

Executive Talent Trends in Canada's Capital Markets:

Adapting to Disruption and Leveraging Opportunity

MASSEY HENRY EXECUTIVE TALENT BRIEF
MAY 2025



Introduction

Canada at a Crossroads

Given the current dynamics of the geopolitical environment, it is **certain** that Canada's trading relationships and economic structure will be fundamentally changed for the foreseeable future.

The uncertainty will be the magnitude and speed of adjustment to this new reality.

Events are unfolding rapidly, and a growing global consensus suggests that the post-war economic order is undergoing a fundamental, potentially permanent, shift.

However, this transformation did not begin with the lead-up to the U.S. administration's "Liberation Day" on April 2, 2025 — trade tensions, global competition for economic power and sovereign debt pressures have been escalating since the 2008 recession.

*In 2024, Canada's two-way trade with the United States totalled approximately **\$1 trillion**. The U.S. accounted for **76%** of Canada's total goods exports and more than half of its services exports.*

This heavy reliance underscores Canada's economic exposure — a 25% drop in exports to the U.S. would translate to a significant \$175 billion, or nearly 10%, contraction in the Canadian economy. More realistically, the Bank of Canada expects a 25% U.S. tariff on all Canadian goods to result in a three to four per cent decline in GDP.

Massey Henry is a leading Canadian executive search and advisory firm, offering solutions to today's complex executive recruitment challenges, with a focus on the financial services sector.

As with all Massey Henry thought leadership, this work is independent, reflects our own views, and has not been commissioned by any business, government, or other institution.



Michael Henry
Managing Partner



Lisa Newey
Partner

Importance of Canada's Capital Markets

While it is impossible to predict the scope and magnitude of American trade volumes, a reduction in some form will occur and it will have a significant impact on the real economy.

The capital markets sector will be central to Canada's public and private economic policy response to American trade challenges and the broader global economic trends discussed above. Capital investment from all levels of government, as well as private sector domestic and global sources, will be necessary if we hope to mitigate the damage.

Capital markets talent and expertise will be essential to reshape the balance of our international trading relationship and necessary structural economic reforms. In this report, we will discuss the impact of change and the talent implications for key capital markets sectors, drawing on market observations and industry research.



FROM OUR NETWORK

*As private markets evolve amid global uncertainty and shifting trade dynamics, Canada must remain competitive by investing in specialized leadership across capital markets. **Talent decisions today will shape the financial resilience of tomorrow.***

In my work within the financial services sector, I have seen how strategic executive recruitments — like those led by Massey Henry — can be a catalyst for long-term performance and institutional strength, especially during this unprecedented time.



Eric Wetlaufer

Board Director, IMCO and TMX Group,
Advisory Board Member, Massey Henry

Key Economic and Capital Market Trends in Canada

Pace of Investment Activity

After years of record-low interest rates that fueled corporate expansion, investment activity in Canada had slowed due to higher borrowing costs in the post-pandemic era. With the rise of trade tensions and global economic volatility, the Bank of Canada has lowered rates and has signaled further rate cuts in 2025.

Interest Rate Reductions

Canada will face continued pressure to reduce rates to assist consumers and to stimulate corporate investments. Lower interest rates, combined with potential economic policy and regulatory support initiatives, will be an important driver of investment activity.

Private & Public/Private Investment

Deal-making activity remains tepid, as financing is still expensive and investors hesitate amid uncertainty. However, early policy statements from new Prime Minister Mark Carney — at the time of writing — suggest Canada may increase support for direct investment in struggling economic sectors, along with the potential for more public-private investment.

Mergers & Acquisitions

Canada experienced a robust M&A transaction pipeline during the pandemic period but inflationary pressures post-pandemic reduced activity considerably. We anticipate a revival in M&A activity in response to companies seeking larger footprints, and believe that they will leverage buying and borrowing power to build fortress capital and to cope with heightened trade barriers and increased global competition.

Equity Sales & Trading Pressures

We also expect an increase in investors' cash holdings as they exit volatile positions. Equity sales, trading, and research teams are likely to experience commission-driven declines as investors increasingly sit on the sidelines.



Hiring Impact



Demand for investment banking professionals who specialize in distressed assets, restructuring, and complex financing structures is expected to rise, with decreased demand for investment banking professionals in other sectors.



Corporate development executives who can identify and execute strategic growth initiatives despite market volatility will be highly valued.



M&A professionals who have experience in resources, including energy, and mid-sized financial services will be sought after.

Key Economic and Capital Market Trends in Canada



The Rise of Private Credit in Canada

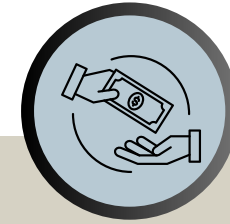
With traditional lending conditions tightening and banks facing stricter regulations, private credit is emerging as a key alternative financing source.

*Unlike in the U.S., where the private credit market is well-established, **Canada is experiencing a late-stage boom** in this space.*

Institutional investors, pension funds, and asset managers are expanding their private credit platforms to capitalize on the demand from mid-market companies struggling to secure bank financing.

- **Credit Issuance Resilience:** While traditional credit markets slow down, there is uninvested capital in private credit that could support sustained hiring.
- **Regulatory Complexity:** The expansion of private credit will require firms to navigate evolving compliance landscapes.

Hiring Impact



Demand for private credit leaders with expertise in direct lending, structured credit, and distressed debt is rising.



Risk and compliance executives with alternative lending expertise will be critical.

Key Economic and Capital Market Trends in Canada

AI and Technology Disrupting Financial Services

Canada's financial institutions and asset managers are actively investing in AI-driven efficiencies, but challenges remain in adoption, governance, and regulatory compliance.

While the U.S. has seen more aggressive AI-related capital investment, Canada remains cautious, particularly given its stringent regulatory oversight.

Demand for AI-driven trading and investment platforms is increasing.

Regulatory concerns around AI-driven decision-making are leading to greater oversight in financial institutions.

Hiring Impact

Financial technology and AI investment leaders who understand the intersection of finance, technology, and AI implementation will continue to be highly sought after.

Regulatory and risk executives with expertise in AI governance, cybersecurity, and IT risk will be in strong demand.

U.S.-Canada Trade Dynamic and Canada Response

Canada's trade outlook remains uncertain due to substantial pressure to revise the MCUSA agreement, as well as sector-specific and reciprocal tariffs. Regulatory and policy shifts in both Canada and the U.S. will continue to shape capital markets hiring needs.

- **Cross-border financial deals** may face increased scrutiny.
- The "**Buy Canada**" movement is likely to reduce reliance on U.S. service providers.
- **Canadian financial institutions operating in the U.S.** may face new industry-specific tariffs or operational and regulatory requirements.
- Conversely, U.S. financial institutions operating in Canada could see similar restrictions imposed, creating **staffing level impacts** for U.S.-headquartered Schedule II and III financial institutions.



Hiring Impact



Trade finance and corporate treasury executives with expertise in currency risk management and cross-border financing will be essential.



Government relations and policy experts within capital markets firms will play a crucial role in navigating trade policy shifts and regulatory uncertainty.



Economists and investment strategists with data-driven approaches will be increasingly relied upon for direction and forecasts.

Capital Market Sector Impacts

Most resilient sectors:



Risk & Compliance

These remain essential functions across financial services – and will only grow in proportion to uncertainty.



Private Equity

Historical data shows that PE firms are more resilient and recover faster from downturns than public-market securities.



Distressed Funds & Hedge Funds

These firms capitalize on economic fallout and are expected to thrive.



Restructuring & Distressed Advisory

Investment banks with strong restructuring practices and consulting firms will benefit.



SECTORS FACING HIRING PRESSURES

- **Investment banking (excluding restructuring)**, due to lower corporate spending.
- **Equity sales & trading**, as market volatility reduces investor confidence and associated transaction volumes.
- **Equity research** faces a revenue decline as investor activity slows.

*We have observed – particularly during the COVID era – that periods of market turmoil tend to drive increased demand for wealth management services. Notably, there was a **significant uptick in activity directed toward investment advisors**, as individual investors sought additional guidance during turbulent markets. As the current volatility continues, we anticipate sustained demand for professionals in this space.*

Conclusion

As geopolitical and economic uncertainty persist, capital markets hiring in Canada will focus on strategic adaptation with sector-specific (rather than broad-based) expansion.

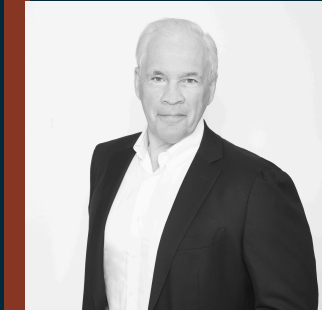
Firms will prioritize specialized executive talent capable of navigating volatility, regulatory requirements, and technological disruption.

For organizations looking to build resilient leadership teams, targeted executive search strategies will be critical in securing top talent that is forward-thinking and nimble enough to guide firms through a dynamically shifting financial landscape.

Our Team



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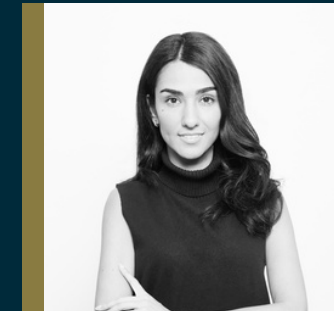
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About Massey Henry

Massey Henry is one of North America's leading executive search and board advisory firms focused exclusively on the financial services sector. With an experienced team of industry leaders and executive recruitment specialists, the firm combines innovative technology with sector expertise to provide clients with full-scope talent assessment, coaching, succession planning, and executive search services.

What makes us different?

Financial services clients are our only priority.

Unlike traditional search firms, we are not generalists. Whether corporate, commercial, or investment banking, insurance, asset management, or fintech, we are a specialized firm that understands the nuances of the financial services sector and institutional capital markets, allowing us to build a deep network of vetted candidates from coast to coast.

We have led executive searches across the spectrum of the financial services industry, including:

- Retail and Commercial Banking
- Insurance and Reinsurance
- Asset & Wealth Management
- Capital Markets
- Family Offices
- Credit Unions
- Private Equity & Private Debt
- Fintech
- Payments
- Corporate and Investment Banking

Some of the roles we have supported include:

- Board Chair and Directors
- Chief Executive Officer
- Chief Risk Officer
- Chief Product Officer
- Chief Human Resources Officer
- Chief Financial Officer
- Chief Compliance Officer
- Chief Client Experience Officer
- Chief Payments Officer
- Chief Investment Officer
- Chief Operating Officer
- Executive Vice President, Digital & Strategy
- Vice President, Cybersecurity
- Vice President, Finance

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