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Canadian banker pay also on the rise

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Bank towers at Toronto's Bay Street (Fred Lum)



Banker pay cheques in Canada are likely to keep getting bigger, continuing the recovery that started last year, but 2010 bonuses probably won't set a record.

That's the opinion of recruiter Bill Vlaad, who runs the Toronto firm Vlaad & Co. He does an annual compensation survey.

There just aren't enough deals booked in the last 12 months to justify a surge in bonuses to record levels.

"How do we get to a record year unless we see record deals getting done?," said Mr. Vlaad.

The Wall Street Journal is estimating that pay to employees of the big U.S. financial institutions will rise to \$144-billion (U.S.), topping the previous annual record of \$138-billion.

In Canada, "the numbers we're going see are going to be up mildly," Mr. Vlaad said.

Of course, much depends on the definition of mildly.

What bankers at senior levels can expect, the recruiter said in recapping his recent survey of 700 professionals, is a percentage increase in pay of something on the order of 10 per cent or perhaps 12 per cent. At junior levels, the increase won't be as steep, Mr. Vlaad said.

Even so, that likely won't be enough to get many Canadian bankers back to what they were earning in 2007 because compensation fell so much the next year. For many senior bankers, pay dropped by as much as 50 per cent, before bouncing sharply in 2009. (The drop was less at junior levels, so the rebound has been more muted, Mr. Vlaad said.)

Equity and debt issuance hasn't put up big numbers this year, unlike in 2009, when markets were in rebound mode from 2008 and companies were recapitalizing.

And while mergers and acquisitions have picked up, some of the big deals that are out there, such as the BHP Billiton PLC bid for Potash Corp. of Saskatchewan Inc., aren't likely to close in time for this year's bonus season.

"Those cheques haven't been cut yet," Mr. Vlaad said. "Those don't come until next year."

Because of such deals, bankers covering the fertilizer industry are likely to post some of the biggest increases in pay.

"Probably the MVP for this year and for next year is the fertilizer and agricultural business," Mr. Vlaad said in the recap of his survey.



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