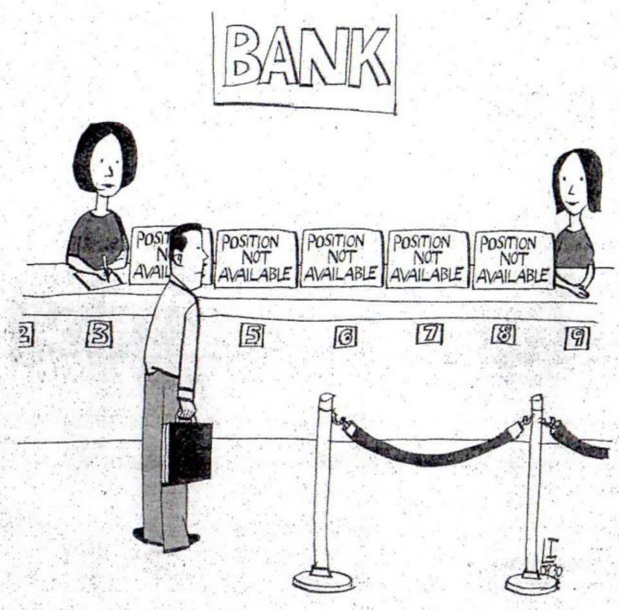
Worried banks put hiring in the freezer

Caution driven by recent collapses but some segments are still unaffected

By **OH BOON PING**

[SINGAPORE] Hiring activity at a number of banks here appeared to have dropped sharply, as job losses worldwide continue to mount since the start of the financial turmoil.

Singapore's headhunters told BT that many financial institutions have frozen their headcount in the short term, while the jobs ads pages also appeared to have have gone down.



Said Christopher Leong of Chris Allen Executive Search: "There is no replacement for people who resigned, while headcount is now very tight. They would need approval from senior management. And most hirings now go through a very stringent process including justification to senior management on the need to hire."

For example, some foreign banks now require approval from head office for new recruitment, while there is talk that some banks now need the CEO's approval before adding headcount.

A check on the career pages of DBS Bank, UOB and OCBC showed that there are just over 150 available positions in Singapore now and that most are not for investment banking functions.

GMP Group chief executive Annie Yap told BT the slowdown has been a seemingly relentless trend since the beginning of the year.

"Because headcount freezes have been noted in most institutions, the slowdown generally affects all permanent positions regardless of function."

Likewise, DDI Singapore country manager Steven Lau sees a hiring slowdown not just at the banks, but also at many Singapore companies since the start of the credit crunch.

He explained: "Through our talent management discussions with our clients, we've felt and seen this slowdown among companies in Singapore. Some have even put on a hiring freeze."

According to Robert Walters Singapore "merger & acquisition activities due to restructuring and conservatism in capital markets have a real dampening effect in hiring confidence in the next six months where flat headcount is expected across the board".

Earlier, a study by Chris-Allen had put the total number of financial jobs losses since the start of the crisis at over 65,000 worldwide and this should escalate further following news on Lehman Brothers' collapse and Merrill Lynch's sale to Bank of America.

Said Mr Leong: "The remaining banks now feel that 'this is just the beginning' and that more bank failures could come. So they have put the hiring on hold now."

According to headhunters, the investment banking function and credit-related hiring bore the bulk of the brunt, owing to the sharp downturn in banking deals and concerns over credit markets.

To cope with high volumes of transactions in recent weeks, banks now hire contract staff to help in client servicing, middle and back office operations, some told BT.

Similarly, consumer banking division has been affected though not to the same degree. For example, staff numbers in areas such as priority banking, sales and business development continue to grow, as they generate a consistent stream of revenue.

Ms Yap explained the sales function is largely immune as banks still need it to drive businesses.

"The second is the compliance function, because in this time of financial crisis, there is a heightened need and stress on background checks and surveillance on clients as well as prudence in documentation.

Also unaffected is the wealth management sector where "doors are still open if the person can bring in the business", said Mr Leong.

"However, I expect the private banks to set very stringent requirements before making an offer."

Fortunately, it is not all gloom and doom, as mass retrenchment seems unlikely for now, reckoned industry watchers such as Philippe Capsie, country manager, Manpower Staffing Services (Singapore).

Others pointed to the ongoing shortage of talent, adding that financial institutions also need to ready themselves for a market recovery.

A DDI study found that competition for talent has intensified since last year, and Mr Leong felt that this is "a good time for banks to pick some good people, restructure the team and hang in there to prepare for the next wave".

Nigel Phang, director of business solutions at DDI, said talent shortage continues to be seen in specific functional areas such as risk management and operations and firms should "make use of the down-time to develop staff in terms of higher level skills and knowledge, as well as to improve internal processes so as to enhance operational efficiency and provide".

Looking ahead, some expect the market to pick up in the second quarter of next year, as Singapore's economy is still expected to grow between 4-5 per cent.

The positive side of this is that "there is less talent crunch and job candidates will not be asking for 40-50 per cent jump in salary to join a new firm," said Mr Leong.

"This results in less turnover and provides more stability in the financial industry."

Power tariffs shoot up on oil price spike

Average hike of almost 22%: EMA

fourth quarter, or 38.06 per cent higher than that of

The hike follows

sale of Tuas Power and Senoko Power to deep-pocketed own-

EMA said that it expects to resolve "very soon", Island Power's application to gain

THREE-MINUTE DIGEST

Rescue deals mounted for banks in Europe

A SWATHE of bank rescue deals was mounted in Europe yesterday as several major mortgage banks were tipped over the brink by the growing global credit crunch. Compounding the fears were anxiety over whether a tentative US$700 billion bailout of the US financial system will actually be sealed when lawmakers in Congress get down to a vote.

FRONT PAGE

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TOP STORIES, PAGE 2

Power tariffs shoot up on oil price spike

ELECTRICITY tariffs for the coming October-December quarter will go up by more than 20 per cent, according to

after Friday's 43.9 per cent dive – on sales by substantial shareholder Kapital Asia Pte Ltd, sources said. The two days of sales have wiped $1.4 billion off the market capitalisation of KTT, which is more than 80 per cent owned by Keppel Corporation. The stock ended yesterday at $1.70, down 60 per cent from last Thursday's close of $4.19.

COMPANY NEWS, PAGE 7

UOB Kay Hian is top IPO underwriter

UOB Kay Hian is king in the IPO underwriters market this year, conquering more than a third of the market thus far, data from Bloomberg showed. The brokerage holds a strong 36.1 per cent market share for the nine months ended September.

COMPANY NEWS, PAGE 8

US investment income in Singapore jumps 24%

ALTHOUGH growth in US direct investments in Singapore is slipping behind elsewhere in Asia, there is no let-up in the returns here – the investment income of US multinationals continues to surge. Income from US investments here jumped 24.3 per cent from 2006 to a whopping US$18.32 billion last year,