



वित्तीय सेवाएं विभाग
**DEPARTMENT OF
FINANCIAL SERVICES**

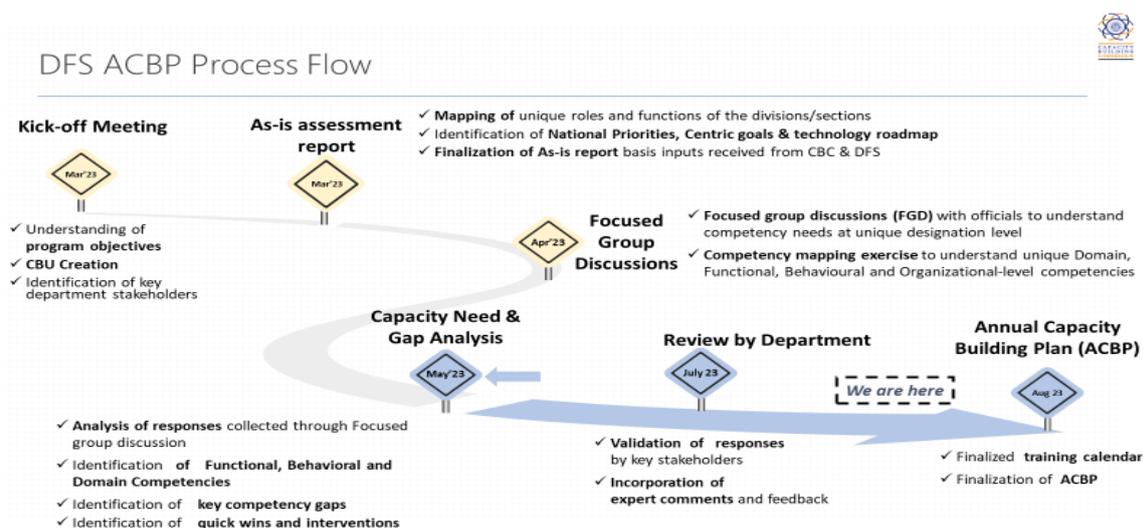
Writeup on DFS ACBP and allied Non-Training Interventions – Banking Immersion Programme and planned workshops

Department of Financial Services Annual Capacity Building Plan (ACBP)

The Department of Financial Services Annual Capacity Building Plan (ACBP) has been completed and submitted to the department for final approval. The exercise began with the kick-off meeting on 11th January 2023, which was chaired by Secretary, DFS, Shri Vivek Joshi. The meeting was attended by senior officials and CBU members from DFS as well as Chairman Financial Services Institutions Bureau, along with senior leadership and HR heads from four major public sector banks – SBI, PNB, BoM and Punjab & Sind Bank, and two major public sector insurance companies – Oriental Insurance and New India Assurance. Upon a presentation of comparative analysis of key performance indicators (KPIs) among public and private sector banks and insurance companies, novel non-training institutions planned as an extension of DFS' ACBP were shared in this meeting. These interventions emphasize human capital formation through immersive cross-learning of best practices among public sector and private sector banks – through an Inter-Bank Immersion Programme – the idea of which was sown in this kick-off meeting.

Thereafter the DFS ACBP was rolled out through February to May 2023. The exercise began with an 'as-is' assessment of DFS' organizational mandate and administrative composition. This was followed by a conducting a role-based Competency Needs Analysis (CNA) exercise through Focus Group Discussions (FGDs) with personnel from various constituent divisions, with an aim to identify and plug competency needs on immediate and eventual basis. The plan highlights apposite training and learning interventions across competency requirements for Domain, Functional and Behavioural competencies required for effective performance of different roles across the organizational structure of DFS. The detailed process flow of the DFS ACBP is given in Figure 1.

Figure 1: DFS ACBP Process Flow



Inter-Bank Immersion Programme to promote cross-learning of Best Practices among Public and Private Sector Banks

A key non-training intervention planned and organized as a close complement to the DFS ACBP is the Banking Immersion Programme. A novel applied-oriented programme meant to steer human capital formation in driving customer-centricity, use of technology and best practices in learning, development and agile Human Resource Management (HRM) among public sector banks, the programme aimed at breaking silos between public and private sector banks and to harmonize best-practices to create impact multipliers that will collectively help achieve national priorities for the banking sector like lowering cost of financial intermediation, improving access to credit (as % GDP), addressing financial inclusion by distributing financial services to the last mile through the use of technology, lowering NPAs through asset-reconstruction and profit streaming of stressed assets, and helping public-sector banks achieve customer-centricity by adopting ecosystem banking and digital journeys.

The programme drew enthusiastic participation from 9 public sector banks, including Bank of Baroda (BoB), Bank of India (BoI), Bank of Maharashtra (BoM), Central Bank of India (CBoI), Indian Bank (IB), Indian Overseas Bank (IOB), Punjab National Bank (PNB), UCO Bank and Union Bank of India (UBI), and 2 leading private sector banks – ICICI and Kotak Mahindra Bank Limited (KMBL). There were four such immersion rounds (see Table 1) conducted by ICICI Bank (April 11-12, 2023), Bank of Maharashtra (May 02-03, 2023), Bank of Baroda (June 19-20, 2023), and Kotak Mahindra Bank (August 04-05, 2023), which saw participation of 127 bank officials from senior management roles in respective verticals of applied banking practice. The programme has been a roaring success, and upon the recommendation of DFS, and is set to be institutionalized under the aegis of the Indian banks’ Association (IBA).

Table 1: Summary of First Iteration of Inter-Bank Immersion Programme

Name of Host Bank (with Dates)	Focus Areas	Participant Banks	No. of Participants	Aggregate Feedback/ Key Learning Outcomes Achieved
ICICI (10 th - 11 th April)	<ul style="list-style-type: none"> • HR Practices • Forex & Trade • Product Management • Ecosystem Banking & Digital Channels 	<ul style="list-style-type: none"> • PNB • Bank of Maharashtra • Bank of Baroda • Indian Overseas Bank • Union Bank India • Bank of India • Indian Bank • Canara Bank 	46	<p>80% Respondents felt the program was “very relevant”.</p> <p>97% Respondents rated the program 4 or 5.</p> <p>Best Practices shared centred around the theme of “One Bank-One Target” – utilizing technology and agile HRM practices to de-siloise performance by distributing targets, organizing product management, and incubating a learning culture according to a ‘whole of bank approach’.</p>

<p>Bank of Maharashtra (2nd -3rd May)</p>	<ul style="list-style-type: none"> • Risk Management • Digital Risk Management 	<ul style="list-style-type: none"> • Bank of Baroda • Indian Overseas Bank 	<p>14</p>	<p>Programme was well organized, effective, and worthwhile, with a lot of group work and applied exercises.</p> <p>Main thematic learnings were on Expected Credit Loss (ECL) methodology – Provision recognition based on different stages of loan life cycle; and implementing business activity specific credit rating models, to capture risk from an operational perspective; preparing scorecards scoring ESG risk of companies; Dynamic Internal Credit Rating on the basis of EWS triggers.</p>
<p>Bank of Baroda (19th -20th June)</p>	<ul style="list-style-type: none"> • IT based customer-services • Fintech • Digital Banking • Treasury 	<ul style="list-style-type: none"> • Indian Bank • Bank of Maharashtra • Bank of India • Canara Bank • Union Bank of India • UCO Bank • Punjab National Bank 	<p>32</p>	<p>Core learning outcomes were clustered on the building NextGen Banking using data-analytics to customise customer experience according to digital journeys and an adaptive data-driven approach impacting risk management, cross-selling and the prospect of distributed financial services. This was to be galvanized across best practices in:-</p> <ol style="list-style-type: none"> 1. Digital Lending 2. Digital Payments with concomitant fraud prevention 3. Mobile and Internet Banking, curating personalized customer experience 4. Co-Lending Partnerships – utilizing and updating current models to promote partnerships with NBFCs (especially to address credit needs of MSME sector) and Fintechs (for driving last-mile financial inclusion). 5. Improving collaboration with Fintechs on credit scoring, account aggregation and to address bank's overall digital transformation goals.

				<p>Along with an emphasis on technology in digital transformation, best-practices were shared on BoB's strengths including,</p> <ul style="list-style-type: none"> • Forex & Derivatives Market in India • Money Market and Investments in India • Managing Risk in Treasury Operations through several specific models using Value-at-Risk (VAR) analysis • Leveraging Technology for business growth – BoB highlighted its Integrated Treasury Platform, that integrates operations on national and international desks.
KMBL (4 th – 5 th August)	<ul style="list-style-type: none"> • Product Innovation, Sales and Marketing • Asset Reconstruction: Strategies to resolve NPAs • Banking 4.0: Exploring Technological Innovations and Leveraging Data • Managing Financial Fortunes • Banking for MSMEs • Initiatives related to overall credit growth and financial inclusion • Principles of inculcating a Risk DNA 	<ul style="list-style-type: none"> • Union Bank of India • Indian Bank • Bank of Maharashtra • Canara Bank • Bank of Baroda • Bank of India • Punjab National Bank • UCO Bank 	35	<p>Top 5 Learnings from the event:-</p> <ol style="list-style-type: none"> 1. Understanding the learning culture at Kotak, which emphasizes customer centricity, and risk-and-reward orientation, coupled with use of technology and predictive foresight. 2. Firm first, quarterly results later was widely learned concept in the event. 3. Thinking of stressed asset reconstruction as a potential revenue stream and profit centre. 4. De-siloing domain competencies in core banking and technology expertise by creation of a “Two in a Box” approach across all main organizational verticals. 5. Firm first, quarterly results later was a widely learned concept in the event.

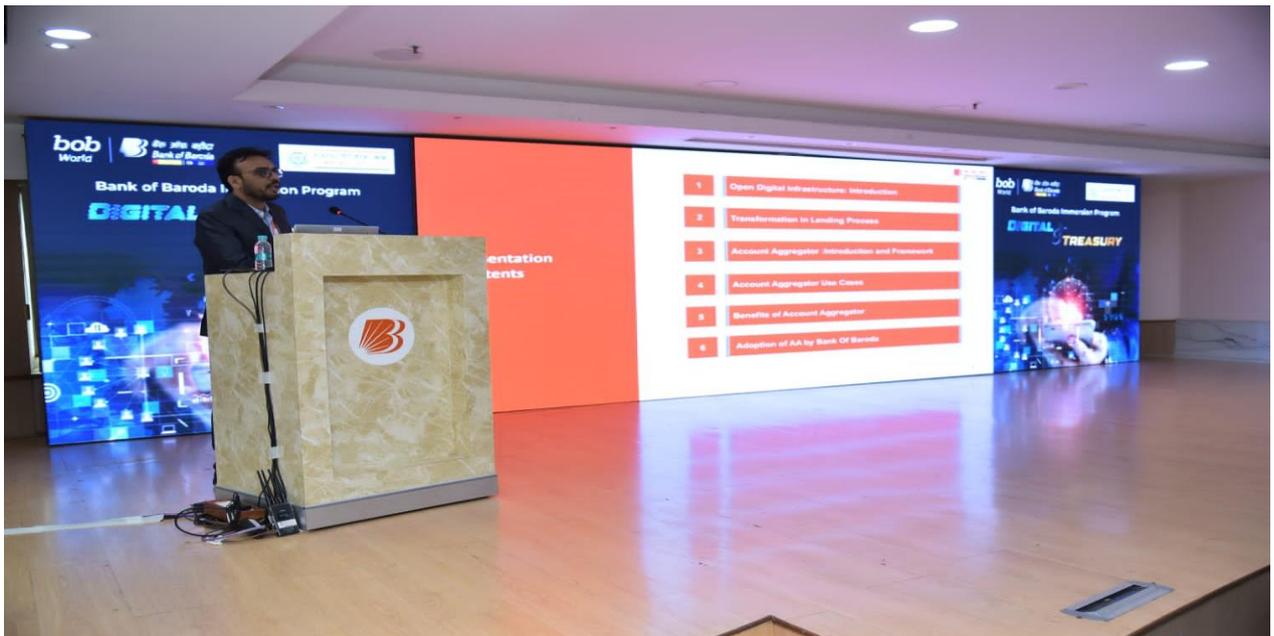
KMBL Immersion Programme (4th-5th August, 2023)



ICICI Immersion Programme (10th-11th April, 2023)



Bank of Baroda Immersion Programme (19th-20th June, 2023)



Bank of Maharashtra Immersion Programme (2nd-3rd May, 2023)



Planned Workshops in consonance with DFS ACBP

1. DFS-CBC Fintech Workshop

The goal of this inter-ministerial joint workshop will be to orient MoF officials to the prospects of India being the world leader in the Fintech sector, in terms of user adoption rate (currently 3rd) and market capitalization of major startups (Unicorns, Soonicorns and Minicorns), to drive national priorities such as bringing down cost of financial intermediation, boost credit creation and active financial inclusion promoting connectivity to financial services at the last mile, in order to boost economic growth. The workshop is tentatively planned for September 2023, to complement the Global Fintech Fest, the 3rd edition of which is being held at Mumbai, from 5th to 7th September.

2. DFS-MSME Inter-Ministerial Workshop to address lending to MSME sector

This joint workshop is slated to provide impetus through a 'whole of govt' approach to the capacity building of key ministry officials at MoSME and DFS to address access-to-credit for Medium, Small and Micro Enterprises (MSMEs). A report by the parliamentary standing committee on finance (April 2022) said the MSME sector faced a credit gap of ₹20-25 trillion (against ₹22.3 trillion outstanding, as of August 2022). The workshop is intended to enable participants and their organizations to pursue proactive policies and use of digital technology and data analytics, to address the difficulties and sectoral bottlenecks of MSMEs to meet the sector's national priorities, facilitating positive spillover effects for the financial sector, and the Indian economy, as a whole. The workshop will provide a common platform for the capacity building of ministry officials to address the needs of the sector by improving the outreach of current policies and institutional arrangements, while being exposed to contemporary solutions in banking practices and technology segments that are attempting to resolve financial issues faced by MSMEs.