



Manpower Update Report

Banking and Finance Industry

2019

Banking and Finance Training Board

ACKNOWLEDGEMENT

The Banking and Finance Training Board (BFTB) would like to express its deep gratitude to industry experts who participated in the focus group for their valuable time and insight into the manpower situation in the banking and finance industry. Their views formed an integral part of this update report. The Chairperson of the BFTB would also like to thank board members for sharing their thoughtful feedback, candid insights and constructive recommendations during the course of compiling this report.

Contents

Introduction	1
Background	
Objectives	
Methodology	3
Overview	
Focus Group meeting	
Desk Research	
Data Analysis	
Limitations	
Findings	5
Factors Affecting the Development of the Banking and Finance Industry	
Future Manpower Demand	
Training Needs	
Recruitment Challenges	
Recommendations	14
Measures to Meet the Training Needs	

Introduction

Background

The Banking and Finance Training Board (BFTB) of the Vocational Training Council (VTC) was appointed by the Government of Hong Kong Special Administrative Region to be responsible for, among other duties, determining the manpower situation and training needs of the industry. Following a rationalisation exercise in 2017, a new approach for conducting manpower survey was adopted to enhance the effectiveness and better reflect the latest manpower situation. The new approach is to conduct full manpower survey for each industry once every four years,

supplemented by periodic information updates through focus group meetings and desk research.

The BFTB completed its latest full manpower survey in 2017. Two manpower update reports would be produced during the period between 2019 and 2020. The BFTB conducted two focus group meetings of the banking and finance industry on 6 and 10 May 2019 to collect views about the latest manpower situation and training needs of the industry.

Desk research has also been conducted to capture recruitment information including job vacancies of principal jobs, qualification requirements and salary offered in the industry for the period from the 1st quarter of 2018 to the 4th quarter of 2018.

This is the first manpower update report of the banking and finance industry which mainly covers the findings obtained from focus group meetings, supplemented by the information acquired from desk research for reference purpose.

Objectives

The objectives of the manpower update are as follows:

- (i) To examine the latest trends and development;
- (ii) To explore the job market and training needs;
- (iii) To recognise recruitment challenges; and
- (iv) To recommend measures to meet manpower and training needs.

Methodology

Overview

A new approach is adopted by the BFTB to collect a holistic manpower information of the banking and finance industry through conducting full manpower survey, supplemented by periodic update based on focus group meetings and desk research. For the purpose of this update report, only views of the focus groups and desk research will be covered.

Focus Group Meeting

Focus group meetings are intended to collect industry's view on the latest trend of the manpower development, training needs, and recruitment difficulties, etc.

Members participating in the focus groups are representatives from the banking and finance industry, including:

- 1) Banks
- 2) Non-banks financial institutions
 - i. Securities and futures institutions
 - ii. Fund houses/ asset management companies
 - iii. A local tertiary institution

Two focus group meetings (1.5 hours each) were held on 6 May 2019 and 10 May 2019. The first meeting for banks was conducted by the secretariat with six industry representatives attended while the second meeting for non-bank financial institutions was moderated by a research consultant with seven industry experts participated. Moderators of both meetings initiated the discussion with general questions and probed into more specific context to collect in-depth information on relevant topics in the discussion guide.

Desk Research

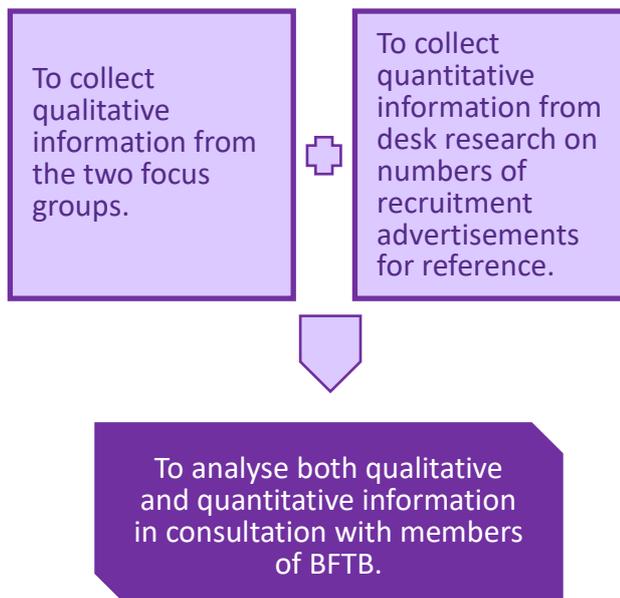
Manpower information covering the period from the first quarter to the fourth quarter of 2018 was collected through desk research. The information includes the number of job advertisements, required competency of the posts, qualification and experience, and market

remuneration, etc. An integrated database was developed to capture the relevant recruitment data from major online recruitment portals. Around 10,300 recruitment records were collected during the research period and served as indicative information of the job market trend. Information was mapped against the list of related

companies under the Hong Kong Standard Industrial Classification and duplicated records were removed during the process.

Data Analysis

The analysis consists mainly of the following three steps:



Limitations

As this is not a full manpower survey, the findings and recommendations are more qualitative in nature and the report mainly focuses on the manpower trend. The desk research, which focuses on online advertisements on major recruitment websites and the Labour Department, does not cover occupations that might use other recruitment methods such as executive search companies, word-of-mouth or connection through social media. Since the data collected is a snapshot of a particular period without referencing to any historical data, this can only serve as reference information supplementary to the findings of focus group meetings.

Findings

Factors Affecting the Development of the Banking and Finance Industry

The BFTB had identified several factors affecting the development of the industry to facilitate the discussion in focus groups. Focus groups members were invited to give their views on relevant questions in relation to those factors to understand the influences on the recent development or changes in respective sectors of the industry.

China-US Trade War

The world has seen a series of trade disputes between China and the US since January 2018. In early 2019, the World Economic Forum simulated the economic consequences of China-US trade tensions that the GDP of China and the US would be reduced by 0.9% and 0.4% respectively, leading to a reduction of 0.7% global GDP growth. Although those working in the import / export and logistics industries are facing the greatest challenge, the banking and finance industry argues that the impact of trade war on the industry is not as big as expected. It is probably due to the fact that local enterprises came across similar events in the past like the financial

tsunami. If tariffs are imposed for goods sold to the US, enterprises will turn their attention to customers in other places.

US Interest Rates

As mentioned in the 2017 Banking and Finance Industry Manpower Survey Report (2017 MPS Report) before China-US trade tensions, people expected that there would be interest rate hike and normalisation of the balance sheet by the US Federal Reserve. Nevertheless, the US Federal Reserve has started cutting interest rates in end July 2019 and signalled its readiness to provide more support as growth slows in the US. A reduction in interest rates will pose challenge for people of the Treasury Department of financial institutions while their counterparts in asset management may be benefited because of a rise in asset prices. This is somewhat a good news to the asset management sector which is facing a relatively saturated market. The sector is also exploring the impact of virtual banks on current players in the market.

Regulatory Requirements

The compliance issue was also discussed in the 2017 MPS report that it affected all sub-sectors of the industry with varying degrees of impact. In fact, new or strengthened regulations and guidance documents are expected to come. It is imperative for financial institutions to maintain sound risk frameworks and continue embracing tools to calibrate risks. In order to survive in a saturated market with tightened regulatory requirements, many securities brokerage companies are serving non-local customers in addition to local ones. Since profit margin is thin and regulations are strict, they need to find new and innovative ways of expanding their businesses, particularly when more companies are flushing into this saturated market.

Financial Technology and Cybersecurity

Financial technology (FinTech) and cybersecurity are obviously hot topics in the days to come. Having an excellent information and communications technology infrastructure, the banking and finance industry should be able to

move up to the next higher level with the help of FinTech. The impact brought forth by certain online securities brokerage companies is very massive. What is more, virtual banks will appear very soon after the granting of virtual bank licences by the Hong Kong Monetary Authority. Their impact can be disruptive in the sense that they will bring innovative services and new customer experiences.

Belt and Road Initiative, and Greater Bay Area

Regarding the Belt and Road Initiative, it should be beneficial to the whole industry though its positive impact on certain sub-sectors may not be that obvious. For the Greater Bay Area (GBA), on the other hand, the blueprint is to transform the eleven cities of the GBA into the one of the world's largest innovation and development powerhouses. In February 2019, the Central Chinese government announced the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area". The outline explicitly emphasised on the development of financial products and services within the GBA. The launch of FinTech pilot projects and the development of FinTech carriers were also mentioned in the outline.

Green Finance

As environmental, social and governance (ESG) risk has become too significant to be ignored in investment decisions, the government announced in the 2018-19 budget the Green Bond Programme to support green projects by encouraging organisations to seek financing through the local capital

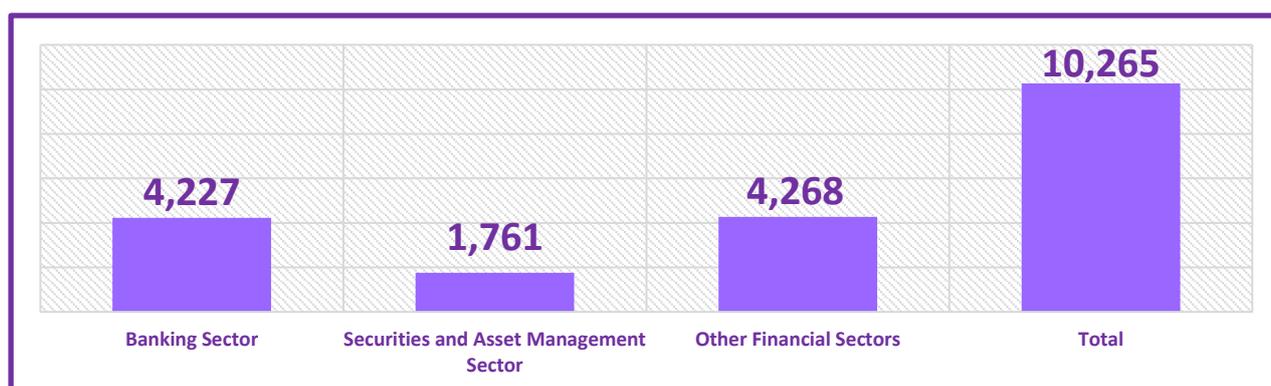
market. In fact, green bonds from Hong Kong issuers in 2018 totalled HKD 18 billion, which is more than 4 times of the volume in 2017. Green loans made up 22% of total annual issuance and will become a strong feature in the years to come. Green finance is also a strategic tool for promoting the economic development and regional cooperation in the GBA and along the Belt and Road.

Future Manpower Demand

In the 2017 MPS Report, the manpower of the banking and finance industry was categorised into three sectors, namely, the Banking Sector, Securities and Asset Management Sector, and Other Financial Sectors. Employers forecasted a slight increase (0.9%) in the overall manpower demand in 2019. It was expected that the Banking Sector had a mild growth (1.1%), followed by the Other Financial Sectors (0.63%) and the Securities and

Asset Management Sector (0.18%). After reviewing the number of job vacancies captured by desk research during the covered period, a significant number of job advertisements came from the Banking Sector (41.2%) and Other Financial Sectors (41.6%). Most of the posts across the three sectors were looking for staff at supervisory/ officer (42.5%) and managerial level (40.8%).

**Number of job advertisements in the banking and finance industry
for the period between January 2018 and December 2018 (by sector)**



**Number of job advertisements in the banking and finance industry
for the period between January 2018 and December 2018 (by job level)**



By job level, the following principal jobs had the largest number of advertisements:

Top 5 recruiting positions in the banking and finance industry by job level in 2018

Job Level	Managerial	Supervisory/ Officer	Clerical
1.	Chief Information Officer/ Chief Technology Officer/ Manager – IT (5.8%)	Account Executive/ Sales Officer (5.3%)	Clerk (41.5%)
2.	Manager – Compliance/ Anti-Money Laundering (5.6%)	Investment Analyst (5.2%)	Accounting Clerk (8.8%)
3.	Manager – Accounting (5.2%)	Administrative Officer (5.0%)	Securities and Futures Assistant/ Dealing Assistant (5.6%)
4.	Manager – Corporate Banking/ Commercial Banking/ Relationship Management (4.9%)	Accounting Officer (4.7%)	Cashier (4.3%)
5.	Manager – Credit Management (4.6%)	Credit/ Loan Officer (4.1%)	Receptionist/ Greeter (3.7%)

With intensified competition for manpower in the Banking Sector and the Other Financial Sectors, many financial institutions are stepping up to explore ways to serve existing and potential customers through the application of new technologies. This can be reflected in the large number of recruitment advertisements related to managerial positions engaging in information and technology. The growth of FinTech in the industry is driving the demand for technology talents.

On the other hand, virtual banks not only have to satisfy the existing regulations that apply to conventional banks, they are also required to comply with regulatory and compliance requirements applied to virtual banks. Demand for managers in compliance or anti-money laundering is expected to continue in coming years.

With reference to the discussed trends and development of the industry, views of the two focus groups on the anticipated changes in manpower demand were collected.

Occupations

Principal jobs related to compliance, FinTech & cybersecurity, investor relation, research analysis, information marketing, and IT support are always looking for the right candidates to fill the posts.

Impact of Online Platforms

Banks and financial institutions are

encouraging consumers to use online services by rolling out their mobile and internet banking apps. Although front line staff may be adversely affected because of the popularity of chatbot and other online services, manpower is still required to work in the back office.

Aging Problem and Lack of New Blood

Together with an aging pool of staff, the lack of new blood is one of the challenges facing the securities brokerage sector. Even if a securities brokerage practitioner works in another firm, on the job training is usually needed in middle and back offices as the operational procedures of different securities brokerage companies can be quite varied.

Skills

The growing attention paid to FinTech and compliance is shaping the skill requirements of the industry.

FinTech

FinTech offers opportunities but is also challenging. It asks for very different skill sets, such as knowledge in financial services, far beyond information technology skills. It is getting cross-disciplinary. Not only are employees expected to understand the application of technology involved (such as AI, machine learning, blockchain, cybersecurity, and big data, etc) but also how the technology

can be adapted to customer relationship management, financial product development, and digitised sales and marketing, to name a few.

Compliance

As the entire banking and finance industry keeps enhancing its professional standard to satisfy more stringent regulatory requirements, practitioners who understand such requirements and are adaptable to changes are highly appreciated. Amid growing competition and tightening regulatory requirements, many companies strive to survive and break the bottleneck. Companies are keen to hire people with a strong desire to grow and contribute to the industry.

Mainland Experience

Corporations are eyeing on business opportunities in Mainland China. Practitioners may stand out if they possess certain knowledge of and exposure to the China market and regulations, especially the ability to effectively adapt to regulatory differences between Hong Kong and the Mainland. As commented by a number of employers, such a quality is more often seen among Mainland candidates than the local people these days, which has attracted the attention to the competitiveness of the future local manpower pool. Some employers have even expressed their concern over the new generation about the under-estimation of the importance of learning and following through the rules and regulations as a fundamental part of professionalism in the industry.

Training Needs

Based on the aforementioned trends and development of the industry as well as the expected manpower changes, the focus group identified further details on the skill sets as required by the industry. In fact, compliance and communication skills were chosen as top five types/topics of training by respondents in the 2017 Manpower Survey.

IT / FinTech Skills

Talents from information technology or computer science streams can be potential new supply to the industry as FinTech emerges. There are talents who are tech-savvy but they may not realise that their skill sets are so needed in the banking and finance industry, and there is a potential career path to offer in the

field. It takes time for students from non-banking and finance disciplines to see their role and potential career path in the banking and finance industry.

Different job roles will receive varying degrees of impact due to the advancement in technology. New roles will appear which may require a different set of skills. For example, the increased use of cloud computing will bring new risks and therefore the need for cybersecurity will intensify. On the other hand, traditional compliance will evolve with the need for a higher level of technological expertise.

Cross-Disciplinary Skills and Reskilling

Knowledge about FinTech is important but the focus should be on its applications rather than on the technical aspects for industry practitioners. What is more, companies look for people to support their adaptation and transition to grasp the opportunities in the era of FinTech. Hence, personnel possessing technological or digital knowledge with industry knowledge and skills are highly valuable. Nevertheless, it is not easy, if not impossible, to find candidates with excellent cross-disciplinary skills. Therefore, it is sometimes more practical for employers to facilitate the reskilling process so as to equip employees with the required skills to replace those obsolete skills. Employers also see a

competitive edge of Mainland candidates, who tend to have much earlier exposure and experience towards FinTech than local students.

Communication Skills and Language Proficiency

Many front line staff of the industry have to deal with customers face to face. They need to provide tailor-made services to clients on a daily basis. In fact, communications skills were rated as one of the top five skills for the clerical job level by employers in the 2017 Manpower Survey. On the other hand, since the client base and product range are internationalised, employers have the expectation that young people should polish up their language capabilities.

Compliance and Green Finance

For training related to regulations and compliance, there are many different training and CPD programmes for front line staff to choose from. However, it seems that people in the back office do not have enough similar training programmes. Taking into consideration the hectic schedule of practitioners, it is believed that e-learning and bite-sized training may be appropriate. Training programmes related to corporate social responsibility and Mainland market operation as well as margin financing in the Mainland are also welcomed by the

market.

For green finance, there are a number of widely recognised international and national standards. Hong Kong also has its own Green Finance Certification Scheme which is developed by the Hong Kong Quality Assurance Agency (HKQAA). Practitioners should be aware of the principles of promoting a common understanding of green finance which is essential for fostering environmentally-friendly investments in Hong Kong and worldwide.

Enhanced Competency Framework

In order to support capacity building and talent development, the Hong Kong Monetary Authority has developed an industry-wide Enhanced Competency Framework (ECF) for banking practitioners. Even though the ECF is not a mandatory licensing regime, authorised institutions are encouraged to adopt it as the benchmark for enhancing

the level of core competence and on-going professional development of banking practitioners. However, voices of the industry are that ECF expenses are high that some banks have to allocate extra resources to deal with the ECF while other banks need to cut resources in other training areas in order to reserve resources for the ECF. Whilst spending training resources for the ECF, other training areas should not be overlooked.

It should also be noted that with effect from 1 April 2019, all ECF training programmes with QF accreditation are eligible for subsidy under the Government Continuing Education Fund (CEF). Moreover, selected ECF training programmes are eligible for subsidy under the financial incentive scheme for professional training of the Pilot Programme to Enhance Talent Training for the Asset and Wealth Management Sector (the WAM Pilot Programme). Banking practitioners are encouraged to make use of the subsidy schemes provided by the Government.

Recruitment Challenges

The industry has encountered difficulties in the recruitment process when identifying the right talents. Employers have also got challenges while retaining experienced staff.

Normally, corporations tend to poach talents of other companies. Some will

rely on retention programmes to avoid their own staff being headhunted by others. The offer of better titles or enhancement the promotion ratio are also ways to retain talents. Besides, some employers also rely on the following measures:

Automation

Online services have been gaining popularity among customers in the banking and finance industry. By developing apps or providing instant access and solutions, customers are finding these kinds of online services to be more effective and efficient as it saves a large amount of time. On the other hand, certain business processes can be automated in the sense that less manpower is required.

Streamlined Processes

In addition to automation, some manual business processes can be streamlined in order to reduce unnecessary workload. A slimmer workforce can thus be introduced.

The Mindset of Younger Generation

In an affluent society like Hong Kong, certain young people do not have the urge to be aggressive. Some of them do not enjoy working nine to five in one single company which is too traditional to them from their perspectives. They preferred to have their own slash career. After joining a company for one to two years, the staff turnover rate of these

recruits is the highest. The turnover rate can be as high as 60% for fresh graduates.

Non-Local Talents

If the talent required cannot be recruited locally, corporations will look for staff coming from the Mainland, particularly those who have studied in Hong Kong. Apparently, those people from the Mainland are willing to work in Hong Kong. On the contrary, certain people from Hong Kong are not willing to work in the Mainland, even though there should be opportunities in the GBA. One major reason why they are unwilling to go to the GBA is that it may be difficult for them to come back to Hong Kong. Their positions may have already been replaced by someone else.

RECOMMENDATIONS

Measures to Meet Training Needs

To meet the development of the industry, it is considered essential for education institutions and the industry to formulate effective strategies in training and upskilling talents.

Tech-Savviness and Reskilling

Cross-disciplinary talents who are able to make good use of their technology expertise with industry knowledge and experience in order to ride on the rapid development of FinTech are needed. A number of corporations rely on tertiary institutions and external training bodies to nurture talents to be tech-savvy and capable of applying new technologies, particularly in the areas of customer relationship management, financial product development, digitalised sales, marketing and communication.

Because of the advancement of technology and automation, some job functions like teller and settlement services will become obsolete. Those employees who are currently engaging in those functions should be reskilled. Other traditional job roles will evolve

which call for a different set of skills or additional skills, e.g., compliance officer with technological expertise and marketing executives with both traditional and digital marketing capabilities to take care of customers who are consuming more digital content nowadays.

Knowledge on Compliance, Mainland China, and Green Finance

The industry has been enhancing its professional and ethical practices in response to more stringent regulations in recent years. Compliance knowledge and practices are no longer a requirement of frontline staff only but also a shared goal of the entire corporation. Training on compliance needs to be strengthened for middle and back offices. The support for more systematic training tailored to a company's unique operation environment is highly desired. In the meantime, regulatory authorities should continue to keep the industry abreast of regulatory developments.

Besides, familiarity and knowledge with the financial and regulatory

developments in Mainland China is important. This requires talents to be able to grasp and adapt to the regulatory differences between Hong Kong and Mainland China. As cities and countries participating in the Belt and Road Initiative and the GBA have varying degrees of development, there are different standards for green financing. It is a challenge for stakeholders to come up with a common standard for developing and developed countries or cities. More collaborations among stakeholders are encouraged and programmes related green finance should be offered to practitioners.

Attraction of New Blood and Retention of Talents

The industry should play an active role by providing more attachment and internship opportunities to allow students to understand more about the industry and discover career opportunities. Voices of the younger generation should be also be heard in order to understand their concern and views about the future development of the industry. To enhance the overall skill level of staff, the industry can demonstrate a commitment to staff development by collaborating with external training bodies and

developing a more systematic and thorough training programme for industry personnel. Knowing the fact that practitioners have a hectic business schedule, more e-learning and bite-sized training programmes should be offered to cater for the needs of the industry.

Training on ECF

The introduction of the ECF is to facilitate the long-term sustainable development of the industry and enhance the competency and professionalism of in-service practitioners. While complementing the implementation of the ECF, the industry has to overcome several obstacles, including the commitment of extra training resources, the arrangement of staff to join ECF training programmes and examinations under a busy schedule. As a competitive market would lead to better prices, services and choice for everyone, the ECF accreditation mechanism allows other training providers to offer ECF training programmes if they are able to meet the ECF standards. Moreover, in respect of continuing professional development training of ECF, practitioners can attend training provided by banks and other training providers.