

## Strong Salary Growth for Top-Level Financial Staff

CFO salaries in emerging Europe increased strongly last year. "There is a general lack of expert financial personnel in CEE markets, especially for those with foreign language skills," says Martin Hofferberth, a CEE expert for HR consultancy Towers Perrin (TP). "As a result, many enjoyed salary increases that were considerably higher than those for other job profiles." Growth in Poland has been particularly pronounced because many professionals there are recruited by investment banks or other companies from the UK, he adds. Ac-

ording to a TP survey, top-level salaries grew by 6.3 percent in Poland to the equivalent of €85,000 on average. "But financial positions have seen larger raises," Hofferberth points out.

The labour market in the Czech Republic is in a similar situation, leading to similar results: The average CFO income in 2007 equaled about €86,000, according to HR consultancy Robert Half Czech Republic (RH), though the increase was slightly less than in Poland. Here, too, labour shortages are common, leading to wage levels that are com-

parable to those found in western Europe. "For all positions, wage differences between the Czech Republic and the west are still significant," says Tomas Bergl, RH Division Manager in Prague, "but the situation is vastly different for management positions in finance and accounting. The annual averages are roughly equal to, and in some cases even higher than, those in other European countries." This, he adds, may be part of the reason why Czech financial professionals do not easily respond to job offers from abroad. It may come as no surprise, however, that wage increases in Russia were faster in 2007 than anywhere else, with the possible exception of Ukraine. "Top-executive salaries three years ago were just about half of what they are today," says Robert Scherl of Scherl & Partner, an executive-search company. "A well-qualified professional in and around Moscow earns the equivalent of €7,000 a month – net." *sta*

### Average CFO gross salary

	2006	2007	Change	GDP growth 2007
Poland	€80,000	€85,000	6.3%	6.6%
Russia (Moscow)	n.a.	€84,000 (net)	approx. 10%	8.1%
Czech Republic	n.a.	€86,000	4.9%	6.6%
Germany	€96,000	€99,000	3.1%	2.5%

Sources: RHI, Scherl, TP

## Banks Are Losers – and Winners – of Crisis

The global financial crisis has heavily impacted Russian banks. "Credit conditions have deteriorated, volumes have shrunk and interest rates have risen," says Garegin Tosunjan, President of the Association of Russian Banks (ARB), a lobbying organisation headquartered in Moscow. "The crisis has not been the real problem, however. Renewed inflation, which has been at 9.3 percent since December 2007, has had a much stronger influence on interest rates," he adds. Russia, like the rest of the world, has been hit by rising energy prices that have led to repeated upward revisions of inflation forecasts for 2008. The Russian Central Bank (CBR) has raised its key refinancing rate four times since the beginning of the year, initially from 10 percent to 11 percent as of July. Prior to January, it had

not raised rates for an entire decade. Russian banks generally have had a harder time finding capital abroad and thus have faced liquidity issues. Seeming to brighten after a sombre first half of the year, the outlook has recently worsened with the unfolding crisis in the Caucasus, and the Russian government has accused individual companies of contributing to inflationary pressures. As a result, foreign investors have lost some confidence in the market and have begun to withdraw their money.

But some Russian banks have also profited from the crisis, especially big ones like VTB and Sberbank. These banks have large deposit bases and little need for external funding and were able to win over customers from smaller banks who seemed less well equipped to

weather the turmoil. International banks active on the Russian market may also have been able to shield themselves against negative effects because of better access to foreign money. "Raiffeisenbank has not felt much of this crisis," says Johann Jonach, CEO of Raiffeisenbank Russia. "We have our own business model, and, being part of an international banking group, we have ample access to international and local funding." *irj*

### Consumer price increases (in %)

