

CAPACITY BUILDING: MANAGEMENT OF TALENT PIPELINE IN BANKS AND NON-BANKS

A study of Training requirements in Banks and Non -Banks

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“EXECUTIVE SUMMARY”

Abstract : Reserve Bank of India (RBI) Deputy Governor R Gandhi did speak about the importance of capacity building by improving training methodologies. He did set up a think-tank on the training need gap and recommendations in streamlining the training related measures in Banks and Non-banks. He also added on the capacity building for the top level management level of the bank.

The Gopala Krishna committee had also made recommendations with regard to HR management practices, training methodologies and innovations, system-wide institutions and processes, exploring mandatory certification requirements and amplifying capacity related requirements in banks' boards.

The research paper analyses the skill gap and recommends the competency model to be adopted in the banks and Non-banks.

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1. INTRODUCTION

India is a young nation and this 'demographic dividend', which has helped us in the past, would definitely help in the future as well. However, in this age of technology and innovation, there is a need for highly skilled human capital to give us an edge over other nations. More funds need to be invested for setting up institutions in the areas of Research and Development.

India has a bank dominated financial sector: commercial banks account for over 60 per cent of the total assets of the financial system comprising banks, insurance companies, non-banking financial companies, cooperatives, mutual funds and other smaller financial entities. Banks credit contribute to around 56% to the GDP. In order to improve productivity and efficiency, banks need to be given more flexibility in operational matters, particularly in manpower practices.

Our education system needs to restructure itself significantly to promote innovation and entrepreneurship. Productivity and efficiency in banking services would be the bulwark for all round economic development in India.

2. LITERATURE REVIEW:

India has been lagging behind in innovation and entrepreneurship. It is ranked 69th out of the 138 nations in the Global Entrepreneurship and Development Index, 2016 (GEDI), published by GEDI, a specialized non-profit research and consulting firm.

The 'Doing Business 2016 report', a study conducted by the International Finance Corporation of the World Bank Group ranks India at 130th among the 189 countries surveyed on the criteria of 'starting a business'.

The approach of C. Gopal Krishna committee, thus sought to include "Training

needs analysis”, “Training of Trainers”, “Codification of knowledge, content and training inputs available vastly in the banking sector and across the training universe” as well as “leveraging technology to evolve the best possible form of propagating, propagandizing and disseminating the vast reservoir of knowledge, skill, attitude and habit inputs that form the core of any training methodology that can be applied to constituents of financial sector.

3. RESEARCH GAPS:

- Inadequate skills and capacity of the present workforces at all levels
- Limited availability of workforces with adequate skill sets to execute operations in a sustainable manner and
- Lack of suitable intuitional framework

4. OBJECTIVES OF THE STUDY:

- To analyse the key success factors for augmenting capacity in its employees
- The HR practices conducive to capacity building
- Training methods and methodologies and innovations
- Level of variance in capacities of employees with non- banks and other banks
 - Building job-ready talent pipeline on a sustained basis

RESEARCH DESIGN AND METHODOLOGY:

The paper is purely based on secondary data analysis.

Secondary data is collected from RBI website, journals and IGNOU study material

LIMITATIONS OF THE STUDY:

- The research is based on secondary data only.

- The research topic being contemporary, much traditional literature reviews are not obtainable.
- The study is restricted to Indian banks only

DATA ANALYSIS AND INTERPRETATION:

Business drivers and opportunities in the current Market:

- Private banks are increasing hiring from engineering colleges for digital banking
- ICICI Bank and Kotak Mahindra have hired 270 and 330 engineers respectively in FY2016
- Axis bank is adding employees to its digital and analytics team. It has tied up with NMIMS for analytics course
- Punjab National Bank, Lakshmi Vilas Bank, Bank of Baroda and IndusInd Bank have launched digital banking services in the last three months
- Sourcing and delivery of training in rural areas to be key as banks step up rural & retail banking. Small Finance Banks to provide stiff competition for rural talent
- Hiring from smaller towns and villages account for 50 to 80 per cent of total hiring for some of the lenders
- Axis bank has hired 50 per cent of its total workforce from tier 2 and 3 locations
- YES Bank plans to hire 3,000 for retail business in FY2017
- Small Finance Banks are expected to hire over 15,000 and are poaching senior talent from major private banks; the latter have initiated retention plans to retain high performers
- IBPS is likely to replace interview stage in clerical recruitment with psychometric assessments

- Product miss-selling continues to be the top-most compliant in life insurance
- Banks in UAE are reducing staff amidst deteriorating business conditions

(Reference: Sector Buzz report of Manipal Global Education Services)

5. Current and Potential competitors

- Manipal Academy of Banking has partnered with 25 leading Banks and Financial Institutions and trained over 25,000 professionals for leading banks, insurance and financial services organizations like ICICI, Axis, Kotak, Bank of Baroda, Federal Bank, IDBI, IOB,HDFC,HDFC Life, RBL Bank, Syndicate Bank ,Bank of Maharashtra, Andhra Bank , Au financials, Equitos, Ujjivan...etc. s campus based program aimed at building job-ready talent pipeline on a sustained basis.
- NIIT's national aptitude test (NITAT) 2016 had over 93,000 applicants. NITAT has generated over one million focused leads over

the last 11 years for its various training & skilling courses

- NIIT IFBI has launched certificate program in Banking Sales and Marketing with Catholic Syrian Bank
- BANKEDGE plans to train 50,000 graduates in FY2017. In FY2016, it has sourced, trained and placed close to 5,000 graduates in major private banks & financial institutions including Axis Bank, YES Bank, Kotak Mahindra Bank and India Bulls
- Axis Group has tied up with Coursera to train 12,000 employees over three years in various domains including Big Data and Data Analytics
- YES Bank has partnered with HCL TalentCare for a four-week residential program for entry-level sales role

TRAINING DATA AT ICICI BANK- the highlights of Manipal Academy of Banking and Rural Self Employment Training Institutes (RSETI)

Highlights - ICICI Academy

- Over 25,000 youth were trained in fiscal 2016 with women representation at 41%
- Over 10,000 women were trained during fiscal 2016 with 4,400 at the women-only centres
- Continued achievement of 100% placement of the trained youth

Highlights - RSETI

- Over 15,000 youth were trained in fiscal 2016; with women representation at 50%
- Around 1,000 trainees were provided with credit facilities for starting their own enterprises
- 60 new women Self Help Groups were formed
- Trained 427 Bank Mitras (Business Correspondents)

(Reference: ICICI Bank Annual report 2015-2016)

CAPACITY BUILDING:

Capacity building” refers to perceived ability, skills, expertise and efforts been

made to improve of an individual as per requirements. Thus skill by practice and required training does make the employee to develop a legacy of expertise.

- Banks should endeavor to expand enrolment of select Need for trainer's internal employees as part-time faculty to provide for adequate internal support for training initiatives.

- In the event of talent crunch at middle or senior management level, banks may consider the possibility of outsourcing various training activities including management of their training institutes.

Skill Development: Development should ideally move through the following six steps:

- **Identify the skill objectives and the learning objectives of the year:** Where and when the expertise need to be developed and filled the skill gap.
- **Sourcing of Training requirements:** Skill mapping and Skill Assessment exercise need to be mapped as to match the role in the organization. The training requirements are recommended by the supervisor/talent review committee to an employee or online platform in a specific job environment is imparted.
- **Administering Training** through adoption of the 70:20:10 learning model: The balance through coaching and formal classroom training techniques. Thus, there needs to be more emphasis on job learning exercises, for example learning through projects. A Unique learning model system need to be developed which should be 70(trained through experiences), 20

(feedback) and 10(formal training sessions).

- **Formulation of training schedule -** How do we plan in advance, so that employees have minimum ambiguity as to what is their future learning curve - In this phase a detailed schedule containing the training objectives, the names of people for whom the training will be administered, the type of activities to support the 70:20:10 learning model are identified and charted. This list and individual letters should be published in the beginning of the year so that employees clearly know about training programs they will have an access to, during the year.
- **Monitoring through tests and talent review -** Monitoring on whether the training is delivered effective and is useful for the organization. The review to be administered through Conduct of tests (Certification), Talent review and Rewarding Learning
- **Training to be customized to the nature of institutions:** Training needs accordingly have to be modified to suit the profile of employees in different categories of banks and also on larger analysis based on clientele. Therefore, we recommends that recognized training institutions, apart from those run or sponsored by RBI, may organize appropriate courses for NBFCs and RRBs more particularly in customer interface areas. CAB, NIBM, IIBF etc may engage with co-operatives to improve the quality of training in these institutions.

Perspective on Training Strategy

i) The training plan of an organization should have intimate linkage with the career path of the individual and the competency gaps should be identified through talent reviews and training should be imparted in a way that helps people to learn and apply the take-away in real life work situations. There should be a way, identified by way of an assessment or talent review process or through existing qualifications obtained by the individual.

(ii) Induction training of an officer in the world of banking should be an adequate mix of classroom training, on-the-job training and robust mentoring and monitoring for optimal results and long terms benefits to the organization/banks.

(iii) The bank employees worked in situations that required multiple competencies. The general professional qualification like JAIIB, CAIIB etc could be recommended for all bankers. Hence these should be made mandatory followed by recognition and appreciation to employees.

(iv) Every employee should be given a training of not less than 5 days a year. The training of senior officers are also trained for not less than 5 days a year followed by testing assessment.

(v) Institutes like CAFRAL, NIBM, IIBF etc, must develop suitable training capsule for senior officers with significant emphasis on current developments in banking sector, policy issues and leadership skills. Case method of training is also one of the effective training methods that can be focused upon and developed. Current training methods are generally focused on classroom sessions, case studies, and e-learning. However, to enhance effectiveness of training in adult learning context, hands-on training in the form of simulations, special projects, and exposure to different roles through job rotations would need to be used more frequently.

(vi) Leadership pipeline for scale IV and V officers requires them to undergo a week to 10 days Executive Development Programmes in appropriate places. NIBM, AMP of IIBF and Top Management courses of some B-Schools are also examples of such training.

Coaching and mentoring paradigm

Coaching/mentoring processes for entry level employees and also for middle and senior management should spend a few hours with leaders/top management and learn from their experiences.

Mentoring programme for CMD/CEO

CAFRAL can administer the mentoring program for CMD/CEOs of banks. It can create a pool of select, top notch, highly regarded Mentors who can be invited to conduct the mentoring programs for CMD/CEOs of banks.

Mode of providing training programmes

(i) All banks may adopt e-learning methodology and ensure that function specific lessons are made available to the staff and their knowledge is tested periodically.

(ii) Each bank should develop or use knowledge or procedure nuggets and place the same in the intranet such that these are available to the staff on demand as reference.

(iii) New channels like mobile based learning, webcasting, video conferencing, virtual classroom services should be explored which will help organizations to reach a wider gamut of people at minimum cost and within shortest possible time.

(iv) In order that the officials at higher/critical functions are updated on banking related subjects on a continuous basis, e-learning module may be introduced as part of Continuous Professional Development (CPD) programme accompanied by certification, subject to due accreditation by accreditation agency.

Top Management Training

i. Policy formulation, Resource allocation, Enterprise Risk Management, Treasury, International finance, Corporate Credit, Risk based audit, balance sheet management, capital management etc are critical and strategic for senior management. Similarly big picture focus on overall financial institution management, is essential before one steps in as an ED.

ii. Skills in respect of transformation management, change management, business management, crisis management, skills in handling print and electronic media, decision making and strategic planning also need to be imparted as part of top management training and also for group of middle management officials identified as potential leaders.

iii. War game exercises can be organized for the senior management and Top Management could be trained by CAFRAL, NIBM and IIBF on these areas leveraging on internal and external expertise.

Human resource management practice:

- HR aspects in relation to general and Talent development should be consistent in focus by the top management and board.HRM should consist of the expertise with sufficient domain knowledge on banking affairs
- HRM should move to new paradigm which involves data,analytics,scientific rigour and critically evaluated research,case studies,alignment of HR with Strategic planning to achieve the goals and also the talent and leadership requirements should be planned by the strategically in the long term plan say over 5 years and above.
- Role mapping exercise to be carried regularly based on the roles and

requirements to be made accordingly and also identify the skill sets to bridge the gaps by various capacity building efforts

- HR database should detail qualifications,training experience training, experience, continuing education details, new qualifications obtained by an employee as also his/her experience in specific vertical/functional areas.
- Placement should be based on the qualifications, certifications, training and experience of the concerned employee rather than being ad-hoc/discretionary.
- The role of specialists is increasingly becoming crucial and hence there is need for suitable HR intervention in this regard. Corporate banking, retail banking, treasury, risk, finance, technology, and HR will increasingly require staff with relevant aptitude. Banks need to identify 5–6 such tracks within which the staff can be groomed.
- Skill need projections need to be and Certain job families like credit, treasury and technology are typically in deficit and need to be planned for at various levels.
- The Assessment center methodology need to be used to map the skill sets and decide appropriate placement The Assessment parameters to beincludes case study interviews, group exercises, competency based interviews, in-tray tests, fact finding exercises, problem solving tasks, case presentations, psychometric/personality/aptitude tests, role-play exercise.

- Competency model to be developed and all key talent management processes within the organization like recruitments, performance assessment and management, development, etc. A Transparent and comprehensive performance assessment exercise need to be instituted and a 360 degree feedback mechanism to be implemented to performance differentiation between employees and suitable reward and recognition.
- The recruitment process should be immediate without time lag to avoid losing talents. Developing training and fixing problems exercise to be carried out for the underperformed employee. HR endeavor to build reasonable balance between the two instead of rigid adherence to Inflexible rules. Periodic review of policies and procedures relating to HR may be done.
- The highest importance level to allow the first - timer to develop skills or to provide support from the more experienced person. There is a need for proper succession planning by identifying critical roles across the organization, assessing availability of suitable candidates for such roles.

Strategies for addressing issue of replacement / replenishment of talent in banks

- Developing an Expert Pool internally and allowing free movement of talent within the organization for creation of a larger workforce of trained personnel. Special

recruitments based on job roles and competency could also be considered.

Supervisory Focus on HR Management in banks

(i) Detailed guidelines on key expectations of regulator on HR management and capacity building in banks may be issued based on relevant recommendations made.

(ii) Focused detailed thematic reviews may be conducted periodically to assess the HR management including training practices and follow up on specific issues with the respective banks.

Entry Point Qualification

i. Certain accredited training agencies/finishing schools may aid banks in accomplishing such tasks. This scheme is also expected to be cost effective for the banks. Hence, the banks may factor the floating staff in their manpower planning so that the branches do not suffer for want of staff and this floating staff could continue to be a permanent feature of manpower planning.

ii. Wherever the banks have outsourced training for new recruits, an effort may be made to ensure that these institutes offer certain minimum standard inputs, which may be decided while finalizing the course contents.

iii. IBPS tests candidates on subjects such as English, Quantitative Aptitude and Current Affairs. They may also consider introducing a basic banking paper in its CWE. A need to graduate to a full-fledged Banking Aptitude test.

iv. In case of recruitment of specialists, additional entry point tests/assessment may be considered.

Qualifications for generalists and specialists

(i) The generalist positions could continue to be handled by personnel who are graduates and general banking oriented qualifications

like CAIIB, Diploma in Banking etc would be desirable for all including such recruits.

(ii) Generally post-graduation in relevant field of specialization has been the norm in both private sector banks and foreign banks for specialist positions. This could be considered even for public sector banks.

(iii) Specific knowledge requirements associated with such positions, apart from post graduate qualification in relevant field, additional professional qualifications/certifications in the relevant fields like accounting, risk management, investment management/treasury etc. could be formally reckoned as part of identification and grooming of talent for manning specialist positions in banks.

(iv) For certain specialized areas like forensic audit, development of risk models, specific professional certifications/trainings in these areas would be desirable.

Skill Requirements

As regards the skill sets that are needed in the banks, the skill set requirements is linked to the various hierarchical levels and role functions. The broad indicative skill requirements as also detailed skill requirement template across various banking domains.

Skill gaps in commercial banks

Skill gaps for frontline staff include lack of complete knowledge of products, processes and systems, at higher levels skill gaps are concentrated around motivational, leadership and team management skills due to large scale retirements. Thus clear cut strategy to address the gaps and tackle the challenges faced by them in this regard should be included in the HRM.

Mandating Certification

(i) The personnel involved in selling function, must necessarily undergo an appropriate certification process. This includes selling of asset based retail banking products, third party, and treasury and

wealth management products. This could potentially address the issue of mis-selling, excessive selling and minimize customer complaints.

(ii) Some of the functions within the bank which are very critical include credit management, policy and planning, finance and accounting, funds management and treasury, risk management, compliance, information security and internal audit /information systems audit. Officials working in these functional areas should undergo a course pertaining to the subject that entails certification.

(iii) Certain aspects like AML/KYC also need concerted efforts in knowledge dissemination across the banking sector. Though no compulsory certification is being prescribed for such functionaries, certain number of mandatory hours of learning or e-learning (which may or may not end with certification) will be useful for officials working in these areas. Certification in KYC/AML, may however, be desirable for officials working in critical segments/processes like verification of KYC compliance and AML monitoring.

(iv) Outsourced work such as Debt recovery and BC/BF are currently mandated for training and certification. Similarly outsourced services such as credit card, IT etc. should be subject to certification.

(v) Banks may plan a road map to achieve the mandatory certification in identified areas for the concerned officials working in the aforesaid functional areas over a period of 3 to 5 years. To begin with, certain key positions within the functional areas (for example, front office personnel of treasury) may be prioritized for certifications.

(vi) For officials newly posted to one of the aforesaid functional area, a minimum time period, say 2 years maybe provided for obtaining certification.

(vii) In the event of the concerned officials not being in a position to complete the certification within the prescribed period, banks may transfer the official to another functional area not requiring certification.

(viii) The certifications can be obtained from eminent banking institutes like IIBF, NIBM and other accredited national and international bodies on basis of examinations testing the required level of skillsets/ competency standards for the relevant subject area for relevant role/designation. Requirements regarding competency standards are indicated in Chapter V.

Continuing professional education requirements for enhancing knowledge and skills

- i) The validity of certificate and its continuation would have to be made contingent upon completion of certain number of learning hours through various modes like attending training/seminars/conferences, certifications, e-learning etc., which would aid and abet continued learning.
- ii) The requirement of continuous education in respect of various job functions/profiles could be developed accordingly. The CPE in respect of certification awarded by various national/international professional bodies like ICAI, CFA Institute, GARP, ISACA, IIA etc. can be given due recognition as part of the framework.

FSLRC recommendations – Imperatives for skill-building

In the context of implementation of FSLRC non legislative recommendation that any regulations/guidelines arising therefrom need to be factored in for testing as part of certifications. Further, certification for relevant personnel in compliance, legal and policy/planning functions should incorporate

curriculum relating to current policy and legal environment.

Examination of compulsory certification for Board members

These training inputs could be administered by various organizations including RBI, the banks concerned themselves, specialised training on areas like treasury management, foreign exchange etc by such institutions as NIBM, IIBF, CAFRAL etc. Banks could also consider deputing them to institutions in India and abroad for embellishing their banking skills.

Induction Process for Board members

Considering the extent of responsibility cast on the Directors, the skills of the Directors would need constant and substantial upgradation. Therefore recommends a formal and systematic induction process and the details of specific areas in which the new inductees to Board can be sensitized.

Training intervention for Board members

(i) Apart from the induction process, the knowledge level of the directors needs to be further developed and enhanced by providing regular training in certain specified subject areas. At least one day of knowledge enhancing interventions every year through formal training/seminar/conferences in relevant banking areas may be mandated for all non-executive Board members as per the related experience.

(ii) To provide a forum for further exchange of information and best practices among the Board member fraternity, a formal Forum for Board Members could be instituted under the aegis of CAFRAL which could meet periodically to discuss matters of contemporary relevance.

(iii) RBI may hold seminars on annual basis for the benefit of Board members to update them on regulatory developments and expectations from the regulator.

(iv) Going forward, Government / RBI may consider laying a road map for prescribing certain specific qualification / certification while considering appointment of directors on the Board of commercial banks.

Mentoring Programme for Board

(i) Mentoring of Board of Directors may be considered as one of the methods supporting effective leadership capacity building in banks.

(ii) CAFRAL, whose main mandate is to train the Board of Directors, can administer the mentoring program for Board of banks. It can create a pool of select, top notch, highly regarded Mentors who have been invited to conduct the mentoring programs for various banks. It can construct an exclusive, Mentor Invitation Program (MIP)

(iii) To ensure that the Board Mentoring Program (BMP) is highly successful, CAFRAL can invest in the MIP, the development and training of Mentors and periodic review, research and updates of the BMPs in banks; conferences and experience sharing sessions between Mentors can be conducted periodically so that constant review and improvement can occur; CAFRAL's research capability must be brought to bear on the BMP.

Development of Competency Standards:

A Competency Standards/framework can be created under the aegis of a body like CAFRAL with involvement of IBA, NIBM, IIBF and other stakeholders from banks and academic bodies. Various sub-committees can be created under different subject areas of banking to develop competency standards in respective areas. Based on this the existing qualifications, certifications, training programmes may be fine-tuned.

Recommendations on competency standards/framework

i) There is a need to crystallize the domain by the financial industry in addressing the complexity, deeper knowledge, expertise

and skill sets. The coverage may include various key areas in banking like retail lending, corporate lending, credit risk, operations, market risk, operational risk, compliance, treasury and asset liability management etc.

ii) The certification levels based on the competency framework need to reflect the career progression and competency development pathways for a financial/banking practitioner at four levels - Foundation, Intermediate, Advanced and Expert levels. Fresh graduates with no prior experience in the financial sector can also be certified under the competency framework by new programmes targeted at this pool.

iii) Officials handling IT in banking and non-bank institutions must necessarily enhance their skills and capabilities to keep pace, who should also be expertise in financial products and market developments.

Accreditation agency

(i) An Accreditation Agency may be set up as an independent quality assurance body for the banking sector which could be responsible for assuring and accrediting learning initiatives within the banking industry, institutional audits and programme evaluation. The agency may have a governing body comprising representation from RBI, CAFRAL, NIBM, IIBF, IBA, commercial banks and other prominent members/experts to develop appropriate policies and procedures for accreditation in the area of capacity building for the banking sector and also for FIs and NBFCs.

(ii) The major focus areas for the agency will be (a) accreditation of training institutes/training service providers/finishing schools in the industry (b) coverage and pedagogy for such institutes and important training courses and (c) content and coverage of certification courses. (d) approval for training providers for continuing professional education (e)

approval for trainers being used by the providers to ensure quality of training.

(iii) Even relevant graduate, diploma and certificate courses offered by Universities could be covered under accreditation. This could help in enabling Universities to align their curriculum and pedagogy to the requirements of the industry and ensure that the courses offered by them are in line with the competency standards.

Conducting a common Banking Aptitude Test (BAT)

(i) The frequency of the BAT can be either “on demand” or at specified intervals during every year, depending on operational convenience. Currently, apart from IBPS CWE, different banks also conduct their own recruitment tests; the BAT is conceptualized as a national level, uniform standard setting exercise in collaboration with all banks; all banks can subscribe to and participate in the design and adoption of BAT as their common basic filter for recruitment.

(ii) The common banking aptitude test could be modelled on the “item response theory” method of testing instead of the current “classical test theory” testing methodology to better differentiate and assess candidates aspiring for careers in banking.

Training/Learning

(i) Clear focus areas of expertise to specialise in the Infrastructure oriented to banking evolving environment needs to be crystallised by such institutions. RBI may guide and help facilitate clear delineation of focus areas for such institutions to minimize duplication in roles.

(ii) Institutes like CAFRAL, NIBM, CAB, Pune, IGIDR, IIBF need to create Centres of Excellence in different areas of relevance to

banks in accordance with their core competence so as to benefit the industry.

(iii) Enhanced scale of research activities by CAFRAL, IGIDR and NIBM and also development of frameworks for best practices in different areas of banking could be explored in the areas of core competence

(v) Collaboration among other reputed institutions like Universities/academics for research and learning programmes need to be further enhanced.

(vi) Providing right incentives to attract the bright talents as faculty for training and research institutions.

(vii) Exchange of personnel between the institutes and industry and academia need to be encouraged for sourcing talent on a global basis. Initiatives for training the trainers for enhancing in-house training expertise in banks. Enhancing scale of consultancy engagements by bodies like NIBM and CAB, Pune to their constituents and also the new methodologies like e-learning, certification programmes can be incorporated as part of design of value added training/learning products.

(viii) The institutions need to be scaled up in terms of human resources and infrastructure to cater to enlarged demand in future in different specialized areas. Establishment of a Case Clearing House at the Industry level may be considered. NIBM may host the case clearing house for the industry.;

(ix) Research may also be focused on talent management like assessing effectiveness of various talent strategies, converting talent strategy to specific programs and processes that are effective and efficient, the linkage between the success of talent programs and processes and the achievement of business results/business strategy and organizational success.

(x) There is also need for more finishing schools for entry level employees and more training providers catering to different

levels/scales of officials and also for New training institutions catering to different categories of banks and NBFCs may also be considered.

Centre of Excellence for Leadership Development for banking sector

(i) A centre of excellence (CoE) for leadership development may be created either as an independent institute or under the aegis of CAFRAL.

(ii) The aforesaid CoE may serve as a knowledge repository for leadership development by conducting research on leadership evaluation and training, high performance leadership practices, undertaking surveys, organizing seminars and conferences and evolving related centres of excellence.

Foster development of data and research on skills in banking sector

(i) Comprehensive information system needs to be created on demand and supply in banking sector in respect of various skillsets/competencies/job roles. The industry snapshot needs to be developed and regularly updated to assist stakeholders in planning for the future of their industry.

(ii) There is also a need for high level economic modelling of skills demand and supply as part of the scenario approach to future capacity development in the banking sector. The modelling needs to provide projections on supply and demand against each of the scenarios, including changes in the balance of skills and qualifications at industry level.

(iii) The aforesaid research output needs to inform training/curriculum improvements and other initiatives to address the imbalance in skillsets/competencies. It will help in assessing the degree to which the market or institutions can deal with issues of undersupply or oversupply of skillsets, and when and to what extent government should intervene.

(iv) There is also need to conduct periodic studies/benchmarking exercises on capacity building, productivity improvements based on study of cross jurisdiction practices, new innovations in terms of technologies and practices to make capacity building processes more efficient and effective.

(v) The research would also assist people in the industry to choose and develop their career paths through inputs like possible areas of development / expertise where people can grow and their future potential.

Monitoring framework for capacity development in banking sector

(i) Creation of an institutionalized monitoring framework for assessing through surveys and research, oversee the various developments in respect of various initiatives and develop indicators/metrics to assess progress in capacity building effort for the benefit of various stakeholders.

(ii) The initiatives in individual verticals of the financial sector as a whole could ultimately coalesce into an integrated strategy, monitoring and intervention at the FSDC level.

Creation of skills registry for the banking sector

Keeping in view the improved skillset requirements and given the enhanced need for assurance for personnel working in the banking industry, we recommend on the creation of skill registry for the banking industry.

Interventions at the primary/secondary and higher/tertiary education levels

(i) Partnership of institutes in banking with educational institutions, both at under graduate and higher levels which potentially induce students to consider taking up careers in banking/financial sector. A large part of student community is not adequately exposed to availability of rewarding career opportunities in banking sector. The institutes can assist through various modes

like conducting sessions on career in banking, career guidance cells, facilitating training for students to take up various certification examinations/e-learning courses to enhance knowledge and sponsoring quiz program for students.

(ii) Incorporating banking oriented subjects/courses and enhancing quality of courseware in secondary education/college education

(iii) Study visits to banks by students in schools/colleges to observe their basic functions and to develop interest in banking oriented careers.

(iv) Promote the incorporation of digital literacy into all undergraduate and graduate level courses.

(v) Using various ICT media like social media, mobile media to reach out to students on careers in banking.

(vi) Support more of work-integrated learning(WIL) that would feed banking ready professionals.

(vii) Integrate skill-based training as part of the graduation curriculum in the Indian higher education space.

(viii) Strengthening quality in the tertiary sector: There is a need for focussed Skill Development Initiatives based on the foundation of Competency Standards to increase the employability of the graduates and make them suitable for hiring by the industry. It is a well-accepted fact that the quality of skills imparted is highly inconsistent across the different institutions in the ecosystem of talent. The competency Standards needs to be utilised to serve as a base to develop the required training programmes to develop the skills of the students and make them job-ready.

(ix) The Competency Standards will need to be used to review and redesign the relevant curricula across universities and colleges. These standards need to be modified on a periodic basis to maintain relevance to the

industry which in turn will trigger the process of updation of the education curricula.

(x) Using a banking competency-based framework, there is a need to determine areas of focus for skill development programs so that any incumbent or new entrant into the industry will have a clear understanding of how to equip themselves for various job roles.

(xi) Financial literacy to be initiated and expanded early in the cycle at school level itself

(xii) Use of flipped classroom model involving combination of face-to-face and online delivery enhancing learning, particularly at graduation/post-graduation level.

(xiii) The demand for flexibility and mobility in the future world of work will impact the way people manage their careers. Currently there is little research or data about career advice. There is an important role for industry in providing career development advice underpinned by up-to-date labour market information and a 'real life' perspective.

(xiv) Need for increase in Ph.D candidates to facilitate overall capacity building: To ensure increase in enrolment in doctoral and post-graduation courses, education policy level changes are required. This will ensure that the supply in these areas increases leading to increase in innovation and research facilities in India. Some of the steps that can be taken to for capacity building in this context include setting up dedicated CoEs for research and innovation, providing competitive access to public research grants to the institutions , concerned institutes to focus on faculty and infrastructure development, create a conducive environment and provide incentives to attract and retain high quality faculty, opening more Government sponsored and

private higher education institutions of high quality, enabling better access to research information and databases through supporting information services.

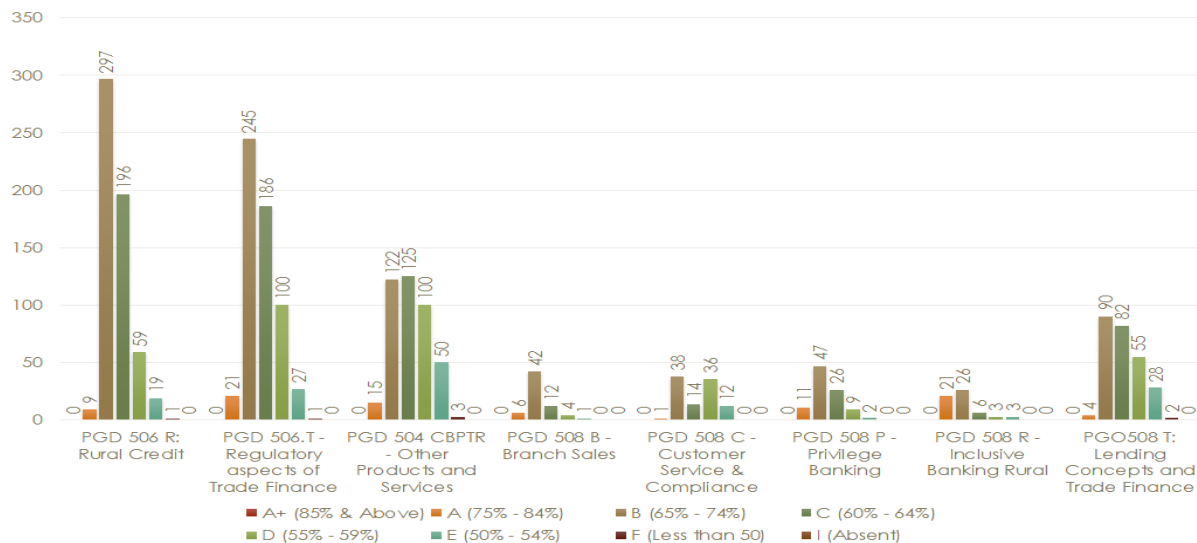
Improving academic-industry interface

- (i) Customized design of vocational courses to suit the industry with high level of onsite practical internship at banks. Extensive industry inputs in designing various levels of courses catered to either requirement of generalists or specialist positions
- (ii) Exchange of students for summer internships in banks
- (iii) Programmes either as part of regular course or separately to enhance the employability of students in banks, like development of soft skills etc.

(iv) Onsite training/projects at banks need to be enhanced.

(v) Giving weightage to industry experience while recruiting faculty to encourage industry professionals to take up faculty positions and to encourage industry professionals to take up part-time faculty assignments

6. Data Analysis of Probationary Officers at Manipal Academy of Banking for ICICI Bank :



The Analysis does forecast the skillsets possessed by the trainee at Manipal Academy of Banking and his/her capacity in the banking operations.

Public-private partnership

(i) Specific focus on banking sector, there is a need for strong involvement of concerned banking stakeholders as envisaged in the

report in respect of various aspects of the capacity building ecosystem and driven by key entities like IBA and other learning/training institutes in banking sector with support of the regulator. BFSI SSC can collaborate with these institutes and carry out specific functions in accordance with its core competence.

(ii) While there is GoI co-funding support for skill development initiatives of NSDC and sectoral skill councils, an exclusive funding arrangement under the nomenclature of Financial Sector Development Fund with a large corpus can be considered by Government of India to support various capacity building/training initiatives in financial sector.

Building bigger bridges of capacity-exceeding the frontiers

As a measure of capacity building there is also a need to exceed the frontiers and deepen focus on creating awareness for the benefit of customer by an industry-wide initiative to supplement efforts of individual institutions.

Implementation of the Recommendations

The following suggestions on implementation of the recommendations:

(i) The sectoral capacity building in respect of financial sector needs to be primarily supported and driven by individual regulators as part of their development role under an over-arching monitoring framework of FSDC.

(ii) The recommendations in the report can be grouped under short term and medium term for the purpose of implementation.

(iii) Based on recommendations, from a prudential perspective the regulator may provide detailed guidelines to banks/NBFCs relating to HR Management issues with a view to enhance capacity building and mitigate associated risks in such institutions. This may be carried out in the short term, within one year.

(iv) In many subject areas indicated in the report, eminent banking oriented institutions like IIBF already offer certification courses. Hence, existing certifications offered by IIBF, NIBM and well known professional bodies like ICAI, GARP, ISACA, etc could be recognized as eligible for offering the

mandatory certification requirements for relevant subject areas in the interim. Thereafter, after development of competency standards and accreditation agency, the course contents could be fine-tuned by the aforesaid bodies if required along with possibility of more accredited training service providers in future.

(v) Individual training and learning institutions in the banking sector could further enhance their capabilities and services in line with the recommendations over the medium term.

(vi) Other major recommendations in terms of development of competency standards, accreditation body, accreditation standards, academic industry interface, monitoring framework etc could be driven by the industry through IBA and key institutions like IIBF, CAFRAL and NIBM which can be implemented over the medium term.

(vii) For enhancing private-public partnership, research on skill gaps in the industry and various long term systemic measures, the key industry stakeholders may collaborate with Government of India and NSDC.

7. PROGRAMS INITIATIVES AT MANIPAL ACADEMY OF BANKING:

i) Advanced course on Credit Management and Risk:

Selected employees to undergo this training in order to go ahead with Client Engagement and be a solution provider on the tasks like Balance Sheet analysis and Manipulation and Risks associated.

ii) Short Term and Leadership Programmes:

MAB lead the short term programmes for Bank of Maharashtra, Union Bank of

India, Tamil Nadu Merchantile Bank and few others followed by Leadership programme for HDFC.

- iii) **Class room Sessions in Banking and Sales:** Experienced Bankers handle classes for the Non-banker's to get apt with the banking scenarios.
- iv) **Committees:** Committees based on the specialised domain is framed so that the interaction in them will fetch successful results, such as Case study bank, questionnaire bank, various other techniques in the teaching practice too.
- v) **Digitisation:** A platform to evidence the first day first hour productivity for the probationary officers, the content is designed in order to transform the classroom teaching to a digitised teaching paradigm.
- vi) **Training :** Faculty Immersion programme(FIP) and Faculty Development Programme(FDP) inline with Train The Trainers(TTT), some of the trainings which handhold the faculty to provide the training on need for the service.

required training in specialized domains with proper assessment and certifications paradigms. To be futuristic Institutional partners with banks to be established in sketching the training platforms and building the skill gap to ensemble the need of the hour and be a competitive and digital native.

9. REFERENCES:

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5. "Sector Buzz report 2015-2016", Internal Newsletter of Manipal Academy of Banking.

8. **CONCLUSION :** The Industry and services sectors are expected to contribute 92% of India's GDP by 2030 as per the report from FICCI-Ernst and Young, 2016. Analysis of the various countries such as Singapore, Malaysia, Ireland, Indonesia, Nigeria, Hong kong, Europe and UK have their Qualification framework followed by