

# **Lack of skilled human resources poses a challenge to BFIs**

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Banks and financial institutions (BFIs) that are under pressure to expand are facing a crisis of skilled human resources, according to stakeholders.

Speaking in the inaugural session of the second series of 'Human Capital Conference' organised by the National Banking Institute (NBI), Upendra Poudyal, board of director at NBI, said that BFIs have been facing the challenge of skilled human resources.

Poudyal mentioned that BFIs are under pressure to expand, but lack of skilled human resources has been a serious challenge. Citing the recent provision of Nepal Rastra Bank (NRB), he urged the banks to mobilise three per cent of staff expenses for capacity enhancement of employees, under which working culture and ethical values should also be taught.

Stating that investment in human capital eventually pays back, Poudyal advised BFIs to properly follow regulatory provision to enhance the capacity of their staff.

The NBI, established through a joint initiative of NRB and Nepal Bankers' Association (NBA), has been conducting training and skill development programmes for employees of BFIs to fill the void. He advised NBI to design courses as per demand of BFIs in changed context.

Also addressing the inaugural session, Anukool Bhatnagar, vice president of NBA, highlighted the challenges being faced by the banking industry. Despite being the largest job creator, the banking industry has not been treated like it should be by the regulator, he mentioned.

"We have been instructed to expand in rural municipalities," Bhatnagar informed, adding, "But the regulator has not take care of the challenges to set up branches where there is scarcity of concrete buildings, proper security, internet, road access and other basic facilities."

Bhatnagar also spoke about challenges to retain staff in BFIs. "The talented people are migrating to other countries and only the average are working in banking industry and staffers keep moving from one BFI to another seeking more facilities, which is really a challenge for the banks today," he said. He highlighted some drawbacks in NRB's directed lending policy like agriculture financing and said that every financial institution does not have that sort of expertise.

As per the current structure of the country, 75 per cent of the staff of the BFIs need to be shifted to the province and local levels as a large chunk of the government budget is going to be mobilised from the lower layers of administration. In that context, staff adjustment will be the biggest challenge for BFIs, as per Bhatnagar. He suggested the banks and financial institutions to focus on rural areas and train the workforce in rural areas.

Sanjib Subba, CEO of NBI, pointed out the significance of human capital for running any institution and stressed on the need to focus on developing quality human resources. Around 150 banking professionals got the opportunity to learn about regional and global practices on human resources development from resource persons from IDFC Bank, KPMG Academy and State Bank of India, who had been invited for the event by NBI.

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Harlina Sodhi, senior executive vice president, Human Resources of IDFC Bank, was one of the key speakers who highlighted the changing dynamics of human resources, and stressed the need to build a culture among employees and agile leader who can handle changes and achieve organisation goals.

In the event, Nishchae Suri, partner and head at KPMG Academy, discussed changing landscape of learning and development and emerging HR practices.

Source: The Himalayan Times, 6<sup>th</sup> February 2018