



# A New Financial Crisis: Not Enough Talent

**T**here's a banking construction boom in Hong Kong right now, and almost none of it involves actually building new bank branches. Finance firms from across the region are racing to set up virtual banks, online-only worlds where customers can do anything they can at a normal bank, from the simple (deposits, money transfers, bill payments) to the considerably more complex (taking out a loan, getting a credit card, financial planning services) without ever having to wait in line or speak with any bank employees. The Hong Kong Monetary Authority, the local bank regulator, expects as many as 50 finance firms to apply for the first set of virtual bank licenses before the end of the year.

Naturally, these firms need some executives to run these branchless banks, and if it had been five years ago, that would have meant seeking out someone older than 40 with at least 15 years of climbing up finance's corporate ladder. Strong client

connections and experience in the region were musts. But it's coming as a surprise that many of the best qualified candidates are far younger. Sure, they have some experience, but much of it is in telecommunications, technology or consulting. Indeed, many have never worked in a bank.

Welcome to the current state of banking in Asia. Big innovators there are light years ahead of big banks in most other parts of the world, especially on the payment side. While banks in the United States and elsewhere still duke it out over prime real estate to attract customers, in China and the rest of the Asia-Pacific region, tellers, bank branches and even ATMs are rapidly becoming relics. Many of the region's 4-billion-plus customers are banking without going to a branch.

But while the technology to power all this is in abundant supply, the humans to manage the products are not. In the past, banks could just look for potential employees who checked the right boxes. A degree in finance from a prestigious university?



Check. Several years of banking experience? Check. But with the confluence of finance and tech, many folks who have only worked at a bank aren't actually qualified for those new jobs. Banks need their new recruits to connect the dots from disparate places, often between the tech world and the finance world. And they are finding that they're having to compete with retailers, hospitality firms and tech companies for people who understand how to improve client experiences and create whole ecosystems. And it could get a lot worse. According to a recent Korn Ferry study, financial hubs such as Hong Kong and Singapore could lose out on nearly \$100 billion of unrealized revenues, strictly because they don't have enough high-skilled labor.






Instead of relying on degrees and prior work experience, banks are realizing they need to test their current employees and job candidates for the traits and skills that portend great leadership. For one thing, banks need employees with high energy levels since finance is a fast-paced business in Asia. They also need people who are agile and can deal well with ambiguity. And the

customer-focused leaders will need high amounts of empathy (something that hasn't been necessary for many banking leaders in the past).

Banks also have to modify their culture, or at least be more welcoming of this new wave of employees. The average age of bank employees in Asia is around 35. The people the banks want to attract, however, are mostly younger than 30. Those new workers are also used to business moving faster. A typical bank might take six to nine months to develop a new product. These new employees, many of whom may have worked in tech, are used to developing, launching and retiring a new product in the same amount of time.

These changes are not impossible to achieve. Some banks have hired chief innovation officers, giving this new executive a team of young, agile workers to develop new ideas. Other banks have farmed out innovation to smaller, nimbler vendors, figuring the firm can pay for new ideas while it rethinks its own organization. But it's clear that while new products may all involve technology, banks have to keep upgrading their human capabilities, too. ●

#### **COST OF TALENT SHORTAGES IN THESE COUNTRIES' FINANCIAL SECTORS**

Country/Region	Unrealized Output (billions)
 China	<b>147</b>
 Japan	<b>113</b>
 Hong Kong	<b>66</b>
 Singapore	<b>29</b>
 Indonesia	<b>9</b>

\*Estimated annual amount by 2030. Source: Korn Ferry

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