

HALF YEARLY MARKET UPDATE BANKING & FINANCE 2011

WELCOME

Welcome to the Robert Walters' market update, designed to provide you with an insight into the very latest recruitment market and salary trends across the financial services sector.

Our clients often draw on our extensive industry involvement and market insight to gain current information on salary levels, skills profiling and varying recruitment practices.

We hope you will find this update useful and please do not hesitate to contact us if you need to discuss these trends in greater detail.

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ROBERT WALTERS BREAKFAST BRIEFING

Robert Walters regularly hosts breakfast/lunch meetings and seminars for various industries, enabling like minded industry professionals to network and share ideas.

In our upcoming breakfast briefing in February 24th, **Matthew Bennett, Managing Director of Robert Walters Hong Kong**, will share the business outlook and major recruitment forecast for 2011. He will also present a comprehensive summary of market last year and outline the key recruitment/ salary trends of 2010.

If you are interested in attending our next breakfast briefing, please email hkevents@robertwalters.com.hk for more information.

REQUEST YOUR COPY: 2011 SALARY SURVEY

The Robert Walters 2011 Global Salary Survey, now in its 12th year, offers a full report on the latest salaries and market trends across the globe. To request a copy, please call any of our consultants or download the survey online at:

www.robertwalters.com/salariesurvey



BANKING & FINANCIAL SERVICES

FRONT OFFICE

TRANSACTION BANKING

Market Overview for 2010

The first half of the year saw a significant increase in hiring activity, with specific demand for trade finance sales and product management talent. Recruitment activity in the second half of 2010 remained relatively strong, although was at slightly reduced levels compared to quarters one and two.

Candidates were typically more confident about switching roles due to the general bullishness of the market and improved economic conditions. Professionals with strong sales track records, good technical knowledge and strong trade finance experience were highly sought-after.

As these skill sets became more sought after, we saw a shortage of candidates with strong technical capabilities and Mandarin language skills. Banks often recruited professionals from overseas to fill this talent gap.

CORPORATE & INSTITUTIONAL BANKING

Market Overview for 2010

Within corporate and institutional banking, relationship managers with strong credit skills and client networks, experience in multiple products and the ability to manage large accounts were highly sought-after. Organisations were also constantly on the lookout for strong relationship managers to secure their talent pipeline.

Given the buoyant job market, candidates were more willing to move jobs. Organisations increasingly recruited from overseas markets, particularly qualified professionals with Mandarin skill sets, as candidates with these niche skill sets became increasingly scarce in the market.

CONSUMER BANKING

Market Overview for 2010

The first half of 2010 saw strong recruitment levels in line with the bullish job market and banks increasingly building their talent pipeline in the retail and priority banking sectors. Hiring levels stabilised in the second half of 2010 and gradually reached a plateau.

Throughout the year, relationship managers with a portfolio of retail clients and strong asset under management (AUM) within the premium and priority banking sectors were highly sought-after.

As banks began to offer more attractive incentive-based compensation packages, we noticed that candidates with good track sales records and product experience became more willing to move jobs. Firms recruited candidates from other sectors (e.g. FMCG) while providing trainee programmes for new hires as the most talented candidates became increasingly scarce in the market.

RISK MANAGEMENT

Market Overview for 2010

As an increasing number of banks looked to safeguard their capital and mitigate losses, we observed a strong demand for risk management candidates especially those with a specialisation in credit and market risk.

We also saw a strong demand for experienced credit risk analysts covering financial institutions, in particular candidates with strong knowledge in global market products. Credit analysts with in-depth commodities experience were also in demand as the commodities markets picked up again.

In the talent short market, candidates were typically more cautious in terms of job switches. To fill the talent shortage, banks were willing to consider foreign candidates with strong technical skill sets.



Outlook for 2011

With the positive economic sentiment, we expect the demand for candidates to remain constant as organisations looked to build their talent pipeline and gain market share. Professionals with strong existing client networks, Mandarin language-speaking abilities, a solid sales track records and strong product development knowledge will be highly sought-after.

We expect significant demand for candidates with experience of multi-national corporations and large local corporates. As competition for this talent intensifies, we expect firms to be more open to recruiting professionals with a 'big four' background and develop managers from within. Retention will become even more of a priority as counter offers become increasingly common.

MIDDLE & BACK OFFICE

FINANCE

Market Overview for 2010

In the first half of 2010, we saw high levels of hiring activity. Due to strong business growth and increased regulatory demand, businesses primarily focused on strengthening their financial reporting and product control functions. In the second half of the year hiring activity stabilised and recruitment levels gradually reached a plateau. There was greater demand for management reporting, candidates especially during budget seasons when organisations typically focused on performance measurement and cost analysis.

We noticed a strong preference for locally-based candidates as businesses sought to avoid relocation costs, particularly in areas where knowledge of local regulations was crucial. However, we saw an influx of foreign talent in other areas, particularly the product control function, where skill sets were in high demand and easily transferable.

GOVERNANCE: COMPLIANCE, INTERNAL AUDIT AND OPERATIONAL RISK

Market Overview for 2010

There was a high demand for compliance professionals, primarily due to regulatory changes. Professionals with Mandarin language skills were highly sought-after as organisations looked to foster closer working relationships with the Chinese market.

Operational risk remained a niche, emerging field. However, we saw demand for candidates with product experience, especially within the investment banking sector. We saw a growing trend for internal audit professionals to move into the operational risk sector as these candidates sought a closer alignment with the business.

In this candidate-driven market, we saw professionals becoming more selective about job offers. This led to an increase in counter-offers as firms sought to retain their best talent with strong technical skill sets.

OPERATIONS AND PROJECTS

Market Overview for 2010

Operations candidates with strong prime brokerage and equity derivatives skill sets were highly sought-after, as were business support professionals. This was mainly due to organisations seeking to improve the cost-efficiency of their operations functions - which subsequently created a demand for talented professionals with project management skills and strong product knowledge. Demand at the junior-level fell slightly due to significant off-shoring to Shanghai, India, Manila and Singapore.

Outlook for 2011

Moving into 2011, we expect firms to be cautiously optimistic and the focus to be on consolidating and specific hiring to fill talent gaps or replacement headcount as opposed to 2010's mandate of team expansion. Financial budgets are set to remain constant and highly sought-after roles will remain similar to the previous year - product control, equity derivatives and other niche sectors such as treasury and commodities. With Hong Kong remaining a largely equities-driven market, the demand for product controllers with such product knowledge is likely to be sustained. Regulatory and technical accounting skills are also expected to be in high demand, as well as the ability to interpret regulatory rules.

Salary levels will range about 20% for niche roles and we expect a shortage of candidates largely due to a number of them preferring to remain in their recently accepted roles. We also anticipate a shortage of locally-based talent in the regulatory sector due to a need for candidates with technical accounting knowledge.

The demand for compliance and internal audit candidates is set to increase as organisations increase their headcount budgets to meet upcoming stringent regulations. Other highly sought-after skill sets include dual language capabilities as well as knowledge of exotic products, AML, derivatives and advisory skills.


ROBERT WALTERS ASIA JOB INDEX

The Robert Walters Asia Job Index was launched in Q2 2008 to track job indices across different industries, with a view to creating a quarterly barometer for the job market across the globe. Since its inception, the Index has grown in scope and now covers Singapore, Japan, China and Hong Kong. The Asia Job Index is highly regarded as an informative source, and its reports have been covered by numerous mainstream and trade media around Asia. Many companies have also used the Asia Job Index as a reference for their organisations' research and strategy reports.

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www.asiajobindex.com/subscribe.html





In addition to the demand for candidates to possess off-shoring, prime brokerage, hedge funds and client servicing experience, strategic senior-level professionals with at least eight years' experience will also be in high demand.

We also anticipate a recurrent challenge for organisations having to retain their key talent as the demand for candidates in niche areas continues throughout the year.

HUMAN RESOURCES & BUSINESS SUPPORT

Market Overview for 2010

At the start of 2010, we saw most demand from organisations looking to back-fill roles made redundant during the financial crisis. Recruitment specialists became increasingly sought-after as organisations looked for aggressive growth.

In general, we witnessed hiring activity across all segments including C&B, recruitment and training etc within the HR industry. With more emphasis on retaining key talent, we saw increased demand for talent management and training specialists at middle management to senior level. Mobility and compensation and benefits professionals became more sought-after towards the end of 2010.

In 2010, large institutions looked to recruit candidates based in more mature markets, such as Europe, as talent in Hong Kong became increasingly scarce.

Outlook for 2011

As firms look to grow and more institutions move their regional headquarters to Hong Kong, we expect an increased demand for HR candidates and high-calibre business support professionals. As more European companies also continue to expand their businesses in China, we anticipate that secretaries with foreign language skills and the ability to support senior-level employees will also command a premium. Office managers with start-up experience will be in strong demand as fund houses in private equities and hedge funds setting up regional offices in Hong Kong.

With increased choice, we expect candidates to be selective when considering job offers and seek increasingly competitive salary packages. As competition for the best talent increases, HR professionals will be in significant demand to implement retention strategies. Consequently, organisations looking to attract the best talent will have to pay a premium.

INFORMATION TECHNOLOGY

Market Overview for 2010

Recruitment activity was steady in the first half of 2010 with firms looking to rebuild teams that had been downsized during the global financial crisis rather than hire for newly-created positions. Roles in front office applications, such as business analysts, project managers, developers and application support talent, were in demand as organisations prepared for upcoming projects in 2011.

In the second half of 2010, however, we saw more new roles created due to firms' organisational growth and expansion. Mid to senior-level IT professionals who specialised in infrastructure and market data were highly sought-after as firms looked to find more flexible solutions for sharing and storing information.

There was a slowdown in recruitment activity towards the end of 2010 as banks focused more on business-critical roles and filling vacated positions.

Outlook for 2011

As a result of a significant movement at the senior level in the last year, we anticipate more new projects being rolled out in 2011. To support these new projects, a number of new roles created as a result.

As front office teams continue to grow in most banks and hedge funds focus on Asian markets, these teams will require more technological support. Banks have indicated they will be looking for candidates with front office experience, along with application developers and support candidates. Professionals with good interpersonal and communication skills will be highly valued, in addition to technical Java, C# and .Net skill sets.

LEGAL

Market Overview for 2010

With healthy recruitment activity from major investment banks and Chinese commercial banks, there was a high demand for professionals specialising in equity and credit derivatives, DCM/ECM, funds, wealth management, corporate IPO and employment. Lawyers at the two to five years' PQE level who were fluent in Mandarin were particularly sought-after in these areas. Private equity houses were also active in hiring lawyers for in-house legal transactional roles within the financial services.

There was substantial recruitment activity within the derivatives documentation units of major investment banks as candidates with ISDA and NAFMII experience were highly sought-after. Due to a limited talent pool, organisations had to look to overseas candidates predominantly from the UK, Australia and Singapore.

Outlook for 2011

As the Hong Kong and China markets continue to expand, we expect many institutions will look to bolster their legal teams in 2011. As in 2010, companies will seek candidates possessing local experience and Mandarin language speaking skills.

With Hong Kong remaining a primary listing location, corporate finance IPO hiring activity is expected to increase. Employment and litigation roles will continue to be in high demand as investment banks and financial institutions look to shore up their HR, litigation and regulatory practices.

Additionally, we predict high recruitment activity within the financial sector – especially in derivatives, funds, ECM/DCM and wealth management, due to continued investment and focus on Asia.

MARKETING & COMMUNICATIONS

Market Overview for 2010

The beginning of 2010 saw an extremely strong recovery from the global financial crisis as organisations sought to build up their teams. We saw particularly high demand for corporate communications, marketing communications and event planning roles.

Primarily the result of uncertainty in the US economy, recruitment activity stabilised in the second and third quarters. Professionals became more cautious due to stricter hiring requirements and lengthened hiring processes. We saw steady demand for more senior-level candidates in the events and marketing communications field within banks, the private sector and asset management in quarter four as firms sought to hire talent to fulfil headcount approval granted earlier in the year.

Locally-based talent was mostly sufficient to fill demand as professionals were actively looking for attractive job opportunities throughout the year. Most candidates that moved positions received salary rises of 5-10%. Senior niche roles, such as corporate social responsibility professionals, digital communications managers and directors could command increases of up to 20%

Outlook for 2011

We anticipate hiring activity will remain stable in 2011 as banks continue to build their marketing and communications teams and look to identify top talent in the market. We expect most demand to be at the junior to mid level (most senior positions were already filled in 2010), with roadshow and event coordinators most sought-after.

While English remains the primary language of choice, we predict a stronger demand for candidates who are fluent in Cantonese and Mandarin. Salary increases are set to stabilise at approximately 5-10% for those looking to move with professionals recruited into senior roles more likely to be offered higher pay rises.

SUPPLY CHAIN, LOGISTICS & PROCUREMENT

Market Overview for 2010

We saw steady hiring activity in 2010 with recruitment levels significantly higher than they were during the global economic crisis. However, companies continued to exercise caution when hiring and scrutinised each appointment. Despite a strong local pool of qualified candidates willing to change jobs, some organisations sought foreign talent with more niche skill sets and Asian working experience to fill senior roles.



CONTRACT RECRUITMENT

A further demonstration of firms' cautious optimism is their continued commitment to using contractors as a flexible resource management solution. Contract demand surged during the financial crisis as organisations encountered headcount restrictions. While the majority of these restrictions were lifted during 2010, many organisations across the financial services and commerce sectors chose to hire on a contract basis in the first instance before making a permanent appointment.

Moving into 2011, firms are anticipated to recruit more contractors to cope with rising workloads without hiring permanent staff. As demand for these professionals increases, we predict a shortage of high-calibre candidates and organisations may need to offer higher salaries and more challenging roles in order to attract additional professionals to this field.





As organisations focused on business expansion, we saw demand in roles for solutions, sourcing and merchandising professionals. Managers with excellent product knowledge and/or strong networks with a proven track record in business development were among the most highly sought-after.

Outlook for 2011

As the market continues to recover, we anticipate further organisational expansion in 2011. This will result in the creation of new roles to support this growth across various industry sectors. We also expect an increase in replacement roles as a result of natural attrition.

While candidates' confidence in the market continues to grow along with the economic recovery, salary rises will increase slightly in line with inflation at 5-10%. We also expect to see more of an emphasis on training and development as firms increase their efforts to retain top employees.

As organisations increasingly focus on gaining market share, candidates with strong technical backgrounds and experience, excellent business networks and leadership abilities will be highly sought-after within the sourcing and merchandising field. We also anticipate companies will face challenges in attracting and retaining employees with Mandarin skill sets who are willing to be based in Hong Kong while working with Chinese arms of the business.

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OF THE YEAR 2010**

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