Swiss in for Wall Street Bonus Boom?
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Wall Street bankers are rubbing their hands, as bonuses are expected to rise the most since the financial crisis. Will Swiss banks be able to follow suit?

U.S. bank profits soared in both years of the pandemic and are now fueling expectations for higher payouts when bonus season arrives next year.

Investment bankers could see up to a 35 percent on year rise in their incentive payments, according to a study compiled by consultants Johnson Associates (see graph below). This represents the most since the financial crisis of 2008/09 according to «Bloomberg», which first reported the study.

Underwriters Cash In

Incentives for investment banking underwriters are projected to jump by as much as 35 percent, while investment banking advisors could see up to a 30 percent on-year increase.

Equities sales and trading professionals are also headed for a 30 percent rise, whereas incentives for fixed-income traders could edge five percent lower, from exceptionally high levels in 2020. Managers at banks could see up to 18 percent increase, while incentives for staff are expected to go up by 10 percent.

Incentive Trend by Business Segment
Private Equity Robust

Rising assets under management could reflect in an 18 percent bonus surge for asset managers, while private bankers could get a 15 percent boost from business with wealthy clients.

Private equity bonuses are set for a 20 percent lift after robust fundraising and deal-making, while strong performance and record inflows in hedge funds could translate to a 15 percent increase for hedge fund professionals.

Swiss Counterparts
Swiss banks face the pressure of having to compete with their Wall Street counterparts, as well as the threat of people quitting their jobs as companies battle to attract and retain talent. Credit Suisse’s efforts to compete might be stymied by its new bonus model which aims to better align compensation to risk-taking.