

# Singapore Market Highlights

## Q2 2016

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## Banking & Financial Services

### Same story but maybe .....

2016 has started with very much the same headwinds it had in 2015. 12 months ago, the BRIC economies (sans India) were slowing and commodities and oil prices were already languishing. In Singapore the “pro-citizen” job bank was already in place, the real estate market was headed to a soft landing and there was fear of eroding competitiveness due to a strong Singapore dollar.

The headline news is quite similar for 2016. The first trading weeks of the year saw global equities markets tumble by SGD 3 trillion, led by a China rout and contagion fears. The world’s second largest economy devalued its Yuan and Japan has introduced negative interest rates. The STI Index fell to the lowest level since October 2011. Income taxes, CPF rates and petrol duties have gone up. None of these however are entirely unpredictable considering the market factors already in play over the years. And there is more. ISIS continues to be threat, North Korea is a bigger problem, and Donald Trump is in the lead for the Republican nomination with some suggestions of a protectionist agenda.

Similarly for financial services the macro climate has not changed that much. Global banks are still mired in litigation whether with their clients or regulators. The mood is still highly cautious when it comes to investment banking and China exposure, and many banks are still in the midst of executing multi-year plans to restructure, centralise control, sell assets, exit markets and rationalise headcount.

However not every part of the banking system is downsizing. Where headcount may be lost in some parts of the bank such as equities and operations, the risk and controls functions have benefitted in gaining “regulatory headcount”. Likewise so have finance functions that have to deal with tougher Basel III requirements.

Even if the banks are struggling with profitability, they have to invest in housekeeping. It is still too early to tell if investments in these functions will result in better prudential supervision, but it certainly accounts for most of the pay premium for job moves; just like how the Sarbanes Oxley Act single-handedly created a bubble market for SOX compliance professionals 14 years ago.

### Disruptive technology

“Fintech” is leading the new wave of disruptive technology in the banking and asset management world. Fintech is more than just digital banking. It is revolutionising the payments space whether from a bank-to-bank, bank-to-counterparty or bank-to-consumer perspective. Non-regulated payments platform providers and shadow banking players are coming into the mix. New electronic crossing networks and multilateral trade facilities will compete for liquidity.

In wealth management, banks and insurers are counting on “robo-advisers” to provide automated financial advice via mobile devices at a fraction of the cost of human advisers. Algorithmic trading which was more commonly associated with high frequency bank trades pre Volcker days and hedge funds are finding its way into the long-only asset management industry.

### **We have found a new need for rocket scientists**

All this translates into a market for data analytics, the more volatile the variables the stronger the call to understand the alphas and betas. This translates into a demand for engineers to look into market and investment risk to detect complex patterns thrown up by big datasets. Programmers and scientists normally found designing jet propulsion engines will now be courted all the way from Wall Street to Raffles Place.

The “electronification” of these services is inevitable as the trends point towards less human intervention and away from brick-and-mortar banking. Headcount from the more traditional banking jobs will move towards these areas. And it is not at the front end where the effect on human capital traffic is evident. In the back end, auditors for example, will spend more time understanding codes and technology linkages than interviewing auditees.

Cybersecurity spend will go up as controls are upgraded to understand these newer forms of risk. Self-surveillance “robo-cops” will be designed to perform this first line of defence out-of-sight behind a computer script.

### **Ready or not, it is happening**

New technology will transform and improve our lives. But it will also question the status quo of our existing job roles. If an end user is already getting just-in-time service electronically in the comfort of his armchair, is it not only obvious for him to expect better service from a human interface. Job seekers therefore have to up their ante and keep up with the new technology. It is not about putting yourself ahead of the pack, it is about being not left behind. So if you think Whatsapp is all you need for a messaging app, think again.

Because in the new era ahead, chances are that for many jobs, human bankers may no longer compete against each other but another “robo-banker”. The latter does not take coffee breaks, occupy expensive desk space, demand career progression and salary raises but instead ploughs tirelessly round-the-clock to a high degree of accuracy.

Now that is tough competition.

## Consumer

The Consumer Businesses continue to be strong economic growth drivers despite moderating consumer spending within the APAC countries. Faced with increasingly sophisticated customers, Consumer Companies are investing heavily in R&D, Consumer Research, and Digital Marketing to stay ahead of the competition. There have been various restructuring exercises among global market players to remain locally competitive, address the unique market nuances across ASEAN, and optimize operations.

In the midst of this, we saw companies reevaluating their plant operations and their route to market strategies, in order to maximize revenue and penetrate into untapped markets. E-Commerce is also rapidly being engineered into the business model within the Consumer industry, with China, Japan and Korea as early adopters and South East Asia like Singapore and Malaysia gradually moving towards the direction.

Sales and Marketing functions across mid to senior levels continue to be in high demand, with stronger preference for candidates with experience in managing e-Commerce account, digital marketing and product development. Senior candidates with multiple geography experience and deep-set category expertise remain in demand.

## Engineering

Business sentiment in the manufacturing sector is expected to soften in the next six months, amidst soft global economic conditions and particularly the slowdown in China. The softer expectation in the manufacturing sector is broad-based, except for biomedical manufacturing. The biomedical manufacturing cluster expects business conditions to improve. Both the pharmaceuticals and medical technology segments are projecting improved business conditions. While the majority of the firms in the food, beverage & tobacco and printing segments expect business situation to remain the stable, firms in the miscellaneous industry segment foresee business activity to weaken due in part to the slowdown in domestic construction activities. In the precision engineering cluster manufacturers expect business conditions to soften, in view of the weak external economic conditions and lacklustre outlook in the global electronics and oil & gas industries.

Although hiring will be slow, there is still a demand for engineers in areas such as construction, aerospace, healthcare and renewable resources. With the shrinking pool of engineers in the market, the need for experienced engineers has increased, leading to employers maximising effort to retain talent and attracting skilled candidates. Imported talent continues to constitute 40% of the hires.

The Singapore government is also putting a lot of thought into changing the perception of the engineering profession, by developing R&D facilities to attract companies to invest and set up headquarters in Singapore, to further strengthen Singapore's reputation as a technological hub.

Companies are now looking at candidates who not only possess technical skills, but also commercial awareness and regional exposure. Such candidates continue to attract a premium for their expertise.

## Finance & Treasury

2015 saw employers turning somewhat cautious in their hiring of finance professionals at senior levels, both in generic finance and specialist functions such as treasury and internal audit. We observed ongoing consolidation of accounting functions into shared services, offshoring to lower cost countries, or using a BPO to complement the team in Singapore. However, a few prominent MNCs were seen to set-up Centre of Excellence (CoE) for Management Reporting in Singapore.

An increased emphasis on skills in finance decision support to sales & marketing operations, supply chain and e-commerce operations was observed. Demand for high-potential talent with accounting, FP&A or Internal Audit skills remained strong. With Singapore being a regional hub for a number multinationals, industry-specific regional auditors are always in demand. Increasingly stringent regulatory environment has also led to growing demand for compliance professionals with exposure to regulatory reporting, risk management, FACTCA and SOX compliance. Candidates with specialised experience such as within financial services audit, transfer pricing or indirect tax are increasingly sought after.

Employers in the retail sector were seen to place additional emphasis on ecommerce channels which saw growing demand for finance professionals familiar with supporting ecommerce operations. There were pockets of growth in services sector, prominently within education sector which showed significant appetite to beef up their management and back office support teams.

With ongoing policy restrictions on foreign manpower, there was a continued focus towards local talent and/or returning Singaporeans, especially those with Mandarin language capabilities. A number of organisations moved their APAC positions to North Asia resulting in candidates having to accept responsibilities for smaller SEA region instead of holding out for roles with broader regional coverage. Candidates with leadership qualities and strong interface with the business will probably be the most sought after by employers across all sectors during 2016.

## Health & Life Sciences

2015 was a year of “mega deals” consisting of a bonanza of acquisitions, divestitures, hostile take overs and collapses, all at once. Drug companies merged to gain access to new drug therapies, as it is often cheaper to acquire the next blockbuster than to develop it in house. Many factors contributing to the M&A boom in 2015 are still present in 2016. These factors will continue driving M&A as consolidation efforts amongst leading players in the sector and new biotech breakthroughs, are announced.

In 2016, companies will continue to focus on refining their emerging markets strategies to achieve steady growth. Partnerships between successful big pharma brands with start-up companies which possess a promising product development pipeline should ultimately also lead to growth and hiring this year. Pricing pressures can also be taken as a key consideration as it impacts changes to tax laws and pricing regulations. We can expect to see more drugs being rejected based on lack of cost-effectiveness to comply with budgetary constraints. Patient centricity becomes another important topic as more companies devote more attention to creating strategies around input and understanding, solutions and outcomes and culture and community. Due to the increased level of awareness amongst their patients, companies need to involve the patient in the R&D process, including the planning of clinical trials. This should boost recruitment, reduce costs and ultimately speed up the road to market.

Singapore has emerged as a global hub for medical technology, on the back of the government’s strong efforts to market it’s a vibrant biomedical sciences research ecosystem. This has led to growing demand for Engineering and R&D candidates. Equally, high potential talent with commercial excellence or salesforce effectiveness, experience across the pharmaceutical, medical device and diagnostic industries, are required by organisations looking to improve bottom line performance and enhance their competitive advantage.

## Human Resources

Demand for HR professionals is expected to remain stable for 2016. There's a trend of companies setting up their regional hubs in Singapore and moving HR Services such as payroll administration, global mobility, training support to lower-cost locations in Asia. With reference to senior HR hires, candidates with relevant market knowledge and language skills are highly sought after. For instance, for a multi-national organisation based in Singapore with plans to develop its market in Thailand would prefer to have a HR professional with relevant market knowledge and language skills.

In today's fast moving and rapidly changing HR world, candidates with strong change management, transformation, talent development and management are in high demand. Largely these are newly created roles as organisations focus on enhancing bench strength and having robust succession planning in place. Talent acquisition/management candidates are in demand as companies have realized that in-house talent acquisition is not just about recruiting, but about enhancing their employer branding.

Additionally, HR Generalists with specialist experience (eg: L&D or C&B, etc.) are in demand as they have demonstrated versatility and agility. Solid HR Business Partners with strong commercial partnering skills will also continue to be in demand.

There is growing trend towards temporary and contract roles within the HR function as employers endeavor to manage headcount constraints. Increasing numbers of candidates are becoming open to contracting opportunities whilst they look for permanent work and some prefer the flexibility this type of work offers. HR function remains talent short and candidate driven, yet candidates remain open to hearing about new opportunities that will enhance their careers and earnings.



## Legal

Macroeconomic trends in the region, such as the slowdown in China, plunging oil prices and weak growth in Southeast Asia, have inevitably resulted in a sluggish Singapore economy in the past year. Singapore has managed to consistently position itself as the main legal centre in the region, particularly for cross-border disputes and international arbitration. International corporations continue to base their first Asian legal counsel in Singapore and choose to expand their legal departments out of the city-state, which is often the preferred choice amongst other large Asian cities for raising a family.

Hiring in the legal space started off conservatively in the first quarter of the 2016 with demand predominantly within the regulatory and compliance areas. Growing focus on data protection globally, and with PDPC in place in Singapore, there was a perceptible increase in hiring of data privacy & compliance professionals, as well as information security and operations regulators.

Additional demand was created by mergers & acquisitions together with project and asset finance, driven by increased project-related work from regional SEA markets. Many companies are also in the midst of restructuring (acquisition of private banks/ pharmaceutical companies), with a number of them being affected by bad debts/write offs in the emerging markets. Once this settles, hiring for the legal and compliance teams will likely be on the upswing.

## Resources, Energy and Commodities

Oil prices continued to slide through 2015 due to, amongst other things, the supply glut and China's slowdown and firms with major portfolio in the upstream business faced pressure from record low price levels. This led to cutbacks in hiring within upstream and ancillary service providers including the EPC players

However, hiring remained stable in mid, downstream and trading across the commodity classes. Particularly within commodities trading, many firms announced improved performance and some even enjoyed record profits for 2015. The downstream petrochemical/specialty chemicals businesses were also able to generate better margins due to lower input costs.

Functional areas in focus were structured trade finance (treasury), middle office, risk management, corporate finance, commercial operations, shipping, logistics, consulting (short term analytics), and tax. In general, salary increments continued to remain conservative for corporate functions. There was ongoing push towards hiring Asia-based talent, and particular interest in hiring Mandarin speakers who would be able to access the Chinese markets. Regionals markets remained buoyant with strong hiring trends within Southeast Asian countries and Tier 1 cities in China.

Another area of growth has been with Energy consulting firms, due to the current market volatility and a need for more robust fundamental analysis within trading. Consequently we have seen a significant pick-up in demand for short term analytics and pricing talent.

All in all, while the industry as a whole is going through a challenging time, we do see continual hiring in profitable areas as well as restructuring driven opportunities for professionals in the industry

## **Retail**

The Asian economies saw a level of volatility in 2015. With China's exponential growth well behind us, there was a distinct reduction in the flow of Chinese Tourists and Chinese investments in certain countries, notably Hong Kong, Malaysia and to some extent Singapore. However, Southeast Asia markets like Vietnam, Indonesia and Philippines appeared to do relatively well, each led by FDIs or sustained by domestic consumption driven by a growing middle class.

Retail continued to remain an important economic driver for the APAC countries. Tourists favored new destinations such as Japan, Korea and Thailand. Australia, with stable domestic consumption and improved tourist volumes, performed quite well.

With changing tourist patterns, we see retail brands changing track, and increasing their investments in North Asia Markets like Korea and Japan, and some even moving their APAC headquarters from HK to China or even Singapore. A number of other brands are continuing to build SEA/ SEA + Oceania hubs in Singapore.

Specialist retail functions continue to be in high demand, including Training, Visual Merchandising, and Project Management. We also see more senior level roles across all functions as firms set up their regional/global hubs here in Singapore. E-commerce is giving brick and mortar businesses a run for their money, some capturing the wallet share of discerning consumers. Most brands are therefore aggressively expanding in these functions and are building their online merchants, e-production, designers as well as their digital marketing, content teams. As retail brands continue to innovate in order to engage with their customers, Omni-channel is also the recent buzz word with establish brands trying to get onto the bandwagon.

## Technology

Demand for business-oriented IT professionals remains strong, from business analysts to project managers to large project controllers. Specialists in cloud computing, big data, data analytics (including business intelligence), and digital/mobile technologies continue to command a premium. Key buzzwords for technology in 2015 were undoubtedly around payments technologies, digital banking, data analytics and cyber security. Large retail banks continued to focus on omni-channel experiences, and digital banking solutions. Private Banks also joined the inevitable digital trend to undergo digital evolution in bringing wider suites of channels to High Net Worth clients.

Digital and cashless payments technologies was also an interesting space, with both Fintech and banks competing to offer seamless, convenient and secure payment methods. The government also set up a new division to look into potential risk of the introduction of emerging technology and payments solutions in the Financial Services sector, to ensure controls and governance.

The importance of cyber security has grown tremendously in the past few years with the increased level of cybercrime globally. The Cyber Security Agency, a national body within the Prime Minister's office was set up in 2015 to strengthen government's cyber security capabilities and to increase private sector's awareness of cyber threats.

In 2016 we are anticipating a steady level of demand for technology risk and security talent across industry, with a buoyant digital talent market. While some banks are refocusing their market strategies, selling off Asia businesses, we also observed positive signs of banks taking a different approach in identifying Asia as key market, creating demand, insourcing and on-shoring specific key technology functions, back to Singapore. Big data analytics have been and continues to be a sought after skill in both financial services and commerce industry with businesses aiming to derive value from all data.