



An upcoming financial services breakfast briefing hosted by Curo Compensation in association with HRzone.co.uk will explore the priorities and challenges for those impacted by the expansion of the FSA code on their reward strategy in 2011 and provide a networking opportunity for reward professionals in this sphere. HRzone readers are invited to attend this event free by registering their interest at info@curocomp.com

As we approach the end of bonus season and head towards a new financial year it is time to consider the priorities and challenges for 2011. Pay in Financial Services continues to be headline worthy and demand huge press coverage, fuelled to some degree by political and public pressure. Reward professionals need to consider how to balance managing this pressure, ensuring regulatory compliance whilst retaining key employees with competitive pay.

For those organisations impacted by the wider application of the FSA code they will need to tackle at an individual level compliance requirements on the leverage ratios between fixed and variable pay, deferral requirements on incentive pay and directives on the use of guaranteed incentives. Across the organisation there will be requirements pertaining to transparency on how bonus pools are calculated to account for current and future risk. Organisations will have to evidence their total variable remuneration does not limit their ability to strengthen its capital base.

Stepping back from the detail Reward Leaders are recommended to consider the broader requirements and how to adapt to the evolving landscape that the latest FSA Policy Statement brings:

Matching performance to reward: When aligning pay to performance at a company and business unit level, measures now need to demonstrate a longer term focus. For individual performance, the use of non-financial measures such as behaviours comes to the fore; particularly rewarding behaviours such as compliance with regulatory and risk management requirements.

Flexibility in the compensation cycle: The delivery of variable compensation needs to be awarded according to the risks taken in achieving profit targets and not just the absolute level of profits achieved whilst being adjusted to ensure a closer link to performance goals over the longer term.

Compliance versus market competitiveness: The 2009 FSA Remuneration code prescribes this should be done through the use of effective deferral and claw back mechanisms using. However, there is a delicate balance between achieving compliance whilst ensuring you are still able to maintain market competitive packages.

HR enabling the business: As the structures to manage performance and derive compensation become more complex, so the requirement to empower line managers with intelligent tools that allow them to make highly informed, consistent payment decisions will increase.

Transparency & governance: You should also be prepared for more rigorous reporting which will include tracking and systematic auditing of pay allocation.

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Taking care of compensation

Please join us to consider these issues and to engage with leading compensation professionals from the Financial Services community. Ruth Thomas is COO for Curo Compensation.

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