

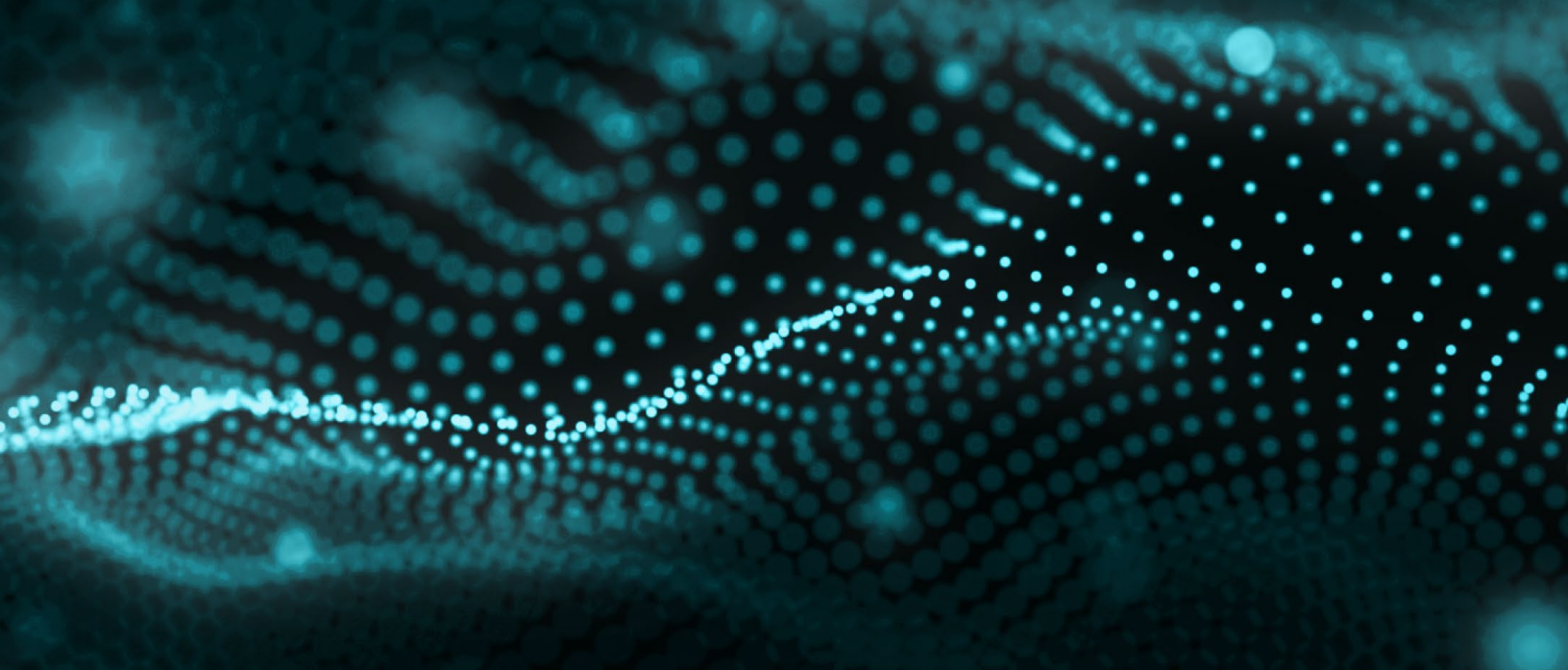


BENCHMARK INSIGHTS

The Compensation, Budget and Satisfaction Benchmark for CISOs in Financial Services

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Why CISOs Should Read This Report

IANS Research and Artico Search jointly published a report series for CISOs and top security executives that covers CISO compensation, security budgets, key security staff compensation and a deep dive into the role of the CISO.

This report provides data and insights on these four topics specific for CISOs in the financial services industry. It compares nonfinancial industries with the financial services sector and its banking and insurance subsectors.

In addition, the report offers expert insights from executive recruiters at Artico Search, in particular Matt Comyns, co-founder and president, and Steve Martano, partner in Artico Search's cyber practice.

This report uses data from the 2021 Annual CISO Compensation and Budget survey, jointly fielded by

IANS Research and Artico Search. In all, 458 CISOs completed this survey, of which 125 CISOs are in the financial services industry from organizations of varying sizes—ranging from less than \$100 million in assets under management to companies with more than \$25 billion in AUM. Of the 125 finance CISOs, 39 work at insurance firms and 36 are in the banking subsector, with the remaining in other financial services subsectors including lending and brokerage, investment banking, and asset management.

Complementary publications on this topic from IANS Research and Artico Search include a report series covering CISO compensation, security budgets, key security staff compensation, a State of the CISO report, and a CISO hiring and retention guide.

What CISOs will get out of this report

This report provides data and insights into four topics areas:

- 1. CISO compensation metrics** that allow CISOs to benchmark their compensation against market rates specific to the financial services industry and its banking and insurance subsectors.
- 2. Compensation data for key CISO staff positions** that help CISOs evaluate the pay rates of their own staff against those in the broader market and in the financial services industry, as well as in the banking and insurance subsectors.
- 3. The size of security budgets and annual budget growth** and how these metrics compare to nonfinancial services averages, as well as differences within the finance industry including for banking and insurance.
- 4. CISO job satisfaction and mobility** helping CISOs understand their own satisfaction with key aspects of the job against the satisfaction levels of their industry peers.

Average CISO Compensation in Financial Services Tops That in Other Sectors

Across eight industries represented in the sample, the financial services sector has the highest average CISO compensation. Financial services is a tightly regulated industry that is highly targeted by cyber criminals but has a low risk tolerance due to the sensitivity of the data being processed and stored. Additionally, being a first mover in the security space as an industry has led to advanced security programs and generally high-paid CISOs in the finance industry.

The average total annual compensation for respondents in financial services is \$535,000. That is \$100,000, or 23%, higher than that of CISOs in other sectors (see FIGURE 1). More than 10% of financial services CISOs take home more than \$1 million annually, compared to 5% in other sectors.

Most banking CISOs receive higher pay than the finance industry average

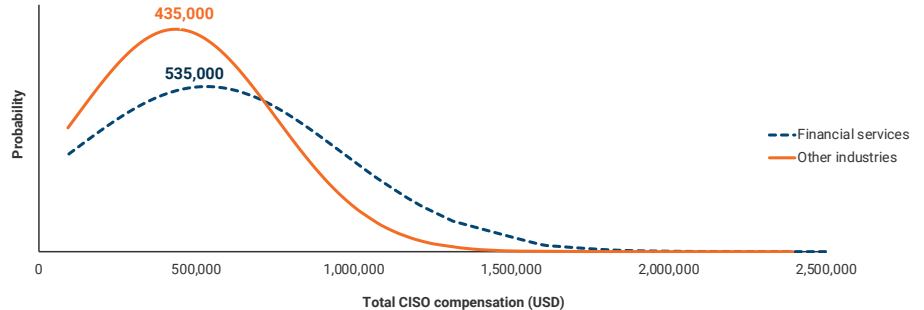
Wages for the top security role in banking are higher than for the financial services industry overall—a 6% difference in base salary, 6% higher bonus, 55% more equity and a 20% difference in total annual compensation.

In insurance, CISO compensation metrics are below the financial services average—the base salary is 5% lower and total compensation is 18% less than the wider industry average (see FIGURE 2).

FIGURE 1

Across Industries, Financial Services CISOs Average the Highest Compensation

Total CISO compensation (base salary, bonus and equity, USD)

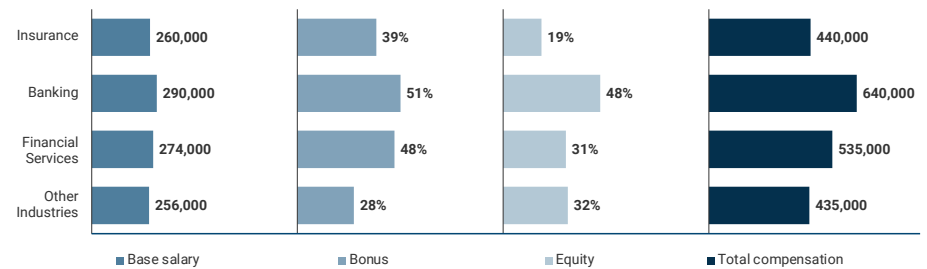


Financial services n = 125 Other industries n = 333

FIGURE 2

The Banking Sector Pays More Than Insurance

CISO total annual compensation (base salary, bonus and equity, USD)



Insurance n = 39 Banking n = 35 Financial services n = 125 Other industries n = 333

Steve Martano explains the reasons behind the disparities between the banking and insurance subsectors:



Within financial services, the banking industry was one of the first movers in cybersecurity, partly due to being early targets of cybercriminals and partly due to early regulatory requirements and government pressure. In addition, the advent of fintech (financial technology) and digital transformations compelled

the industry to think about cutting-edge security earlier than other sectors.

The insurance sector still lags behind in terms of cyber sophistication, but insurance companies are slowly catching up as insurtech (insurance technology) evolves and programs grow.

In financial services, CISO compensation increased 9%, on average

Respondents in financial services indicate their most recent salary increase added 5.6% to their base salary and 9.4% to their total compensation. These increases are similar to those in nonfinance sectors. Insurance CISOs report below-average increases, adding 5.1% to their total compensation (see FIGURE 3).

C-level pay is double that of VP- and director-level CISOs

C-level comp averages \$800,000 and can exceed \$2.5 million—typically, for CISOs at firms with more than \$25 billion in AUM. Compensation for respondents at the VP or director levels averages \$400,000 and maxes out at \$1.2 million (see FIGURE 4).

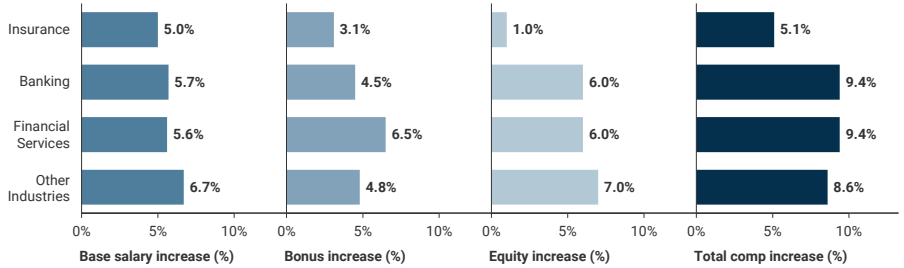
Key CISO Staff in Financial Services Earn More Than Those in Other Sectors

Just as banking CISOs earn a premium compared with those in the wider finance sector, their key direct reports do, too. Compensation data for four CISO staff positions—head of security operations; head of governance, risk management and compliance (GRC); head of product security; and head of architecture and engineering—confirm this. In financial services, these roles earn 17% more than their peers in other industries (see FIGURE 5).

FIGURE 3

Annual Comp Increases in Insurance Lag Behind

In the past 12 months, how did your compensation increase year-over-year?

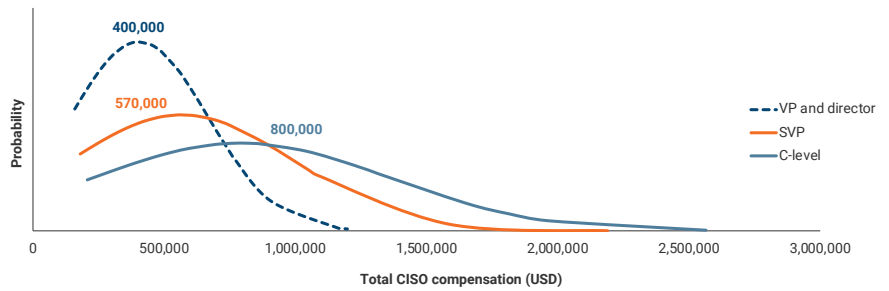


Insurance n = 39 Banking n = 35 Financial services n = 125 Other industries n = 333

FIGURE 4

Financial Services CISO Comp Varies Greatly Between Levels

Total CISO compensation (base salary, bonus and equity, USD)

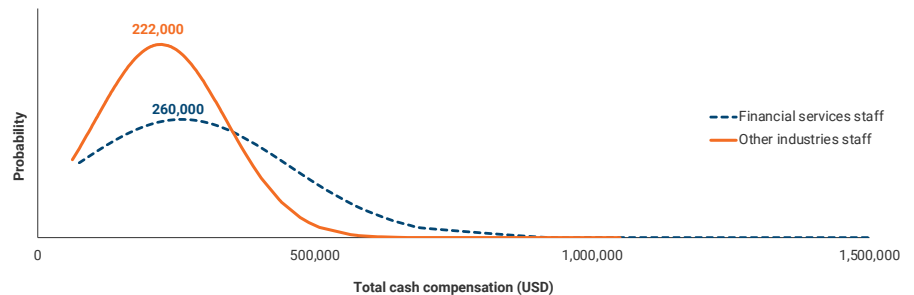


VP and director n = 53 SVP n = 32 C-level n = 32

FIGURE 5

Key CISO Staff Comp in the Finance Industry Exceeds That in Other Industries

Total key CISO staff compensation (base salary and bonus, USD)



Financial services n = 254 Other industries n = 663

Steve Martano on why CISOs should take note of this data:

Financial CISOs leading a security team buildout will find that recruiting from their direct competitors in the banking sector will cost more than looking at other industries. Insurance companies are building better, more mature programs but still are behind compared to the banking industry. Anecdotally, we see financial services clients hiring their leaders out of banking, insurance, health care and blue chip tech.

CISO staff in the banking subsector have the highest comp

Total cash compensation (comprising cash compensation inclusive of annual base salary plus target bonus, but not equity) for CISO staff in the banking subsector averages \$327,000, which is 26% higher than the financial services average staff comp and 47% higher than for nonfinancial services staff.

For CISO staff in insurance, the average total cash compensation is \$241,000, which is slightly below the overall finance industry average (see FIGURE 6).

CISOs should pay closer attention to top quartile staff rates

For retention and acquisition of key staff, the top quartile rates matter more than the industry averages. Matt Comyns explains why:

CISOs likely find themselves competing for talent with prospective employers that are willing to pay rates in the top quartile to gain a recruiting and retention advantage.

FIGURE 6

CISO Staff in Banking Have Higher a Base Salary and Bonus Percent

CISO staff total cash compensation (base salary plus bonus, USD)

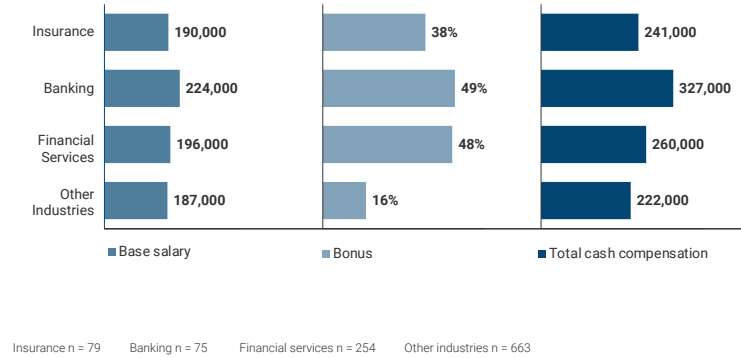
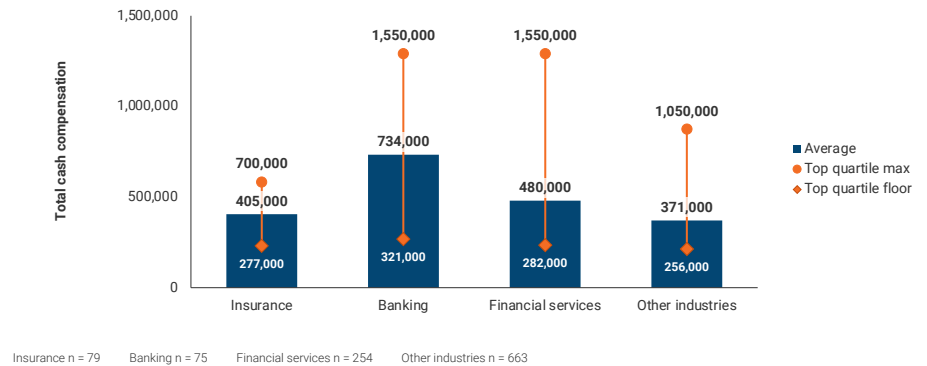


FIGURE 7

Staff Total Cash Compensation in the Top Quartile Tops \$1.5M

What is the annual base salary (USD) and target bonus percent of the function?



In financial services, the top quartile floor for CISO staff compensation is just under \$300,000, which is comparable to the \$260,000 overall average. However, the \$480,000 top quartile average is 80%-plus higher. At the very top, staff cash compensation exceeds \$1.5 million.

In banking, the top quartile for key CISO staff starts at \$321,000, with a significantly greater average of \$734,000.

Insurance staff top quartile is below the financial services staff top quartile with a \$277,000 floor, a \$405,000 average and a \$700,000 maximum (see FIGURE 7).

Financial Services Firms' Security Budgets Are 10.7% Of the IT Budget

Security budgets at banks are around 12.1%, slightly higher than the finance industry average of 10.7%. This is a further sign of the maturity of cybersecurity in the banking sector.

Insurance companies' security budgets are somewhat lower at 9.1% of IT budgets. Matt Comyns explains the difference:

Insurance margins are lower than banking margins. World disasters such as hurricanes, floods and wildfires have squeezed property and casualty insurers. In addition, the near-zero interest rate environment have squeezed insurers' ability to make their money on investments and float. Tight margins put pressure on all costs, including security budgets.

Security budget and staff size in the financial services industry do not grow at the same speed as in other industries—finance security budgets grew 11.5% and staff grew 11% year-over-year. In other industries, budgets and staff increased 18% and 29%, respectively (see FIGURE 8).

Steve Martano clarifies the differences:

The reason for this is that the baseline for financial services security programs had previously been established years ago, as opposed to firms that are currently catching up their maturity.

FIGURE 8

Security Budgets for Banking Firms Are Higher Than for Those in Insurance

What is your company's annual security budget as a percent of the IT budget, and how have security budget and staff changed year-over-year?

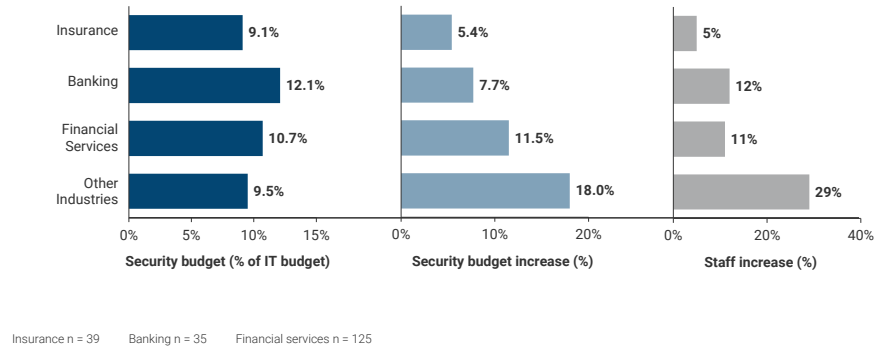
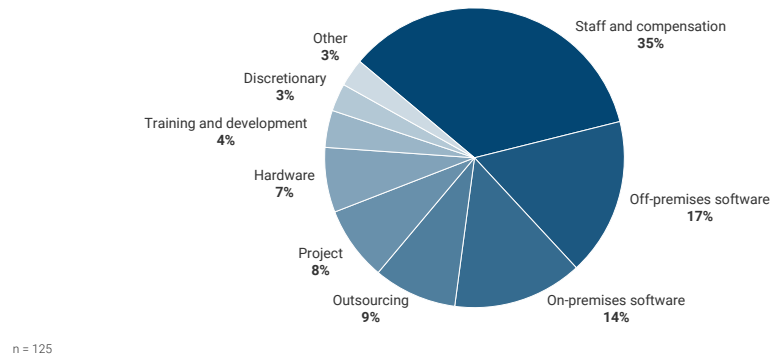


FIGURE 9

A Third of Financial Services Security Budgets Goes to Staff

How does the company's annual security budget break down?



'Staff and compensation' is the largest item in financial services security budgets

This spending category claims roughly 35% of the security budget, followed by software—of which 17% goes to off-premises (cloud) software and 14% to on-premises solutions (see FIGURE 9).

The budget breakdown of respondents in the banking and insurance subsectors is very similar to that of the wider financial services sector.

Job Satisfaction Is Strong for Financial Services CISOs

The satisfaction scores for respondents in the financial services industry are higher than those of CISOs in other industries.

Seventy-five percent of financial services CISOs are satisfied with their job versus 66% of nonfinance CISOs. The latter group counts more dissatisfied CISOs, representing 20% of the sample against just 14% in the finance industry.

In the insurance and banking subsectors, overwhelmingly, more CISOs are satisfied than those who are dissatisfied. Eighty percent of respondents in insurance report being satisfied versus a mere 8% who indicate their dissatisfaction. For banking respondents, these figures are 77% and 15%, respectively (see FIGURE 10).

Steve Martano sees this too:

Financial services CISOs generally have higher visibility than CISOs in other sectors and work in an industry that is well capitalized and lucrative, which enables larger-scale teams and budgets. Banking CISOs, in particular, are well resourced and have access to senior leaders.

Finance CISOs rate their satisfaction with compensation and budgets lower

Of the five drivers of satisfaction—compensation, security budget, career development, executive visibility and organizational support—financial services CISOs score only the first two drivers modestly lower than the others. Banking CISOs are outliers in that regard and rate their satisfaction with compensation among the highest at 4.11 on a scale of 1 to 5.

Insurance CISOs give the highest satisfaction score—a 4.27—to organizational support (see FIGURE 11).

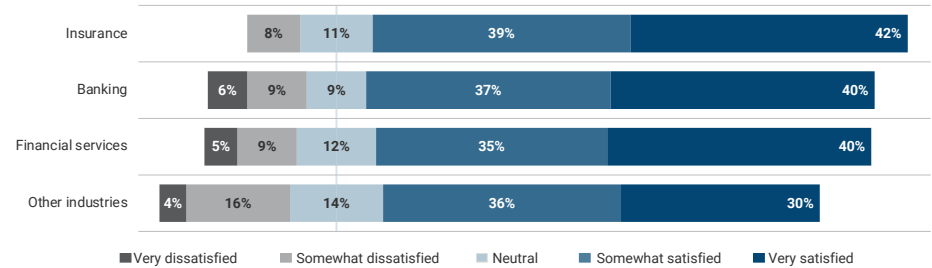
Satisfaction doesn't mean loyalty

About four out of 10 respondents in the financial services industry agree they are considering a job change. Another 15% may be open to a new opportunity. Combined, the yesses

FIGURE 10

CISO Job Satisfaction Is Strong in Financial Services

How satisfied are you in your current position and company?

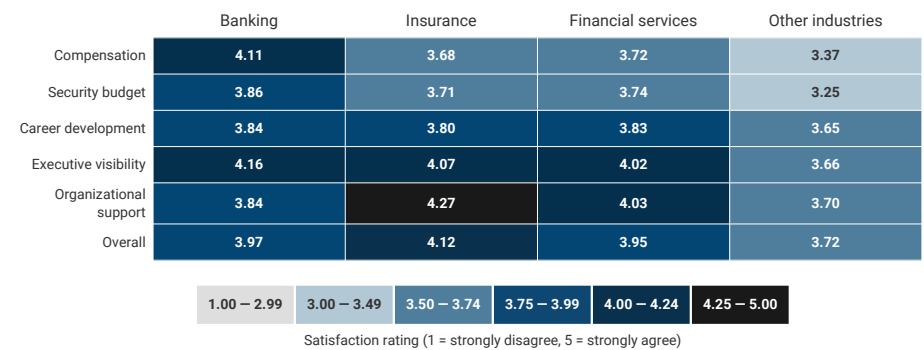


Insurance n = 39 Banking n = 35 Financial services n = 125 Other industries n = 333

FIGURE 11

CISO Satisfaction by Subsector

How satisfied are you with key aspects of your job?

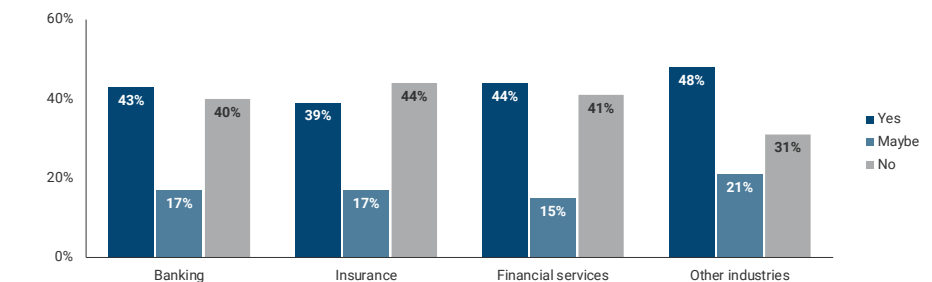


Insurance n = 39 Banking n = 35 Financial services n = 125 Other industries n = 333

FIGURE 12

Roughly 60% Of Financial Services CISOs Open to a Job Change

Are you considering a job change in the next 12 months?



Insurance n = 39 Banking n = 35 Financial services n = 125 Other industries n = 333

and the maybes outnumber those who are not considering a change. While the share of CISOs in the finance industry that is open to a

job change is moderately less than that of nonfinance CISOs, it is still staggeringly high, considering the strong satisfaction ratings (see FIGURE 12).

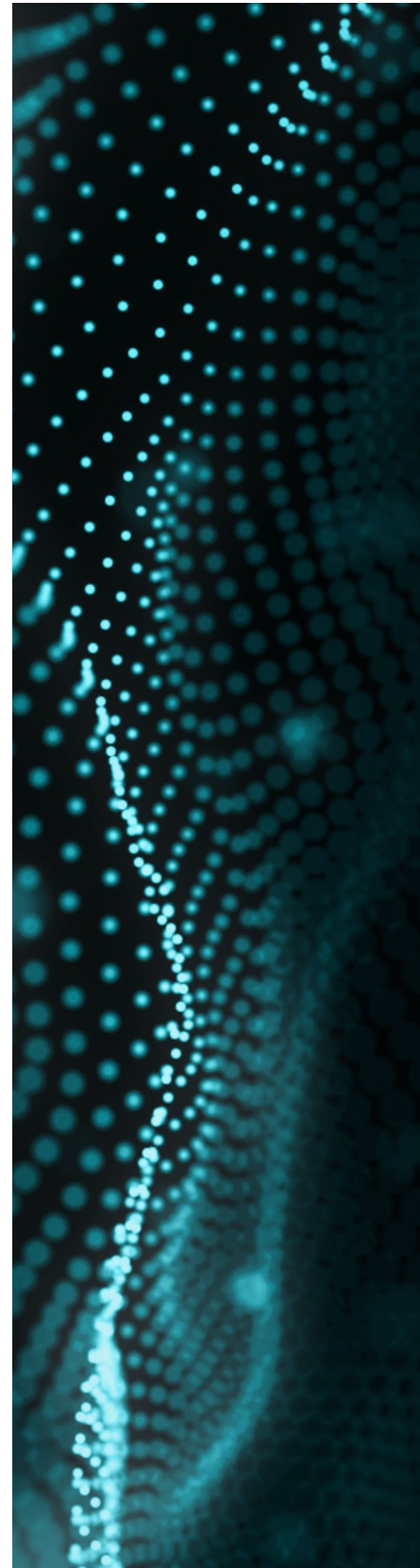
Conclusions

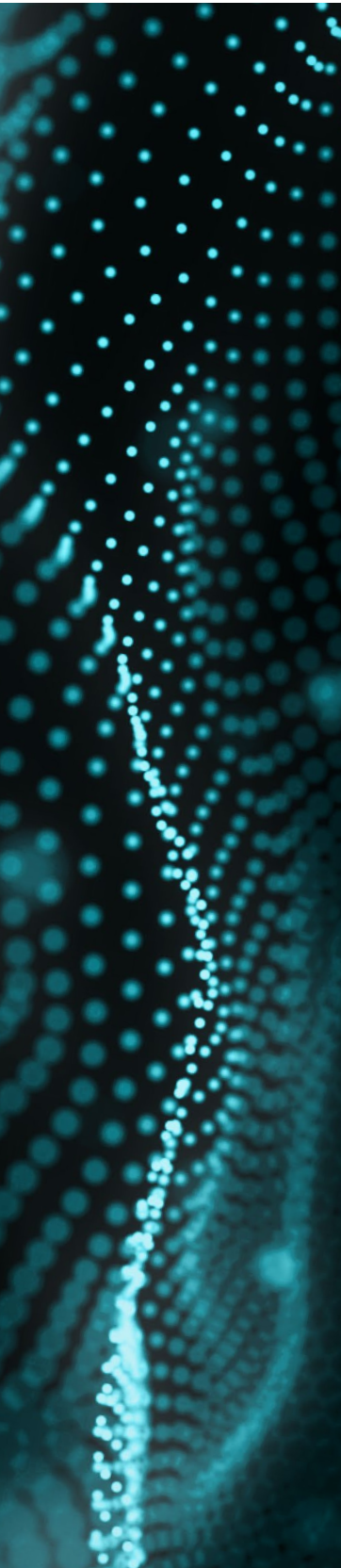
This report showed key data and insights into CISO compensation, CISO staff salaries, budgets and CISO satisfaction specific to the financial services sector. This industry is characterized by relatively mature cyber programs—the result of stringent regulations, perpetual cyberattacks and low risk profiles. Effects of the finance sector’s high cyber sophistication include:

- **The total compensation of CISOs** in the financial services industry is, on average, 23% higher than in other sectors with generally less-mature cyber programs. The share of financial services CISOs who earn more than \$1 million annually is double that of CISOs in other sectors.
- **CISOs’ key staff members** in the financial services industry also earn more than their nonfinance peers—a 17% premium. More importantly, the average top quartile pay for CISO key staff is almost half a million dollars—70% higher than the top quartile average for other industries. It follows that it may be cost-effective to find candidates in other sectors with adjacent skill sets.
- **Security budgets** at financial services firms represent a higher share of the IT budget than in other sectors: 10.7% versus 9.5%—a full percentage point more. Conversely, growth in security budgets and staff is considerably higher outside the financial services industry. Budgets increased, on average, 18% and staff grew by 29% year-over-year compared to 12% and 11%, respectively, for financial services firms. This is a sign of firms playing catch-up on the cybersecurity front.
- **Job satisfaction** is stronger for CISOs in financial services than for those elsewhere. Seventy-five percent of financial services CISOs are satisfied in their current position and company versus 66% of nonfinance CISOs. Despite their higher satisfaction scores, about as many finance CISOs outright agree they are considering a job change in the near future as those in other industries. This sentiment is not caused by job dissatisfaction, but rather the result of a cyber talent market shortage that puts CISOs in a strong position of negotiation with current and future employers.

The above differences in compensation, budget and satisfaction are more pronounced in the banking subsector of financial services. At banks, CISO and CISO staff compensation is even higher than outside financial services, budgets are a greater percent of the IT budget, and satisfaction is stronger.

At insurance firms, the same differences exist but in more moderation across the board. Why? Because cyber program maturity between the banking and insurance subsectors is uneven and insurance firms are plagued with harsher economic realities, including the impact from climate disasters like superstorms and wildfires, that put pressure on profit margins.





Methodology

IANS Research and Artico Search fielded its second annual CISO Compensation and Budget survey in March 2021. Between March and August, we received survey responses from 458 CISOs from a diverse set of companies by size, location and industry. Of them, 125 respondents are from the financial services industry.

The two largest subsectors within financial services are insurance, with 39 respondents, and banking, with 35. Other subsectors include investment banking, asset management, and lending and brokerage.

A third of financial services respondents are from companies with assets under management up to \$25 billion, a third with more \$25 billion AUM and the remainder for which AUM is not applicable. They are all located in the U.S. or Canada.

CISO respondents provided compensation data for four key staff positions, when applicable. These positions include the heads of security operations; product security; GRC; and architecture and engineering. In all, respondents shared compensation data for 917 staff, of which 254 are in financial services, which further breaks down into 79 in insurance and 75 in banking.

About Us

Artico Search

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Founded in 2021, Artico Search's team of executive recruiters focuses on a "grow and protect" model, recruiting senior go-to-market and security executives in growth venture, private equity and public companies. Artico's dedicated security practice delivers CISOs and other senior-level information security professionals for a diverse set of clients.



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