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SKILLSFUTURE

## Technology, regulations spurring skills upgrade in the financial sector

More specialist skills must also be developed to address job supply mismatch

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AS IMPROVING technology and more regulation stretch the demands of business, and as the push for greater workforce efficiency gains pace, Singapore's financial sector will have to develop more specialists across most business segments - even though the sector has already pulled ahead of the pack in terms of productivity gains over the last two years.

The disruptive force is one that banks are watching closely, namely startups in the financial industry that are changing the way banks and fund management firms can charge fees for their services.

In response, banks have invested millions into technology to boost their capabilities when servicing clients. In the wealth management business for instance, private banks such as Credit Suisse and DBS have turned to technology to churn out more investment ideas more quickly for clients. Customers now can also access data on their portfolio without their bankers, and view a digital trail of transactions.

But with the changes comes an understanding that private bankers will have to do more to justify their paychecks, including working with more clients.

The concern that technology will take away bankers' jobs is mainly challenged, for now, by strong data that shows wealth in this part of the world will keep growing and take with it the demand for private bankers. But eventually, bankers must hold more specialist skills to be ahead of the game.

"The industry recognises that with evolving consumer demands and the increasing use of technology, jobs would similarly evolve," said Ong-Ang Ai Boon, director at the Association of Banks in Singapore (ABS).

This year saw the introduction of SkillsFuture amid Singapore's continued push to boost productivity. Also, Finance Minister Tharman Shanmugaratnam has said that a tripartite committee for the financial sector will be set up in September, to be co-chaired by the NTUC

and the Monetary Authority of Singapore (MAS).

MAS said that its work under the SkillsFuture drive with ABS, the Institute of Banking and Finance, and unions, will be a "comprehensive effort at every level - from the rank and file to senior professionals and specialists".

As it is, with banks and financial institutions embracing technology, the sector grew its productivity by 5.1 per cent in the fourth quarter of 2014 - a clear contrast to the fall of 1.5 per cent in overall labour productivity in the quarter that also represented the third consecutive decline. Over the last two years, the sector's productivity gains have also outpaced that of the rest of the economy.

"The efficiency of the financial services industry could have been enhanced by the more pervasive adoption of IT," a MAS spokeswoman said. This also comes as "higher value-added activities" such as fund management boosted contributions over the last two years, she added.

The quality of labour in the financial sector has also improved, MAS said. The share of PMETs (professionals, managers, executives and technicians) among residents employed in the financial services sector rose from 77 per cent in 2012 to 81 per cent in 2014. The number of employed residents with diplomas, professional qualifications or degrees in the sector has also increased, data from the Ministry of Manpower showed.

This comes as the sector created more jobs in 2014 than a year ago, a welcome turnaround considering that the number of jobs created on a net basis had been falling for three straight years since 2011.

In a speech last year, Mr Tharman had flagged weaker job growth as a concern, and urged banks to build specialists as technology reinvented the industry. He also noted that there is demand for specialists in areas such as structured trade finance and risk management.

The backdrop to this call is a shift to more regulation, which in turn has meant a surge in demand for compliance staff. This has led to the legal and compliance space registering the largest jump in job advertising volumes in the first quarter, a Robert Walters Singapore study showed. Compliance officers are, on average, expected to earn 15 to 20 per cent more than what they used to five years ago, said Orelia Chan, manager, financial services & compliance, at Robert Walters Singapore.

"The main reason for this huge wage jump is, in essence, a demand and supply mismatch. There are just very few qualified candidates to meet the rising demand for current compliance positions," said Ms Chan.

And as banks work through regulatory hoops linked to anti-money laundering, sanctions, and anti-bribery corruption, they need to not just hire compliance officers, but also ensure that all employees - right down to the frontline staff - are equipped with skills to deal with greater regulatory scrutiny, said Joel Lange, managing director, risk & compliance in Dow Jones.

UOB's head of talent management and business human resources Catherine Chia noted that the bank has reinvested money from the government's wage credit scheme into career and personal development programmes.

"We believe that a productive, skilled and innovative workforce is an important differentiator and competitive edge in our progress as a Smart Nation," she said.

Banks such as DBS have also set up in-house schools to host training programmes on all subjects. These include foreign lenders that have made Singapore a base for regional training centres for its staff. French bank BNP Paribas opened its regional training campus here last year.

Broadly, MAS wants to develop more leaders in the field by encouraging overseas secondments. It will also launch an Asian Financial Leaders Programme this year for Singaporeans who aspire to take on regional or global leadership positions.

This complements existing internal programmes at banks that allow staff to move to different markets and business segments.

A big obstacle to these efforts, however, is the reluctance of many Singaporeans to leave local comforts for overseas postings, bankers said. One senior banker at a foreign lender, for example, told BT that finance graduates are asking questions about work-life balance in the industry - a concept that, in his mind, does not exist.

With the changing dynamics of the business and the government's constant emphasis on productivity, there is a growing sense that such complacency must also be challenged in the years ahead.

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