

Market Report

CHINA BANKING & FINANCE

August 2009

Alistair Ramsbottom, Consult Group's Head of Banking and Finance for Greater China continues to examine the effect of the global economic slowdown on the sourcing and supply of China's banking and finance talent for the middle of this year.

With global equity markets having performed strongly from the end of Q1 onwards we continue to see a mild recovery in the financial sector and a more positive outlook. However, the market in China remains mixed, with some banks hiring aggressively, some selectively and others looking to even shut down their operations.

From the second half of this year onwards we will continue to see a focus in several areas; experienced corporate bankers with strong client relationships in the commodities and the energy sector, compliance officers and managers, and banks looking to expand their skilled personnel in trade finance and operations departments.

Some interesting trends worth noting are that despite the financial crisis foreign 'locally incorporated' banks are continuing to open branches and expand their presence across China. Plans have been somewhat scaled back since their original incorporation but nevertheless they are continuing to expand and we see North East China (Tianjin) and West China (Chongqing / Chengdu) as being popular locations. Also banks with sizeable platforms and infrastructure are looking to automate processes where possible in order to save costs and become more competitive in the market thus servicing their clients more efficiently. We also see banks looking to consolidate their operations in one location within China and looking to relocate some offshore operational functions onshore.

Moving forward we expect more banks to apply for 'local incorporation' assuming it fits with their China business strategy. Those that have already made the decision and are in the process of applying to the regulators will likely have needs to expand their teams with experienced hires who have had exposure to local incorporation projects. We see the following functions continuing to be active in the market for talent:

Corporate Banking

Corporate banking has faced tough conditions this year and we see several banks looking to build up their teams with exposure to commodity and energy sectors as they expect a rebound in global commodity and energy prices. Candidates with established, strong client relationships in commodities, energy and infrastructure and a good track record are being sought after. Several banks are currently looking to enter the market and established players are aiming to grow the size of their existing teams. We therefore expect banker's remuneration packages to move upwards given there is a short supply of PRC candidates with this experience.

Corporate Banking	Experience	Salary Range	Candidate Availability
Relationship Manager	3 - 5 years	RMB 200 - 300K	Reasonable
Senior Relationship Manager	5 - 10 years	RMB 400 - 600K	Reasonable
Director	10 Years +	RMB 800 - 1.5 million	Scarce
Managing Director	15 years +	RMB 1.5 million plus	Scarce

Operations

Operations functions are becoming more specialized with some banks having established large teams focusing on Cash, Trade, Capital Markets and Investment Banking. We increasingly see the demand for experienced operations managers to lead and build teams within these functions. In addition we expect increased demand for experienced high level operations managers who have significant project experience on a national basis and can help to implement an effective future strategy for a bank over a 5 year period. Having the right management skills, project skills and in depth product knowledge can be challenging in this market as there are very few candidates with all three credentials. Wherever possible banks are looking to consolidate and automate systems and processes, and candidates with this experience and knowledge should be in high demand.

Operations	Experience	Salary Range	Candidate Availability
Operations Manager	3 - 5 years	RMB 200 - 300K	Reasonable
Senior Operations Manager	6 - 12 years	RMB 400 - 600K	Reasonable
Director	12 Years +	RMB 600 - 800K	Scarce



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Trade Finance

Trade Finance functions and team sizes are continuing to grow and with this the increasing need for experienced product specialists. Given there is a limited pool of candidates who have extensive trade finance product experience we expect these candidates to be in high demand for the foreseeable future. The ability of these candidates to structure and optimize products for clients will continue to be extremely important. The larger banks have traditionally dominated this area and we see an increased flow of candidates between these institutions. However due to the lack of supply banks will also be looking to hire junior staff and mentor them to the required level. Banks will need to ensure that once they have invested in these candidates they can adopt effective retention strategies otherwise they risk having them lured away by aggressive competitors.

Trade Finance	Experience	Salary Range	Candidate Availability
Product Manager	3 - 5 years	RMB 200 - 300K	Reasonable
Senior Product Manager	5 - 10 years	RMB 300 - 500K	Reasonable
Director	10 Years +	RMB 600K - 1 million	Scarce

Compliance

Given the importance of this position we see a continued demand for good and experienced candidates. With the lack of supply especially given this is a relatively new function in China it is not unusual to see salaries jump considerably when moving to a new employer. However hiring a good compliance officer, manager or head of compliance cannot be underestimated particularly given the negative impact on a bank's business and reputation that can arise when regulations are breached. The regulators are quick to punish banks if they are at fault. With the current lack of supply some banks are looking to employ experienced operations managers in compliance roles in order to enlarge the potential candidate pool and in an effort to keep rising salary costs down. This may be an effective short to medium term solution but once candidates have several years compliance experience there may be strong upward pressure on salary levels to move more in line with market levels for existing experienced compliance managers / heads of department.

Compliance	Experience	Salary Range	Candidate Availability
Compliance Officer	3 - 5 years	RMB 230 - 300K	Reasonable
Operations Manager	5 - 10 years	RMB 300 - 600K	Reasonable
Compliance Manager	5 - 10 years	RMB 300 - 600K	Scarce
Head of Compliance	10 years+	RMB 600 - 1.5 million	Scarce

In summary we see the China market gradually recovering from the middle of this year onwards, however the process will be slow and steady and we do not expect a quick return back to 2007 conditions. Candidates are becoming more optimistic than previously however many of them are still reluctant to move given the uncertainties within the sector this year. Candidate expectations are becoming increasingly realistic which is good for employers but they also need to demonstrate a high level of job security in order to attract good talent. With these early signs of recovery we are optimistic but at the same time remain cautious.



About Consult Group

Consult Group has considerable experience in locating talent for the banking sector in both emerging and 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.

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