

# **Developing Hong Kong's Human Capital in Financial Services**



January  
2015



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## FOREWORD

1. Since its establishment in January 2013, the Financial Services Development Council (FSDC) has been working towards its mission of engaging the industry in formulating proposals to promote the further development of Hong Kong's financial services industry, as well as proposing to the Government the strategic direction to enhance Hong Kong's status as an international financial centre.

2. In November 2013, we published a report titled "Strengthening Hong Kong as a Leading Global International Financial Centre", which lay out a vision and strategy for Hong Kong's financial services industry. The report suggested that Hong Kong should aim to become the preeminent international financial centre of Asia. One of the key enablers to realize this is to develop a sustainable talent base. This report explores this aspect in further detail.

3. In preparing this report, we examined the future talent trends based on the current position and opportunities facing Hong Kong's financial services industry. We conducted close to 30 consultation sessions with industry organisations and financial regulators and received survey responses from 90 financial companies in the asset and wealth management sectors about the current talent gap and improvement opportunities in view of future demand in this area. We also conducted a second round of interviews, (including one-on-one interviews and focus groups with stakeholders in the other sectors in financial services such as retail, corporate and investment banking), to supplement the earlier survey in order to come up with a holistic view of talent requirements in the financial services industry. We also researched how other international financial centres supported talent development, and specifically, their approach to build a sustainable talent pipeline over time. The results provided insightful suggestions on how to develop and strengthen Hong Kong's financial talent base.

4. We would like to express our appreciation to all the individuals and institutions that have helped us with their guidance and advice in preparing this report.

Financial Services Development Council, Hong Kong

January 2015

## EXECUTIVE SUMMARY

5. The financial services industry is one of the key employers of talent in Hong Kong today with over 230,000 participants in the industry, contributing 6.1% of employment and about 16% of gross domestic product (GDP) (as of 2013). Amongst Asian financial centres, Hong Kong compares favourably in terms of both the size of talent pool as well as the diversity of talent. Hong Kong's often-cited traditional strengths include access to a rapidly growing market (i.e., Mainland China), low personal tax rate, "user-friendly environment" for expatriate professionals, and one of the leading cosmopolitan lifestyles in Asia.

6. With an overall unemployment rate of 3.4% (as of 2013) for the economy, labour shortage and related challenges are not unique to the financial services industry. The biggest talent challenges currently for the financial services industry include difficulty in recruiting talent in perceived "less attractive" areas of mid/back-office operations, inadequate industry knowledge and soft-skills of our fresh graduates, reluctance in the industry on hiring and training fresh graduates, increasing competition from Mainland and international talent, and lack of sufficient international school places for the children of incoming expatriate professionals.

7. Through extensive interviews and surveys within the financial services industry, we found that many of the "hot-spots" for the industry in the future three to five years would be in the middle and back office as regulatory regimes for the industry become more demanding and fast evolving.

8. Asset management and wealth management are key growth areas, especially in front-office personnel. Among surveyed asset and wealth management companies, more than 90% believed that they will continue to hire more people in the next 3 years, and 20% believe that the increase will be more than 20%. Nearly all of those surveyed also expressed that they had difficulty finding and keeping employees, with key skill deficiencies being language, presentation, and communication skills.

9. Over the last few years, efforts have been made by various agencies and industry organisations to develop training and qualification frameworks. However, industry participants believe that much more should be done. Meanwhile, our peers in London, New York, and Singapore have been proactive in assisting and developing junior local talent through system-wide measures such as dedicated development funds, training, accreditation and information portal, all of which could be considered for Hong Kong's talent development.

10. In order to achieve our aspiration to be Asia's preeminent international financial centre, we should aim to raise the bar of our financial talent pool. Going forward, we could consider the following initiatives:

- (i) **Develop a comprehensive plan to enhance understanding and transparency in the various careers in the financial services industry** - This would provide the currently-lacking but much-needed information on the various job types in the financial services industry, including the required capability, and the ways to get started. This would also enable young people to better understand the different career paths and the various entry points to the industry. "Insight Days", on-campus visits by companies, and online methods such as an online guide would enhance young graduates' understanding of what to expect when they look for jobs in the industry.
- (ii) **Foster closer collaboration between academia and industry** - Employers in the financial services industry often indicate that local graduates are deficient in the skills needed in jobs in the industry. Universities in Hong Kong and industry participants can collaborate on curriculum design that would respond to industry needs. Part-time jobs and internship opportunities could be a part of the curriculum, and mentorship programs would provide continuous guidance and support for the graduates as they move along in their career. Unleashing these resources to support our current educational institutions will enhance the

relevance and the industry-readiness of our graduates and better equip our coming generations of financial professionals.

- (iii) **Significantly upgrade our professional training** - Currently there are several training bodies in Hong Kong conducting training and accreditation for various sectors and functions. In Asia, we believe that Hong Kong has the deepest pool of industry professionals and practitioners who can teach in such institutions. At the same time, the need for professional education for finance professionals around the region in the next decade has never been greater. Given Hong Kong's role as an international financial centre and considering the region's need, Hong Kong should consider fully grasping the opportunities and strive to fulfill the demand for internationally recognized professional training.
- (iv) **Remedying structural issues that affect Hong Kong's general employment environment** - Beyond industry-specific initiatives, there are a series of on-going efforts that the Hong Kong SAR Government should continue to pursue in order to improve Hong Kong's ability to develop and attract world-class talent. This includes encouraging young people to develop better language and leadership skills, providing more placements for international schools to accommodate children of expatriate professionals, promoting a longer-term view on corporate human resources management that emphasises less on poaching and more on talent development, and offering incentives for practitioners and young professionals to upgrade their skills and obtain relevant qualifications. Addressing these topics will allow Hong Kong to cultivate its local and international talent pool which is critical to maintaining our competitiveness.

## SECTION 1 – CURRENT STATUS OF HONG KONG FINANCIAL SERVICES INDUSTRY AND CHALLENGES

11. Financial service is one of the four pillar industries of Hong Kong, the second largest after trading and logistics. Latest figures indicate that the industry directly contributed HKD 342 billion or around 16% of GDP, with over 230,000 practitioners engaged in a wide range of job positions in the industry. When taking into account indirect effects, the contribution of the financial services is even larger. The following highlights the importance of the financial services industry to Hong Kong in terms of economic production, employment, and other indirect effects.

### EXHIBIT 1

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#### Hong Kong financial sector in numbers

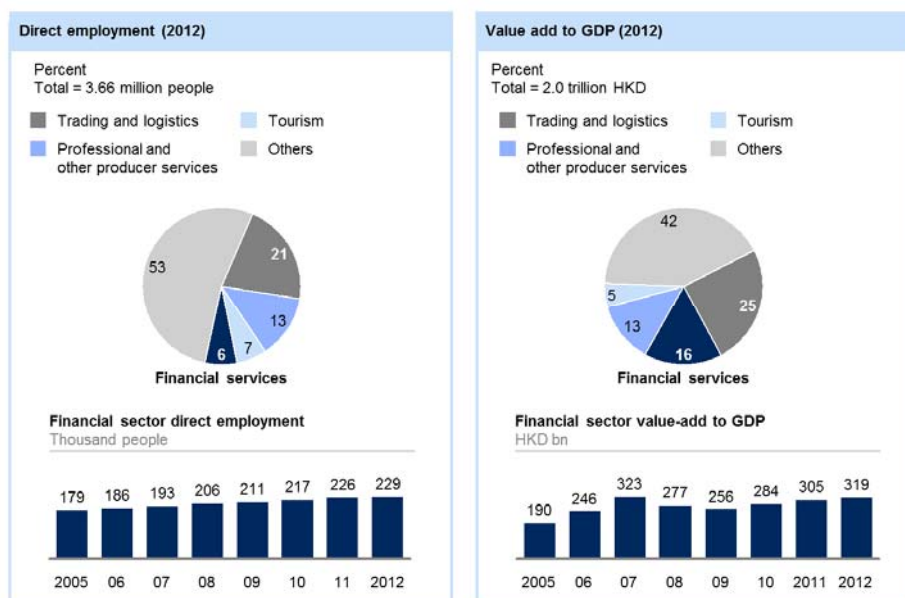
- Direct value-add contributes to **16%** of GDP
- Indirect value-add contributes to **6%** of GDP
- More than **230,000** direct jobs
- More than **100,000** indirect jobs
- More than **HKD 40 bn** in tax and other government revenue per year
- Workforce **2.5x** higher value-add to GDP per worker than that of the overall economy

SOURCE: Census and Statistics Department, industry interviews, literature search, FSDC analysis

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## EXHIBIT 2

### The financial sector is an important contributor to Hong Kong's economy

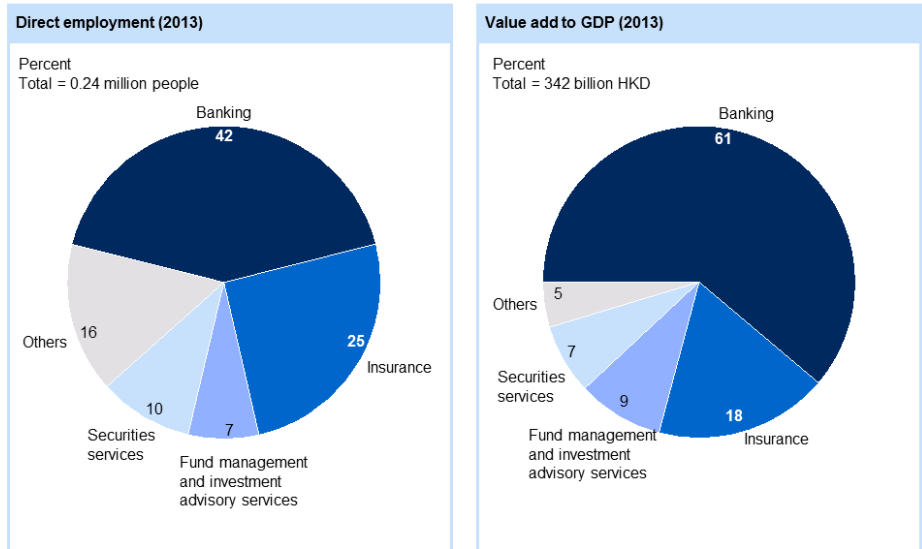


SOURCE: Census and Statistics Department

12. Within the financial services industry, banking is the largest contributor in terms of employment and GDP. Among industry practitioners, about 42% of them are in the banking sector, followed by insurance (25%), securities services (10%) and fund management and investment advisory services (7%). Banking also led the way in value add to the industry's GDP (61%), followed by insurance (18%), fund management and investment advisory services (9%), and securities services (7%).

EXHIBIT 3

**Within the financial sector, banking is the largest contributor in terms of GDP and employment**



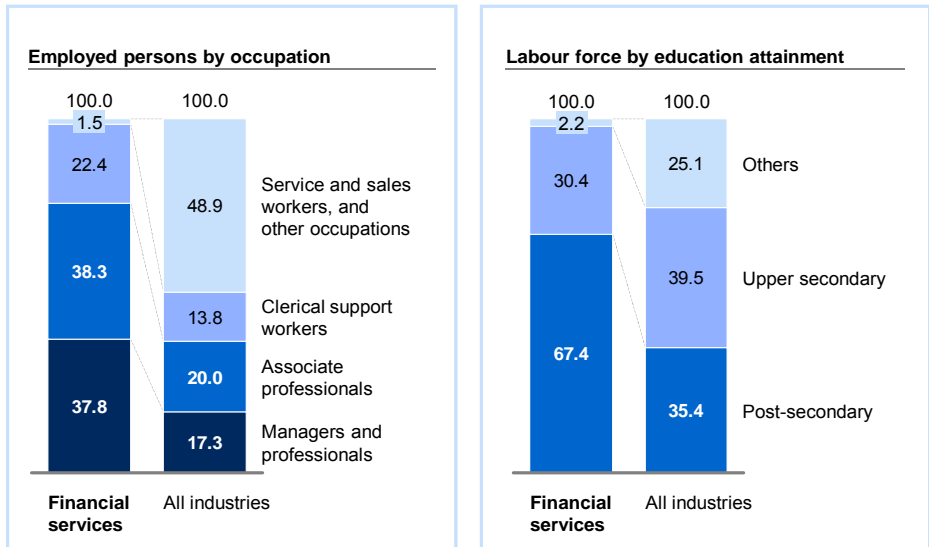
SOURCE: Census and Statistics Department, FSDC analysis

13. The financial services industry is a major source of jobs for Hong Kong, directly employing more than 230,000 people in 2013 accounting for 6.1% of the total labour force. This workforce, other than being sizeable, is characterized by high levels of skills and education. 38% of the industry’s practitioners are in the rank of managers and professionals – double that of all industries combined. In terms of educational attainment, workers with post-secondary education made up 67% of the industry compared to 35% for the overall economy, highlighting the role of the financial services industry in leading Hong Kong’s evolution into a knowledge-based economy.

EXHIBIT 4

**The financial sector labour force is highly skilled and educated**

Profile of workers in financial services industry, 2013  
Percent

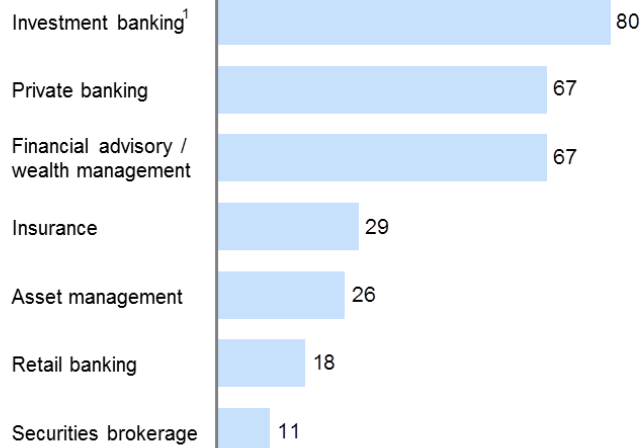


SOURCE: Census and Statistics Department

14. The increase in Mainland talent in Hong Kong’s financial services industry has been one of the most prominent recent trends, with all key sectors in the industry having experienced various levels of increase in the past decade. In particular, investment banking, which includes corporate finance advisory, sales and trading, and research, has experienced the largest percentage increase of Mainland Chinese employees, with 80% of respondents indicating that they have experienced an increase of over 20% in the past decade. Private banking, financial advisory, and wealth management have also reported increases in Mainland employees, with 67% of respondents indicating that they have experienced an increase of over 20% in the past decade. This is likely driven by the Mainland’s economic growth in recent years which resulted in related development of Hong Kong’s financial market, as well as Mainland professionals’ networks on the Mainland and their Chinese language proficiency.

### The increase in Mainland talent has been one of the most prominent trends in the past decade

Percentage of firms that reported a >20% increase in total number of Mainland Chinese nationals employed in last 10 years



- Many key sub-segments in Hong Kong's financial sector indicated significant portion of firms that have experienced an increase of **over 20% of increase in Mainland employees** in the past decade
- In particular, **investment banking, private banking and financial advisory/wealth management** experienced the largest jump in Mainland employees, likely driven by their need for relationships/networks and Chinese proficiency

<sup>1</sup> Investment banking includes corporate finance advisory, sales and trading and research

SOURCE: FSDC AM survey, FSDC analysis

## SECTION 2 – FEEDBACK FROM STAKEHOLDERS

15. In order to better prepare our people to capture these opportunities, it is important to first understand future employment demands of each sector in the industry as well as their implications to our future talent development. Our interviews with different industry stakeholders have yielded insight on the trends and their impact on the future human capital need of each sector. Overall, while there are differences in severity, there is obvious talent shortage nearly across all sectors and functions. None of our interviewees or survey respondents have indicated that they have no problems in finding the right talent.

### EXHIBIT 6

**Currently there are talent shortages across different functions, especially in private banking and insurance**

No. of industry practitioners

■ Relatively low talent shortage  
■ Moderate talent shortage  
■ Key talent shortage area

	Front office	Middle office	Back office and support
Asset management	5,600	3,400	1,600
Private banking	4,500	2,700	1,300
Retail & corporate banking	52,700	32,000	14,800
Financial advisory/wealth management	6,000	3,600	1,700
Securities brokerages	8,500	5,200	2,400
Insurance	37,900	13,900	7,100
Investment banking	7,000	4,000	3,000

SOURCE: FSDC AM survey, FSDC analysis

16. In general, companies have encountered challenges not only in recruiting young graduates, but in attracting experienced professionals as well, particularly in the areas of private banking and insurance. This is largely due to the extraordinary growth in business and increasing emphasis on professional conduct and capabilities, as well as compensation expectation in these two areas. Relative to the industry, investment banking reported the least trouble recruiting due to its continuing perceived desirability, though they too reported difficulty in finding qualified candidates. Below are the high-level summaries of our findings for each sector in the industry, illustrating the current employment status across functions and job nature, which clearly shows the bias towards front office roles for all sectors:

## Future demand and gaps by industry

	Current trends	Implications
<b>Asset management</b>	<ul style="list-style-type: none"> <li>Asset management, especially fund administration/domicile activities, is expected to grow due to government's promotion of the industry and as institutional pension assets continue to grow</li> <li>More and more companies look to hire staff from Mainland or Hong Kong over expats for front office due to language proficiency and market knowledge. Yet firms continue to hire expat portfolio managers due to a lack of qualified talent with Hong Kong or Mainland background</li> <li>Early-to-mid career professionals are generally not aware of career opportunities in the alternative fund management space, such as private equity</li> </ul>	<ul style="list-style-type: none"> <li>Industry professionals see an increasing demand in talent not only for front office, especially for middle to senior positions, but also some middle/back office positions as the industry continues to expand</li> <li>There is a need for a more diversified pool of talents to satisfy the rising demand in different segments of the fund management value chain</li> </ul>
<b>Private banking</b>	<ul style="list-style-type: none"> <li>Entrance of Chinese private banks and growth of existing small and medium firms due to growing business from Mainland clients will expand the industry significantly</li> <li>The current shortage of junior staff will lead to further pressure on finding qualified employees to manage HNWIs as firms require 3 – 5 years of experience</li> </ul>	<ul style="list-style-type: none"> <li>As the industry expands as a whole, and given the large amount of time and effort needed to groom a private banker currently, Hong Kong will need to improve its training and qualifications for private banking, such as creating a "one-stop" wealth management training for fresh graduates, encompassing products, ethics and compliance, to create a healthy pipeline of talent who can grow to serve HNWIs, especially those from China</li> </ul>
<b>Retail &amp; corporate banking</b>	<ul style="list-style-type: none"> <li>RMs stated that they are selling more securities and equity related products, which require more product knowledge and education to clients</li> <li>With Greater China being the geographical focus in the coming 3 to 5 years, both retail and corporate banking requires more staffs with 1) Cross-border experience and network and 2) Chinese language skills</li> </ul>	<ul style="list-style-type: none"> <li>Retail and corporate banking will look to increase staff with product knowledge, cross-border network and better language skills in both Mandarin and English</li> </ul>

SOURCE: Industry interviews

## Future demand and gaps by industry

	Current trends	Implications
<b>Insurance</b>	<ul style="list-style-type: none"> <li>Firms interviewed said that the sector is growing with an increase in Mainland Chinese visitors purchasing insurance products in Hong Kong (HK\$ 15 Bn in 2013) and an increasing presence in Mainland insurance firms to serve these clients</li> <li>Many Mainland Chinese firms have built their presence and begun expanding their business in Hong Kong</li> <li>General insurance companies are facing succession problem but it will take time to train up the next generation due to the highly technical nature of the business</li> </ul>	<ul style="list-style-type: none"> <li>Growth in the industry will continue, driven by increasing number of Mainland demand</li> <li>However, the industry needs significantly more staff who understands the products, the regulatory regimes and can serve Mainland clients</li> <li>For life insurance companies, they will likely face challenge of increasing staff turnover</li> </ul>
<b>Securities</b>	<ul style="list-style-type: none"> <li>Small and medium sized local brokerages lack technology and trained staff to sell multifarious products trading on multiple platforms worldwide that is increasingly common for the Hong Kong market</li> <li>Some growth in the market due to rise of affluent segment in Hong Kong, but industry is shifting from broker oriented to wealth management</li> </ul>	<ul style="list-style-type: none"> <li>Small and medium sized brokerages will struggle to compete with large companies who can upgrade its infrastructure and train its staff to understand the Hong Kong context</li> <li>Brokerages and staff express keen demand in training and other supports to expand their service portfolio from securities trading to cover a wider range of wealth management products</li> </ul>
<b>Investment banking</b>	<ul style="list-style-type: none"> <li>Banks stated that the composition of investment bank employees has changed significantly in recent years, as a growing number of Mainland Chinese employees taking up junior and senior positions in international firms</li> <li>The types of deals by investment banks have changed in recent years as the IPO pipeline has slowed and Chinese clients have become increasingly more outbound focused in M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>Although the industry demand for talent is not expected to grow significantly, investment banks will increasingly look to hire employees who have an international perspective but can still serve Chinese clients</li> </ul>

SOURCE: Industry interviews

17. Going forward, as Mainland China continues its market reform, Hong Kong's financial services industry stands to capture a larger share of China-related investment and financing opportunities. The demand for talent across the financial services industry is therefore also expected to increase significantly over the next 3-5 years, particularly in private banking, financial advisory, asset management, and insurance where the increased Mainland demand is expected to have the biggest impact.

#### EXHIBIT 9

#### Demand for employees across the financial sector are expected to increase significantly in the next 3-5 years

✓ Moderate increase in demand  
✓✓ Significant increase in demand

	Front office	Middle office	Back office and support
Asset management	✓		
Private banking	✓✓	✓	✓
Retail & corporate banking	✓		
Insurance	✓		
Financial advisory/wealth management	✓✓	✓✓	✓
Securities brokerages			
Investment banking			

SOURCE: FSDCAM survey, industry interviews, FSDC analysis

18. It is not surprising from our interviews that many new graduates prioritize investment banking over corporate and retail banking, insurance, and other middle and back office roles due to compensation and perceived prestige. Many graduates lack the understanding of the nature of most middle and back office jobs, and generally view entry-level middle and back office salaries that gradually step-up as the career progress not as attractive relative to investment banking.

19. Regulators, another important stakeholder in the industry, also observed that they have experienced difficulty in recruiting middle and back office talent as there is no concrete competency development framework. Regulators rely largely on on-the-job accumulation of experience to groom the next generation of talent. However, this requires extensive time and talent management as some specialised areas (e.g. general insurance) need immersion and apprenticeship-like programmes to build up experience.

### SECTION 3 – KEY THEMES OF HUMAN CAPITAL CHALLENGES

20. Although each sector in the industry faces its own set of challenges, there are four overarching themes in human capital challenges currently facing the financial services industry in Hong Kong. These themes, based on more than 40 interviews with companies, associations, regulators and students, are different in nature but are also interlinked to a certain extent.

#### *(a) Quantity of financial talent*

- (i) **Industry growth will lead to increase in overall hiring**, with demand increasing across front, middle and back office, and certain sectors, specifically those catering to the increasing number of Mainland Chinese clients.
- (ii) **Shortage of junior staff now may have long-term consequence**, as the pipeline for employees with specialized skills, which are already in very short supply, will be further constrained by the number of junior staff entering the industry.

#### *(b) Matching the right talent for the right position*

- (i) **Lack of transparency of opportunities** - There is not enough information or training to prepare university graduates to enter the industry, especially into the lesser-known areas and functions. Graduates, as a result, do not realize the potential career pathway of different sectors within the industry and more importantly, whether they possess the qualities to succeed in the long-term.
- (ii) **Difficulty in attracting talent in the perceived “less attractive” areas** - Given Hong Kong’s low unemployment rate of 3.4%, and the mind-set of high-calibre university graduates who generally look for higher-profile roles within the industry, there are challenges in attracting talent to the perceived “less attractive” areas of middle-back office and operations, as well as certain front-office jobs such as those in the insurance industry. Students need to understand that in the current environment where compliance culture is

valued across the industry, middle and back office jobs would have equally attractive career paths that would lead to the management team.

*(c) Dynamics of local talent and professionals from outside Hong Kong*

- (i) Competitiveness of local talent** - With the increasingly globalized economy as well as the demand for financial services by Mainland businesses, many local graduates found themselves facing formidable challenge from Mainland graduates and international professionals who are often better equipped with the necessary skills required by financial firms. To remain competitive in the fast evolving financial markets, local graduates must improve and enhance their knowledge and skill in order to stay relevant and current in their field, or risk losing the top jobs to Mainland and expatriate professionals.
- (ii) Shortage in quality international education and deteriorating living conditions may adversely impact Hong Kong's attractiveness** - For many expatriates with industry experience, their main concern of coming to Hong Kong is the difficulty of finding places in the desirable international schools for their children. While this is not a new topic, it remains the most prominent challenge for foreign professionals moving to Hong Kong. This obviously is not limited to the financial services industry but across all industries with the requirement to import international talent. Moreover, there is a perception that Hong Kong's living conditions (such as cost of accommodation and air quality) are not as favourable compared with other financial centres in the region. However, Hong Kong's vibrant lifestyle has received many compliments from young expatriates while adverse factors like high cost of living are shared by many large cities globally.

*(d) Developing a culture of nurturing human capital*

- (i) Evolving market will raise the bar for skills and market knowledge required,** with employees not only needing Mandarin and English capabilities, but also a global perspective to cover both global and Mainland Chinese clients who are becoming more and more international in their outlook.
- (ii) Corporates focusing more on short-term poaching than long-term talent development** - We found that financial services companies generally do not have a long-term view in terms of training and talent development. They are more inclined to hire experienced professionals to address short-term needs and are less willing to invest in fresh graduates for future, and hence rely on heavy poaching among firms for experienced professionals. In our interviews, it appears that many corporates believe that with increasing turnover among young professionals as well as shortened “boom-bust cycles”, the prospect of training fresh graduates for long-term development has become less attractive.

## SECTION 4 – CASE STUDIES OF MEASURES TAKEN IN HONG KONG AND OTHER CITIES

21. To date, there have been many programmes launched to address our talent needs. The Hong Kong SAR Government has many initiatives in place, and institutions such as The Hong Kong Institute of Bankers (HKIB), The Hong Kong Securities and Investment Institute (HKSI) and Private Wealth Management Association (PWMA) have also developed and facilitated similar initiatives. Below are some examples of the initiatives already in place:

### Initiatives

- (i) **Development of competence framework** - The PWMA has launched the Enhanced Competency Framework to enhance level of core competence and on-going professional development of private wealth management practitioners who undertake customer-facing roles.
- (ii) **Qualification Framework (QF)** - Launched in 2008 by the Government, QF aims to help Hong Kong people set clear goals and directions for continuous learning to obtain quality-assured qualifications across different industries, including banking and insurance. The QF is a seven-level hierarchy of qualifications covering the academic, vocational and continuing education sectors.
- (iii) **Small- and medium-sized enterprise (SME) training fund** - The SFC has allocated HKD20 million in its 2014/15 budget for funding talent training initiatives for intermediaries, particularly SMEs, in light of the changing market landscape.
- (iv) **Continuing education and qualification programs** - The HKIB, HKSI and the Hong Kong Financial Risk Manager Association have implemented programs such as the Continuing Professional Development Scheme, Professional Certificate Programmes, Certified Financial Risk Manager Program to equip, upgrade and broaden the skills and knowledge of industry professionals.

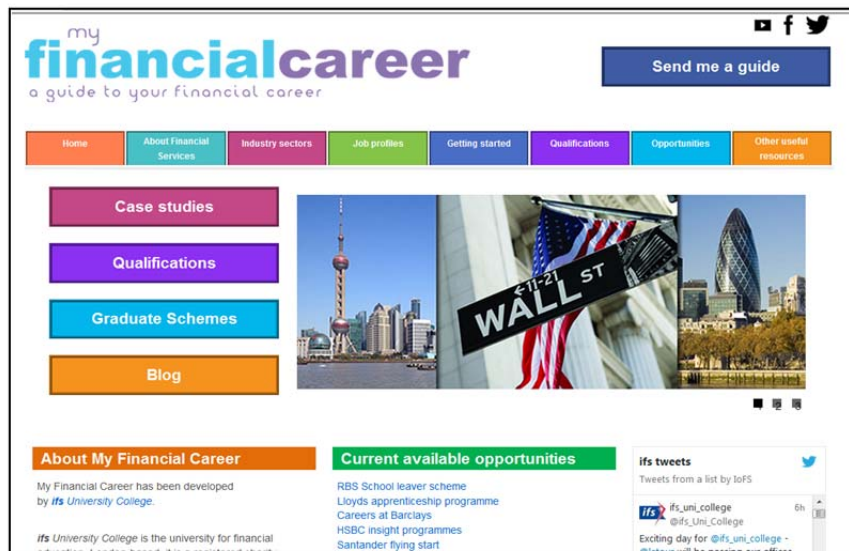
- (v) **Awards and recognitions** - Since 2006, the HKIB has been organizing the Outstanding Financial Management Planner Awards to enhance the competitive edge of practitioners and recognize individuals who excel in the financial planning profession. The Institute of Financial Planners of Hong Kong (IFPHK) and the South China Morning Post jointly organise an annual “Financial Planner Awards” to recognise the outstanding performance of financial planning elites who excel in their professional knowledge and uphold the best practice of the financial planning industry. In addition, the Financial Planner Awards also consist of the University Category competition to raise awareness to services excellence to a wider audience.
- (vi) **Cross-border study tours** – In 2012, the Financial Services and the Treasury Bureau launched the “Pilot Scheme for Cross-border Study Tour for Post-secondary Financial Talent” to enhance Hong Kong students’ understanding of the monetary system and financial markets of both Hong Kong and Mainland.

22. Although these initiatives have set in motion the Hong Kong SAR Government’s efforts to improve and retain its talent pool, more action is needed to directly address the need to develop entry-level talent. In our interviews with student focus groups, students expressed concerns that existing programs were not sufficiently student-focused, that universities should step up practical training programmes to prepare graduates for their jobs in finance, and that there is a lack of transparency on the possible opportunities available in the industry. In considering possible initiatives to address these concerns, we should take note of the following reference examples of other financial capitals that proactively improve junior-level readiness.

- (i) **Monetary Authority of Singapore (MAS) training schemes** - The MAS subsidizes and sponsors the training of local staff through programs such as Financial Training Scheme, the Financial Scholarship Programme and the Financial Industry Competency Standards Training Scheme. During the downturn in 2009, the MAS committed USD15 million to subsidize the pay of fresh graduates for one-year industry attachments with financial institutions.
- (ii) **Institute of Financial Services (IFS), London** - The IFS provides continuous financial trainings from the undergraduate level to professional programmes to industry practitioners. The IFS also maintains a free public online portal that assists students or working individuals to understand what are the different career paths available within the financial services industry and how to gain the right skill set, thereby enhancing the transparency of job opportunities in the financial services industry and attracting more new entrants into the industry.
- (iii) **New York Institute of Finance** - The New York Institute of Finance provides practical training for different levels of careers in the financial services industry. Courses are all taught by practitioners and offered at different levels. Example courses include introductory classes such as “Accounting Basics for Finance Professionals” and advanced certification classes such as “Derivatives Professional Certificate Program.”

## EXHIBIT 10

### Institute of Financial Services, London, career services homepage



SOURCE: IFS website

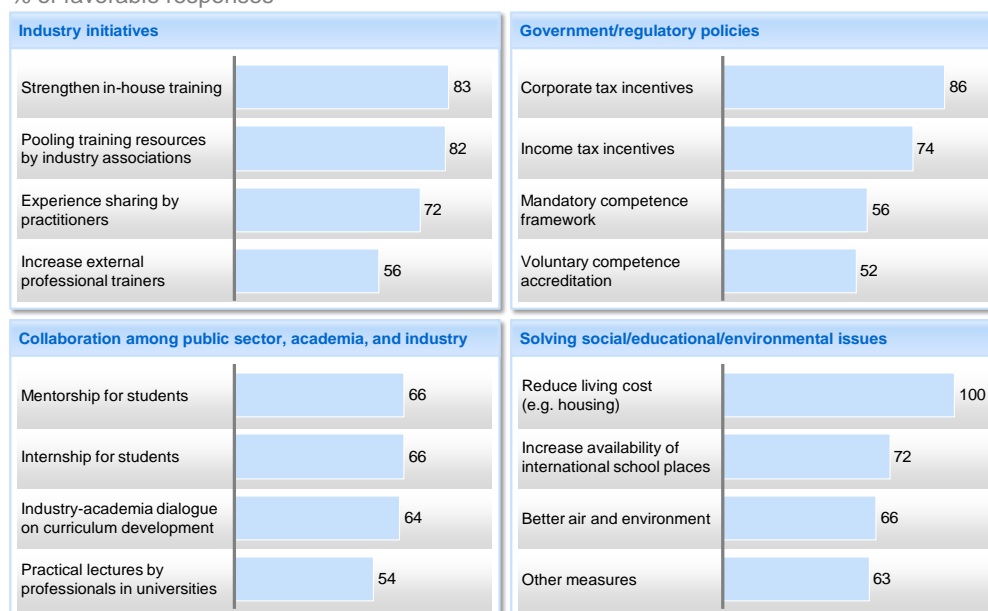
## Section 5 – RECOMMENDATIONS

23. Based on our extensive industry-wide research and consultations, we would suggest several initiatives which we believe would help address some of the key challenges to Hong Kong as a financial centre, namely lack of transparency for middle and back office functions, a need for enhancing practical industry expertise and knowledge in front office functions, and the demand for a more systematic curriculum for practitioners to upgrade themselves throughout their career.

### EXHIBIT 11

#### Survey responses: Potential measures to strengthen the talent pool

% of favorable responses



SOURCE: FSDC AM survey

**Three of the most heard suggestions from student focus groups**

<b>Information platform</b>	<ul style="list-style-type: none"><li>▪ A centralized platform to information and increase transparency of the possible career paths and what it takes to attain these career</li></ul>
<b>Industry participation</b>	<ul style="list-style-type: none"><li>▪ An increase in university presence by companies through career fairs and small group discussions to better educate students about different industry functions</li><li>▪ Additional company tours, "Insight Days" and short-term internships to expose students to the industry</li></ul>
<b>Alumni information sharing</b>	<ul style="list-style-type: none"><li>▪ A formalized program that allows university alumni to share direct and relevant experience and lessons-learned on the recruiting process through either campus visits or a mentorship model</li></ul>

SOURCE: University student focus group interviews

24. **Developing more transparency around various professions** - Multiple focus groups with students and job seekers have revealed that lack of information on the available opportunities is a key impediment. They feel that the vast majority of useful information today is obtained through personal relationships, while career websites and email advertisements from the universities are often unfocused. We would propose two specific short-term initiatives to improve overall transparency and attract a continuous flow of quality new entrants to the industry.

- (i) **Regular career and job fairs** - Providing a platform through career fairs for firms to hold regular seminars (which will also be made available through online and social media platforms) to educate prospective candidates about careers in financial services. Seminars would explain the various vertical sectors in finance as well as the different roles available across front, middle, and back offices, and should have question and answer sessions to for students to solicit tailored

advice. Industry leaders and academic institutions should actively cooperate in order to ensure that interested students and employers have continuous access.

- (ii) **Online financial career guide** - Setting up a comprehensive online portal for prospective and current financial professionals to facilitate information dissemination. This portal would act as a one-stop directory for questions regarding careers in finance and would also serve two functions: firstly, the website would centralize all the academic programs and professional training offered by recognized institutions and professional bodies in Hong Kong to facilitate easy reference by users; secondly, the website would act as a guide to assist those interested in finance in Hong Kong to understand the different career paths available and the required qualifications to realize these paths. Information on the recruiting processes, sample interview questions, CV writing guides, and contacts to relevant industry recruiters would also be available.

25. **Better collaboration between academia and industry would help build the foundation of a sustainable local talent model** - Universities provide our students with general education and should not be viewed as vocational training institutions. Yet graduates should also be equipped to be able to look for employment upon graduation.

26. Cooperation between academia and industry will ensure practical and up-to-date industry knowledge would be incorporated into the curriculums, thereby better prepare future candidates for employment opportunities. Market players will also benefit from this by having first-hand access to suitable talent. Potential initiatives include:

- (i) Enhancing the communication between industry and academia to ensure that the most updated information, trends, and needs of the industry are understood by academia. This can be achieved through regular exchange and discussions.
- (ii) Providing lectures which include practical aspects of relevant courses, by industry professionals, to ensure students learn skills which are applicable to the job environment.
- (iii) Provide more transparency around internships and field work opportunities to enable students to discover opportunities in a more systematic way.

27. **Overcoming the impediments to employers and employees in building human capital** - Exhibit 11 indicated that firms consider strengthening in-house training to be favourable. However, there is significant poaching across industries which has reduced the incentive of firm to invest in in-house training. This has exacerbated the human capital shortage beyond the financial services industry in Hong Kong as it is driving up wages of specialised positions. On the other hand, employees themselves also benefit directly from their enriched skills through opening up of more career opportunities as well as improved remuneration. Employers and employees should consider how they can better share the fruit of in-house training and employees' own skill and knowledge upgrade outside the workplace.

28. **We need to emphasize our international perspective and compliance culture in order for local talent to perpetuate the "Hong Kong advantage"** – Hong Kong's financial markets are very well-regarded in terms of global connectivity as well as investor protection. We need to maintain these characteristics in our next generation of talent in order to continue this value proposition to Mainland and overseas clients. Regulators generally expressed support to instilling an ethical culture beyond the compliance function and would like to see a higher profile for such value in university and continued professional education programmes.

29. **Lastly, we believe that there is room for improvement in Hong Kong's general environment for talent development** - On top of the industry-specific recommendations in this report, more can be done to improve Hong Kong's general ability to nurture and attract world class talent. In our discussions with different industry stakeholders, we heard consistent comments about Hong Kong's overall human capital environment that cannot be solved from within financial services industry. Government's efforts would be needed in improving some of the problems identified in this report.

- (i) **Weakening of overall language standards and other attributes of local graduates**, with many fresh graduates lacking not only the necessary English and Mandarin capabilities but also presentation and leadership skills to compete on a world stage.
- (ii) **Shortage in international school places** for children of expatriates has become one of the key obstacles for attracting middle to senior-level talent to Hong Kong. This problem is expected to worsen significantly in the coming years, further limiting the city's ability to accommodate foreign talent.

The effort of the Government could play a significant role in improving some of these problems identified.

## ANNEX

### **List of consultees (in alphabetical order)**

Alternative Investment Management Association – Hong Kong Branch	Hong Kong Private Equity Finance Association
Chinese Asset Management Association of Hong Kong	Hong Kong Securities and Futures Employees Union
Chinese Securities Association of Hong Kong	Hong Kong Securities and Futures Professionals Association
China Venture Capital and Private Equity Association	Hong Kong Securities and Investment Institute
General Agents and Managers Association of Hong Kong Limited	Hong Kong Securities Association
Hong Kong Association of Banks	Hong Kong Securities Professionals Association
Hong Kong Association of Online Brokers Limited	Hong Kong Society of Certified Insurance Practitioners
Hong Kong Chamber of Insurance Intermediaries	Hong Kong Society of Financial Analysts
Hong Kong Confederation of Insurance Brokers	Hong Kong Trustees' Association
Hong Kong Federation of Insurers	Institute of Financial Planners of Hong Kong
Hong Kong General Insurance Agents Association	Life Underwriters Association of Hong Kong Limited
Hong Kong Institute of Certified Public Accountants	Mandatory Provident Fund Schemes Authority
Hong Kong Investment Funds Association	Office of the Commissioner of Insurance
Hong Kong Monetary Authority	Private Wealth Management Association

Professional Insurance Brokers Association	Society of Registered Financial Planners
Securities and Futures Commission	Taxation Institute of Hong Kong

### **Special thanks**

International Centre for China Development Studies, the University of Hong Kong  
*(For its research support to the FSDC's consultation sessions and questionnaire exercise with industry organisations in the asset and wealth management sector as well as consultation meetings with financial regulators)*





## **About the Financial Services Development Council**

The Hong Kong SAR Government announced in January 2013 the establishment of the Financial Services Development Council (FSDC) as a high-level and cross-sector platform to engage the industry and formulate proposals to promote the further development of Hong Kong's financial services industry and map out the strategic direction for development. The FSDC advises the Government on areas related to diversifying the financial services industry, enhancing Hong Kong's position and functions as an international financial centre of our country and in the region, and further consolidating our competitiveness through leveraging the Mainland to become more global.

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