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Headline: Asian banks need to hire more quantitative analysts: experts

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By Linette Lim | Posted: 01 September 2012 0036 hrs

Brian Lo

SINGAPORE : Asian banks may need to step up the hiring of a special breed of bankers known as quantitative analysts.

Experts said these math whizzes can help Asian banks roll out new products and move them up the value chain.

These bankers, also known as quants, are a common sight in western global banks.

Quants are usually found in the risk management, trading, or credit departments of financial institutions including banks, insurance companies and hedge funds.

At least one in 100 employees at most global banks is a quantitative analyst.

In Singapore, DBS Bank has about 100 quants in its 15,000-strong workforce.

Brian Lo is one of them. The managing director (Risk Management Group - Market and Liquidity Risk) at DBS said: "They could be quant traders, they could be quant developers, to develop pricing models for trading, algorithm models. That is more on the trading side. They are taking risks. But for financial institutions, for good governance, you still need to have quant people supporting them."

Experts said Asian banks may not see the importance of hiring quants because they are more prudent when it comes to product innovation.

Another explanation is that Asians are typically wary of such complex fields.

Professor Lim Kian Guan, professor of finance at the Singapore Management University, said: "SMU is starting a masters programme (in quantitative finance). We try to include a curriculum that addresses issues like trading, algorithm trading, low latency, high frequency trading...Exotic sell-side products are not in fashion, so banks have to substitute that with some revenue-generating activities, and a lot of that have shifted into high-frequency trading."

Industry watchers said Asia needs to develop the field of quantitative finance or risk being left behind.

Currently, financial centres like Singapore provide many headquarter functions like payment processing and human resources.

Bernard Lee, CEO of HedgeSpa, said: "Singapore has done a lot and has been very successful acting as a regional headquarter for a lot of financial institutions. You do generate quite a bit of employment in the middle and back office type area, but with the advent of the internet, there is a credible danger for those shops to be outsourced to low-cost countries.

"You might as well focus on the bigger share of the value chain...and to some extent, Singapore has launched that kind of strategy very successfully. Like for instance, in the oil industry, Singapore does not control any of the oil-producing resources, but it has been very successful in terms of building rigs and refineries, which happens to be a very big important piece of the value chain."

The next few years will be a key turning point as Asia's financial centres go for "brainier" bits of the economic value chain.

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