



The Spotlight

The Spotlight is a regular Q & A feature that showcases our people, their expertise, and trending topics that are on top of our clients' minds directly from the voices of our business leaders.



Karl Mischenko, Associate Partner, Financial Technology

Karl Mischenko heads McLagan's global financial technology practice, providing clients with compensation benchmarking and human capital advisory solutions. He serves as the global relationship manager for many of the leading FinTech providers and assists clients across a full range of pay-related advisory services and products. Karl also supports the firm's banking sectors, focusing primarily on infrastructure support areas including information technology.

Questions and Answers

How are FinTech firms competing against technology firms for skill-specific talent?

I believe that FinTech firms are finding the right balance between compensation and culture, placing a large emphasis on the full employee value proposition. Don't get me wrong, big tech companies definitely have unique cultures and competitive pay; however, FinTech firms often have a bit more structure surrounding things like career development and promotion criteria, which helps to create a view of stability and opportunity for prospective employees.

How do FinTech firms approach rewards differently than traditional financial services firms?

In terms of pay, FinTech firms are fairly competitive with traditional financial services firms, but with more structure related to variable compensation. FinTech firms often use target cash incentives, which are usually communicated to employees, whereas financial services firms are still mostly discretionary. FinTech firms also think of long-term awards as more of an add-on award vs. a carve-out award. Additionally, eligibility to receive these long-term awards is much broader at FinTech firms than at banks. In fact, nearly all employees are typically eligible to receive some sort of long-term award at most FinTech organizations.

If you could describe the current FinTech industry in three words, what would they be?

Broad, innovative, and evolving.

How can FinTech firms best prepare for the year ahead?

FinTech firms should double down on creating a unique and compelling culture that truly sets them apart from both traditional technology and financial services companies. Doing so will help to attract and retain the best available talent. Going into 2020, I leave firms with these three pieces of advice:

- 1. Define your DNA.** Figure out what core values are most important to the firm and reinforce those values throughout the organization, integrating them into pay practices, career development frameworks, etc.
- 2. Create a strong employee value proposition.** Don't think about communicating offers only as a 'great opportunity.' Truly consider what sets the firm apart and craft it in a way that makes employees say, 'I have to work here!'
- 3. Spend wisely.** Throwing money at talent doesn't always work, so spend in ways that will produce the best ROI. Firms are sometimes too reactive when it comes to hiring key talent based on today's needs. There is great opportunity in thinking about the future of the organization and planning for what talent and critical skill sets will be necessary down the road. Firms can also be more selective with annual increases and bonuses, focusing spend on the highest performers and ensuring that employees feel rewarded for their contributions.