

WALL STREET SEES LOWER TO FLAT YEAR-END BONUSES, JOHNSON ASSOCIATES ANALYSIS FINDS

Investment banking advisors, regional bankers to see largest declines amid bank failures, weak M&A activity

NEW YORK, NY, UNITED STATES, November 14, 2023 /EINPresswire.com/ -- Year-end incentive

“

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Alan Johnson, managing director, Johnson Associates

payments throughout Wall Street are expected to decline or be mostly flat amid rising interest rates, bank failures, weak M&A activity and overall economic uncertainty. Still, some professionals including investment banking equity underwriters, global retail and commercial bankers, and wealth management professionals are in line for a modest bump in their bonuses. That’s according to a closely watched [industry analysis](#) released today by Johnson Associates, Inc., a New York-based compensation consulting firm.

“Most Wall Street professionals will have to wait another year for a rebound in year-end bonuses,” said Alan Johnson. “With the financial markets and overall economy struggling to find footing throughout the year, most business segments remain under pressure to keep compensation costs down. As a result, incentive payments throughout the industry will be mostly lower to flat with three notable exceptions -- large commercial and retail bankers, investment banking equity underwriters and wealth management pros, who can expect a bump this year. But for most other professionals, it will be another disappointing year.”

According to the analysis, investment banking advisory professionals can expect to see their year-end incentives (cash bonuses and equity awards) decline 15%-25% this year while awards to regional commercial and retail bankers are projected to decline 10%-20%. Conversely, investment banking equity underwriters are projected to receive bonuses that will be 5%-15% larger versus last year while bankers at global retail and commercial banks are projected to receive awards as much as 10% larger. Year-end incentives for most other professionals including those at hedge funds, private equity, asset managers and those in sales and staff positions can expect modestly smaller to flat year-end payments.

Business Area Percent Change from 2022

Investment Banking (Advisory)	Minus 15% to Minus 25%	
Retail & Commercial Banking (regional)		Minus 10% to Minus 20%
Investment Banking (Debt Underwriting)		Minus 10% to Flat
Sales & Trading (Equities)	Minus 5% to Minus 10%	
Asset Management	Minus 5% to Minus 10%	
Hedge Funds	Minus 5% to Up 5%	
Firm Management	Minus 5% to Up 5%	
Sales & Trading (Fixed income)	Minus 5% to Up 5%	
Private Equity (Mega, Mid/Large)		Flat
Corporate Staff	Flat	
Retail & Commercial Banking (Major Global)		Flat to Up 10%
Wealth Management	Up 5%	
Investment Banking (Equity Underwriting)		Up 5% to Up 15%

Johnson Associates regularly monitors compensation trends among a wide range of commercial and investment banks, asset management firms, and other financial services companies. Its quarterly compensation analysis is based on the firm's ongoing monitoring of the financial services industry, numerous proprietary data points, and public data from six of the nation's largest investment and commercial banks and ten of the largest asset management firms.

Outlook for 2024

Looking ahead, 2024 is unfortunately expected to be another challenging year. Residual effects from higher interest rates coupled with geopolitical stressors will continue to impact financial services. Headcount and staffing models are being evaluated with consideration for lower-than-expected voluntary turnover. To date, broad base salary freezes are being avoided, but smaller merit pools are being strategically allocated. Many sectors will launch from a lower starting point in 2024, leading to compensation challenges that require attention and creativity.

About Johnson Associates

Johnson Associates is a boutique compensation consulting firm specializing in the design of annual and long-term incentive plans and establishing appropriate market pay levels. The firm is well-known for providing candid advice and for its expertise and in-depth knowledge of the financial services industry, including major investment and commercial banks, asset management firms, hedge funds and other alternative investments, insurance companies, and

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