

by Kerry Consulting

## Singapore Market Highlights Quarter 1, 2015

### Banking & Financial Services

Regulations that had been enacted post the Global-Financial-Crisis (GFC) in 2008/9 are now accepted as part-and-parcel of banking life. The global hiring landscape in banking has not changed much in the last three years. It is still a regulatory laden environment where banks are closely watched by regulators. Financial markets and investment banking activities remain moderate; and corporate banks' continue to focus on transaction services.

The years past have seen M&A activities in private banking and this trend is expected to continue. For the fund management industry, Singapore's benign tax climate has always made it an attractive hedge fund destination. However with high profile hedge fund failures and Ponzi schemes still fresh in the public's mind, the Monetary Authority of Singapore (MAS) is undertaking more specific due diligence before awarding licenses. These uncertainties dampen the hiring sentiments in their respective sectors.

At the functional level, headcount needs for infrastructure areas such as finance and operations are expected to be conservative. Plans to offshore have already been in place for some time for many banks, and the workforce has had advanced time to change employers, or assimilate into other functions.

Not surprisingly, hiring for controls areas such as audit, legal, risk and compliance are expected to remain resilient. In particular in segments such as Basel III, Foreign-Account-Tax-Compliant Act (FATCA), Anti-Money Laundering (AML), Financial Crime, Sanctions, Fraud, Client-Onboarding, Know-Your-Client (KYC), Enterprise Risk, and the installation of early warning systems. Professionals in

the more traditional governance or operations roles may find themselves considering newly minted first-line-of-defence risk and controls positions as their next career move.

Amid a low interest rate environment, consumer banking activity is expected to remain frothy as banks come up with innovative schemes to attract deposits to meet regulatory capital requirements. And as a silver lining for new hiring, consumer banks are also behind the curve in digital marketing in reaching out to their customer base (as for example when compared to the FMCG industry), this is a segment that may see momentum in the hiring of digital marketers, and as a concurrent development an increase in digital media related technology hires.

Depending on how the global economy further progresses, headcount in structured finance related lending may be adversely affected by the declining fortunes in the resources industry (further complicated by high profile scandals such as the fake trades uncovered in the Qingdao port), and special situations or distressed debt work may instead see some resurgence. Alternatively notwithstanding China's anti-corruption drive (which is commonly associated with the dampened spending and investment by State-Owned-Enterprises), a China led technology boom at the back of Alibaba's listing in the NYSE may yet result in a flurry of venture capital and equity capital markets activities.

The regional banks' are again expected to lead the international banks in terms of appetite to hire, albeit at a reasonable pace. This again will not be a new development for 2015. And it is expected that the government agenda under the Fair Consideration Framework, to encourage the hiring of Singaporeans

is expected to significantly alter the profile of bankers in the country in the years to come.

Taking indications from banks which have mid 2014 financial year ends, the year-on-year salary adjustment for 2015 is expected to be moderate with a targeted inflation adjustment for junior to mid-level professionals. Senior professionals are likely to be moving into the new year at par. And for bankers, any salary premium to move between banks will be both product and relationship driven, and merely years of experience will not suffice. A demonstrable track record is essential.

### **Healthcare & Life Sciences**

The Healthcare & Life Sciences industry has been characterised by a number of high profile M&A events. Medical Technology (MedTech), devices, along with hospitals & healthcare service providers are expected to lead in headcount requirements. Support for hiring activities can be found in Singapore's rising reputation in medical tourism, and the ministry's Healthcare 2020 capacity development plan to add hospital beds. In particular, further investments in elder care can be expected with the country's aging population, funded by the SGD 9 billion 'Pioneer Generation Package' announced by the government in 2014. Search mandates are also emerging from other Asian countries which have previously under-invested in healthcare infrastructure.

### **Technology**

With the success of Alibaba's listing, China's Jack Ma may just herald a new era of technology boom in Asia. Venture capitalists are still drawn to nascent social media, e-commerce and app development companies, and each investment brings about a corresponding mandate to hire a team of technology savvy professionals to bring the company to the next stage. These private equity technology plays will be interested in professionals who have the right balance of passion for technology, a contemporary understanding of social media, and a cultivated network within the technology giants in US, China, or Japan.

The technology industry has for years now been experiencing a brain drain from traditional hardware vendors to software and internet companies. This trend is expected to persist.

Cloud solutions profiles have been gaining prominence, either in-house or outsourced, to meet business and security needs. IT and cyber security has also been a hot topic at the back of high profile security vulnerabilities, such as Heartbleed and with Sony. Big Data related hiring is also on the increase. Professionals with expertise in Big Data analytics, Business Intelligence and Data Warehousing are increasingly sought after.

### **Resources, Energy & Commodities**

The global outlook for energy and commodities has remained conservative through 2014 and is expected to continue well into 2015, with prices at the lowest ebb since recent memory. The recurrent theme brought about by a slowdown in China's consumption, together with the newer ones such as the country's anti-corruption drive had also put a brake on investments by its State-Owned-Enterprises. Multi-billion dollar worth of fake trades first uncovered at the Qingdao port is another dent to confidence to commodities industry.

Singapore continues to strive to be a key Energy and Commodities hub in Asia with the opening of the country's first LNG terminal. There is also hiring in the commercial functions supporting regional upstream activities being relocated to Singapore. Other functions that have hired include business development (M&A), trade and structured trade financing, trade operations, treasury, tax, credit and market risk. There is also a general shortage of professionals with exposure to physical commodities trading. The businesses which have been recruiting include LNG, base metals, and freight. It remains to be seen how the emergence of shale oil as a keen competitor to traditional crude will impact hiring in Singapore's more traditional oil and offshore marine industries.

### **Legal**

The Singapore law minister has been quoted as saying that the number of lawyers has increased by 25% in the last four years with more expected to enter the market, and has some concern that there could be an oversupply of lawyers. He further encourages future lawyers-to-be to bring their skillsets into commercial functions rather than just staying strictly within the legal field. The government

is therefore confident of its supply of lawyers while it continues to develop its reputation as a seat for international arbitration. The country's efforts in liberalising the local legal market with new entrants in the earlier years have also benefited the multinational corporations based here, where Singapore continues to serve as a regional hub for international law firms and in-house legal functions. This has in turn kept up the demand for corporate lawyers. Specific areas of activity include Data Privacy, Sanctions, Anti-Bribery, Foreign Corrupt Practices Act (FCPA), Foreign-Account-Tax-Compliant Act (FATCA). Where hiring externally is not feasible, secondees from law firms are brought in on a temporary basis.

### **Finance & Treasury**

Singapore is traditionally strong in its supply of finance professionals. While there have been new roles created, the vacancies which have emerged are dominated by attrition-led mandates. With a sizeable talent pool on tap, hiring companies have been more selective, resulting in more protracted interview processes. Employers are more particular on hiring the 'perfect fit', with a strong preference for commercial and business partnering experience over just financial control or accounting skillsets. The greater supply of finance talent relative to demand has meant that pay premiums are reserved for the more outstanding professionals in the market.

Salary premiums have been more favourable in the areas of business development, tax advisory, FP&A and treasury over the more operational areas in financial control, compliance or shared services. Treasury professionals remain in short supply, and those with fund raising experience especially so. Although the S-chips story has waned, there are still a number of Chinese listed companies in Singapore which value investor relations experience dealing with Chinese stakeholders where a strong command of the language is a necessity.

### **Engineering**

Engineers remain a core population of the graduate workforce in Singapore but competition from lower cost countries have long been this industry's largest challenge especially where labour intensive plant operations are concerned. Traditional engineering segments in Commodities, Offshore Marine and Petrochemical sectors have remained cautious amid

the slowdown in China, and depressed oil and commodities prices. At the Aerospace industry, there is some demand for aviation engineers at the technician level for Maintenance & Repair Operations (MRO) centres. With restrictions in place to curb property prices from skyrocketing, the

Construction industry continues to experience a slowdown in the private developer segment, but the government has picked up some of the slack with projects in public housing, MRT routes and the new expressways. Medical technology (Medtech), Precision Engineering and Electronics are viewed as higher value chain segments sought after in Singapore. However the local candidate pool for some of these technologies or processes remains in short supply.

### **Sales & Marketing**

The hiring for commercial functions is expected to remain consistent. Even in times of slower growth, companies are less likely to downsize their revenue generating functions, as opposed to other cost centres. The sought after competencies are regional market experience, a visible industry or customer network, track records in business development into green field sectors, long term leadership records in building a sustainable commercial team, and the ability to tailor solutions to customer needs. Other than the more usual hiring in Singapore, Hong Kong and China, there has been an increase in hiring mandates from the Indo-China region. For example, distribution channel management capabilities are sought after in the newer emerging markets of Myanmar, Vietnam and Indonesia where frequently other compatible emerging markets experience profiles are hired to plug the gap where direct local experience is not available.

With increased reliance on technology and social media, a pre-requisite for candidates to have some form of digital marketing experience or coverage is commonplace across many industries. The digital marketer is expected to have a higher profile in the marketing ranks in the years ahead. Successful candidates can expect very healthy salary premiums but this will also come with expectations to deliver above-market results.

## Human Resources

With Singapore becoming more South East Asia (SEA) centric, HR professionals here are increasingly been tasked to manage regional human resource portfolios in the emerging markets of Vietnam, Cambodia and Myanmar, in addition to the more usual countries such as Thailand, Malaysia and Indonesia. Search mandates have come from the Singapore regional offices looking to hire into these markets.

Learning & development has received a boost by the government which has been promoting Singapore as a regional training centre. Some multinationals have taken up government incentives to set up learning campuses, and to designate Singapore as the regional learning hub. Such endeavours are also normally tied in with alliances with the business schools here. And in the areas of recruitment, companies continue to build their direct sourcing capabilities. Some of these talent acquisition headcounts can be contractual in nature, or are hired into an outsourced vendor to cater to seasonal hiring needs. Many external recruiters see this as a stepping stone to other roles in HR.

In today's markets, where companies are adapting to slower economic growth, seasoned HR practitioners are called to the fore to help navigate the company through the restructure. The consummate HR change agent who can take decisions and steer the company and its people will be invaluable.

With the country promoting a hire Singaporean-first climate, the HR profession faces the delicate challenge in the attraction and retention of local professionals vis-à-vis managing corporate business objectives. Although it is hard to put a salary premium to this, an astute HR business partner adept at balancing the two will certainly be highly valued.

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Headquartered in Singapore, Kerry Consulting is an Executive Search Company with 6 Asiamoney Headhunters Poll Awards since 2009.

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