

Consolidated Summary Report
of the
2011 Manpower Surveys of the Accountancy,
Banking and Finance
and Insurance Industries

This Consolidated Summary Report (Sections I to IV) aims to provide an overview of the manpower supply and demand of the three industries, namely, Accountancy; Banking and Finance; and Insurance, in the Financial Services Sector, based on the statistics and findings in the manpower surveys undertaken individually on each of these industries. The complete sets of the manpower survey reports may be accessed at the following websites:

Manpower Survey on the Accountancy Sector: <http://www.vtc.edu.hk/hq2/mpsac2011.pdf>

Manpower Survey on the Banking and Finance Industry: <http://www.vtc.edu.hk/hq2/mpsbf2011.pdf>

Manpower Survey on the Insurance Industry: <http://www.vtc.edu.hk/hq2/mpsin2011.pdf>

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SECTION I

MAJOR SURVEY FINDINGS & RECOMMENDATIONS

Major Survey Findings

1.1 The manpower demand of the Financial Services Sector (the Sector) has increased by 5.1% between 2009 and 2011 indicative of sector growth and confirmed the positive outlook of the Sector as indicated in the 2009 manpower survey. Managerial level positions experienced the highest growth of 7.6% versus that of supervisory and clerical level positions each reporting growth of 4.9% and 4.8% respectively. The growing need for the provision of high-end services was suspected as a reason for the higher demand for managerial level positions over the past couple of years (para. 3.9 – Table 3 & para. 3.10 – Diagram 3).

1.2 At the time of the survey which was held in the first quarter of 2011, the business environment was volatile and the financial market was full of uncertainties. This might lead to a conservative projection of 2013 manpower demand by employers. Employers of the accountancy sector and the insurance industry projected a steady manpower demand growth of 0.7% and 1.6% while the banking and finance industry projected 0.1% growth in manpower demand (para. 3.11 - Table 4).

1.3 The minimum years of experience required for employees of the Sector at managerial and clerical levels remained the same as that reported in the 2009 survey, with the exception of supervisory staff which would require a minimum of 1 to 6 years of working experience. The minimum years of experience required for supervisory staff in the 2009 survey was 2 to 6 years (para. 3.13 – Table 7).

1.4 Staff turnover for 2010 at 10.8% for the Sector is slightly lower than the 12.6% turnover rate reported for 2008 in the 2009 manpower survey. A relatively more stable workforce in the Sector was reported during the period (para. 3.14 – Table 8).

1.5 “Lack of candidates with relevant experience and training” and “Working conditions/remuneration package could not meet recruits’ expectations” remained to be the two top reasons reported for recruitment difficulties as reported by respondents of the Sector (para. 3.16 – Table 9).

1.6 The survey findings revealed that there should be sufficient fresh graduates to satisfy employers’ demand for positions requiring fresh degree or sub-degree graduates. This was supported by only 1.6% of total cases of recruitment difficulties reported “insufficient supply of graduates in relevant disciplines from tertiary institutions” as the reason for recruitment difficulties (para. 3.16 – Table 9 & para. 3.18 – Table 11A&B).

1.7 Meetings held with various industry leaders in the third quarter of 2011 indicated that despite the uncertainty of the future prospect of the US economy and the development of the issue of European sovereign debt, the local economy would have a mild growth because of the opportunities brought forth by the economic growth of the Mainland.

Recommendations

1.8 Having studied the results of the manpower surveys and the views of the focus groups, the Training Boards have made a number of recommendations to improve the manpower supply and demand for the accountancy, banking and finance and insurance industries in the Sector. These include strategies for manpower training and development, and for attracting and retaining talents.

Strategies for Manpower Training and Development

1.9 Staff training needs to be treated as an investment rather than cost, training programmes should aim at improving organisational agility – that is, if a workforce has the relevant skills, they could better cope with the fast changing business environment. It is recommended that manpower plan and staff progression paths be developed together with appropriate training especially under a volatile economic environment to better equip company human resources to capture business opportunities when they arise.

1.10 The 2011 manpower surveys asked the employers to identify important training topics for different job levels (para. 3.20 – Table 12). While the order of importance might differ amongst the three industries in the Sector at various job levels, some common topics were observed.

1.11 On managerial level training, topics such as “Strategic Management”, “Crisis Management” and “Risk Management” were considered to be important by respondents. Training Boards were of the views that such preferences indicated the importance of policy formulation and a more balanced focus on risk and return under a volatile economic environment. Managers or potential Managers are advised to equip themselves with such skills for career advancement.

1.12 On supervisory level training, technical knowledge such as “Financial Accounting”, “Financial Markets Operations”, “General Insurance” and “Life Insurance” were considered important training topics by employers. In consideration of the growth in persons engaged at this level over the past two years, this could indicate that employers perceived the need for more in depth knowledge in such areas by their supervisory level staff.

1.13 On clerical level training, employers’ preference differed. Employers of the accountancy sector required training in technical skills and knowledge such as “Financial Accounting” and “Updates of Accounting Standards”. Employers in the banking and finance industry and the insurance industry reported the need for training in communication skills such as “Spoken English” and “Putonghua”. In view of these findings, trainers are advised to manage the content of training courses/programmes in accordance with the needs and levels of target participants to enhance the training effectiveness.

1.14 The Survey revealed that establishments in the Sector would sponsor their staff to take training courses provided by external course providers. It is encouraging to note that the 2011 training budget for most establishments in the Sector would remain the same as that for 2010 with some establishments, particularly establishments of the insurance industry, reporting an increase in their training budget. The willingness of the Sector to invest in

employee training will help Hong Kong retain financial talents and sustain its position as an international financial services centre.

1.15 Regardless of industries, Professional Examination serves as a basic requirement to ensure the professional standard of practitioners and to protect the interests of the public. The financial crisis exposes the deficiencies of training on the standard of work ethics and code of practice, which are important to the industries' public image and standing. In addition to the active participation in CPD Programmes, practitioners are strongly encouraged to acquire various professional qualifications to further strengthen their professional knowledge to receive positive recognition from employers.

1.16 The majority of establishments considered that the most effective way to encourage employers to provide training to their employees was the reimbursement of course fees or provision of subsidy to employers. It is suggested that both employers and practitioners should consider participating in training programmes eligible for Government subsidies, for instance, those registered under the Continuing Education Fund and Skills Upgrading Scheme Plus.

Strategies to Attract and Retain Talents

1.17 In view of the volatility of the market and after taking staff attrition into consideration, the Training Boards have projected additional manpower demand for the Sector to be 16 000 for the next 24 months (para. 3.17 – Table 10). Thus, it is essential that employers should contemplate plans and strategies to retain talents amidst the global competition for talents in the Financial Services Sector. In this regard, the following strategies are recommended.

1.18 The fact that establishments of the Sector encountered difficulty in recruiting personnel might be due to keen competition with other companies and entities of other business sectors. In order to retain staff with good performance and maintain competitiveness of the business, establishments are suggested that an effective talent management system should be developed to provide employees with a clear career development plan and opportunities for career advancement.

1.19 Employers play an important role in attracting and retaining talents of the Sector by planning the career path of their employees. Employees will be better motivated if clear messages and specific guidelines on the route of training and development as well as the promotion path can be conveyed to them. The provision of a better prospect to personnel of the Sector would be an effective way to attract and retain talents.

1.20 As per the findings of the Survey, a competitive remuneration package and a good working condition were also crucial for attracting personnel to join the company.

Conclusion

1.21 Because of the predominant external uncertainties which include the future prospect of the US economy and the development of European sovereign debt issue, the business outlook of the Sector was uncertain and this affected manpower demand projections for the next 24 months. Notwithstanding this, the economic growth of the Mainland

provided local personnel with many opportunities. The Training Boards are of the views that the training needs of the industries are immense and would not be easily affected by economic cycles. To sustain Hong Kong as an international financial centre, concerted efforts should be made by employers, training institutes and the government in developing appropriate policies to retain and train financial talents for the Financial Services Sector.

SECTION II

BACKGROUND, METHODOLOGY AND COVERAGE OF THE MANPOWER SURVEYS

Background

2.1 Manpower surveys on specific industries are undertaken on a biennial basis by the Training Boards in the Vocational Training Council (VTC). These include, inter alia, the accountancy sector, banking and finance industry and insurance industry. These are performed as part of the responsibilities of the industry-specific training boards appointed by the Government to advise on the manpower development of various industries in support of Hong Kong's economic growth. Each training board comprises a wide cross-section of representatives from relevant industry, providing a good mix of expertise from enterprises, employers, employees, professional/trade organizations, academics and practitioners, and government bureaus and/or departments. Based on the findings of the biennial manpower surveys, individual training board formulates recommendations on manpower training and development strategies for relevant industry to meet its short to medium-term manpower supply and demand.

2.2 Since the manpower surveys in 2007, the three responsible Training Boards have agreed to synchronize the timing of the three manpower surveys, so that a more comprehensive assessment can be made of the human resources situation for the Sector as a whole, identifying possible mismatch in manpower demand and supply, projecting the manpower development needs and formulating effective human resources development strategies to support the Sector in Hong Kong. For the purpose of this exercise, the "Financial Services Sector" is defined to include the accountancy sector, banking and finance industry and insurance industry.

Purpose of the Surveys

2.3 The 2011 Manpower Surveys (MPSs) for these three industries were conducted in the first half of 2011 with the following objectives:

- (i) To assess the manpower and training needs of principal jobs in the accountancy sector, banking and finance industry and insurance industry;
- (ii) To forecast the growth of manpower in respective industries; and
- (iii) To recommend measures to meet the training needs and manpower demand of respective industries.

Scope of the Surveys

2.4 The scope of the surveys is given in the table below. Samples were obtained from the total number of establishments in the respective industries using the stratified random sampling method. The effective response rate of the surveys remained high (88% to 94.7%) because the Training Board Members had taken the initiatives in liaising with the respective establishments and fieldworkers from the Census and Statistics Department were mobilized to visit establishments to follow up and assist them in the completion of the mailed questionnaires.

Scope of the Surveys

Industry	Categories of Establishments /Main Activities (Branches)	Total No. of Establishments			Sample Size of Establishments			Effective Response Rate
		2009	2011	Change	2009	2011	Change	2011
Accountancy	4	36 764	38 060	3.5%	1 500	1 469	-2.1%	94.7%
Banking and Finance	9	7 344	8 744	19.1%	1 057	1 053	-0.4%	88.0%
Insurance	7	2 632	2 546	-3.3%	745	745	0.0%	90.6%

2.5 To facilitate the assessment of manpower development needs, the main activities or the main types of establishments covered in each industry are categorised into “branches” having regard to the nature of the activities involved, and hence the skills sets required. The branches included in each MPS are summarized as follows:

- (I) Accountancy Sector:
 - (i) Accounting firms;
 - (ii) Major government departments and subvented organizations;
 - (iii) Commerce and services establishments with ten or more employees; and
 - (iv) Industrial establishments with ten or more employees
- (II) Banking and Finance Industry:
 - (i) Licensed banks, restricted licence banks and local representative offices of foreign banks;
 - (ii) Deposit-taking companies;
 - (iii) Investment and holding companies;
 - (iv) Personal loans and related companies;
 - (v) Securities brokerage firms;
 - (vi) Commodity futures and gold bullion brokers/dealers;
 - (vii) Stock, bullion and commodity exchanges and statutory bodies in the banking and finance industry;
 - (viii) Money changers and foreign exchange brokers/dealers; and
 - (ix) Other financial companies
- (III) Insurance Industry:
 - (i) Life insurers;
 - (ii) General insurers;
 - (iii) Composite insurers;
 - (iv) Brokers;
 - (v) Company agencies – insurance;
 - (vi) Company agencies – alternative distribution; and
 - (vii) Bancassurers

2.6 The distribution of samples by branch and by employment size is shown in Appendices 1, 2 and 3.

Procedures of the Surveys

Survey Documents

2.7 The questionnaires of the surveys were designed by the Training Boards, taking into consideration the needs of their respective industries. In addition to considering the types of information covered in previous surveys for comparability, the three Training Boards also considered the commonalities among these industries when designing the survey questionnaire.

2.8 One week before the fieldwork started, the selected establishments were sent a complete set of survey documents, including a letter from the Chairman of the respective Training Board, the questionnaire, explanatory notes and descriptions of the principal jobs covered in the respective branches. Employers were assured that the data and information collected in the surveys would be handled in strict confidence, and published only in the form of statistical summaries without making reference to individual establishments.

Fieldwork

2.9 Fieldwork of the MPSs commenced in early January 2011 for completion in two months. During the survey period, interviewing officers of the Census and Statistics Department (C&SD) visited each selected establishment to collect the questionnaire and, where necessary, to assist its completion. Fieldwork took longer than two months due to unsatisfactory responses from selected establishments. Upon completion of fieldwork, data processing was then undertaken by the C&SD, and by end of August, a full set of the tabulations was available for analysis.

Compilation of the Report

2.10 The data and initial analysis were prepared by the respective Working Parties and submitted to the respective Training Boards for examination. The findings were studied and the manpower survey reports were prepared. Detailed industry-specific information from selected establishments included: the number of current employees, number of existing vacancies, employers' forecast of the number of posts in the next 24 months, minimum requirement of education/experience preferred for each principal job/job level, turnover of employees in the past twelve months, wastage rates and training needs specific to the industries, broken down by branch. Based on the data collected, the Training Boards then projected the future manpower needs both quantitatively and qualitatively, and advised on the necessary strategies for meeting these needs.

Focus Groups

2.11 To help verify, complement and reinforce the findings of the surveys, three focus groups were organised to collect their expert views and comments on the survey results, and to provide additional information on the longer-term business outlook and manpower demand of respective industries. Each focus group comprised industry leaders, representatives from professional bodies and academics.

Appendix 1

Accountancy Sector Distribution of Survey Samples

Branch	Employment Size of Establishment	Total No. of Establishments	Sample Size of Establishments	Sampling Fraction
Accounting Firms	1 - 49	2 179	237	0.109
	50 - 499	22	22	1.000
	500 and over	4	4	1.000
		<u>2 205</u>	<u>263</u>	
		-----	----	
Government Departments and Subvented Organizations	33 representative establishments were specified by the Accountancy Training Board on account of their substantial proportion of accounting staff. Employment size varies.	33 ---	33 ---	1.000
Commerce and Services Establishments	10 - 19	17 328	122	0.007
	20 - 99	12 588	209	0.017
	100 - 199	1 112	106	0.095
	200 - 499	537	168*	0.313
	500 and over	356	357*	1.003
		<u>31 921</u>	<u>962</u>	
		-----	----	
Industrial Establishments	10 - 19	2 035	39	0.019
	20 - 99	1 617	77	0.048
	100 - 199	137	28	0.204
	200 - 499	78	32	0.410
	500 and over	34	35*	1.029
		<u>3 901</u>	<u>211</u>	
		-----	-----	
	Total	<u>38 060</u>	<u>1 469</u>	
		=====	=====	

* Including three newly discovered cases.

Appendix 2

Banking and Finance Industry Distribution of Survey Samples

Branch	Employment Size of Establishments	Total No. of Establishments	Sample Size of Establishments	Sampling Fraction
#1. Banks & representative offices of foreign banks	1-19	82	82	1.000
	20-49	32	32	1.000
	50-99	31	31	1.000
	100-499	33	33	1.000
	500-999	11	11	1.000
	1000 & Above	23	23	1.000
	Sub-total	212	212	
#2. Deposit-taking companies	1-19	12	12	1.000
	20-49	5	5	1.000
	50-99	1	1	1.000
	100-499	2	2	1.000
	Sub-total	20	20	
3. Investment & holding companies	1-19	3 669	95	0.026
	20-49	114	24*	0.200
	50-99	25	25	1.000
	100-499	22	22	1.000
	500-999	2	2	1.000
	1000 & Above	-	-	1.000
	Sub-total	3 832	168	
4. Personal loans and related companies	1-19	572	74	0.130
	20-49	17	18*	1.000
	50-99	4	4	1.000
	100-499	3	3	1.000
	Sub-total	596	99	
5. Securities brokerage firms	1-19	712	93	0.130
	20-49	102	41	0.400
	50-99	14	14	1.000
	100-499	16	16	1.000
	Sub-total	844	164	
6. Commodity futures & gold bullion brokers / dealers	1-19	157	94	0.600
	20-49	11	11	1.000
	50-99	1	1	1.000
	Sub-total	169	106	
7. Stock, bullion & commodity exchanges and statutory bodies in the banking and finance industry	20-49	1	1	1.000
	50-99	-	-	1.000
	100-499	-	-	1.000
	500-999	5	5	1.000
	Sub-total	6	6	
8. Money changers & foreign exchange brokers / dealers	1-19	582	93	0.160
	20-49	7	7	1.000
	50-99	3	3	1.000
	100-499	1	1	1.000
	Sub-total	593	104	
9. Other financial companies	1-19	2 282	91	0.040
	20-49	135	28	0.210
	50-99	19	19	1.000
	100-499	27	27	1.000
	500-999	5	5	1.000
	1000 & Above	4	4	1.000
	Sub-total	2 472	174	
Total		8 744	1 053	

Establishments counted at company level not at branch level.

* Including two newly discovered cases.

**Insurance Industry
Distribution of Survey Samples**

Branch	Employment Size of Establishments	Total No. of Establishments	Sample Size of Establishments	Sampling Fraction
1. Life Insurers	All	43	43	1.000
2. General Insurers	All	98	99*	1.000
3. Composite Insurers	All	18	18	1.000
4. Brokers	1-9	348	87	0.250
	10 & over	119	119	1.000
	Sub-total	467	206	
5. Company Agencies - Insurance	1-4	664	80	0.120
	5-9	59	59	1.000
	10 & over	25	25	1.000
Sub-total	748	164		
6. Company Agencies - Alternative distribution	1-9	882	105	0.120
	10 & over	250	70	0.280
	Sub-total	1 132	175	
7. Bancassurer	1-9	1	1	1.000
	10 & over	39	39	1.000
	Sub-total	40	40	
Overall Total		2 546	745	

* Including one newly discovered case.

SECTION III

SURVEY FINDINGS

Introduction

3.1 The three Training Boards have examined the survey report of the respective industry and concluded that the findings could generally reflect the overall picture of the manpower situation in the Sector, and highlighted to a large extent its manpower requirements. Comments made by the FinMan Committee on the previous surveys were incorporated in the 2011 surveys, such as the views of employers on the importance of different types of training and also the views on the possible incentives to the provision of training programmes by employers.

Manpower Statistics of the Financial Services Sector

Persons Engaged in 2011 Survey

3.2 The surveys revealed that there was a total of 271 120 persons engaged in the Sector in 2011 with 53 120 at managerial level, 87 742 at supervisory level, 101 304 at clerical level and 28 954 agents in the insurance industry.

3.3 The principal jobs of each industry in the Sector are classified into three levels: the managerial level, supervisory level and clerical level for analysis and comparison purposes. In addition to these major job levels, the accountancy sector has a Trainer/Teacher job level, the banking and finance industry has Other Supporting Staff job level and the insurance industry has Other Supporting Staff and Agent job levels. The general descriptions of the various job levels are summarized as follows:

- (i) **Managerial:** managerial staff engage in functions of planning, developing, modifying and implementing company operation policies and procedures. Examples of principal jobs at this job level are Chief Accountants in the accountancy sector, Branch Operations Managers in the banking and finance industry and Underwriting Managers in the insurance industry;
- (ii) **Supervisory:** supervisory staff generally assist the managers in administering the routine duties of a department/section/unit of the company. Examples of principal jobs at this job level are Audit Supervisors and Trainers/Teachers in the accountancy sector, Business Development Officers in the banking and finance industry and Actuarial Officers and Technical Representatives in the insurance industry;
- (iii) **Clerical:** clerical staff are normally engaged in day to day routine operational activities such as preparing vouchers and documents, data entries and answering customer enquiries. Examples of principal jobs at this job level are Junior Audit Staff in the accountancy sector, Credit/Loan Clerk in the banking and finance industry and Claims Clerks in the insurance industry; and

- (iv) **Agent:** an insurance agent is a person who holds himself / herself out to advise on or arrange contracts of insurance in or from Hong Kong as an agent or subagent of one or more insurers. He or she identifies prospective clients to acquire new business and serves existing policy holders.

3.4 The distribution of manpower by industry and by job level is summarized in Table 1 below:

Table 1: Distribution of Persons Engaged

Job Level \ Industry	Managerial	Supervisory	Clerical	Agent	Total (%)*
Accountancy Firms	5 996	4 820	9 113	-	19 929 (7.4)
Banking & Finance & Insurance Services	2 336	2 051	2 306	-	6 693 (2.5)
Others**	11 649	16 803	43 320	-	71 772 (26.5)
Accountancy	19 981	23 674	54 739	-	98 394 (36.3)
Banks, DTC and Rep. Offices	19 031	33 429	26 031	-	78 491 (29.0)
Securities Brokerage Firms	1 393	2 771	6 441	-	10 605 (3.9)
Others***	7 698	15 676	10 365	-	33 739 (12.4)
Banking and Finance	28 122	51 876	42 837	-	122 835 (45.3)
Life Insurance	2 372	4 589	1 398	26 211	34 570 (12.8)
General Insurance	2 645	7 603	2 330	2 743	15 321 (5.7)
Insurance	5 017	12 192	3 728	28 954	49 891 (18.4)
Total (%)	53 120 (19.6)	87 742 (32.4)	101 304 (37.4)	28 954 (10.7)	271 120 (100.0)

- #1 The total figure may be higher than the actual total number of persons engaged, as the 6 693 accounting personnel working in the banking, finance and insurance industries were also captured under both banking and finance and insurance surveys.
- #2 The total number of 271 120 persons engaged excluded 15 922 other supporting staff in the Sector (13 328 in the banking and finance industry and 2 594 in the insurance industry). As the skill sets of these supporting staff are not specific to the Sector, the manpower information of these other supporting staff were not included in the following analyses.
- #3 The 921 Trainers/Teachers engaged in the accountancy sector and 6 578 Technical Representatives in the insurance industry are accounted for in the supervisory job level for simplicity of presentation.

Others ** - include some government departments and large subvented organisations, commerce and services and industrial establishments with ten or more employees excluding establishments providing banking and finance and insurance services.

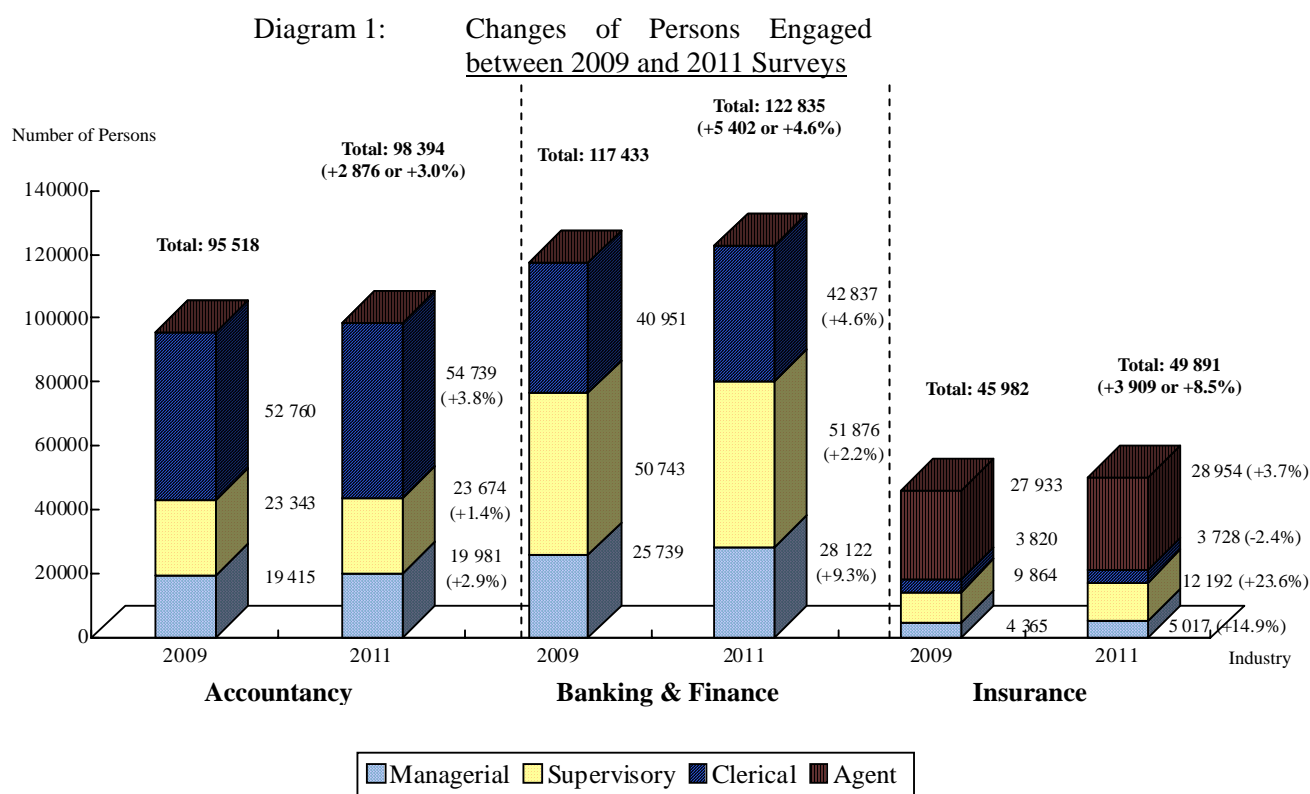
Others*** - include investment and holding companies; personal loans and related companies; commodity futures and gold bullion brokers/dealers; stock, bullion and commodity exchanges and statutory bodies in the banking and finance industry; money changers and foreign exchange brokers/dealers and other financial companies.

(%)* Percentage of the total persons engaged in the Sector may not equal 100% due to rounding.

Comparison of Persons Engaged between 2009 and 2011 Surveys

3.5 In comparison to the 2011 survey, total persons engaged in the Sector have increased by 12 187 or 4.7% between 2009 and 2011 as detailed in Diagram 1.

3.6 The banking and finance industry had the largest number of employees at 122 835 constituting 45.3% of total persons engaged in the Sector. This industry also reported the largest increase of 5 402 persons or 4.6% when compared with 2009. The accountancy sector had the second largest number of employees at 98 394 constituting 36.3% of the total persons engaged in the Sector. Persons engaged have increased by 2 876 persons or 3.0% between 2009 and 2011. The insurance industry had 49 891 personnel and constituted 18.4% of the total persons engaged in the Sector. This industry reported the second largest increase of 3 909 persons when compared with 2009.



Vacancies

3.7 There were a total of 3 524 vacancies in the Sector, representing an increase of 1 025, i.e. 41.0% from 2 499 vacancies reported in 2009. Analysis of vacancies in Table 2B indicates that the Sector as a whole experienced a relatively higher vacancy rate for the clerical level versus the managerial and supervisory levels. The distribution of vacancies in the Sector is summarized in Tables 2A and 2B below:

Table 2A: Distribution of Vacancies by Industries

Industry \ Job Level	Managerial (%)*	Supervisory (%)*	Clerical (%)*	Agent (%)*	Total (%)*
Accountancy Firms	79 (5.3)	166 (11.2)	526 (35.6)	-	771 (52.1)
Banking & Finance & Insurance Services	3 (0.2)	29 (2.0)	-	-	32 (2.2)
Others	66 (4.5)	97 (6.6)	513 (34.7)	-	676 (45.7)
Accountancy	148 (10.0)	292 (19.7)	1 039 (70.3)	-	1 479 (100.0)
Banks, DTC and Rep. Offices	88 (7.8)	223 (19.8)	47 (4.2)	-	358 (31.9)
Securities Brokerage Firms	1 (0.1)	18 (1.6)	179 (15.9)	-	198 (17.6)
Others	67 (6.0)	308 (27.4)	193 (17.2)	-	568 (50.5)
Banking and Finance	156 (13.9)	549 (48.8)	419 (37.3)	-	1 124 (100.0)
Life	12 (1.3)	146 (15.9)	20 (2.2)	294 (31.9)	472 (51.2)
General	33 (3.6)	314 (34.1)	102 (11.1)	-	449 (48.8)
Insurance	45 (4.9)	460 (49.9)	122 (13.2)	294 (31.9)	921 (100.0)
Total (%)**	349 (9.9)	1 301 (36.9)	1 580 (44.8)	294 (8.3)	3 524 (100.0)

(%)* As a percentage of the total number of vacancies in the same industry and the total may not equal 100% due to rounding.

(%)** As a percentage of the total number of vacancies in the Financial Services Sector and the total may not equal 100% due to rounding.

N.B. Statistics of small magnitude are subject to relatively large estimation of errors. They are published for rough reference only and should be interpreted with caution.

Table 2B : Distribution of Vacancy Rates by Industries

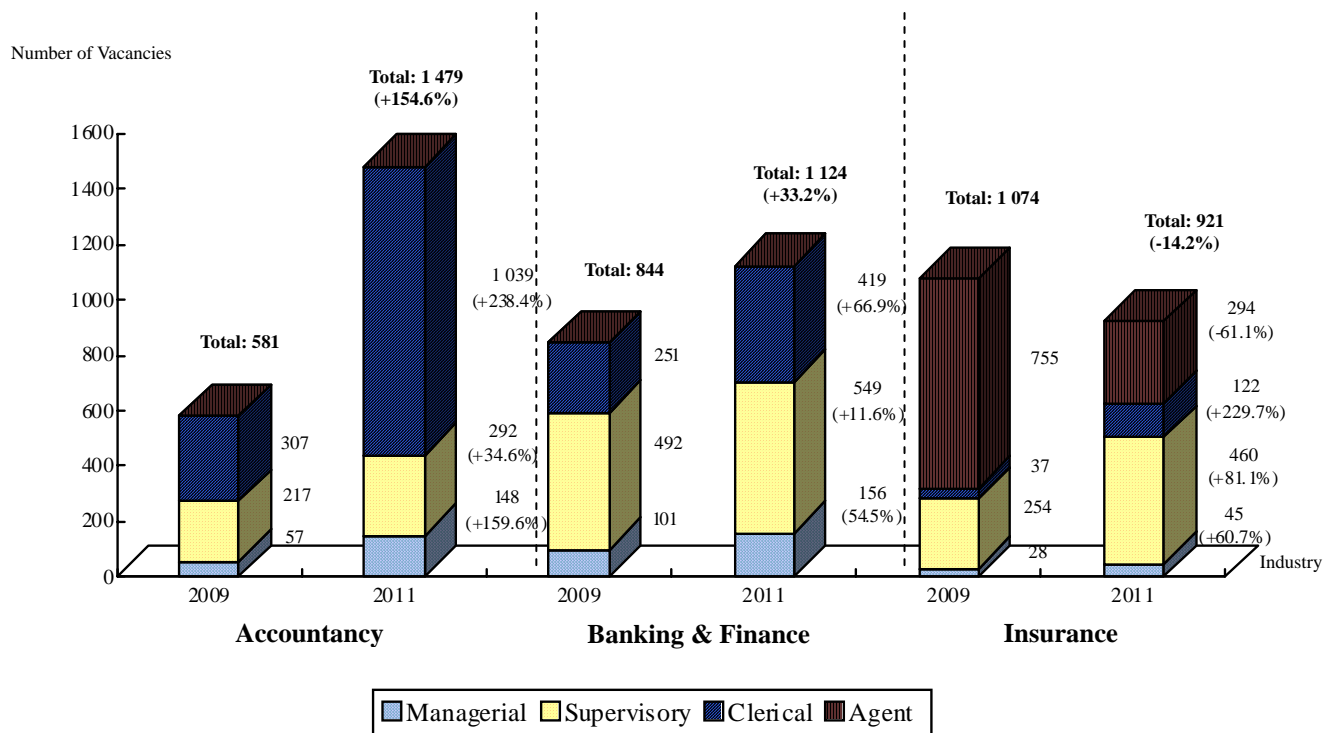
Industry	Job Level	Managerial	(%)#	Supervisory	(%)#	Clerical	(%)#	Agent	(%)#	Total	(%)#
		Accountancy	No. of Vacancies	148		292		1 039		-	
	No. of Persons Engaged	19 981	0.7	23 674	1.2	54 739	1.9	-	-	98 394	1.5
Banking and Finance	No. of Vacancies	156		549		419		-		1 124	
	No. of Persons Engaged	28 122	0.6	51 876	1.1	42 837	1.0			122 835	0.9
Insurance	No. of Vacancies	45		460		122		294		921	
	No. of Persons Engaged	5 017	0.9	12 192	3.8	3 728	3.3	28 954	1.0	49 891	1.8
Total	No. of Vacancies	349		1 301		1 580		294		3 524	
	No. of Persons Engaged	53 120	0.7	87 742	1.5	101 304	1.6	28 954	1.0	271 120	1.3

$$(\%)\# \text{ Vacancy Rate} = \frac{\text{Number of vacancies at the job level}}{\text{Total number of employees at the job level}} \times 100\%$$

Comparison of Vacancies between 2009 and 2011 Surveys

3.8 The accountancy sector and banking and finance industry experienced an increase in the number of vacancies of 154.6%, and 33.2% respectively with the clerical level jobs reporting the largest increment, while the insurance industry experienced a decrease in the number of vacancies of 14.2% with insurance agents reporting the largest decline. The comparison of the distribution of vacancies by job levels in the three industries between 2009 and 2011 Surveys is shown in Diagram 2.

Diagram 2: Distribution of Vacancies between 2009 and 2011 Surveys



Manpower Demand

3.9 The total manpower demand, defined as the number of employees plus the number of vacancies, has increased by 13 212 or 5.1% between the 2009 and 2011. The distribution of manpower demand by industry and by job level is summarized in Table 3.

Table 3: Distribution of Manpower Demand in 2011

Industry	Managerial	Supervisory	Clerical	Agent	Total (%)**
Accountancy Firms	6 075	4 986	9 639	-	20 700 (7.5)
Banking & Finance & Insurance Services	2 339	2 080	2 306	-	6 725 (2.4)
Others	11 715	16 900	43 833	-	72 448 (26.4)
Accountancy (%)*	20 129 (20.2)	23 966 (24.0)	55 778 (55.8)	-	99 873 (36.4)
Banks, DTC and Rep. Offices	19 119	33 652	26 078	-	78 849 (28.7)
Securities Brokerage Firms	1 394	2 789	6 620	-	10 803 (3.9)
Others	7 765	15 984	10 558	-	34 307 (12.5)
Banking and Finance (%)*	28 278 (22.8)	52 425 (42.3)	43 256 (34.9)	-	123 959 (45.1)
Life Insurance	2 384	4 735	1 418	26 505	35 042 (12.8)
General Insurance	2 678	7 917	2 432	2 743	15 770 (5.7)
Insurance (%)*	5 062 (10.0)	12 652 (24.9)	3 850 (7.6)	29 248 (57.6)	50 812 (18.5)
Total (%)**	53 469 (19.5)	89 043 (32.4)	102 884 (37.5)	29 248 (10.6)	274 644 (100.0)

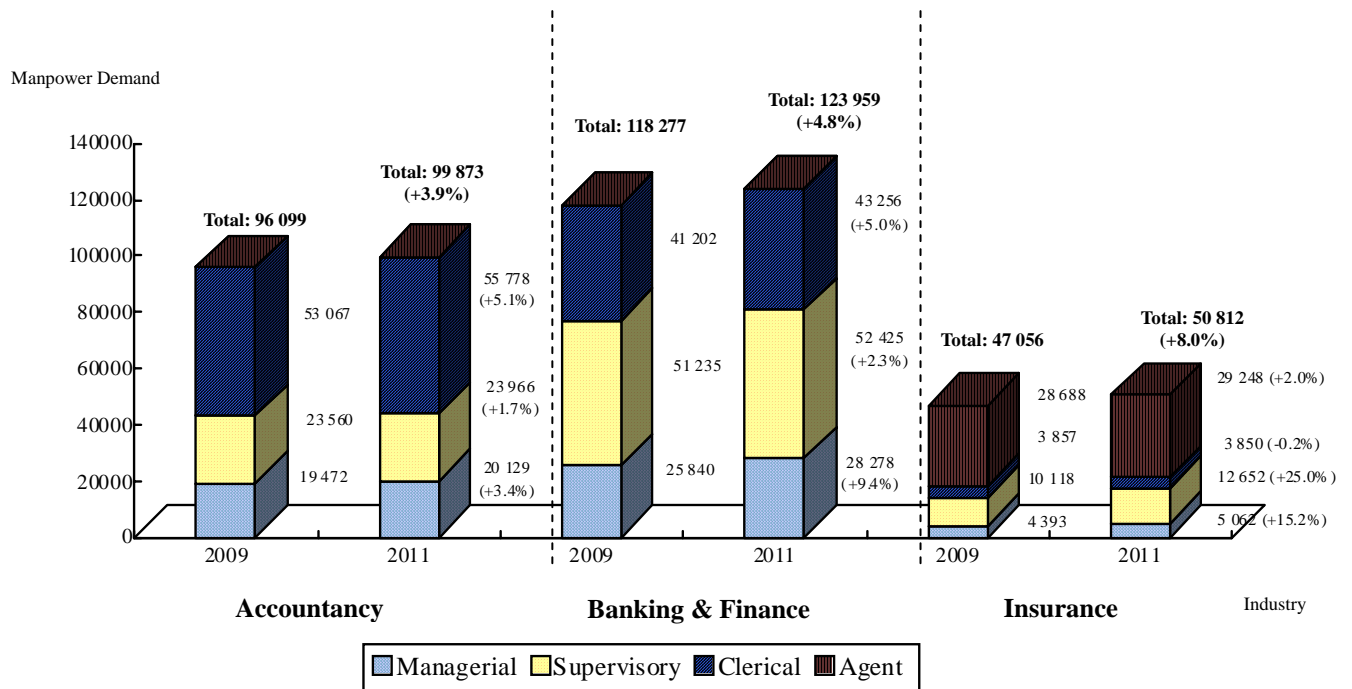
(%)* As a percentage of the total manpower demand in the same industry and the total may not equal 100% due to rounding.

(%)** As a percentage of the total manpower demand in the Financial Services Sector and the total may not equal 100% due to rounding.

Comparison of Manpower Demand between 2009 and 2011 Surveys

3.10 All three industries reported an increase in manpower demand. The comparison of manpower demand between 2009 and 2011 Surveys is shown in Diagram 3.

Diagram 3: Comparison of Manpower Demand between 2009 and 2011 Surveys



Forecast of Manpower Demand in the Next 24 Months

3.11 Based on employers' projection, manpower is forecast to increase by 1 583 or 0.6% for the Sector in the next 24 months. Employers of the accountancy sector and the insurance industry projected a growth of 0.7% and 1.6% respectively while employers of the banking and finance insurance industry estimated a growth of 0.1%. Table 4 below shows the manpower demand forecast for the Sector for the next 24 months, broken down by industry and by job level.

Table 4: Forecast of Manpower Demand in the Next 24 Months

Industry	Managerial	Supervisory	Clerical	Agent	Manpower Demand forecast for 2013 (%)*	Manpower Demand in 2011	Manpower Growth (%)**
Accountancy Firms	6 129	5 083	9 919	-	21 131 (7.6)	20 700	431 (2.1)
Banking & Finance & Insurance Services	2 345	2 082	2 396	-	6 823 (2.5)	6 725	98 (1.5)
Others	11 714	16 979	43 915	-	72 608 (26.3)	72 448	160 (0.2)
Accountancy	20 188	24 144	56 230	-	100 562 (36.4)	99 873	689 (0.7)
Banks, DTC and Rep. Offices	19 134	33 659	26 086	-	78 879 (28.6)	78 849	30 (<0.1)
Securities Brokerage Firms	1 397	2 825	6 657	-	10 879 (3.9)	10 803	76 (0.7)
Others	7 742	16 054	10 474	-	34 270 (12.4)	34 307	-37 (-0.1)
Banking and Finance	28 273	52 538	43 217	-	124 028 (44.9)	123 959	69 (0.1)
Life Insurance	2 386	4 976	1 423	26 370	35 155 (12.7)	35 042	113 (0.3)
General Insurance	2 681	8 556	2 498	2 747	16 482 (6.0)	15 770	712 (4.5)
Insurance	5 067	13 532	3 921	29 117	51 637 (18.7)	50 812	825 (1.6)
Total (%)*	53 528 (19.4)	90 214 (32.7)	103 368 (37.4)	29 117 (10.5)	276 227 (100.0)	274 644	1 583 (0.6)

(%)* As a percentage of the total forecast manpower demand for 2013 in the Financial Services Sector and the total may not equal 100% due to rounding.

(%)** Manpower growth rate was based on 2011 manpower demand and 2013 projection and the total may not equal 100% due to rounding.

Minimum Education/Professional Qualification Requirement of Employees by Job Level

3.12 Most employers surveyed in the Sector preferred their employees at managerial and supervisory levels to possess a higher level of education as shown in Table 5 below. The survey revealed that 74.6% of managerial staff should possess university degrees or above, 38.7% of supervisory staff should possess university degrees or above and 19.0% should possess diploma/higher certificate/certificate or equivalent. 73.0% of clerical staff should possess matriculation/secondary 5 education level or equivalent. Regarding professional qualification, it was found that 75.9% of managerial staff and 33.2% of supervisory staff should possess professional qualification, while the percentage for agents and clerical staff was relatively low. The distribution of the minimum education requirement and professional qualification requirement by job level is summarized in Tables 5 and 6.

Table 5 : Minimum Education Requirement of Employees by Job Level

Job Level	University Degree or Above (%)*	Higher Diploma/ Associate Degree or equivalent (%)*	Diploma/ Higher Cert./ Certificate or equivalent (%)*	Matriculation (%)*	Secondary 5 or equivalent (%)*	Below Secondary 5 (%)*	Unspecified@ (%)*	Total (%)*
Managerial	39 617 (74.6)	7 455 (14.0)	258 (0.5)	215 (0.4)	101 (0.2)	0 -	5 474 (10.3)	53 120 (100.0)
Supervisory	33 960 (38.7)	9 299 (10.6)	16 646 (19.0)	8 164 (9.3)	7 665 (8.7)	45 (0.1)	11 963 (13.6)	87 742 (100.0)
Clerical	5 947 (5.9)	3 975 (3.9)	7 371 (7.3)	13 229 (13.1)	60 686 (59.9)	1 021 (1.0)	9 075 (9.0)	101 304 (100.0)
Agent	1 493 (5.2)	0 -	37 (0.1)	824 (2.8)	11 741 (40.6)	0 -	14 859 (51.3)	28 954 (100.0)
Total	81 017	20 729	24 312	22 432	80 193	1 066	41 371	271 120

@ Respondents who did not disclose information concerning minimum education requirements were labeled as “Unspecified”.

(%)* As a percentage of the total number of employees at the same job level and the total may not equal 100% due to rounding.

N.B. Statistics of small magnitude are subject to relatively large estimation of errors. They are published for rough reference only and should be interpreted with caution.

**Table 6 : Minimum Professional Qualification Requirement
of Employees by Job Level**

Job Level	Professional Qualification Required (%)*	Professional Qualification Not Required (%)*	Unspecified@ (%)*	Total
Managerial	18 985 (75.9)	2 775 (11.1)	3 238 (13.0)	24 998 (100.0)
Supervisory	11 897 (33.2)	18 584 (51.8)	5 385 (15.0)	35 866 (100.0)
Clerical	2 068 (3.5)	53 443 (91.4)	2 956 (5.1)	58 467 (100.0)
Agent	3 155 (10.9)	14 191 (49.0)	11 608 (40.1)	28 954 (100.0)
Total	36 105	88 993	23 187	148 285[^]

@ Respondents who did not disclose information concerning minimum education requirements were labeled as “Unspecified”.

(%)* As a percentage of the total number of employees at the same job level and the total may not equal 100% due to rounding.

[^] The 2011 Survey of the Banking and Banking Industry did not collect the information regarding the requirement of professional qualifications.

N.B. Statistics of small magnitude are subject to relatively large estimation of errors. They are published for rough reference only and should be interpreted with caution.

Minimum Requirement of Year(s) of Experience of Employees

3.13 The range of the length of working experience required at various job levels varies among the three industries within the Sector. Similar to the survey findings in 2009, employers preferred managerial staff to have a minimum of 5 to 10 years or more of working experience in their respective industries. Supervisory staff would require a minimum of 1 to 6 years of working experience in their respective industries and clerical personnel were normally required to have 3 years or less years of working experience. Insurance agents would require 1 to 2 years of working experience. Table 7 shows the minimum year(s) of experience required in the Sector.

Table 7 : **Minimum Requirement of Year(s)
of Experience by Job Level**

Job Level	Minimum Requirement of Year(s) of Experience
Managerial (i) Accountancy (ii) Banking and Finance (iii) Insurance	6 – 10 years 5 – 10 years 5 – 10 years
Supervisory (i) Accountancy (ii) Banking and Finance (iii) Insurance	3 – 6 years 2 – 4 years 1 – 5 years
Clerical (i) Accountancy (ii) Banking and Finance (iii) Insurance	Less than 3 years 1 year or less 1 – 2 years
Insurance Agents	1 – 2 years

Staff Turnover in the Past Twelve Months

3.14 Staff turnover is defined as the total number of employees who have left the companies in a specified period of time. The staff turnover statistics by industry and by job level are shown in Table 8 below.

**Table 8 : Number of Employees Resigned
in the Past 12 Months by Job Level**

Job Level Industry		Managerial	(%)#	Supervisory	(%)#	Clerical	(%)#	Agent	(%)#	Total	(%)#
		Accountancy	Employees Resigned	1 017	(5.1)	1 646	(7.0)	6 887	(12.6)	-	-
No. of Persons Engaged	19 981			23 674		54 739		-	-	98 394	
Banking and Finance	Employees Resigned	2 312	(8.2)	4 979	(9.6)	7 194	(16.8)	-	-	14 485	(11.8)
	No. of Persons Engaged	28 122		51 876		42 837		-	-	122 835	
Insurance	Employees Resigned	437	(8.7)	1 519	(12.5)	834	(22.4)	2 522	(8.7)	5 312	(10.6)
	No. of Persons Engaged	5 017		12 192		3 728		28 954		49 891	
Total	Employees Resigned	3 766	(7.1)	8 144	(9.3)	14 915	(14.7)	2 522	(8.7)	29 347	(10.8)
	No. of Persons Engaged	53 120		87 742		101 304		28 954		271 120	

$$(\%)# \quad \text{Staff turnover rate} = \frac{\text{Number of employees resigned in a specified period of time}}{\text{Total number of employees on the reference date}} \times 100\%$$

3.15 During the past twelve months, 29 347 employees left their companies for various reasons, such as resignation, further studies, emigration and retirement, etc, which has decreased by 3 154 or 9.7% from 32 501 in 2009. The overall staff turnover rate was 10.8% for the Sector. The results showed that staff turnover was the highest in the banking and finance industry which was 11.8%, followed by the insurance industry which was 10.6% whereas the percentage of the accountancy sector was 9.7%.

Recruitment Difficulties

3.16 The reasons of recruitment difficulties given by employers were mainly “Lack of candidates with relevant experience and training” and “Working conditions/ remuneration package could not meet recruits’ expectations” which accounted for 46.3% and 31.8% of the cases of recruitment difficulties. The reasons of recruitment difficulties were more or less the same as the previous survey. Other reasons included the requirement of special language skills, etc. The analysis of recruitment difficulties experienced in the Sector by reason and by job level is summarized in Table 9 below.

Table 9 : Recruitment Difficulties in the Past Twelve Months

Job Level \ Reason	General Labour Shortage in Hong Kong (%)*	Insufficient Graduates in Relevant Disciplines from Tertiary Institutions (%)*	Lack of Candidates with Relevant Experience and Training (%)*	Working Conditions/ Remuneration Package Could Not Meet Recruits' Expectations (%)*	Lack of Candidates with Good Language Capabilities - English (%)*	Lack of Candidates with Good Language Capabilities - Putonghua (%)*	Other Reasons# (%)*	Total (%)*
Managerial	13 (6.6)	1 (0.5)	118 (60.2)	57 (29.1)	1 (0.5)	-	6 (3.1)	196 (100.0)
Supervisory	31 (6.7)	6 (1.3)	209 (45.1)	149 (32.2)	17 (3.7)	9 (1.9)	42 (9.1)	463 (100.0)
Clerical	19 (4.5)	10 (2.4)	172 (41.1)	137 (32.8)	6 (1.4)	4 (1.0)	70 (16.7)	418 (100.0)
Total (%)**	63 (5.8)	17 (1.6)	499 (46.3)	343 (31.8)	24 (2.2)	13 (1.2)	118 (11.0)	1 077 (100.0)

Other reasons include “work place too far from home”, “the requirement to possess special software knowledge was not met” and “candidates should possess special language skills”, etc.

(%)* As a percentage of the total number of cases of recruitment difficulties at the same job level.

(%)** As a percentage of the total number of cases of recruitment difficulties in the Financial Services Sector.

Note: Reasons of recruitment difficulties of agents were excluded in Table 9 as the figures were not captured in the survey.

N.B. Statistics of small magnitude are subject to relatively large estimation of errors. They are published for rough reference only and should be interpreted with caution.

Manpower Demand of the Financial Services Sector

3.17 Having regard to the survey findings, the projections of manpower demand using the Labour Market Analysis Model where appropriate and the staff attrition factor, the three Training Boards have projected that the manpower demand in the Sector for the next 24 months would be about 287 000 (271 000 + 16 000) employees which has increased by 18 200 or 6.8% when compared to the projected manpower demand of 268 800 personnel in 2010. Table 10 shows the total manpower requirements by industry and by job level.

Table 10 : Total Manpower Requirements of the Financial Services Sector for the next 24 months

Industry \ Job Level	Managerial		Supervisory		Clerical		Agent		Total	
	Current No. of Employees	Projected Additional Manpower Requirement	Current No. of Employees	Projected Additional Manpower Requirement	Current No. of Employees	Projected Additional Manpower Requirement	Current No. of Employees	Projected Additional Manpower Requirement	Current No. of Employees	Projected Additional Manpower Requirement
Accountancy	19 981	1 122	23 674	1 215	54 739	2 448	-	-	98 394	4 785
Banking and Finance	28 122	2 006	51 876	2 389	42 837	3 751	-	-	122 835	8 146
Insurance	5 017	181	12 192	1 663	3 728	290	28 954	915	49 891	3 049
Total	53 120	3 309	87 742	5 267	101 304	6 489	28 954	915	271 120 Say 271 000	15 980 Say 16 000

Manpower Supply of the Financial Services Sector

3.18 Based on the manpower projections for next 24 months made by the Training Boards (about 16 000 as shown in Table 10 of para. 3.17) and taking into account the education/qualification requirements of various job levels preferred by employers in the three industries, about 6 758 employees with degree or sub-degree qualifications would be required. According to the information provided by the University Grants Committee of Hong Kong (UGC), Hong Kong Institute of Vocational Education (IVE) and course providers running courses related to accountancy, banking and finance, and insurance, which have been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ), the estimated number of graduates with degree or sub-degree qualifications in the related areas in 2011/2012 and 2012/2013 would be 9 769 and 9 425 respectively. It would appear that, quantitatively, the supply of degree and sub-degree graduates should be sufficient to meet the market demand. The estimated employers' demand for and supply of manpower with degree or sub-degree qualifications in the three industries are listed in Tables 11A and 11B respectively.

Table 11A: Demand for Local Graduates of the Accountancy Sector, Banking and Finance Industry and Insurance Industry

Manpower Demand Industry	Employers' Demand for Employees with Degree or Sub-degree Qualifications		
	Degree	Sub-degree	Total
Accountancy	1 701	502	2 203
Banking and Finance	2 465	1 396	3 861
Insurance	410	284	694
Total	4 576	2 182	6 758

Table 11B: Supply of Local Graduates of Accountancy, Finance, Business Administration, Insurance and Related Disciplines

Manpower Supply Discipline	Estimated Number of Graduates					
	Degree		Sub-degree#		Total	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
Accountancy and related disciplines	1 612	1 756	2 041	1 837	3 653	3 593
Finance, Business Administration and related disciplines	2 981	2 895	1 688	1 507	4 669	4 402
Insurance and related disciplines	1 121	1 083	326	347	1 447	1 430
Total	5 714	5 734	4 055	3 691	9 769	9 425

Note: The Training Board wrote to course providers requesting for their estimated number of degree and sub-degree graduates in 2011/12 and 2012/13. However, only 16.2% of the course providers replied. The estimated number of graduates reported by these course providers has been included in the figures shown in Table 11B. Users of the survey findings should note that the data collected might not be comprehensive.

Readers should note that not all sub-degree graduates would enter the job market immediately after graduation. Quite a number of those graduates would opt for further study.

3.19 As shown in Table 10 of para. 3.17, the projected additional manpower requirements for the next 24 months are about 16 000. In addition to the estimated 19 194 local graduates with degree and sub-degree qualifications who might join the Sector, graduates of overseas universities as well as those from other disciplines of studies, and thousands of secondary 5 graduates might also join the three industries. It would appear that there should be no lack of fresh graduates for the Sector. More importantly, the Sector is in need of experienced people to take up managerial and supervisory positions. Employers are encouraged to provide comprehensive training programmes for fresh graduates to equip them with the appropriate skills to carry out their job duties, whilst succession planning strategies are also important for employers to groom good quality and high potential staff for advancement to senior management level and develop a pool of talents for senior positions.

Training Needs in the Financial Services Sector

3.20 In the 2011 Survey, employers were asked to give ideas on the training types / topics which were important to manpower development in the three industries. The top five types / topics of training mostly chosen by respondents for various job levels in the industry are summarized in Table 12.

Table 12: Topics of Training for Manpower Development

Topics of Training Job Level	Accountancy	Banking and Finance	Insurance
Managerial	Principles & Practices of Management	Financial Markets Operations	General Insurance
	Problem Solving & Decision Making	Asset Valuation & Portfolio Management	Risk Management
	Strategic Management	Securities Analysis	Crisis Management
	Marketing Management	Securities & Futures Regulations	Marketing Management
	Quality Management	Anti-Money Laundering Compliance	Leadership
Supervisory	Financial Accounting	Financial Markets Operations	General Insurance
	Updates of Accounting Standard	Securities Analysis	Law Relating to Insurance
	Financial Management	Securities & Futures Regulations	Investment-linked Insurance
	Auditing	Anti-Money Laundering Compliance	Life Insurance
	Cost and Management Accounting	Anti-Corruption Regulations	Interpersonal Skills
Clerical	Financial Accounting	Securities & Futures Regulations	General Insurance
	Updates of Accounting Standards	Spoken English	English Writing
	English Writing	Communication Skills	Spoken English
	Cost and Management Accounting	Putonghua	Law Relating to Insurance
	Cross-exposure to Other Accounting Functions	Interpersonal Skills	Interpersonal Skills
Agents	---	---	General Insurance
	---	---	Interpersonal Skills
	---	---	Life Insurance
	---	---	Effective Communication Skills
	---	---	Marketing/Selling Skills

3.21 In general, employers considered training topics such as Marketing Management, Problem Solving and Decision Making, Risk Management, etc should be offered to managerial staff, while more trade-related training such as Financial Accounting, Financial Markets Operations, Anti-Money Laundering Compliance and General Insurance should be offered to supervisors in their respective industries. For clerical staff, generic skills such as English writing, spoken English and interpersonal skills were considered as important.

Incentives to Encourage Employers to Provide their Employees with Training

3.22 In the 2011 Survey, employers were also requested to suggest the possible incentives to encourage establishments to provide their employees with training. Survey findings revealed that effective ways to encourage employers to provide their employees with training were “Reimbursement of course fees to employers”, “Provision of subsidy to employers” and “Government loan/grant to employers” in the three industries.

Estimated Percentage of Training to be Provided by External Course Providers in the Next Twelve Months

3.23 The 2011 Survey revealed the percentage of training to be provided by external course providers in the next twelve months. In the accountancy sector and the banking and finance industry, the majority of establishments would have less than 50% of their training programmes to be provided by external course providers. On the contrary, for the insurance industry, except the agents, the majority of establishments would plan to outsource more than 50% of their training programmes from external course providers. The detailed figures are shown in Table 13.

Table 13: Estimated Percentage of Training Provided by External Course Providers in the Next Twelve Months

Job Level	Percentage of External Training	Percentage of Establishments*		
		Accountancy	Banking and Finance	Insurance
Managerial	0% - 49%	69.9%	66.1%	27.6%
	50% - 100%	30.1%	33.9%	72.4%
Supervisory	0% - 49%	79.2%	77.3%	16.6%
	50% - 100%	20.8%	22.7%	83.4%
Clerical	0% - 49%	90.2%	82.0%	47.3%
	50% - 100%	9.8%	18.0%	52.7%
Agent	0% - 49%	-	-	50.0%
	50% - 100%	-	-	50.0%

Note: Establishments which did not sponsor employees to attend external training programmes might not provide their employees with in-house training as this Survey did not ask for this piece of information.

* The summation of percentage may not equal 100% due to rounding.

Comparison of Training Budget in 2011 and Training Expenses in 2010

3.24 Table 14 shows the training expenses and training budgets of establishments in 2010 and 2011. The majority of establishments indicated that their training budgets in respect of in-house training and external training for 2011 would remain the same as those of 2010.

Table 14: Comparison of Training Budgets in 2011 and Training Expenses in 2010

Changes of Training Budgets in 2011 compared to Training Expenses in 2010	Percentage of Establishments*					
	Accountancy		Banking and Finance		Insurance	
	In-house Training	External Training	In-house Training	External Training	In-house Training	External Training
No Change	97.5%	96.6%	86.5%	86.0%	87.5%	71.4%
Increase	0.5%	1.4%	1.8%	2.2%	6.3%	20.3%
Decrease	<0.1%	0.1%	0.0%	<0.1%	0.1%	0.1%
Unspecified	1.9%	1.9%	11.7%	11.7%	6.0%	8.1%

* Total percentage may not equal 100% due to rounding.

SECTION IV

CONCLUSIONS

Business Outlook

4.1 The business environment was still volatile after the financial tsunami and the financial market was full of uncertainties. Moreover, because of inflation, operating costs were expected to rise. Though the domestic environment is expected to remain steady in 2011, the business outlook is difficult to predict because of the predominant external uncertainties which include the future prospect of the US economy and the development of European sovereign debt issue. This might lead to the conservative projection of 2013 manpower demand by employers.

4.2 Notwithstanding this, the economic growth of China represented a very crucial factor to sustain Hong Kong's leading role as an international financial centre and this would continue attracting international financial institutions to set up regional offices in Hong Kong. Banking and finance personnel would have more opportunities to provide financial services related to the Mainland, especially to serve the role of the regional trading hub of offshore Renminbi businesses. On the other hand, companies would like to allocate more resources to frontline operations so as to generate more revenue.

4.3 With the further deepening of Closer Economic Partnership Arrangement (CEPA) and the close business relationship between Hong Kong and the Mainland, it is believed that there would be a growing demand in Hong Kong for capital financing and/or investment advice by entities in the Mainland. This would in turn increase the demand for professionals such as accounting practitioners, financial planners and analysts as well as lawyers, etc. to provide professional services for capital market operations.

4.4 On the other hand, there are strong demand for asset management and financial management services in the community, not only accounting personnel but also banking and finance personnel should upgrade themselves continuously in order to meet the increasing demand for high level job skills and knowledge in the business community.

4.5 For the insurance industry, despite the fact that economy was subject to an increased level of uncertainty, the insurance market in Hong Kong continues to grow in 2011. The total gross premiums of the Hong Kong insurance industry in the first half of 2011 amounted to \$114.7 billion, representing an increase of 14.0% over the corresponding period in 2010.

4.6 Hong Kong insurance companies will continue to be benefited from the CEPA with the Mainland. There is a potential for Hong Kong insurance companies and market practitioners to enter the Mainland market in the light of the under-developed market and lessened entry criteria on operating insurance business in the Mainland under CEPA.

Impacts on Manpower Requirements

4.7 The manpower requirements of the Financial Services Sector are subject to different stages of the economic cycle as well as fiscal policies. These include:

- (i) The global economic situation as well as the performance of the international financial market, in particular the American, European and PRC markets have significant effects on Hong Kong's economy given the close linkage of business and financial activities of Hong Kong with other financial centres;
- (ii) The effects of US's quantitative easing measures, the issue of the European sovereign debt and the development of the tightened monetary policy in the Mainland would have impacts on the local manpower requirements with varying degrees;
- (iii) A change in the manpower structure is also expected that most of the work of the back office might be relocated to countries with lower labour cost, such as India and the Mainland, in order to minimize operation costs. On the other hand, more resources are expected to be spent on recruiting frontline personnel as financial institutions need to provide customers with more client-focused financial services;
- (iv) The trend of shifting towards investment related insurance business could be spotted which led to an expansion of the sector of independent financial advisors. It is foreseeable that manpower demand for independent financial advisors will be getting high and more people will join this sector;
- (v) Owing to the increasing emphasis on compliance, more resources are expected to be put in recruiting personnel related to compliance so as to fulfill regulatory requirements set by the government; and
- (vi) Last but not least, in view of the close business relationship between Hong Kong and the Mainland, more and more practitioners would be entering into the business market of the Mainland. The business and commercial knowledge about the Mainland and related regulations would be in great demand.