

by Kerry Consulting

Singapore Market Highlights

Quarter 3 2015

Banking & Financial Services

Most global banks are expected to end the first half of the year on a positive note, notching high single to double digit growth.

But UK banks continue to underperform the banking sector in general with talks of two of its lenders moving headquarters out of UK (to Hong Kong and Singapore). However discussions on that front may now have slowed with the unexpected Conservative victory at the polls in May. Had Labour prevailed, its plan for a more aggressive levy on balance sheets would have increased the lobby for moving East.

These better than expected results were largely the result of market volatility that boosted trading income; and for the Singapore banks the highest interest rates in six years helped offset any slowdown in lending. Banks which have invested in their wealth management business are reaping the benefits of hedging themselves from the frothy investment banking P&L that has been handicapped by regulatory restrictions and macroeconomic conditions.

The positive results are not all from revenue generative operations. Since the last financial crisis, banks have been forced to keep a lid on costs which include cutting headcount, managing bonus pool, releasing capital by exiting from non-key markets and disposing of assets. Shareholders are also more successful in asserting themselves, with CEO and board level casualties among the global banks.

However while banks have tried to cut costs, much of the savings have been ploughed back into compliance. Most banks continue to build up their legal reserves for foreign exchange, mortgage and other mis-selling related investigations. What should have been exceptional 'one time' provisions are now regular quarterly events.

Elsewhere in Singapore, investment banking aside, the overall banking employment landscape in the country is stable.

At the functional level, compliance, risk and controls related hiring will continue to outpace those in finance and operations. And at the business level, employment opportunities in wealth, retail and SME banking are likely to lead corporate and investment banking.

While the banking industry has safely navigated the first quarter, banks are still cautiously adapting to the new era of low oil/commodities prices and slowing emerging markets growth amid a costly litigious regulatory environment. And notwithstanding a buoyant equities market flushed with liquidity the IPO scene is quiet for ECM bankers. Talks of a China bubble and how 'Grexit' may play out are also in the background.

A major new hiring theme has been the development of the Digital Bank where business and technology hires are brought in to build infrastructure and to translate consumer insights from big data to executable social media strategies. Banks are also learning to adapt their business model to cater to a new generation of mobile app based clients and to meet competition from technology companies entering the banking and payments industry. Fintech companies stand to benefit from this wave. With the technology industry on the ascent, banks face an uphill task attracting such talent for their own digital evolution.

Where banks already have breadth in client coverage, we see further build out of sales teams into more specialized portfolios to focus on depth of penetration within client segments. Job descriptions will be looking for 'hunter' over 'farmer' profiles. The playing field is smaller and the customers are smarter. Sales processes will be re-tooled for efficiency and customer centricity, and business finance will be under pressure to scrutinize for productivity losses. Clients can expect to hear more from their bankers marketing new solutions to old problems.

The first half of the year has also seen the passing of Mr Lee Kuan Yew, the revered founding Prime Minister of Singapore. The country came to a halt during the week long national mourning. But where there had been concerns on the impact of his passing on the markets, the country has moved on admirably. This is also the year where Singapore turns 50 with a general election looming just ahead. The momentum is therefore in place to further the government's two year old agenda to favour local hirings.

In a curious sense, it has never been a better time to be a Singaporean banker.

Engineering

Singapore Government's focus on the aerospace industry and the development of R&D and innovative functions, is fuelling demand for mechanical and electronic engineers across industries. At the same time the Professional Engineers Board of Singapore continues to push for higher levels of qualification, licensing and standards.

Key engineering segments attracting talent include construction, electronics, infocommunications and media, chemicals, biomedical sciences, logistics and transport engineering. Clean energy, environment and water, and natural resources, though new, are also seeing an uptick in hiring activity. Singapore's significant rail investments and mega projects such as the Thomson Line and High Speed Rail to Malaysia, have also led to sustained demand for civil and tunnel engineers, particularly in cavern, rock tunnel and TBM tunnel design projects.

Engineering candidates with commercial and presentation skills are particularly in demand, as businesses strive for a more cohesive demand and supply chain. Such candidates will likely command the highest premium in the industry, especially if they can demonstrate global/regional experience.

Finance & Treasury

Singapore Treasury and Finance hiring is expected to hold steady in the second half of the year.

Organisations continue to look for candidates with strong leadership qualities that can portray the operations appropriately in an external environment. A strong interface with the business is probably the most important factor that employers look for in new hires.

As processes become centralized and automated, the treasury function is taking on more and more analytical work, and playing an increasingly strategic role in M&A activity and the company's business continuity planning. The treasury function is also building interfaces with the Investor Relations (IR) function. This comes from the realisation that equity conversations with an Equities Analyst and say a

rating agency looking to rate a company's debt, are fundamentally no different. Candidates that can front such activity are in demand.

Equally important of course is the domain expertise and the ability to run the desk effectively with a strong interface into the broader finance operation. With globalisation, digitisation and an increasingly liberal regulatory framework, regional treasury centers (RTCs) continue to move significant risk, cash and liquidity transactions to Hong Kong, Singapore and other Asian centres. The ability to manage complex risk management issues, experience with capital market transactions particularly restricted currencies in international cash management situations, are all desired qualities.

Healthcare and Life Sciences

The healthcare and life sciences sector continues to be very strong well into 2015, with marked increase in near term hiring intent. With the government announcing plans to make Singapore a global hub for medical technology, pipeline investments from global pharmaceutical companies have shown a marked increase. As a result M&A activity is up and is adding to the buoyancy in the sector. From director level positions to clinical specialists, we anticipate significant hiring activity in this sector.

The Ministry of Health has forecast 4500 vacancies across all levels over 2 years. We expect a significant number of these will be mid-level positions. The government is also targeting a more holistic approach to healthcare that goes beyond the hospital, with increased focus on primary and long term care. Longer term we see medical tourism and telehealth to become mainstream specialisms in the Singapore.

Beyond domain expertise, employers continue to look for candidates that are good team players, show commitment despite long and irregular hours, can manage stress, and are equipped with good interpersonal skills.

Human Resources

Getting into H2, we expect HR hiring to remain resilient despite a general slowdown as indicated by latest Singapore GDP numbers.

Companies continue to increase their regional footprint taking the HR role regional as well. Candidates with Southeast Asia or AsiaPac experience are therefore sought after, particularly if they have fluency in a regional language.

As organisations maximise efforts to retain talent, HR managers that are flexible and can adopt ever changing HR practices are in demand. Employers are increasingly asking for experience within employee wellness, workplace flexibility & the principle of work anytime anywhere. Skills in managing freelance workers, creative and intelligent packaging of benefits, and candidates that can reinforce company culture and values creatively, are much sought after.

Employers continue to look for HR business partners and regional compensation and benefits skills. These roles, along with talent acquisition managers, HR leaders, and professionals in talent management and organisation development are set to remain in high demand.

Legal

Singapore's highly fragmented and somewhat crowded legal industry continues to attract large global firms well into 2015. Both local and cross-border sub-sectors have seen new entrants, with foreign talent dominating the latter as expected. However with the commodities market in consolidation mode, the effect on the Legal sector is quite visible. The highly lucrative but competitive Project Finance contracts are also fewer over this period. M&A work in energy and natural resources along with project finance and arbitration matters continue to lead the relatively modest hiring from the start of the year.

On the positive side, the Ministry of Law continues to open up more areas of practice for foreigners. Efforts to establish the Singapore International Commercial Court (SICC) in the international dispute resolution space are generally well received. Local firms also benefit from the Singapore brand name as they venture into cross border transactions and telecommunication & energy infrastructure projects in ASEAN, China and India.

The Big Four firms have traditionally dominated the commodities and natural resource segments, not surprisingly given the region's historical dominance in these areas. They are now building further industry specialisations in the exciting energy sector.

Compliance hiring remains strong particularly in anti money laundering (AML). It has been reported that many market and product compliance roles are being taken up by ex-traders given their deep product knowledge and hands on experience in the area. We are also seeing sustained hiring in litigation, general business/commercial law and intellectual property.

Resources Energy and Commodities

Singapore, probably the busiest port in the world by tonnage, continues to be the regional financial center for global commodities and oil. Launch of the world's first investment exchange for physically traded diamonds in Singapore is further adding to the positive sentiment. While the government continues to push incentives such as the Global Trader Program, and the Natural Resources Strategy by the Economic Development Board (EDB), the sector is largely viewed to be in consolidation mode. Competition from Hong Kong, and Australia's recent push for its Exploration Investment Scheme have put downward pressure on Singapore companies already dealing with flagging demand from China and a depressed crude market.

That said, we are seeing trading desks continue to hire, both within banks, energy and commodities firms. We also see continued hiring in Logistics and Risk management areas, backed by the broader industry network of shipping and logistic, finance and legal. The industry is set to pay a premium for roles that bridge both engineering and the business side. Imported talent continues to constitute 35-40% of hires.

Nanyang Technological University has recently launched the International Trading Programme which should prepare Singapore to take advantage of mid-term growth opportunities opening up in India and China.

Sales & Marketing

Hiring trends in Sales and Marketing function will be somewhat moderate for the remainder of the year. The latest Singapore GDP numbers, global oil and commodity markets, China, US interest rates are all likely to bring some volatility in corporate earnings. We are seeing significant M&A activity in the market as a result, and anticipate there will be more replacement positions than newly created ones in the near term.

Candidates with value selling ability will be highly prized at such times as organisations cut fat, lower costs and attempt to avoid price wars.

E-commerce is rapidly reengineering the entire economic model of the retail industry. We expect this trend to continue if not accelerate this quarter. Singapore's e-commerce business is estimated to have grown to USD 4 Billion at present. As a result we expect a surge in demand for e-commerce managers, e-product designers, online merchants and others for now.

Singapore's supportive business environment continues to encourage global retailers to set up regional headquarters in Singapore, as a result we see sustained demand for back office roles, particularly from sports and luxury retail segments. Training, Visual Merchandising, Project Management skills within the retail industry continue to be sought after.

Technology

Hiring intent continues to be robust for the broader Technology sector going into H2 2015, with significant focus on newly created positions.

Demand for business-oriented IT hires 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. In fact companies are now settling for temporary/short duration contract hires in the interim.

A shortage of credible training in these specialisms is adding to the scarcity and premium these skills now command. With good candidates demanding up to 20% increase in compensation, retention bonus by both existing and prospective employers are becoming common amongst quality hires.