

Ravi Menon: Building talent in the financial sector

Opening address by Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore, at the Institute of Banking & Finance Annual Conference, Singapore, 22 June 2011.

* * *

Ms Kate Sweetman, fellow Council Members of the IBF, ladies and gentlemen, good morning.

The financial crisis has triggered a fundamental shift in the global financial landscape. There has been much discussion globally on levelling up regulatory standards to meet the risks of an increasingly complex and inter-connected financial services sector. But there has been less discussion on the competencies that need to be levelled up in financial services – competencies in risk management, corporate governance, and financial supervision. Only if competency standards are raised, will the ongoing financial regulatory efforts bear fruit.

Since its inception, the Institute of Banking and Finance (IBF) has been playing a critical role in raising the standards of the financial sector in Singapore. Today, this has become more relevant than ever. Let me give an update of IBF's efforts.

In 2005, IBF launched the Financial Industry Competency Standards (or "FICS"). This is a set of competency standards developed by the industry, for the industry. It provides a practice-oriented approach and a clear roadmap for people working in the financial sector to attain the competencies they need to do their jobs.

FICS has taken off quite well. As at end-2010, some 360 training/assessment programmes have been accredited under the FICS framework. In total, more than 6,000 individuals have been trained under FICS, with about 2,600 of them assessed. We now have more than 300 individuals certified under FICS.

Every craft has its master craftsmen. The financial industry is no different. To this end, IBF introduced the Distinguished Financial Industry Certified Professional, or FICP.

The Distinguished FICP represents the highest certification standard under FICS: it is bestowed on those in the industry who are the epitome of professional stature, integrity, and achievement. IBF is proud to have added another 15 senior industry veterans to its cadre of Distinguished FICPs in October last year.

Over the years, we have developed a growing network of FICS-certified professionals. This is an invaluable resource: a community of professionals whom we can actively tap upon as partners in our learning journey – participating at industry events or in FICS working groups.

It has been about five years since FICS was introduced. It is now timely for a review of the FICS Standards. IBF will be working with its group of Lead Providers to re-look the FICS Framework and the Curriculum covered by the current Standards. Please come forward to give us your views.

When we met at last year's Conference, we had indicated that IBF will study the feasibility of introducing "common examinations" for the industry. I am happy to report that IBF has since worked with the industry to roll out the Corporate Banking Common Examination. A new Client Advisor Competency Standards (CACs) assessment for the Private Banking industry is also slated to be introduced in September this year. These two examinations will allow Relationship Managers – those dealing with either corporate clients or high net-worth individuals – to be independently tested on their product knowledge.

We also want to raise the competency levels of professionals dealing with the broader retail investor base. IBF will roll out in the third quarter of this year, new Modules under the MAS-regulated Capital Markets and Financial Advisory Services (CMFAS) Examination. These

new modules aim at raising the minimum competency standards for CMFAS representatives who wish to sell “structured products”.

Despite these efforts, talent remains scarce in the industry. Bankers I speak to express concern about the sufficiency of skilled talent to sustain the growth of the financial industry. PwC’s 2011 Global CEO Survey conducted among 1,200 business leaders world-wide revealed that talent issues are topmost of CEO concerns.

Every good CEO knows that it is not just business strategies, processes and technologies which drive new revenue streams. It is people with strong competencies and professional integrity, dedicated to serving the customer, who make the critical difference. Financial institutions must put in place policies and practices to ensure that their staff are well trained before they are allowed to deal with clients.

Singapore’s financial sector headcount is expected to grow by 5 to 6 per cent this year. This translates to at least 6,000–7,000 new jobs for the financial industry annually. We should come together to invest in adding to the talent pool here, and avoid unproductive poaching from within the industry. MAS and IBF will continue to work with the industry to see how we can extend more competency-based skills training to new entrants joining the industry.

More than any other industry perhaps, the financial industry depends on talent. Identifying, nurturing, and developing talent must therefore be the number one priority of every financial industry CEO. IBF has been organising these Annual Conferences – to bring together industry leaders to deliberate on how we can do better in building talent for the industry.

Today’s Conference will focus on leadership development – how we can build a robust pipeline of leaders in our organisations and develop our talent base. I wish you a fruitful session ahead and I look forward to your continuous partnership in our common journey of learning and growing in the year ahead.

Thank you.