

# The IBF's plan to meet demand for higher competency in Singapore



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**Ong Puay See, chief executive officer of The Institute of Banking and Finance (IBF) in Singapore, talks to Hubbis about the approach it is taking to raise competency standards for private bankers, as well as how it is evolving this to keep pace with the needs of the industry and clients alike.**

## What does today's landscape in terms of competency within private banking look like?

There is a strong theme around the competency of individuals at the forefront of the industry, given that the industry is all about building a trusted relationship with clients.

Private banking professionals today are dealing with a very different set of issues. Pre-Lehman Brothers crisis, there was a very buoyant market, in which it was relatively easy to give investment advice.

Today, however, most wealth managers are dealing with questions from clients to put together investment returns amidst a more uncertain and volatile investment environment. There are also harder questions asked about whether advisers are acting ethically, and whether the products they are recommending are in the client's best interest.

The issue of competency is closely tied to this. While in the past, advisers offered products to their clients which their banks deemed to be suitable, wealth managers today have to be very clear in their own minds that the products are in fact suitable for their clients.

As a result, competencies in terms both of technical and soft skills have become even more relevant, and a more urgent priority for individual wealth managers.

## What tangible evidence is there of the spotlight on competency and the need to raise standards?

We have had many requests from the private banking industry over the last 12 months for us to look at how we can help it to raise its competency standards.

Banks are asking for more training, and even individual wealth advisers have come forward to volunteer to be assessed on their competencies.

Clients are also demanding it, and the banks themselves want to ensure their reputations are maintained and that they present a solid team of competent wealth advisers.

## Where does the new Code of Conduct for Singapore's private banking industry fit in terms of your objectives?

The private banking industry approached the IBF last year with the aim of setting up its own industry-specific examination – the Client Advisor Competency Standards (CACS). IBF is now appointed as the administrator for the CACS.

We are honoured to have been invited to do this as it dovetails well with our mandate to run regulated examinations on behalf of the Monetary Authority of Singapore (MAS), as well as our mandate as an accreditation body for financial sector competencies.

## To what extent has the industry engaged the Code of Conduct?

Since the launch of CACS in September 2011, it has received a lot of industry support, with almost all the private banks in Singapore pledging to put their relationship managers and investment advisers through the exam.

To date, 20% of the roughly 4,000 to 5,000 private banking practitioners in Singapore have registered for either the CACS exam, which is self-study, or to take the non-examinable course (if they have more than 15 years of relevant experience).

A high proportion of people who have already passed the CACS exam since September have done it through self-study. And a good proportion of the candidates have passed the CACS with some serious studying. We are thus confident that the CACS has been a good benchmark to identify truly competent wealth advisers for the industry.



**Ong Puay See**  
IBF

We expect the rest of the persons who are covered by the Code to come forward to take the CACS in early 2012. [There is an 18-month transition period till March 2013 for all existing persons covered under the Code to come forward to take the CACS.]

## How do you view this evolution in competency standards in the context of the future of private banking in Singapore?

Before the industry approached us to start the dialogue about the Code of Conduct and CACS, we were unsure what the appetite would be among practitioners for taking an exam voluntarily.

However, after speaking to the institutions and also individual candidates who took the first exams, we have seen that individual wealth managers want to be seen as having the right competencies to do their job.

## Why is this important to individual practitioners?

They see competencies as a value proposition, so they want to be able to show their clients that they have passed this test.

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In the words of one of our candidates for CACS – Israel Sim, an assistant relationship manager who has taken and already passed the CACS assessment: “The topics in the CACS curriculum would be most useful to a new entrant joining the private banking industry as it covers many areas including account-opening (KYC) and product recommendations. Without competency in such areas, an assistant / relationship manager would not be in a good position to communicate to clients on such matters. This can affect both the relationship with the clients and subsequently revenue for the bank.”

### What targets do you have to gauge the success of this new regime?

Within three years, we expect that all new entrants into the wealth management sector will have either completed the CACS exam or attained FICS certification.

We are confident of achieving this, because even in the first two months since starting the CACS exams we have seen a good representation of private individuals taking the exams out of their own choice; this is a good indication of the general appetite to get certified.

### How is this aligned with your broader approach to training?

Our model has always had a clear training mandate – to play an active role in supporting financial institutions’ efforts broadly in developing the competencies and capabilities of their talent.

In 2005, IBF developed the Financial Industry Competency Standards (FICS) framework, which includes 14 sets of compliance and risk management standards covering different types of business activities, such as wholesale banking, wealth management, insurance, fund management and asset liability management.

The three-pronged objectives of FICS are:

- To raise the professional bar of our financial workforce and financial training providers
- To embed a continuous professional development programme for our financial

workforce to effectively respond to the rapid changes and developments in the industry; and

- To benchmark our financial workforce rigorously against other leading financial centres

Close to 7,400 financial sector practitioners in Singapore have been trained and almost 4,000 people assessed under the FICS framework.

### How specifically does that help wealth management practitioners?

We have found that advisers do want recognition in the form of a qualification, especially as there is currently no uniform industry qualification for wealth managers here.

Specifically for the private banking industry, more than 1,500 wealth management professionals have been trained under FICS, with close to 650 individuals FICS-certified.

So at least in Singapore’s context, when a wealth manager is FICS-certified, this means they have a certain set of recognised skills and met a rigorous benchmark for professional competency.

### How is IBF evolving the way it approaches training to reflect developments and trends in the fast-moving world of private banking?

In 2012, we plan to review our FICS standards, as we are mindful of various changes over the last five years in terms of new ways of thinking about the industry, new product offerings and significant regulatory reforms.

As a training provider and accreditation body, therefore, we must focus on keeping our standards up-to-date and relevant to meet the evolving needs of the industry.

For example, there has been an emergence of people from a retail or corporate banking background who now want to become certified as private bankers.

Our training framework must be flexible enough so that it reflects the emerging make-

up of the industry, and doesn’t assume these individuals begin their private banking careers from the same starting block.

At the same time, more and more financial institutions have been coming forward to seek accreditation for their in-house training programmes – for example Credit Suisse, among others.

We see a growing number of institutions setting up their own training academies and wanting to make sure that these in-house training programmes meet industry standards offered under FICS.

### What are you doing in terms of continuing professional education?

A lot of our focus until now has been to get people first certified in terms of their foundation skills under FICS.

Now that we have a good number of people who have been certified, it is our duty to provide ongoing continuing professional development for them. And one of our goals for 2012 is to devise a framework for this.

While we have some CPD requirements provided under the FICS framework, we only require a certain number of CPD hours, and leave much of the decision on the CPD activity with each financial institution / individual deciding ultimately on what training is appropriate.

We will be discussing more actively with the newly-formed Private Banking Industry Group on what is appropriate to include as eligible CPD activities as covered under the Code.

### What role does IBF play in helping institutions themselves to further professionalise and meet the many changes they face in today’s highly-competitive environment?

In the wake of the 2008 financial crisis, a lot of the new entrants to the industry realised the implications of bad investment calls and there may have been some denting of client trust.

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Private banks are also no longer paying excessively to poach individuals from competitors. We thus think the industry will give more emphasis to growing its own pipeline of professionals internally.

I see this from the conversations the banks are having with us in terms of their demands for more training to raise competency standards within their own organisations to ensure that they give a fair amount of training on market, regulations and product knowledge to new entrants without previous private banking experience.

This is where competency is a key factor in the industry's drive to manage the challenges in relation to retention of good quality talent and in keeping escalating wage costs from going up.

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