

In the next 5 years, banks will have to recruit almost 7.5 lakh people

Now, time taken by a bank to complete recruitment process is 6-8 months: IBPS Director

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Talent shortage is a universal problem. But perhaps nowhere else is it going to show up as much as in the banking sector in the country. About 7.5 lakh persons need to be recruited in the banking sector in the next five years.

There is also a critical shortage of middle management because of a spate of retirements coming up in this period.

Mr M. Balachandran, Director, Institute of Banking Personnel Selection (IBPS), is one of the persons who play a key role in helping banks bridge this gap. Having been a career banker, he understands the problems they face very well.

He capped his career with a stint as Chairman and Managing Director of Bank of India and retired in 2008 with his reputation for probity intact. Shortly thereafter he was roped in to head this institute.

In this interview he explains the role that his organisation plays and provides some insights into the changes that are on the anvil in the process of recruitment.

Excerpts from the interview:

Banking recruitments were earlier done by the Banking Services Recruitment Board (BSRB). What was wrong with that model? Where does IBPS fit in?

The BSRB was there for all-India selection — for a group of banks in a particular region. This experiment was on till 2000. There used to be a sponsor bank and participating banks who would use the BSRB services and foot the bill for the operations of BSRB in that region.

But this arrangement was proving unsatisfactory because it was like a lottery. The candidates did not know which bank they were applying for. They would be applying to the BSRB for a couple of vacancies that would be there in a number of banks.

And the allotment would be done by BSRB. Similarly, the banks also had no clue about who would be joining them.

When there was a freeze on recruitment for some years in the 1990s, this did pinch some banks. Even when no one was recruited, banks still had to pay for the maintenance of the BSRB operations. That's why the BSRB fizzled out.

Meanwhile, IBPS had be-

gun to do the backend work in the recruitment process.

Around the same time, banks were asking for autonomy. They wanted to decide on the recruitment themselves — how many people and the kind of talent they want, the structure, and so on.

And because this recruitment process was a huge one, they gave the mandate to IBPS and asked it to take care of this work for them. With the abolition of BSRB, the IBPS has come to the forefront again.

Last year, 13 million candidates registered for exams conducted by IBPS. Of this, 8 million appeared in the exams.

And this was for about 70,000 vacancies advertised by various Central Government organisations, banks and some insurance companies. About 48,000 of these jobs were for public sector banks alone.

What is the extent of talent gap in the banking sector?

In the next five years, commercial banks will have to recruit almost 7.5 lakh people. That means in five years' time, more than 60 per cent of the staff working in banks will be new and only 40 per cent will be experienced.

We need this scale of recruitment to provide for retirements, taking care of expanding business volumes as well as the problems of attrition.

What's wrong with banks doing their own recruitment for their individual needs?

Today the time taken by a bank to complete its recruitment process and get someone on board is 6-8 months.

This starts from identifying the vacancies and fulfilling some mandatory requirements such as advertising in employment news publications, giving time for potential candidates to respond, and giving extra time for candidates from the North-East and remote areas.

Then these candidates have to be called for an exam. After this, they have to be called for an interview or group discussion and then the final selection. So the process is time consuming.

There is also the issue of duplication of effort and wastage. Today, by convention, we don't conduct more than one exam of any one bank on each Sunday.

This is being done to give candidates an opportunity to attend as many exams as they



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MR M. BALACHANDRAN, DIRECTOR, INSTITUTE OF BANKING PERSONNEL SELECTION.

want. But if you look at it from the candidate's perspective, he has to apply to at least 10 banks and spend about Rs 300 per application in the process.

He may write the exam in four or five banks. The candidate then joins whichever bank gives him the offer first. After joining and undergoing a few months of training, he could get another offer from another bank.

It may be a better bank from a variety of viewpoints — perhaps better career prospects or something more mundane like having a place of posting closer home.

So he quits and joins this second bank. The time spent earlier in the first bank is wasted — for both the candidate and the bank — as also the money spent on induction and training. Again there is a vacancy and the process starts all over again.

How will you address this issue?

We want to bring a system

tions from candidates who have secured a certain score in our IBPS test, who would like to work in UP and who have a working knowledge of Hindi.

This will help banks fine tune their recruitment process and save both time and money.

And, as for the candidates, they don't need to sit for exams throughout the year. If they get a good score, they can hope to get into a good bank over the next year for which the score is valid. They will also be allowed to upgrade their scores.

What are the cognitive abilities that you are looking for through your tests?

What we mean by cognitive ability is general mental ability or intelligence. There are various components — verbal ability, numerical ability, learning ability, and so on.

What we have now added is another component called general awareness test with special reference to banking and finance and also a test on elementary computer knowledge.

These tests will help judge whether you can be a suitable employee in an organisation in banking and finance. Whenever there is a stimulus and there is a definitive answer that is an area where you use cognitive ability.

When will the first common test happen?

We are getting ready for it. It is likely to happen some time in August. This has required a lot of preliminary steps such as getting banks to amend their recruitment policies, getting government approval, and so on.

The Indian Banks' Association has also written to banks asking them to adopt it and extend support for the conduct of the exams. In each State, the SLBC (State-level bankers' committee) convenor will take the responsibility of conducting the exams on our behalf.

These exams we propose to conduct twice a year. There will be two exams for clerks and two for officers. Each exam will have three million candidates — and we have sufficient capacity to conduct simultaneous exams for about six lakh people in one session.

So we may have to do it over 5-6 sessions. And we do have a method to normalise the results, so that the scores reflect a fair assessment of the performance of candidates across different exams.

that will identify candidates on the basis of their cognitive ability.

We want to bring a kind of common admission test on the lines of CAT or GMAT which will tell the banks that the candidate has qualified and can compete on the basis of his scores.

These scores will be valid for a year and banks that have vacancies can attract suitable candidates who have qualified through this exam. It is for the banks to prescribe the minimum eligible criteria and use the scores accordingly.

For instance, some banks can say they want 12th standard pass as the minimum requirement for clerical vacancies while some others may want graduation.

Again, for clerical vacancies, banks don't need to hold an all-India exam. For instance, if IOB is expanding in the North, say, in Uttar Pradesh, and needs 100 clerks, it just needs to call for applica-