Wall Street turnover rises with eight-digit salaries

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FULL TEXT

The trading desk was embarking on a second year of strong gains as top executives began defecting to firms such as Bank of America Corp, Citigroup Inc. and Millennium Management. By the fourth quarter, many of the team's heavy hitters were gone.

The setting wasn't a struggling investment bank. It was the equity derivatives desk inside mighty JPMorgan Chase &Co.-one of many pockets of employee turnover in recent months, keeping the bank's recruiters busy. This is part of a trend across Manhattan's financial industry.

Signs are popping up on all sides of increased turnover on Wall Street: one independent recruiter said he's never seen so many openings with eight-figure salaries. A career coach said his clients in the financial sector don't base their decisions solely on money; they're sick of working so hard they can't even have a loving life.

One industry veteran said that resignations are becoming so common that some people are anxious and wondering if they are making a mistake by staying.

The trend coincides with relief from a pandemic that spurred job changes and led many in the industry to wonder whether they wanted to resume old commutes to the office or even stay in the same town.

Now, rival companies are coaxing money or, in some cases, proposing more flexible lifestyles to attract talent and capitalize on the boom in negotiations and acquisition deals. There is also more competition for women and professionals representing minorities after virtually every major firm pledged to improve diversity in the wake of last year's racial equity protests.

While the numbers are hard to calculate, JPMorgan is not alone. What is striking is that a firm of such renown is not immune to talent drain.

Resignation rates in many of JPMorgan's divisions are up at least a few percentage points from pre-pandemic levels, according to people with direct knowledge of the matter. That translates into thousands of vacancies to fill, which then adds up to higher turnover at other banks, and so on.

Indeed, JPMorgan's hiring machine has suffered with replacements and so on. Despite the high number of staff departures, its corporate and investment banking division has managed to increase staffing by 4,500 people in the first nine months of the year. And the equity derivatives desk resorted to promotions to fill vacancies and ended up increasing revenue by more than 20% compared with last year, one person said.

"We've been able to retain top talent even in this unique environment," said Brian Marchiony, a JPMorgan spokesman. "We've also welcomed some excellent new hires to JPMorgan, given our performance and market leadership."

The problem for banks is that defending and hiring talent is expensive. JPMorgan and Bank of America were among the top firms that warned shareholders last month that compensation costs could rise next year.

Goldman Sachs Group Inc. chief executive David Solomon told analysts that there's pressure on compensation and wage inflation, but it's manageable. Days later, Goldman's board awarded special long-term bonuses to him and a vice chairman, giving them more reason to stay.

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