Manpower Update Report

Banking and Finance Industry

2020

Banking and Finance Training Board

ACKNOWLEDGEMENT

The Banking and Finance Training Board (BFTB) would like to express its gratitude to members of the focus group for their valuable time and insights contributed to the manpower situation of the banking and finance industry. Special thanks go to CPjobs and CTgoodjobs which shared with us their database of job vacancies. The views of focus group members and information from major recruitment websites formed an integral part of this report.

Contents

Introduction

Background

The Banking and Finance Training Board (BFTB) of the Vocational Training Council (VTC) is appointed by the Government of HKSAR. According to its Terms of Reference, the BFTB is responsible for determining manpower demand of the industry, assessing whether the manpower supply matches manpower demand, and recommending to the VTC the development of vocational and professional education and training (VPET) facilities to meet the assessed training needs.

A new approach for collecting manpower information is adopted to enhance the effectiveness and better reflect the dynamics of manpower situation in various industries.

Under the new approach, one full manpower survey which collects companies' manpower data by means of questionnaires, is conducted every four years. This is supplemented by two manpower updates by means of desk research and focus group meetings.

The BFTB completed its latest full manpower survey in 2017. Two manpower updates were conducted in 2019 and 2020.

The contents of the manpower update reports are based on two information sources:

(i) The focus group meeting collecting the views of industry experts on the latest development of the industry, its manpower and training needs, recruitment and retention issues, and suggested solutions for the challenges; and

(ii) Desk research analysing recruitment advertisements, including the offered salaries, qualification, experience and skill requirements of different principal jobs of the industry.

Objectives

The objectives of the manpower update are:

(i) to examine the latest trends and developments of the industry;

(ii) to explore the job market situation and training needs;

(iii) to identify the recruitment and retention challenges; and

(iv) to recommend measures to meet the training needs and to ease the problem of manpower shortage.

Methodology

Overview

With reference to the 2017 full manpower survey of the banking and finance (BF) industry, this update report aims to provide qualitative descriptions of the recent development of the industry through a focus group meeting, supplemented by quantitative findings from desk research.

Focus Group Meeting

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

1) Banks;
2) Securities and futures institutions;
3) Fund houses/ asset management companies;
4) A local tertiary institution; and
5) A young in-service practitioner

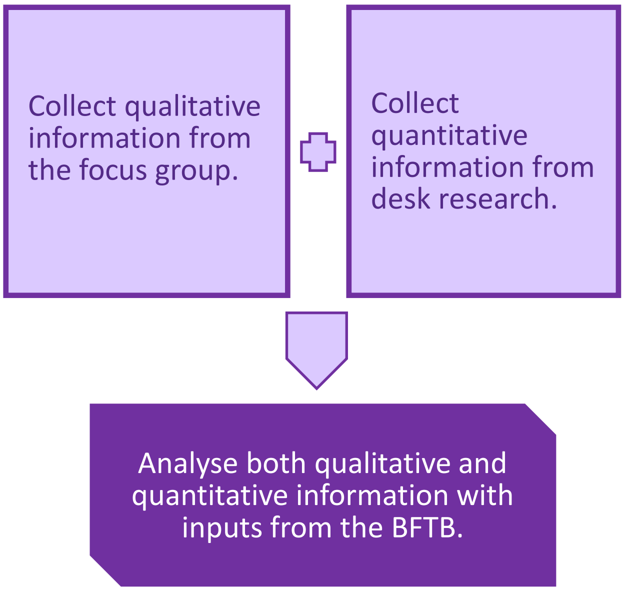
A focus group meeting was conducted on 21 July 2020. The secretariat staff served as the moderator and led members to in-depth discussion on topics selected by the BFTB. The discussions were recorded and transcribed to facilitate analysis.

Desk Research

An employment information system was developed to capture recruitment advertisements from CPjobs, CTgoodjobs and other major online recruitment portals. Recruitment records of four months were collected between Quarter 3 of 2019 and Quarter 2 of 2020 for the industry. After de-duplication and a mapping process based on the company list under the Hong Kong Standard Industrial Classification, 7,549 records relevant to the BF industry were identified. These records were further grouped by job levels, i.e., i) managerial, ii) supervisory/officer, iii) clerical, and iv) other supporting staff, to facilitate further analysis.

Data Analysis

The analysis consists of the following three steps:



Limitations

As this is not a full manpower survey, the findings and recommendations of the focus group meeting are more qualitative in nature and hence the manpower update report focuses mainly on the manpower trends.

The information of job advertisements was collected from major recruitment websites and the Labour Department. Other channels, such as social media and referral by friends, were not covered by desk research. As a result, a clear correlation between the number of recruitment advertisements found and the number of employees recorded in the full manpower survey could not be identified.

Since the data collected is a snapshot of a particular period without reference to any historical data, this can only serve as reference information supplementary to the findings of the focus group meeting. The data should not be directly compared with the figures recorded in the full manpower survey.

Findings

Factors Affecting the Development of the Industry

Economic Performance and Government Measures

On 20 July 2020, it was announced that the seasonally adjusted unemployment rate reached 6.2% in the three months to June 2020 and the previous figure was 5.9%. Although it is below the market expectation which is 6.4%, the rate is still the highest since 2005. Regarding GDP, the economic performance worsened in the first quarter of 2020, with real GDP contracting strongly by 8.9% from a year earlier. There are some good news though. In 2019, Hong Kong ranked first globally in terms of IPO proceeds. In the first half of 2020, Hong Kong ranked third amid social event and COVID-19 pandemic. Under heightened China-US tensions, Hong Kong dollar is still strong and is close to the strong end of its trading band with the US dollar as of early August 2020.

In order to boost the economy, Hong Kong has introduced measures like the Employment Support Scheme (ESS), providing time-limited financial support to employers who are going to retain employees. This will help slow down the rise in the unemployment rate. In June 2020, the Wealth Management Connect was launched which is another significant milestone for the Mainland's capital account liberalisation after the Stock Connect and Bond Connect schemes. It is also an important step to foster closer financial cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

Social Event and the Pandemic

The social event happened since 2019 has brought interruptions to the operations of financial institutions. Some retail branches were unable to operate normally for fear that protesters would target them. Exacerbated by the COVID-19 pandemic and the escalated China-US tensions, the local economy is badly wounded. The recent action by the US Government to revoke the different and preferential treatment for Hong Kong has ended the city's special trade status with the US. Nevertheless, comments are that the impact on Hong Kong is essentially psychological in nature simply because in 2019, 1.9% of total US exports were shipped to Hong Kong while only 0.2% of total US imports were delivered from Hong Kong during the same period. From the perspective of Hong Kong, 7.3% of total Hong Kong exports were shipped to the US while 4.72% of total Hong Kong imports were delivered from the US.

According to a local survey, only 11% of Hong Kong employees have stated that their employers offered "work from home" (WFH) arrangements prior to COVID-19 whereas 60% of employees have subsequently been able to WFH as a result of the pandemic. For financial institutions, they are also practising WFH. However, this measure is only applicable to employees in the mid or back office while those who are working at the front, there are difficulties in implementing WFH.

Digital Transformation

The banking and finance industry has envisaged radical technology-led changes over the past few years. The COVID-19 pandemic has boosted the change. Because of the importance of social distancing which changes our digital behaviour, it promotes the use of remote access tools. In fact, some customers welcome the change as they have had their expectations set by other industries. What is more, the Hong Kong Monetary Authority (HKMA) issued eight virtual bank licences between March and May 2019. These new players will definitely change the competition landscape which is beneficial to the sustainable development of the industry by spurring financial innovation in the city. This is also conducive to catching up with more tech-savvy financial hubs globally. The same phenomenon also applies to the securities sector and asset management sector. Virtually all players are under pressure to digitise origination and onboarding processes. While it is good for financial institutions to go online so as to enhance customer experience, the change has raised a concern over data security. Also, the rapid growth of digital platforms made financial institutions and their customers vulnerable to various breaches in IT security networks. All these call for putting more resources on authentication technologies and cybersecurity.

Nevertheless, some financial institutions face difficulties in keeping pace with the radical development of technology. They will therefore look for external service providers to be responsible for managing specific applications including server management and infrastructure solutions, network administration, and software development, etc. Because of the need to reduce overheads, enhance operational efficiency and improve customer services, outsourcing of certain business functions like managing of customer hotlines, marketing of financial products, maintenance of ATMs, etc has become an integral part of operations of financial institutions.

Green and Sustainable Finance

In May 2020, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) initiated the establishment of the Green and Sustainable Finance Cross-Agency Steering Group. The aims are to co-ordinate the management of climate and environmental risks to the banking and finance industry, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies. In addition to bolstering Hong Kong's position as a leading green and sustainable finance centre in Asia and globally, the initiative will facilitate regional cooperation, including the GBA.

Manpower Demand

Focus Group

With reference to the current economic environment and trends of industry development, focus group members shared their views on the anticipated changes in manpower demand. Principal jobs related to Fintech, cybersecurity, compliance, anti-money laundering, data analytics, information technology and customer services are in demand.

Desk Research

A total of 7 549 recruitment advertisements related to banking and finance industry were captured by desk research in the period between Quarter 3 of 2019 and Quarter 2 of 2020*. The distribution of recruitment advertisements by sector and by job level are shown in Figures 1 and 2.

**Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.*

A significant number of job advertisements came from the Banking Sector (49.1%) and Other Financial Sectors (32.8%). After grouping the recruitment advertisements by job level, most of the advertisements across the three sectors were looking for staff at managerial level (47.9%) and supervisory/ officer level (41.1%) while staff at clerical level and other supporting staff occupied only 9.4% and 1.6% of the total recruitment advertisements respectively.

Comparison with Previous Manpower Update

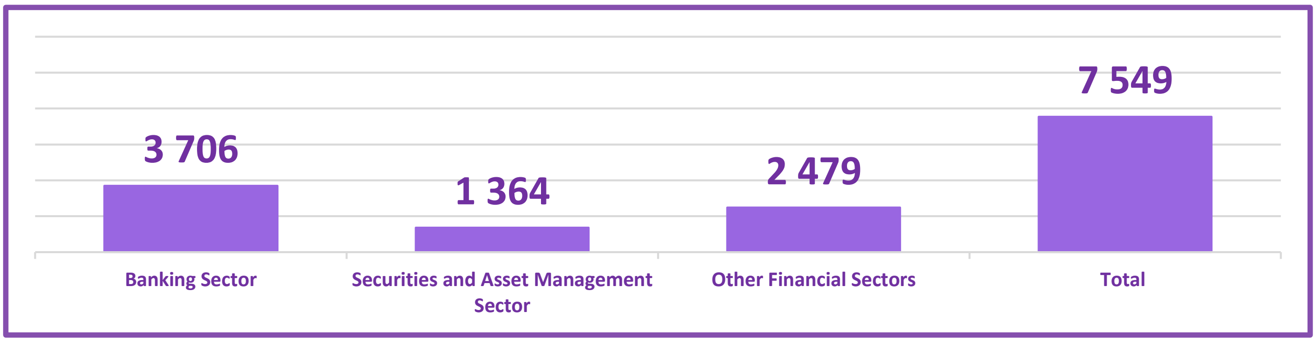
When compared with the recruitment advertisements captured last year, the number of recruitment posts across the three sectors had recorded a decrease of 2 716 (-26.5%), with the largest drop (-41.9%) in “Other Financial Sectors”; followed by “Securities and Asset Management Sector” (-22.5%) and Banking Sector (-12.3%).

Except the level of “other supporting staff”, there was an overall decrease in the number of recruitment advertisements across all job levels when compared with the advertisements captured in the 2019 manpower update exercise. The findings revealed that the largest reduction was found at clerical level (56.8%), followed by supervisory/ officer level (28.9%) and managerial level (13.7%). This might be due to the fact that automation has been streamlining the operational process within organisations so that fewer clerical staff will be needed to perform manual and repetitive tasks. While more companies are automating their internal business processes, candidates specialising in data analytics and advanced technologies will be in high demand.

With the current business situation, it is expected that financial institutions would have a tighter budget in 2020. A number of them will likely hold off their investments, including recruitment plans, until the business environment improves. Financial institutions are also reported to become relatively conservative when offering internship opportunities and launching their management trainee programmes to fresh graduates.

Figure 1

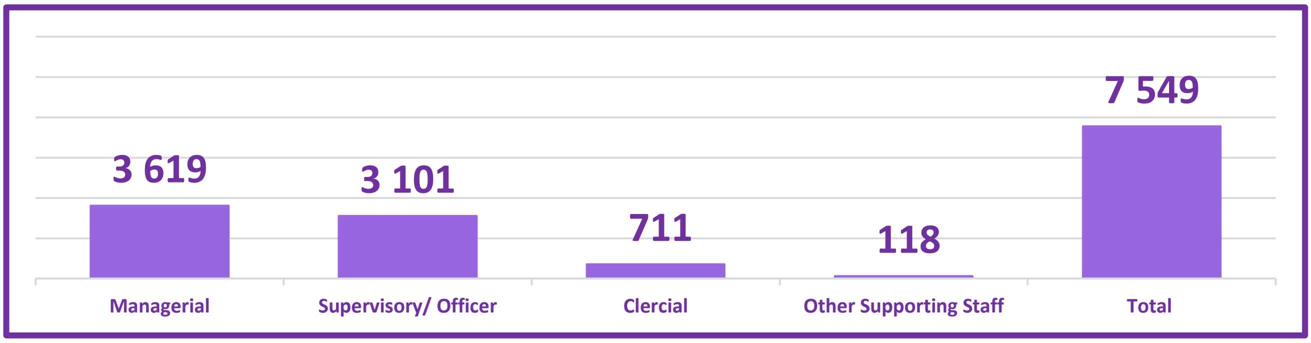
Number of recruitment advertisements of four months*
In the banking and finance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020 (by sector)



*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

Figure 2

Number of recruitment advertisements of four months*
in the banking and finance industry
for the period between quarter 3 of 2019 and quarter 2 of 2020 (by job level)



*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

Training Needs

Digital Talents

The advancement in technology is reshaping the manpower landscape of the banking and finance industry. Financial institutions, whether they are big or small, are trying their very best to update their legacy systems and rely very much on technology to improve operational efficiency and enhance customer experience. Technologies like robotic process automation (RPA) and artificial intelligence (AI) have a significant impact on the operations of financial institutions. RPA is particularly effective at handling repetitive tasks and compiling an enormous amount of data. As a result, employees previously working on repetitive tasks will likely be replaced by RPA. On the other hand, however, financial institutions require employees who possess the skills to comprehend how new technologies are able to be applied effectively to achieve organisational goals. Institutions also need talents who are agile and adaptive enough to navigate the changes and face the challenges that lie ahead.

Rise of Virtual Banks and Compliance

Eight virtual bank licences have been issued by the HKMA. Virtual banks also emerge in other parts of Asia like Singapore and Taiwan. Japan, Malaysia and India will be having similar arrangement in the near future. While traditional banks are experts in compliance, these new entrants are often regarded as a novice in compliance though they excel in digital technologies. Regulators are paying very close attention to anti-money laundering (AML), common reporting standards (CRS) and know your customer (KYC) regulations, etc. Institutions found in breach will be fined severely. As a result, virtual banks are willing to pay whatever it takes to recruit top-notch professionals in compliance. As far as professionals in compliance can be readily acquired from other financial institutions, virtual banks are willing to offer them an attractive package. From the perspectives of regulators, no matter how far does technology go, the same regulatory philosophy and principle applies. Compliance at all levels still requires talents to fill.

Big Data and Analytics

The banking and finance industry is very customer-centric. While a large amount of data is being processed by financial institutions every day, they have realised that the data collected can be used tactfully in order to provide customers with improved experience. Nowadays, technologies like data analytics give financial institutions the access to more data about what customers really want. The technology enables the organisation to unlock the information and correlation behind the data so that it can give customers what they want at the right place and at the right time. Customers, especially the Millennials (born 1981-1996) and Generation Z (born 1997-2012), often rely on social networks for content, opinions, referrals and product reviews. These customers are also less loyal as it is so easy to compare the service offerings of different financial institutions online. This is particularly true when the service offerings are generic in nature. It is therefore imperative for financial institutions to make good use of data to provide customers with customised services. Practitioners with a background in data analytics will be highly admired by financial institutions.

Design Thinking, Cross-Functional Capability and Green Finance

The banking and finance industry values highly the importance of customer experience. A number of financial institutions are now practising design thinking to help solve problems by observing with empathy how customers and employees interact. It tries to adopt a hands-on and interactive approach with an aim of creating innovative solutions to solve problems which are ambiguous and difficult to define.

Technology is now changing the number and kinds of employees working in financial institutions. In fact, that is not the only change. The nature of careers in the industry is also changing. Financial institutions are focusing more on building agile teams. In other words, for those who are able to work across different functions and business lines will be highly rewarded. The need for an enhanced agility is encouraging a shift towards more cross-functional teams in financial institutions. For example, a closer level of collaboration between data analysts and compliance professionals will be expected. Their collaboration will base on detecting complex behavioural patterns, predict possible criminal behaviours and anticipate likely crime schemes. Quantitative analysts, dealers, and IT programmes may need to sit together more often in order to develop trading algorithms in investment banking.

On the other hand, green finance is also a cross-disciplinary field. Practitioners may choose to understand basic concepts related to sustainable investment. Alternatively, there are more advanced topics like social venture capital.

Recruitment and Retention

In an environment of economic downturn and intense competition, recruiting and retaining talents is of utmost importance to outperform competitors. Financial institutions are trying their very best to secure and compete for the right talents against not only traditional rivals but also with new players in the market like technology giants and start-ups. The emergence of virtual service providers has changed the competition arena. Because of a change in workforce and new skills have become increasingly important, financial institutions have to think innovatively about how the workforce fits into their strategy from the top down.

Manpower Landscape

The latest unemployment rate rises to 6.2% and the figure will obviously be higher if there is no ESS. Because of the fact that the economic outlook is somewhat pessimistic and less job openings are being available elsewhere, the staff turnover rate of the banking and finance industry tends to be lower than previous years. Financial institutions set more restrictions on external recruitment when the senior management is keeping a close watch on the headcount. What is more, fewer management trainee positions will be offered by sizeable corporations while attachment opportunities are also less and harder to arrange in times of pandemic.

Automation Capabilities

Investments in automation capabilities aim at enhancing one's competitive advantage by generating cost savings and improving operational efficiency. The bad news to the existing workforce is that some job roles will be highly impacted, with the potential for convergence or even displacement. Practitioners heavily involve in tasks with a repetitive nature are likely to be replaced by RPA.

However, the popularity of RPA does not necessarily mean that the total workforce will shrink. While some job positions will be converged or displaced, other new roles will appear. For example, when the traditional way of trading stocks has been heavily disrupted by computerised trading systems, the decrease in the number of traditional traders in banks or stock brokerage firms has been offset by IT engineers as they are the one to support the automated trading system. In other words, the composition of the workforce in the industry is under evolution so as to reflect the transformation of roles while financial institutions are relying on RPA more pervasively.

Virtual Banks

As of July 2020, eight virtual bank licenses have been issued by the HKMA. Though these new players are very strong in providing online services with the adoption of IT tools, they hunger for talents in compliance. Practitioners with specialism in AML, CRS or KYC regulations will be highly admired by virtual banks. While virtual banks will spend whatever it takes to attract those talents, traditional financial institutions will counteract by offering competitive packages to retain them.

Realising the fact that customer data can be used to create comprehensive customer profiles to enhance customer experience by providing highly personalised offers, both traditional and virtual players will compete for talents in data analytics or data science to help find the product or services customers would like to buy as per their historical purchase behaviour.

RECOMMENDATIONS

To meet the future development of the industry, it is considered essential for the government, employers and education institutions to work hand in hand so as to promote the career prospect of the industry and to provide suitable training opportunities to employees and the young generation.

Digitalisation of the Workforce

Change is the only constant. This applies to virtually all industries and the banking and finance industry is no exception. The wave of digitalisation is impactful. It affects how financial institutions operate and the skills that the workforce should possess. Digitalisation also influences customer behaviour. Coupled with the emergence of virtual financial institutions, traditional players are working very hard to update their legacy systems and heavily rely on IT systems to improve operational efficiency and customer experience. Competition no longer comes from peers in the industry. A number of technology and telecommunications companies are expanding into financial services. In order to stay in the competition arena, it is imperative for financial institutions to secure and retain digital talents. Training programmes should also be in place in order to upskill and reskill their existing employees so that the corporation will be able to stay competitive with a digital workforce.

In delivering training programmes to help upskill and reskill employees, bite-sized sessions are desirable as they suit the busy schedule of practitioners. Instead of spending hours on a single course, learners prefer to spend their time in short but meaningful content. Obviously, the use of online training platform is common in times of pandemic. E-learning packages have been gaining popularity. Even after the pandemic, however, e-learning is still the trend as they offer learners the flexibility to study anywhere and anytime.

Value of Data

The banking and financial industry is now facing a paradigm shift. Not only is digitalisation impactful, financial institutions should pay more attention to the value of data that they have accumulated for a long time. In addition to this wealth of historical data on customers, sizable financial institutions are beginning to monitor customer behaviour through the Internet and mobile technology. With a combination of past and present data, practitioners are able to predict and promote the right products and services from which customers will benefit most. This is made possible by leveraging data analytics at scale. Though virtual players have an edge over the use of data analytics, traditional peers in the industry possess a good wealth of historical data locked up in the legacy system. What is certain is that for those who are able to make good use of big data through data analytics will gain themselves an opportunity of long-term survival in a highly competitive market. While the industry and technology converge, bolstering cyber resilience is an area to which financial institutions should also pay attention.

The Role of Hong Kong in the Greater Bay Area

The ongoing development in the GBA is a piece of good news to all institutions in the industry. As per GBA's development plan issued by the Central Government of the Mainland, Hong Kong serves as the centre for finance and asset management. Hong Kong is also the global offshore RMB hub in the GBA. The Wealth Management Connect, as mentioned previously, is going to present opportunities to financial institutions in Hong Kong. The scheme allows wealth to flow more freely between the Mainland and Hong Kong. In other words, individuals with high net worth in the GBA will be easier to gain access to local financial institutions for various services related to wealth management. This segment is demanding for a convenient access to global wealth management products through financial institutions in Hong Kong. It is most desirable if local financial institutions are able to create a seamless and integrated experience for their customers in the GBA.

On the other hand, as countries and cities taking part in the Belt and Road Initiative and the GBA have different levels of development, there are various standards for green and sustainable 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 to green and sustainable finance should be introduced to practitioners so that they are able to obtain a holistic view of the latest development of sustainable finance and investment. It is advantageous to Hong Kong if there is an increasing market awareness of environmental, social and governance (ESG) efforts.

Agility and Cross-Functional Teams

The banking and finance industry is ever changing. As the industry itself is evolving, practitioners have to change or be agile enough to learn new skills and be adaptable. Banking and finance is also a customer-centric industry. Motivated by digitalisation, financial institutions strives to deliver excellent customer experience and the experience has to be consistent during the entire customer lifecycle. Nevertheless, the wave of digitalisation has blurred the line between different functions and / or departments in financial institutions. Institutions are required to build and empower cross-functional teams to address a holistic customer lifecycle, from potential customers to real buyers.

Certain financial institutions are building such a team by bringing together representatives from different departments or functions. While working on ways to improve customer experience across the entire lifecycle, having input from each department allows the organisation to understand gaps, as well as appreciate how changing one part of the experience is going to affect the rest of the business.

Number of online job advertisements of four months* in the banking and finance industry for the period between quarter 3 of 2019 and quarter 2 of 2020 Qualification requirements by job level

Qualification / Job Level	Post Graduate	University Degree	Sub-Degree / Higher Diploma / Higher Certificate	Diploma / Certificate / Apprenticeship	Upper Secondary (F.4 or above)	Lower Secondary (F.1 to F.3)	Unspecified	Grand Total
Managerial	39	2 534	78	83	124	2	759	**3 619**
Supervisory / Officer	23	1 363	235	195	292	2	991	**3 101**
Clerical	2	127	114	108	165	2	193	**711**
Other Supporting Staff	2	28	8	7	18	2	53	**118**
Grand Total	**66**	**4 052**	**435**	**393**	**599**	**8**	**1 996**	**7 549**

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.

Number of online job advertisements of four months* in the banking and finance industry for the period between quarter 3 of 2019 and quarter 2 of 2020 Experience requirements by job level

Year of Experience / Job Level	No experience/ No requirement	1-2 Years	3-4 Years	5-6 Years	7-8 Years	Over 8 Years	Unspecified	Grand Total
Managerial	36	264	466	674	252	221	1 706	**3 619**
Supervisory / Officer	147	601	285	142	37	31	1 858	**3 101**
Clerical	81	179	16	14	9	-	412	**711**
Other Supporting Staff	4	20	7	5	-	-	82	**118**
Grand Total	**268**	**1 064**	**774**	**835**	**298**	**252**	**4 058**	**7 549**

*Data of ads was captured in July / Oct 2019 and Jan / Apr 2020.