

## **Press release**

### **LCQ1: Employment in financial services industry**

Wednesday, November 30, 2011

Following is a question by Dr Hon David Li and a reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (November 30):

Question:

According to some recent official statistics of Hong Kong and Singapore, the number of persons employed in the financing and insurance industry in Hong Kong increased by 29.2% during the period from 2002 to 2010, representing an increase of around forty-five thousand jobs; and during the same period, the number of persons employed in the financial services industry (covering employments in financial institutions and the insurance sector) in Singapore increased by 87.9%, representing an increase of around eighty thousand jobs. As financial services is one of the traditional pillar industries in Hong Kong and as it is a stated government policy to establish Hong Kong as the international financial centre for China, will the Government inform this Council:

- (a) what parameters the Government considers in evaluating its success in nurturing the financial services industry, and whether the employment situation in the industry is a key consideration;
- (b) whether the Government has monitored Hong Kong's competitiveness against other regional financial centres; if it has, whether it has reached any conclusion on the positive/negative factors and policies which had contributed to the different employment growth in the financial services industry of Hong Kong and Singapore during the period from 2002 to 2010; and
- (c) whether it has assessed if there is any evidence of a shift in employment opportunities in the financial services industry in Hong Kong from lower value-added positions to higher value-added positions; if there is such evidence, whether the present education system is able to cope with the corresponding increase in the demand for talents to fill the higher value-added positions in that industry in the next decade?

Reply:

President,

The financial services industry is one of Hong Kong's four pillar industries. According to the Composite Employment Estimates compiled by the Census and Statistics Department (C&SD), the financial services industry employed 208,900 persons in 2010. Its share of overall employment rose from 5.4% in 2002 to 6% in 2010. The number of persons employed in the industry, and its share of overall employment, were further increased to 224,800 and 6.2% respectively in the second quarter of 2011.

Hong Kong boasts a large pool of financial talent capable of supporting the sustainable development of our financial services industry. The following are some examples:

\* there were more than 4,000 Chartered Financial Analysts (CFAs) in Hong Kong as at end June 2011, making the Hong Kong Society of Financial Analysts the largest of its kind in Asia and the fourth largest globally (after New York, Toronto and the UK);

\* there were 4,270 Certified Financial Planners (CFPs) in Hong Kong as at mid-2011, which translates to a ratio of six CFPs for every 10,000 citizens, the highest ratio in the world; and

\* the Hong Kong Institute of Certified Public Accountants has over 32,000 members as at end October 2011, of which some 3,800 members are certified to sign statutory audit reports.

The performance of various sectors of the financial services industry over the past years also demonstrates the strengths of the industry:

Initial public offerings (IPOs) on the Hong Kong Stock Exchange in 2009 and 2010 raised \$248.2 billion and \$449.5 billion respectively, the highest in the world in both years. Despite the volatility in financial markets during recent months, IPOs on the Hong Kong Stock Exchange still managed to raise a respectable \$208.9 billion in the first 10 months of 2011.

In the asset management sector, Hong Kong's combined fund management business hit the \$10,000 billion mark in 2010, an increase of 18.6% over 2009. The average annual growth rate of the combined fund management business during the past decade has been over 18%. Hong Kong's fund management business is not only highly internationalised, but also boasts the highest assets under management in Asia (excluding Oceania), ahead of both Japan and Singapore.

The burgeoning renminbi (RMB) business is another bright spot in our financial services industry. In the first nine months of 2011, Hong Kong banks handled a total of RMB1,329.4 billion in RMB trade settlement, accounting for 86% of Mainland's RMB trade settlement during that period. Meanwhile, RMB deposits swelled to RMB622.2 billion as at end September 2011, almost doubling that of end 2010. Hong Kong is also the largest offshore RMB bond market. As at end October 2011, there had been 100 issuances of RMB bonds with total issuance size exceeding RMB166.3 billion.

The question mentioned that Singapore's financial services industry enjoyed a faster pace of growth in employment compared to Hong Kong. However, in terms of contribution to the economic growth of the city, Hong Kong's financial services industry registered a remarkable increase of 132.6% in real terms from 2002 to 2010, whereas the corresponding figure for Singapore was 119.1%. This suggests that the overall growth in financial services in Hong Kong has been broadly comparable to that of Singapore.

The financial services industry and employment market in Hong Kong are, generally speaking, highly market-driven. Therefore, increase in employment depends to a large extent on factors such as the market environment, the human resource management strategies of individual enterprises, and the growth prospect of individual sectors in the industry.

To reinforce Hong Kong's status as an international financial centre, the Government has been nurturing local financial talent through formal and continuing education as well as collaborating closely with the industry, tertiary institutions and professional bodies through various channels on manpower demands in financial services.

Specifically, there were around 16,000 students enrolled in about 130 University Grants Committee-funded programmes in economics, finance, business administration and logistics management in the 2010/11 academic year at sub-degree, degree and post-graduate level. As for the self-financing sector, our tertiary institutions provided around 120 programmes in these areas for more than 20,400 students.

Under the Qualifications Framework (QF) launched in 2008, the Education Bureau has been assisting industries to set up Industry Training Advisory Committees (ITACs) for drawing up Specification of Competency Standards, providing a basis for course providers to design training courses that meet the needs of the individual industries. The banking industry and the insurance industry have already set up their respective ITACs under the QF. Meanwhile, professional bodies in the financial services industry such as the Hong Kong Securities Institute and Hong Kong Institutes of Bankers have also been providing a wealth of professional training and qualification programmes in response to the latest market development to support the training needs of the industry. These measures will enhance the competitiveness of the local workforce.

Since its establishment in 2000, the Advisory Committee on Human Resources Development in the Financial Services Sector (FinMan Committee) has been serving as a platform for representatives from the industry, academia, professional bodies, regulators and government to exchange views and explore co-operation opportunities. Over the years, the FinMan Committee has organised a number of events, including seminars, opinion surveys and student placement programmes.

The financial services industry is indeed moving up the value chain. According to the General Household Survey conducted by the C&SD, the share of managers, administrators and professionals employed in the financial services industry rose from 28.6% of the total employment in the industry to 36.8% between 2002 and 2010, higher than the overall figure of 16.1% for all industries.

Admittedly, workers with higher skills and educational attainment account for a major part of the labour force in the financial services industry. However, I would like to emphasise that the financial services industry, as a key strategic component of our modern service-based economy, remains in need of talent from a variety of backgrounds and educational levels to fill different positions in the services supply chain. In fact, one in every four persons engaged in the financial services industry is a clerical worker. As regards educational attainment, one in every three persons engaged in the industry possesses upper secondary qualifications, a similar figure to the overall economy. Therefore, a robust financial services industry will not only create high-end positions. It will also drive employment growth throughout the value chain.

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