

Speech by SFST at the FinMan/CUHK Conference
(English only)

Saturday, March 15, 2008

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Advisory Committee on Human Resources Development in the Financial Services Sector (FinMan)/CUHK Conference "Forthcoming Human Resources Challenges in the Financial Services Sector of Hong Kong" today (March 15):

Professor Young, FinMan members, Distinguished Guests, Fellow Students, Ladies and Gentlemen,

It gives me great pleasure to join you today at the Conference. I must first thank the Chinese University of Hong Kong and the FinMan Committee for staging this event to explore the forthcoming human resources challenges in the financial services sector. Indeed, the conference is held at a most opportune time to provide a platform for exchange of views among industry, academic on this important subject. I am sure students on the floor will benefit a lot from the rich experience and insights of our speakers.

Importance of talent

Having been a professor in finance for a big part of my career and now being the Secretary for Financial Services and the Treasury, the subject of nurturing talent has always been close and dear to me. No doubt Hong Kong's success as a major international financial centre can be attributed, to a large extent, to the availability of a big pool of financial talent.

According to a study conducted for the Corporation of London in 2005, 14 competitive factors have been identified as important for financial centres. It is worth noting that on top of the list is "availability of skilled personnel", among other factors including "regulatory environment" and "access to international financial markets". According to a study by the Securities and Futures Commission, 5.4% of our workforce, or about 200,000 people, work in the financial services sector and the sector contributes to more than 16% of our GDP, making it one of the major pillars of Hong Kong's economy.

Over the years, the Government, universities and the industry have invested heavily in nurturing our talent. Since the global competition for talent has become more intense than ever, we need a strong commitment from everyone in society to carry forward the mission of nurturing talent in order to sustain Hong Kong's competitiveness. We are going to need concerted efforts by government, universities and the industry, individually as well as collaboratively, to succeed in this mission.

Government

First of all, I would like to stress the Government's commitment to developing human capital.

On education, the Government has been devoting more than \$50 billion a year to build up our pool of local talent. As announced in the Chief Executive's Policy Address last year, free education will be extended from nine to 12 years. Our academic structure has been reformed to include four-year degree courses to provide students with a broader range of learning options that will make them more well-rounded graduates. We will also attract more international and Mainland students to study at our universities to help create a more diversified cultural and learning environment and broaden the horizon of our students.

On the other hand, the Government has not lost sight of the importance of encouraging life long learning. Continuous learning is crucial to enabling our workforce to cope with the challenges of a knowledge-based economy. With this purpose in mind, the \$5 billion Continuing Education Fund was launched in 2002 to subsidise people to take recognised training courses for continuing education. It is very encouraging to note that so far courses related to financial services have topped the list of courses reimbursed. To foster an environment conducive to lifelong learning, we must also provide our workforce with a clear articulation ladder. In this connection, the Government has established a Qualifications Framework (QF) to enable the development of flexible and diverse progression pathways. The seven-level hierarchy supports qualifications of academic, vocational and continuing education, defining clearly the standards of and linkages between different types of vocational and academic qualifications. The QF is expected to be formally launched within the second quarter of 2008.

In this era of globalisation, attracting overseas talent is as important as grooming local ones. To cast a wider net for non-local talent, the Government has modified the Quality Migrant Admission Scheme by relaxing restrictions on age limit and other prerequisites. We are hopeful that the relaxed scheme will help attract more Mainland and overseas talent to come and contribute to the financial services development of Hong Kong.

To succeed in this global competition for talent, the Government is keenly aware of the importance of having a favorable living environment for the overseas talent and their families. Noting that education and environmental quality are their key concerns, the Government will work to increase the availability of international school places and step up efforts on environmental improvement in order to enhance Hong Kong's attraction to overseas talent. Specifically, the Government has decided to make available new sites at nominal premium for the development of new international schools or the expansion of existing schools. On the environmental front, the Government will continue to work towards improving the air quality and the environment as a whole to promote a quality city life.

Universities

While the Government sets policies to promote the development of human capital, universities are the primary nurturing ground for our financial talent and have supplied new blood to the industry every year. More than 3,000 students graduate from business faculties of universities in Hong Kong each year. Many of the graduates from non-business faculties are also working in the finance industry. The proportion of the population with post-secondary education in the field of "business and commercial studies" has increased from 26% in 1996 to 32% in 2006, clearly demonstrating the increasing importance of financial services to Hong Kong's economy. Moreover, the competitive post-graduate courses offered by local universities themselves or in collaboration with overseas universities have attracted business executives from around the world to study and work in Hong Kong.

Indeed universities have played a pivotal role in educating our financial work force. We can all be proud of the fact that Hong Kong universities are the envy of our region, as they are widely recognised for their quality and research leadership. Our universities have also been very proactive in designing curriculum to meet the needs of our industry.

University presidents and school deans also see the importance of introducing a curriculum that provides all-round training, supported by extra or co-curriculum activities which reinforce students learning of leaderships, social, and cultural skills.

As universities are moving towards a four-year curriculum, there will be even more opportunities available to our educators and students to explore new learning opportunities that support this all-round education.

I hope students will recognise the importance of all-round education, which consists of a strong academic training, broad knowledge of the industry and our society, communication skills, leadership quality and an international outlook.

Industry

In nurturing our financial talent, the industry is a close partner of universities and the Government. The industry can provide valuable advice on the skill mix required of graduates and provide feedback on the graduates' general standards of performance. In recent years, more companies have participated in internship programmes and offered placements for under-graduates or post-graduates. The internship programmes are a valuable means for students to acquire practicable industry knowledge and appreciate real-life working requirements. I would encourage more companies to participate in internship programmes so that more students can benefit from these valuable opportunities.

Human capital is the single most important asset of Hong Kong and of any financial companies. In order to realise a better value of this important asset, many companies have made heavy investment in their human capital by developing comprehensive job training and career development programmes for the fresh joiners. By doing so, these companies have also contributed to developing and building up Hong Kong's pool of financial talent. I would encourage the financial corporations in Hong Kong to invest in our local graduates. Many of the local graduates are well-trained, very competitive, and have good potential for advancement as their experience grows. Most important of all, they have a commitment to building up a better Hong Kong and to me, these important qualities make them good targets for long-term investment.

Collaborative efforts

So far, I have talked about individual efforts by Government, universities and the industry. On this important mission of nurturing talent, it makes great sense for all the parties to work together and to help each other. In 2000, with the objective of maintaining Hong Kong's competitive edge as an international financial centre, the Government set up the FinMan Committee to foster better co-ordination of efforts between the industry and academia on financial services manpower development. The FinMan Committee comprises representatives from the Government, the industry, regulators as well as professional bodies and training institutes. It provides a good platform for regular exchange of views to promote consensus and collaboration in manpower training and development issues. The conference held today is already the fifth event under the Series of Industry / Academic Collaboration on Nurturing Financial Talent organised by FinMan.

Last November, the FinMan Committee organised a round-table discussion with leading financial practitioners to collate their views on the challenges in financial manpower development for Hong Kong. I have the pleasure to be present at the discussion and I have heard many useful tips. During the panel discussion, I hope you will have a chance to hear these views first hand.

Concluding remarks

Ladies and gentlemen, the increasing economic prominence of China and the rapid development of Asia have given Hong Kong unprecedented development opportunities. On the other hand, we are facing challenges from all over the world in the competition for talent and in maintaining our leading position in financial services. But I am confident that with the collaborative efforts of all the parties involved, Hong Kong can once again rise up to the challenge and scale new heights in the development of our financial services industry.

Thank you.

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