



# The Spotlight

The Spotlight is a regular Q & A feature that showcases our people, their expertise, and trending topics that are on top of our clients' minds directly from the voices of our business leaders.



## Sharon Leung, Associate Partner, APAC Banks

Sharon Leung focuses on McLagan's Infrastructure practice for the Asia Pacific region and is based in Hong Kong. She advises financial services companies on salary structure design, incentive funding, short-term and long-term incentive plan review, and total rewards strategy.

### Questions and Answers

#### **What key regulatory changes are occurring in Hong Kong and how should firms be responding?**

The Hong Kong Monetary Authority granted licenses to eight virtual banks in Hong Kong in 2019, with the first already launching its operation in March of this year. Seven others are planned to start operations over the next few months. Virtual banking will be a major game changer and disruptor for the financial services sector. With increasing competition, conventional banks are strengthening their digital banking capabilities to enhance the customer experience and adapt to changing expectations. This requires technology investment and updating strategies for acquiring the necessary skills and talent to stay competitive.

#### **What do banks look like five years from now and how should firms best prepare?**

Change is happening quicker than we think. While it is impossible to predict the future, with an in-depth understanding of the workforce, banks can get a head start on building an agile workforce that is capable of future change. Human resources can help provide the data needed to fully understand a firm's ability to change and how to manage and motivate employees to tap into that change. Our recommended approach involves three simple steps:

- Make change accessible. Start by quantifying change to understand the risks, impact, and timeline
- Assess and identify workforce readiness. How prepared are you for change?
- Prioritize and implement programs to attract and retain talent

#### **If you could describe the current financial services industry landscape in the APAC region in three words, what would they be?**

- Convergence: Convergence of technology, financial services, and general industry, which is driving more opportunities across sectors
- Disruption: COVID-19 is a new accelerant to disruption
- Uncertainty: The global economy is at risk and banks should be prepared for multi-year implications

#### **What is a top challenge for banks in the region?**

Bank performance is under pressure in 2020. Broad strategies across the industry were already focused on operating efficiencies and costs. Now, banks must also balance personnel cost pressures and wellness / support programs. Since COVID-19, employee value has completely shifted, with employee financial, emotional, and physical wellbeing at the forefront. It is crucial for firms to support their workforce by communicating, stepping up wellbeing services, and keeping controllable disruptions to a minimum.

#### **What strategies are financial services firms using to maximize spend in the future of work?**

Firms are identifying the key functions needed for their future business model and paying for them. It's important to look to your strategic three to five year plan for inspiration, and of course, properly reward and recognize your people. Financial services firms historically don't reward staff outside of the year-end bonus. Human resources can set aside a funding and put in place recognition programs that allow managers to reward staff throughout the year.