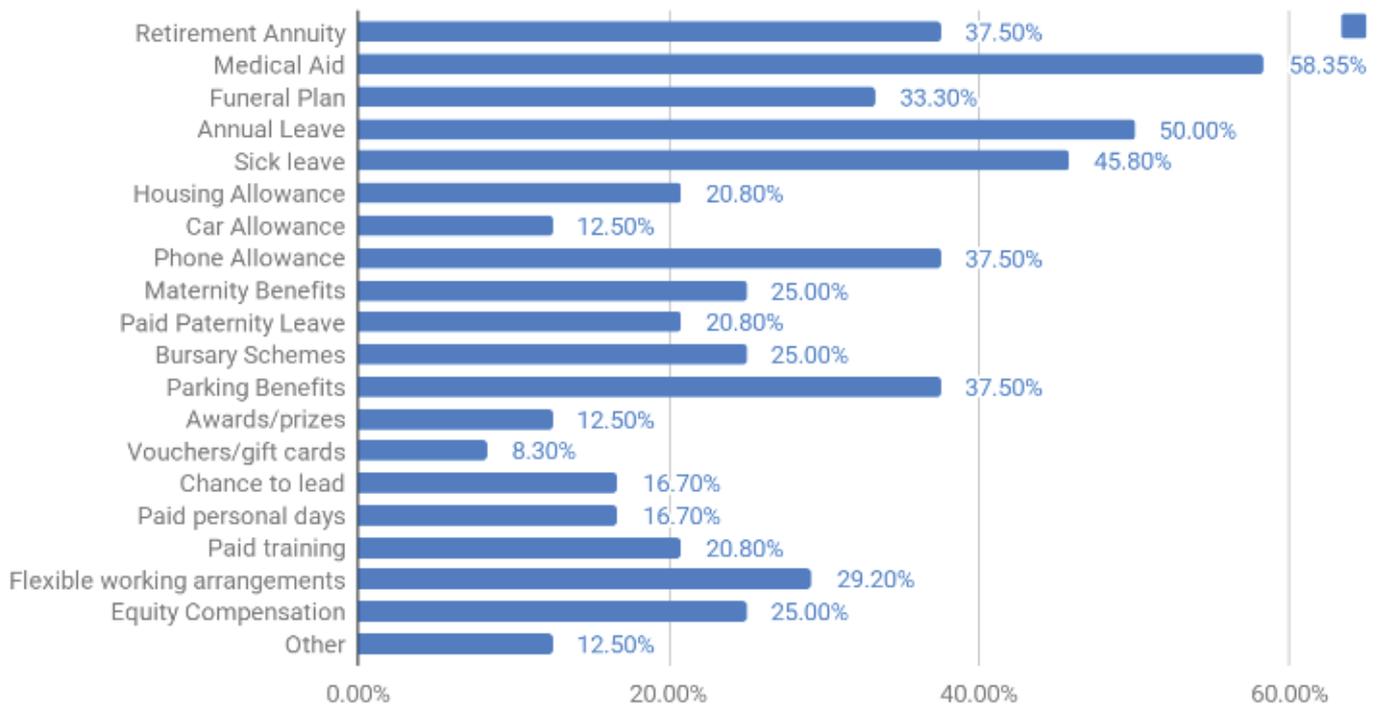
This is a common trend seen in the professional services industries where medium and large firms are able to leverage their the brand equity to attract and retain staff.

Looking at bonuses however we see that smaller financial institutions are offering smaller bonus packages than medium firms.

Overall we see large financial institutions and the Big 5 Banks offering the highest salaries. We have separated the Big 5 banks in that we see that they remunerate their legal staff significantly higher than the other large financial institutions.

A breakdown of salary data across **Investment Banking, Retail Banking, Investment Management, Insurance, Audit, and Private Equity firms** is beyond the scope of a free report.

NON-FINANCIAL BENEFITS



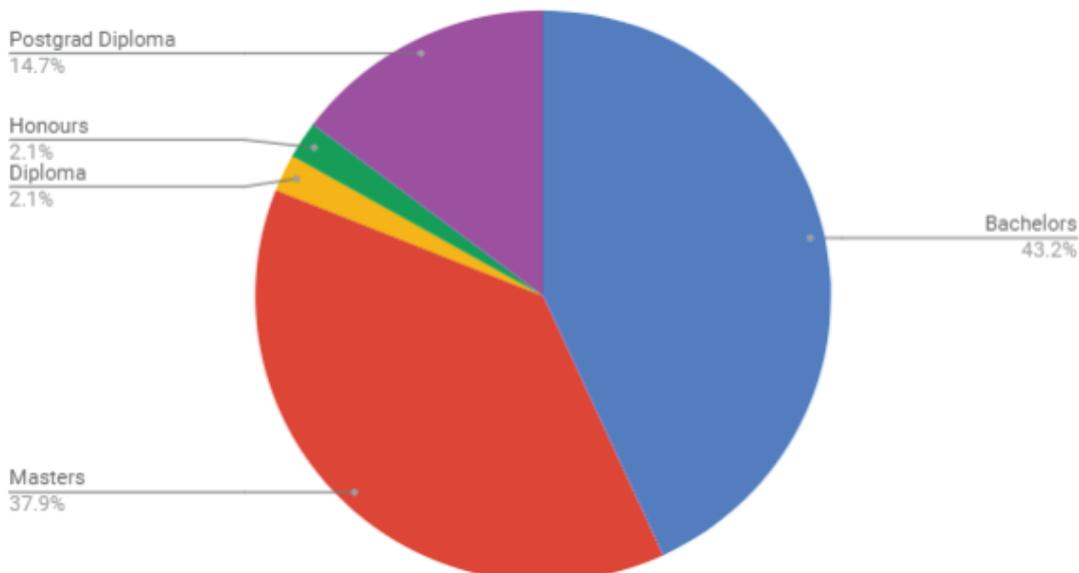
We see a variety of benefits being offered to legal professionals in the financial services sector, the most noteworthy being **Medical Aid (58.3%)**, **Leave (50%)**, and **Sick Leave (45.8%)** benefits.

From past research, we find that there is little variation in the benefits received by legal professionals in private practice versus in-house.

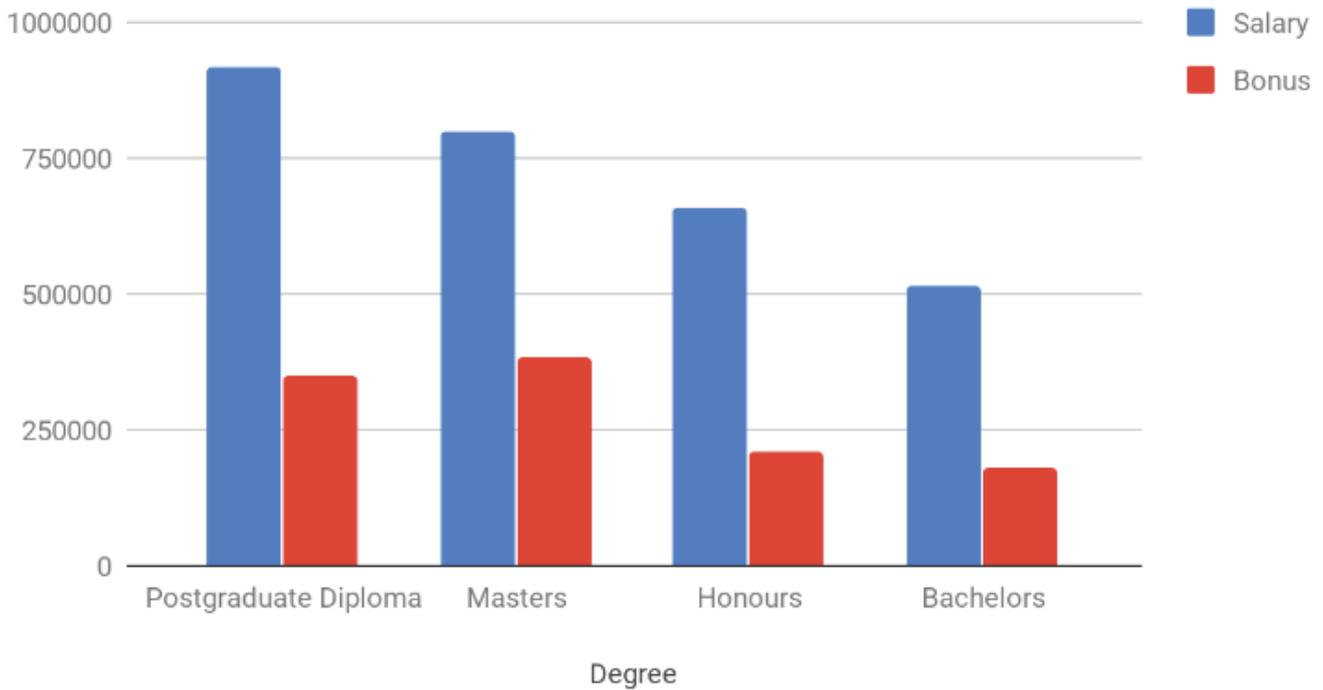
These findings do not deviate significantly from legal professionals in other sectors.

EDUCATION LEVEL

Highest Level of Education



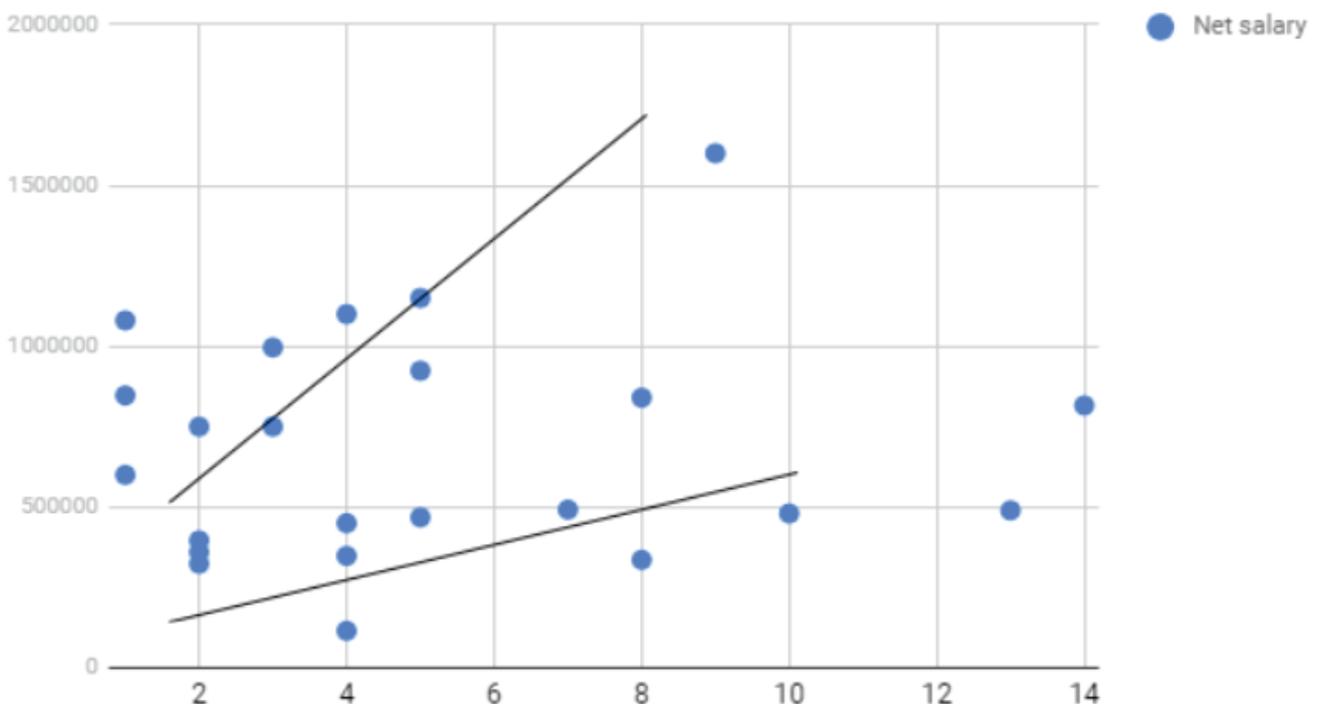
AVERAGE SALARY AND BONUS ACROSS LEVEL OF EDUCATION



Our research indicates a strong linear relationship between the level of education and salaries. With the large majority of legal professionals in financial services having a Bachelors or Masters degree as their highest level of education.

It should be noted that a large majority of the participants held multiple degrees and diplomas. For the purposes of this report, we have only analysed the highest level of education due to scope limitations.

YEARS OF TENURE & NET SALARY



Firstly, we see the large majority of the legal professions in our survey having 0-5 years of experience in the financial services sector.

It should be noted that for the purposes of this study we have not looked at the respondent's total post qualifying experience.

What is interesting is that there is no clear significant relationship between the years of experience within the financial services sector and salary.

The two trend lines in the graph above highlight two key findings.

Firstly we see that with junior or entry-level positions there is only incremental differences in salary respective to the years of tenure in the financial services sector.

Secondly, Senior and Director level staff see more significant differences in remuneration as years of experience increases.



THOUGHTS FROM OUR HEAD OF GLOBAL RECRUITMENT & PARTNER/ TEAM MOVES AFRICA: DARIUS ZEEDERBERG

Retaining and attracting top talent to join a financial house in South Africa may be a more difficult task than one may assume at the back end of 2018.

Retaining and attracting top talent to join a financial house in South Africa may be a more difficult task than one may assume at the back end of 2018.

One of the key considerations a legal professional will reflect on before joining a new firm/company is the way their current compensation is positioned in relation to its competitors.

Yes, some firms offer very attractive additional benefits upon joining their employment, however, in my view dealing with 100's of senior attorneys per week globally, the focus will always be on the 'cash component' the lawyer is offered.

This component not only has an influence on the employee but also on the general well being of the employee's immediate family and/or community. A "sleeping-pod" at work over lunchtime has no influence on your little ones looking to study an expensive course, like a Bachelor of Law, at a University in 5 years.

Building a competitive compensation plan in 2018 is hindered by various factors, including, the fight for best talent amongst competitors, Tito Mboweni's reflection on the country last month, the Treasury stating the economy's growth rate to be at 0.7% and the general liquidity of the company. Value-added tax in South Africa raised with only 1%, with the impact felt by the consumer twofold.

So, what am I saying here? Everything is getting more expensive, with the employee's remuneration remaining the only constant.

From a law firm perspective this constant pressure felt by the individual will push him or herself to consider other avenues of employment, and before you know it, your top performer is working at your next-door neighbour.

OUR RECOMMENDATIONS FOR DECISION-MAKERS ARE:

- Candidates in the financial industry are looking at a 15%-20% increase of their base salary when approaching a new prospective employer.
- Not all financial institutions in South Africa require the legal department to work with the Investment Teams. This requires in-depth knowledge of the JSE Listing Requirements and the Companies Act. This is a scarce skill that should be compensated accordingly.
- True dealings with the Protection of Personal Information Act (POPI) and/ or General Data Protection Regulations (GDPR) is hard to find, as this is a relatively new 'movement' in the fourth industrial revolution. When finding lawyers with hands-on experience, firms should take this into consideration, as the competitors are fishing in the same pond for this expertise.
- Employees with more than one formal education at a Tertiary Institution should be compensated accordingly, as a B Com is generally advantageous on a Group Level and creates a commercially minded desk.

OUR RECOMMENDATIONS FOR JOB-SEEKERS ARE:

- To spend time and give consideration to understanding your market value as well as the benefits of working at a boutique financial institution and an international MNC with a strong brand name.
- More money now is not always the best decision for your career. Moving jobs too frequently do not reflect well to prospective employers.
- There is great variance in terms of the salaries, bonuses, and benefits, and career development paths offered within the financial services sector.
- Most international or larger firms have salary benchmarking initiatives. We strongly caution against demanding a pay raise on the basis of a salary survey. Salary raises should be negotiated on the basis of skill, merit, achievements, dedication etc. and should not be motivated for not on the basis that someone else at another firm earns more than you.
- When negotiating your salary many factors come into play other than the average market rate and your skills. Firm budget, when last you received a wage increase, what your colleagues of a similar skill and experience level are being paid, how scarce your skills are, how senior you are, to name a few.