

Singapore Market Highlights

Q4 2016

Contents

Banking & Financial Services	2
Consumer	5
Engineering	5
Finance	6
Healthcare & Life Sciences	7
Human Resources	7
Legal	8
Resources, Energy & Commodities	8
Retail.....	9

Banking & Financial Services

EUROPE: Brexit and its impact on Financial Services

Brexit took many by surprise – the markets were shaken up overnight, and share prices across the globe took a hit. There was uncertainty on all fronts - political, social and economic.

Whilst London will undoubtedly retain its spot as one of the world's leading financial services centres for the next couple of years, Brexit has re-ignited questions regarding the location of the global headquarters of Standard Chartered Bank and HSBC. Many have also asked if the banks would move their regional headquarters out of London to another location within the EU (e.g. France, Germany). We expect to see more movement in talent within Europe, and out of Europe to APAC.

All eyes will be on Theresa May and her colleagues, to see how negotiations will pan out.

APAC: China, Japan registered sluggish results, while emerging markets such as Myanmar continues to attract foreign funds

With both of APAC's largest economies, China and Japan, posting less-than-stellar results for the quarter, investors have turned their focus and funds to emerging markets such as Vietnam and Myanmar. In particular, Myanmar has handed out four more banking licenses to foreign banks, which allows them to set up branches in Myanmar. This brings the number of foreign banks in Myanmar up to 13. All four have set up their branches in Q3 2016. We should see a corresponding need for these banks to hire externally as the domestic employment market for banking is underdeveloped.

SINGAPORE

NPLs continue to climb for local banks

Local banks have taken a triple hit in 2016 with the slowdown in growth in China and Singapore, and tumbling oil prices. Bankruptcy of Swiber, a listed offshore player, resulted in DBS writing off the bulk of their S\$700 million worth of loans. Whilst all three local banks are within the top 20 safest banks in the world¹, the climbing NPLs (coupled with low interest rates), do raise concerns on the ROE of these banks.

AML risks escalate with sanctions and fines being slapped on banks

MAS imposed financial penalties and sanctions on a handful of private banks, on the back of 1MDB. With the 1MDB saga and the heightened flow of funds resulting from the tax amnesty imposed by the Indonesian government, we expect to see a continued escalation of AML hires, with a particular focus on talent with strong AML advisory experience within the private banking domain.

Cybersecurity as a key focus

In October 2016, the Government of Singapore announced the launch of its S\$10 million ASEAN Cyber Capacity Programme, aimed at enhancing cybersecurity resources and know-how among fellow Southeast Asian member states.

¹ *Global Finance, The World's 50 Safest Banks, September 2016* <https://www.gfmag.com/media/press-releases/the-worlds-50-safest-banks-2016>

Hiring Trends

General: Cautious, strategic hires across the industry: FINTECH and its impact

Given the uncertain global economic climate, both regional and global banks and NBFIs have been more careful in their recruitment activities. This translates to headcount rationalization (even for replacement headcounts), more internal transfers (as compared to hiring externally) and re-calibration of designations (VP replaced by AVP, etc). As a result, we have seen senior talent who are available on short notice. Some banks and NBFIs have taken the opportunity to refresh their teams with the aim of introducing different perspectives.

FINTECH remains the buzzword with everyone trying to jump on the bandwagon. It will be interesting to see how the industry will continue to incorporate FINTECH into their bread and butter businesses. Given the lack of clarity around FINTECH, and the limited talent pool, employers are facing a struggle to hire the right professionals to lead the strategy.

Front Office

Private Banking (Hiring Activity: Flat)

In Q3, a couple of private banks continued to express interest in onboarding senior Relationship Managers with AUM in the range of USD 80 to 100 million. Demand in products and investment solutions continues, albeit more selectively. Discretionary portfolio management (versus active advisory) is an area where the private banks are looking to grow.

Corporate Banking and Global Markets (Hiring Activity: Flat)

The Corporate Banking scene is relatively stable. Banks have indicated interest in hiring corporate bankers who have more exposure to capital markets transactions and event financing activities or specific sector expertise. We also observed hiring of frontline credit analysts with sector specialisation or exposure to products beyond loans.

Light replacement hiring in the global markets space has also been observed.

Investment Management (Hiring Activity: Flat)

Slowing global growth compounded with high cost of sales, fee compression, and the evolving risk appetites of investors, are challenging themes for the investment management industry. With shrinking AUM, asset managers are not aggressively looking to hire. Nonetheless, we have observed some activity in newly established investment management firms and family offices, for senior portfolio managers.

Finance And Operations (Hiring Activity: Flat)

Banks and NBFIs continue to streamline finance and operations processes, resulting in a demand for candidates with experience in process re-engineering and transformation.

In Finance, regulatory reporting is in demand given the developments in the Basel framework and the revisions to MAS 610. There is a continued focus on Business Finance/Performance management, particularly on cost management, as companies focus on streamlining costs into the next year.

Hiring in operations has been slow, though we have observed continued hiring in the COO space across various functions. With heightened scrutiny on customer due diligence, KYC/Client Due Diligence teams continue to hire in tandem with Compliance teams.

Governance: Audit, Risk and Compliance (Hiring Activity: Up)

Banks and NBFIs continue to build up their governance functions, albeit at a slower pace than the last two years. Experienced AVP and VP levels (8-15 years' working experience) are constantly in demand. Interestingly we have seen a good pool of senior talent (i.e. Directors and MDs) who are more active on the market.

With increasingly complex regulations and businesses, governance roles have become more specialized. Candidates are encouraged to take on relevant courses (e.g. FRM, CIA, CAMS) to continuously upgrade themselves.

Use of technology is also prevalent in governance teams, with most teams hiring talent with data analytics capabilities. This facilitates predictive sampling across large data sets, and allows for continuous monitoring beyond working hours.

Technology (Hiring Activity: Up)

While banks and NBFIs are rationalising headcount in other departments, hiring activity in technology remains high. Institutions continue to build up their digital, data and advanced data analytics functions.

With heightened cybersecurity risks, we have observed IT security and risk functions being strengthened across the board.

There is also strong demand for deep technology development skills as banks are progressively moving towards developing key internal platforms to reduce dependence on vendors.

Consumer

Consumer expenditure on goods and services continues to rise in Asia despite stagnating income growth in countries like Japan, South Korea, Hong Kong and Singapore. China and India remain the main growth drivers in the region, with companies also focusing on emerging markets like Myanmar and Cambodia as their disposable income levels gradually increase. Consumers remain price sensitive though there is also a trend towards buying premium products with higher perceived value.

Hiring in the Sales and Marketing functions continues in the midst of a flat economy with an equal distribution of replacement and newly created positions. Key Account and Channel Managers contribute to the bulk of hiring as Companies recalibrate their business strategies and restructure, to drive productivity.

Marketing functions across Consumer companies remain focused on brand-building activities in the midst of decreasing advertising & promotion budgets. There has been a gradual shift in focus towards Digital Marketing. Candidates with regional digital marketing skillsets are highly sought after as companies move towards building digital capabilities internally.

Consumer Categories like Personal Care, Travel Retail, Wines and Spirits, Consumer Healthcare and Nutrition will continue to drive recruitment activities in the coming quarter.

We anticipate hiring across Sales Capability, Key Account Management, Category Development, Regional Brand Marketing, and Digital Marketing positions.

Engineering

Demand is reasonably robust, notably within the Healthcare and Aerospace industries, with a focus on skills in validation and instrumentation, which are in short supply.

As companies seek to improve productivity and the efficiency of their machinery and equipment, there is a growing demand for electrical & mechanical engineers with experience in maintenance, design, as well as project management.

Due to the availability of world-class talent within the areas of Research & Development, Quality and HSE, Singapore still remains the location of choice for MNCs to establish and grow their regional teams.

Regional manufacturing and plant management expertise also continues to be in demand. Candidates with business transformation experience and who are LEAN / Operational Excellence certified, will stand to command salary premiums.

Finance

The first batch of Chartered Accountants will graduate from the Singapore Qualifying Programme (“QP”) this year. It will be interesting to observe how the first batch of graduates differentiates themselves in the eyes of hiring managers.

Internal Audit / Forensics

Demand for internal audit talent is well distributed across the industries. As Singapore is the location of choice for corporate governance functions, MNCs continue to invest and grow their internal audit / controls team. There are talent shortages within the niche areas of forensics and investigations. As China remains the largest location within Asia Pacific, candidates who are competent in Business Chinese remain in high demand and short supply.

Finance Transformation

Evolving business needs, mergers and acquisitions, streamlining and cost-efficiencies were the main themes for 2016 and will dominate the agenda for 2017. Both MNCs and large local conglomerates remain keen to hire professionals with a successful track record in finance transformation and project management.

Supply Chain Finance

Singapore has developed into a global supply chain hub for large players within FMCG, pharmaceutical and consumer electronics. These hiring organisations are constantly seeking high calibre candidates who are competent in supply chain finance analysis within the areas of costing, logistics processes, and accounting.

Industry Updates

As pharmaceuticals and medical devices MNCs continue to set up new corporate offices in Singapore, there is a corresponding demand for regional finance talent with industry experience.

Across all industries, we have observed concerted efforts to manage cost and decentralise low value-adding transactional finance functions out to lower cost locations. As a result, the Singapore-based regional teams are experiencing a big shift towards finance business partnering competencies.

Healthcare & Life Sciences

Due to the supply of high calibre regulatory affairs talent in Singapore, pharmaceutical and medical devices MNCs continue to hire such positions with a managerial and regional remit.

Medical affairs saw a sudden surge in demand for Oncology expertise as this therapeutic area has been identified to be the biggest focus in 2017. Due to the shortage of such talent based in Asia, many companies have to resort to hiring from mature markets such as the US and Europe.

Due to constant cost pressure, larger pharmaceutical players have been investing in initiatives to streamline medical and clinical affairs processes. As such, candidates with medical operations expertise are in huge demand. Those with a combination of skillsets in medical affairs, clinical operations and project management, are highly sought after.

There has been significant M&A activity in the pharmaceutical and medical devices industry. Large players continue to acquire smaller profitable organizations to strengthen their product portfolio.

With the completion of major manufacturing plants in Singapore, new high-technology medical devices MNCs are now looking to staff specialist operators and R&D professionals in the next 2-3 years.

Human Resources

A key trend in 2016 was the significant rise in demand for Compensation and Benefits professionals across all industries. These were newly created roles with an Asia Pacific focus, as the HR function evolved from a generalist to a Centre-of-excellence ('COE') model. In addition, L&D, OD, and Talent management professionals were also highly sought-after, as organisations reviewed their human capital capability and talent pipeline.

As companies continue to face headcount pressures, senior HR professionals who are both strategic and operationally adept, remain in demand. While senior hires have been sporadic throughout 2016, junior to mid-level hires have been fairly active within both Commercial and Financial Services industry

Over the 2nd half of 2016, a number of European medical devices and biopharma organisations established or expanded their footprint into Southeast Asia, thus increasing demand for HR business partners. In the financial services industry, several European banks reported redundancies and exited from markets in Asia.

A few Financial Services Institutions restructured their organisations, revamping their operating models, upskilling their current employees, and adding additional resources to their HR talent pool.

There was large scale consolidation amongst the key players within FMCG, Healthcare & Life Sciences, Oil & Gas, Chemicals and IT sectors, which led to high demand for change management and harmonisation experience. Such experience is in short supply, especially amongst mid-career HR professionals.

Looking ahead, we expect hiring to remain robust for HR professionals who can provide strategic business partnership and demonstrate strong commercial acumen.

Legal

The Pharmaceutical, Healthcare and Medical devices industries continue to see growth in APAC, with multinationals setting up regional corporate offices here in Singapore. Coupled with the segregation of the legal and compliance functions, we observed an increase in demand for FCPA / Anti-bribery compliance expertise.

Driven by derivatives regulatory reforms including Dodd-Frank/Volker / FATCA, there is an increased demand for banking regulatory lawyers.

As a result of outsourcing, digitisation, e-commerce and disruptive technology, there has been a significant increase in demand for technology lawyers who have worked within Fin-tech and E-Commerce.

There has been a trend towards decentralisation, and empowerment of in-country offices. As a result, we have seen an increase in hiring for Country level counsels in Indonesia, Thailand, Malaysia and Vietnam. Preference continues to be for candidates who are returning locals with international and domestic experience.

Resources, Energy & Commodities

Oil prices recovered slightly in 2016 but still remain relatively low. Oil traders had a bumper year in 2015 due to trading volatilities but are facing headwinds in 2016 as the oil market stabilizes.

Agriculture commodity traders struggle to increase profits due to high levels of existing supply, 2016 bumper harvests and associated price dives. Grain prices slumped to their lowest levels in more than 10 years, over the summer. Large consumers in China and Asia are also consolidating and buying direct from the producers, bypassing the traditional traders.

Metals and mining players remain focused on cost efficiencies and productivity gains on assets.

While Singapore remains Asia's largest commodities trading hub, employers continue to be highly conservative in their hiring. Demand continues in treasury, trade finance, risk management, corporate development, economics analysis, and tax advisory.

Hiring managers stay focused on hiring talent with deep Asian experience, with MNCs localising senior executive positions.

Retail

The Asia retail industry slowed noticeably in 2016 in key markets like China, Hong Kong, and Singapore. However, developing markets across Southeast Asia are still trending very positively, fueled by domestic consumption and tourism to popular destinations. Korea, Japan and Australia which traditionally relies heavily on tourism flow, have been adversely impacted by fluctuations in exchange rates.

Companies with strong presence in Southeast Asia are increasingly setting up direct market presences in large markets like Indonesia and Thailand while reducing their retail presence in Singapore. Some retail brands have downsized their corporate offices in Singapore, with a few actually closing.

We have also observed candidates within Retail moving into non-traditional Retail related industries such as Automotive, Hospitality, and Licensee businesses.

Hiring in functions such as eCommerce, CRM and Digital marketing candidates continues to be robust. Brand experience in these functions is highly desirable though companies are also receptive to hiring candidates directly from marketing agencies, without brand exposure.

Hiring in Retail Operations, Training and Marketing functions remains stable with regular turnover but as we approach the end of 2016, we foresee companies reducing their hiring somewhat.