Emerging Trends and Career Insights in China's Financial Risk Management

GARP®

FRM® | Financial Risk Manager

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EXECUTIVE SUMMARY

Adhering to the development principles of innovation, coordination, green, openness, and sharing, the Global Association of Risk Professionals (GARP) aims to contribute to the promotion of high-quality risk management and market openness in the Chinese financial industry.

More than two decades since the initial launch of the Financial Risk Manager (FRM®) Program, over 320,000 Chinese candidates have taken the FRM Exam and over 25,000 FRM-Certified Professionals are employed in major financial institutions across the country.

The financial market and the corresponding financial knowledge required for a successful career are both constantly evolving. From 2022 to 2023, GARP conducted this survey project to support insights on FRM-Certified Professionals and other relevant audiences in the Chinese market. The survey aims to understand the target audience of the FRM Program and the relevance of the FRM Program in China by assessing the risk management career development trends and industry practices. It is a survey project that combines theory and practice.

Risk managers play a vital role in maintaining the stability of the financial market and promoting high-quality development. GARP is dedicated to the advancement of the profession by providing education and cutting-edge knowledge to risk personnel at all levels, as well as cultivating a culture of risk awareness and helping the risk community make better risk decisions. Most professionals agree that continuous learning, skill improvement, and knowledge enhancement are essential to a successful career in today's complex financial environment.

The results of this survey show that the FRM Program is suitable for most financial professionals in China. The program is especially helpful in building a comprehensive knowledge framework, training necessary skills, and providing updated information on industry hot spots. Local governments and employers have introduced a host of support policies for the FRM Program. Professionals acknowledge the practical application of the Program's knowledge at work and the positive value of FRM Certification in their career advancement.

INTRODUCTION

Who is the FRM Program suitable for and what career value does it bring? What is the career outlook for financial risk management, what areas of development should risk managers focus on, and how can professionals most effectively enhance their skills?

To answer these questions, GARP conducted this survey project focused on FRM-Certified Professionals and other relevant audiences in China. The project spanned an entire year, throughout which we engaged in 20 detailed one-on-one interviews with senior industry professionals, facilitated four targeted focus group discussions across various industries, and gathered 2,025 valid responses from a diverse range of individuals through an extensive online survey. Of these respondents, 93% are FRM-Certified Professionals or have participated in/plan to participate in the FRM Program.

Beginning in 2011, GARP has periodically undertaken a global practice analysis, amassing a wealth of data that has been instrumental in identifying and analyzing evolving trends in financial risk management practices. This ongoing effort also serves as a key data reference for the continuous enhancement of the FRM Program. This study represents GARP's first survey of this kind specifically aimed at the Chinese market.

The research was overseen by an independent advisory committee. We thank committee members for their valuable insights. Guided and supervised by this committee, we consistently refined our survey design to ensure that our findings remain pertinent to the local industry, offering valuable and informative references for practitioners in the field.

FRM CERTIFICATION TARGET AUDIENCE

Among the 2,025 respondents of the online survey, 59% are working professionals and 37% are students. The FRM Program is designed to be suitable for individuals with different backgrounds. Working professionals gain industry insights and enhance their knowledge base through the FRM Program, while students can build a solid foundation of knowledge that will support their future careers.

Overall, our respondents generally possess a high level of education. Among them, 94% hold a bachelor's degree or higher (49% have master's degrees and 45% have bachelor's degrees). While the majority (63%) of them major in finance-related fields, the FRM Program also attracts individuals from various other disciplines, such as business administration, maths/statistics/big data, and computer science.

Figure 1: Work/Study Status

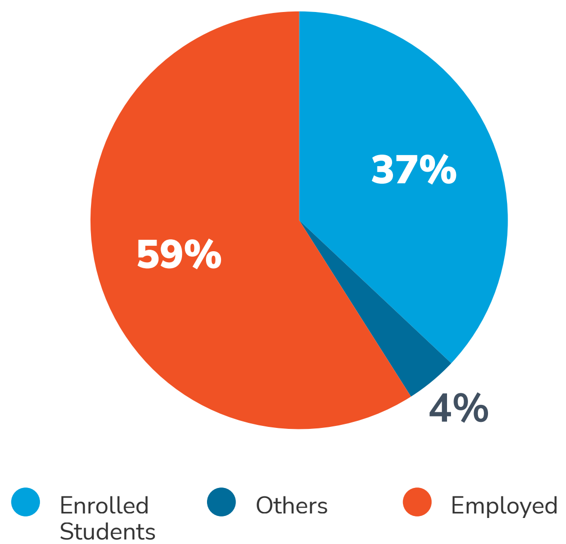
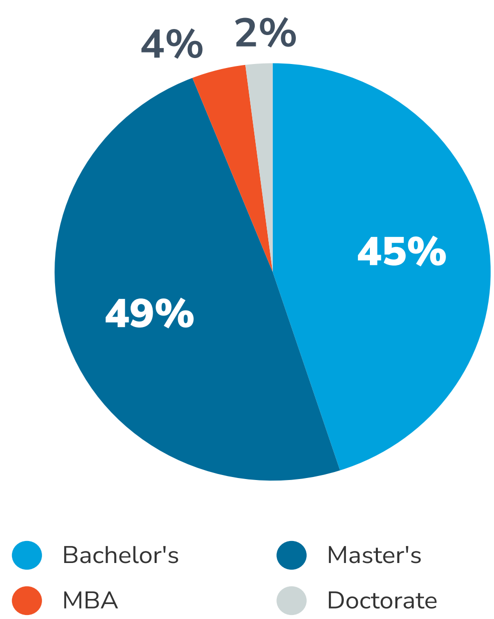
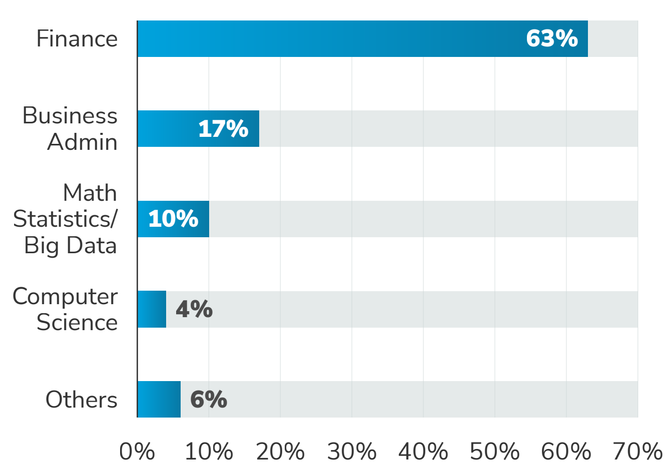


Figure 2: Education Level and Major of Study



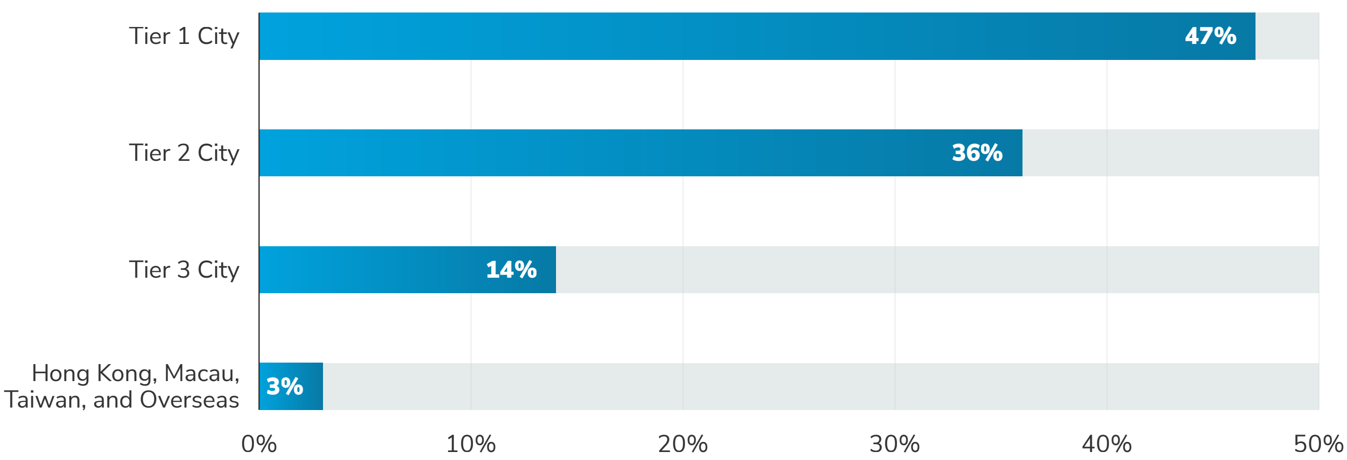


Respondents in this survey tend to be younger individuals. Thirty-seven percent of respondents are aged 25 or younger, and 85% of respondents are aged 35 or younger; 44% have at least five years of professional experience in their current industry.

Among all respondents, 47% came from Beijing, Shanghai, Guangzhou, and Shenzhen; 50% from the rest of Mainland China; and 3% from Hong Kong, Macau, Taiwan, or overseas.

GARP offers the FRM Exam at test centers across 19 cities in China, covering all major cities identified in this survey. In recent years, GARP has supported networking events for FRM-Certified Professionals as well as campus information sessions for FRM candidates in various cities. 2023 also marks the fifth year that GARP has supported the Shanghai Chief Risk Officer (CRO) Forum, a platform for practitioners, academics, and regulators to convene.

Figure 3: Geographical Distribution



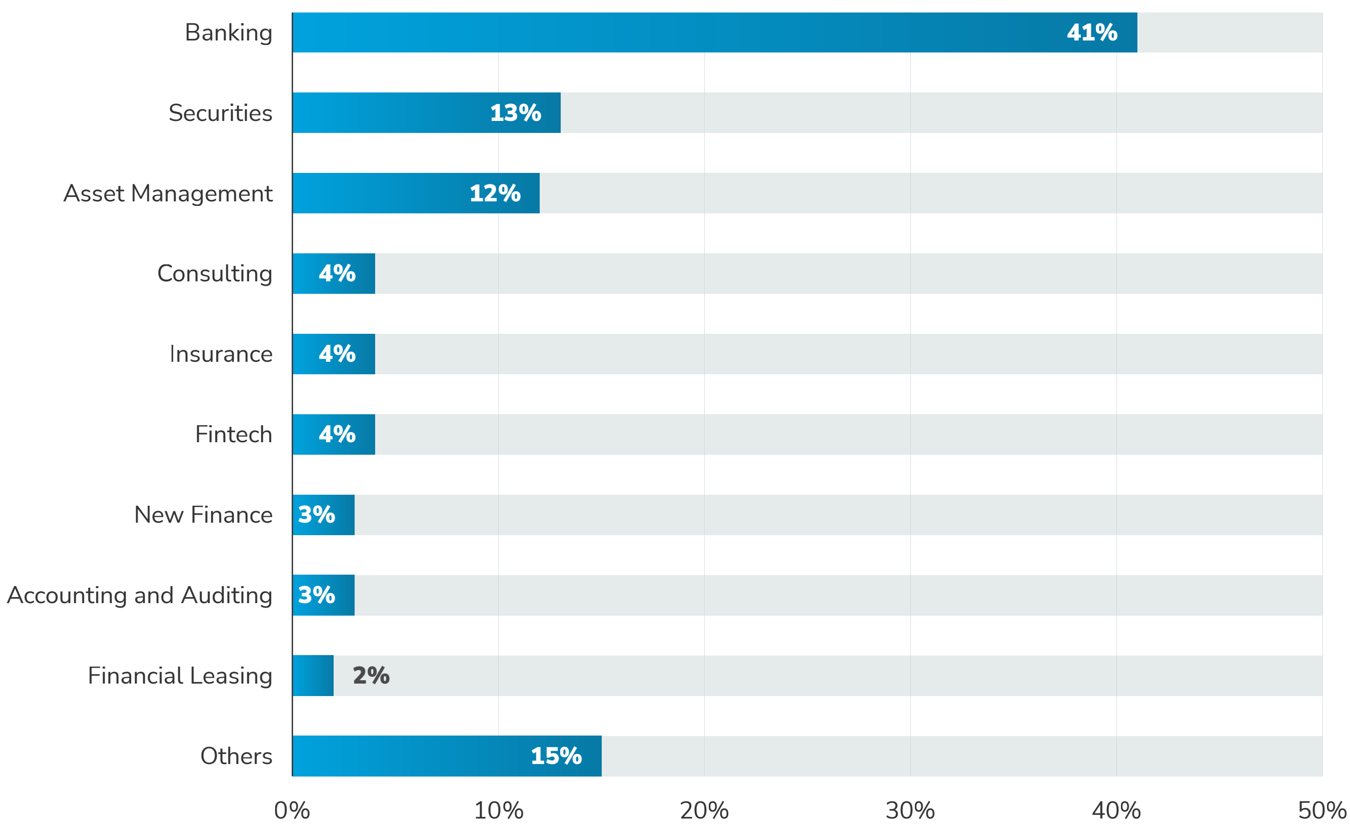
City	Respondent Proportion
Shanghai	16.9%
Beijing	14.9%
Guangzhou	7.6%
Shenzhen	7.6%
Hangzhou	4.2%
Chengdu	3.8%
Wuhan	3.5%
Zhengzhou	2.7%
Nanjing	2.3%
Changsha	1.8%

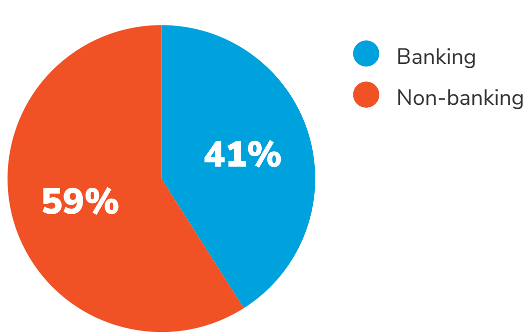
Overall, 41% of the respondents work in banking; this includes state-owned commercial banks (15%), city commercial banks (10%), joint-stock banks (8%), foreign banks (4%), and rural commercial banks (4%).

FRM-Certified Professionals have become the cornerstone of financial risk management in the local banking industry. Among the top 10 global employers that hire the most FRM-Certified Professionals, three are large, state-owned commercial banks in China.

Securities and asset management are also top sectors where FRM-Certified Professionals reside; in this survey, 13% and 12% of the respondents are from the securities and asset management industries, respectively. Additional individuals come from consulting (4%), insurance (4%), fintech (4%), new finance (3%), accounting/audit (3%), financial leasing (2%), and more.

Figure 4: Industries



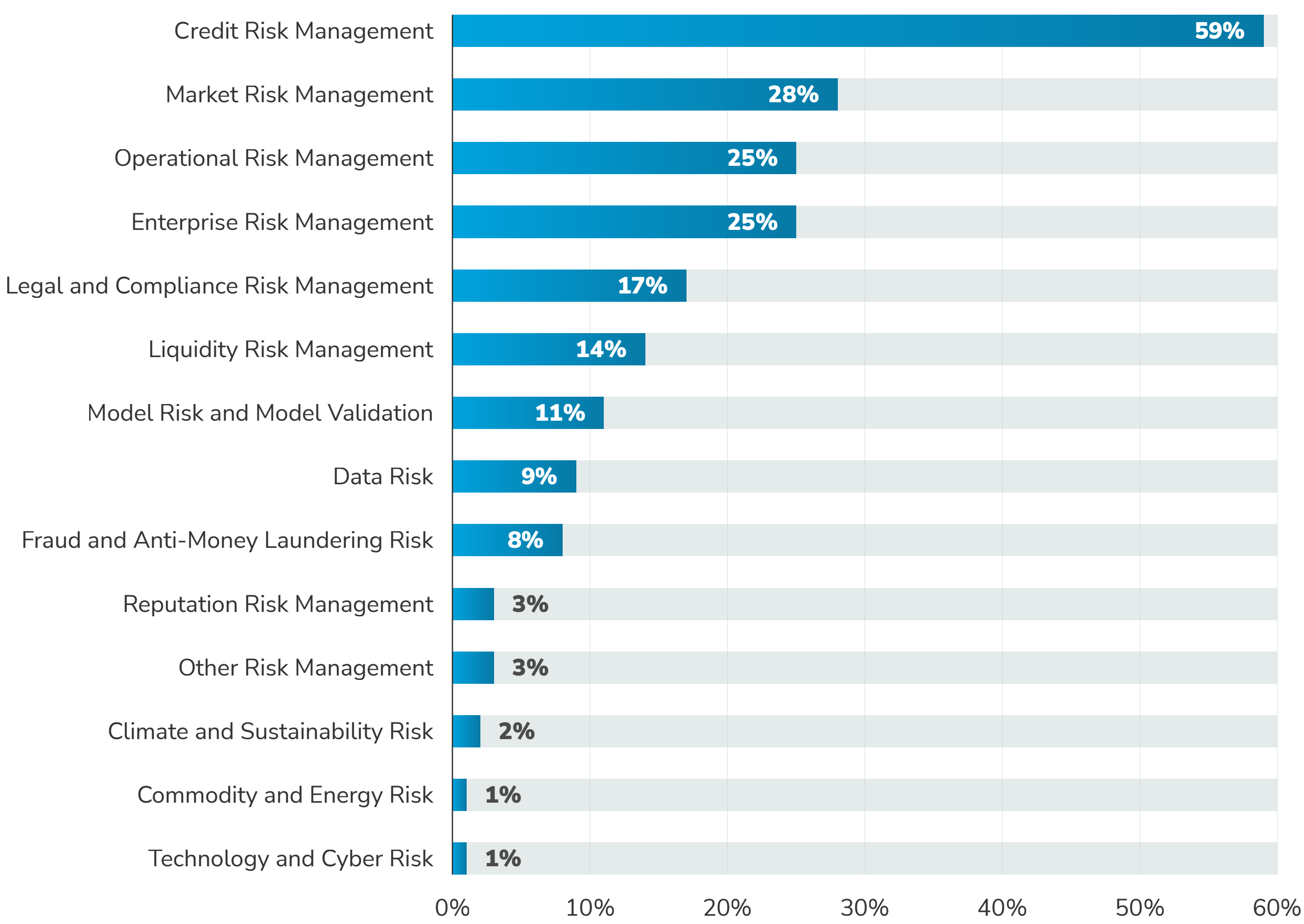


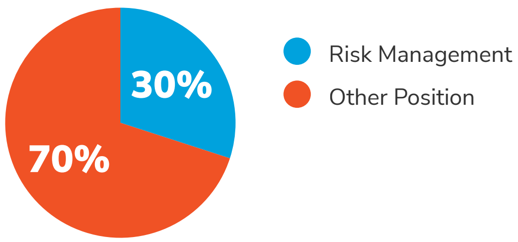
RISK MANAGEMENT CAREERS

Regarding job distribution, 30% work in risk-related roles. However, the distribution of positions outside of risk management is rather diverse. Data suggests FRM-Certified Professionals work in a wide range of roles, such as management and operations, accounting/audit/finance, credit, information technology/software development, portfolio/investment management, and more. This reflects the wide range of applications for financial risk management knowledge.

Respondents working in risk management positions have identified the most common risk management duties, areas that are comprehensively covered within the FRM Program. In total, 59% are involved in credit risk management, 28% are involved in market risk management, and 25% are involved in operational risk management.

Figure 5: Job Positions and Risk Management Duties

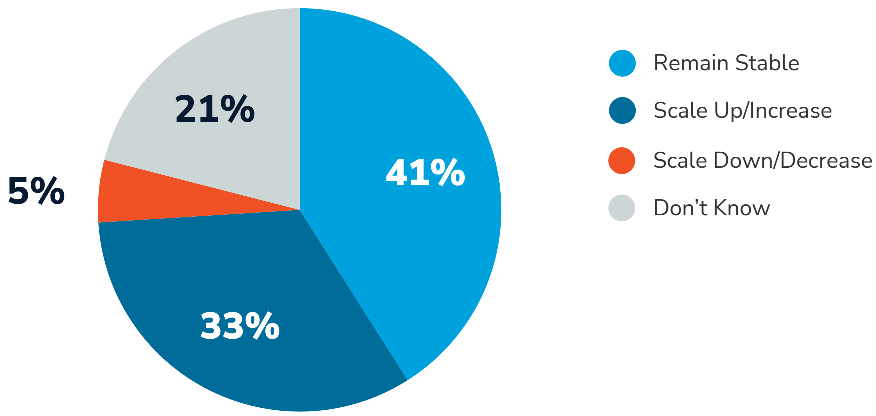




Respondents are generally employed by large companies, with 40% working for organizations of more than 10,000 employees and 65% at organizations of over 1,000 employees. In terms of the risk management team size, 18% of the respondents work in organizations with risk management teams consisting of more than 500 people, while 39% work in organizations with risk teams of over 100 people.

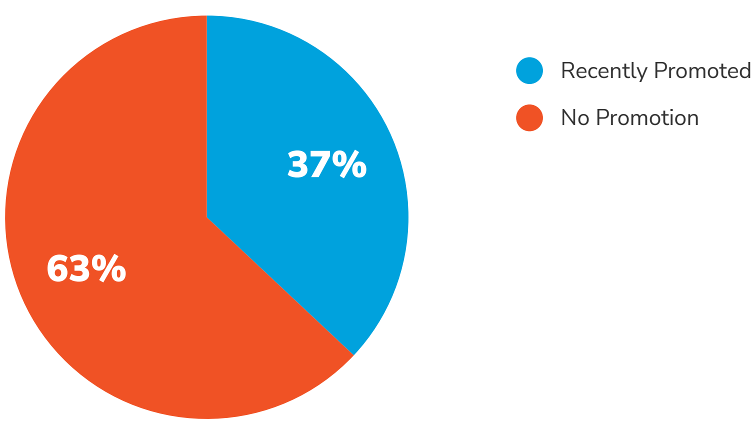
Looking ahead, 33% of the respondents believe their companies will expand their risk management teams, and 41% anticipate their risk management teams will remain the same over the foreseeable future. Only 5% of respondents believe their risk management teams will decrease in size. This data shows that given the current economic and employment environment, a career in risk management offers stability and resilience.

Figure 6: Risk Management Team Size Predictions



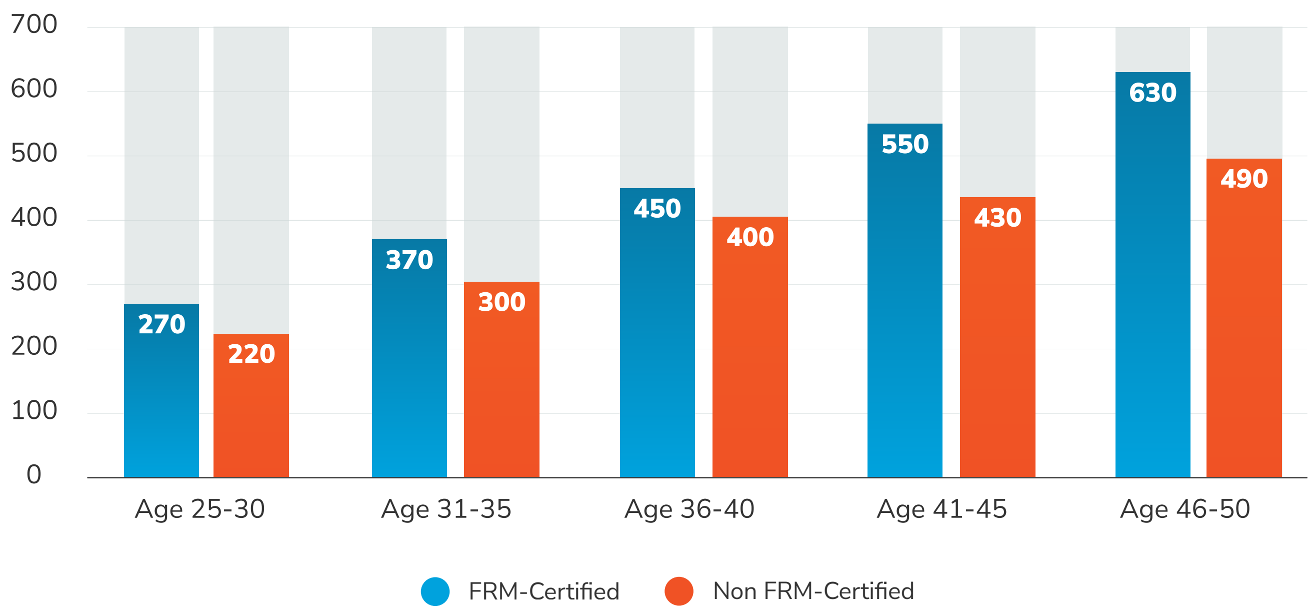
Thirty-seven percent of respondents received a promotion within the past two years, while 13% of young professionals with an FRM Certification and less than three years of experience have already been promoted to intermediate management positions. This percentage is significantly higher than that of individuals with similar work experience who do not hold the FRM Certification (4.5%).

Figure 7: Promotions Over Previous Two Years



The career value of the FRM Program is also evident when looking at salary growth. Upon further analysis, the incomes of FRM-Certified Professionals trend significantly higher than that of the non-certified professionals, with income differences ranging from 13% to 29%. Even in considering common factors that influence salaries (including geographical location and industry), the income advantage remains significant.

Figure 8: Annual Salaries Comparison by Age Group (in RMB '000)



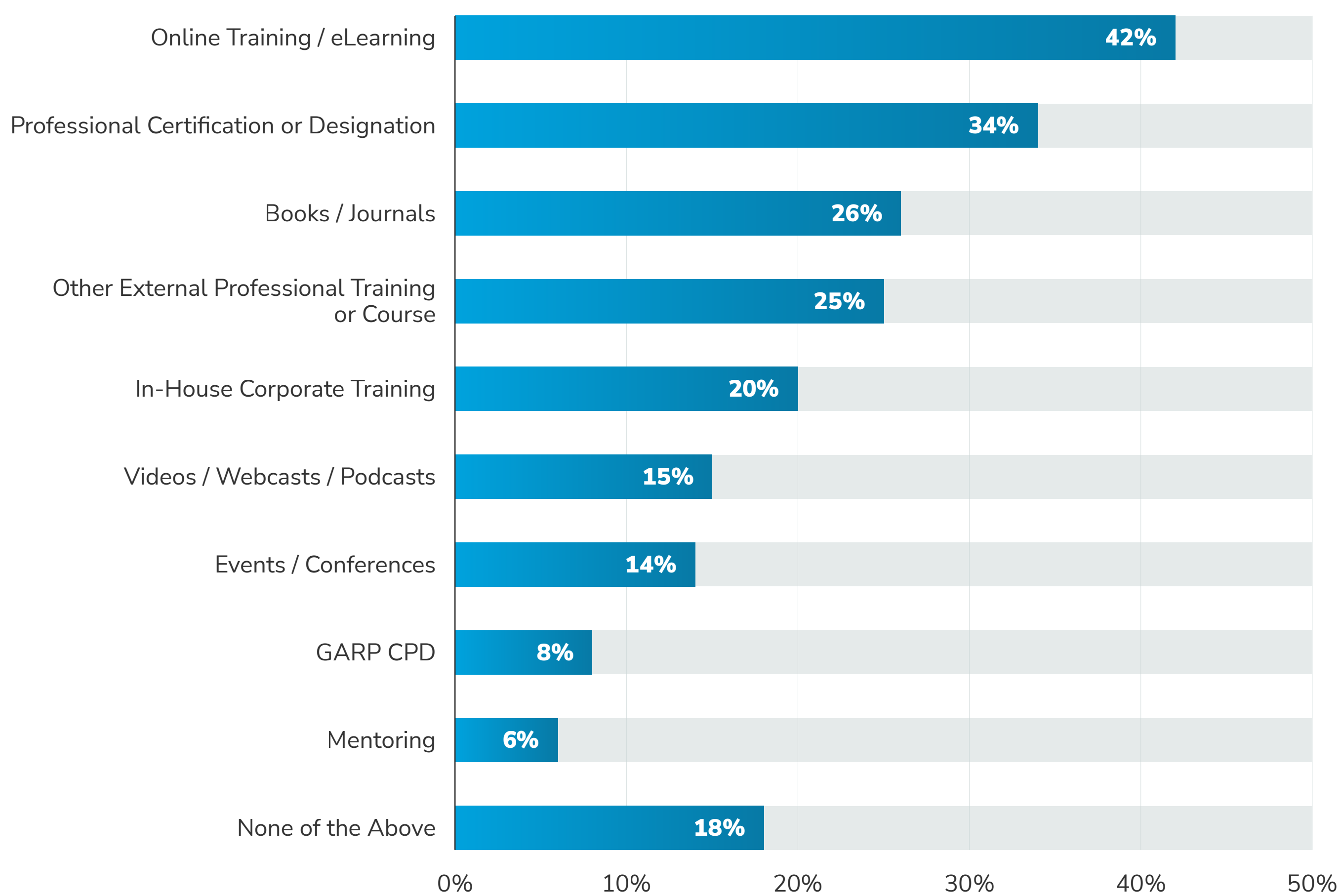
CONTINUED PROFESSIONAL DEVELOPMENT AND TALENT TRENDS

The data reveals that 82% of respondents have recently participated in career development activities. Popular activities include online training/eLearning (42%), professional certification or designation (34%), books/journals (26%), external professional training/courses (25%), and in-house corporate training (20%). Aside from in-house corporate training, the primary source of funding for other career development activities is self-funding (78%).

It's also clear that risk professionals pay close attention to top topics and industry hotspots. In this survey, the most closely watched topics include artificial intelligence and machine learning (62%); liquidity risk challenges (57%); asset and liability management (54%); inflation and fluctuating interest rate (53%); programming (39%); decentralized finance (38%); cybersecurity risks and business resilience (31%); and climate change/sustainability (31%).

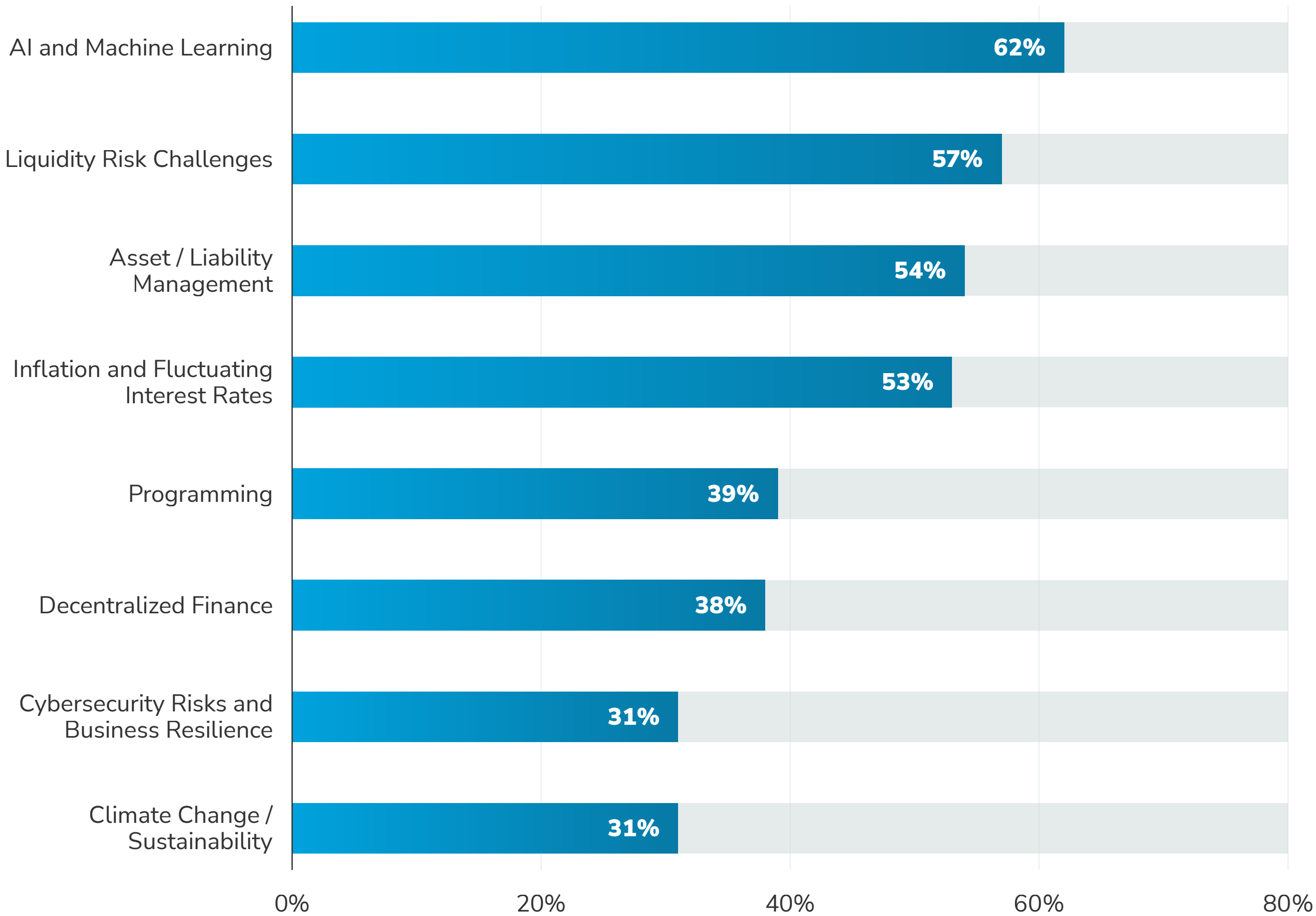
GARP launched the Sustainability and Climate Risk (SCR®) Certificate Program in 2020, providing key insights into climate risk, sustainability, green financing, and more.

Figure 9: Career Development Participation



The demand for well-rounded talent is on the rise, a trend repeatedly emphasized by experts from various industries in our in-depth, one-on-one interviews with senior professionals. We learned that risk management knowledge, as well as financial knowledge overall, is just the starting point. What's more important is the ability to integrate such knowledge with broader skillsets to tackle real-world challenges.

Figure 10: Topics of Interest



Experts from the banking, fund, and securities sectors have identified various skills that complement risk management, including programming, modeling, data analysis, and operation. Some of their comments include: "Our team needs members with multiple skills including data analysis" and "There will be strong demand for intelligent risk control in the future." They also said professionals who "integrate knowledge of the business operation with ability to systemically manage risk" and "understand both risk business and programming/modelling" will be highly valued.

See examples of demand for well-rounded talent:

Risk management + Programming

"We hope to monitor risks in a more quantitative way with powerful technologies. Well-rounded talents proficient in both bank risk and programming skills will be highly valued."

-A professional at a bank

Risk management + Data analysis

"Our team needs members with multiple skills, including data analysis. Risk managers possessing the ability to assess and identify new business risks and the ability to control risks with new technology are highly desired in the market."

-A professional at a fund company

Risk management + Modeling

"There will be strong demand for talents familiar with automatic risk control/intelligent risk control in the future. They are expected to possess certain modeling skills."

-A professional at a securities firm

Risk management + Operation

"In the future, there will be more demand for managing risks in a systematic fashion. Knowledge of the business operation and ability to systematically manage risk are becoming more and more important."

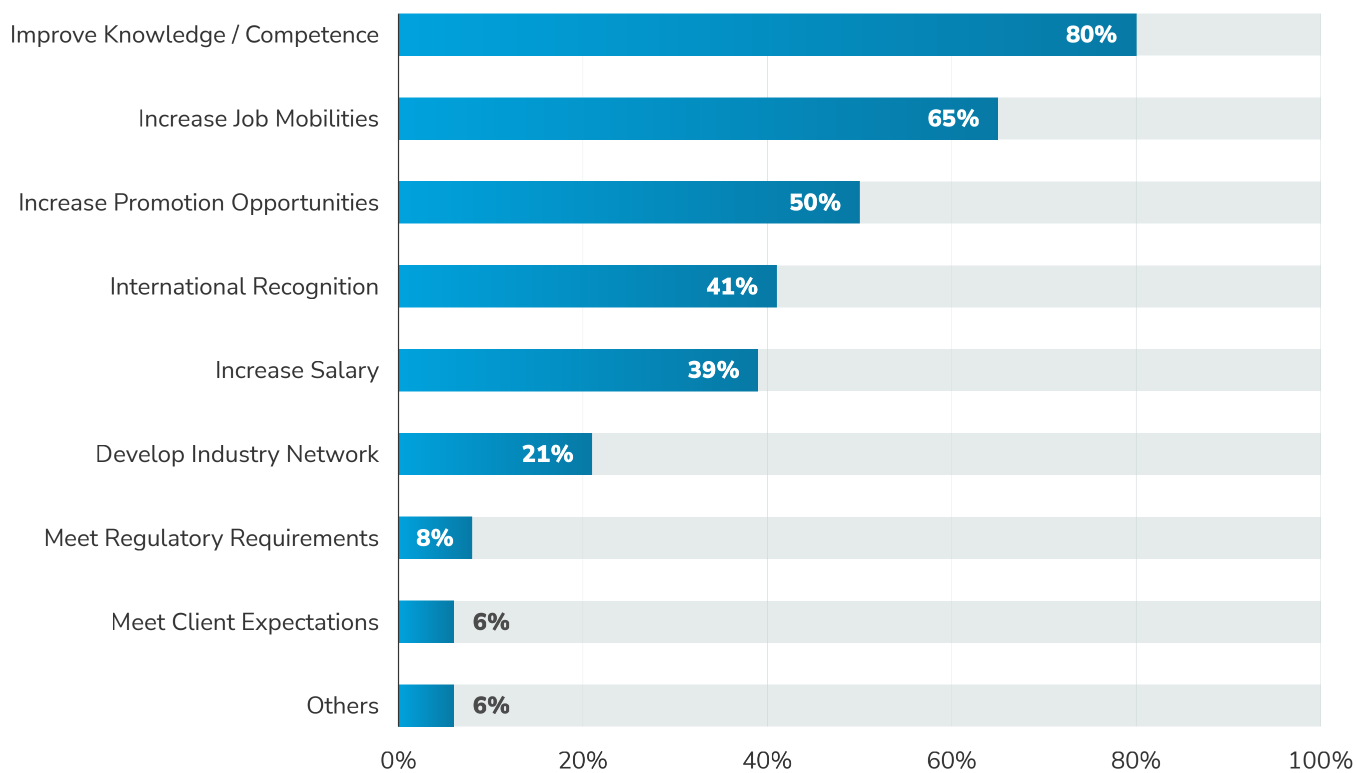
-A professional at a securities firm

WHY THE FRM PROGRAM?

In asking why they pursued their FRM Certification, 80% of respondents expressed a desire to enhance their professional knowledge and competence, while more than 83% of those who participated in the program further stated that the knowledge covered is genuinely beneficial for their daily work.

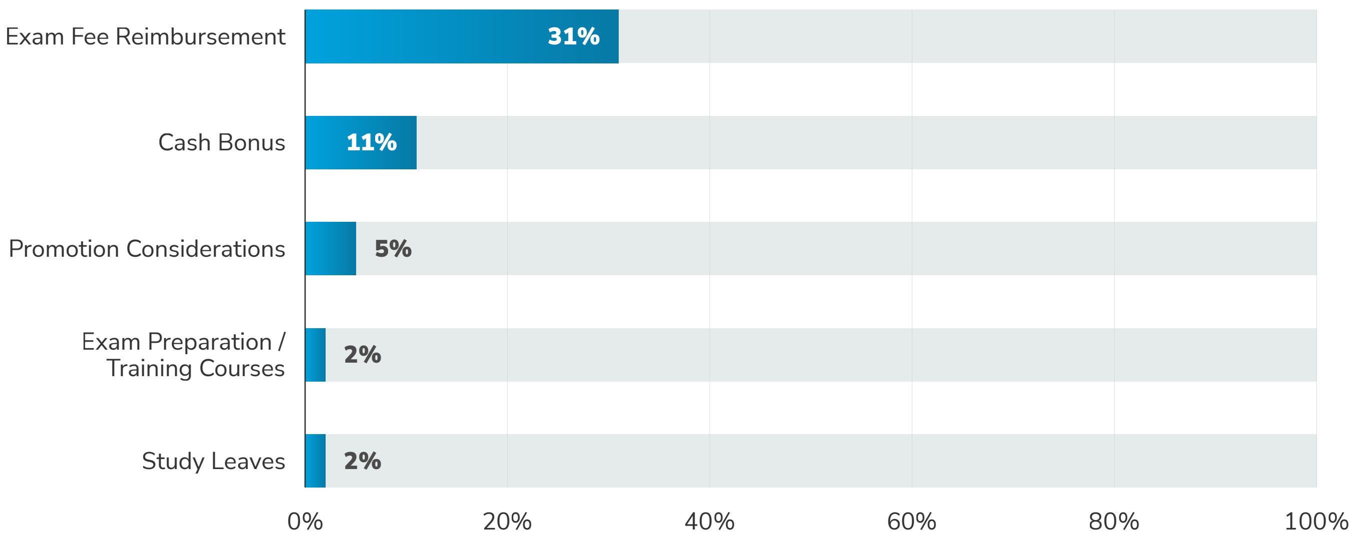
Other common reasons for participation included increasing job mobilities (65%), increasing promotion opportunities (50%), obtaining international recognition (41%), increasing salary (39%), and developing their industry network (21%).

Figure 11: Reasons for Participation



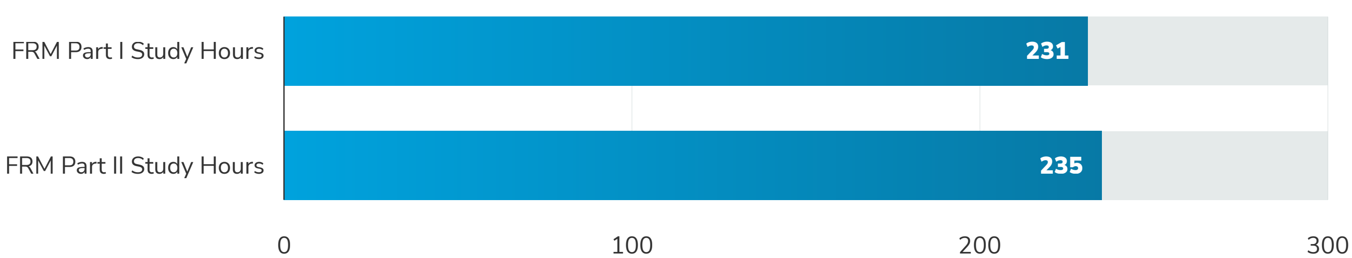
Overall, more than half (51%) of employers have implemented corresponding support measures for employees participating in the FRM Program. These support measures include exam fees reimbursement, preparation/training courses, cash bonuses, promotion considerations, study leave, and more.

Figure 12: Employer Support



The survey also examined the amount of time individuals spend preparing for the FRM Program. Data analysis reveals the average preparation time for the FRM Exam Part I is 231 hours, with 79% of respondents spending less than 300 hours (the recommended hours). The average preparation time for FRM Exam Part II is 235 hours, with 78% of respondents spending less than 300 hours.

Figure 13: Average FRM Study Hours



Respondents with master's degrees or above, as well as professionals already working full-time, typically spend less time preparing for their Exams. Among respondents with master's degrees or above, the average preparation time for FRM Part I and Part II are 208 hours and 228 hours, respectively. Among employed professionals, the average preparation time for FRM Part I and Part II are 216 hours and 234 hours, respectively.

CONCLUSION

Risk management continues to be a crucial aspect of China's financial market, both today and in the future. In this study, GARP delved into the specific roles and responsibilities of risk managers in China, the skills and expertise they prioritize, and the industry trends they monitor for career progression.

Findings from the study will support multiple GARP initiatives, including educational content development, local market development, and more. GARP remains committed to supporting the career development of FRM-Certified Professionals in China.

The results of this study show that the FRM Program is suitable for most financial professionals in China. The Program is especially helpful in building a comprehensive knowledge framework, training necessary skills, and providing updated information on industry hot spots. Local governments and major employers have introduced a host of support policies for participating in the program, as practitioners acknowledge the value of FRM Certification.

Overseen by an independent advisory committee composed of senior industry practitioners in China, this study lasted a year to compile and synthesize. GARP thanks its participants and committee members for their valuable input. Under the guidance and supervision of these committee members, we refined the survey design and updated the research methodologies to ensure our findings reflect local industry practices and provide informative references. During the study, we invited participation through email, WeChat, and Weibo, and collected and analyzed a total of 2,025 valid survey responses. Results presented in this report meet the standard validation thresholds.

GARP® | Global Association of Risk Professionals

garp.org

ABOUT GARP | The Global Association of Risk Professionals is a non-partisan, not-for-profit membership organization focused on elevating the practice of risk management. GARP offers the leading global certification for risk managers in the Financial Risk Manager (FRM®), as well as the Sustainability and Climate Risk (SCR®) Certificate and ongoing educational opportunities through Continuing Professional Development. Through the GARP Benchmarking Initiative (GBI)® and GARP Risk Institute, GARP sponsors research in risk management and promotes collaboration among practitioners, academics, and regulators.

Founded in 1996 and governed by a Board of Trustees, GARP is headquartered in Jersey City, N.J., with offices in London and Hong Kong.

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