

A Closer Look at the War for Talent in APAC's Fund Industry

A report by the Alternative Investment Management Association and PwC released in July 2022 found that Hong Kong is the largest hedge fund centre in Asia, hosting more than half of all hedge funds located in APAC – and also its 2nd largest PE fund domicile. The survey also identified that attracting and retaining local and international talent was seen as critical for Hong Kong's ability to retain its status as a fund administration centre. Alter Domus recently hosted a webinar with fund industry and HR experts, examining the extreme competition for talent in the industry.



Brian Ching

Regional Lead Consultant, Health & Benefits, Asia & Australasia, WTW



Calvin D'Souza

Head of Talent Acquisition - Asia Pacific, Alter Domus



Johnson Har

Head of Hong Kong, Alter Domus



Christine Wong

Education Sub-Committee, Association of Fund Administrators of Hong Kong and the Greater Bay Area (AFA-HKGBA)



Dixon Wong

Head of Financial Services and Global Head of Family Office, Invest Hong Kong

Changing Priorities for Employers and Employees

According to Brian Ching, Regional Lead Consultant at WTW, the pandemic not only changed lives, but how talent view their jobs in general. He noted that 41% of the workforce were considering leaving their employers that year¹. Driving this “great resignation” was a shift in employee priorities and preferences.

Ching noted, “Talents are looking for things like flexible working arrangements, paid time off and other leave aspects like compressed work weeks or generous leave (e.g. unlimited leave). What this signifies is that, aside from the salary and bonuses that they're getting, they're really looking into their well-being. They value flexibility that allows them to have more control to how and where they would like to work on their own.”

The pandemic and its related social distancing regulations had greatly changed the working arrangements. Ching remarked that in the pre-pandemic era, there were only 17% of employees in the financial industry allowed to have work-from-home arrangements and 20% with flexible-time arrangements. However, under the post-pandemic

era, the percentage of employees with work-from-home arrangements was up to 63%, and those with flexible time arrangements also increased to 30%².

While more than half of employees believed that flexible working arrangements would help them achieve better work-life balance, most of them also indicated that they felt disconnected from their colleagues and employers³. Around half of employees were also worried that working from home would delay their career advancement as there was less face-time with colleagues and managers.

“From an employer's perspective, if you were going to put together a flexible working policy recognizing the change in employees' working preferences, it needs to be a well-rounded programme that ties everything together. For example, the policy needs to balance workforce productivity and re-think the purpose of connecting people (remotely / on-site), as well as be transparent that agile working would not be negatively impacting their career development,” Ching stated. He also relayed that many employers were embarking on the challenge of putting together a listening strategy to help them quantify the value driven by the new working arrangement.

¹ 2021 Work Trend Index conducted from Microsoft

² Based on the WTW Flexible Work and Rewards Survey: 2021 Design and Budget Priorities - Financial Services.

³ Based on WTW 2022 Global Benefits Attitudes Survey, Asia Pacific

WEBINAR SYNOPSIS

Developing Local Fund Administration Talent

The Association of Fund Administrators of Hong Kong and the Greater Bay Area (AFA-HKGBA) was set up in 2019 to promote the best interests of fund administrators, and is also committed to professional development, actively supporting industry-specific and technical training through seminars, publications and other channels.

Christine Wong, Co-Head of the Association's Education Sub-Committee, shared that the AFA-HKGBA had recently completed its first Executive Certificate course in Fund Administration and Regulatory Compliance in April 2022 with local university, HKU SPACE. The programme, which was offered to young professionals who had been working in the fund administration industry for two or three years, provided an overview of investment fund structures, strategies, regulation and fund administration from front end and back office operations – giving them a thorough introduction to fund administration and the regulatory landscape in asset management.

In other areas, Wong noted that two Association members had published an article in July analysing the China Securities Regulatory Commission's 16 rules for "Advancing the High-Quality Development of the Mutual Fund Industry", providing an industry insider's perspective on industry development.

Promoting Hong Kong's Future in Fund Administration

Committed to the development of the local fund administration industry, Dixon Wong, Head of Financial Services and Global Head of Family Office at Invest Hong Kong, an arm of the HKSAR Government, explained that the city has taken three major steps to develop Hong Kong as a Private Equity hub.

"The first modernization of our fund structure regime was the introduction of LPF in August 2020. It was very well received by sectors and industry practitioners, with more than 500 registrations over the last two years since implementation. Second was the offering of attractive tax concessions including the introduction of fund level tax exemption regime examining carried interest payable by Private Equity funds operating in Hong Kong. The third was

the establishment of a fund re-domiciliation regime that was announced and implemented late last year, designed to attract foreign funds to re-domicile in Hong Kong," said Wong.

In terms of attracting industry talent to Hong Kong, Wong noted that Invest Hong Kong has a mechanism that's been agreed with the Immigration Department to facilitate industry talent moving to the city. "If they meet our requirements and conditions, we will issue a support letter that can be used to apply for work visas in a much easier way. We will also follow up with the Immigration Department to see if there is any additional information required from the applicant. This will certainly facilitate applications, in particular for senior expatriates who would like to apply for work visas in Hong Kong."

Wong added that Invest Hong Kong was not only interested in attracting talent to the city, but also in helping them onboard at their new roles in Hong Kong.

Talent Flows in Fund Administration

Taking a look at talent flows in the Asia Pacific region, Calvin D'Souza, Head of Talent Acquisition - Asia Pacific, Alter Domus, commented, "From the overall APAC perspective, you can see that every major market is experiencing a net increase of talent flow into the fund admin space. This means that more people are joining the fund services industry, and less people are leaving."

D'Souza noted that in Hong Kong, the increase was quite drastic – up 16% overall in the last year. He continued, "If we deep dive into Hong Kong, we talk a lot about people leaving Hong Kong, but we are seeing an inflow of talent, specifically from the mainland. We are also seeing people from Malaysia, the Philippines and India coming in with fund admin skills."

"We see people joining the fund services industry because it's a fast-growing industry. It's also a place where people feel that they can be creative, because they have to make judgements, speak to a lot of client groups and find solutions for them. Because it's a growing industry, there is a lot of opportunity out there," he concluded.

KEY TAKEAWAYS

Post-pandemic, the priorities of employers and employees has shifted. Employees are increasingly seeking flexible working arrangements, and are willing to leave their current roles to join employers with a better understanding of their needs. As a regional and international financial hub, Hong Kong is keen to develop its talent pool in fund administration services, and is taking active steps to develop the market. Although the local market has seen talent outflows in recent years, net inflows are supportive of continued growth in the industry.

CONTACT

Johnson Har

Head of Hong Kong

+852 3578 5757

Johnson.Har@alterDomus.com

www.alterDomus.com

alterDomus*