



# Hong Kong Market Insight & Salary Guide

January – June 2020

# Market Insight

Hiring in the second half of 2019 was slower across most of the Banking & Financial Services sector, with the major exception being the Insurance sector. The ongoing political crisis in Hong Kong, and now the outbreak of the Coronavirus globally, has resulted in an over-arching trend of conservatism with regard to changing of roles.

Heading into 2020, we see significant challenges for the Hong Kong Market. Global Banks are continuing to cut costs across the three lines of defence, especially in compliance. The medium to long term impact of the political unrest in Hong Kong is also unpredictable. With Hong Kong being one of the most expensive cities in the world for office rentals, we do expect global institutions to assess the extent of their operations in Hong Kong. Nonetheless, it should not be forgotten that Hong Kong is one the four key financial markets in the world and any significant movement of banking and financial services companies out of Hong Kong in the medium term is unlikely.

## Investment Banking

Recruitment in the investment banks did not improve in 2019, as compared to recruitment rates in 2018. There were pockets of job cuts across audit and risk management functions, prominently due to increased cost pressures and more stringent headcounts approval processes.

Within Internal Audit, most of the activities have been within the middle management level (AVP and VP level), with replacements largely filled internally. There is a strong preference for new candidates to possess some data analytics skills for internal audit as investment banks strengthen data analytics tools and methods in audit, risk and compliance areas. The first and second line risk management roles (e.g. business risk, front-office risk, operational risk) were in higher demand in 2019, and new roles were created in some of the small to medium-sized banks due to regulatory requirements. A small number of US banks

have merged compliance and operational risk functions, causing some movement in positions.

Increasingly, investment banks are more flexible to base audit and risk positions in either Hong Kong or Singapore, depending largely on the availability of talent in each region.

Overall hiring for compliance professionals within the investment banking sector has slowed down. We have seen further cost scrutinization across compliance departments within the Global US banks, which have been inclined to combine two roles following a resignation. European banks continue to have occasional recruitment needs, but we often see roles being downgraded to a lower level where the bank decides to go out to the market. With specific regard for skillsets, global market advisory, regulatory compliance and data protection are most in-demand. Global markets compliance advisory may provide the most significant challenge in Hong Kong given the talent pool remains very small. As such, compliance professionals with this desirable background command a higher premium.

## Retail, Corporate and Private Banking

Hiring activities in 2019 were low in the international banks, but moderately active in local, mainland Chinese and Asian banks. There were minor job cuts due to cost pressure and restructuring across audit and business risk management areas in a few of the large international banks. Often the roles were replaced in lower-cost locations or merged.

Candidates from Banking or Financial Services industries with backgrounds in Technology Risk have been well sought-after for controls and governance related functions for the Virtual Banks.

The compliance market for Retail & Corporate banking has remained static throughout 2019 with very limited new headcounts in the market. It's unlikely that the market situation will change in the foreseeable future. There have been several key senior hires from traditional banking into Virtual banking space last year, and

we foresee the trend will continue in 2020. Following the Virtual banks' recruitment of a management team, the new headcounts are likely to be at the junior-mid level covering general and regulatory compliance matters.

Professionals are looking to other APAC markets such as Singapore or Australia for their next move due to the ongoing political unrest in Hong Kong. Australia is currently going through significant hiring across audit, compliance and risk as a result of the Banking Royal Commission, providing an opportunity for those with experience within this developing sector.

## Asset Management

The compliance market within the asset management sector remained active throughout 2019 with hiring activity mainly within the mid-level (Assistant Manager or AVP). Junior level candidates tend to look out in the market every 2-4 years, and this has created an active market. In the last six months, a few noticeable senior movements have occurred at the 'Head of level', leading to further hiring activity at the lower levels. We have also seen growth in the compliance market for Chinese firms with the preference for candidates who are fluent in Mandarin to deal with business needs in Greater China.

Another trend we have observed within the hedge fund sector is the addition of a compliance resource at a more junior level to support the CCO or General Counsel in many long-short funds. The commonly held preference is to hire candidates from other boutique hedge fund environments. Given the limited number of compliance professionals with direct hedge fund experience, the desired candidates have leverage to ask for above market salary increment. Many fund houses are placing a strong emphasis on the improvement of process efficiencies on investment compliance, so technology solutions and automation continue to play a more significant role.

## Insurance

Insurance firms had strong growth throughout 2019. Audit, risk and controls candidates in the insurance sector are scarce in the market. Most insurance companies would still prefer candidates with industry expertise; however, these companies have often been forced towards hiring candidates from banking. There were increased hiring activities in the mid-level operational risk, enterprise risk, financial risk and technology risk management roles. Newly created roles within risk management functions are also attracting candidates to move across from actuarial functions. With the exception of financial risk, most of the functions have been looking at banking candidates, especially those coming from large international environments.

Credit risk was also an active area for insurance firms last year. These roles were well sought-after by banking candidates and credit rating analysts as they see an opportunity to go into the buy-side.

Insurance firms have been actively recruiting auditors across all levels, with some requesting Mandarin speakers to cover China. These companies have been approaching candidates from banking due to a shortage of relevant candidates in the insurance sector. We have also noticed a number of insurance auditors making a successful move into the risk management functions.

In the past 12 months, the Insurance Authority (IA) focused heavily on performing inspections and meeting with companies to absorb feedback from the industry. The IA is getting to the stage where they will strengthen the policies by creating a new set of code of conducts and guidelines for the industry to comply. Insurance companies are under intense pressure to implement the new internal policies to meet the IA's standard. Therefore, the compliance recruitment market will remain active this year given the changing regulatory environment, as well as the overall growth of the industry. On the technology side, Insurance Authority (IA) has placed their Fast Track licensing scheme for new insurers seeking to operate solely through digital distribution channels. The birth of virtual insurers evinces that Hong Kong promotes a testing ground for innovative means of business.

## Conclusion

Hiring activities in 2019 within the audit, risk and controls areas was moderate compared to 2018. We don't expect high staff turnover post bonus paid-out this year given the current market sentiment. With a few large international banks recruiting less and, on occasion, electing to lay-off employees, there will be more pressure to recruit and promote internally. New recruitment challenges have arisen in the market with the ongoing protests in Hong Kong, especially in the audit field for covering China, because some auditors would be reluctant or unable to enter China due to political reasons. In addition, political instability has provided reason for jobseekers to consider options outside Hong Kong, with Singapore and Australia being key regions for consideration. However, obtaining the Employment Pass in Singapore poses difficulties for employers, and some are unwilling to recruit professionals who require work permit sponsorship. While Australia is actively recruiting audit, compliance and risk professionals, many jobseekers from Hong Kong find the salary unattractive, given the current poor exchange rate and the greater tax.

Salary increment for job offers remained on average at 15-18%. However, people who are risk-averse have been demanding 25-30% to change jobs to compensate the perceived higher risk to join a new company in an environment of overwhelming down-market sentiment. Year-on-year salary increment was around 3-5%, similar to that of 2018. Performance bonuses have been down from last year, ranging from 10-40% with the lower-end representing the banking field and upper-end largely consisting of insurance and asset management.

# Audit Salary Guide

	Analyst	Associate / AVP	Vice President	Executive Director	Managing Director
<b>INVESTMENT BANKING</b>					
Audit	300,000 to 420,000	420,000 to 900,000	900,000 to 1.6m	1.6m to 2.2m	2.2m plus
	Analyst	Assistant Manager	Manager	Senior Manager	Director / Head of Audit
<b>INVESTMENT MANAGEMENT</b>					
Audit	300,000 to 420,000	420,000 to 600,000	600,000 to 840,000	840,000 to 1.5m	1.5m plus
	Officer to Assistant Manager	Manager to Snr Manager	Associate to Snr Director	Head of Audit (Country Head)	Head of Audit (Regional Head)
<b>INSURANCE</b>					
Audit	240,000 to 540,000	540,000 to 900,000	900,000 to 1.4m	1.5m plus	1.8m plus

## Notes to the Salary Tables & Report:

1. Annual base salaries are in HKD over a 12 month period exclude any bonus or incentives.
2. The market rates, salary increments and bonus can vary between companies. For specific salary advice, please contact us for additional information.
3. Titles can vary across different banks and financial institutions.
4. Years of Experience – Investment Banking: Analyst (1-3), Associate/AVP (3-6), VP (6-10), Executive Director (10-15+), Managing Director (15+).
5. Years of Experience – Investment Management: Analyst (1-3), Assistant Manager (3-5), Manager (5-7), Senior Manager (7-10), Director (10+).
6. Years of Experience – Insurance: Assistant / Officer (1-3), Assistant Manager (3-5), Manager (5-7), Senior Manager (7-10), Director (10+).

# Compliance Salary Guide

	Analyst	Associate / AVP	Vice President	Executive Director	Managing Director
<b>INVESTMENT BANKING</b>					
Head of Compliance	NA	NA	NA	NA	2.8m plus
Central Compliance	240,000 to 420,000	420,000 to 900,000	900,000 to 1.5m	1.5m to 2m	2m plus
Compliance Testing	240,000 to 420,000	420,000 to 900,000	900,000 to 1.6m	1.6m to 2m	2m plus
Control Room	240,000 to 420,000	420,000 to 960,000	960,000 to 1.5m	1.5m to 2m	2m plus
Global Markets Advisory (Equities / FICC)	300,000 to 420,000	420,000 to 960,000	960,000 to 1.7m	1.7m to 2.3m	2.3m plus
IB Advisory	300,000 to 420,000	420,000 to 960,000	960,000 to 1.7m	1.7m to 2.3m	2.3m plus
Monitoring & Surveillance	240,000 to 420,000	420,000 to 840,000	840,000 to 1.5m	1.5m to 2m	2m plus
Regulatory Compliance	300,000 to 420,000	420,000 to 960,000	960,000 to 1.7m	1.7m to 2.3m	2.3m plus
Research Compliance	300,000 to 420,000	420,000 to 960,000	960,000 to 1.7m	1.7m to 2.3m	2.3m plus

<b>RETAIL &amp; CORPORATE BANKING</b>					
Head of Compliance	NA	NA	NA	NA	1.9m plus
Compliance Testing	240,000 to 360,000	360,000 to 780,000	780,000 to 1.3m	1.3m to 1.6m	NA
Regulatory Compliance	240,000 to 360,000	360,000 to 780,000	780,000 to 1.3m	1.3m to 1.7m	1.7m plus



# Compliance Salary Guide

	Analyst	Associate / AVP	Vice President	Executive Director	Managing Director
<b>PRIVATE BANKING / WEALTH MANAGEMENT</b>					
Head of Compliance	NA	NA	NA	NA	1.8m plus
Investment Suitability	300,000 to 400,000	400,000 to 720,000	720,000 to 1.2m	1.2m to 1.5m	NA
Regulatory Compliance	300,000 to 400,000	400,000 to 840,000	840,000 to 1.3m	1.3m to 1.6m	NA

	Analyst	Assistant Manager	Manager	Senior Manager	Director
<b>INVESTMENT MANAGEMENT</b>					
Head of Compliance	NA	NA	NA	NA	1.8m plus
Business Compliance	300,000 to 360,000	360,000 to 600,000	600,000 to 840,000	840,000 to 1.7m	1.7m plus
Investment Compliance	300,000 to 360,000	360,000 to 600,000	600,000 to 840,000	840,000 to 1.7m	1.7m plus

	Assistant / Officer	Assistant Manager	Manager	Senior Manager	Director
<b>INSURANCE</b>					
Head of Compliance	NA	NA	NA	NA	1.3m plus
Regulatory Compliance	240,000 to 360,000	360,000 to 600,000	600,000 to 780,000	780,000 to 1.3m	1.3m plus
Distribution Compliance	240,000 to 360,000	360,000 to 600,000	600,000 to 780,000	780,000 to 1.3m	1.3m plus

# Financial Crime Compliance

	Analyst	Associate / AVP	Vice President	Executive Director	Managing Director
<b>FINANCIAL CRIME COMPLIANCE</b>					
Head of FCC	NA	NA	NA	NA	2.3m plus
AML Advisory	300,000 to 480,000	480,000 to 1m	1m to 1.5m	1.5m to 2m	2m plus
AML Transaction Monitoring	240,000 to 360,000	360,000 to 780,000	780,000 to 1.4m	1.4m to 1.9m	1.9m plus
Anti-Bribery & Corruption	300,000 to 480,000	480,000 to 1m	1m to 1.5m	1.5m to 2m	2m plus
MLRO	300,000 to 480,000	480,000 to 1m	1m to 1.5m	1.5m to 2m	2m plus
Sanctions	300,000 to 480,000	480,000 to 1m	1m to 1.5m	1.5m to 2m	2m plus

# Risk Salary Guide

	Associate / AVP	Vice President	Executive Director	Managing Director
RISK				
Head of Risk	NA	NA	NA	2.2m plus
Credit Risk	420,000 to 900,000	900,000 to 1.5m	1.5m to 1.9m	1.9m plus
First Line Risk	480,000 to 900,000	900,000 to 1.5m	1.5m to 2m	2m plus
Market Risk	480,000 to 900,000	900,000 to 1.6m	1.6m to 2.1m	2.1m plus
Operational Risk	480,000 to 900,000	900,000 to 1.5m	1.5m to 2m	2m plus

# Our Firm

Bowen Partners is an executive search and talent development firm. With offices in Australia (Melbourne & Sydney), Hong Kong and Singapore, we are true experts in identifying talent within Audit, Compliance, Finance, Risk, Strategy and Change Management across Banking & Financial Services. Our success is driven by the in-depth market knowledge and a personalised, long-term relationship that we develop with you.

Our entrepreneurial spirit drives us to explore all possible avenues to identify the best talent in the market for our clients while presenting a wide range of opportunities to those looking to make their next career move.

Working with our clients, we believe every assignment is unique, yet five fundamental pillars are essential and core to our working relationship with you:

- Listen
- Understand
- Consult
- Open appraisal
- Deliver the best talent

We are passionate about talent development and believe in assisting our clients in establishing appropriate succession planning and team development programs; while coaching individuals to develop their leadership skills further.

# Our Services & Areas of Expertise



## Executive Search

- Retained Search
- Market Mapping
- Contingent Assignment
- Headhunting



## Talent Development

- Succession Planning
- Team Development Programmes
- Leadership Programmes
- Staff Retention Strategies
- Executive Coaching

### Audit, Risk & Control

- Internal Audit
- Technology Audit
- Operational Risk
- Business Risk
- First Line Risk Management / Supervision
- Market Risk
- Credit Risk
- Controls & Testing
- Risk Oversight, Review & Assurance

### Compliance

- Assurance & Testing
- Business Compliance
- Central Compliance
- Control Room
- Financial Crime Compliance & AML
- Investigations
- Investment Compliance
- Monitoring / Surveillance
- Product Advisory Compliance
- Projects
- Regulatory Compliance
- Research Compliance

# Areas of Expertise

## Finance

- Financial Control
- Financial Planning & Analysis
- Legal Entity Control
- Tax
- Treasury

## Strategy, Change, Transformation

- Business Strategy
- Business Transformation
- Management Consulting
- Process Excellence
- Business Management
- COO function

(Non-Technology functions)

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