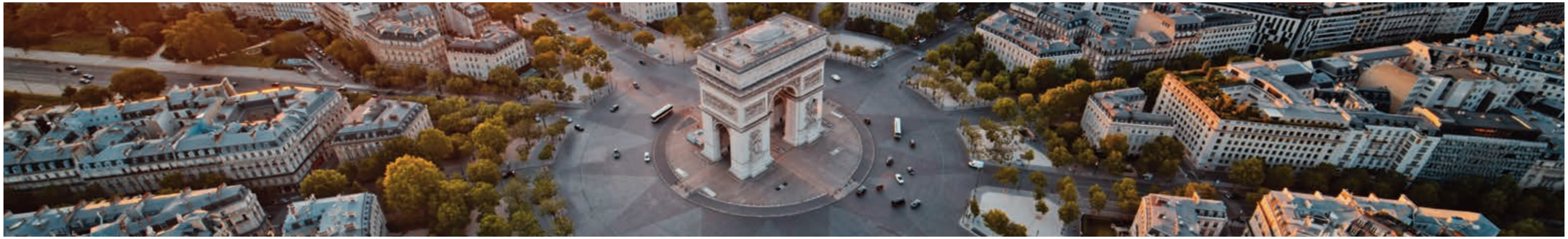
SUMMER 2025.

ThomsonKeene

Market report



2025 H1 overview

H1 began with overall hiring demand higher than we had seen in the month of January for many years (bar the 2022 COVID bounce back). Clients had, in many instances, completed many of their cost rebalancing exercises and many eyes in management were finally looking forwards to moving ahead with various, often long-planned, initiatives.

The highly unpredictable geopolitical climate which ensued (see below) didn't necessarily reduce the volume of demand, indeed most of January's roles were filled successfully, but it certainly led to a significant slowdown in the hiring processes and a reluctance to sign-off on further rafts of investment for a few months.

Since May we have been starting to sense an acknowledgement amongst many key decision makers that unpredictability is probably the "new normal". Additionally, that sitting on one's hands for the next 4 years may not be the best option given that market share over the next few years will be in part dictated by those who seize the opportunities offered by the rapidly-evolving advances in contemporary data and technology fields, again more on which below.

Given the above, and with trading divisions still posting very strong numbers, we anticipate steady growth in demand across the investment banking market for the remainder of 2025. We anticipate this remaining chiefly across front office / revenue-linked divisions for the London market. As with 2024, focus is expected to remain on e-Trading, Algo and Quant Dev FICC teams (particularly in the battle for rates and FX market share). However with equities houses posting much-improved figures given all the market volatility we are hearing of a couple of bigger players, for the first time in several years, looking at embarking upon some significant programmes across their equities e/Algo trading functions.

That said, with London functions being increasingly focused on the Front Office, we are seeing a number of institutions clearly focused on reducing the size of their downstream technology teams, particularly at the VP+ level, either through significant rounds of redundancies, or more slower paced hiring freezes/selective redundancy/no backfilling attrition.

Which sectors are hiring?

Overall, almost all of the bigger IB houses are in the market to some degree (which has been a long way from the case in most recent years), but, whilst picking up, hiring is still quite patchy right now with broader Front Office hiring expected as the year progresses.

We have seen a fairly significant downturn in demand across the more traditional investment management sector with AUMs taking a hit during recent volatility. Most firms are firmly on pause in terms of hiring with one or two major players having embarked upon very significant rafts of cuts in London, instead focusing on building out off-shore functions.

Elsewhere on the buy-side, hedge funds have continued their aggressive hiring push across various data science, AI and systematic/quantitative disciplines resulting in further comp inflation for the very best talent and ongoing talent outflows from the sell-side.

Ambitious hiring at the commodities trading houses remains steady, perhaps tempered slightly from a few spectacular years, but we anticipate them to remain bullish on hiring and committed to various multi-year programmes across their trading platforms (with significant focus on data science, AI etc).

The crypto / digital asset market continues to grow with various new firms emerging as the sector matures and evolves with institutional support from mainstream TradFi. Start-ups looking to build new platforms demand strong engineering talent, commonly low-latency engineers from e-trading platforms in banks and funds.

Which skills/roles are in demand?

Availability across different talent pools now varies hugely. The Programme / Change / Transformation related disciplines are still suffering with extremely low demand / high supply. We are still seeing minimal need for clients to look externally for talent. On the other hand, experienced engineers (particularly those with Front Office, low-latency experience) are receiving multiple competing offers. Overall Java, JavaScript, Python remain the dominant themes.

Perhaps most interestingly, H1 has seen a noticeable increase in demand for talent across the AI/ML/data science space and related roles therein. Generally these have been at small/mid-size firms who can begin taking the leap without having too much transformational complexity or interdependencies to worry on… bigger firms of course will follow. Hires have been somewhat piecemeal, across different types of firms (buy-side / hedge funds, insurers, commodities traders etc), and for roles ranging from top AI post-grads, through experienced data scientists, ML engineers, to “AI transformation leads” with comp varying wildly depending upon the level of the

continued

hire and the criticality of successfully adopting AI to the business' ongoing success. One thing we can definitely say though is that most of this talent is from outside of finance, highly academic and commanding a premium significantly above other disciplines requiring similar years of experience.

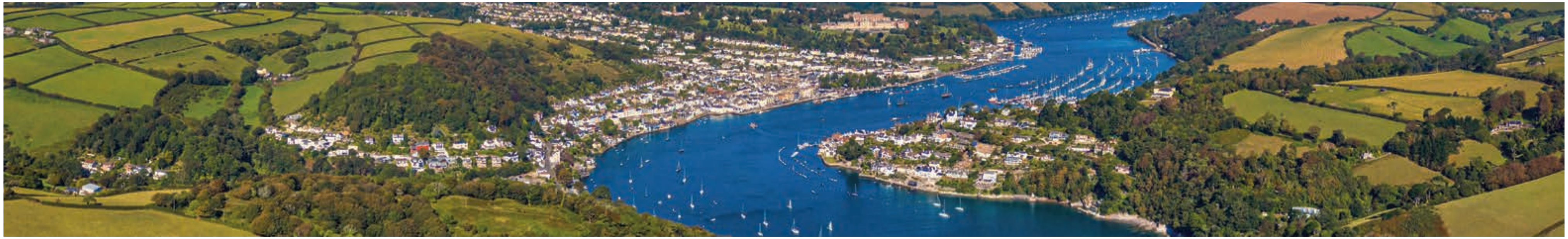
Contract demand remains subdued, not really having recovered since the IR35 policy amendments in 2021. We see some demand from consultancies looking to augment their delivery teams and sporadic direct hiring at certain clients but generally this market looks to have a long road back to pre-COVID days. That said, as we move into longer-term unpredictability and potentially a reduced overall requirement for technology headcount in the new AI-driven world, one could see a hesitancy to push forward on large-scale permanent hiring and a return to contract hiring instead. The potential changes in UK Employment Law, via the Employment Rights Bill (more on that below), could also influence the permanent/contract split.

Tariffs and geopolitics

Last year we talked about the impact of the new Labour government in the UK but that has fallen into the background since the "Trumponomics 2.0" era began in January. The biggest policy change being the tariffs implemented on the US's trading partners, causing some serious macro-economic shocks and uncertainty across global markets in addition to the Middle East / Ukraine situations. Whilst this market volatility is good for certain trading desks (and reflected in some strong revenue figures), it has created a broader stagnation in decision making on potential system/tech investment.

That being said we believe firms are adapting to these geopolitical uncertainties and beginning to progress plans, particularly given Trump is potentially here until at least 2029.

In the UK, Starmer is facing a tough time after a difficult first year in power and a faltering economy. Largely from global events but he's had to make several domestic policy U-turns from backbencher pressure. The Employment Rights Bill is still working its way through parliament but facing significant amendments on further consultation with industry. The feeling is that because of the stagnating economy and re-emergence of inflation risk, there may well be an element of kicking some of the more onerous elements into the long grass. The business community is calling for less tax, less regulation and less bureaucracy, so this would be welcome albeit the Employment Rights Bill was a key Labour manifesto pledge and unlikely to please its backbenchers.



The growth of AI

As we've already mentioned there is now some real, tangible demand for AI talent, and whilst a lot of the roles are still familiar data scientists and ML engineers, some AI job titles are creeping into HR vocab; AI Researcher for both junior and senior candidates developing new algos and techniques. AI Product Managers and AI Ethicists are job titles, that will become commonplace across our sector, soon. NLP (natural language processing) and computer vision engineers are also being hired to contribute to AI initiatives, often directly from research/academic environments.

Big tech and firms in autonomous vehicle software, supply chain optimization and data management, are leading the way with significant AI / ML investment. This is creating talent with real experience of building and developing AI platforms and tools. The finance sector will have to find ways to attract this talent, with commitment to AI budgets and strategy as well as strong financial incentives.

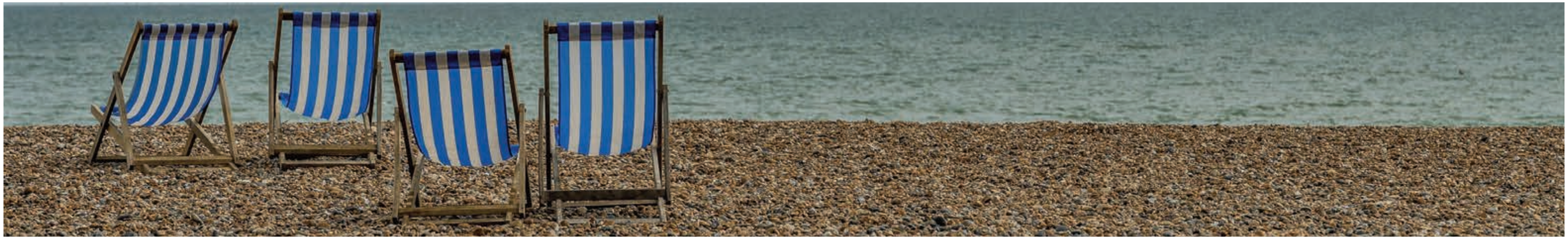
While AI adoption grows, so does regulatory scrutiny. Financial regulators are actively exploring frameworks to ensure transparency, accountability, and fairness in AI applications. Issues such as algorithmic bias, data privacy, and explainability of AI decisions are central to shaping future regulatory standards. The financial services sector feels like it's at a pivotal point in AI adoption.

Has hybrid working stabilised?

The debate has mainly moved on, and it's now more common to see new roles requiring five days a week in the office. The majority though have settled on a three day hybrid set up. Fully remote roles are very few and far between and tend to be outside the corporate firms, now mainly just the product of start-ups. In fact we've had some candidates wanting to leave firms where there is not enough time in the office, wanting a more office based working environment.

It's worth noting that whilst policy may dictate a certain number of days in the office, the policing of this differs from firm to firm.

We've heard of some banks using access control / desk occupation data to validate attendance and using this in reviews. Others have much less oversight, leaving managers to use their discretion.



Location strategy

We are seeing some shifts in location strategy albeit there is a still an underlying pressure to hire in low cost centres. Although with wage inflation and more demand in the traditional offshore locations, the gap is closing.

Tech is also changing, and as discussed above, demand has focused on specialist front office areas where specific skills and knowledge are required, meaning more senior, experienced local hires are evident. With AI talent being seen as the next wave of significant upskilling, firms will have to compete with leading edge tech firms and location strategy may become a secondary consideration.

2025 H2 outlook

Whilst the Middle East works towards a ceasefire as well as ongoing negotiations on the Trump Tariffs, lasting stability is a way off. As discussed above, many longer term plans have to be implemented to maintain market share, or to keep pace with the AI juggernaut. We see demand for talent steadily improving over H2, particularly in those specific front office areas already highlighted.

We expect to see further demand for AI/ML/Data Science functions with firms keen to hire talent with experience out of more AI invested sectors.

Speed read

- Impact of Trump’s Tariffs and geopolitical uncertainty felt in Q2
- Clients adapting to volatile markets
- Demand across more clients, albeit still in pockets
- AI/ML initiatives gathering momentum

In turn the continuous improvement of infrastructures to support these initiatives will continue, e.g. scalability, colocation, data quality etc.

As global markets stabilise we see the buy-side firms coming back to the table, and as investment flows increase those tech firms who can solve specific problems with AI / ML solutions will see success and growth.

ThomsonKeene

Thomson Keene is a specialist recruiter in the technology and change space. We work in partnership with clients across:

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Please contact us to discuss how we can work together.

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