

# Singapore Market Highlights

## Q2 2017

The overall employment situation in Singapore remains stable. The headline unemployment rate remains very low. These headline numbers conceal an economy in quite rapid, mainly technology driven, transition. Almost all industries from retail fashion to financial services are struggling to

1. Develop appropriate strategies.
2. Identify and acquire talent to help them adapt to a rapidly changing business environment.

As ever, change is the only constant and there will be winners and losers.

Let's look at individual sectors / functions below.

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## Banking & Financial Services

As a general comment, this sector remains stable. Many of the bigger local institutions are experiencing some headwinds primarily due to non-performing loan provisions associated with China and Commodities exposures. This is still being worked through but is perfectly manageable.

In the meantime all financial institutions are grappling with technology driven changes to their business models and processes.

Let's look at individual businesses and functions in more detail.

### Front Office

#### Wealth Management

- Banks continue to be open to hiring 1) Senior Private Bankers with significant AUM and an ability to generate ROI and 2) Experienced Investment Advisors and Product Advisors who can work closely with Private Bankers and help them generate revenue within a short time frame, given the high cost-income ratios.
- Redundancy exercises continue in several major (European) banks.
- Consolidation continues across the industry.
- Fintech, Multi Asset, Credit research/Fixed Income Product Advisory and Discretionary Portfolio Management areas, are growing.

#### Corporate Banking & Global Markets

- Banks remain keen to hire Senior Corporate Bankers with strong origination skills and networks in specific sectors (e.g. aviation, metals & mining, shipping) together with an ability to open up new markets.
- Banks have been refocusing towards the Commercial Banking segment.
- Recruitment cycles tend to be prolonged as banks are cautious and want to ensure that new hires genuinely add value.
- Product specialisation preferred e.g. event/structured financing, syndication, shipping-finance, structured finance roles.
- Global Markets – relatively quiet, replacement driven.

## **Investment Management**

- Shrinking AUM, fee compression, Active versus Passive investing debate slows down hiring for portfolio managers/investment teams in established firms.
- Activity tends to be in newly established investment management firms and family offices (although candidates are sometimes less keen as newly set up firms are viewed as being less stable).
- Traditional funds are conservative in hiring but Quant funds are on the lookout for portfolio managers.

## **Outlook**

- Selective hiring in certain areas and preference for specialised bankers rather than generalist bankers.

## **Middle and Back Office**

The overall situation is quite stable. Some functions are hiring quite aggressively while others are in replacement mode only. Let's look at individual areas in more detail.

### **Finance and Operations**

- Continued offshoring.
- Some ongoing redundancies.
- Some demand as a result of regulatory developments (MAS610, IFRS9).

### **Governance: Audit, Risk and Compliance** (Please see specific Audit comments below)

- Demand from regulatory developments (Basel III), AML/Sanctions regulations.

### **Big Data / Analytics**

- Customer intelligence.
- Increased adoption across middle / back office e.g. Risk, HR.

### **Non-Bank Financial Institutions (e.g. Insurance, Payment companies, Buy-side, Family offices)**

- Beefing up infrastructure capabilities.
- Digital payments on the rise.

### **Technology** (Please see specific Technology comments below)

- Cybersecurity, Data Science, Cloud, Robotics & Artificial Intelligence, all in high demand.

## **Audit**

General Outlook for Audit: Continued selective hiring.

Data Analytics and Machine Learning:

- There has been a rapid adoption of Data Analytics and Machine Learning across Internal Audit, with the view that these capabilities will allow Internal Audit to be a proactive and forward-looking governance function. FIs and NBFIs with sufficient scale have moved Data Analytics from the Technology Audit function to the Audit COO function, as they envisage Data Analytics adding value across both business and technology audits.

General Pool of Talent versus Specialisation:

- Some FIs and NBFIs have reverted to a generalist models for mid and junior auditors. Proponents of this model are of the view that it allows for cross-training between functions and segments, ease of planning and greater efficiency in the use of resources, which can in turn lower costs. The counter-argument is that the audit functions lose their specialist skillsets within the functions and segments and this in turn, causes them to be less effective in their audits, and consequently less credible with their auditees. This debate will run and run!

Regulatory Pressures on NBFIs:

- Regional regulators continue to tighten the guidelines around NBFIs, which have been under far less scrutiny than banks. Insurance companies, asset management firms and fund managers continue to build out their governance teams. The talent pool with direct domain and segment knowledge is understandably thin and hiring managers have taken to looking at skilled talent from Banks or regulators, instead.

## **Singapore Core**

- Continues to be a focus.
- Returnees sought after.

## Technology

Growth areas are mainly in the “New Skills” domains (e.g. DevOps/Engineering, Data Science, Digital) where the qualified candidate pool is small. Having said that, candidates with broad and deep skills are also in demand because of head count constraints.

### Continuous efforts to strengthen information security

- All organisations are focusing on improving their IT security due to the volume of cybersecurity attacks in recent years. “WannaCry” will help to focus minds yet more!
- Small to mid-sized banks are creating new headcount, to better structure their security functions.
- Non-FS companies are also in line to ensure proactive security assurance and governance.
- Demand in this area is for technically savvy and hands-on candidates rather than for high level hands off “advisors”.

### Cloud usage in financial institutions

- Due to the recent MAS approval for FI’s cloud usage, banks have started investing in cloud architecture and cloud security.
- There is a lack of technical architecture level candidates in Singapore with cloud security skills due to the immaturity of the technology in the region.

### Hybrid roles

- Companies continue to build Data Science organisations, and some have specialist Data Science capability embedded in their general functions, e.g. HR Analytics, Audit Analytics, Risk Analytics, Cyber Analytics etc.
- Growing trend in combining functional and technical roles into a single headcount.
- Hiring managers are expecting more from functional candidates (e.g. Business Analysts, Project Managers to have current hands-on technical skills to perform hybrid roles).

### Contract hiring

- Growing trend for organisation to fill “permanent” roles on a contract basis with a view to converting to permanent headcount later.
- Adopting “try before you buy” approach and not committing to a permanent headcount before assessing actual calibre of candidates.
- Many companies are moving into cloud to improve cost efficiencies.

**Outlook**

- New skills will still be in demand but there is a limited candidate pool. Candidate retention will be an issue for companies, and HR/hiring managers, will have to realign their candidate management approaches.

## Energy and Commodities

There is quite a lot of happening in this “sector”. Once again if this is a somewhat mixed story. Specifically

### Oil and Gas

- Oil: OPEC-led production cuts have been significant in Q2 2017 and are helping to stabilise the market. Meanwhile stockpiles remain high.
- LNG: LNG will be comfortably supplied for the next decade and many have seen this as an ideal opportunity to develop LNG hubs in Asia. LNG is also gaining increased acceptance as a viable marine fuel to comply with stricter environmental regulations, leading to more players providing LNG bunkering services. Business development activities in China and Southeast Asia remain a focus.
- Substantial demand for business development talent and risk management professionals (market and credit).

### Metals and Mining

- Big mining groups are rebounding, benefitting from massive cost-cutting exercises combined with higher than expected commodity prices, in the last 6 months.
- Continued demand for trading talent in China, including corporate functions.
- As a result of infrastructure development and trade flows from “One Belt One Road”, the mining sector is expected to reap benefits.
- Singapore continues to be an attractive location for global and Asia Pacific teams, ranging from commercial to infrastructure talent. Financial risk management is of increasing interest to traditional commodity traders, hence an increased demand for quantitative risk talent.

### Agriculture

- Major agriculture players have reported drops in operating profits for 2016 due to oversupply, lower margins and speculative inflows, impacting trading profits.
- Talent remains short for commercial operations and structured trade finance.



## Commerce Finance

Yet again the overall picture for financial recruitment (non-banking) remains stable. Beneath this general statement, the picture is mixed.

- Emphasis on enterprise risk management, PDPA, cyber security and BCP.
- Sustained demand for corporate governance talent, with emphasis on investigations.
- Centre of Excellence set up for FP&A organisations.
- Continued demand for Finance business partners supporting different organisations – sales, supply chain, manufacturing etc.
- Finance transformation with focus on operational efficiency.
- Increased demand for expertise in business intelligence and data mining.

## **FMCG & Retail**

### **Mergers and acquisitions continue across FMCG and Retail Brands**

- Prominent groups continue with acquisition activities to enhance their brand portfolios.

### **Downsizing of Regional offices**

- With the slight blip in economic and business performance, some FMCG and Retail brands moved into right sizing mode – removing regional offices, decentralising support functions and empowering local markets.

### **Uptrend in e-Commerce business and slowdown of physical retail presence**

- FMCG and Retail brands can no longer ignore e-Commerce channels. Across Asia, e-Commerce volumes have more than doubled which has also led to the proliferation of e-Commerce platforms together with brands establishing their own online presence. At the same time, the physical retail footprints of brands has been scaled back substantially. Some Brands may find it viable to drive business via a showroom concept and move their business entirely away from brick and mortar.

### **Consumer brands to further engage the millennials**

- Well established brands are acutely aware that they have to compete for market share and especially for that of millennials. With that in mind, brands are now reinventing themselves and investing heavily in non-traditional media and ways to reach out to this important new group of customers.

### **Roles such as CRM, e-Commerce, Digital continue to be in demand**

- With the growth of e-Commerce and the need to engage millennials, brands continue hiring in functions such as e-Commerce, CRM and Digital marketing.

## Sales & Marketing (B2B)

- Hiring for Sales & Marketing talent remained strong in Q1 2017 as many organisations continued restructuring their businesses to reduce operational costs and re-direct their resources into commercial functions.
- There was also stronger demand for Business Development positions as companies sought to acquire talent who could grow their market share in mature segments and identify new applications for their solutions or new business streams. Traditional Account Management roles (only looking at existing customers) are in decline with hybrid positions, encompassing both account management and new business development, being the main hires.
- Sales roles continue to outstrip demand for marketing functions in the B2B space but many organisations are expecting to build up their customer marketing efforts this year with skill sets in digital, being especially sought after due to the rise of e-Commerce.
- With global economic growth remaining subdued, organisations are facing considerable performance pressure. This has resulted in higher expectations of new hires. As a consequence, companies are increasingly focused on attracting candidates from competitors or adjacent industries, rather than looking for transferable skill sets.
- Global megatrends such as aging populations, healthcare issues, food composition and wealth increases have caused an increased focus on Health and Nutrition. This has resulted in segments such as Animal and Human Nutrition as well as Personal Care, seeing continuous business growth and firms re-aligning their strategies to pursue these growth sectors.

## Legal and Compliance

Arbitration, Compliance, Real Estate and Data Privacy are the main themes in the legal market. The in-house market remains generally stable.

- Arbitration and Dispute Resolution practices are on the rise. This is a direct result of Singapore earning a good reputation as an arbitration centre. Private Practices are actively hiring in this area. This will likely create a trickle-down effect on hiring for the in-house space (Bank, MNCs and listed companies).
- Compliance will continue to see increased hiring, particularly due to a focus on in-house investigations and employee misconduct, the increased importance of institutional knowledge and stakeholder relationships across a wide range of industries.
- There is substantial demand for lawyers with real estate investment, M&A, hospitality, corporate governance and SGX-listed experience. Demand is outstripping supply.
- With increasing investments in digitisation and technology, companies are focusing more on data privacy and protection. Most legal counsels would assume this role but larger corporations would look to hire additional headcount for this area.
- Cyber security concerns are also having an impact. General Counsels see cyber security as a growing issue, and commonly, it is the legal department's task, alongside the Chief Information Officers, to handle cyber security issues. For example, in-house lawyers may need to review data breaches to discern whether they were brought about by error or sabotage, to assess the potential downsides for the business, and to come up with strategies to prevent future occurrences.
- The demand for Singapore-qualified lawyers remains robust, and senior lawyers with strong private practice or in-house experience in Singapore continue to be in demand, both within the in-house and private practice spaces.

### Impact of technology on the profession

Legal Tech has been generating a lot of buzz recently.

For instance, Baker & McKenzie has developed an App recently to help with Dawn Raids. This spans 44 jurisdictions and provides clients experiencing a raid with real-time step-by-step guidance on their rights and obligations, as well as instant access to Baker McKenzie antitrust lawyers.

See <http://www.bakermckenzie.com/en/newsroom/2017/04/global-antitrust-dawn-raid-app>

Another example is that of the world's first "artificially intelligent" attorney, Ross. Baker & Hostetler has employed Ross for its bankruptcy practice, currently comprised of almost 50 lawyers.

See <https://futurism.com/artificially-intelligent-lawyer-ross-hired-first-official-law-firm/>

This will probably also lead to increased hiring of technology experts within the private practice space.

## Health & Pharmaceutical

A number of themes continue to play out.

### **Collaboration with the digital sector**

- The industry is beginning to embrace powerful new technologies. Collaboration between pharma and tech giants on R&D is increasingly common.

### **Merger and Acquisitions**

- Lots of deal activity as the majors seek to expand their portfolios.

### **Fairer consumer friendly practices to keep prices low and commit to ethical values**

- Big pharma is under increasing pressure to operate and be seen to operate, to the highest ethical standards.

### **Competition in the immuno oncology area**

- More research and competition in this therapy area with more new entrants.

## Human Resources

- Recruitment volume has remained relatively constant across most sectors thus far in 2017.
- Senior HR professionals who are both strategic and operationally adept, remain in demand.
- Strong demand for HR professionals who have solid experience in organisation design, HR transformation and change. Organisational and leadership development is also a focus as many businesses invest more in talent retention than acquisition.
- Demand for local Singaporean talent remains at an all-time high as organisations are pushing for a core Singaporean talent pool.
- Hiring outlook is positive for HR professionals who can provide strategic business partnership and demonstrate strong commercial acumen.