

East Asia's fragmented investor base can benefit from specialist capital markets support

Paul Alapat

I recently completed a week of meetings in Hong Kong and Singapore, where I met with several of our clients and prospects from the capital markets industry. Like financial institutions in the rest of the world, they too were being tossed around as markets and currencies wobbled with the changing expectations of when the Fed would start the 'taper' and over the timing of the widely anticipated US intervention in Syria.

The challenging market conditions are compounded by the fact that the cost environment in Asia, particularly Singapore, is no longer very competitive. The sustained appreciation of the Singapore dollar had now made the cost of living in the city state equal to or higher than in Hong Kong and Tokyo. Singapore's steep cost of living is aggravated by high salaries and scarcity of specialist technical human capital in both Singapore and Hong Kong. Moreover, East Asia is a fragmented market that demands coverage of South Korea, China, Taiwan, Indonesia, Thailand, Malaysia and India at a minimum, apart from Hong Kong and Singapore, to be considered a credible regional player. None of these markets offer the critical mass required to justify cost-effective, specialist coverage. As such, the challenges of running a profitable operation in the Asian [capital markets](#) space should not be underestimated.

That said, the region lends itself well to support from a centralized shared team offshored to a competitively priced location such as South Asia, which has reaped economies of scale by clubbing the individual support needs of each country in one common team. The time zone and geographical location is close enough to allow real-time overlap and travel to onsite client locations at short notice, if needed.

During the trip, I had several fruitful conversations on outsourced support for index operations, structured products work, [RFP support](#) and [commodity research](#), which testifies

to the advantages of outsourcing specialist capital markets work from the regional financial centres of East Asia.

About Acuity Knowledge Partners

Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 650+ financial institutions and consulting companies through a team of over 6,000+ subject matter experts who work as an extension of the clients' teams based out of various global delivery centres.

We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.