

Talent Crunch in Singapore

As private banking takes off in this city-state, banks realise that one of the biggest challenges is acquiring and retaining talent. Susheela Menon reports:

The 11th Annual World Wealth Report released this year by Merrill Lynch and Cap Gemini declares Singapore and India as nations with the greatest high-net-worth growth. As per the report, Singapore saw the fastest rise in its number of millionaires in 2004 (22.4%). In 2005, the country had 48,500 millionaires. The report also mentioned that Asia had 2.3 million millionaires in 2004. A 2007 survey by PricewaterhouseCoopers (PwC) reveals that poaching from other banks is seen as the foremost way of growing the client relationships manager base. Indeed, many banks fear that they may lose their private banking talent to other banks, and in many cases, relationship managers take their clients' wealth along with them as they move. Never has recruiting and retaining talent seemed more daunting than now.

RAPID GROWTH

Olivier Denis, head of Group Private Banking, OCBC Bank, points out that the country's prospects for the next 5 to 10 years are promising. "Globalization has enabled capital, enterprise and talent to flow smoothly across borders into our island-state," he says, adding that the nation has been attracting an influx of private banks with an 'enlightened government, a well-educated and skilled workforce, high quality of life, advanced infrastructure, progressive education, and responsible and favourable regulatory and tax conditions.' Besides, a strong stock market and sustained economic growth are creating a growing number of millionaires here. Denis cites these factors as to why the demand for private banking talent in Singapore has grown incredibly and even outstripped supply.

Says Helen Neo, Head of Consumer Banking, Maybank, "Maybank's Affluent Banking has been growing rapidly over the last few years and we will continue to focus on this area of business." She adds that the bank will be expanding its product range to meet the growing needs of the affluent segment. Neo feels that this particular segment of customers has become more sophisticated in their financial investments, looking for more complex products, such as hedge funds, structured products, etc.

RECRUITING, NURTURING & RETAINING TALENT

Denis says that in the last 3 years, OCBC's private banking business in Singapore and the region has grown. "Founded in 1932, OCBC Bank is the first local bank to introduce private banking services in Singapore, and our relationship managers offer comprehensive, integrated wealth management planning that's anchored on a solid relationship of trust with our private clients." Denis also says that OCBC's experienced private banking team comprises talents hand-



Prof Francis Koh

picked mainly from the various sectors of the financial industry as the bank strongly believes that private banking require professionals with specific financial qualifications.

Neo says that Maybank looks for relationship managers who can provide professional, advisory and customised wealth management solutions tailored to meet the unique financial needs and investment profile of its customers. "These relationship managers would be able to provide a high level of personalized service to our customers."

"Apart from developing their functional and generic competencies, we also focus on specific needs and requirements to fulfil the skills and knowledge required from time to time." The bank also provides scholarships to high performers in the area of wealth management. Neo explains that Maybank's retention strategy is based on developing its staff to the fullest potential and rewarding work excellence. The bank offers very competitive terms and benefits to attract and retain our private banking talent, and career development is a key focus for the bank's employees.

Relationship managers are the most sought-after and money is not the only criteria as far as retention goes. The PwC survey states that good relations with management, corporate ethos, and culture and career paths, respectively, are ranked as the main reasons for staying with a current employer. Relationship managers cited the need for a fresh challenge and lack of agreement with corporate strategy as the two reasons for leaving a previous employer. Remuneration came only third.

A brief chat with Professor Francis Koh, Associate Dean, Lee Kong Chian School of Business, Singapore Management University:

Banking Frontiers: What is the current trend in participation in private banking courses?

Koh: Since 2003, there has been a significant increase in the range of available courses on the area of wealth management offered by various

training providers located in Singapore. Training providers include the Singapore Management (SMU) and the Wealth Management Institute (WMI). SMU, in collaboration with WMI and Swiss Finance Institute (SFI), offers the prestigious Master of Science in Wealth Management program. Enrolment in this program has been very strong. In 2004, 37 postgraduate students were admitted into the program for its first batch. This was increased to 43 in 2005 and more than 50 in 2006 and 2007. We expect interest levels to remain strong as there are evidently more banks offering wealth management services in Singapore. As of today, there are more than 40 private banks in Singapore. Amongst others, the global heads of private banking of Citibank and Standard Chartered Bank are located in Singapore.

Which skills are easiest to impart and which are the most difficult?

It is easier to impart hard-skills, which include product knowledge, computational skills and technical knowledge. We have competent professors and industry and banking professionals to teach technical topics. Soft-skills are relatively more difficult to transfer. For example, mastering the art of relating to clients requires patience, empathy and experience. Training banking professionals to have a strong service orientation will naturally take a long time.

How relevant is theory as compared to actual experience?

Theory provides explicit knowledge, insights and frameworks to help the wealth manager provide these solutions. He or she will, over time, gain the requisite experience and confidence in handling difficult and challenging situations. Thus, actual experience is obviously important for coping with complex problems in the dynamic world of capital markets. Our Master of Science in Wealth Management program covers both classroom seminars and experiential, hands-on learning. We use an American-style pedagogy that includes case studies, role-playing, site visits and industry engagements, simulated computerized games, assignments and projects employing live data, independent study projects and participative industry talks and forums.

How does SMU conduct soft skills training?

Soft skills training is conducted by SMU via a variety of methods, including class seminars, role playing, and talks by industry leaders who share their personal experience of interacting with clients. Soft skills cover a wide range of areas such as client relationship management, business and social etiquette, cultural awareness, dressing and deportment (manner of demeanor, conduct or behavior), etc.

Can you compare the wealth business in BRIC economies?

BRIC economies have generated large trading surpluses and attracted vast amounts of foreign direct investments over the past few years. Consequently, they engender a growing segment of wealthy individuals. The number of millionaires in China has grown to more than 300 in a relatively short span of time. For Singapore, this is good

news as it is strategically located to benefit from the growth of the wealth markets in China, India and other Asian countries.

Banks cite the need for fresh challenges and dissatisfaction with the corporate culture as the two main reasons for leaving. What do you think are the fresh challenges and how could the HR department manage both these issues?

The oft-cited reasons of challenges and culture are merely manifestations of the current tight market for professionals. Private banks need to be more staff-centric for incumbents to remain loyal and new staff to be recruited. The market for clients is extremely competitive. Good clients have choices and are difficult to nurture. The challenge for retention is to have innovative compensation and benefit schemes, and to develop a corporate spirit that transcends individual achievements. For example, there should be ample opportunities to grow through training and development. Private banks should be more far-sighted and reward more generously client-building and client-retention efforts, like using a Balanced Scorecard approach. The emphasis should be on building a longer-term relationship with the clients. AUM (Assets Under Management) should be viewed as only one aspect. Private banks should also foster a team-based service-oriented culture with less emphasis on individual targets and achievements.



Your views or comments on this subject.

The growth of the major economies in Asia - China, India and Japan - will start the engines of wealth creation, fuelling the growth of wealth management for many more years to come. This will be complemented by the robust growth and ensuing liquidity of the Middle East and northern Asia, including Korea and Taiwan. We are very optimistic that Singapore will be a significant wealth management hub, complementing the roles played by London, Geneva, Zurich and New York. Singapore will succeed because it has a strategic location, efficient infrastructure, dependable legal system and the right ambience.

susheela@bankingfrontiers.com