

Market Report

CHINA BANKING & FINANCE

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How will the global financial crisis impact recruitment in China's Banking and Finance sector during 2009?

Alistair Ramsbottom, Consult Group's Head of Banking & Finance for Greater China examines the effect of the global economic slowdown on the sourcing and supply of China's banking and finance talent for the coming year.

By now, we are all very familiar with the global financial crisis and the implications it is having on the labour market for financial services. Every day the newswires are filled with doom and gloom as the impact of the crisis has led to global hiring freezes, salary cuts, the slashing of annual bonuses and in the worst case for some employees', retrenchment or the collapse of the firm they were working for. Many had predicted that China would not suffer because China had decoupled and was therefore immune. However during the last quarter of 2008 the impact of the crisis in the banking and financial services sector, already reeling from the stock slump, began to become evident and a change of sentiment put an instant freeze on all hiring activity for many organisations.

So what are the implications for the labour market in banking and finance in China during 2009? What areas are expected to be the least affected by the crisis and how should institutions manage or view the situation?

During the past five years China has witnessed an unprecedented boom for most job functions/positions within the financial services sector. The height of the boom was witnessed in 2007 with extremely high staff turnover and large pay increases and sign-on bonuses being offered to entice future employees. If we contrast that to today, future employees have, in some cases, had their signed offers revoked by the employer prior to commencing work with their new firm. It could be argued that the balance has swung dramatically in favour of the employer.

Not surprisingly we are currently witnessing an increasing flow of Chinese returnee candidates or "haigui" looking to return home from the West, particularly the US and UK. These returnees are on the whole starting to have more realistic salary expectations and here lies an opportunity for institutions, notably Chinese owned financial institutions, to bolster their talent bank with internationally experienced employees.

Certainly growth will be much slower and, in some areas, flat this year however we do expect pockets of activity which should offer some glimmer of hope, particularly in the following areas:

Private Banking and Wealth Management

As firms look to establish teams, increase existing team sizes and grow Assets Under Management ('AUM'), Heads of Private Banking and experienced Relationship Managers are being targeted for roles in Beijing and Shanghai, however we may start to see this spanning out to Guangzhou, Shenzhen and even second tier cities such as Chengdu and Suzhou. The product range available to investors is very limited and given the current lack of investor appetite it is likely to prove a challenging environment in which to grow AUM. The limited pool of investment choices is likely to continue as banks seek to offer safe products to investors and at the same time carefully comply with CBRC regulations.

An indication of the 2009 salary ranges offered to locally engaged Private Banking and Wealth Management professionals is listed below:

Wealth Management	Experience	Salary Range	Candidate Availability
Associate	3 - 5 years	RMB 160 - 300K	Reasonable
Assistant Vice President	5 - 10 years	RMB 250 - 380K	Reasonable
Vice President	10 years +	RMB 350 - 450K	Scarce
Private Banking			
Associate	3 - 5 years	RMB 250 - 300K	Reasonable
Assistant Vice President	5 - 10 years	RMB 330 - 450K	Reasonable
Vice President	10 years +	RMB 450 - 600K	Scarce
Director	15 years +	RMB 800K - 1.1million	Scarce
Managing Director	15 - 20 years	RMB 1.5 - 2.0 million	Scarce

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Risk Management

With the incorporation of foreign banks in China and the strong emphasis placed on risk management, we see steady demand for candidates with this expertise. Given the lack of experienced domestic talent we further see strong demand for overseas candidates with five or more year's experience. Mandarin skills will often be essential, and this year is forecast to be one of good opportunity for candidates with strong risk backgrounds. Institutions are also looking to employ candidates from the 'big four' accounting firms with risk experience (especially those where their risk experience has been gained within China). Engaging locally employed PRC nationals, who are bilingual in English and Mandarin, will provide a more cost effective solution than employing returnees as the candidates should be more in tune with the local regulatory environment. Again, numbers of domestic candidates are limited and at the same time the 'big four' are planning to grow their in house risk practices, so competition for this talent will be fierce.

An indication of the 2009 salary ranges offered to locally engaged Risk Management professionals is listed below:

Risk Management	Experience	Salary Range	Candidate Availability
Associate	3 - 5 years	RMB 200 - 300K	Reasonable
Vice President	5 - 10 years	RMB 500 - 700K	Scarce
Director	10 years +	RMB 800 - 1.2 million	Scarce

Accounting and Finance

Although the big four have reduced staff numbers already this year and are likely to continue to do so, we still expect strong demand in 2009 for certain types of experienced candidates. Areas of growth are likely to include Risk Management, Business and Advisory Services and Tax, especially with regard to the recently introduced transfer pricing regulations.

An indication of the 2009 salary ranges offered to locally engaged Accounting & Finance professionals is listed below:

Accounting and Finance	Experience	Salary Range	Candidate Availability
Assistant Manager	3 - 5 years	RMB 150 - 260K	Reasonable
Manager	4 - 7 Years	RMB 330 - 540K	Reasonable
Senior Manager	7 - 10 years	RMB 650 - 850K	Scarce
Partner	10 years +	RMB 1 - 2 million	Scarce

Private Equity & Venture Capital

While the global crisis has dented profits and growth potential there are likely to be good employment prospects this year with firms looking to hire at Associate through to Partner levels, but again volumes will be down. Domestic firms are likely to also grow given they are in a financially more sound position than many of their foreign counterparts and candidates also see them as a financially safe haven.

Within this area we also see strong demand for experienced Forensic Accountants as close scrutiny of financial statements and strong emphasis on due diligence and investigatory work will be a precursor for future M&A activity.

An indication of the 2009 salary ranges offered to locally engaged Private Equity & Venture Capital professionals is listed below:

Private Equity	Experience	Salary Range	Candidate Availability
Associate	3 - 5 Years	RMB 350 - 500K	Reasonable
Vice President	5 - 10 years	RMB 1.0 - 1.2 million	Reasonable
Director	10 years +	RMB 1.5 - 2.0 million	Scarce

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Hiring within Investment Banking, Mergers & Acquisitions, Trade Finance, Treasury and Capital Markets is expected to be relatively quiet this year. However this is an opportunistic time for clients to source quality candidates at discounted values. We forecast a greater supply of talent from within Asia and also those looking to return or move to China from Europe or the US. Candidates may be adverse to changing employer in times of uncertainty and market turmoil. However appealing opportunities should attract strong talent.

2009 promises to be a challenging year however with low turnover expected by most institutions they can focus on future retention planning and careful and selective growth of talent in line with their longer term strategic plans.

The Year of the Ox symbolizes prosperity and is associated fortitude and hard work. We expect this year to reflect these characteristics in being calm and modest with tireless effort and steady progress.



About Consult Group

Consult Group has considerable experience in locating talent for the banking sector in both emerging and distressed market environments. In China, we frequently place bankers with multinational banks expanding in the mainland. We regularly place Investment Bankers in Beijing and Corporate and Trade Finance Specialists into Shanghai. Within the retail sector we have assisted some of the world's largest banks staff their branches in a variety of remote locations including those where talented banking professionals are thin on the ground. Our consultants are familiar with the local, regional and global candidate pools available to the banking sector and the talent pool available to the industry, thus enabling them to rapidly source candidates and to effectively assess the skills sets of suitable individuals. We specialize in placing both domestic and expatriate professionals. Please visit www.consultgroup.net

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