

From Cost Centre to Strategic Hub: India's GCCs lead the Global Digital Financial Services Revolution

From back-office afterthoughts to million-dollar centers of excellence: India's Banking, Financial Services and Insurance (BFSI) Global Capability Centers are orchestrating a financial revolution that's reshaping the sector. In gleaming tech campuses across India, armies of engineers aren't just processing transactions—they're architecting AI algorithms that predict market crashes, building blockchain solutions that could alter traditional banking, and incubating innovations. The transformation of these centers from cost-saving ventures to strategic powerhouses isn't just a success story—it's a seismic shift in global banking.

Context and Evolution of BFSI GCCs in India

Early 2000s:

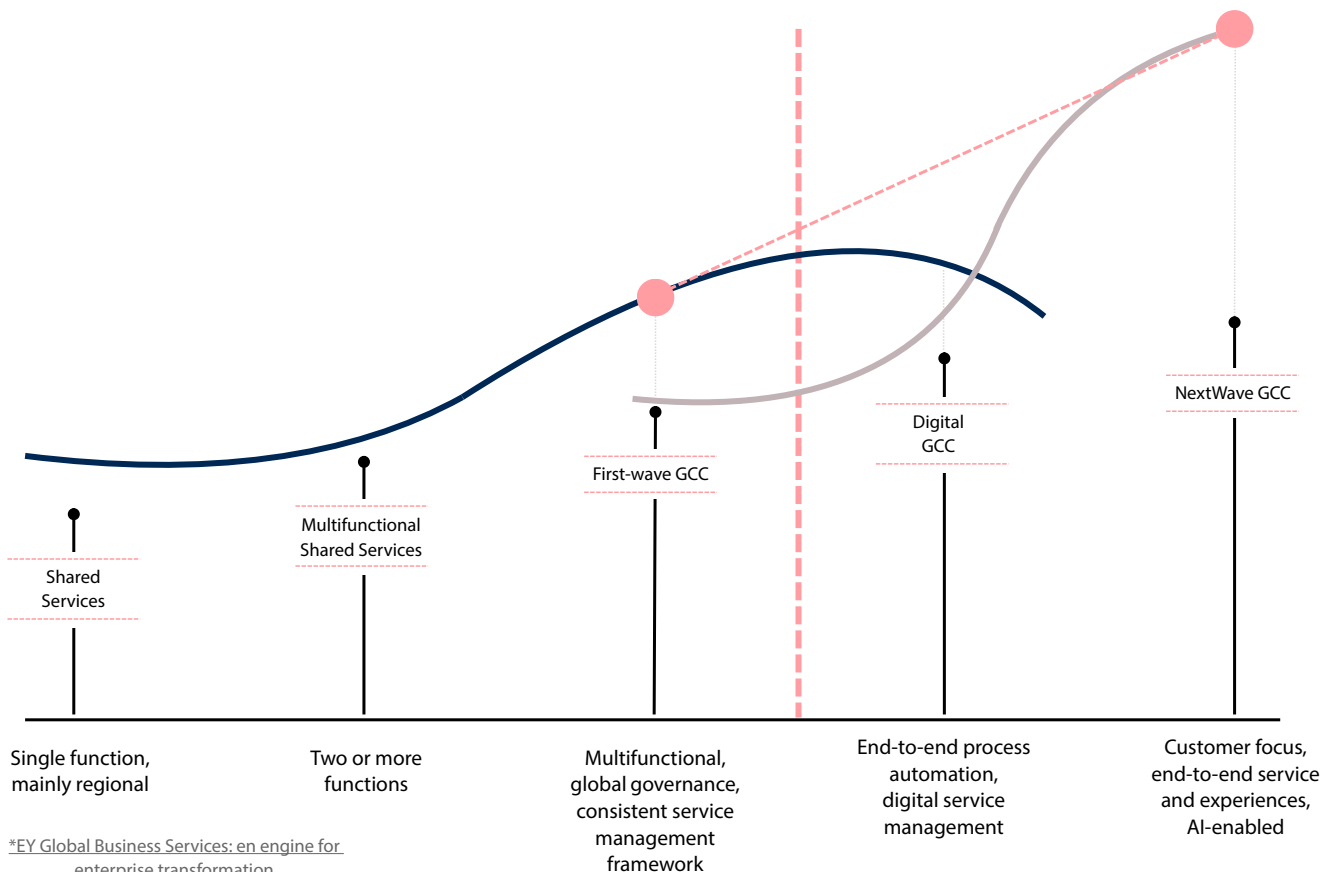
The inception of GCCs in India is primarily focused on back-office functions such as data entry, transaction processing, and basic financial reporting.

Mid-2000s to 2010s:

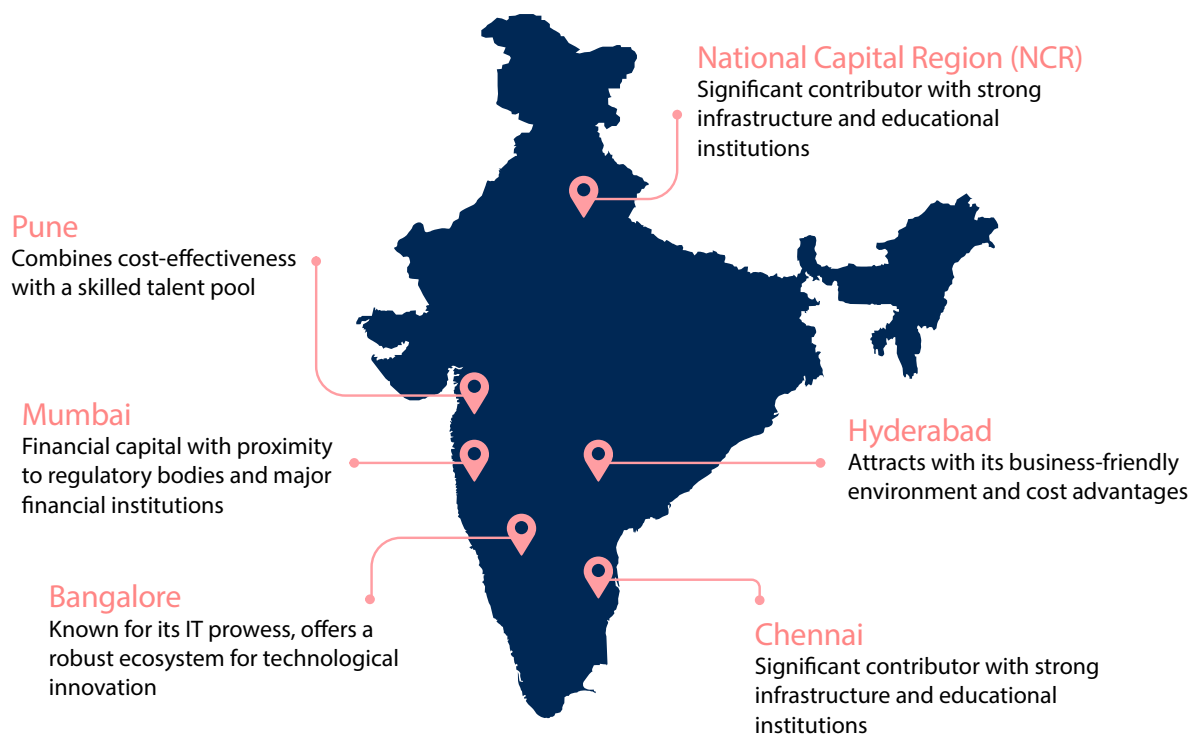
Expansion into more complex tasks includes risk management, compliance, and financial analysis, with increased integration of technology and development of FinTech solutions.

2020s:

BFSI GCCs become critical to global operations, driving digital transformation, cybersecurity initiatives, and advanced analytics.



BFSI GCCs are Predominantly Located in Major Metropolitan Areas:



Current and Future Trends of GCCs



Digital transformation: Increased focus on integrating advanced technologies like AI, blockchain, and quantum computing.



Talent development: Investing in upskilling and reskilling to align with technology advancements.



Innovation hubs: Evolving into centers of innovation, developing new financial products and services.



Sustainability: Incorporating Environmental, Social & Governance (ESG) practices to align with global corporate goals.



Regulatory technology (RegTech): Spotlight on compliance and navigating global financial regulations.



Customer centricity: In the next wave of growth and development, GCC's are reinventing a new brand beyond the back office, stimulating appetite for customer-led, human-centric service design.

Despite their critical role, these centers face a number of challenges, requiring strategic leadership to navigate complex issues. The nature of these hurdles have changed due to rapid technological advances, talent management obstacles, and increasing demands for value-driven operations.



Key Challenges of Financial Services GCC's in India

1. Talent Shortage and Retention

India is a popular destination for GCC centers due to its vast talent pool. However, the landscape has changed significantly. There's a critical shortage of specialized skills, especially in areas like data analytics, automation, Artificial Intelligence (AI) and Machine Learning (ML), and blockchain technologies—all integral to modern financial services. According to a [report by NASSCOM](#), the tech industry in India currently employs over 5.4 million people. The digital talent gap for the tech industry is expected to widen from the current 25% to 28-29% in 2028, an increase of 2.8X with the demand for digital talent anticipated to cross 6 million.

The other significant challenge is retention. GCC's are struggling to maintain continuity due to its high attrition rates and increasing opportunities in other industries, and even start ups.

2. GCC Operational Complexity and Innovation Pressures

As GCC centers increasingly take on more complex and mission-critical roles, the scope of their operations has broadened. GCC centers are no longer just back-office support; they now handle end-to-end operations, including risk management, compliance, and strategic initiatives like developing FinTech solutions.

The pressure to constantly innovate while ensuring efficiency

in critical operations, introduces a unique challenge. Financial services, more than any other industry, require impeccable precision, particularly in areas like payments, lending, wealth management, and regulatory reporting. With global regulations like General Data Protection Regulation (GDPR) or Bureau of Indian Standards (BIS), ensuring regulatory compliance across multiple geographies is a mammoth task.

3. Cybersecurity Threats

Financial services are under threats of cyber attacks as prime targets. As GCC centers handle more sensitive data and critical functions, the cyber-threat terrain becomes increasingly complicated. Protecting customer data, ensuring robust encryption, and responding swiftly to cyber threats is a constant battle. Cyber-attacks on Indian firms have recently exposed vulnerabilities, and GCC centers are not insusceptible.

4. Cultural and Geographical Challenges

Global GCC centers work in diverse teams spread across various geographies. Cultural differences, time zone disparities, and communication gaps can impact performance and collaboration. This is a reality in financial services, where cross-border transactions and operations are the norm. Leaders in India must foster collaboration across different time zones and cultures to ensure a seamless delivery of services.

Leadership Skills Required to Lead GCC's Today

Given these complex challenges, leadership in GCC centers must go beyond historical and traditional managerial skills to thrive in today's environment. There are three leader archetypes often found in GCC centers in India, each bringing a unique approach to overcome challenges and harness opportunities in this dynamic sector.



The Digital Visionary

This leader is deeply focused on innovation and digital transformation with strong understanding of emerging technologies like AI, ML, blockchain, and cloud computing. Their style revolves around constantly pushing the envelope in terms of process automation, intelligent workflows, and data-driven decision-making.

Key strengths: Technologically savvy, forward-thinking, and proactive about implementing new solutions.

Example behavior: Champions the deployment of AI-driven analytics or implement automation tools to reduce laborious tasks in financial operations.

Challenges: They can overlook the human aspect of leadership, assuming technology can solve all problems without considering cultural or organizational readiness for such transformations.



The People-Centric Developer

This leader prioritizes talent management, workforce development, and employee engagement. They understand that learning culture, upskilling, career growth and employee well-being is key to the long-term success of the GCC center.

Key strengths: Strong in building relationships, fostering team collaboration, and creating a sense of purpose.

Example behavior: Implements a robust mentorship program or launches internal learning academies to help employees stay updated on industry trends and technologies like AI, data science, and cybersecurity.

Challenges: They may struggle with driving large-scale technological changes, often deferring key decisions about digital transformation to their technical teams.



The Operational Excellence Leader

Focused on efficiency, this leader thrives on process optimization and operational effectiveness. Their approach is structured and data-driven, emphasizing cost reduction, process standardization, and rigorous compliance with regulatory standards. They are often skilled in Lean, Six Sigma, and other methodologies.

Key strengths: Reduces inefficiencies, improving productivity, and ensuring flawless execution of complex operations.

Example behavior: Introduces a Lean management initiative to streamline finance processes across global locations or focuses on risk management practices to ensure compliance with global regulations like Basel III or GDPR.

Challenges: They may fail to notice the importance of innovation or employee engagement, focusing too narrowly on immediate operational gains rather than long-term, strategic investments.

These archetypes, while distinct, often overlap in practice. Successful GCC leaders in India today typically blend elements from each archetype, depending on the specific challenges and opportunities their organizations face.

The evolution of BFSI GCCs in India underpins the country's strategic importance in the global financial services industry. While these centers evolve to drive forward-thinking innovation and digital transformation, challenges related to regulatory compliance, talent retention, and infrastructure will be a crucial catalyst in sustaining growth and maximizing the impact on the global BFSI landscape.

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The Asia Team:



Vijay Unnithan

Consultant
Hong Kong

Vijayshree (VJ) Unnithan is a Consultant based in our Hong Kong office. VJ engages in the project execution and market intelligence capabilities for our financial services client in the region. Prior to joining Marlin Hawk, VJ worked in internal Talent Acquisition teams of major Global Banks based in India. VJ is highly collaborative person and believes it is a key ingredient to build high performing teams delivering bigger and better results for the business.



Chris Cook
Partner
Singapore



Eamon Dick
Consultant
Singapore



Winne Chan
Office Manager
Hong Kong



Kityu Chu
Senior Associate
Hong Kong

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