HK fund industry turning to mainland China execs to fill shortages

Mandarin skills are becoming more crucial for senior managers and there are fewer openings for foreign execs from overseas without Chinese language abilities, recruiters say

By Karen Lai | July 5, 2023

As Hong Kong's fund industry struggles to attract more executives from abroad to plug job vacancies in the wake of the Covid pandemic, asset managers are increasingly relying on the growing pool of talent in mainland China to staff their businesses.

The changing landscape of Hong Kong's funds industry is being driven by subsidiaries of Chinese firms setting up or expanding their base in territory, as well as global firms filling local offices with more mainland experts as they look to boost their China investment capabilities and grow their presence in the onshore market.

But some experts also fear this ever greater emphasis on the mainland Chinese market could weaken Hong Kong's status as a hub for the whole Asia Pacific region.

"During the Covid–19 pandemic and even till present, I have observed five out of my 10 recruitment placements in the fund and wealth management industry in Hong Kong would be mainland talent," says **Briant Neo Wen Xi, CEO of Kairos Global Search, an executive search firm with presence in Hong Kong and across the region.**

This represents a jump from pre-2020, when only two in 10 of his firm's recruitment placements in the fund and wealth management industry in Hong Kong were from mainland China.

The comments echo the wider trend in Hong Kong, which has attracted many more workers from mainland China than all other countries combined since the government started to roll back Covid entry restrictions last year.

Mainland Chinese professionals accounted for two thirds of 51,032 newly approved applicants under various talent schemes over an 11-month period as of February, Chris Sun, Hong Kong's secretary for Labour and Welfare said in a media briefing in April.

Briant Neo argues that this increased supply of mainland candidates has helped to ease theongoing talent shortage in Hong Kong's fund and wealth management industry.

There is a limited pool of fund executives in the territory with Hong Kong **Securities and Futures Commission** licences for leveraged foreign exchange trading and advising on futures contracts, **but mainland workers are "much more open to obtaining these certifications compared to Hong Kong professionals", he adds.**

"It is not that we give priority to mainland talent, but we need to open up the candidate pool," Briant Neo says.

The influx of more Chinese investment managers into Hong Kong after the lifting of Covid-related lockdowns and travel restrictions is also expected to boost the demand and numbers of mainland fund executives in the territory.

But other global managers are also hiring more experienced mainland Chinese fund experts for their Hong Kong offices to help assist with expanding their businesses in the mainland market.

Seoul-headquartered Mirae Asset Global Investment in April hired two Chinese executives from BlackRock.

Ji Bing relocated to Hong Kong to take the position of head of exchange-traded funds at Mirae Asset from a foreign professional. He was recently general manager of the Shanghai-based wealth management joint venture, BlackRock CCB Wealth Management.

For global managers, “having the Chinese expertise is the key to developing the local market”, Ji says.

“When a firm goes overseas, localization is part of the process to internationalization,” he adds.

Earlier in April, Mirae Asset also appointed Brenda Bing as its new head of sales for China. She was previously BlackRock's vice president and Greater China sales head.

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Kairos Global Search’s Briant Neo says that if a company's strategy is to break into the Chinese market, experienced mainland candidates that have native-level Mandarinskills and know the ins and outs of the domestic market clearly have a big advantage.

“It makes a lot more sense to hire the Chinese rather than Hong Kong talent or overseas talent,” he adds.

However, despite the growing number of mainland executives entering Hong Kong's fund industry, there is still a relatively small number taking on senior management positions particularly at global firms, according to some recruiters.

Sid Sibal, Hong Kong-based vice president at Hudson, points out that even though increasing supply of mainland executives makes the overall recruitment market more competitive, they often fail to fit all the requirements as senior executives for some fund firms. "We still see comparatively fewer mainland Chinese professionals taking up C-suite/general management roles compared to foreign talent. This could be perhaps due to the lack of Asia Pacific experience and exposure outside of Greater China region," Sibal says.

As a result, some senior managers at Western fund firms are not from mainland China, but instead still tend to be transferred from their overseas headquarters or hired from other direct competitors, he says.

But Chinese language skills are increasingly important for many senior roles at fund companies in Hong Kong, especially if they end up managing teams that have more mainland executives.

"Professionals who don't speak Mandarin are more easily replaceable by those who do, in managerial level roles," Sibal says.

As the nationality and cultural mix of Hong Kong's fund management market gradually changes, some suggest this underscores the continued shift in focus for the local industry that may come at certain costs.

"One disadvantage here to Hong Kong as a city is that it will start to lose its Asia Pacific regional status and become a heavily Greater China-focused financial centre," says Sibal.

In a bid to rebound from the Covid pandemic and compete with rival Singapore as the most attractive regional financial centre, Hong Kong's government has rolled out various incentives to entice global talent back to the territory. The government is aiming to bring in at least 35,000 overseas workers per year up to 2025 via a new TopTalent Pass Scheme, as well as streamlining and relaxing existing employment and immigration schemes. But Sibal argues that given the growing requirement for fund executives of all levels Hong Kong to be able to speak Mandarin in order to play a bigger role in growing theironshore China business, it has actually become more di cult for some foreign fund executives to find suitable vacancies in the territory.

"If this continues, maybe a lot of them are discouraged to consider Hong Kong in the future," he says.

For Hong Kong's fund industry to remain diversified and competitive, Sibal warns that asset managers should stay open to employing the large pool of candidates who do not speak Mandarin but would still want to move to the city.

"If there is a role in Hong Kong that does not require Mandarin, there is a lot of foreign talent interested to move to Hong Kong," Sibal says.