Why banks must get their hiring strategy right

Mark Jansen of PwC discusses the increasing focus on performance as part of hiring and retention in Asia's private banking industry, and looks at the challenges for frontline staff in today's market.

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Interview

Mark Jansen

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- Most organisations have in the past 12 months reviewed their remuneration methods, and are shifting towards longer-term pay structures, which is inevitable – yet there is still a pressure on performance
- The challenge for banks still looking to poach new staff is that they are less likely to boost assets under management when expanding their RM headcount
- Those RMs who are still able to bring client assets with them when they move organisations have been in the industry for a long time, are well-known and are respected

In a relatively new industry such as Asian private banking, where so many organisations are trying to grow rapidly, the demand for talent is significantly outstripping the supply, said Mark Jansen in an interview.

This makes it a great market for employees, but also a tricky one because it is looking for specific resources, he explained.

At the same time, he added, in the Asia Pacific section of the recent PwC private banking survey, the most surprising finding in relation to people and talent development was the percentage of relationship managers (RMs) who have increasingly been asked to leave their organisations for under-performance – up to 70% in Hong Kong and Singapore.

It is also scary given the musical chairs in this industry, said Jansen, plus it highlights the huge emphasis on performance which the banks are placing on their frontline staff, as well as the challenges in performing in this market itself.

Evolving targets

According to Jansen, most organisations have in the past 12 months reviewed their remuneration methods, and are shifting towards longer-term pay structures, which is inevitable. Yet there is still a pressure on performance.

In general, however, more qualitative factors are being introduced, focused around issues such as risk and compliance, which will be very important elements going forward, for example with the Code of Conduct for the private banking industry in Singapore.

Implications of under-performing

With RMs leaving organisations as a result of under-performance, fewer and fewer clients are moving assets with their RMs, said Jansen. The challenge for banks still looking to poach new staff is that they are less likely to boost assets under management when expanding their RM headcount.

This is likely to lead to RMs staying longer at their organisations, and hopefully to firms shifting to longer-term remuneration methods, he predicted.

This then starts to take away the focus on pure performance in the short term, he explained, and instead to performance over a consistent period of time.

Clients staying put

Jansen said clients are getting less accepting about having to open a new account and follow their RMs.

At the same time, he added, institutions are trying to make sure they embed the client in the overall relationship a bit more, so that the relationship is with the team, not just the individual.

Those RMs who are still able to bring client assets with them when they move organisations have been in the industry for a long time, are well-known and are respected, said Jansen.

As a result, when they move firms, it is more about them interviewing the organisation as to what suits their clients best.

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