

Singapore moves to attract banking talent



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Singapore's driving ambition to be the Switzerland of Asia in the area of wealth management received a boost recently when Citigroup, the US banking giant said it would consolidate its global wealth management division in the city-state.

Deepak Sharma, chief executive of Citi global wealth management international, says: "Having Singapore as the base is a sign of the country's rise and appeal as a global hub for the wealth management business. I think in five to 10 years, the landscape will be unbelievable in terms of the size of the wealth market, the talent involved and the sophistication of products and services."

Many other large banks have made Singapore their regional private banking headquarters, catering to the increasing number of rich Asians.

According to the latest annual world wealth report compiled by Merrill Lynch and the Capgemini group, the number of high net worth individuals in Singapore grew by 21.2 per cent last year to reach almost 67,000 millionaires – the fastest growth rate of any country.

Singapore's millionaire boom is part of a global trend that saw the number of high net worth individuals rise 8.3 per cent to reach 9.5m last year.

The main reasons for the growth have been Singapore's strong GDP performance and a booming stock market. A strong savings rate has also helped in the creation of wealth.

The positive trend bodes well for the continued growth of the wealth management sector. As leading banks scramble to

expand their operations in the city-state, the biggest challenge in Singapore's ambition to rival Switzerland as a private banking hub is talent, industry watchers say.

There has been no lack of reports in the past few months stating that leading banks have been recruiting senior staff from their competitors, reflecting a shortage of private bankers in Asia. Singapore in particular is facing an acute shortage of high-calibre relationship managers.

In an effort to capture a share of Asia's newly-created wealth, Singapore-based private banks will have to triple the number of client relationship managers, or personal advisers, from 2,000 to 6,000 in the next five years,

Singapore-based private banks have to triple the number of client relationship managers

according to the Boston Consulting Group.

Asia-based banks are seeking to attract customers by hiring relationship managers who can persuade their old clients to follow them, fuelling an increasingly costly war for talent.

According to Bloomberg, the financial information services provider, private bankers in Singapore earning a base salary of \$95,000 to \$110,000 are reportedly being lured to jobs paying \$200,000, with bonuses of 20-30 per cent.

A team of 12 bankers crossed over to UBS from Oversea-Chinese Banking Corporation (OCBC), a Singapore rival, a day after receiving their bonuses in March this year.

The fierce battle for talent

also saw Citibank file a lawsuit against seven former private bankers poached by UBS.

Concerned at the aggressive hiring tactics and keen to protect the local banks, Singapore authorities have managed to sign an informal agreement with two main foreign banks.

In an unprecedented move, UBS and Standard Chartered have informally agreed to refrain from hiring bankers from the local banks DBS and OCBC for an unspecified period.

The agreement, struck this year, is believed to have the blessing of the Singapore government, which sees a thriving private banking industry as central to its plans to become a regional financial centre.

Despite the measures taken by Singapore to rein in the poaching, there is no doubt the demand for private bankers will continue to grow.

Nearly all the big banks that have established their Asian operations in the city-state have made it clear they intend to raise their headcount considerably in the coming years.

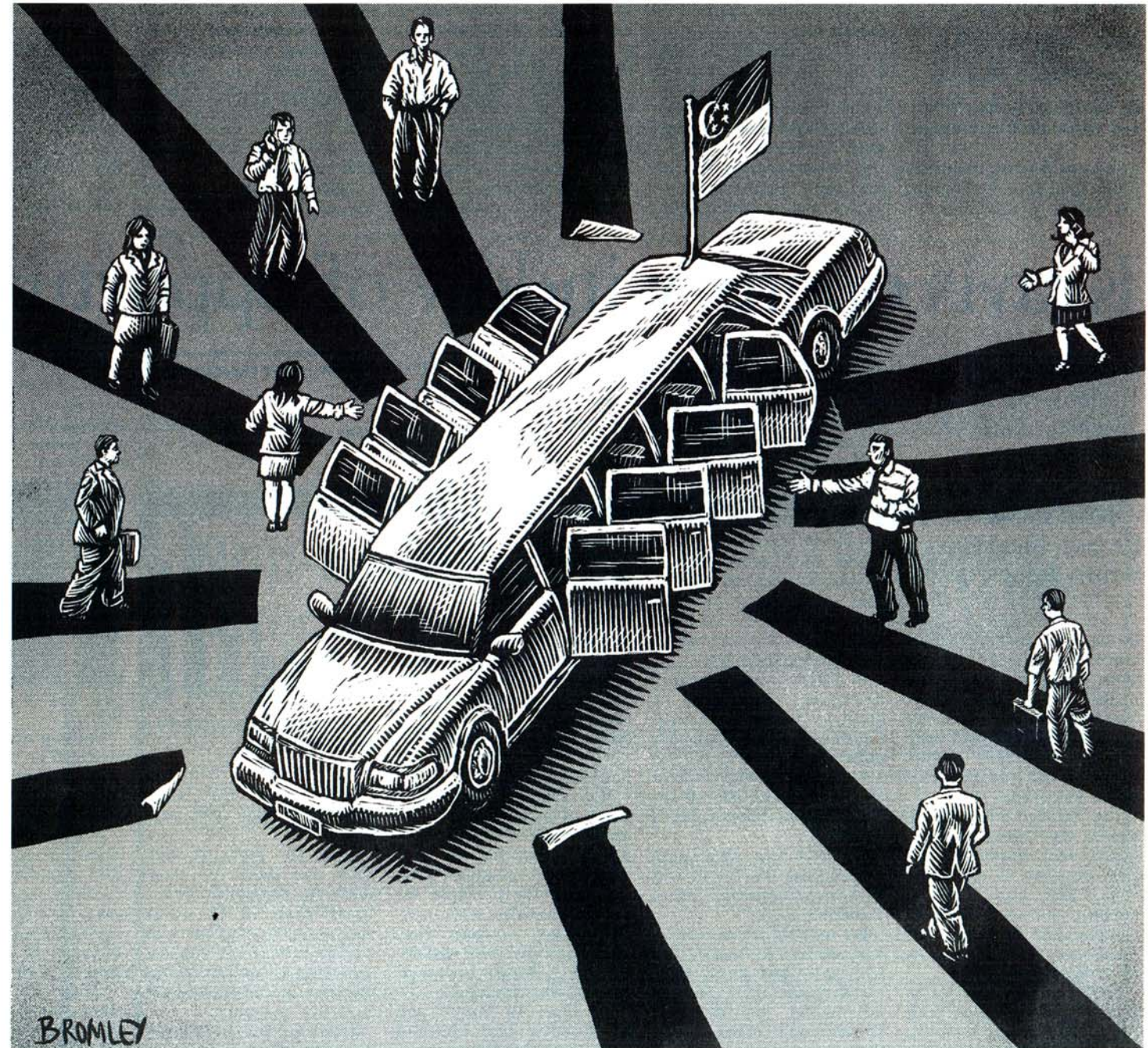
Credit Suisse is looking to hire 200 wealth managers in Singapore, increasing its workforce by about 40 per cent, while Julius Baer plans to hire about 100 people for its private banking unit in Singapore within three years.

Merrill Lynch is also said to be looking to add 800 people in Singapore by 2009, more than doubling its numbers.

Analysts say about 70 per cent of the funds in Singapore private banks are from abroad, making it the biggest centre in Asia for private banking.

This image of a regional hub is being fostered by the government, which has promoted low taxes and stringent banking secrecy laws.

To consolidate its position, Singapore has to find a way of



addressing the talent shortage in private banking. The remedy to the issue for the moment lies in building a pool of talented bankers who can serve the

industry. To that end in 2003, the Singapore Management University has launched an MSC in wealth management to train professionals to fill the gap.

In April, UBS opened its Asia Pacific wealth management campus in the city-state, aimed at producing a new breed of highly skilled private bankers,

who can serve the banks' operations in the region.

There is hope that such moves will boost numbers and draw a line under the fierce poaching.