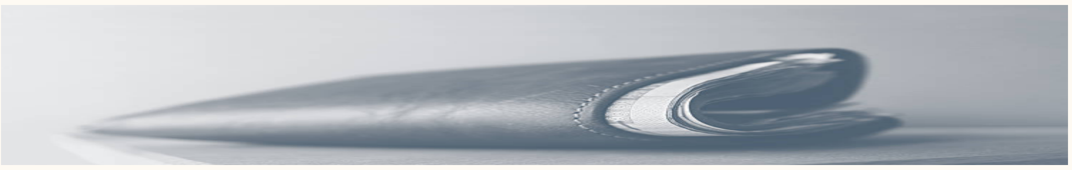
FINTECH

Blockchain salaries go parabolic: 'You can make a fortune'

Financial institutions and startups are being forced to pay six-figure sums to lure experts in a technology that is still relatively unproven



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By Yolanda Bobeldijk

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Banks, consultancy firms and fintech startups are investing hundreds of thousands of pounds to attract blockchain developers, the latest struggle in an ongoing attempt to keep up with technology widely expected to revolutionise financial services.

Top blockchain developers are so scarce that they can demand annual salaries ranging between £250,000 and £500,000, according to industry experts.

"There's a talent shortage in the network", Richard Burgess-Kelly, founder of regtech recruitment company Liberam, said. "There's a big shortage in artificial intelligence, machine learning and blockchain. When you have done a PhD in blockchain, you can make a fortune."

Burgess-Kelly added that these degree-holders can "easily earn between £500 and £1500 a day" - which would equate to an annual salary of £360,000 a year.

Oliver Bussmann, the founder of Bussmann Advisory and the former chief information officer at UBS, said that "a normal blockchain engineer can earn between £200,000 and £300,000".

He added that less than 20,000 people globally have blockchain experience or expertise. "That's not a lot. Demand for these skills is high. To get the talent you have to pay."

One person at a blockchain group who did not want to be identified said that the half a million figure sounded “way high”, but added that paying blockchain engineers £100,000 “could be entirely reasonable”.

But Peter Randall, the founder of blockchain startup SETL called such salaries “nuts”. He said: “It’s not clear to me that paying £200,000, £300,000 or £400,000 is necessarily good business. It’s hard to see how people make a return on that [investment].”

Banks are forced to compete on compensation with fast-growing startups that can offer potential hires what could become a golden ticket: equity. According to Tim Coates, a managing consultant who specialises in blockchain at technology consultancy Synechron, these developers have “a lot of market power”, and that some of these blockchain solutions are still being built. “No-one has more than two or three years of experience in this. The hype is incredible.”

He said: “If you speak banking language and you have blockchain experience you are in a very good position.”

Financial services are keen to get to grips with blockchain because of the huge savings it could potentially unlock. Blockchain, or distributed ledger technology, is the infrastructure originally conceived to underpin cryptocurrency bitcoin. On its own, the blockchain is a register of financial transactions on the internet that is protected by advanced cryptography, making it suitable for many sensitive banking functions. The consultancy Accenture predicted that blockchain could save eight of the world’s 10 largest investment banks by as much as $12bn a year. As a result, banks have piled in and committed large amounts of money to developing the technology even though it is still relatively unproven.

In May, a group of the world’s biggest banks poured an additional $107m into blockchain startup R3 despite the fact that the business doesn’t have a commercial product yet. R3, which also charges banks an annual subscription fee of $250,000, will be spending most of its new funding on hiring “very talented people,” Charley Cooper, a managing director at R3 said. Coates said that there was a “very aggressive demand” from R3’s owners to have a product within a year and that, as a result, “they throw money at it.”

A person familiar with the matter said that R3, which currently employs just over 100 people, will add between 60 and 70 employees in the coming year.

The person added that R3 has set aside a pool of investment which will allow new hires to own a piece of the company. He said: “It’s not the same as cash but it gives them an ownership stake in something that they very much believe in and the final thing is that is really quite helpful in hiring."

However, not all blockchain startups will have millions at their disposal to pay for hefty salaries. What is more, the scarcity of talent could worsen following Brexit, which is likely to end the freedom of movement between European countries, Burgess-Kelly warned. The Tory party's election manifesto detailed plans to introduce an annual levy of £2,000 for each non EU-worker employed by UK-based companies, which some within the fintech community have dubbed "aggressive".

And blockchain talent is not the only type of worker desperately sought by financial services firms. Demand for data scientists and web developers is pushing their salaries sky high as well. Salaries for young data scientists and web developers have risen by as much as 20% over the last 18 months and one recruiter said that this will "only continue".

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