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SPECIAL

By **Ajay Srinivasan**

THE FINANCIAL SERVICES SECTOR

ENTERED MANAGEMENT purely by chance. A chance discussion with fellow cricketers taking the CAT led me to do the same and soon I found myself moving from what I thought would be a career as an academician in the field of economics to the world of finance. While management as a career might have been serendipity, finance as my area of specialisation was a conscious choice. I have now spent close to three decades in financial services and I am even more excited today about the opportunities than when I started my career.

What makes financial services as a field so exciting is the universality of money. If you were to take a look at the world around you, the one thing you would immediately notice is that everything revolves around money — every single person on this planet either needs money to meet some dream or aspiration come alive or has money and wants to make it work to achieve some goals.

This fact, makes the financial services industry one of the most exciting fields to be in, simply because money will always be something that every individual relates to. It is also a field where you can experience the joy of making a difference to someone's life. Everyday.

The Indian financial services landscape has never looked more exciting. A fast growing economy coupled with low penetration of most financial products means that the opportunity to grow is immense. The financialisation of savings that we are witnessing currently is leading to growth in several sectors of the financial services industry never witnessed before.

The market capitalisation of listed financial services firms has grown more than three-fold from 2007 to where we are today. As a basket,

they form 25 per cent to 30 per cent of the Nifty.

However, while the financial market in India is growing fast, the industry remains under penetrated. Consider this: only a one per cent shift in household savings towards mutual funds translates to a 35 per cent to 40 per cent growth in the industry's AUM. If the current penetration in the life insurance industry increased by less than one per cent, the industry would grow by about 24 per cent.

Indians pay about 70 per cent of their total health costs out of their own pocket vs. 10 per cent to 15 per cent in developed markets and 30 per cent to 35 per cent in some developing markets. If households decided that they would spend 10 per cent less and insure themselves instead, the health insurance industry would grow by over 150 per cent.

Given the significance of the sector to the growth prospects of the Indian economy, the manpower requirement in the BFSI industry will continue to rise. We will not only see the traditional sectors of banking, NBFCs, insurance, mutual funds, broking, private equity etc. growing their people needs but in addition we will see the entry of newer players like payment banks, small finance banks and fintechs, also growing and absorbing people. This sector typically is linked to GDP growth so, as the economy grows, so will the employment needs of this sector, notwithstanding the increased digitisation and tech that is likely to enter this space.

The finance sector of course, also rewards people more than many other sectors because people are a very important asset in this business. It is also a global sector and we have seen several people moving from India to other countries in the finance space.

A combination of exciting growth opportunities in India and abroad, several players to choose from, the ability to grow fast if you perform and of course, attractive remuneration makes finance a favoured career choice for many MBA aspirants.



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