

Employment Opportunities in the Financial Service Sector

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Abstract:-The Rate of Unemployment in India is really alarming. It is characterized by high rates of disguised Unemployment. There is no reliable data of Employment and Unemployment in India. Even the data brought out by the NSSO is not complete. The data put out by the EPFO covers only the organized sector. The unorganized sector which provides the 90 percent of the Employment is not covered. Self Employment which has emerged as a force to reckon with, is largely unaccounted. One of the main reasons for the high rate of unemployment is the low level of skill sets among youth. The youth are not interested in acquiring the skill sets required by the industry, resulting in high levels of unemployability. The youth are not interested in blue collar jobs. They are interested only in white collar jobs, for which they are crazy about getting degrees, which are just not enough for industry. The banking financial services and insurance services sector offers over 5 lakh jobs every year. Among the non engineering graduates, commerce graduates are the most employable; the BFSI sector offers ample opportunities, to youth. The sector demands numerical ability, reasoning skills, analytical skills, computer skills and communication skills. Those who acquire competency in these areas find exciting career opportunities in the BFSI sector.

Key Words: - *Employability, Blue Collar, White Collar, Numerical Ability, Analytical Skills, Competency*

THE EMPLOYMENT SCENARIO

In August 2018, the Indian Railways announced some 60000 jobs of Railway Engine drivers and the no. of applicants were 77.5 lakhs. It also announced 63000 level 1, Category – C (Class ‘D’ Jobs) for which the number of applicants were a mind boggling 1.9 Crore- thus making it the world’s biggest exams. While these jobs required only a twelfth pass and eight standard, for the Assistant Loco Pilot jobs, lakhs of Diploma and Degree holders in Engineering have applied. For the Class ‘D’ Jobs also lakhs of Post Graduates and Graduates have applied. In Rajasthan, for about 13000 constable jobs there were over 7.5 lakh applicants. The Goa Government, conducted a test for the selection of 80 Accountants for which over 8000 candidates with B.Com or BA degree in Economics had applied. However, not even one candidate managed to clear the test, which was very basic in nature. Thus a clear indication that there are millions of unemployed youth in India, who are crazy about secured jobs, while at the same time, most do not even possess the basic skill sets and competences required for the Jobs available. Captains of industry, like Sri. Narayana Murthy of INFOSYS and Azim Premji of WIPRO, have been complaining that only 15 to 20 percent of our Graduates, are Employable. The rest, lack in basic knowledge, skills or attitude or all of

them. Thus the country faces the twin challenge of paucity of highly skilled, quality labor as well as, non employability of large sections of the educated work force that possess little or no job skills.

There has been a paradigm shift in the employment scenario in the country, post globalization. While the pre liberalization economy was characterized by large manufacturing firms and public sector enterprises, the new economy is service and technology driven. It is also gender neutral, not secured and multi cultural. India has the largest young population in the world. It is estimated that 60 Crore Indians are below the age group of 25 years, making it the nation with the highest youngsters. India also has the largest pool of post graduates and graduates in Engineering, Science, Management and humanities. However, making them employable is the biggest challenge facing the vast educational system.

EMPLOYABILITY

‘Employability refers to a person’s capability for gaining and maintaining employment. For individuals, employability depends on the knowledge, skills and abilities they possess, in addition to the way they present those assets to employers’.

Employable skills have been defined by Mantz Yorke & Peter Knight as: “a set of achievements, understandings and personal attributes that make individuals more likely to gain employment and to be successful in their chosen occupations”.

Employability coincides with the five core values of higher education identified by NAAC. They are (i) capability to contribute to national development, (ii) foster global competencies in students, (iii) inculcate value system, (iv) promote the use of technology and (v) motivate youth to achieve excellence. If we take global competence, for instance, it implies “a multidimensional learning domain encompassing knowledge and understanding, skills, values and attitudes”³.

DATA ON EMPLOYMENT

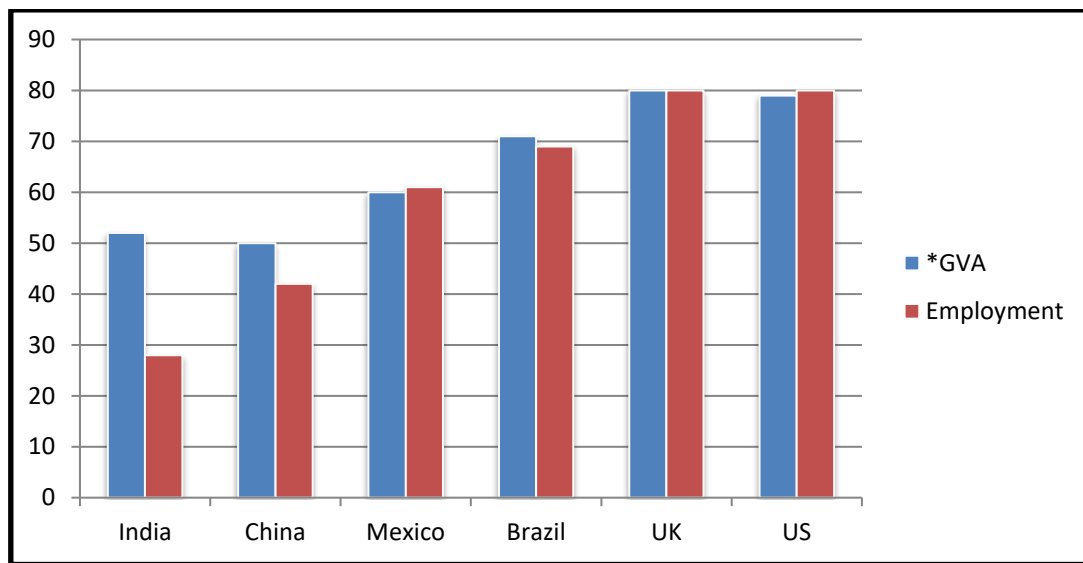
The National Sample Survey Office (NSSO) is responsible for the publication of various data, including employment, from time to time. However, the organization as been able to collect authentic data only from the organized sector, which constitute only about 10% of employment. According to NSSO survey, the Un Employment rate stood

at about @ 5%. The majority of the employed persons - 46.6% were self employed. According to the survey the main reason for unemployment is the non availability of jobs matching with their education, skill and experience. Also to the it notes that the unemployment rate goes up with the level of education. An important feature of an employment in India is under employment ie., those who are officially reported as ‘employed’ but don’t get work for the entire period or get some work, for a small fraction of the time they are available for work. Some may be working on jobs, which do not allow them to fully utilize their abilities or from which they earn low incomes.

According to data from the Indian Labor Bureau on Employment, less than two million jobs are being created annually, while the working age population grows by some 16 million every year.

According to the Economic Survey 2016-17 : “Among the top 15 service producer countries, the services sector accounts for more than two-thirds of total employment in 2016 in most of them except India, China & Mexico where the shares are low. India has been lowest share of 28.6%. Table –I gives the picture of the share of services in gross value added *(2015) and employment(2016)

Table-I



Share of services is gross value added* (2015) and employment (2016)

JOBLESS GROWTH

Employment is the prime concern of young India. Unemployment is an issue staring at them.

According to the Government of India, Ministry of Employment, employment shrank by 7 million between 2013 and 2015 and cites private data to point that an absolute decline has continued in the years since. Unemployment has risen to more than 5 % overall. Young people with higher educational levels suffer an unemployment rate of 16%. Dalits/ SC’s/ST’s are over represented in low paid occupations and severely under represented in higher paying ones.

According to a study by ‘Azim Premji Centre for Sustainable Employment’, in the 1970’s & 1980’s when GDP growth was around 3 to 4 percent, employment growth was about 2 percent. Currently, the ratio of GDP growth to employment growth is less than 0.1 that means

that a 10% increase in GDP results in less than 1% increase in employment.

According to a study of Centre for study of Developing Societies and Konrad Adenauer Stiftung, 65% of the youth surveyed said that their first preference was for Government Jobs, only 7% said they wanted a private sector jobs. 73% Ranked jobs as the issue they are most worried about.

HIGHER EDUCATION SCENARIO

Higher education in India has witness phenomenal growth. From just 20 universities and about one lakh students in 1950, it has grown to 951 universities and over 357 lakh students. The Gross Enrolment Ratio, with is the ratio of students enrolled in higher education, to the total number, in the age group 18 to 23, has reached 25.7%. Table II Gives a picture of the growth:

Table II

Capacity Indicators	1950	1991	2006	2010	2018
No. of University level Institutions	25	177	367	533	903
No. of colleges	700	7,346	18,064	31,324	40,760
No. of Teachers (in thousands)	15	272	488	934	1261
No. of students Enrolled in (Millions)	0.1	4.9	11.2	20.3	30.00
Gross Enrolment Ratio	0.40%	6.0%	12.39%	17.2%	25.00%

IMPACT OF AUTOMATION/ CONSOLIDATION

The impact of automation on employment has been phenomenal. According to a survey about 52% of work can be automated with current technologies.

A research based on World Bank data estimates the percentage of Jobs threatened by automation at 69%. “We cannot afford such delayed data when jobs are being destroyed and created at high speeds. ‘Employment elasticity’ – a measure of the economy to create jobs has been declining over the years.

According to a study by R Jaganathan, Pan Macmillon India, as many as 1.5 million jobs have been lost between 2015 and 2017 in the BFFI, IT & Telecom Sectors due to consolidation and automation. In 2009-10 it took 31846 employees to deliver \$ one Billion worth of exports in the IT sector. In 2015-16 it needed only 16055 employees. This trend indicates that less people will be required for the same output in the future.

According to study by OXFORD Martin program on Technology and Employment 2013, only 0.5% of new jobs have been created that did not exist before. This is against 173 million jobs that would be automated in the next 8 years in G7 countries which are also the 7 largest advanced economies in the world.

According to a NASSCOM, FICCI & EY study- two factors that challenge the nation today are:-

- a. 17 Million new entrants in to the work force year on year, against 5.5 million jobs created.
- b. Scale & spread of disruptions which will continue at the same rate or faster, impacting the way we work and live. The transition from type writer to computers and from landline to mobiles has been spread over 2 decades. The report highlights the polarization with decline in mid level, repetitive and rule based jobs and increase in demand for creative, design oriented high order skills.

OPPORTUNITIES:

The labor market is characterized by the prevalence of short term contracts or freelance work, as opposed to permanent jobs and are constantly being subjected to last minute scheduling. This “white collar” – also known as GIG-ECONOMY- online labor index, which measures utilization of online labor across countries and occupation, India has 24% share of the online labor market. The GIG-

ECONOMY is providing employment in to software developers, creative and multimedia professionals online sales and marketing professionals, written, translation and data entry operators, this employment model is expected to grow significantly in the coming years.

The second significant area of employment opportunities is the technology aggregator model that enables organizing highly inefficient markets, example UBER. The Indian unorganized/ Informal sector provides close to 50% of output, 92% of Jobs which encompasses at least 90% of the firms.

The business architecture for the next thousand startups could be inefficient markets and UBER like Platforms.

The third area- e commerce market provides linkage to small and medium entrepreneurs/ artisans etc. Amazon, Flipcart, Pay-Tm etc.

Startup ecosystems- India has the third largest startup ecosystems with about 5000 tech startups with 10 to 12% growth.

THE FINANCIAL SERVICES SECTOR:

The financial services sector is one of the vital organs of the Indian economy. It contribute 5.8% to Gross Value Added and it contributes 9.2% of the total external trade in 2016-17. The sector includes Commercial Banks, Investments Banks, Development Fiancé Institutions, Non Banking Financial Companies, Insurance Companies, Hedge Funds, Credit card Companies, Consumer Finance Firm, Accounting Agencies, Brokerage Firms, Co operatives, mutual Funds, New Payment Banks, Small Finance Banks etc. the sector is dominated by banks in terms of operations, but when it comes to employment it is the financial intermediary segment that contributes 65% of the total employment. The Banking sector shares nearly 25% and employs about 13 lakhs, the insurance sector employs nearly 2 lakhs.

The vibrant capital market has seen market capitalization in proportion to GDP from 12.12% in 1990-91 to 99.9% in 2016-17. The Indian mutual fund industry has seen Asset Under Management from 3.26 lakhs cores as on 31st March 2007 to 20.59 lakhs cores as on 31st August 2017 (16.9% of GDP), more than 6 fold increase in 10 years. India’s life insurance sector is the biggest in the world with about 360 million policies. Still, it accounts for less than 1.51% of worlds insurance premiums and is huge opportunity due to government policies, life style diseases and growing

awareness of the need for protection and retirement planning.

Contractual employment/Outsourcing: - an important feature of the post liberalization era is the contractualization of employment. Most of the works in all sectors of the economy including the financial services sector have been affected by contractualization. Many areas like security, services, ATM services, Computer maintenance etc. have either been given on contract to outside agencies or have been outsourced.

Feminization of Employment: another important feature of post liberalization employment is feminization. In the financial services sector, the participation of female employees rose by over 51% during the period 1990-2015. This is likely to further increase with the increase in Gross Enrolment ratio of women and the opening up of sector suitable for women employment.

Flexibility of Employment: another notable feature of post liberalization employment is the flexibility of employment. The educated youth of today, do not wish to be working in any company for a long time. They wish to look out for better opportunities on a continuous basis depending upon their skills and market demand.

TRENDS IN THE BANKING FINANCIAL SERVICES INSURANCE SECTORS:

The following trends have been observed in the BFSI sector which are likely to have a great impact on employment in future:-

a. Rising Middle –class: the rising middle class is emerging as the new growth engine of the BFSI industry; retail banking has seen steady growth especially in areas like home loans, car loans, personal loans, credit cards etc. over the last five years home loans segment has recorded a 16% CAGR for 12% of all bank credits.

b. Digitalization: the recent steps taken by the government in digitalization is paying dividends. The volume of transaction through banking channels has seen a phenomenal increase. There has been a 15% increase in mobile payments and net banking. Robotics /automation, social and mobile technologies, big data and cloud, machine learning/artificial intelligence are likely to bring in exponential growth in business.

IMPACT ON EMPLOYMENT:

The financial services sector, in spite of the Computerization, digitalization, net banking etc. continues to grow at a rate of 4 to 5% every year. The BFSI sector currently employs over 16 lakhs and is likely to reach 20 lakhs by 2020. The routine jobs like Data entry operator, teller, cashier etc, are likely to see an end and new job profile like cyber security analyst, credit analyst, programmers, marketing specialist, investment managers,

wealth manager are likely to see an increase. The government's step to make the economy online is also likely to bring a major chunk of the economy in to the banking channels.

Retail Banking is likely to be the biggest employer in view of the steps taken by the government for inclusivity. Since all government payments, subsidies, scholarships, pensions etc are being paid through banks, the sector is expected to grow at rate of 10-15% for the next 10 years. The State Bank of India, the Public Sector Banks, Regional Rural Banks, Co operative Banks, Private Sector Old Banks, Private Sector New Banks, Payments Banks are expected to recruit about 1 lakhs employees every year for the next 10 years.

Non Banking Financial Companies are also branching out in to the semi urban and rural areas in a big way, they are likely to recruit about 40,000 to 50,000 employees every year on permanent or part time or contractual basis.

Foreign Exchange Management is also emerging as an attractive employment opportunity in view of the increasing foreign direct investment and foreign institutional investments coming in to India.

Treasury Management is also likely to see further employment in view of growing foreign exchange market. Professionals with knowledge of international finance, international capital market, risk management etc, are in demand.

Money Management is another area for employment. They purchase and carry corporate bonds, agency securities, asset backed securities, fixed income investment products, hedge funds etc.

Mutual Fund analyst is another area where skills of financial analyses, assets selection, stock selection etc. are in demand.

Wealth Managers are professionals who under take the financial planning of high network individuals to take care of financial health, orderly and systematic achievement of financial goals.

Stock Brokers are also in high demand in view of ever expanding Indian stock market. Fund Managers, economists, accountant, finance managers etc, are in high demand

Commodity Trading and futures offers tremendous potential for employment for those who get themselves certified.

The insurance sector has been notable employment generator including associated professionals such as Brokers, Insurance Adviser, Agents, under writers, Claims Managers, Actuaries etc.

Opportunities are also available in the private sector insurance companies which have been increasing their market shares in the recent years.

Financial knowledge process out sourcing is another area with huge employment potential the sector employs.

SKILL SETS REQUIRED FOR FINANCIAL SERVICES SECTORS:

As per AISHA report 2017-18, at the under graduate level, for non engineering students the un-employability is 36.4% for Arts/Humanities/Social Science, followed by science 17.1%, engineering and technology 14.1% and commerce 14.1%. Thus, commerce graduates fare better than all the other non engineering graduates in employability. The growth of the BFSI sector is the main cause for this scenario.

Skill sets, knowledge and latest information about the current financial markets are required for employment in this sector. Candidates are usually tested for the following skills:-

- Communication Skills
- Quantitative Skills
- Analytical Skills
- Computer Skills

ADVANTAGES OF A CAREER IN FINANCIAL SERVICES SECTOR

Career in the financial services sector offer the following advantages

- Scope for high earning
- High potential for growth
- Opportunity to work in foreign country
- Job security
- Wide variety of job opportunity
- Balanced life style

CONCLUSION:

The financial service sector offers a wide variety of employment opportunity to young graduates. In spite of digitalization, mobile banking etc., the area is expanding exponentially and is likely to offer employment of over 5 lakhs every year for the next 5 years. Large scale retirements in this sector are also likely to create vacancies for the educated and skilled youngsters. The career opportunity in the financial services is indeed assured and attractive, for those who have the requisite skills and aptitude.

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