



FINANCE SECTOR COMPENSATION SURVEY LATVIA 2022

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INTRODUCTION

The 2022 Finance Sector Compensation Survey is the eighteenth survey in this particular sector. The survey reflects salary trends and practices in the Finance sector.

The purpose of the sector compensation survey is to provide Finance organizations with objective information related to employees' compensation.

The survey presents an overview of the current salary market (as of June 2022) in the Finance sector, compares changes to the previous year and describes expectations organizations have regarding employee compensation.

The Finance Sector Compensation Survey 2022 in Latvia comprises the data of **34** organizations. The number of positions included in the analysis in the Finance sector survey remains at high level: this year there are **9 989** positions analyzed in the survey.

The report provides: (1) analysed information on compensation changes and compensation policies, (2) detailed compensation - related analysis according to job families and levels and (3) compensation information in salary tables according to job families and levels.

The Salary Tool (Excel file) includes comparisons made based on organizations and incumbents (see Organization weighted and incumbent weighted approach).

We hope you will find our survey a helpful tool in making compensation-related decisions.

We would like to extend its gratitude to all participants who helped compiling the present survey.

Sincerely yours,

Anta Praņēviča, Kristiāna Boša, Jānis Kaļķis, Viktors Kačalovs, Mārīte Martinsone



FIGURE



TALENT AND SALARY

How to find perfect balance between hopes and possibilities?

How to value talent in numbers?

What is the... adequate value of the priceless?

Find the answers in Compensation Survey

TALENT AND ORGANIZATION

Do we fit together?

Do we speak the same language?

Are we in our own element?

Find the answers in Organization Culture Survey

The survey is created in cooperation with Tallinn University

TALENT AND SATISFACTION

Are the talents satisfied and dedicated?

What is the relation between results and feelings?

How humane is the working environment and the organization?

Find the answers in Employee Satisfaction Survey



SUMMARY 2022



34

organizations participated in the Finance Sector Compensation Survey 2022 in Latvia.



9 989

employees' compensation information is analysed in the survey. 91% of employees work in Riga, and 9% in rest of Latvia.



+8,8%

is the average change of monthly base salary for employees whose position did not change during previous 12 months. Annual total cash change was on average +13,5%. These statistics include data of all employees, including those whose salary has not been changed or was reduced.



48%

of the organizations increased the number of employees during previous 12 months. The same number - 48% of organizations decreased the number of employees, meanwhile, in 4% of organizations the number of employees remained the same.



11,4%

is the average increase of monthly base salary for those employees whose position did not change during previous 12 months.



10%

is the average employee voluntary turnover in organizations during previous 12 months, meanwhile, total employee turnover was on average 17%.



77%

of employees have received an increase in monthly base salary, meanwhile, annual total cash has increased for 91% of employees having similar responsibilities as the year before.



96%

of the organizations plan to increase monthly base salary during the next 12 months, 95% plan to increase annual total cash as well.



76%

of employees during previous 12 months have received at least one variable component of compensation. 57% of employees have received short-term bonuses and incentives, 19% of employees long-term incentives and 7% of employees - sales bonuses and incentives.



84%

of the organizations offer short term incentives and 48% of organizations offer sales incentives to at least one employee group. 19% of organizations offer long-term incentives.



+5,9%

is an average forecasted change in monthly base salary during the next 12 months. Forecasted change in annual total cash is on average 4,9%, 5,4% and 4,9%, for year 2022, 2023 and 2024 respectively.



74%

of the organizations plan to increase the number of employees by the end of year, 11% plan to maintain the same number of employees and 15% of organizations plan to decrease the headcount.



97% of organizations offer both Internal and external training, while 3% do not provide any training for their employees. For 51% of organizations the training expenses have not changed, for 39% increased, while 10% of the organizations have decreased their expenses for employee training.



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SURVEY METHODOLOGY

Participants and Target Group

The purpose of the Finance Sector Compensation Survey is to provide each organization's compensation analysis and comparison to the sector, based on structured high-quality market information in the Finance sector in Latvia.

The survey helps to follow and to evaluate changes in the labour market, to make compensation related decisions and to define the right compensation package for employees consistent with the current situation.

Job Classification

To ensure a precise compensation comparison among jobs with similar responsibilities and functions, all jobs present in organizations are classified into specific job families (by the function and content) and levels (by the responsibility and job complexity) using the General Job Description Catalogue and Finance Job Description Catalogue. All job families and levels have also been evaluated using analytical job evaluation method (see APPENDIX C - Analytical Job Evaluation Method), in order to facilitate comparison between different job families (in points).

Job descriptions used or classification are represented prior to a respective salary table.

Salary and Compensation Data Gathering and Analysis

Salary data was gathered using two complementary data forms: salary tables and questionnaires regarding compensation policy.

Data was asked for all jobs in an organization. The data was collected, processed, and analyzed between May to July 2022. The monthly base salary data is provided as of June 2022. When calculating the amounts of annual total cash, paid out variable short-term incentives and assigned long term financial incentives/bonuses for the previous 12 months are taken into account.

Compensation changes in job families and levels have been calculated for employees whose position, duties and responsibilities have not changed during last year as well as for employees whose position, duties and responsibilities have changed (for example, who work on a higher or lower position than last year or with increased responsibility and duties).

In addition to the detailed compensation data, the representatives of the organizations provided information on compensation policies. The information was gathered from the questionnaire in five general parts - general information on the organization, compensation system, compensation parts (including incentive schemes), benefits and training, other additional questions.

The electronically obtained data was checked and streamlined. RStudio Desktop 2022.02.3+492 as well as spreadsheet application MS Excel were used for statistical analysis.

When the answers were submitted for statistical processing, usually the median value and/or the arithmetic average was calculated; for salary data other positional averages, such as the median, 10%, 90% deciles and 25%, 75% quartiles, were also used (see APPENDIX B - Terms). The percentages presented in the tables and graphs represent the weight of an answer among the total number of answers to the questions at hand (respondents who did not answer have not been taken into account).

The salary information has been presented based on two principles:

- to submit as much objective information as possible,
- to preserve the confidentiality of the information relating to the participating organizations.

Therefore, the criterion of the minimum number of organizations has been used upon analysis.

All numbers are presented in gross amounts and in EUR.



Organization weighted and incumbent weighted approach

Compensation survey consists of two different approaches of calculation: organization weighted approach and incumbent weighted approach.

Organization weighted statistics better reflect company policies (a pay for a job), while incumbent weighted describes the reality of the labour market (a pay for an individual).

Tip: Incumbent weighted describes what the average person earns...not what the average company pays.

Organization weighted approach (extension **ORG**) – a job market distribution computed using the averaged incumbent pay for each organization. Each company is weighted equally so no company can influence the distribution statistics based on a large share of the incumbent sample. The "Organization weighted" part of this term indicates that it is a reflection of what the typical company is paying. The calculation first determines the average pay for a job at each unique company, and then calculates the average of those averages.

Incumbent weighted approach (extension **IND**) – a job market distribution computed using individual employee (incumbent) pay data regardless of affiliation with a company. While each incumbent is weighted equally, organizations with large share of the incumbent sample may influence the distribution statistics. The "Incumbent weighted" part of this term means it is the average pay for each person in the labour market.

The Compensation Analyzes Tool represent both organization weighted and incumbent weighted approach. Trendlines in the Compensation Analyzes Tool are based on organizations!

Explanation

Say we have companies A (with 3 employees), B (with 2 employees), C (with 9 employees), D (with 2 employees) and E (with 4 employees).

If we want to know the average salary based on the employees (incumbent weighted approach), we sum up the salaries of all the employees and divide the sum by 20 (the total employees of 5 companies altogether).

If we want the average salary based on companies (organization weighted approach), we'll start by calculating the average salaries inside the companies and then find the average total (by summing up the averages of the companies and dividing the sum by 5).

Based on employees

Org	Salary
A	1 000
A	1 000
A	1 000
B	900
B	1 200
C	860
C	860
C	860
C	900
C	920
C	920
C	980
C	980
C	980
D	800
D	850
E	1 200
E	1 200
E	1 200
E	1 500
Average	1 006
Median	980

Based on organizations

Org	Average Salary
A	1 000
B	1 050
C	920
D	825
E	1 275
Average	1 014
Median	1 000



STRUCTURE OF THE SURVEY SAMPLE

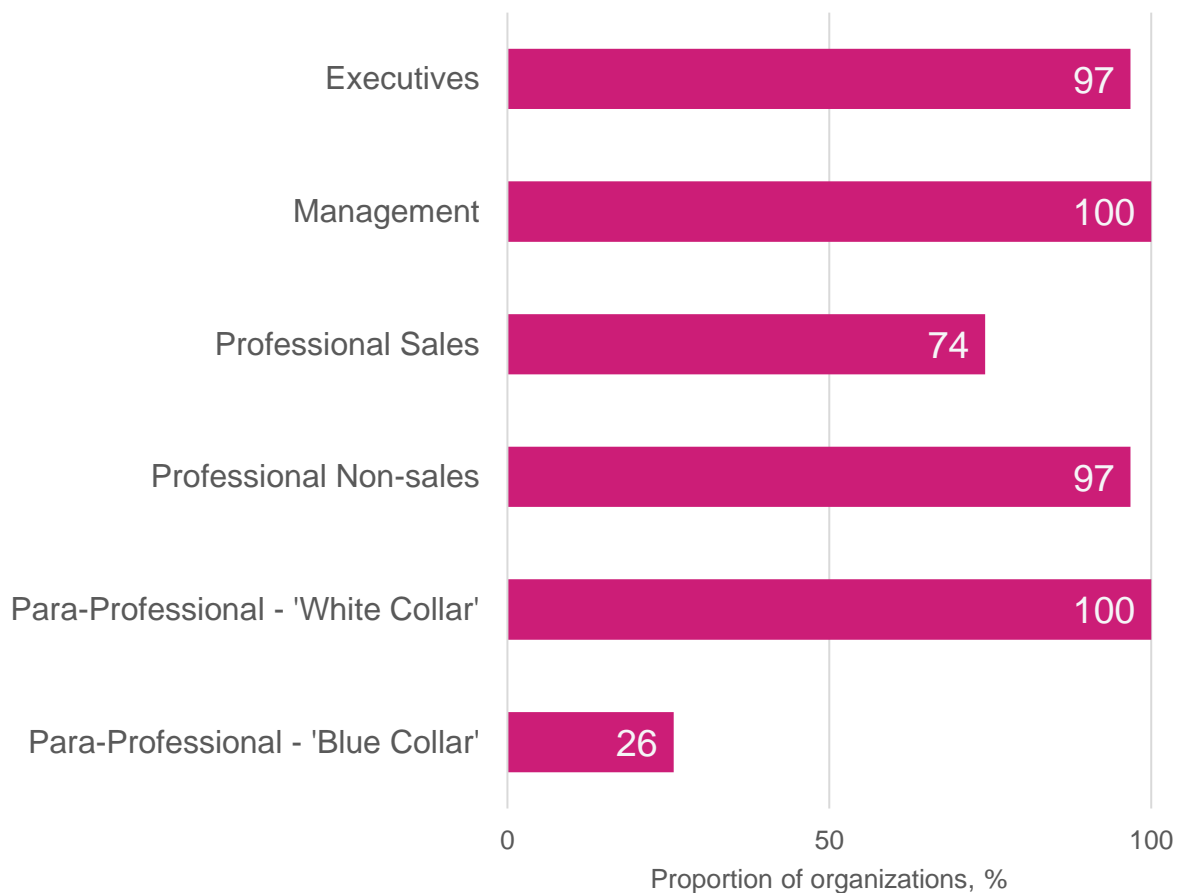
34 organizations participated in the 2022 Finance Sector Compensation Survey. All participants submitted the salary table and **31** filled in the questionnaire.

The salary data of **9 989** positions was used for the analysis. 66% of positions were filled by women. 91% of positions are situated in Riga, while 9% in the other counties.

For the first part of the survey, the analysis on compensation policy data is analyzed according to employee groups (please see Graph 1 below). Due to different organizational structures and size of the organizations the sample in each employee group differs.

Graph 1. Employee Groups in Organizations (Based on Organizations' Answers)

(The graph shows the frequency of employee groups in organizations)



Graph is calculated using the answers of 31 organizations.

Executives – employees (management team) who provide strategic vision and/or ensure operational activities across multiple functions or sub-functions. Determine policy and direction of the organization or a functional area and direct its activities – usually through other managers. Can be the head of an organization, board members, function managers or sub-function managers in very large organizations.

Management (first level managers, middle level managers) – employees who focus on tactical vision and/or operational activities within a specific area. Report to an executive or head of an organization. Have managerial responsibility for a department or a team. Coordinate and organize activities of a separate unit or service within an organization. Establish operational and administrative procedures, formulate policies relevant to their areas, and organize, lead and direct others to achieve their goals.

Professional sales – employees who sell products, services or solutions to other organizations or individuals and have a responsibility for sales results. Professionals with no managerial responsibility, although they may provide mentoring, coaching or supervision to less experienced staff. Senior sales positions may take on team leader roles that are based on profound expertise rather than on people management. Report to a manager.

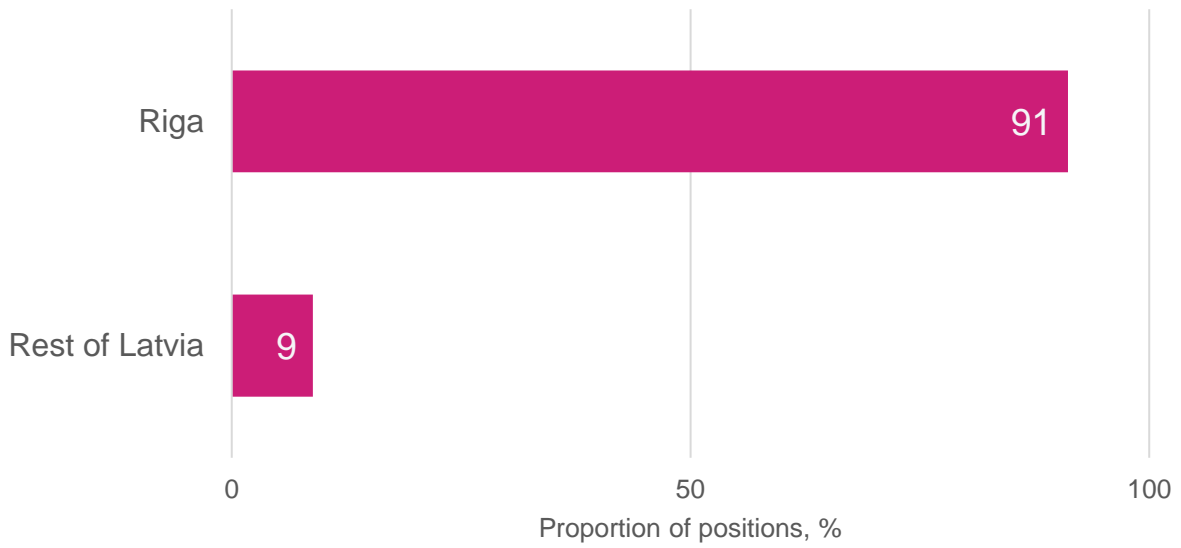
Professional non-sales (senior specialists, specialists) – professionals in various fields with no managerial responsibility, although they may provide mentoring, coaching or supervision to less experienced staff. Senior positions may take on team leader roles that are based on profound expertise rather than on people management. Report to a manager. Most positions in this group are responsible for professional and technical everyday work in an organization/department.

Para-professional “white collar” (junior specialists, specialists, technical specialists) – employees who carry out an organization’s administrative/technical tasks and who do not have a supervisory or managerial responsibility. Report to a manager/supervisor. Office clerks, operational support, and technicians (excluding blue collar employees). Employees who perform operational tasks according to specific standards and guidelines. Most occupations in this group require only limited job-specific knowledge or relevant experience.

Para-professional “blue collar” (workers, technical support employees) – semi-skilled or unskilled employees whose work does not require specific professional education. Carry out standard tasks. Report to a leader/supervisor. Include production and operations support employees and technicians.

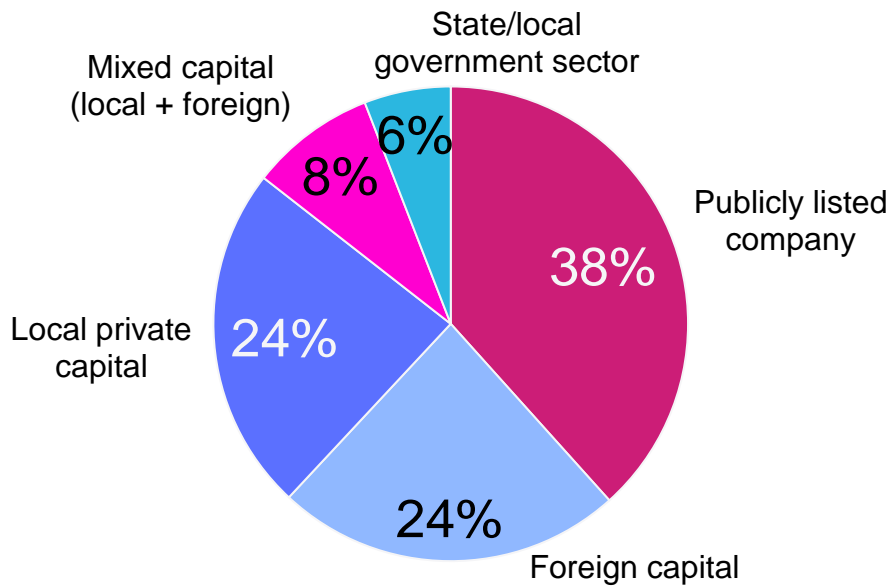


Graph 2. Positions by Region



Graph is calculated using the data of 34 organizations.

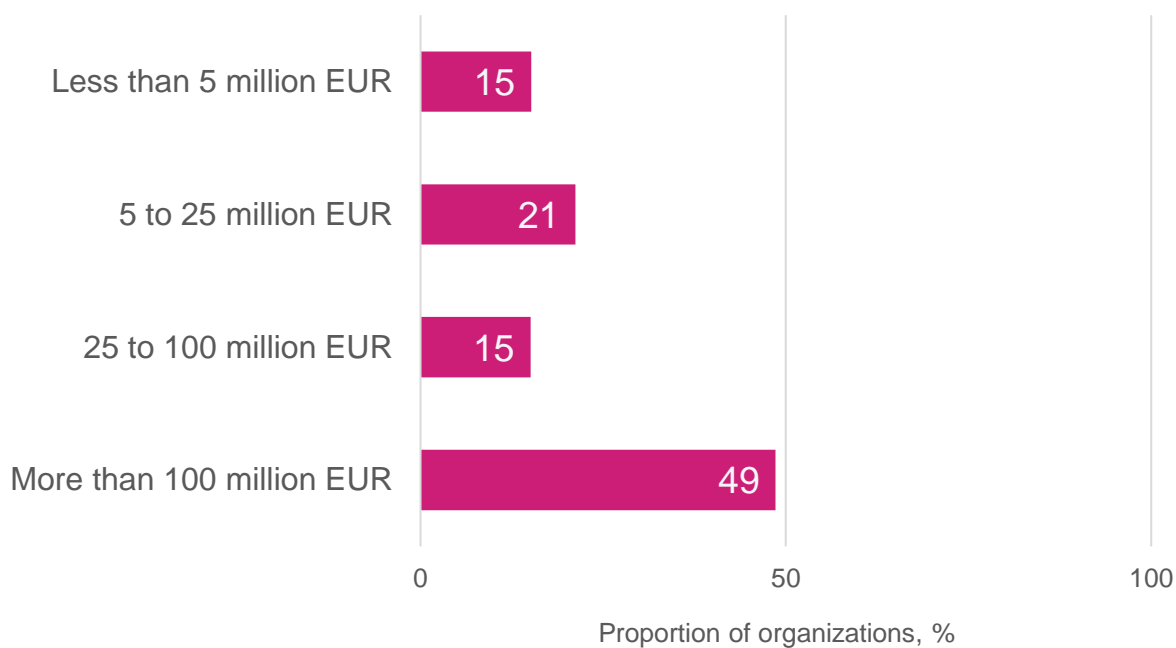
Graph 3. Organizations by Origin of Capital



Graph is calculated using the data of 34 organizations.

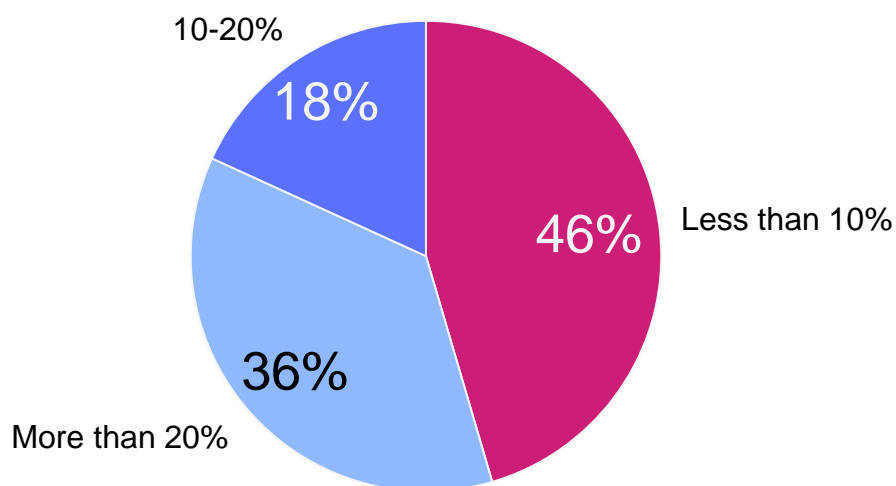


Graph 4. Organizations by Sales Revenue



Graph is calculated using the answers of 33 organizations.

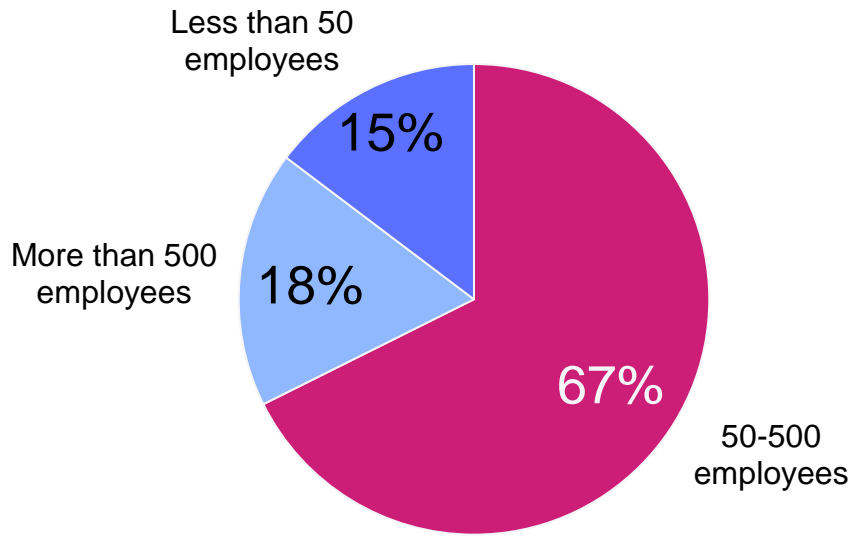
Graph 5. Organizations by Labour Costs (% of Revenue)



Graph is calculated using the answers of 22 organizations.

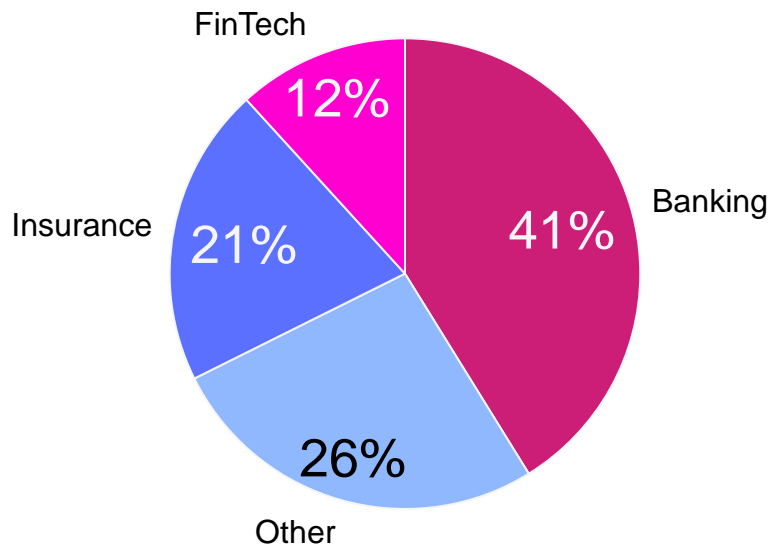


Graph 6. Organizations by Number of Employees with Employment Contract



Graph is calculated using the data of 34 organizations.

Graph 7. Finance Organizations by Field of Activity



Graph is calculated using the data of 34 organizations.

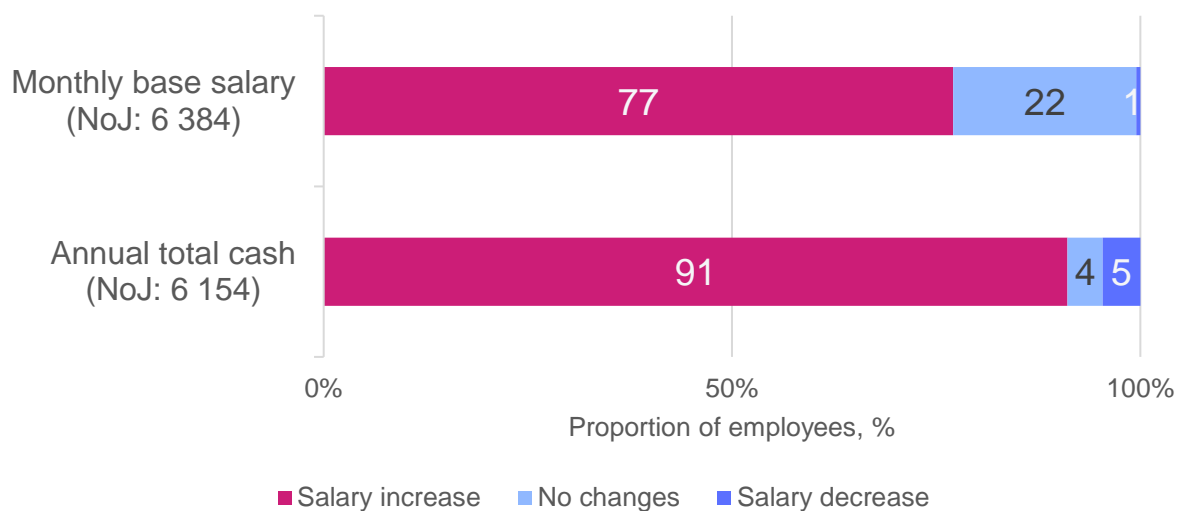


I REMUNERATION SYSTEM CHANGES AND COMPENSATION POLICY

1.1. Salary Changes

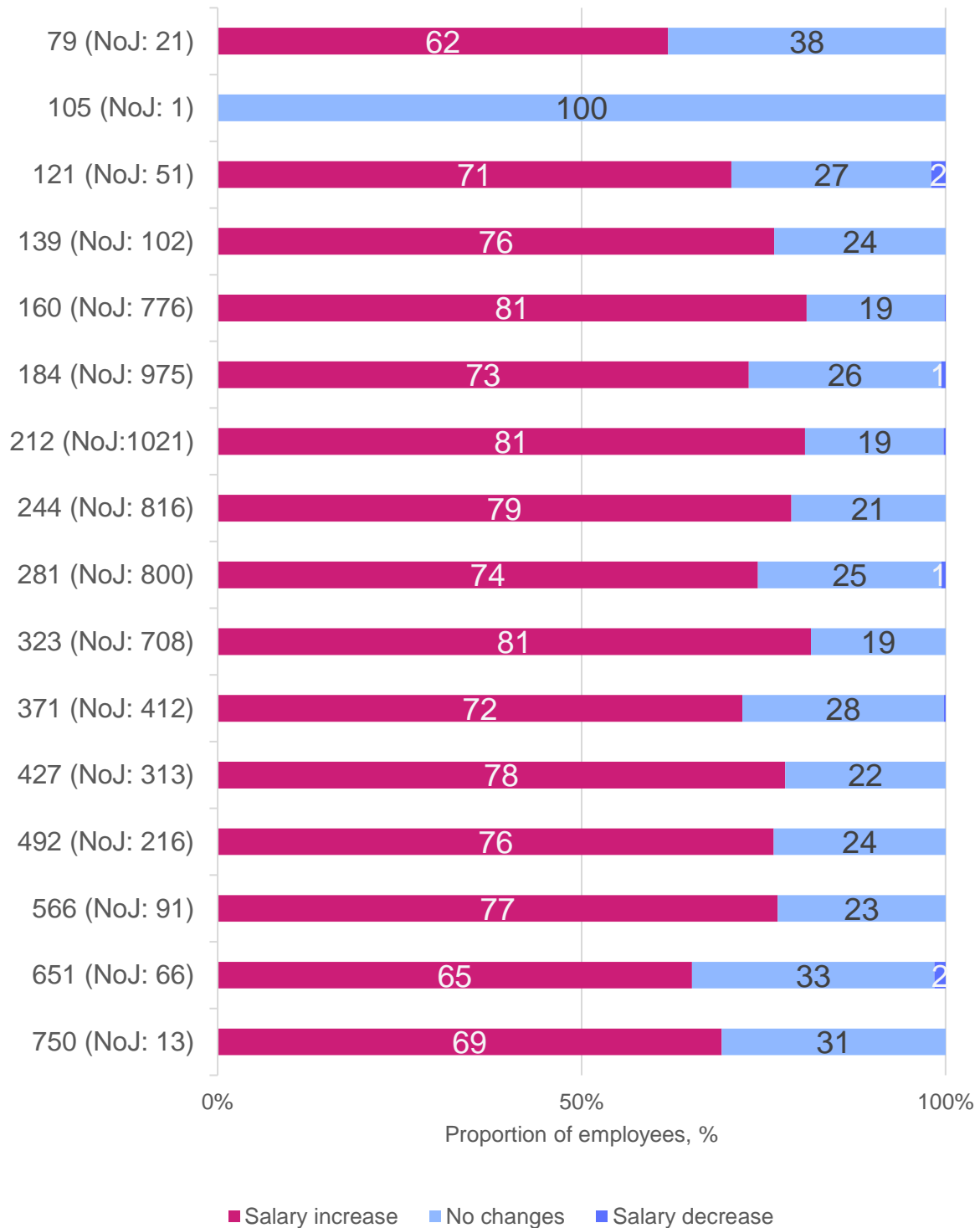
The following graphs and results are calculated using the data from salary tables.

Graph 8. Compensation Change during 2021-2022 for Employees Whose Position Has Not Changed during Last Year



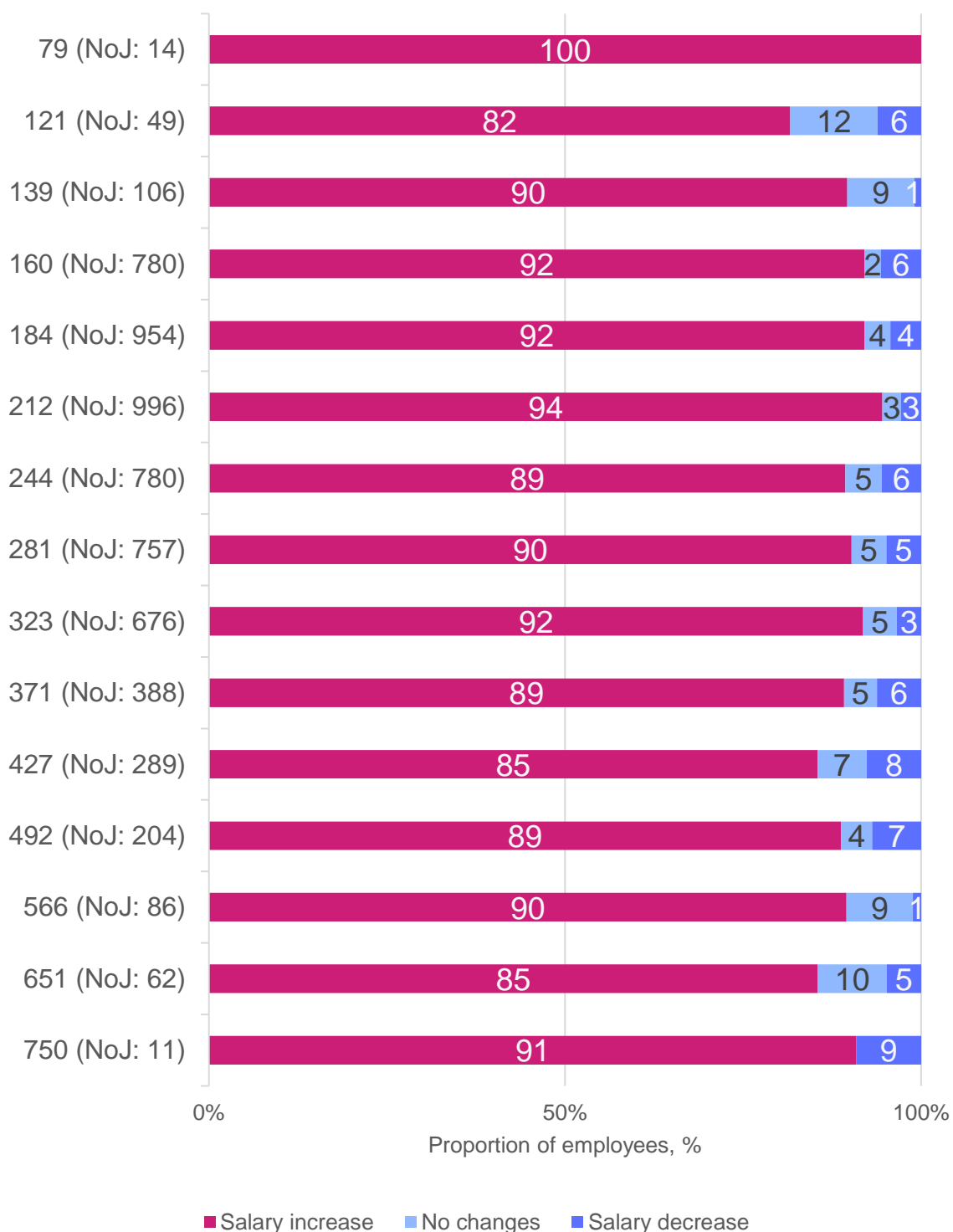


Graph 9. Monthly Base Salary Change during 2021-2022 by Job Value Points (for Employees Whose Position Has Not Changed during Last Year)



*NoJ - Number of jobs in the analysis

Graph 10. Annual Total Change during 2021-2022 by Job Value Points (for Employees Whose Position Has Not Changed during Last Year)



*NoJ - Number of jobs in the analysis



Table 1. Incumbent Weighted - Monthly Base Salary and Annual Total Cash Change during 2021-2022 for Employees Whose Position Has Not Changed during Last Year

Statistic	Monthly Base Salary	Annual Total Cash
Average	8,8%	13,5%
90%	20%	26%
75%	12%	18%
Median	7%	12%
25%	3%	7%
10%	0%	1%
Number of jobs in the analysis	6 384	6 154

Positions where salary did not change or decreased were included into the salary change analysis.

Table 2. Organization Weighted - Monthly Base Salary and Annual Total Cash Change during 2021-2022 for Employees Whose Position Has Not Changed during Last Year

Statistic	Monthly Base Salary	Annual Total Cash
Average	8,0%	12,0%
90%	12%	18%
75%	13%	17%
Median	10%	16%
25%	6%	8%
10%	4%	4%
Number of organizations in the analysis	31	28

Positions where salary did not change or decreased were included into the salary change analysis.

Table 3. Incumbent Weighted - Monthly Base Salary and Annual Total Cash Increase during 2021-2022 for Employees Whose Position Has Not Changed during Last Year

Statistic	Monthly Base Salary	Annual Total Cash
Average	11,4%	15,1%
90%	22%	28%
75%	14%	19%
Median	9%	13%
25%	5%	8%
10%	4%	4%
Number of jobs in the analysis	4 934	5 604

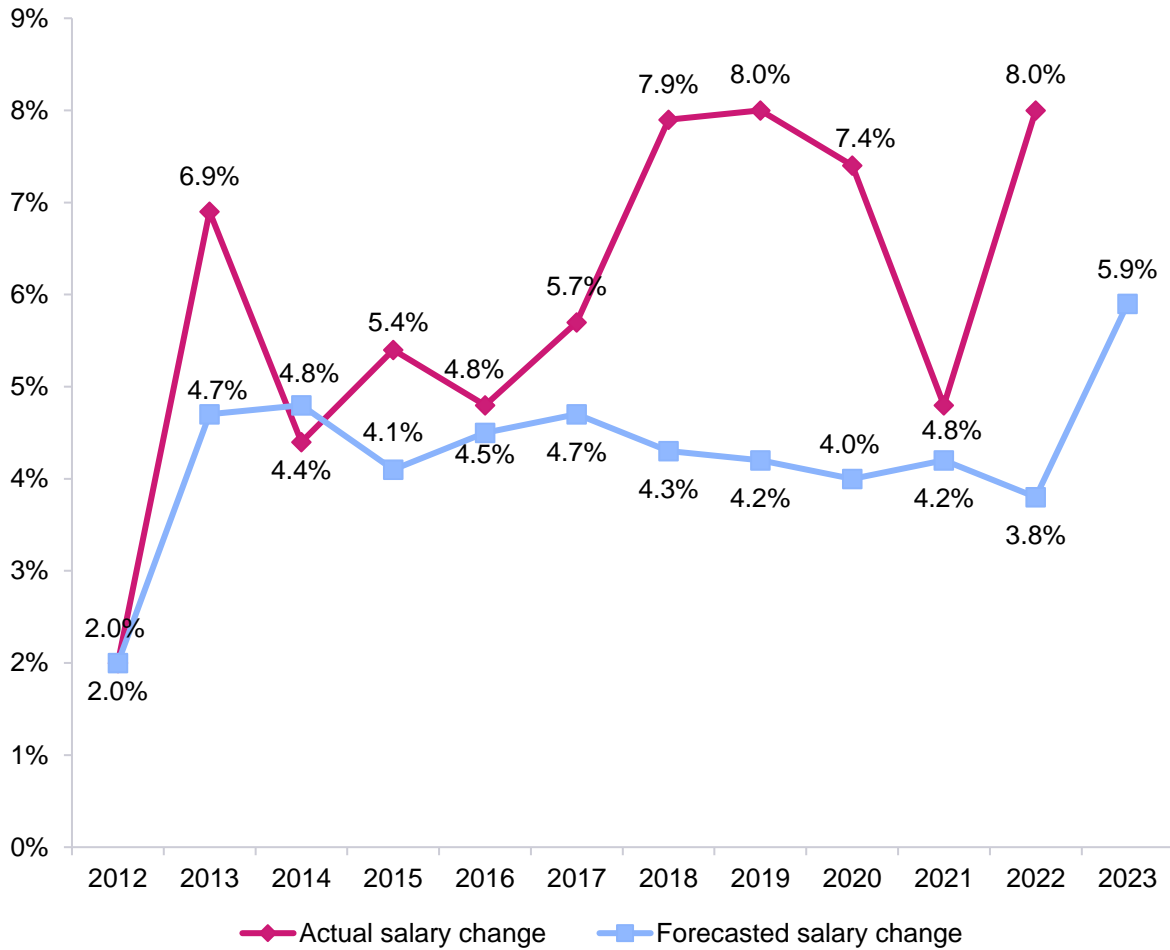
Only positions where salary increased were included into the analysis.

Table 4. Organization Weighted - Monthly Base Salary, Annual Total Cash, Hourly Base Rate and Proportion of Variable Salary 2021-2022 - WHOLE MARKET

Statistic	Monthly Base Salary	Annual Total Cash	Proportion of Variable Salary
Average	2 381	31 499	9%
90%	3 265	43 072	16%
75%	2 750	38 723	12%
Median	2 344	29 582	7%
25%	1 915	25 403	5%
10%	1 601	22 113	3%
Number of jobs in the analysis	9 914	9 989	9 989
Number of organizations in the analysis	34	34	34



Graph 11. Organization Weighted - Monthly Base Salary Change Forecast by Organizations for Next Year and Actual Average Monthly Base Salary Change for Same Employees on the Same Position during 2012-2023





Graph 12. Monthly Base Salary in Latvia, median 2020-2022

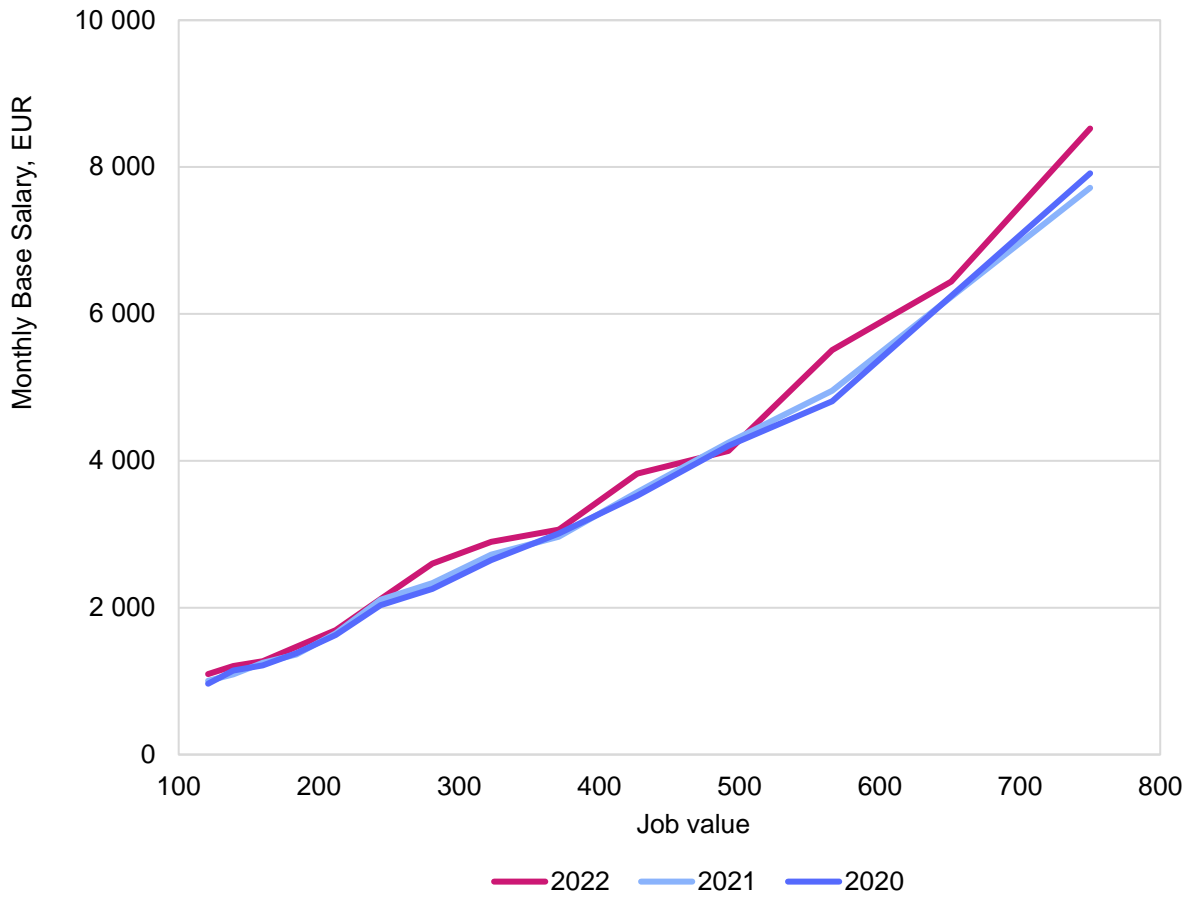




Table 5. Monthly Base Salary Levels by Job Value Points, median 2020-2022

Job value points	Monthly Base Salary			Percentage difference		Monetary difference	
	2022	2021	2019	2022 vs 2021	2022 vs 2020	2022 vs 2021	2022 vs 2020
121	1 096	1 005	965	9%	14%	91	131
139	1 208	1 092	1 145	11%	6%	116	63
160	1 272	1 250	1 215	2%	5%	22	57
184	1 469	1 364	1 380	8%	6%	105	89
212	1 693	1 650	1 628	3%	4%	43	65
244	2 116	2 108	2 034	0%	4%	8	82
281	2 600	2 337	2 257	11%	15%	263	343
323	2 899	2 723	2 650	6%	9%	176	249
371	3 063	2 966	3 011	3%	2%	97	52
427	3 826	3 575	3 526	7%	9%	251	300
492	4 134	4 250	4 203	-3%	-2%	-116	-69
566	5 510	4 956	4 810	11%	15%	554	700
651	6 442	6 232	6 244	3%	3%	210	198
750	8 525	7 718	7 915	10%	8%	807	610
Average:				6%	7%	188 EUR	205 EUR



Graph 13. Annual Total Cash in Latvia, median 2020-2022

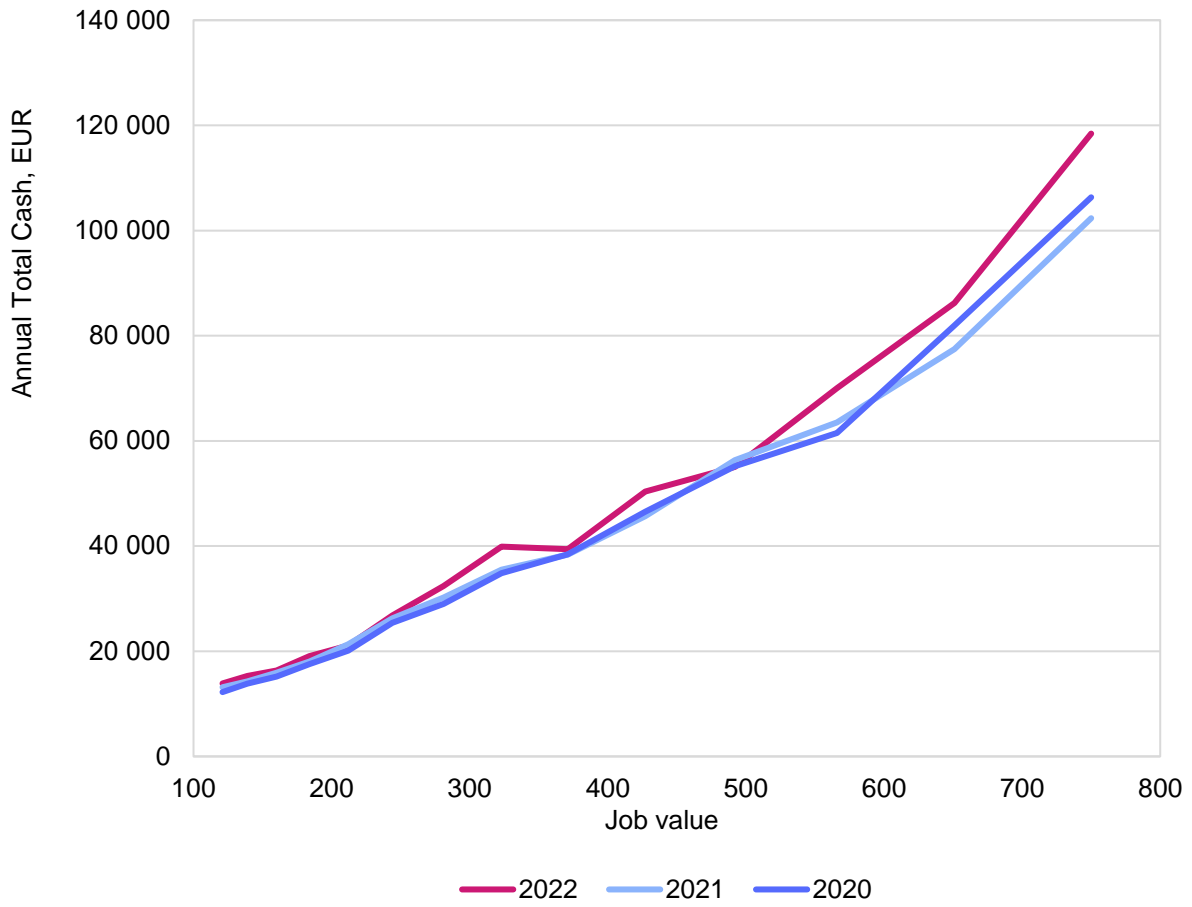




Table 6. Annual Total Cash Levels by Job Value Points, median 2020-2022

Job value points	Annual Total Cash			Percentage difference		Monetary difference	
	2022	2021	2020	2022 vs 2021	2022 vs 2020	2022 vs 2021	2022 vs 2020
121	13 879	13 163	12 238	5%	13%	716	1 641
139	15 333	14 246	13 861	8%	11%	1 087	1 472
160	16 339	15 944	15 195	2%	8%	395	1 144
184	19 078	18 076	17 581	6%	9%	1 002	1 497
212	21 067	21 331	20 100	-1%	5%	-264	967
244	26 789	26 287	25 415	2%	5%	502	1 374
281	32 392	30 215	29 015	7%	12%	2 177	3 377
323	39 894	35 523	34 840	12%	15%	4 371	5 054
371	39 430	38 406	38 464	3%	3%	1 024	966
427	50 351	45 693	46 542	10%	8%	4 658	3 809
492	55 044	56 334	55 201	-2%	0%	-1 290	-157
566	70 007	63 506	61 506	10%	14%	6 501	8 501
651	86 203	77 479	81 984	11%	5%	8 724	4 219
750	118 440	102 350	106 324	16%	11%	16 090	12 116
Average:				6%	8%	3 264 EUR	3 284 EUR



APPENDIX A - SURVEY PARTICIPANTS

Banking (14)

Attīstības finanšu institūcija Altum AS
Baltic International Bank AS
BIGBANK AS Latvijas filiāle
Citadele banka AS
Expobank AS
Industra Bank AS
Latvijas Banka
Likvidējamā ABLV Bank AS
LPB Bank AS
Luminor Bank AS Latvijas filiāle
OP Corporate Bank plc filiāle Latvijā
SEB banka AS
Signet Bank AS
Swedbank AS (Latvia) Helmes Latvia SIA

Insurance (7)

ADB Gjensidige Latvijas filiāle
BALTA Apdrošināšanas AS
BTA Baltic Insurance Company AAS
Compensa Vienna Insurance Group ADB Latvijas filiāle
ERGO Insurance SE Latvijas filiāle
If P&C Insurance AS Latvijas filiāle
Mandatum Life Insurance Baltic SE Latvijas filiāle Tet SIA

FinTech (4)

4Finance AS
Eleving Group
Mintos Marketplace AS
VIA SMS group AS

Other (9)

Acolad Latvia SIA
AIZDEVUMS.LV SIA
GelvoraSergel SIA
If P&C Insurance Ltd (publ) Latvijas filiāle
Intrum Latvia SIA
IPF Digital Latvia SIA
mogo AS
Nasdaq Riga AS
Worldline Latvia SIA

APPENDIX B - TERMS

Job family	A group of jobs similar in contents according to the Job Families Catalogue.
Job family level	In the Job Families Catalogue, the job families have been divided into different levels according to their complexity, responsibility, and established requirements. The number of the level is of importance only within the same job family and the value of this level need not coincide with the same level jobs of other job families.
Job value in points	The relative value of a job in points. Each job family level has a point value, which makes the jobs different in comparable contents.
Monthly base salary	Gross monthly salary stipulated in the contract of employment. Monthly base salary includes fixed extra payments for mobility, tenure, qualification level, competence. It does not comprise extra pay for night work or overtime, holiday pay or incentives.
Guaranteed allowances	Allowances paid on agreed terms (not required by the law, regularly paid). Do not include data that is already included in hourly or monthly base salary (qualification, skills etc.).
Annual base salary	Monthly base salary* 12 + Base hourly rate* 168 * 12 + Guaranteed allowances.
Statutory allowances	Allowance required by the law. Those allowances are paid if job is containing nightshifts, work during the weekends or holidays etc. Does not include overtime pay.
Sales incentives	Incentives of sales or fulfilling sales target. Sales incentives might be paid in a different regularity.
Short-term incentives	Variable (not guaranteed) pay, which depends on individual, team or organization performance that is paid on a monthly, quarterly, semi-annual or annual basis. Goals are clearly set and known for the employee. Variable pay is paid if the tasks are achieved or the performance has been even better.
Short-term/sales incentives target	Target bonus as % of annual base salary.
Short-term/sales incentives maximum	Maximum bonus as % of annual base salary.
Long-term incentives	Variable (not guaranteed) pay that depends on individual, team, or organization performance. Goals are clearly set and known to the employee. Variable pay is paid if the tasks are achieved or the performance has been even better. Vesting period is more than one year
Annual total cash	Annual base salary + Statutory allowances + Sales incentives + Variable short-term incentives + Long term calculated incentives
NoJ/NoO	Number of jobs (NoJ) and number of organizations (NoO) in the analysis.
Average	The arithmetic weighted average, which is obtained by summing up all the values and then dividing the sum by the total number thereof.
90% decile	90% of salaries are smaller than the presented value.
75% quartile	75% of salaries are smaller than the presented value.
Median	The central member in the sequence of salaries, which are ordered from the highest to the smallest. Precisely 50% of the salaries are higher and 50% of the salaries are smaller than the presented value.
25% quartile	25% of salaries are smaller than the presented value.
10% decile	10% of salaries are smaller than the presented value.

APPENDIX C - ANALYTICAL JOB EVALUATION METHOD

Analytical job evaluation is a technique designed to enable trained evaluators to evaluate and judge the size of one job relative to others. Analytical job evaluation method is described in Handbook of Job Evaluation of Intellectual and Physical Jobs. The method has been created and developed by us and bases on ILO recommended method. It is used in all three Baltic States.

Jobs are evaluated based on education and professional experience, work characteristics and accountability. For describing these factors the following criteria are used:

Education	Describes the education required for fulfilling the tasks.
Professional experience	Describes the experience required for the job. The amount of points depends on two factors: 1) experience in the respective area and 2) experience of the respective occupation (e.g., management, project management, etc.).
Work complexity	Describes the extent to which work environment, work methods and tasks are described, also the complexity of work process.
Mental effort	Describes the complexity of problem solving and decision-making process; the number of alternatives to be addressed in finding solutions; the amount of information that requires processing, creativity needed in seeking new solutions.
Co-operation and management	Describes the scope and characteristics of management, coordination and cooperation.
Responsibility for work processes	Describes the amount of all processes to be managed by the respective position, the scope and number of structural units in the sphere of responsibility of this position.
Accountability for decisions	Shows how comprehensive and far-reaching are the effects of the decisions made by this position.
Work methods	Describes the level of mechanization and automation of the work process (is evaluated in case of physical work).
Physical effort	Describes the daily physical effort required from the employee (is evaluated in case of physical work).
Working conditions	Describes the amount and level of unhealthy and stress-inducing factors accompanying the job.

Analytical job evaluation method is universal and is applicable in every organization and with all jobs. When compared with job family classification method analytical method is more precise and enables to evaluate and compare jobs for which there is the small amount of similar jobs description available in the labour market. Analytical job evaluation points scale and job family classification scale are compatible.

FIGURE

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