



CFO Perspectives

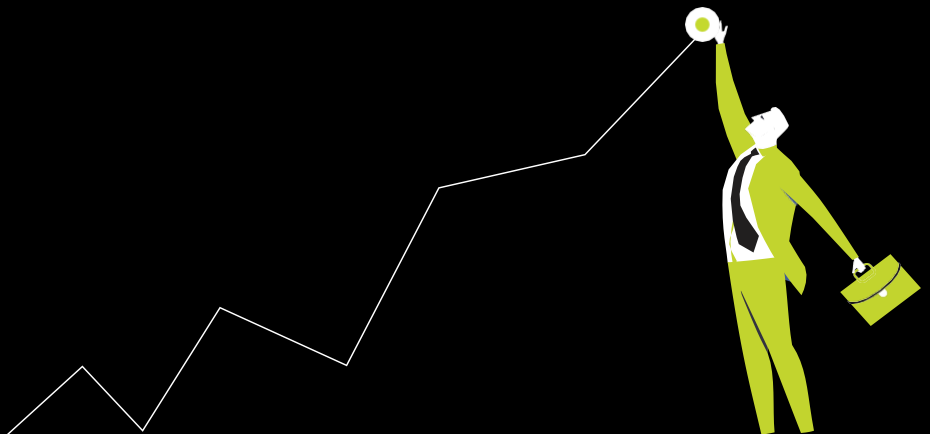
April 2022

For private circulation only

CFO Speaks



Girish Mehra
MD – Group Finance,
Credit Suisse



1 What are the top opportunities and challenges you foresee in the next year for shared services in India, especially for the financial services sector?

The opportunities and challenges are increasing significantly with the rising availability of high-end and complex finance skills. There is a strong demand for treasury, capital, and liquidity, as well as statutory and regulatory reporting skills. Global organisations are at different maturity levels and sharing additional work with India, particularly in more complex areas. One of the challenges includes talent management in a high-demand/high-salary inflation market. Therefore, it is very important to identify the right talent, compete for it, and then retain it.

Also, many digital tools and skills are now available for process transformation and automation. This creates opportunities to reduce manual work, and the availability of higher-end talent helps in taking more complex and judgement-based work. This also helps us in moving away from the shared services tag to the value creator/provider. I believe moving away from 'cost arbitrage' to 'value addition' is important to build a strong value proposition for doing high-end work from India.

Another key element is the availability of abundant technology skills in India, which is resulting in increasing technology presence of global organisations in the country. Now, organisations are more integrated across functions such as finance, technology, and risk.

This motivates more people to work for an integrated organisation, as it offers more opportunities for internal mobility as well as global roles whilst working in India.

2. As the lead for CFO India, how do you align and communicate with multiple stakeholders? What are the key things you need to do differently?

I have a dual role at Credit Suisse, lead for the CFO function in India and global head for finance operations and applications management.

In my role as the CFO lead, I have defined my vision and strategy for people, organisation structure, and the infrastructure we want to build in India. Some of the things include the approach for developing and retaining talent, right compensation strategies, and how we can build and automate different levels of our organisation pyramid in India. With these strategies in place, it is not difficult to align with stakeholders on common priorities and focus areas.

One of the most important things that I follow is having regular open communications with my key stakeholders. The more I understand their priorities in India, help them leverage opportunities and resolve challenges, the easier it becomes to develop a strong partnership. It also helps build trust and partnership and relationships, and create an integrated organisation.

Another important aspect is the culture of collaboration within the organisation. Understanding different perspectives and being transparent and direct are important aspects of building trust amongst stakeholders.

"Inclusion, strong culture of partnership, and trust are the key principles I follow, and this has worked well for me in aligning with my stakeholders".

3. The industry is going through significant digital transformation.

i. What are the top three disruptive trends that you are witnessing?

Digital disruptions started to pick up four to five years ago, but COVID-19 expedited these disruptions. "When I joined my current organisation, one of my employees asked me if being a CA would still be good enough 10 years down the line." My response was that unless you continuously learn new and emerging skills, such as digital skills, you will be less relevant in the future. It is interesting how times are changing rapidly with the increasing importance and pace of digital disruptions.

- a. Coding languages, such as R-studio and Python, are relevant for transforming and automating financial processes. These can be implemented by encouraging more employees to learn these coding skills and apply them to their tasks in an agile manner.
- b. Visualisation applications, such as Qlik Sense and Tableau, are becoming more important with increasing focus on analytics and dashboarding. These applications enable the availability of real-time self-service information and are more valuable and effective than PowerPoint presentations.
- c. Next is the desire to multi-skill by the newer generations (i.e., Gen Zs). Learning and applying coding to simplify and automate tasks creates a bottom up positive disruption for the organisation, when entry-level employees start using these technologies.

While implementing the changes, it is important to have strong control processes and governance in place.

ii. How do you believe they will specifically affect your business?

Over time, the shape of our organisation pyramid would change. The bottom of the pyramid will get smaller as non-judgement work such as data collation, manual entries, and reconciliations reduce. The middle and upper parts of the pyramid, including work that is difficult to automate and requires human judgment, complex problem solving, and leadership skills, will grow at a greater pace as the availability of these skills becomes more abundant.

iii. Is the Global Financial Services (FS) sector geared up for this disruption?

I believe the FS sector in India is well prepared for these disruptions. But FS companies use several legacy systems. The transition to move to new cloud-based technology could take several years. The large period that it may take to transition provides significant opportunities for digital transformation to help organisations in the short-term implementation of quick wins.

Another challenge in this sector is the increasing number of and evolving nature of regulatory requirements. Putting in place robust control frameworks is one of the most important aspects to deal with this challenge.

iv. How have you managed attrition during the pandemic?

One of the biggest challenges during the pandemic has been the absence of face-to-face connect between employees. Most people went into a virtual closet shadowed by the uncertainties and challenges of the pandemic and it became increasingly difficult to understand each employee's well-being.

What helped us was having a strong virtual engagement model across our organisation. We continued skip-level meetings connecting with different parts of the organisation. Maintaining discipline to connect regularly with teams and individuals is important.

The virtual work from home environment provided the advantage of more people joining meetings than would have been possible in a conference room, to discuss ideas and challenges; however, it became harder to pick up non-verbal cues, and so more questions/follow ups were required when things didn't feel right.

Staying competitive on compensation through regular market benchmarking of roles and skills has also been very important to ensure we are paying fairly. Equally important is the organisation culture – how people behave and feel in an organisation. Having a culture that is inclusive, fosters trust, collaboration, accountability, meritocracy, and open communication goes a long way in retaining talent. I believe actively engaging with employees and caring about their aspirations and career paths really help build trust. If you break down hierarchy and title barriers, it works well to have an open and engaging conversation. This helps in creating a positive culture and sense of belongingness in the organisation.

4. Lastly, what are some of your major learnings from the past two years of the pandemic that you would want to share with the other finance professionals?

During the pandemic, we realised the importance of staying connected to our people and being empathetic to different situations and needs. We understood the importance of flexibility and work-life balance. It is important to be respectful of the work time and personal time of your colleagues and teams and be mindful of an end time to the workday. It became even more important to ensure that employees are prioritising their time for physical and mental well-being, including taking time off from work. Providing support for health and well-being of

employees, including quick medical and other support during crucial stages of this pandemic, has created a greater sense of comradery and support within the organisation. Also, assisting employees with infrastructure support during work from home has been quite important. Virtual working has been, especially difficult for new joiners. It is important to reach out to them to make them understand the organisation, the office culture, their job, and ensure they have the necessary support. With the pandemic ebbing in India, we expect to move to a hybrid work environment, where we can optimise the flexibility of work from home with the advantages of face-to-face engagement in office.



Expert views

The elephant in the room: creating jobs and skills of the future

One of the biggest economic fallout of the pandemic has been the deteriorating labour market conditions. A weak labour market has been the Achilles's heel of our country for decades. Despite strong economic growth of CAGR 7.0 percent between 2003-04 and 2017-18, the total employment growth remained low and grew at a CAGR of 5.0 percent. The pandemic further accentuated the labour market situation.

In the years ahead when the health crisis subsides and the economy witnesses a rebound, the healing of the labour market may take some more time. This is because the impact of a recovery on this market is always felt with a lag. Given the ebb and flow of the pandemic, the growth recovery is likely to be fragmented and will weigh on the number and types of jobs available. For instance, the recovery of a few sectors, such as contact-intensive services, which are labour intensive and employs low-to-semiskilled workers, is likely to be gradual. Besides, intermittent mobility restrictions are likely to disrupt the logistics and supply

chain, thereby prompting restructuring of investments and digitisation. These factors are likely to result in structural shifts redefining the nature of work that will exist and the skills required to do those jobs.

India has to deal with this mammoth challenge soon as the pandemic leaves behind a legacy of elevated joblessness and unequal opportunities.

Unemployment: Half the picture

One of the prominent labour market indicators has been the unemployment rate, which declined to 6.57 percent during January 2022 after touching an all-time high of 23.52 percent during April 2020 (peak of the pandemic). After the historic recession in FY2020-21 and a devastating second wave in April-June 2021, high-frequency data suggests that the economy has maintained a steady recovery momentum in the October-December quarter of 2021. However, this has neither improved the employment situation in India nor encouraged workers to search for jobs. According to an employment survey by the Centre for Monitoring the Indian Economy (CMIE), the total employment remains below the



pre-pandemic levels by 7.8 million (between January 2020 and January 2022). Moreover, the labour force participation rate[^] declined by close to 3.0 percentage points in the past two years, suggesting an increase in demotivated job aspirants who are not actively looking for jobs.

Quality of jobs on the decline

What we observed is the quality of jobs along with the numbers (that provide more stability, have mechanisms for savings, and primarily belong to the formal sector) has also declined. For instance, according to the survey, salaried employees witnessed the biggest fall in employment. India is yet to see the return of 11.7 million salaried jobs lost since January 2020. At the same time, employment has increased primarily amongst small traders, wage labourers, and farmers. According to a report by the CMIE, the lack of jobs has also resulted in a rise of self-employment in the economy. People unable to find acceptable jobs are falling back on meagre sources of livelihoods, which explains a sharp rise in self-run businesses of taxi operators, barbers, gymnasiums, beauticians, estate agents, brokers, religious professionals, and trainers amongst others.

Rising discrepancies in opportunities

- Employment dipped sharply across the urban and rural regions, but the recovery in job losses has been relatively slower in the former. Urban employment is yet to reach the pre-pandemic levels.
- The pandemic has widened the gender inequality issue, undoing years of the government's efforts to bridge the gender divide in the workforce. The impact on gender opportunities has been relatively higher in India than the other emerging nations.

- The other daunting challenge is that large proportion of millennials and Gen Z struggled for jobs. The pandemic has had a disproportionate impact on youth employment and India needs close to 20 million jobs to employ the young population (between 20 and 44 years) to reach the pre-pandemic levels.

Currently, India needs policies that can create jobs and prepare the workforce for the future. The government will have to focus on building both physical as well as digital infrastructure to create opportunities for the youth. Lately, the government has stepped up its effort to boost investment to effectively implement such infrastructure projects because of the strong income and employment multiplier effects with tangible public benefits. Besides, the government's PLI scheme covering 14 sectors is not only expected to generate over 6 million jobs in the next 5 years (as announced during the Union Budget 2022), a significant concentration in outlays on manufacturing sectors such as electronics, auto, solar panel manufacturing will also require significant number of workers with specific skills. Therefore, the government's efforts to create jobs must be complemented with training and skill development programmes. India must tap into the opportunity of rising global demand for technical skills by improving its ability to deliver/export such services.

To read or download the complete report, click [here](#).

[^]**Labour force participation rate** is defined as the section of the working population in the age group of 16-64 years in the economy currently employed and unemployed but active in the job market.

About Deloitte's CFO Programme

The CFO Programme brings together a multi-disciplinary team of Deloitte leaders and subject matter specialists to help CFOs stay ahead in the face of growing challenges and demands. The programme harnesses our organisation's broad capabilities to deliver forward thinking and fresh insights for every stage of a CFO's career – helping

CFOs manage the complexities of their roles, tackle their companies' most compelling challenges, and adapt to strategic shifts in the market.

For any feedback, suggestions, or additional information, please connect with us at incfo@deloitte.com.





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This communication prepared by Deloitte Touche Tohmatsu India LLP (DTTILLP) contains an interview by Mr. Girish Mehra in his individual capacity. This material (including any information contained in it) is intended to provide general information on particular subject(s) and is not an exhaustive treatment of such subject(s) or a substitute to obtaining professional services or advice. This material may contain information sourced from publicly available information or other third party sources. DTTILLP does not independently verify any such sources and is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such sources. None of DTTILLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering any kind of investment, legal or other professional advice or services. You should seek specific advice of the relevant professional(s) for these kind of services. This material or information herein is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect you or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person or entity by reason of access to, use of or reliance on, this material. By using this material or any information contained in it, the user accepts this entire notice and terms of use.

©2022 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited

This is a private communication and not transferable.

Update your preferences to choose which communications you would like to receive from Deloitte, or unsubscribe from all Deloitte communications, by visiting our [Preference Centre](#)