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GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT
& ENTREPRENEURSHIP



N·S·D·C
National
Skill Development
Corporation

Transforming the skill landscape

Human Resource and Skill Requirements in the Banking Financial Services and Insurance Sector

(2013-17, 2017-22)



cutting through complexity

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We would like to thank all NSDC's industry and training partners for their active participation. The success of the study has been possible through their collaborative efforts.

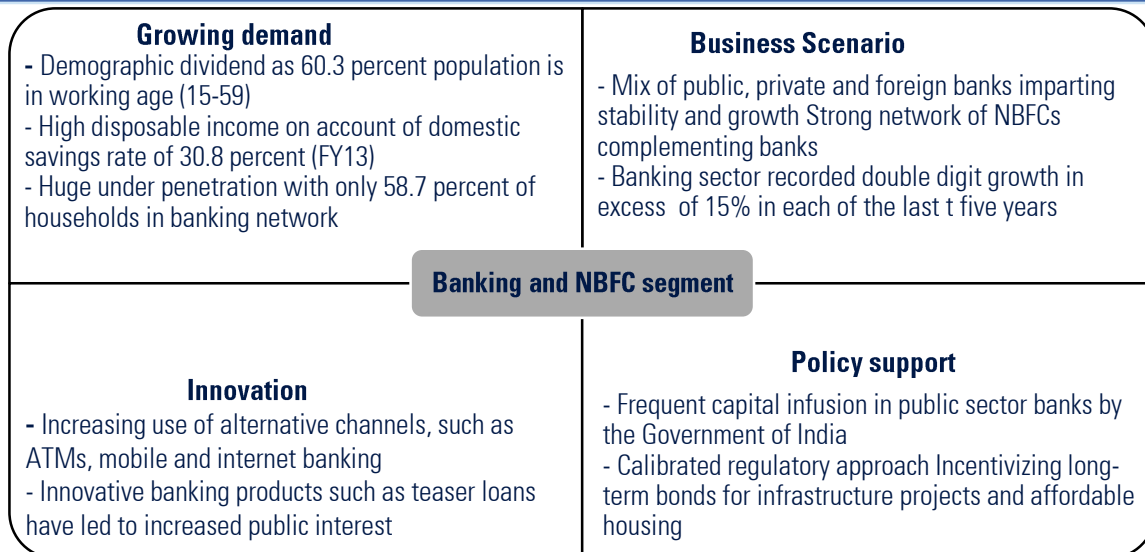
In addition, we convey our gratitude to all those who have, in some way or other, contributed towards the successful completion of this study.

Executive Summary

Industry Overview

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

Key Growth Drivers

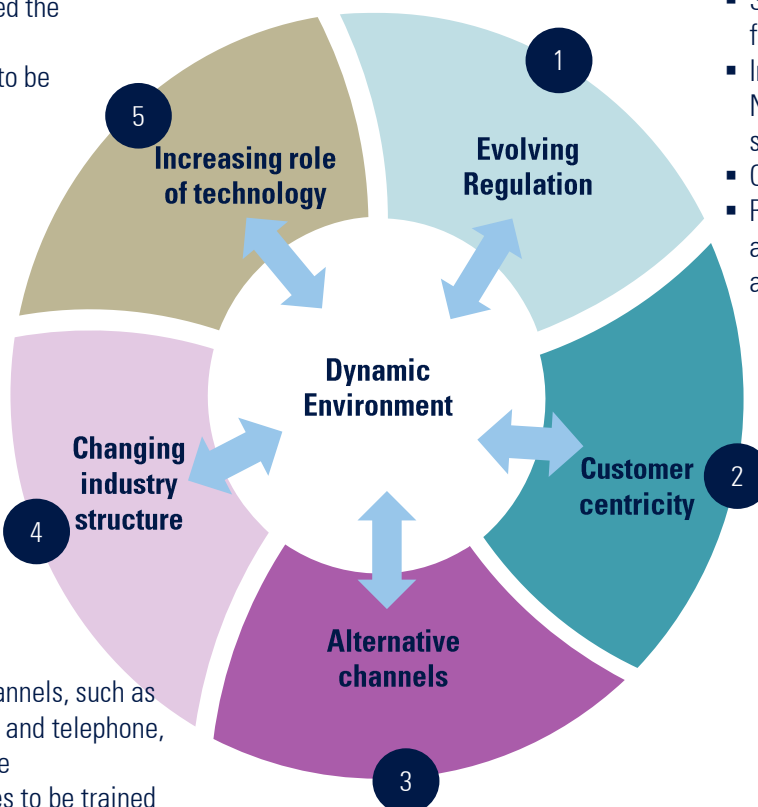


Emerging trends

- Technology has changed the way banking is done
- Bank employees need to be educated and made comfortable in using technology

- Gradual decline in the business share of PSBs over the years
- Increasing competition from NBFCs in delivering many of the banking services, especially in semi-urban and rural areas

- Alternative delivery channels, such as mobile, internet, ATMs and telephone, have emerged over time
- Require bank employees to be trained and stay updated on the processes involved in these distribution channels



- Strong regulatory framework following global standards
- Increasingly, regulations over NBFCs are also getting more stringent
- Complex and evolving regulations
- Require workforce to be educated and updated about new norms and policies

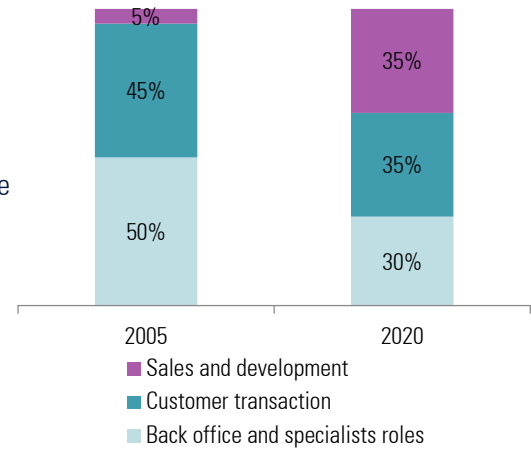
- Increased importance for customer service
- Re-skilling of employees required at each level for the banks to make a shift from predominantly back office roles to predominantly sales and service roles
- Soft skills, are also required

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								
Distribution of entire workforce	~92-95%	~5-8%								
Functional Roles	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"> <tbody> <tr> <td>Head Office</td> <td>Treasury, Forex, Risk Management, Corporate Credit, Information Technology, Agricultural Extension Officers (AEOs), Economists, Analysts, Marketing, Law, Official Language etc.</td> </tr> <tr> <td>Circle Office</td> <td>Marketing, Corporate Credit, AEOs, Law, Official Language, Technical Field Officers, Security, Information Technology etc.</td> </tr> <tr> <td>Other than HO/CO/Branches</td> <td>Marketing, AEOs, Credit, Technical Field Officers etc.</td> </tr> <tr> <td>Branches</td> <td>AEOs, Marketing, Credit, Law Officers etc.</td> </tr> </tbody> </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
Total	2.55	3.20	4.21	0.65	1.01

Job Roles	Representative Skill Gaps
Banking segment	
Entry level (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
Middle level (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
Top level (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
Insurance segment	
Entry level (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
Middle level (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
Top level (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

Recommendations

Select recommendations & implications

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

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Abbreviations

AMC	Asset management companies
AMCs	Asset management companies
AGMs	Assistant General Managers
AIC	Agriculture Insurance Company of India Ltd.
ATM	Automated Teller Machine
BFSI	Banking, Financial Services and Insurance
BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CRAR	Capital to Risk-Weighted Assets Ratio
CRR	Cash Reserve Ratio
DGMs	Deputy General Managers
ECGC	Export Credit Guarantee Corporation of India Ltd.
FDI	Foreign Direct Investment
FI	Financial Inclusion
FSDC	Financial Stability and Development Council
FSLRC	Financial Sector Legislative Reforms Commission
FY	Fiscal Year
GDP	Gross Domestic Product
GIC	General Insurance Corporation of India
GMs	General Managers
HNWIs	High Net Worth Individuals
IBNR	Incurred But Not Reported
IPO	Initial Public Offering
IRDA	Insurance Regulatory Development Authority
IT	Information Technology
LIC	Life Insurance Corporation of India
M&A	Mergers & Acquisitions
MSMEs	Micro, Small and Medium Enterprises
NBFCs	Non-Banking Financial Companies
NBP	New Business Profit
NE	North Eastern
NIC	National Industry Classification

Abbreviations

NSDC	National Skill Development Corporation
NSE	National Stock Exchange
NSSO	National Sample Survey Office
PoS	Point of Sale
PSBs	Public Sector Banks
RBI	Reserve Bank of India
RoA	Return on Assets
SCBs	Scheduled Commercial Banks
SEBI	Securities and Exchange Board of India
SLR	Statutory Liquidity Ratio
TPAs	Third Party Administrators
ULIPs	Unit Linked Products
UTI	Unit Trust of India
UTs	Union Territories

Context and approach

Brief background	<p>NSDC had conducted sector-wise skill gap studies for 19 high priority sectors in 2008–09 .</p> <ul style="list-style-type: none">▪ KPMG has been engaged as a consultant to help evaluate the skill gap across 25 sectors and develop actionable recommendations for its stakeholders.▪ Mandate includes sector and sub-sector level analysis, demand-supply projection, estimation of incremental man-power requirement between 2013-2017 and 2017-2022, identification of key-employment clusters, and SWOT analysis of each sector▪ Study also aims to take qualitative insights from stakeholders on enablers and challenges for each sector, way forward in terms of specific policy level actionable recommendations
Inclusions over the previous study	<ul style="list-style-type: none">▪ Study led by industry – Sector Skill Councils and a panel of professionals from different sub-sectors were consulted for their inputs on industry trends, key takeaways in terms of skill requirement, qualitative insights to understand specific interventions required for each sector and to validate the quantitative results and recommendations▪ 6 sectors were added to the list of NSDC priority sectors for studying the skill gaps <p>Updated study also includes</p> <ul style="list-style-type: none">▪ Identification of top 20 job-roles in each sector, case studies around good training practices, sub-sector level indicators and growth factors▪ Study also includes understanding of existing training infrastructure, work-force characteristics and employment clusters,▪ Macro economic factors, central and state governments policies and their envisaged impact▪ Synchronisation of the sector wise demand from the district level skill gap studies▪ Recommendations for key stakeholders - Industry, NSDC, Training organizations and Government▪ Environment scans every year till 2015-16 including SWOT analysis for the sector

Industry classification

Industry classification

NIC classification for the sector

The National Industrial Classification (NIC), brought out by The Central Statistical Organisation (CSO) in the Ministry of Statistics and Programme Implementation (MOSPI), provides a uniform framework for classifying data according to the kind of economic activities. This classification is used in all types of census and sample surveys conducted in India.

Division 64 : Financial service activities, except insurance and pension funding	
6419 Other monetary intermediation	64191 Monetary intermediation of commercial banks, saving banks, postal savings bank and discount houses
	64192 Activities of specialized institutions granting credit for house purchases that also take deposits
	64199 Other monetary intermediation services not elsewhere classified
6420 Activities of holding companies	Activities of holding companies, i.e. units that hold the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group. The holding companies in this class do not provide any other service to the businesses in which the equity is held, i.e. they do not administer or manage other units
	64200 Activities of holding companies
6430 Trusts, funds and other financial vehicles	Entities which are organized to pool financial assets, without managing, on behalf of shareholders or beneficiaries and earn interest, dividends, and other property income
6491 Financial leasing	Leasing where the lessee acquires substantially all the benefits and the associated risks
6492 Other credit granting	Financial institutions extending loans but not involved in monetary intermediation (such as venture capital companies, industrial banks, investment clubs) It excludes credit granting for house purchase and operational leasing
Division 65 : Insurance, reinsurance and pension funding, except compulsory social security	
6511 Life insurance	Underwriting annuities and life insurance policies, disability income insurance policies, and accidental death and dismemberment insurance policies
6512 Non-life insurance	Insurance services other than life insurance
6520 Reinsurance	Activities of assuming all or part of the risk associated with existing insurance policies originally underwritten by other insurance carriers
6530 Pension funding	Entities providing retirement income benefits exclusively for the sponsor's employees or members It includes pension plans with defined benefits or defined contributions

Industry classification

NIC classification for the sector

Division 64 : Financial service activities, except insurance and pension funding	
6611 Administration of financial markets	Operation and supervision of financial markets other than by public authorities It includes commodity exchanges, securities exchanges, stock exchanges, and stock or commodity options exchanges
6612 Security and commodity contracts brokerage	Dealing in financial markets on behalf of others (e.g. stock broking) and related activities, securities brokerage, and commodity contracts brokerage
6619 Activities auxiliary to financial service activities	Investment advisors, mortgage advisors and brokers, financial transaction processing and settlement activities, trustee, fiduciary and custody services on a fee or contract basis
6621 Risk and damage evaluation	Provision of administration services of insurance, such as assessing and settling insurance claims
6622 Activities of insurance agents and brokers	Activities of insurance agents and brokers (insurance intermediaries) in selling, negotiating or soliciting, of annuities and insurance and reinsurance policies
6629 Other activities auxiliary to insurance and pension funding	Activities involved in or closely related to insurance and pension funding (except claims adjusting and activities of insurance agents)
6630 Fund management activities	Management of mutual funds, pension funds and other investment funds

Industry overview- Banking and NBFC segment

Industry overview-Banking and NBFC segment

The banking sector largely comprises of three broad categories of banks

Structure of banking and NBFC segment

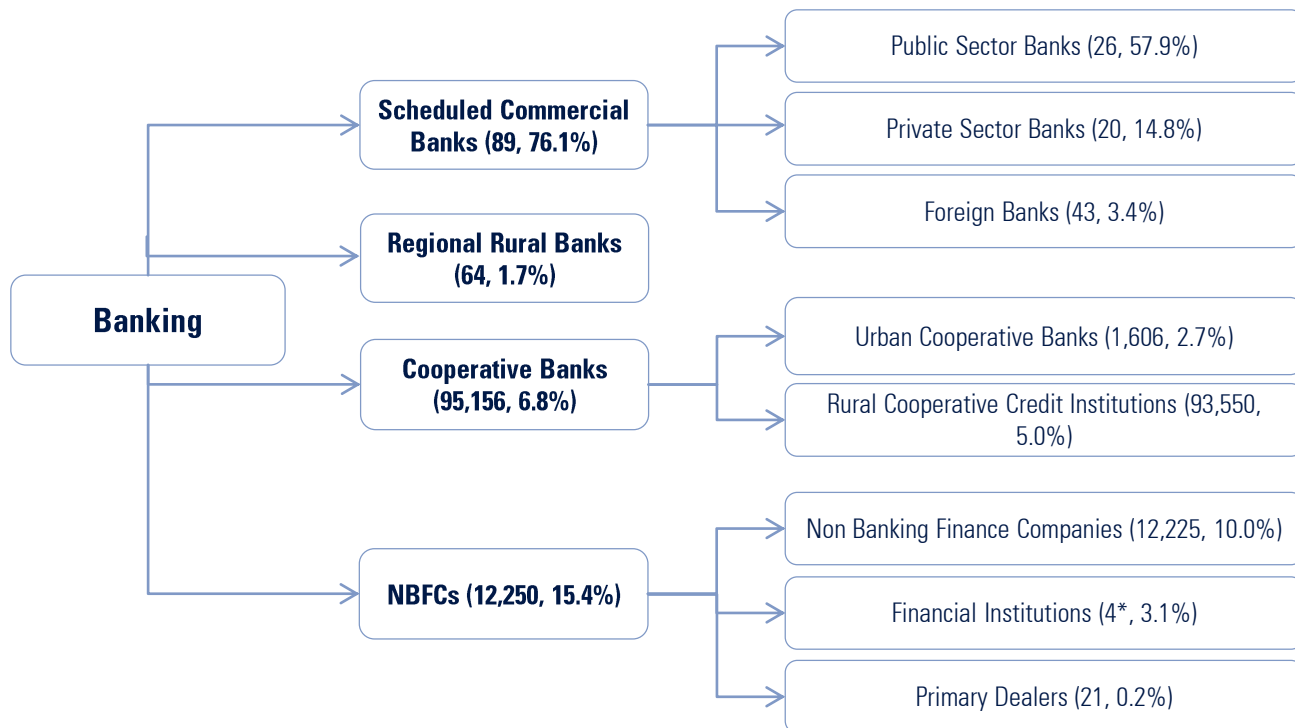


Figure in bracket represents (number of players, % contribution in banking in terms of total assets) * EXIM Bank, NABARD, NHB, SIDBI

Key data (March 2013)				
	PSBs	Pvt.SBs	Foreign banks	NBFC-ND-SI
Number of banks	26	20	43	418
Total business (INR billion)	102,185	25,391	5,517	7,497#
Number of offices	75,779	16,001	334	-
Number of employees	801,659	269,941	25,384	-
Wages as percent of total expenses	13.09	11.61	18.22	-
Profit per employee (INR million)	0.63	1.07	4.56	-
Net Interest Margin (%)	2.57	3.22	3.89	-
Return on Assets (%)	0.78	1.63	1.94	2.00
CRAR (%)	12.38	16.84	17.88	-
Net NPA Ratio (%)	2.02	0.52	1.01	1.09

Notes: NBFC-ND-SI: Non-deposit taking systematically important NBFCs # Loans and advances only
Source: Reserve Bank of India

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

Advantage Banking and NBFC segment

Growing demand

- Demographic dividend as 60.3 percent population is in working age (15-59)
- High disposable income on account of domestic savings rate of 30.8 percent (FY13)
- Huge under penetration with only 58.7 percent of households in banking network

Business Scenario

- Mix of public, private and foreign banks imparting stability and growth Strong network of NBFCs complementing banks
- Banking sector recorded double digit growth in excess of 15% in each of the last t five years

Innovation

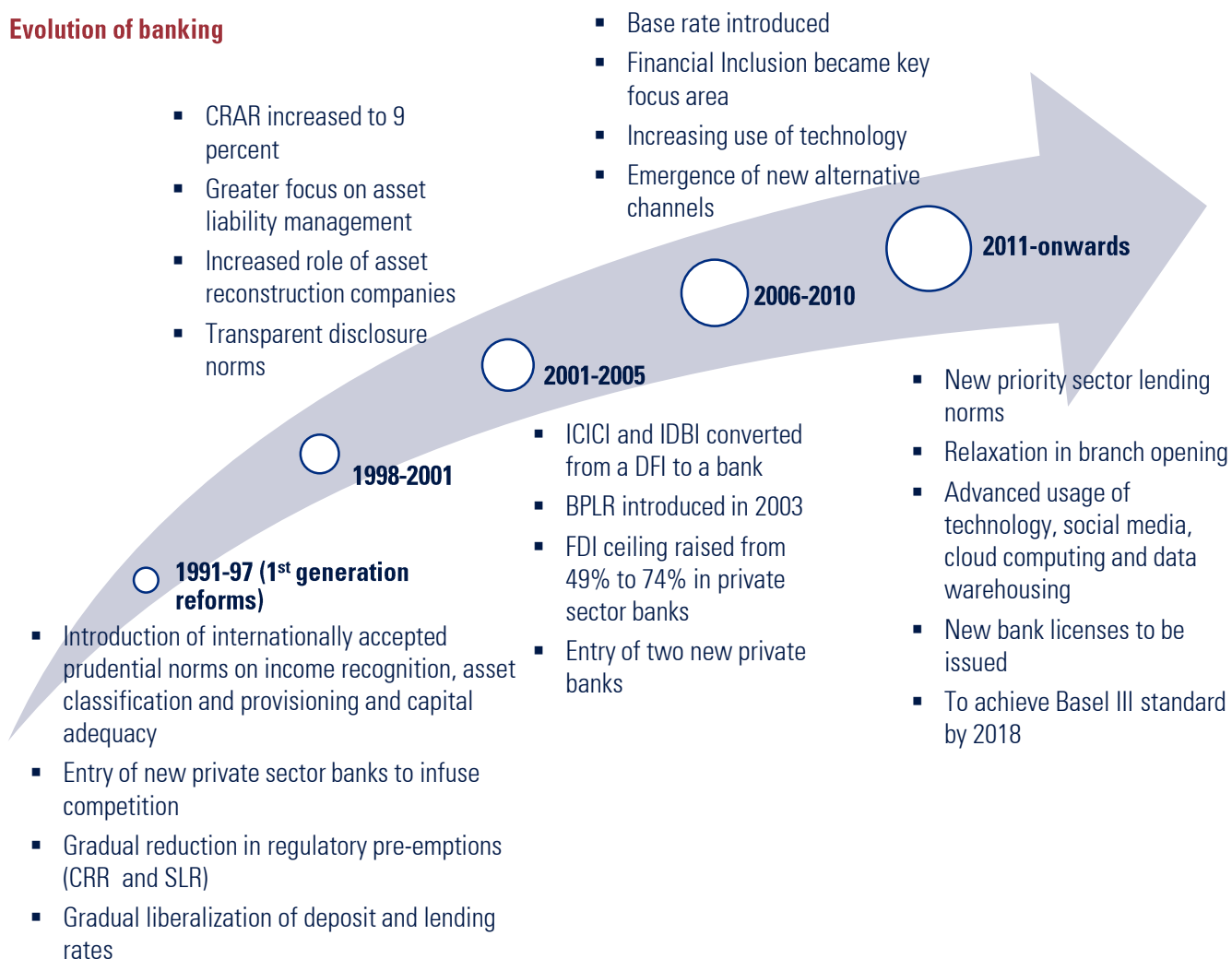
- Increasing use of alternative channels, such as ATMs, mobile and internet banking
- Technology-enabled innovative delivery channels using branches and technology
- Innovative banking products such as teaser loans have led to increased public interest

Policy support

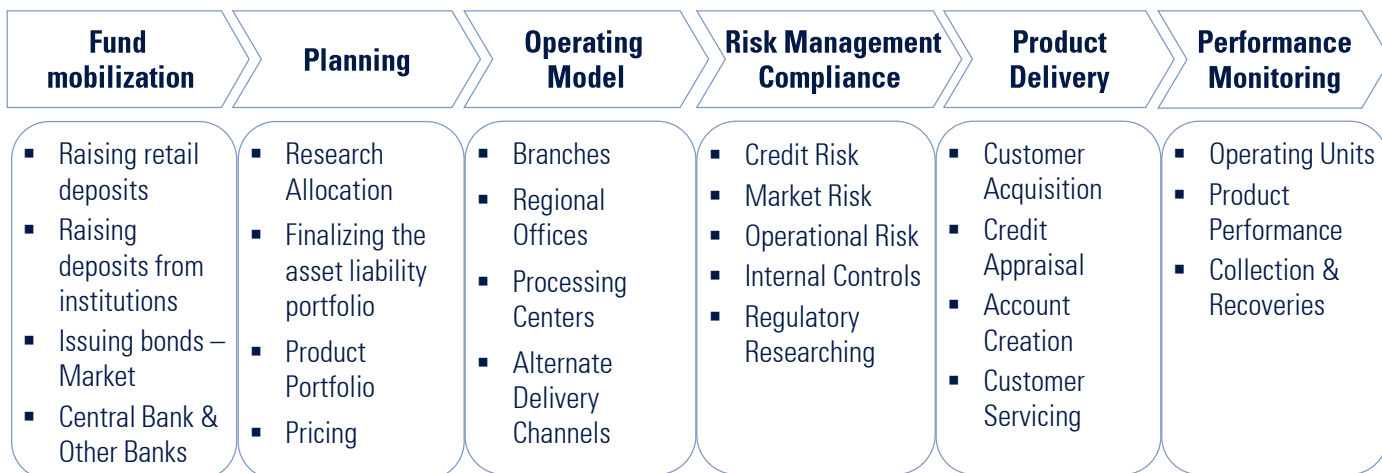
- Frequent capital infusion in public sector banks by the Government of India
- Sound regulatory framework, at par with developed countries
- Calibrated regulatory approach Incentivizing long-term bonds for infrastructure projects and affordable housing

Changing structure of Banking segment in the last decade

Evolution of banking



Value chain - Banking



Source: KPMG in India analysis

Industry overview-Banking and NBFC segment

Geographical distribution of Banking facilities

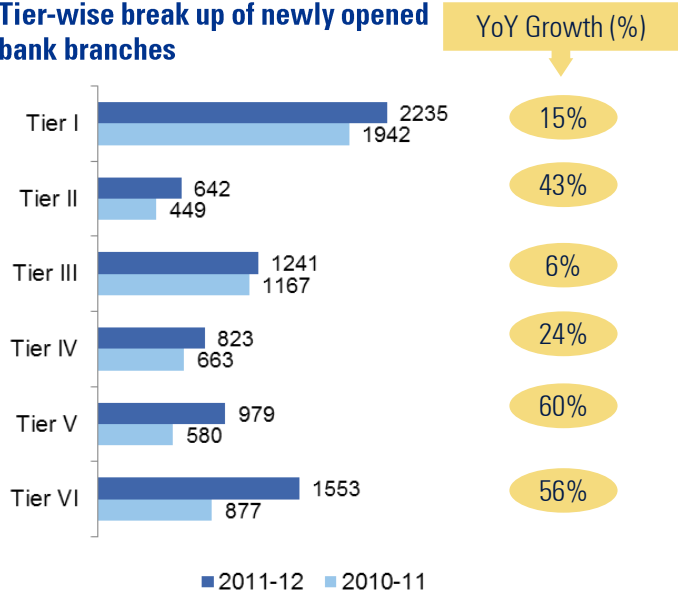


Top 24 cities in terms of aggregate deposits and gross bank credit

- Top 5 states in terms of number of branches**
- Further Expansion Opportunities Available**
- Least Penetrates States**

- Top 24 cities and its satellite towns would see rise in cross-selling of third party products and specialized roles such as forex
- The top 5 states are also amongst the top 10 in terms of GDP, thus there would be greater penetration in semi-urban and rural areas through branches & BCs
- Least penetrated states would see more areas coming into the banking fold

Tier-wise break up of newly opened bank branches



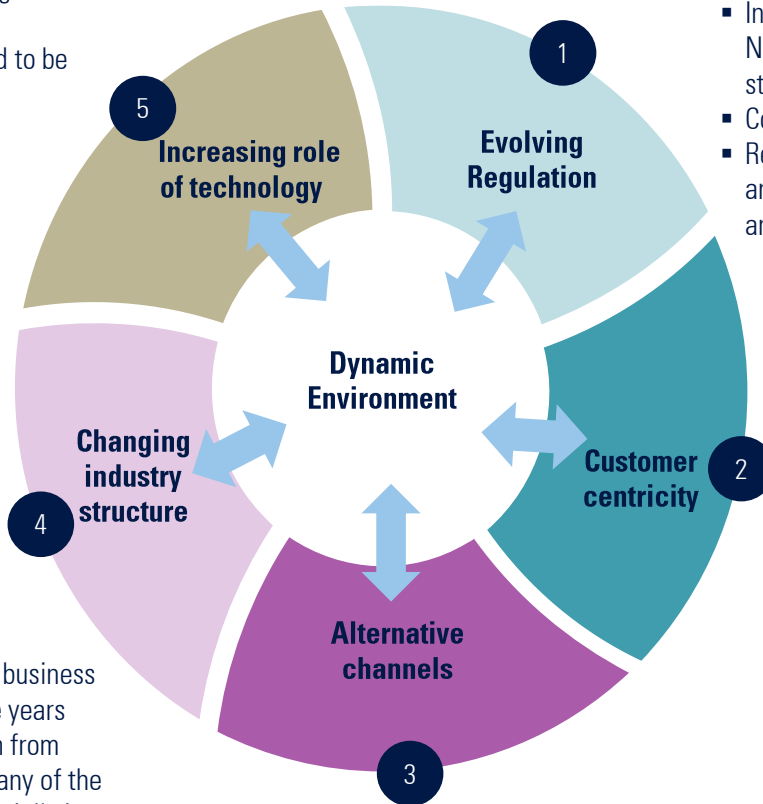
- Tier I & Tier II are biggest opportunity centers for business. So thrust would continue to be there and would spread to Tier III as the economy improves there
- RBI has mandated all domestic scheduled commercial banks to open at a minimum percentage of new branches in semi-urban and rural areas.
- However, banks are also looking to reduce their employee cost. About 62 percent of the costs of the public sector banks comprise employee costs, as against 37 percent in the private sector. Globally, this ratio is about 50 percent for most banks. Thus, alternative channels such as BCs would be considered.

Source: Reserve Bank of India, KPMG in India analysis

Industry overview-Banking and NBFC segment

Emerging trends in the segment

- Technology has changed the way banking is done
- Bank employees need to be educated and made comfortable in using technology



- Strong regulatory framework following global standards
- Increasingly, regulations over NBFCs are also getting more stringent
- Complex and evolving regulations
- Require workforce to be educated and updated about new norms and policies

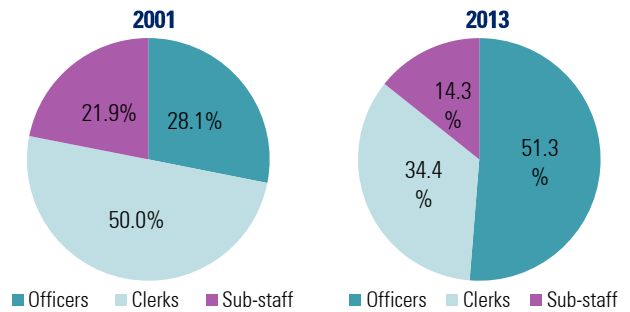
- Increased importance for customer service
- Re-skilling of employees required at each level for the banks to make a shift from predominantly back office roles to predominantly sales and service roles
- Apart from technical skills, soft skills, such as listening, communication, team work and collaboration are also required

- Gradual decline in the business share of PSBs over the years
- Increasing competition from NBFCs in delivering many of the banking services, especially in semi-urban and rural areas
- Employees need to be skilled in dealing with customers from semi-urban and rural areas

- Alternative delivery channels, such as mobile, internet, ATMs and telephone, have emerged over time
- Require bank employees to be trained and stay updated on the processes involved in these distribution channels

Changing profile of bank employees

- There is a clear shift in composition of bank employees with increasing proportion of officers, especially among PSBs. It highlights
 - Increasing front office jobs requiring more skilled people in specialist roles
 - Reducing requirement of people doing transaction banking
- The trend is expected to continue in near future with PSBs expected to be at the forefront of this change



Source: Reserve Bank of India; KPMG in India analysis

Industry overview-Banking and NBFC segment

Emerging trends in the segment

	Trends	Implications
Expanding international footprint	<ul style="list-style-type: none"> PSBs are much ahead of Private Sector Banks in expanding overseas presence, accounting for over 90% of 171 overseas branches as of FY13 	<ul style="list-style-type: none"> Skilled workforce would be required at the middle management level with all round knowledge of banking operations
Increasing usage of alternative channels	<ul style="list-style-type: none"> Number of ATMs and PoS terminals increased y-o-y by 32% and 24.4% as on Nov'13 According to BCG, alternate delivery channels are expected to account for 84-87 % of the transactions volume by 2020 	<ul style="list-style-type: none"> Banks need to have skilled workers with cross selling techniques and networking skills
Increasing branch expansion	<ul style="list-style-type: none"> The number of bank branches is expected to become twice while the number of ATMs to increase five times during 2010-2020 There are aggressive expansion plans from the NBFCs as well 	<ul style="list-style-type: none"> Aggressive expansion plans of NBFCs would result in large-scale hiring in rural and semi-urban areas
Wealth management business to grow 10 times during 2010-2020	<ul style="list-style-type: none"> Number of HNWIs in India increased at 22.2%, second only to the growth of 35.7% in Hong Kong across the world 	<ul style="list-style-type: none"> Robust demand for wealth management would require banks to either train existing staff or hire specialist staff to drive business
Focus on reducing staff expenses	<ul style="list-style-type: none"> Both PSBs and Private Sector Banks are focusing on reducing operating expenses, including the staff expenses in view of reduced business growth According to the McKinsey Bank Benchmarking Survey 2013, less than half the respondents believe current training to be appropriate; only about 40 percent staff undergo training every year 	<ul style="list-style-type: none"> More focus on performance-based incentives rather than fixed payment Staff needs to be more agile, skilled and adaptive to move across functions

Sources: Report of the Committee on HR issues of Public Sector Banks," June 2010
 "Indian Banking 2020: Making the Decade's Promise Come True," BCG, September 2010

Industry overview-Banking and NBFC segment

Emerging trends in the segment

	Trends	Implications
Lack of experience in middle management in PSBs	<ul style="list-style-type: none"> Freeze on hiring in PSBs for more than a decade after 1985 has resulted in a vacuum of experienced workforce at the middle management level and high expectations from the entry-level employees 	<ul style="list-style-type: none"> Significant skill enhancement trainings for entry level employees to bridge this gap in the middle management
Lack of well defined training programs for new joiners	<ul style="list-style-type: none"> According to the McKinsey Bank Benchmarking Survey 2013, only 22% of the respondents believe that their bank has well-defined on-boarding program for new recruits 	<ul style="list-style-type: none"> Structured and focused training programs are required for the new recruits
Centralization of banking operations	<ul style="list-style-type: none"> Various bank operations have been centralized, e.g. central processing branches, recovery branches, SME branches and retail branches 	<ul style="list-style-type: none"> Banks need specialists to drive productivity and stay competitive in the market
Leadership gap in PSBs	<ul style="list-style-type: none"> It is estimated that during 2010-2015, 80% of GMs, 65% of DGMs, 58% of AGMs and 44% of CMs would have retired By 2020, PSBs would have more than 75% of senior management (AGMs and above) positions vacant. 	<ul style="list-style-type: none"> Banks need to institutionalize the culture of meritocracy and promotions on accelerated basis while grooming employees through well-planned training programs
Rapid growth in NBFCs' business	<ul style="list-style-type: none"> NBFCs are expected to grow their business at a higher rate than banks Housing finance companies would require graduates trained in technical verification of the properties and vetting the document 	<ul style="list-style-type: none"> Prominent roles in demand across areas of sales/relationship management, credit, policy, collections and operations (HR, Finance and Accounting) Business growth is also expected to generate demand for skilled workforce in areas of treasury, analytics and law

Emerging trends in the segment

Banks and NBFCs to hire about 1.5 million by 2016-17

- Banking credit is expected to grow at a CAGR of 17 percent during 2012–13 — 2016–17
- The banking and NBFC companies are expected to generate around 1.5 million new jobs between 2013–14 and 2016–17 on account of business expansion, retirement primarily in PSBs and entry of new banks in the private sector
- Bulk of these vacancies are likely to be in PSBs
- Most of the new jobs to be created in specialist fields, sales and front office

Huge under penetrated market, especially in rural areas

- Rural India accounted for only 9 percent of the total deposits and 10 percent of the total credit of the banking sector in 2011 ; Only one in six villages has access to banking services
- Huge under penetration with only 58.7 percent of households having access to banking services
- RBI has mandated banks to provide at least one banking outlet in each of the 490,000 unbanked villages with a population of less than 2,000
- Need to hire skilled local people to manage banking operations

Proposed new banks to increase demand for skilled people

- Currently, RBI is evaluating applications for new banking licenses
- Experienced and skilled human resources would be required

One-third MSMEs have access to organized financing channels

- Only one-third of the MSMEs had access to any bank or institutional financing channels
- Besides complying with the regulatory mandate, serving MSMEs is expected to be a profitable business which require special training
- MSMEs, which operate in niche areas and often would not have the proper accounts and documentation, require a different approach than what is adopted for medium and large companies

Employees need to be re-skilled to increase cross-selling

- Banks drive significant income from the sale of third party fee-based products
- Employees need to be skilled and re-skilled to enable them to cross-sell

Industry overview-Banking and NBFC segment

SWOT Analysis

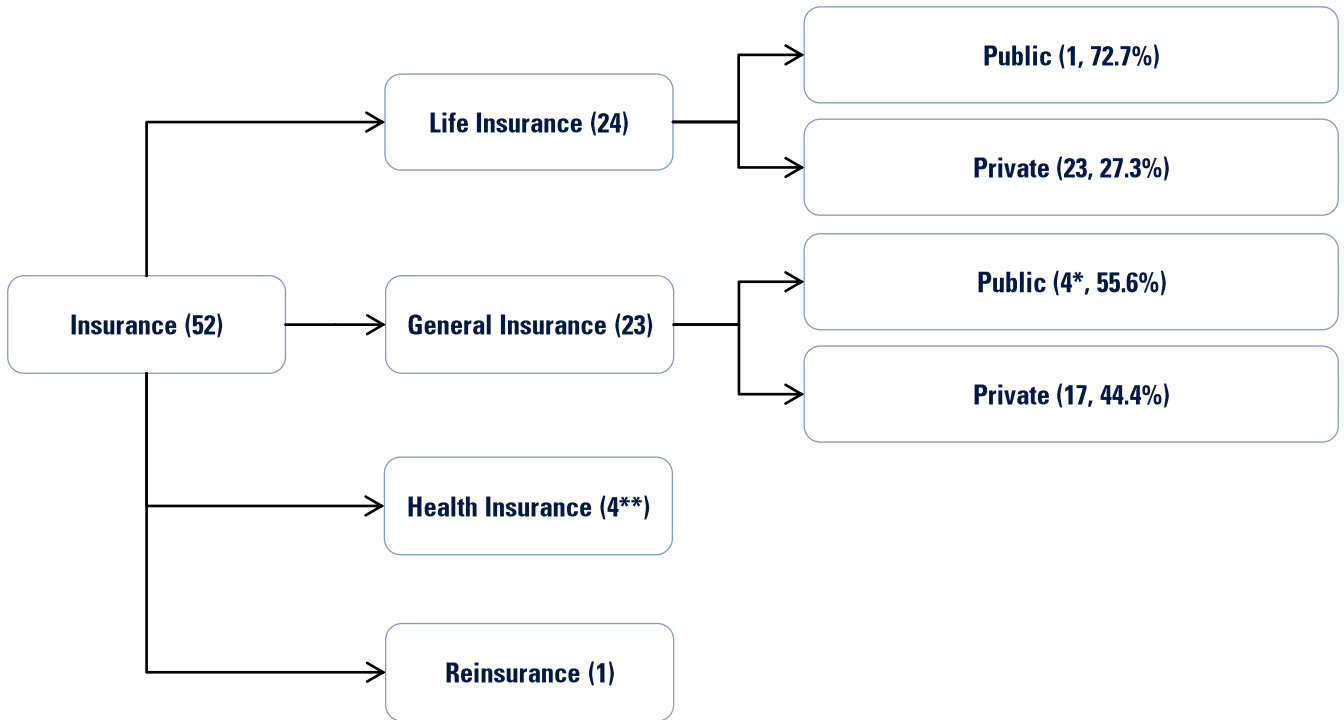
Strengths	<ul style="list-style-type: none"> ▪ Strong regulatory framework and domestic demand making the sector relatively immune to global financial systems ▪ Strong macroeconomic fundamentals ▪ Sound and domestic demand ▪ High domestic savings rate ▪ Large pool of educated personnel ▪ Mix of public and private sector banks complementing each other ▪ Return on assets for the Banking Industry has been relatively more stable and higher in terms of business growth & return to the various stakeholders
Weaknesses	<ul style="list-style-type: none"> ▪ Inadequately skilled workforce ▪ Lack of variety in offerings ▪ Lack of proper physical and IT infrastructure hindering banks' business growth ▪ Increased competition leading to intense rivalry for talent ▪ Lack of orientation towards technology driven products such as a mobile banking ▪ Lack of adequate controls for keeping a check on fraud & risk management practices ▪ A significant proportion of the workforce is due to retire within this decade in PSB
Opportunities	<ul style="list-style-type: none"> ▪ Large number of graduates who could be trained to be employable for banks ▪ Huge demand for banking services ▪ Supporting policy and regulatory framework ▪ Gradual liberalization of the sector ▪ Opportunity for domestic banks to learn from the rural banking practices of foreign banks ▪ Coverage in terms of population is bound to increase with Banking business projected to increase - Financial Inclusion especially in semi urban and rural location will rise through focused large scale financial inclusion programmes ▪ Differentiated banking licenses will be given making room for more players. This would mean more niche players in payment bank & small bank space ▪ Emergence of specialize streams – Risk management, Treasury, Technology, Marketing, Sales, Recovery – Leading to a higher demand for a skilled workforce
Threats	<ul style="list-style-type: none"> ▪ Demanding regulations resulting in increased cost and surveillance ▪ Destructive business models of NBFCs ▪ Delay in bringing in reforms to improve housing market

Industry overview- Insurance Segment

Industry Overview

Structure of Insurance segment

Structure of Insurance segment



Source: Various issues of IRDA annual report

Notes: 1. Figure in bracket represents (number of players, % contribution to premium); 2. * Excludes two specialized non-life insurance companies — ECGC and AIC; 3. **Four standalone health insurance companies — Star Health, Apollo Munich Health, Max Bupa Health and Religare Health

Value chain - Insurance

Product Management	Marketing	Sales and Distribution	Underwriting and Risk Management	Policy acquisition & servicing	Claims Management	Finance & Accounts
Product development	Market research & analysis	Direct Sales	Quote/Illustration	Policy issue	Claims registration	Money in processing
Valuation based on Risk	Market development	Lead management	Document submission	Policy endorsements	Claims validations	Banking & Budgeting
Risk management	Product launch	Pre-sales support	Under writing	Lapse and revival management	Loss reserve creation	Financial Statements
Regulatory reporting	Campaign management	Sales budgeting	Reinsurance facility	Policy alterations	Claims assessment	Fund administration
	Branding & positioning	Performance review		Policy cancellation	Claims adjudications	Treasury management
	Publicity & promotions	Distribution Management		Adjustment & refund	Claims financials	Costing, accounts, taxation
	Public Relations	Remuneration management		Loans & withdrawals	Subrogation & Litigation	Funds payout
	Channel Support			Fund transfer processing	Fraud management	

Source: KPMG in India analysis

Industry overview-Insurance Segment

Overview of the Insurance segment

- Huge under penetration would derive the demand for insurance services for all types of insurance products
- High expected growth in the Indian insurance sector during 2013-22 is likely to drive the demand for skilled professionals with varied skill sets
- The growth is also expected to be driven on account of high average employee age in public sector insurers, low recruitment in the last two decades and opening of offices in far off places to cater to rural insurance needs
- Health insurance and micro insurance are expected to figure among the fastest growing insurance services
- Knowledge of basic technology concepts, standard software and computers is the basic requirement for all the entry level positions in the sector, including both formal and informal segments
- For entry level, non-life insurers would require workforce skilled at analysis of business underwriting considerations, evaluation and analysis of risk assessment, rate making, and proper understanding of rating factors
- For middle level, special underwriting professionals who can market customized products suited to dynamic customer requirements would be in demand
- Life insurers would require people in specialist role in various areas, such as actuarial, product pricing, reserving and evaluation of economic capital, and estimation of incurred but not reported (IBNR)
- Both life and non-life insurers would require specialist investment professionals to operate in increasingly complex regulatory and market environment
- Variety of vocational courses could help meet the demand for investment professionals, especially at the entry level
- Huge training/skilling effort needed to train agents on new products and regulations and help them improve their productivity
- Emphasis on new distribution channels, such as direct selling, bancassurance and online sales, would require insurers to train employees on direct selling and soft skills to deal with a variety of retail and institutional customers and partners

Growing demand

- Demographic dividend as 60.3% population is in working age (15–59)
- High disposable income on account of domestic savings rate of 30.8% (FY13)
- Huge under penetration
- Falling unemployment level

Innovation

- Increasing use of alternative channels, such as TPAs, mobile and internet banking
- Technology-enabled innovative delivery channels using branches, technology and locals

Advantage Insurance

Business factors

- Mix of public, private and foreign players imparting stability and growth
- India ranked 10th in life and 19th in non life insurance business among 156 countries during FY12
- Rising financial literacy

Policy support

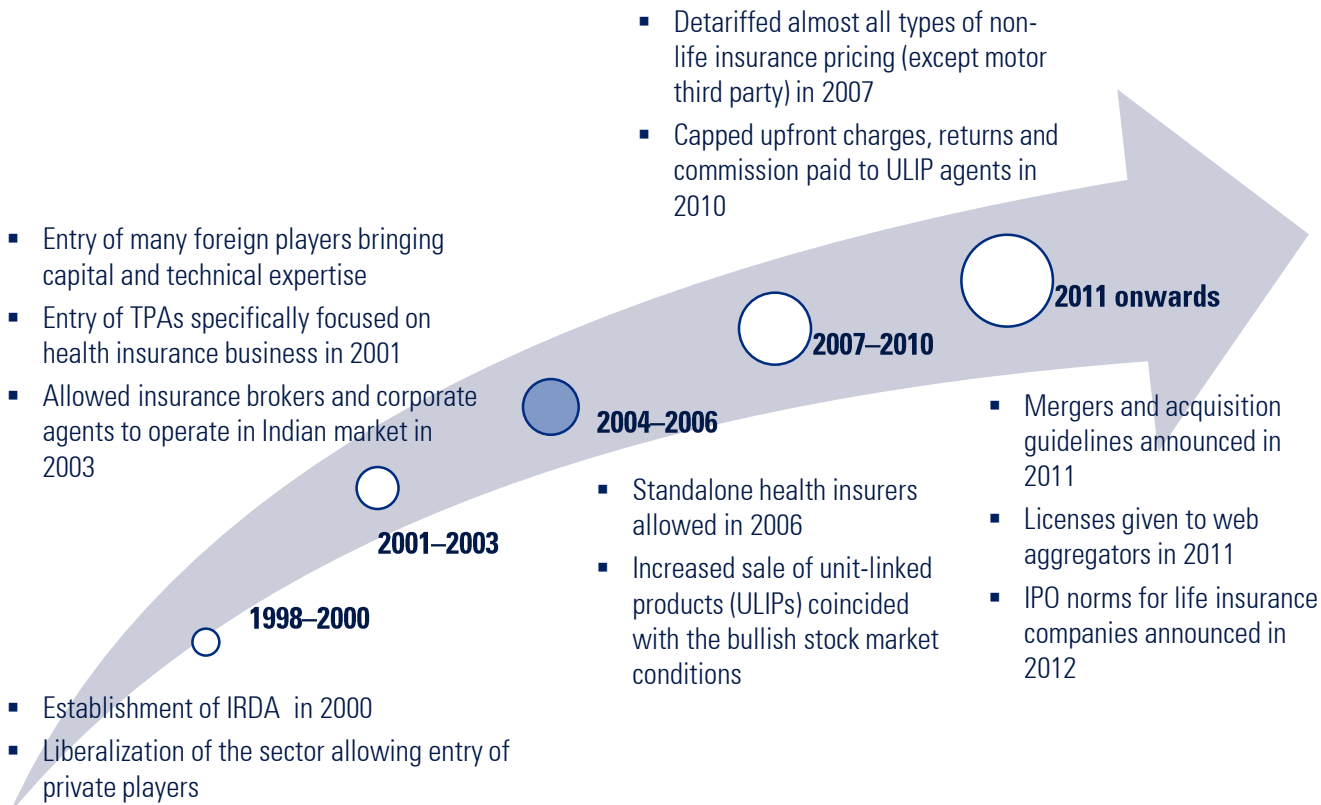
- Calibrated regulatory approach of the regulator
- Tax incentives on insurance products
- Proposals to increase in FDI limit to 49 percent from current 26 percent

Sources: KPMG in India analysis

Industry overview-Insurance Segment

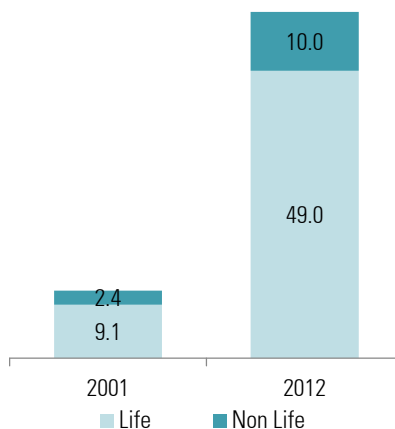
Evolution of the Insurance segment

Evolution of insurance



- Indian insurance market has witnessed a sea change since 2000 when the liberalization of the sector commenced
- During 2001-2012, while the insurance density increased to almost five times, insurance penetration increased to almost one and a half times
- Besides these indicators, the sector witnessed a number of regulatory and market initiatives which are the stepping stones for the growth of the sector in coming years

Insurance density (in US\$)



Insurance penetration



Source: IRDA annual report 2012-13
 Notes: Insurance density is defined as ratio of premium to total population; Insurance penetration is defined as ratio of premium to GDP

Industry overview-Insurance Segment

Workforce distribution in the segment

Life Insurance Key data (March 2013)					
	FY01	FY06	FY11	FY12	FY13
Number of players	11	15	23	24	24
Number of branch offices	2,199	3,865	11,546	11,167	10,253
Number of employees	-	152,449	242,682	248,703	245,159
Number of individual agents	115,715	1,423,839	2,639,392	2,358,885	2,125,758
No. of new policies issued (million)	-	35.462	48.152	44.193	44.187
Total Premium (INR billion)	349.0	1,058.8	2,916.1	2,870.7	2,872.0
Market share of public sector (%)*	99.98	85.75	69.78	70.68	72.70

* Based on total premium

Sources: IRDA annual reports, Life Insurance Council website

Non-life Insurance Key data (March 2013)					
	FY01	FY06	FY11	FY12	FY13
Number of players**	9	15	25	25	28
Number of offices	-	-	6,660	7,050	8,099
Number of employees	-	79,176	93,347	95,726	99,143
Number of agents	-	180,813	392,265	461,886	528,179
No. of policies issued (million)	-	52.9	79.3	85.7	107.0
Gross Direct Premium (INR billion)	105.0	224.7	482.1	598.2	712.0
Market share of public sector (%)#	99.93	74.87	60.26	59.11	57.01

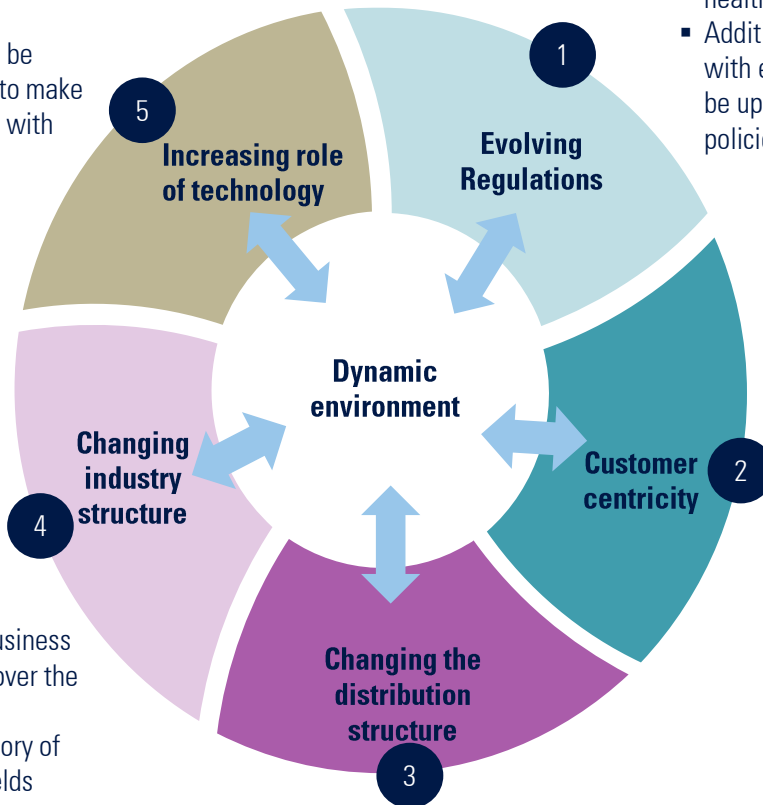
Source: General Insurance Council, Various issues of IRDA annual report

** Including reinsurer; # Excluding GIC, AIC, ECGC and health insurers

Industry overview-Insurance Segment

Emerging trends in the segment

- Technology is changing the way insurance companies operate
- Emerging Technologies shift the focus towards a more customer oriented business model
- Incorporating advanced technology through higher investment
- Additional education to be provided to employees to make them more comfortable with using technology



- Regulatory framework has been tightening
- Regulations will lead to changes in product development and distribution
- Specialized regulations are planned for niche areas such as health and micro insurance
- Additional workforce required with existing workforce needing to be updated about new norms and policies

- Increased importance given towards quality of customer service
- This would mean re-skilling of employees at each level of the bank
- Facilitates a change from predominantly back office roles more towards sales and service roles
- Apart from technical skills, other soft skills such as better communication, team work and collaboration are also required

- Gradual decline in the business share of public insurers over the years
- Emergence of new category of specialist players and fields
- Increased competition due to gradual relaxation of regulations

- Distribution structure is poised to change from a predominantly agency-based structure to incorporate other channels in the future
- This would require additional employees to be trained and updated on the processes involved

Industry overview-Insurance Segment

Emerging trends in the segment

Changing mix of distribution channels

- New distribution channels, such as direct selling, bancassurance and online sales have emerged
- Regulatory push for broking model as evident in guidelines on Insurance sub broking in January 2013 and broking license for banks (under consideration)
- Increased emphasis on direct selling would require insurers to have a strong and trained sales force
- Employees to be trained on soft skills to deal with a variety of tie-up partners

Huge under penetrated market, especially in rural areas

- As of 2012, insurance penetration and insurance density in India stand at 3.96 percent and USD53.2, respectively
- Values are even lower in rural and semi-urban areas
- Out of the 640 districts in India, 53 districts and 67 districts still have no presence of any of the life insurer and non-life insurer, respectively, as of March 2013
- 17 states/UTs constituting approximately 57 percent of India's total population, have less than the nation average of life insurance offices per million of population as of March 2013
- While the top 50 districts of the country have more than 7 agent licenses per thousand population, the bottom 120 districts have an average of 0.76 agent licenses per thousand population

Huge requirement for microinsurance agents

- Microinsurance and insurance in underpenetrated areas are focus areas for IRDA and the Government
- Companies have struggled to find adequate trained people in tier 2 to tier 4 cities as agents partly due to the unavailability of the skill set
- The problem is more evident for private insurers which are still trying to develop their outreach in these areas
- Tie ups with Self help groups, NGOs to target rural population
- Besides agents, insurers would also require specialized marketing people to understand and appreciate the needs of the rural public in terms of availability, acceptability and accessibility of insurance products

Industry overview-Insurance Segment

Emerging trends in the segment

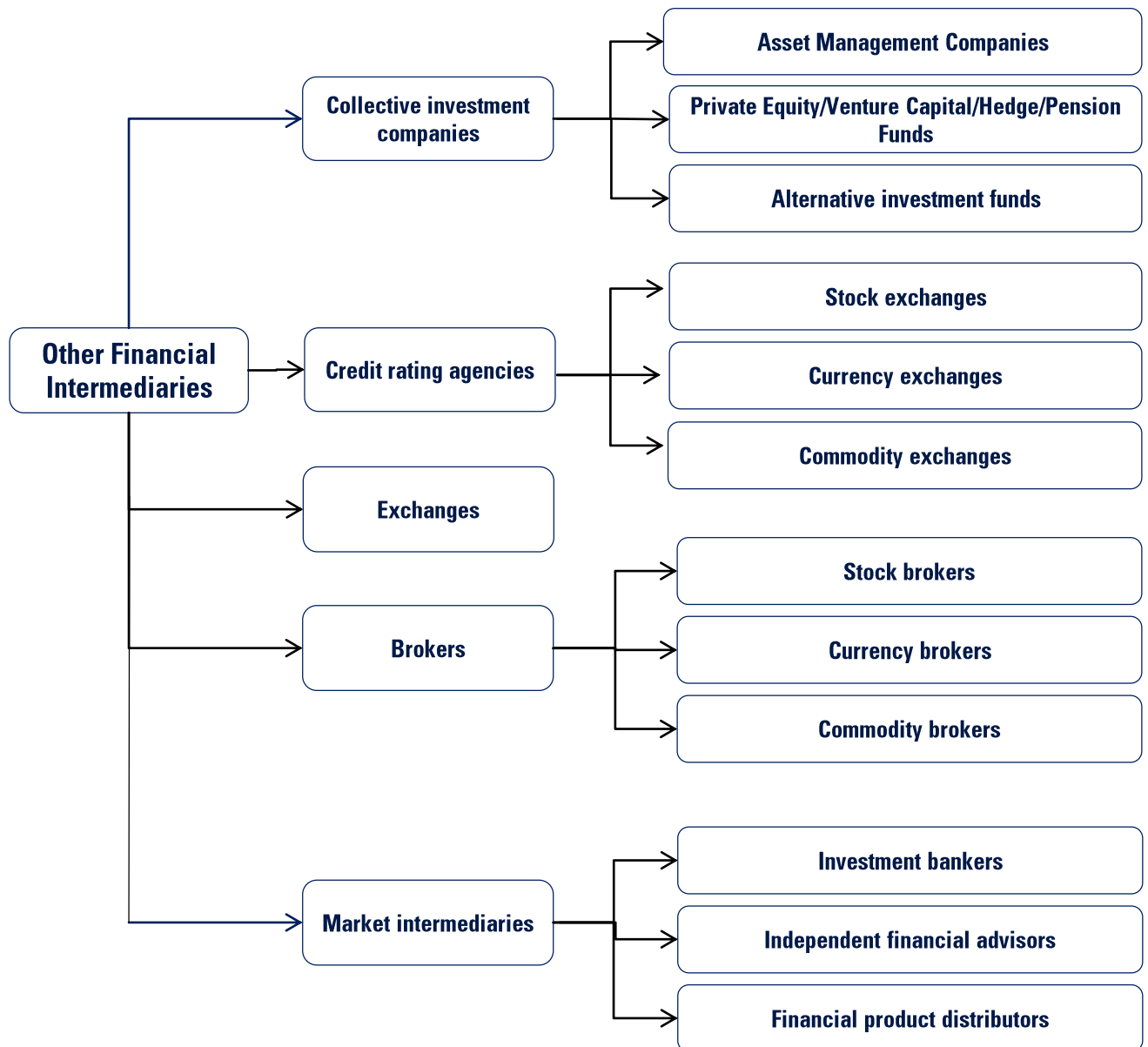
	Trends	Implications
Acute shortage of talent at entry level in public sector insurers	<ul style="list-style-type: none"> Public sector insurers are witnessing significant attrition at the entry level on account of low remuneration and lack of proper performance management system 	<ul style="list-style-type: none"> These companies need to reward employees with at-par remuneration and career growth opportunities to retain the hired talent
Role of technology across the value chain in insurance	<ul style="list-style-type: none"> Given the increasing usage of technology across various activities in insurance, the workforce is required to be well aware of basic technology concepts, standard software and computers 	<ul style="list-style-type: none"> Insurance companies need to invest on technology as well as training needs for the workforce
Underwriting skills and risk assessment	<ul style="list-style-type: none"> Given the significant increase in non-life insurance business, insurers would be in critical need of entry level workforce skilled at analysis of business underwriting considerations, evaluation and analysis of risk assessment, rate making, and proper understanding of rating factors 	<ul style="list-style-type: none"> Special underwriting professionals who can market customized products suited to dynamic customer requirements would be in demand
Product design and other specialized areas	<ul style="list-style-type: none"> High business growth, varied customer demand and intense competition will drive the need for a broader product portfolio resulting in high demand for roles in areas of actuarial and product pricing Increased and more stringent regulatory requirements would drive the demand for specialist roles, such as reserving and evaluation of economic capital and IBNR estimation 	<ul style="list-style-type: none"> Relevant high-level certification courses should be made available

Industry overview- Other Financial Intermediaries

Industry overview-Other Financial Intermediaries

Structure of the segment

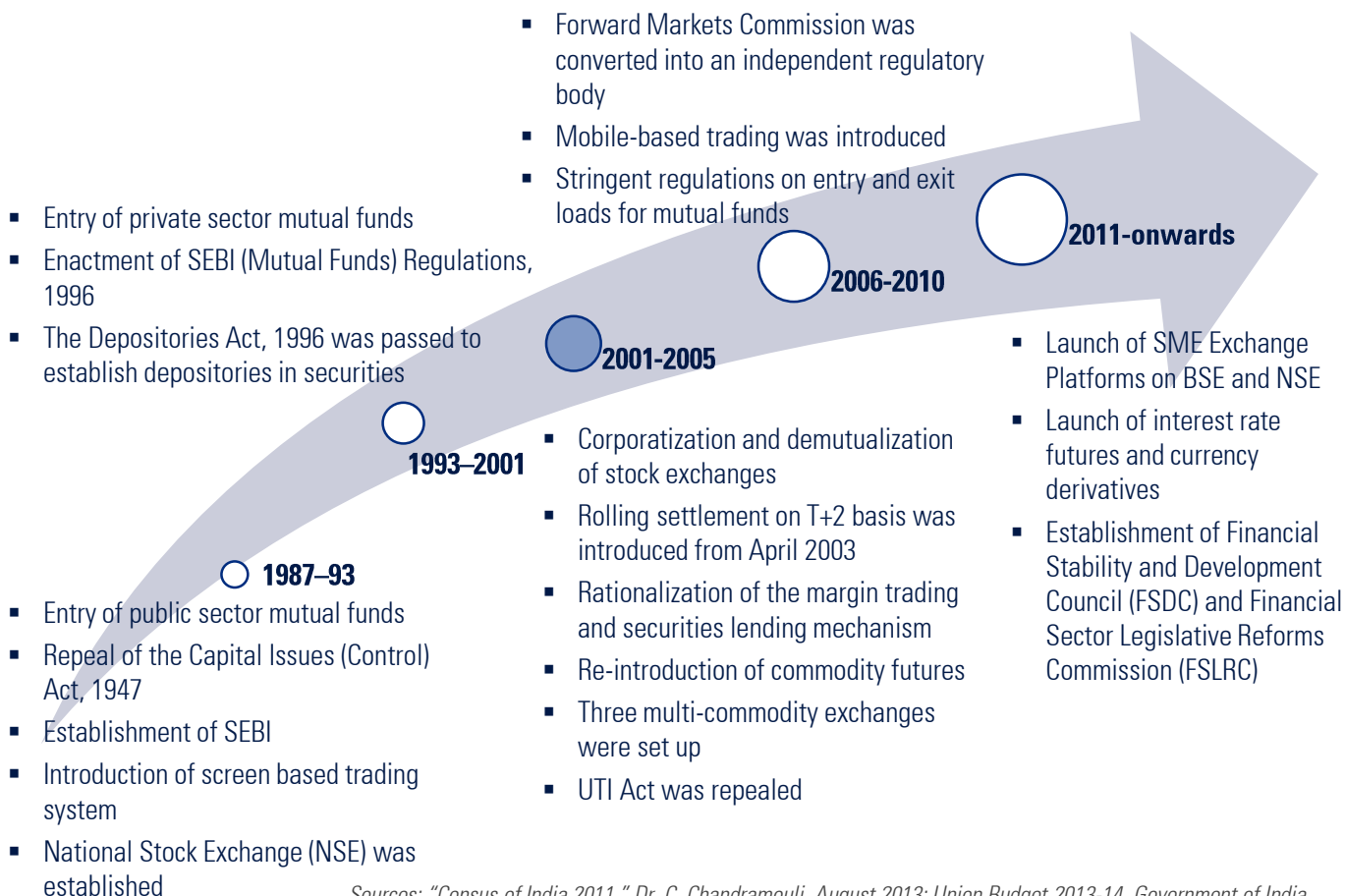
Structure of Other Financial Intermediaries Segment



Key Trends

- Market intermediaries and distributors need to be trained regularly to help them stay up-to-date on changing product portfolio and dynamic regulatory environment and push financial offerings to under penetrated areas
- Significant training/skill enhancements would be required for existing employee base on soft skills and sales skills to help them deliver their role responsibilities effectively and efficiently
- Trainings on specific skills in niche areas (underwriting, risk management, investment management, etc.) need to be organized
- A majority of distributors of financial products need to be up-skilled and trained on financial markets, available products and their key features
- New hires and existing employees at the entry level need to be skilled in the basic concepts of computers and finance as employees with an integrated understanding/view of finance and technology will be sought for in the coming future
- A gradual shift from only data entry operations/skills to an advisory approach would require trained financial advisors

Evolution of various segments in financial intermediaries



Sources: "Census of India 2011," Dr. C. Chandramouli, August 2013; Union Budget 2013-14, Government of India

Industry Overview Industry overview-Other Financial Intermediaries

Emerging trends in the segment

	Trends	Implications
Demand for low-skilled professionals	<ul style="list-style-type: none"> Most of the businesses in the financial services sector involve significant number of low-skilled people in back-end operations 	<ul style="list-style-type: none"> Significant number of fresh graduates need to be trained for these jobs
Up-skilling of distributors of financial products	<ul style="list-style-type: none"> About three-fourth of approximately 83,000 registered distributors of financial products are not well aware trained on financial offerings 	<ul style="list-style-type: none"> They should be up-skilled and trained on financial markets, available products and their key features
Increasing demand for specialist risk managers	<ul style="list-style-type: none"> There is a need to have independent risk management team in every organization operating in the asset management sector 	<ul style="list-style-type: none"> However, there is huge demand-supply mismatch in risk management with only about 30-40 core risk managers operating in the entire sector
Strong demand for sales professionals in front office	<ul style="list-style-type: none"> There is huge demand in the front line especially for sales / customer facing roles 	<ul style="list-style-type: none"> Financial institutions should focus on more soft skill related training for its employees
Need for skilled financial advisors	<ul style="list-style-type: none"> Financial advisory as a profession has not evolved in India There is also expected to be a shift from only data entry operations/skills to more of an advisory approach 	<ul style="list-style-type: none"> Need for trained financial advisors is felt by all the stakeholders in the financial services sector which opens up a big opportunity for skilling of these people
More emphasis on knowledge of finance and technology	<ul style="list-style-type: none"> Increased uses of financial software and technologies 	<ul style="list-style-type: none"> Candidates with knowledge of financial software, technologies etc. would be in demand

Demographic characteristics of workforce

Industry overview-Banking and NBFC segment

Banking and NBFC segment

	Front Office	Back Office
Distribution of Officers & Clerks in branches	~75%	~25%
Functional Roles	Interface with the Customer	Local Processing Centers – A/C Opening Activities Cheque Truncation Systems – Attending to Cheques Clearing Central Pension Processing Cell – Processing Pension Requests Others – Retail Asset Hub, SME Silos etc.

	Generalist	Specialist								
Distribution of entire workforce	~92-95%	~5-8%								
Functional Roles	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"> <tbody> <tr> <td>Head Office</td> <td>Treasury, Forex, Risk Management, Corporate Credit, Information Technology, Agricultural Extension Officers (AEOs), Economists, Analysts, Marketing, Law, Official Language etc.</td> </tr> <tr> <td>Circle Office</td> <td>Marketing, Corporate Credit, AEOs, Law, Official Language, Technical Field Officers, Security, Information Technology etc.</td> </tr> <tr> <td>Other than HO/CO/Branches</td> <td>Marketing, AEOs, Credit, Technical Field Officers etc.</td> </tr> <tr> <td>Branches</td> <td>AEOs, Marketing, Credit, Law Officers etc.</td> </tr> </tbody> </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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Branches	AEOs, Marketing, Credit, Law Officers etc.									

Even though the proportion of Specialist officers is low, but they are increasingly in demand and the availability is less.

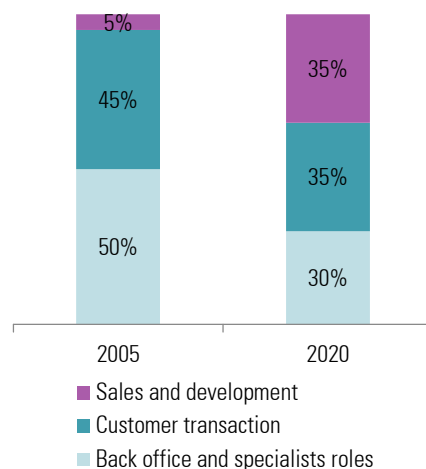
Demographic Characteristics of Workforce

Banking and NBFC segment

- PSBs have been the leading employers in the Indian banking sector, accounting for more than 73 percent employees
- Back office and transaction processing profiles constitute a majority of the existing roles
- 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
- Considering the low levels of banking penetration, expansion through branches and business correspondents (BCs) is likely to generate significant employment opportunities in the sector
- Besides direct employment, the sector is also expected to generate a significant number of indirect jobs
- 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

Additional hiring by roles

- 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



Additional hiring by region

Source: "Indian Banking 2020: Making the Decade's Promise Come True," BCG,

- While metro and urban areas account for around 80 percent and 75 percent of total outstanding bank credit and deposits, respectively, these areas account for only 60 percent of employment
- Therefore, majority of future employment would be in metro and urban areas
- Southern region accounts for the maximum human resource employment (25 percent of total employment) followed by the Western and Northern regions (20 percent each)
- The top five states (Maharashtra, UP, Tamil Nadu, West Bengal and Kerala) account for approximately 48 percent of total employment with only Maharashtra accounting for 15 percent of the total banking workforce
- Most of the future recruitment is also expected to happen in these states

Additional hiring by banks

- PSBs are expected to employ majority of the additional workforce by 2017-18

Sources: "Human Resource Management in Banks – Need for a new perspective," Speech by Dr. KC Chakrabarty, Deputy Governor, RBI, June 2012; India Urbanization Econometric model, November 2010; KPMG Analysis

Demographic Characteristics of Workforce

Demographic characteristics of workforce in other segments

Insurance

- Further, insurance being a technical subject, would require an educated workforce to be trained on with short-duration certification or diploma courses to be effective on the job
- Demand for people at entry level is expected to gradually come down; while 90 percent of the workforce is at the entry level in 2012–13, whereas it would be only 29 percent in 2021–22
- On the other hand, the team management roles which form just 2 percent in 2012–13, will constitute approximately 24 percent in 2021–22
- Some of the major roles expected to be in demand include Underwriter, Claims Manager, Sales Team Manager/Leader, IT officer, Risk Manager, Investigator/Assessor, Re-insurance Manager, Micro Insurance Agents, and Third Party Administrators
- Insurance agents who form a significant portion of the organized workforce are also expected to grow, though the ones associated with the non-life segment are expected to grow at a much higher rate than the ones associated with the life insurance segment
- Another category of agents associated with microinsurance is expected to grow at a much higher rate during 2013–22

Broking houses

- This is also reflected in the changing mix of employees with the share of mid level employees increasing from 42 percent in 2013–14 to 59 percent in 2021–22
- The segment also employs a sizeable number of people in unorganized sector which are estimated to be 55,032 in 2012–13 and projected to grow to 63,631 by 2021–22

Mutual Funds

- While the workforce consists of graduates and post graduates only, the trend is expected to shift towards more roles in middle and senior management)

Stock Exchanges

- Exchanges primarily cover three types of exchanges — stock exchanges, commodity exchanges and currency exchanges
- The last decade witnessed significant growth in the business of exchanges in India
- Given a diverse set of profiles, people with different skills and educational qualifications would be required across levels
- At the entry level , graduates are expected to form the majority of workforce will relatively less demand for under-graduates
- Graduates and post graduates are also expected to form a majority of workforce at the middle and senior levels

**Incremental human
resource requirement
(2013-17, 2017-22) and
skill gaps**

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

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	3.20	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
Total	2.55	3.20	4.25	0.65	1.01

The sector currently employs over 2.55 million employees and is slated to employ more than 4.2 million employees by 2022. This implies additional creation of ~1.6 million jobs in the nine-year period.

Banking & NBFC

Retirements are likely to have a significant impact on manpower planning, especially for PSBs in 2014 and 2015. Banks are likely to be more scientific in assessing their manpower planning and hence, require manpower for clearly defined skill sets

Insurance

The sector is expected to witness strong and consistent demand of graduates and post-graduates during the next nine years

Mutual Funds

After a consolidation phase during the last four years, the sector is expected to witness a consistent business growth until 2021–22 and hence a sustained demand for skilled workforce

Stock Exchanges

Typical profile of people would be graduates and post graduates with the latter accounting for approximately 60 percent of the total requirement

There is a perceived drift in the business model of brokerage firms towards advisory model requiring more skilled people

Incremental Human Resource Requirement (2013 – 17, 2017 – 22) and skill gaps

Select Job Roles

Sub-sectors	Understanding the top critical job roles in various sub-sectors	
Banking	<p>Entry level (Clerk, Probationary Officer, Business Correspondent)</p>	<p>Clerk</p> <ul style="list-style-type: none"> ▪ Transaction processing ▪ Single Window Operator doing all types of retail banking transactions in a bank branch <p>Probationary Officer/Assistant Manager (Scale I/II)</p> <ul style="list-style-type: none"> ▪ Acts in the capacity of branch manager for small branches ▪ Authorizes transactions in retail banking ▪ First level credit appraisal <p>Business Correspondents (BCs)</p> <ul style="list-style-type: none"> ▪ Spread awareness related to banking and bank's products ▪ Assist banks in business generation activities ▪ Carry out regular transactions for customers on behalf of banks
	<p>Middle level (Branch Credit Manager, SME Officer)</p>	<p>Branch Credit Manager(Scale III/IV/V)</p> <ul style="list-style-type: none"> ▪ Evaluates, authorizes, and recommends approval of loan applications for retail and corporate customers ▪ Compiles the loan application file ▪ Performs preliminary checks ▪ Approves loans ▪ Submits recommendations for loans further, if required <p>SME Officer</p> <ul style="list-style-type: none"> ▪ Handles, maintains and builds relationships with SME customers ▪ Support customers with performing transactions, processing applications, monitoring accounts and advising customers
Insurance	<p>Entry level (Life Insurance Agent, Sales Manager)</p>	<p>Life Insurance Agent</p> <ul style="list-style-type: none"> ▪ Solicits and procures life insurance business ▪ Provides service to policyholders throughout the lifespan of the policy <p>Sales Manager</p> <ul style="list-style-type: none"> ▪ Responsible for soliciting new business ▪ Assesses customers' requirements and suggests suitable products
	<p>Middle level (Agency Manager, Zonal Manager)</p>	<p>Agency Manager/Block Development Officer</p> <ul style="list-style-type: none"> ▪ Responsible for managing a number of insurance agents ▪ Derives insurance business through agents ▪ Engages new agents <p>Zonal Manager</p> <ul style="list-style-type: none"> ▪ Trains and motivates sales officers to generate business ▪ Penetrates into new geographic areas to generate new business

Source: Primary interviews; KPMG in India analysis

Incremental Human Resource Requirement (2013 – 17, 2017 – 22) and skill gaps

Select Job Roles

Sub-sectors	Understanding the top critical job roles in various sub-sectors	
Other financial intermediaries	Entry level (Mutual Fund Agent, Independent Financial Advisor)	<p>Mutual Fund Agent</p> <ul style="list-style-type: none"> ▪ Offers mutual funds to prospective investors ▪ Maintains records of customers' investments ▪ Conducts regular market research to advise customers <p>Independent Financial Advisor</p> <ul style="list-style-type: none"> ▪ Provides clients with advice on financial matters making recommendations on suitable investment avenues ▪ Researches and stays up-to-date on new financial products ▪ Provides service throughout the lifecycle of the product
	Middle level (Equity Dealer)	<p>Equity Dealer</p> <ul style="list-style-type: none"> ▪ Buys and sells investment and financial instruments on behalf of clients ▪ Provides market insights and investment advice to potential and existing clients

Source: Primary interviews; KPMG in India analysis

Incremental Human Resource Requirement (2013 – 17, 2017 – 22) and skill gaps

Skill Gaps in Select Job Roles-Banking

Changing skill set requirements	
	Skills required
Entry level (Clerks, Senior Officers, Asst. Manager)	Detailed understanding of various bank offerings and processes is required with increasing number of products & services; According to FIBAC Productivity Survey 2011, Indian banks have an average of 55 deposit and retail lending products
	Knowledge of various third-party offerings would enable sales employees to offer a wider range of products and services of their customers
	Knowledge of core banking system and various technology platforms plays an important role improving efficiency of day-to-day operational activities
	Awareness of regulatory norms is essential from compliance perspective, especially with regulatory norms changing frequently
	Ability to understand customers requirements, and thus make suitable recommendations
	Patience and perseverance is another quality that need to be developed especially in employees who are client facing
	Good oral and written communication skills are required for making conversations with customers clear & impactful
Middle level (Manager, Senior Manager, Chief Manager, AGM, AVP, DVP, VP)	Knowledge of banking operations, regulations and products is essential for Mid-level managers to run the business
	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
Top level (DGM, GM, SVP, SGM, EVP, ED, President, ED, CEO, Chairman)	Quick decision making ability, would improve reaction time to rapid market changes
	Analytical bent of mind, to diligently weigh pros and cons before making strategic moves or taking important decisions
	With new age banking and focus on quality human capital along with technology integration, senior level professionals need to be equipped with change management skills
	Relationship management skills are important while engaging with institutional clients and dealing with domestic client escalations
	Ability to design products that match market dynamics and meet target customer needs
	Ability to develop sales strategy, for rapidly changing market and products

Source: Primary research inputs; KPMG in India analysis

Incremental Human Resource Requirement (2013 – 17, 2017 – 22) and skill gaps

Skill Gaps in Select Job Roles-Insurance

Changing skill set requirements	
	Skills required
Entry level (Customer Care Executive, Collection Agent, Rating Analyst)	Awareness of macroeconomy and its interface with industry would help in understanding the product better and sell it to the right buyer
	Analytical skills to connect qualitative and quantitative data to cull out meaningful insights
	Basic understanding of finance, financial markets and mutual fund industry
	Basic number crunching skills, to assess returns and make future projections
	Computer skills are essential in technology driven environment to improve reporting, monitoring and communication.
	Good oral and written communication is essential for both technical and non-technical staff
	Team work is important in improving conversion rates of perspective buyers, optimal use of resources and increasing customer satisfaction by providing continuous customer support
	Provide appropriate advice to clients, persuasive skills and confidence
Middle level (Product Manager, Relationship Manager, Treasury Trader, Project Head)	Compliance with various regulatory and risk-related norms
	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; leading to improved operational efficiency and decision making
Top level (Sector Head, Regional Head, CxO, MD)	Ability to adapt to changes
	Foresight and ability to draw strategies for a highly dynamic environment

Training Infrastructure

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

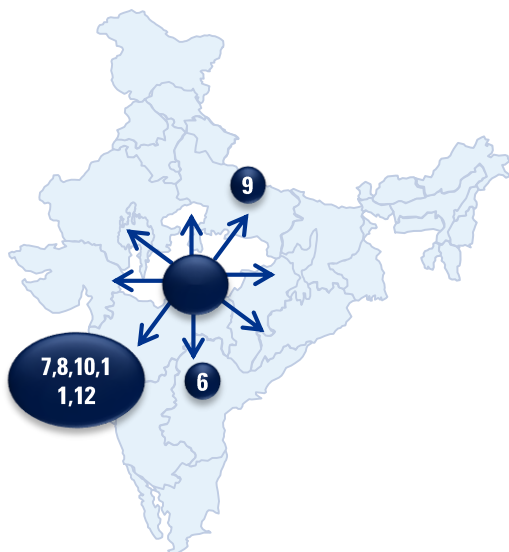
3 Institute of Finance, Banking and Insurance (IFBI), pan-India

- 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

Training Infrastructure

Select Training Institutes

Key training institutes



11 National Stock Exchange (NSE), Mumbai

- NSE, established as the new-generation exchange in 1992, offers a range of short-term courses, certificate courses and post graduate diploma programs on financial markets, financial literacy and general management
- Its two-year post graduate diploma programs are delivered through its two institutes — National Institute of Financial Management and Gokhale Institute of Politics and Economics

12 BSE Institute, Mumbai

- BSE Institute, the wholly-owned subsidiary of Bombay Stock Exchange, offers short-term and long-term certification courses and post graduate programs on financial markets, risk management, financial planning, mutual funds, foreign exchange risk management, Islamic finance, mergers & acquisitions, macroeconomic analysis and international financial markets
- The institute also offers a range of courses for finance professionals, investors and corporate executives

6 Institute of Insurance and Risk Management (IIRM), Hyderabad

- IIRM, set up by IRDA in association with the State Government of Andhra Pradesh, is in existence for nearly a decade
- The institute offers comprehensive courses in Insurance, Risk Management and Actuarial Science leading to award of International Post Graduate Diplomas which is an eligible qualification to become Insurance Surveyor/Loss Assessor as mandated by IRDA

7 Insurance Academy (IA), Pune

- IA, established in 2002, aims to develop talent and manpower for insurance, banking, pension and financial services industry
- It also focuses on mass literacy and awareness for financial, banking, pension and insurance inclusion

8 National Insurance Academy (NIA), Pune

- NIA offers a two-year diploma program with an option of dual specialization of insurance and management

9 Bankers Institute of Rural Development (BIRD), Lucknow

- BIRD, established in 1983 by NABARD, provides training, research and consultancy services in the field of agriculture and rural development banking
- The institute also organizes seminars, workshops and conferences to facilitate policy debate in the areas relating to rural credit, development banking, microfinance and training

10 National Insurance Academy (NIA), Pune

- NIA, formed through a public private partnership, provides a wide range of training programs for junior, middle and senior management of insurance companies
- It also runs specific training programs for public sector non-life insurance companies

Recommendations for stakeholders

Recommendations for stakeholders

The expansion plans of the banking and financial services institutions in the coming years, coupled with the introduction of new banking licenses, would require additional human resources

- The number of bank branches is expected to become twice while the number of ATMs to increase five times during 2010-2020
- Aggressive expansion plans of NBFCs would result in large-scale hiring in rural and semi-urban areas

Recommendation 1: Identification of a body for accreditation of training courses for Financial Services sector

- The government should identify / form a body in order to provide standardization and accreditation of training courses in the BFSI sector, content development etc.
- The vocational training institutes should aggressively start and promote BFSI related certificate courses like banking fundamentals etc.
- The industry should tie up with the accredited training institutes in order to facilitate recruitment of trained resource pool

Untapped rural markets, coupled with the government's financial inclusion plans makes it necessary for the banking institutions to come up with innovative business models

- With less than 30% of the Indian population having access to bank accounts, the government wants to bring the low income groups within the perimeter of formal banking sector
- Banking institutions are also looking to expand and venture into the untapped rural markets
- These markets have a lot of potential for growth and profitability through a mix of local hiring, business correspondents, micro insurance, Independent Financial Advisors (IFA) models

Recommendation 2: Set up financial services training centres offering certification courses in rural centres

- The industry has come up with the models of Business correspondents, Micro insurance agents, etc. in order to penetrate the untapped rural markets
- Industry has to tie up with training institutes at district / regional level so as to enable the institutes to offer certification courses in BFSI
- In the absence of standardization of the courses, content etc. the government as well as NSDC can support in terms of laying down standards, content development, training the trainers etc.

Recommendations for stakeholders

Future leadership gap in the middle and upper middle management in most of the public sector banks in a cause of concern for the industry

- Freeze on hiring in PSBs for more than a decade after 1985 has resulted in a vacuum of experienced workforce at the middle and upper middle management level
- According to the industry estimates, during 2010 - 2015, 80% of GMs, 65% of DGMs, 58% of AGMs and 44% of CMs would have retired
- By 2020, PSBs would have more than 75% of senior management (AGMs and above) positions vacant.

Recommendation 3: Industry should tie up with top management institutes for leadership training programs

- Industry in particular PSB's, needs to institutionalize the culture of meritocracy and promotions on accelerated basis for its employees
- 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
- Tie ups with top management institutes to deliver customized "Management Development Programs" could be worked out

Centralization of banking operations has created the demand of specialized roles

- Various bank operations have been centralized, e.g. central processing branches, recovery branches, SME branches, corporate and FOREX focused branches etc.
- Lean Operating Model - In the coming years, the branches are most likely to take front office roles (customer facing roles / sales), while the back office transaction would happen in the central processing centres

Recommendation 4: Industry to invest in enhancing training infrastructure for specialized functions

- Bank's training infrastructure to focus on delivering specialized training to identified personnel in areas such as risk management, foreign exchange, treasury, marketing, etc.
- 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

Recommendations for stakeholders

The growth and use of Alternate Delivery Channels (ADCs) is redefining the role and use of branches and have enabled the banks to reduce the number of transactions at the branches

- Customer interaction over alternate delivery channels (ADCs) including Debit Card, internet banking, mobile banking etc. has increased over the last couple of years
- Number of ATMs and PoS terminals have increased y-o-y by 32% and 24.4% to 1.4 lakhs and 10 lakhs respectively as on Nov'13
- According to industry projections, alternate delivery channels are expected to account for 84% - 87% of the transaction volume by 2020

Recommendation 5: Training companies to leverage on existing industry infrastructure to meet the need for capacity creation

- Training companies to work with employers and tie-up in rural and semi-rural areas for creating training facilities
- 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)

Continuous training of the existing employees is essential to acquaint them with latest trends in financial services industry

- There is no skill premium attached to staff who get trained in Banks, Insurance companies
- Currently training is not mandated and no significant weightage is given for undergoing training as part of performance evaluation process in industry

Recommendation 6: Industry needs to attach skill premium for employees getting trained

- HR leaders should drive recruitment based on preference for candidates with sector specific certifications for recruitment over general stream candidates
- Industry to recognise the learning of employees through certifications in collaboration with SSCs/training institutions



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT
& ENTREPRENEURSHIP



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