



Due to its position as a natural gateway to a fast-growing China, Hong Kong has now become one of the most important financial center in the world, and is attracting a number of high-flying financiers. For investment bankers, the combination of the low-tax environment, a different lifestyle to that of London or New York, and most importantly the possibility to take part in China's considerable economic rise are key factors that drove many to investment banks based in Hong Kong.

Hong Kong as a financial centre - a brief history

After being ceded by China to the British in 1842, the colony of Hong Kong rapidly became a regional hub for trade with China and South Asia. Hong Kong initially started as a shipping and textile export center, but China's open-door policy (in 1978) was the year that marked the new era of Hong Kong and its re-birth as a major economic and financial center. Manufacturing moved out to mainland China, was replaced by services, and Hong Kong GDP boomed as trade and investment links with China exploded. Hong Kong has been handed back to China in 1997, but it is still the

favoured place to do "China business" for many financiers. Hong Kong maintains a sound British-style legal system, has had a stock market since 1891 (the largest in Asia after Tokyo), English is spoken fluently, overall markets are well-managed, and the Chinese government is not too involved with its business (yet).

Finding a an investment banking job in Hong Kong

If you want to get an investment banking job in Hong Kong, you should note that China's economic rise hasn't gone unnoticed by top students and investment bankers across the world. More Chinese students and investment bankers now want to go back home as opposed to staying in the U.S. or Europe, which has significantly increased the supply of qualified candidates with local knowledge and language skills. On top of that, competitive salary packages, low taxes (max. 17%) and opportunities to work on mega-Chinese IPOs are attracting top-notch investment bankers from

London and New York. In other words, if you do not speak a local language (Mandarin, Cantonese) or do not have useful experience or local contacts, competition will be very intense.

There are basically two cases:

1) You are a foreigner or don't have local languages and networks. In this case, hurdles are big and you will not be received with open arms given that:

- As a junior banker (analyst, associate, even VP), you won't really bring any industry or deal experience to the table.
- Not having local language skills means that you won't be able to attend some meetings and won't be able to perform certain tasks, such as drafting documents in Chinese or be on conference calls. Essentially, somebody else will have to do your work.
- Finally, foreigners are rarely committed to stay in the region long-term for either personal or career-related reasons. Because of this, you won't be taken seriously by clients or senior management. What can you do about it? Try to start in London and ask for a transfer later on, or network very very hard and start to learn an Asian language!

2) You are local or a "returning" resident. Job hunting is much easier if you have local ties in China or Hong Kong, but you will still face intense competition. For London-based students and bankers, the best way to move to Hong Kong is often to start in London and ask for a transfer or look for a job at the associate level (after two to three years). A London experience will certainly give you a strong edge and earn you respect from colleagues and clients alike! In addition, analyst training is substantially better in Europe so you'll stand out compared to your peers, and analyst lifestyle is also much better in Europe so you'll avoid some suffering.

Investment Banking Professional Experience in Hong Kong

Investment banking in Hong Kong will be an entirely different experience to that of London (or anywhere in Europe and North America), and is usually considered to be a less prestigious location for investment bankers. The main reason is that Hong Kong and China are less sophisticated markets. Getting deals done relies more on "network" than strong execution skills or original ideas. Also, China is not a big M&A market, but is largely ECM driven: there are a lots of big IPOs, but not much M&A going on, and even fewer LBOs. This means that you will spend less time doing complex models and executions, and much more time writing prospectuses and travelling to talk to clients about latest market and industry trends. The conclusion is that technically, you will never be as good as your London counterparts, but it's not all bad. If you intend to stay in the region for the long-term or move on to another job locally, you don't need to be a modelling star anyway, and it is the network you are building over the years that counts.

If you intend to go back to Europe, you will still be able to catch up on those skills and having the "China experience" on the CV is an interesting differentiating factor. Finally, IPOs tend to be very profitable and this will be reflected in your year-end bonuses.

Investment Banking Lifestyle in Hong Kong

> Working hours and Work-Life balance: Investment Bankers in Hong Kong work extremely hard and competition in the office is fierce, so prepare yourself for very long hours, especially as an analyst. On top of this, you need to add frequent travels (Hong Kong is a small island - your clients will mostly be in China) and a good dose of "socialising" with your colleagues and clients after work. Face time is also more common in Asia for cultural reasons, so working

100 hours a week is commonplace, but it gets somewhat better as an associate. On a positive note, clients tend to be relatively respectful of weekends so you'll eventually get some down time.

> Quality of living: All will agree that Hong Kong is fun, and this is the key attraction for many. The food is great, the city is lively and exciting, China is just a subway ride away and it is a fantastic place for young singles to have fun.

There is a strong financial community and plenty of Western and Chinese-style entertainment which can rival the offerings in London and New York. The only issue with Hong Kong is that it is heavily polluted (it's right next to China's manufacturing heartland). and space is scarce, so everything is intensely small and packed. If you like the green, quiet and open spaces of London, Hong Kong may not be the place for you.

> Cost of living: Your main cost in Hong Kong will be a decent accommodation, which can get very expensive. The issue is space. Prices do vary quite a bit but it is not uncommon to pay anything from 30% to 50% of your salary on a small one-bedroom flat which is a close commute to work. In this regard, Hong Kong is much more expensive than London and New York. Nevertheless, many banks do subsidise housing to some extent. Other than that, food is especially cheap and other expenses (commute, entertainment, travel, etc.) are also cheaper than in London.

Investment Banking compensation in Hong Kong

While salaries and bonuses at the junior level are pretty much in line between the two cities on average, on an after-tax basis, Hong Kong bankers will earn much more due to the very low tax rate. On top of that, because housing is so expensive, many banks do subsidise housing in the form of a housing allowance. For locals and native speakers, after a couple of years, there will be many opportunities to work in mainland China at some point or for mainland Chinese banks, which can prove to be incredibly lucrative.

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