

## Manpower Development In The Foreign Exchange Market

The worldwide trends of deregulation of markets, innovations in new financial instruments and globalisation of markets continued in 1986. As an international financial centre, Singapore has naturally felt the impact of these developments in terms of growth of business and in the demand for qualified people.

By various measures, the Singapore financial markets have grown substantially. In terms of the number of banks (full banks, restricted, offshore and merchant), these have grown now to 181. The size of Asian Currency Units has surpassed US\$200 billion. Average turnover in foreign exchange has grown to US\$30 billion per day. More products and instruments such as forward rate agreements, interest rate swaps and securities are being traded.

All these have generated a substantial increase in the demand for dealers in the Treasury departments of banks in Singapore. The problem of a shortage in the supply of dealers has become even more acute. The role of training and manpower development has therefore assumed a greater degree of importance and urgency so that the growth of the Singapore foreign exchange market can continue to progress at its fullest potential. The need for training dealers is felt not only in traditional products but also in the new instruments. The increasing sophistication of bank customers requires that banks themselves develop the capability of offering the new services available in the market.

Banks already provide some form of in-house or on-the-job training. The usual method is to have new personnel or trainee dealers sit with the experienced dealers. There are banks that offer a more structured training programme where lectures are given by their experienced staff on various aspects of Treasury. Some programmes would include trips abroad for exposure to overseas markets and to the products in those markets.

However, because of the severe shortage of dealers, internal training is not seen to be sufficient. More dealers need to be developed in a shorter period of time if the market is to have adequate supply of dealers in terms of numbers and skills. Formal and structured training programmes conducted outside the bank will be the more effective solution to accelerate manpower development.

Currently, there exists good training programmes for developing dealers. The Institute of Banking and Finance (IBF) offers the widest range of courses. In 1986, the IBF offered seven courses on Foreign Exchange and Treasury. The most comprehensive among these is the Foreign Exchange Traineeship Scheme which lasts for two months, comprising lectures on theory, terminologies and techniques on various areas such as local Money Market, Eurocurrency Markets, Foreign Exchange, Financial Futures and Options. There is also a residential week-long practical training course more popularly known as the "Bourse Game", which simulates actual, live trading environment and conditions. Another comprehensive training course offered by the IBF for dealers is the Bond Trading Course which lasts for one month and also has a lecture part on theory, terminologies and techniques in bond trading as well as the practical part through an exercise simulating actual trading conditions in bonds.

Other training courses offered by IBF for Treasury dealers are on trading options, uses and trading of financial futures contracts, off-balance sheet trading and risks, Treasury Management, basic US and Eurobond markets and the Singapore Government securities market.

From time to time, some training courses have also been organised by the Forex Association of Singapore (FAS). These are one or two-day courses or workshops and usually on new products, such as Forward Rate Agreement and Options.



To gauge the demand for dealers and the training requirements of banks so that suitable plans could be established for courses in the frequency and products required, the Sub-Committee on Personnel Development and Training initiated a survey in July 1986 among the banks in Singapore. The survey was carried out by the Institute of Banking and Finance. A total of 144 banks responded. The results showed that the number of dealers needed is more than a third of the current number of dealers. The number of manned dealing positions was a little over one thousand, while the number of additional dealers needed was 415. Of that, 31% was for dealers with 3 or more years experience. The best long-term solution to alleviate the manpower shortage would be to increase the pool of dealers through the introduction of more training courses.

Training courses in great demand included the relatively newer, and less developed products in Singapore, such as the Forward Rate Agreement, Interest Rate Swaps and Options. There was also strong preference for advanced courses in Securities trading, Foreign Exchange trading, Eurodollar futures and technical analysis.

The results of the survey have given the Singapore Foreign Exchange Market Committee a much clearer picture of the shortage of dealers and the particular activities of Treasury where training is wanted. The Institute of Banking and Finance has taken the results of the survey into consideration in planning the training courses for 1987.

The Committee also determined that a special course on basic foreign exchange and money market for new university graduates could be one way to attract more entrants into the dealing profession. This year, the IBF will be offering for the first time an intensive two-week Basic Treasury Course to new graduates. This programme will provide an understanding of what the dealing profession is and also offer theoretical lessons on the various aspects of the market as well as practical simulated trading.

There will also be workshops organised by the Forex Association of Singapore for Treasurers and Chief Dealers on new products and trading techniques. It is hoped that Treasury managers would be able to familiarise themselves with the new products, and be encouraged to participate more in these products.

With the expectation of sustained rapid growth in the foreign exchange, money and securities markets, one of the big challenges continuing to face Treasury departments of banks will be how fast and well they can train the dealers they need in order to maximise the opportunities in the markets. The Sub-Committee on Personnel Development and Training will continue to be an aggressive catalyst for the Institute of Banking and Finance and for the Forex Association of Singapore in order that the training courses and workshops offered by these organisations will be in the frequency and products required by the market.