

IMPORTANCE OF SKILL DEVELOPMENT IN BANKING SECTOR

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Abstract : Indian economy has been growing around 5 to 9 percent in the last five years. It is expected to become a global economy despite few challenges in 2012-14. Globalization, growth of middle class, financing infrastructure development, etc. has helped the growth of banking industry. Banks have been focusing on branch expansion and financial inclusion. However, the main challenge for the banking industry is scarcity of skilled manpower to meet the growing needs of the economy. Customer transaction data is increasing continuously. So, they need to invest into big data technology. This has resulted in increase in the workforce recruitment by banks with contractual employment as financial advisors. Banks need to re-orient their thinking by harnessing information technology for financial inclusion. This will help to increase the profitability of the banks and also protect the banks market share.

INTRODUCTION

Indian economy has been growing around 5 to 9 percent in the last five years. It will become a global economy due to globalization and liberalization. Many factors have helped the growth of banking industry, namely, liberalized policy of RBI with licenses to new banks, improvement in the banking services in the rural areas and financial infrastructural development by funding the private sector. This has also increased the employment in the banks.

Increase in the purchase power has increased the demand for housing loan, vehicle loan and consumption expenditure through credit card payment. This has pushed up the demand for banking services. Banks are emerging as a major sector due to financial inclusion of bankable income segment. Many private banks have made an aggressive growth due to customer friendly and innovative approach. Public sector banks too have made a healthy growth by focusing on corporate credit, selling services like mutual fund, fee based sources of income like mobile banking, etc. they have also focused on branch expansion and financial inclusion.

The main challenge for the banking industry is the scarcity of skilled manpower to meet the growing needs of economy. The problem will increase due to retirement of experienced bankers in public sector. Besides, only 30% of population are covered by formal banking. This means that new licenses for branch expansion with needed skill are going to increase manifold.

Career opportunities in the banking sector is on the rise both in the public and private sector banks. The demand for skilled manpower will increase especially for customer service skill, banking application of software skill and selling skill. As per the report of Indian Banks Association (IBA), financial sector is the most preferred sector for graduates and post graduates. The commercial banks are becoming super market by shifting from mass banking to class banking with the introduction of many value products. New technology, namely, mobile banking, internet banking, ATMs are introduced to reach the customers with low cost. This has a positive effect on growth and development of banks.

The financial sector reforms have resulted in the growth of new private banks with life insurance and non-life insurance sectors. They have revolutionized the banking sector but banks do face acute shortage of skilled manpower. It is the form of training, nurturing and above all retaining them. The employee strength of banking industry is increasing day by day. The finance professional must be aware of

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modern technology, customer handling techniques, good communication skills and flair for sales and marketing. Banking sector is also using social media platform like Face Book to attract customers. For example, in 2013, ICICI Bank launched a Face Book bill payment and fund transfer service for customers.

Insurance industry in India is expected to grow at 14% by the end of 2015. It has been facilitated due to the special tax window for insurance policy under the budget. There is also an increase in the awareness among consumers with regard to their health insurance. The above factors have increased workforce recruitment by banks, contractual employment in the form of direct selling agent, mutual fund advisor, etc.

The major challenge for the banking industry is the problem of financial exclusion because the public sector banks have more players in semi-urban areas. Jan Dhan Yojna started by Modi Government provides opportunities for expanding business through inclusion of small customers. This is because there are about 10,000 crore people holding bank accounts with Rs. 12,000 crore deposits under this scheme. The challenges of this scheme are the ability of the banks to issue cards to million customers, augmenting human resources to deal with customer issues and grievances, etc.

The technological change in financial service segments is very impressive. Digital security has gained importance with legal acceptance. This will gain prominence with E-governance and online trading, electronic fund transfer, electronic clearing service introduced by RBI for debit and credit clearing. This needs more skilled manpower in the banks.

The banks in the emerging market are increasing providing non-financial services to small and medium enterprises (SME). The banks are understanding the needs and preferences of SME clients through financial returns and profits by serving them. Banks provide training services to SMEs to facilitate learning and development new and existing skill, marketing and sales, product design, account and book keeping and improve the business performance by targeting women entrepreneurs. Banks provide training course, workshops and seminars in varied forms of teaching formal. For these sessions, the leader must be knowledgeable on the topic. Recently, banks have partners with variety of service providers who are mainly international organizations like IBM, Cap Gemini, etc. Banks are rolling out new channels like social media, leveraging customer data analyses, predictive customer understanding to prevent fraud. Big data analytics is applied in real time marketing, risk management and understanding customer needs and behavior. Digital channel convergence has helped in cross sectional selling. This has increased customers' overall banking experiences. Banks are focusing on core banking transformation to realize business benefits and improve their competitiveness.

Thus, Indian banking sector is having the potential to become the fifth largest banking industry in the world by the year 2020. So, it is using latest technology and carrying out transactions to reach the masses. Hence, there is growing need of skilled manpower to protect the banks market share, profitability of banks and provide social platform for effective management with customers. So, there is a need for re-orientation in terms of thinking, harnessing information technology for financial inclusion.

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