

Client Alert

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**For more information,
please contact:**

Kelvin Poa
+65 6434 2524
kelvin.poa@bakermckenzie.com

Celeste Ang
+65 6434 2753
celeste.ang@bakermckenzie.com

Aran Alexander
+65 6434 2716
aran.alexander@bakermckenzie.com

Zhao Yang Ng
+65 6434 2701
zhao.yang.ng@bakermckenzie.com

Clarence Ding
+65 6434 2662
clarence.ding@bakermckenzie.com

Jingyi Wang
+65 6434 2306
jingyi.wang@bakermckenzie.com

Tripartite Partners Introduce New Advisory on HR Practices in the Banking Industry

A new advisory on good human resource (“HR”) practices for banks (“**Tripartite Advisory**”) was launched on 14 March 2018. The Tripartite Advisory was jointly developed by The Association of Banks in Singapore, Monetary Authority of Singapore, Ministry of Manpower, National Trades Union Congress (“**NTUC**”) and Singapore National Employers Federation.

The Tripartite Advisory sets out non-binding good practices specifically for banks in hiring, reskilling, redeployment and retrenchment of their employees, and encourages banks to equip their workforce with relevant skills and capabilities to meet the future needs of the industry. The aims of the Tripartite Advisory are:

1. for banks to achieve balance between a strong core of Singapore employees which will be complemented by foreign professionals with their global skills; and
2. for banks to commit to reskilling and redeploying their existing employees in spite of changes in the industry, and if necessary, to carry out any retrenchments in a respectful and responsible manner.

This is the first ever tripartite guideline that targets a specific sector. This move by the tripartite partners to issue sector specific guidelines demonstrates that the tripartite partners are cognizant of the fact that it is important to tailor their guidelines to the relevant sectors in order for them to have a greater impact. It also makes sense for the banking sector to be the first to have a sector specific guideline given Singapore’s status as a global financial hub.

Accordingly, banks should take note of the suggested practices which we have summarized below:

Summary of Suggested Practices

First, the Tripartite Advisory aims to develop a strong core local talent pool, complemented by foreign professionals with global/regional expertise, through the following suggested practices:



- Banks should consider initiatives to build a pipeline of Singaporeans across entry, mid-career and leadership levels, including developing comprehensive graduate programmes.
- As banks continue to hire foreign professionals, they should put in place policies and processes to promote diversity, facilitate management oversight of the hiring of foreign professionals and foster the transfer of skills from foreign professionals to local employees.
- Banks should promote inclusive hiring practices. In relation to job advertisements and selection criteria, banks should keep in mind that requiring a minimum number of years of experience may exclude applicants who otherwise have the required skills and competencies.
- Banks should strengthen the capabilities of their HR professionals by investing in continuous training and professional development.

Second, as digitisation and automation may result in a higher degree of job displacements, banks should systematically plan ahead to equip their workforce with new digital and data skills.

Banks should also seek to reskill and redeploy their employees before considering retrenchment. If retrenchment is necessary, banks should conduct retrenchment exercises responsibly and offer support to affected employees.

Suggested practices include the following:

- Banks should plan ahead with a timeframe of one to three years to assess the likely impact of technological changes on their workforce.
- Banks should size the pool of their employees at risk, and consider engaging such employees early to offer them retraining and redeployment opportunities.
- Banks should provide support to retrenched employees, including:
 - Providing advance notification of one or two months for significant retrenchments;



- Considering working with the Institute of Banking and Finance, NTUC and the Employment and Employability Institute to offer retrenched employees relevant support and services; and
- Facilitating the placement of retrenched employees.

www.bakermckenzie.com

Baker McKenzie Wong & Leow
8 Marina Boulevard

#05-01 Marina Bay Financial Centre
Tower 1

Singapore 018981

Conclusion

The Tripartite Advisory is a positive introduction to encourage banks to support their local employees in coping with increasing foreign hires and digitisation in the banking industry. Hence, while the Tripartite Advisory is not mandated by law, banks are encouraged to familiarise themselves with and put in place the good practices recommended therein.

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