

Speech
Speech by SFST at Hong Kong Securities and Investment
Institute Autumn Dinner 2014 (English only)

Thursday, September 25, 2014

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Hong Kong Securities and Investment Institute (HKSI) Autumn Dinner 2014 today (September 25):

Craig (Lindsay), Eddy (Fong), distinguished guests, ladies and gentlemen,

Good evening. I would first like to thank the HKSI for the opportunity of catching up with my industry peers tonight at its autumn dinner. Hopefully, the long hot summer will now give way to real autumn. Today, we are also here to celebrate the achievements of the winners of HKSI's Achiever's Awards and Dr Eddy Fong's election to the HKSI's Honorary Fellowship. Congratulations to you all!

Apart from recognising the achievements of industry leaders, the HKSI is also a keen supporter of new talent. I understand that for the first time, the HKSI is presenting Achiever's Awards to candidates who scored above 95 per cent in the Institute's 14 Licensing Examinations for Securities and Futures Intermediaries. I congratulate the award winners on their outstanding achievement.

In the public mind, financial industry companies are often associated with big balance sheets and fancy headquarters. But industry managers continue to claim that human resources are their most important asset. I know that the biggest challenge facing companies in the financial industry is how to keep their talented people. In fact, the challenge is faced by today's international financial centres, which also compete for talent.

Specialists with the right knowledge and skills are in high demand in many sectors in the financial industry. The Hong Kong SAR Government is making every effort to enhance human resource development to match industry needs. To get a better understanding of the industry's requirements, we have been engaging the industry in various ways, such as focus group meetings. Our goal is to develop measures to support the training of skilled professionals, to

ensure that the growth of the industry will not be hampered by the lack of human resources.

Our initial findings point to the need for our industry to continuously stay ahead of changes in regulations and an increasingly sophisticated clientele. Accredited professional qualifications provide a reliable route for professional development. I can say that the Government is determined to facilitate professional development in this direction.

The private wealth management industry is a case in point. Today's high-net-worth individuals demand much more from their bankers and fund managers. Apart from traditional services such as lending and investment execution, they also want advice on investments across multiple asset classes, cross-border banking, as well as estate and philanthropy planning.

The Government supported the setting up of the Private Wealth Management Association last September, as another way to maintain Hong Kong's position as the private wealth management hub in the region. The Association recently launched an Enhanced Competency Framework to promote standards of professional competence and integrity among wealth management practitioners.

As an industry-driven scheme tailored to meet the needs of the Hong Kong's wealth management industry, this framework ensures that professionals serving private wealth management clients adhere to high standards in areas of technical, industry and product knowledge, as well as ethics and compliance. The Association is also in the process of formulating a code of conduct for industry practitioners in general. The first private bankers qualified under the framework are expected to enter the market early next year.

I know that the HKSI will launch training programmes and exams under this framework. In 2011, the Institute introduced in Hong Kong the Certified International Wealth Manager qualification, awarded by the Association of International Wealth Managers in Switzerland. I commend the Institute for its good work to help Hong Kong stay ahead of the game in this very competitive industry.

The wealth management sector is not alone in facing talent shortages. As

Hong Kong's securities market continues to grow and mature, experienced investors expect their brokers to provide more value-added services, ranging from asset management to advice on overseas markets. Many small and medium-sized securities firms see the need to expand their suite of services. They are keen to provide their staff with essential skills and knowledge of the regulatory regime.

To help these firms meet the challenges arising from a changing market landscape, our Securities and Futures Commission set aside \$20 million in its 2014-15 budget for training of intermediaries in the securities sector.

While those who are already in the industry need to keep upgrading their skills, what about our future bankers and financiers? Clearly, many youngsters aspire to join the financial services industry. But we must show them the wide range of career opportunities available in the financial services industry.

Let me take the insurance industry as an example. Hong Kong is one of the world's major insurance centres. In 2014, we ranked fourth in the insurance sub-index of the Global Financial Centres Index. We also rank among the top globally in terms of insurance density and penetration. The insurance industry is high on the Government's agenda to further develop our financial industry.

The industry is constantly looking for new talent, but we feel that many university graduates are unaware of the wide range of insurance career opportunities. It may be because they know only about general jobs in the insurance industry, like sales and marketing. For more informed university graduates, job opportunities expand to specialist areas that are taught in university such as actuarial science and investment management. No doubt these are key functions vital to an insurance company. However, the insurance industry offers a wider range of career opportunities, which require the services of different levels of skills and experience.

For example, insurance brokers advise individuals or businesses on products that best suit their needs. Their job is to get the best deal and arrange cover for clients, who could be engaged in anything from infrastructure projects and mega-events to mergers, acquisitions and IPOs.

Claim handling and loss adjustment are suitable for analytical types.

Claims professionals help investigate incidents and watch out for fraud, while loss adjusters help insurance companies and policyholders assess the level of loss in complex claims as independent experts.

Finally, there is the role of the insurance underwriter, whose job is to examine, accept or reject insurance risks from potential clients. If they decide to accept certain risks, the underwriter measures and classifies them and devises an appropriate premium commensurate with the level of risk. Their delicate job is to spread risks in a way that is fair for the insured and profitable for the insurer. The world of insurance is indeed very exciting and intellectually challenging, but many graduates simply do not know of these opportunities.

Now, to our final observation. In an international financial centre like Hong Kong, a job in the financial industry is a dream job for many young people. Yet we still see the need to help them gain early exposure to the sector, and attract even more to join the profession.

We are exploring various ways to do that: publicity drives promoting financial industry careers, scholarships, financial incentives for in-service practitioners and young people to gain professional qualifications, internships, and overseas exposure in the form of attachments to international firms. We are also considering arrangements with overseas academic institutions for credit-bearing courses for the benefit of our university graduates and students. In 2004, the HKSI launched the HKSI Institute Scholarship to offer professional training to outstanding college students. We will continue to work with the industry to develop concrete proposals in the coming months.

Ladies and gentlemen, I have walked you through the key steps the Government is taking to develop human resources to support the growth of our financial services industry. We look forward to working closely with the industry and training providers, including the HKSI, to bring these initiatives to fruition.

Thank you very much.

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