

**PRESS INFORMATION BUREAU  
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**FINANCE MINISTER CALLS UPON THE MANAGEMENT OF PUBLIC SECTOR BANKS TO GEAR-UP FOR PROVIDING MORE EFFICIENT AND COST EFFECTIVE CUSTOMER SERVICES LEVERAGING THE TECHNOLOGICAL CAPABILITIES; ALSO URGES THEM TO PROVIDE THEIR UNDIVIDED ATTENTION ON HUMAN RESOURCE DEVELOPMENT MATTERS TO EMERGE AS STRONG AND VIABLE FINANCIAL INSTITUTIONS**

**New Delhi: March 11, 2012**

The Union Finance Minister Shri Pranab Mukherjee said that good customer service is the heart of banking service delivery. He said that banking is predominantly a customer oriented business and good customer service is the key to banks' growth and stability. The Finance Minister said that with enhanced competition amongst banks, customer service becomes the sole differentiating factor to be leveraged to stay relevant and to forge ahead in the business. The Finance Minister Shri Mukherjee was speaking after inaugurating the Golden Jubilee Celebrations of State Bank of India Staff College, Hyderabad from State Bank of India Academy at Gurgaon, Haryana today. The Finance Minister Shri Mukherjee also unveiled the Foundation Stone of Gyan Prasar Kendra (Knowledge Dissemination Centre) to be set-up at SBI Staff College, Hyderabad. The Finance Minister also launched "Gyanodaya", an E-Learning Portal of SBI on the occasion. Later, the Finance Minister Shri Mukherjee flagged off two medical vans handed over to Indian Red Cross and Smile Foundation. On this occasion, Shri D.K.Mittal, Secretary, Financial Services, Shri Pratip Choudhuri, Chairman, SBI, distinguished dignitaries and customers, senior officials and staff of SBI were also present among others. The Finance Minister further said that as customer awareness grows, banks would be required to gear-up for providing more efficient and at the same time, cost effective

services leveraging the technological capabilities. Shri Mukherjee said that customer retention is going to be the key factor for banks, going ahead. He said that a bank is only as good as its people, and therefore, the quality of its human capital will be the single most important defining factor in shaping its future.

The Union Finance Minister Shri Pranab Mukherjee said that our Public Sector Banks (PSBs) are working very hard to emerge as potential global leaders. He said that `Human capital deficit` is one of the major challenges they face currently in this endeavour. The Finance Minister Shri Mukherjee said that Manpower Policy Planning and Human Resource Development are among the key areas for our PSBs today. He said that some of the major HR challenges today are: building capabilities for the future; improving productivity and performance; building talent management practices; developing institutional arrangement for sustained human capital management and transforming the HR function from legacy driven to developmental HR.

The Union Finance Minister Shri Pranab Mukherjee said that a substantial part of the current work force in our PSBs had joined in the 1970s and is in the process of superannuating. He said that it is estimated that in the next few years, 80% of General Managers, 65% of the Deputy General Managers, 58% of the Assistant General Managers and 44% of the Chief Managers would be retiring. To replace the existing workforce, which was basically trained in traditional banking, with personnel with specialized financial service delivery skills, is both a challenge as well as an opportunity, the Finance Minister added. Shri Mukherjee said that PSBs have embarked upon a path of inducting managers and staff possessing the necessary skill sets to cater to the needs of modern financial and banking services. The Finance Minister said that the requirements of future banking and financial markets are expected to be even more complex and skill specific. The Union Finance Minister Shri Pranab Mukherjee said that the Government has recently requested the CMDs of Public Sector Banks to prepare their respective Human Resource Management Plans, keeping in view the decisions taken on the recommendations of the Khandelwal Committee Report on HR issues in Public Sector Banks. He urged upon all the CMDs of different PSBs and their colleagues on the Boards of PSBs, to provide their undivided attention on Human Resource Development matters - as the subject has not

received the focus it deserves at the Board level. The Finance Minister said that this would enable the PSBs to emerge as strong and viable financial institutions.

**The complete text of the Union Finance Minister's Speech delivered on the occasion is as follows:**

I am happy to be here on the occasion of the Golden Jubilee of the State Bank Staff College. SBI has moved a long way from being a successor to the Imperial Bank of India in July 1955. It has now got global footprints & has transformed into an Institution of which we all Indians are proud of.

We aspire that our Public Sector Banks (PSBs) should attain world class status in terms of the quality of products they offer and their delivery of services. Constant innovation through skill upgradation and training is necessary to deliver higher value at lower costs. The workforce at the PSBs and the training institutions such as the State Bank Staff College, who prepare them for executing their responsibilities by equipping them with the requisite knowledge and skill, have a pivotal role in achieving desirable global standards.

I am happy to note that the PSBs are working very hard to emerge as potential global leaders. `Human capital deficit` is one of the major challenges they face currently in this endeavour. Manpower Policy Planning and Human Resource Development are among the key areas for our PSBs today. Some of the major HR challenges today are: building capabilities for the future; improving productivity and performance; building talent management practices; developing institutional arrangement for sustained human capital management and transforming the HR function from legacy driven to developmental HR.

A substantial part of the current work force in our PSBs had joined in the 1970s and is in the process of superannuating. It is estimated that in the next few years 80% of General Managers, 65% of the Deputy General Managers, 58% of the Assistant General Managers and 44% of the Chief Managers would be retiring. To replace the existing workforce, which was basically trained in traditional banking, with

personnel with specialized financial service delivery skills, is both a challenge as well as an opportunity. PSBs have embarked upon a path of inducting managers and staff possessing the necessary skill sets to cater to the needs of modern financial and banking services. The requirements of future banking and financial markets are expected to be even more complex and skill specific. The Government has recently requested the CMDs of Public Sector Banks to prepare their respective Human Resource Management Plans, keeping in view the decisions taken on the recommendations of the Khandelwal Committee Report on HR issues in Public Sector Banks. I would urge all CMDs and their colleagues on the Boards of PSBs, to provide their undivided attention on Human Resource Development matters - as the subject has not received the focus it deserves at the Board level. This would enable the PSBs to emerge as strong and viable financial institutions.

SBI realized quite early in its existence that it needs to train and develop its manpower for facing the challenges of an emerging economy. It therefore established its first apex training institution - the State Bank Staff College, whose Golden Jubilee we are celebrating today. I am informed, that this College provides training to nearly 150 residential participants in simultaneously run programmes on various aspects of banking such as industrial finance, agriculture, behavioral sciences, trade finance, treasury management, merchant banking, etc. The college has recently established a Centre for Quantitative Finance. I am happy to learn that SBI attaches high importance to training and human resource development and has set-up its second apex training institution here in Gurgaon, Haryana popularly known as the State Bank Academy. It has also started separate institutes for Information and Communication Management and Rural Development. In addition, 60 learning centres have been established across the length and breadth of the country. I am told that all these institutes have well developed Research and Development wings

Appropriate training and skill development of the workforce in any organization determines its ability to face the challenges of future. I am happy to learn that SBI endeavors to impart formal training to each of its employees, at least once a year. I would like all PSBs to emulate this objective. Here I would like to emphasize that Training Strategy of any Public Sector Bank must have a three dimensional

approach. First, it must be sensitive to ‘gender needs’ and must, therefore, cater to the specific training needs of women. Second, the training strategy must include electronic-Banking module to use the Information Communication Technology to enhance skill sets of Bank employees, especially in context of the rapidly changing technological environment. Thirdly, the Training Strategy must have a grass-root base and provide tailor-made banking solutions for the rural economy, specifically for sectors which support means of livelihood in rural areas.

Good customer service is the heart of banking service delivery. Banking is predominantly a customer oriented business and good customer service is the key to banks’ growth and stability. With enhanced competition amongst banks, customer service becomes the sole differentiating factor to be leveraged to stay relevant and to forge ahead in the business. As customer awareness grows, banks would be required to gear up for providing more efficient and at the same time, cost effective services leveraging the technological capabilities. Customer retention is going to be the key factor for banks, going ahead. A bank is only as good as its people, and therefore, the quality of its human capital will be the single most important defining factor in shaping its future. I would urge the management, executives and staff to be alive to these challenges of the future and successfully carry forward the wonderful legacy they have inherited.

Let me once again express my happiness on being part of the Golden Jubilee Celebrations of State Bank Staff College. I would like all PSBs including SBI to attach the highest priority to human resource development and feel confident that with a new approach to HRD, they would be able to live up to the expectations of the needs of our economy and be an important catalyst for the country's progress and development.

Let me conclude by stating a famous quote “*Tomorrow belongs to people who prepare for it today*”. I am sure that we all draw lessons from our past and prepare ourselves for the challenges that the future holds for us.

Best wishes on your successful onward journey.

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