

# Human Resource and Skill Requirements in the **Banking and Financial Services** **Sector** Executive Summary



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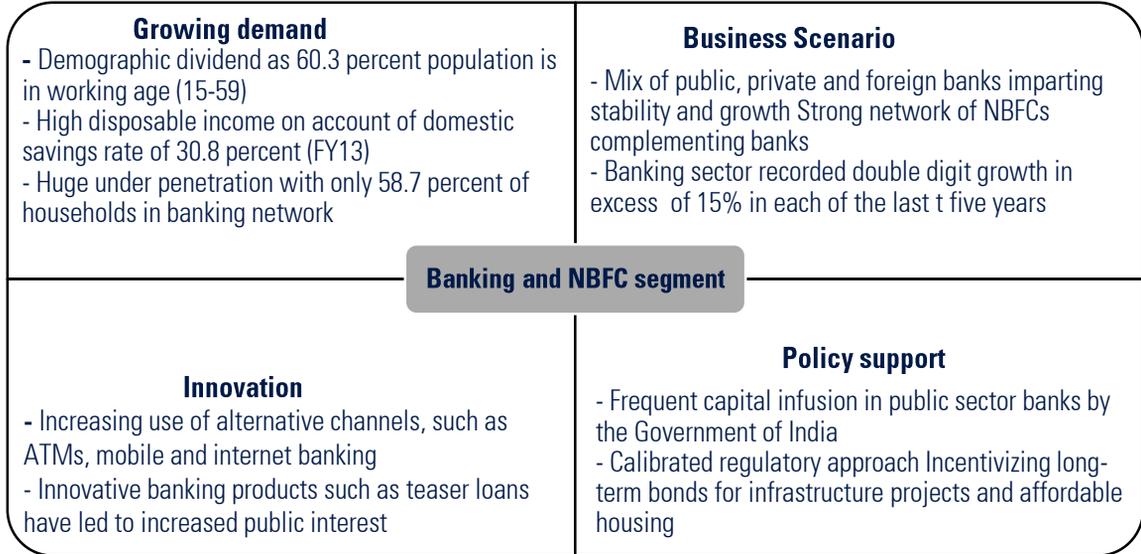
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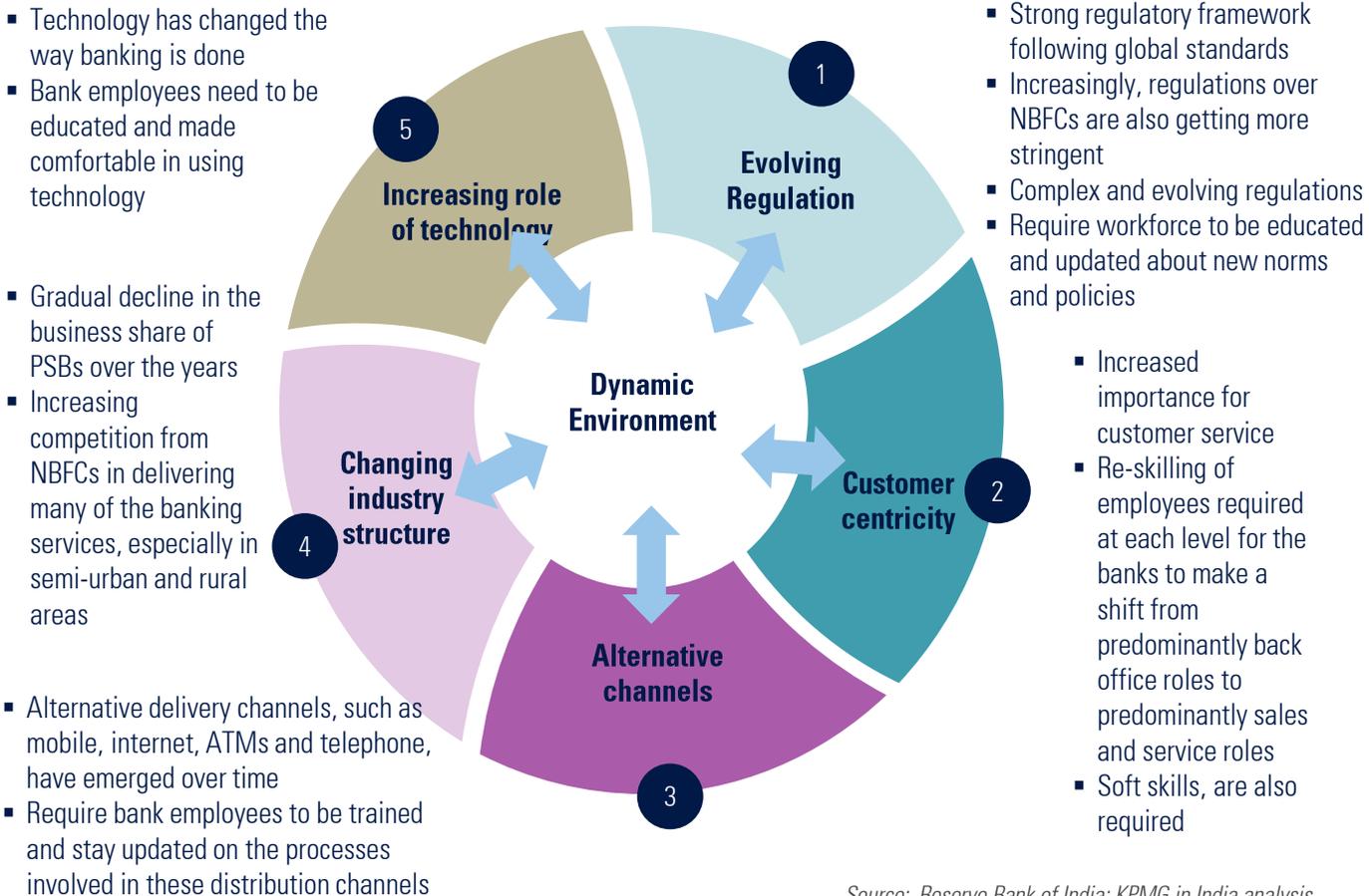
## Industry Overview

# Banking sector in India has evolved significantly over the years and has been a key driver for business growth

### Key Growth Drivers



### Emerging trends

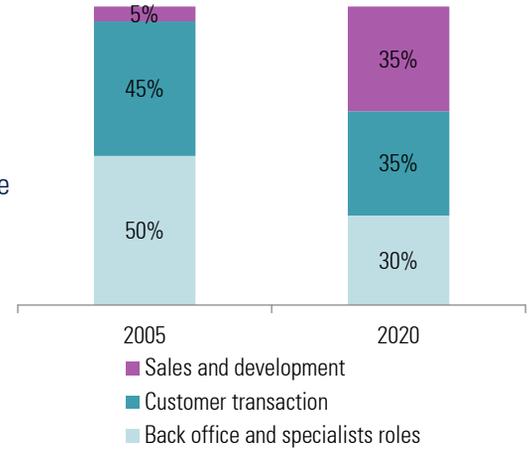


Source: Reserve Bank of India; KPMG in India analysis

## Demographic characteristics of workforce

# PSBs have been the leading employers in the Indian banking sector, accounting for more than 73 percent employees

- As the focus shift towards customer-facing and sales profiles, the industry has witnessed a surge in entry-level hiring, which is expected to sustain sector growth
  - Back office and transaction processing profiles constitute a majority of the existing roles
  - Considering the low levels of banking penetration, expansion through branches and business correspondents (BCs) is likely to generate significant employment opportunities in the sector
  - Trained people are required to handle several mainstream banking activities (such as cash collection services, transaction-based services, customer care, payment system-related services) that are bundled and outsourced
- Sales and business development roles are expected to witness a large increase
  - Corporate banking, retail banking, treasury, finance, technology and human resource will increasingly require staff with relevant aptitude
  - Banks need to hire specialist to increasingly match the evolving business context
  - Banks need to hire people with both core and specialist skills



	Generalist	Specialist								
<b>Distribution of entire workforce</b>	<b>~92-95%</b>	<b>~5-8%</b>								
<b>Functional Roles</b>	Coordinated effort by the generalist cadre at administrative, service units and branches to achieve business targets, maintain efficiency in operations, economy in expenditure, internal control, submission of reports/statements/returns/replies etc., compliance of laid down systems/procedures of the Bank as well as instructions/guidelines received from RBI/GOI/IBA etc., and harmonious industrial relations.	<table border="1"> <thead> <tr> <th>Head Office</th> <td>Treasury, Forex, Risk Management, Corporate Credit, Information Technology, Agricultural Extension Officers (AEOs), Economists, Analysts, Marketing, Law, Official Language etc.</td> </tr> <tr> <th>Circle Office</th> <td>Marketing, Corporate Credit, AEOs, Law, Official Language, Technical Field Officers, Security, Information Technology etc.</td> </tr> <tr> <th>Other than HO/CO/Branches</th> <td>Marketing, AEOs, Credit, Technical Field Officers etc.</td> </tr> <tr> <th>Branches</th> <td>AEOs, Marketing, Credit, Law Officers etc.</td> </tr> </thead></table>	Head Office	Treasury, Forex, Risk Management, Corporate Credit, Information Technology, Agricultural Extension Officers (AEOs), Economists, Analysts, Marketing, Law, Official Language etc.	Circle Office	Marketing, Corporate Credit, AEOs, Law, Official Language, Technical Field Officers, Security, Information Technology etc.	Other than HO/CO/Branches	Marketing, AEOs, Credit, Technical Field Officers etc.	Branches	AEOs, Marketing, Credit, Law Officers etc.
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Source: Primary inputs, KPMG in India analysis

## Incremental Human Resource Requirement (2013-22)

**BFSI sector is expected to create additional employment of over 1.6 million during 2013–22**

	Employment (in million)			Employment growth 2013–17	Employment growth 2017–22
	2013	2017	2022	(In million)	(In million)
Banking & NBFC	1.89	2.38	3.16	0.48	0.78
Broking Houses	0.08	0.10	0.12	0.03	0.02
Insurance	0.34	0.42	0.49	0.07	0.07
Mutual Funds	0.16	0.21	0.31	0.05	0.10
Stock Exchanges	0.08	0.09	0.13	0.02	0.03
<b>Total</b>	<b>2.55</b>	<b>3.20</b>	<b>4.21</b>	<b>0.65</b>	<b>1.01</b>

Job Roles	Representative Skill Gaps
<b>Banking segment</b>	
<b>Entry level</b> (Clerks, Senior Officers, Asst. Manager)	Detailed understanding of various bank offerings and processes, Knowledge of various third-party offerings, Knowledge of core banking system and various technology platforms, awareness of regulatory norms, understanding customers requirements, Patience and perseverance, Good oral and written communication skills
<b>Middle level</b> (Manager, Senior Manager, Chief Manager, AGM, AVP, DVP, VP)	Knowledge of banking operations, regulations and products, Sound understanding of credit appraisal, asset liability management, asset class and risk management concepts, knowledge of legal norms and sensitivities involved in contracts and agreements, motivating employees to put their best performance, ability to manage profit center and drive revenue targets with focus on cross selling, setting up sales targets for executives, and putting together a plan to achieve it
<b>Top level</b> (DGM, GM, SVP, SGM, EVP, ED, President, ED, CEO, Chairman)	Quick decision making ability, analytical bent of mind,, relationship management skills, ability to design products that match market dynamic, ability to develop sales strategy
<b>Insurance segment</b>	
<b>Entry level</b> (Customer Care Executive, Collection Agent, Rating Analyst)	Awareness of macroeconomy, Analytical skills to connect qualitative and quantitative data, Basic understanding of finance, financial markets and mutual fund industry, Basic number crunching skills, good oral and written communication, persuasive skills and confidence, Compliance with various regulatory and risk-related norms
<b>Middle level</b> (Product Manager, Relationship Manager, Treasury Trader, Project Head)	Understanding of various risk process as per IRDA guidelines, detailed understanding KYC and other diligence processes, understanding of actuarial science and investment products, ability to train (both lower level staff and clients), aptitude for technology, to make best use of latest technology in monitoring, and analytics
<b>Top level</b> (Sector Head, Regional Head, CxO, MD)	Foresight and ability to draw strategies for a highly dynamic environment

Source: KPMG in India analysis

# Supply & Training Infrastructure

## Select Training Institutes

### Key training institutes



\* IFBI has a pan-India presence

#### 4 Indian Institute of Bank Management (IIBM), Assam

- IIBM, established in 1980, imparts training to bank personnel, conducts in-company training programs for new hires in banks, promotes research studies and provides consultancy services to banks, financial institutions and state governments
- The institute has a special focus on the NE region with expertise in the areas of microfinance, finance/credit management, technology and banking operations

#### 5 Insurance Institute of India (III), Mumbai

- III (formerly known as Federation of Insurance Institutes) was established in 1955 to promote insurance education and training
- III assist people associated with the insurance industry to acquire the skills and expertise to meet the growing needs of multiplicity of customers
- It also conducts examinations and awards certificates, diplomas and degrees in different branches of insurance

#### 1 National Institute of Bank Management (NIBM), Pune

- Established in 1969 by RBI, NIBM is an autonomous apex institution to play a proactive role in bank-related research
- NIBM is recognized by the University of Pune as a centre for Post-Graduate Research and also by the Government of India
- The institute performs two main activities:
- Training: Conducts about 150 educational and training programs each year on general management and all functional areas of bank management
- Teaching: NIBM It conducts two-year PGDM (Banking and Financial Services). It also has many Ph.D. students for doctoral dissertation under the supervision of the Institute's faculty members

#### 2 Indian Institute of Banking & Finance (IIBF), Mumbai

- Established in 1928, IIBF (formerly The Indian Institute of Bankers), is a professional body of about 677 banks and financial institutions besides 450,000 of their employees.
- IIBF aims to develop professionally qualified and competent bankers and finance professionals by providing education, training, examination, consultancy/counseling and continuing professional development programs
- IIBF also collaborates with various eminent Institutes in India and across the globe for various banking related educational services

#### 3 Institute of Finance, Banking and Insurance (IFBI), pan-India

- IFBI was setup as a joint effort of NIIT and ICICI Bank in 2006
- It caters to both the graduates seeking banking careers or banking professionals looking to upgrade their knowledge
- The institute also conducts trainings for existing employees in banks and insurance companies in a wide range of areas

Source: KPMG in India analysis

Recommendation	Implications
<b>Identification of a body for accreditation of training courses for Financial Services sector</b>	<ul style="list-style-type: none"> <li>▪ The vocational training institutes should aggressively start and promote BFSI related certificate courses like banking fundamentals etc.</li> <li>▪ The industry should tie up with the accredited training institutes in order to facilitate recruitment of trained resource pool</li> </ul>
<b>Set up financial services training centres offering certification courses in rural centres</b>	<ul style="list-style-type: none"> <li>▪ The industry has come up with the models of Business correspondents, Micro insurance agents, etc. in order to penetrate the untapped rural markets</li> <li>▪ Industry has to tie up with training institutes at district / regional level so as to enable the institutes to offer certification courses in BFSI</li> </ul>
<b>Industry should tie up with top management institutes for leadership training programs</b>	<ul style="list-style-type: none"> <li>▪ Industry in particular PSB's, needs to institutionalize the culture of meritocracy and promotions on accelerated basis for its employees</li> <li>▪ Industry needs to provide additional leadership training to its meritorious employee so as to enable them to scale up the hierarchy on a fast track mode</li> </ul>
<b>Industry to invest in enhancing training infrastructure for specialized functions</b>	<ul style="list-style-type: none"> <li>▪ Bank's training infrastructure to focus on delivering specialized training to identified personnel in areas such as risk management, foreign exchange, treasury, marketing, etc.</li> <li>▪ Industry also needs to promote specialization in selected areas instead of multi role. Instead of frequent transfer of employees, the industry should focus on training resources in these specialized roles</li> </ul>
<b>Training companies to leverage on existing industry infrastructure to meet the need for capacity creation</b>	<ul style="list-style-type: none"> <li>▪ Training companies to work with employers and tie-up in rural and semi-rural areas for creating training facilities</li> <li>▪ The industry should also invest in training its employees (especially the frontline staff to be involved in customer facing roles) on technology enabled products (ADCs)</li> </ul>
<b>Industry needs to attach skill premium for employees getting trained</b>	<ul style="list-style-type: none"> <li>▪ HR leaders should drive recruitment based on preference for candidates with sector specific certifications for recruitment over general stream candidates</li> <li>▪ Industry to recognise the learning of employees through certifications in collaboration with SSCs/training institutions</li> </ul>



*cutting through complexity*

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