

CORE BANKING SOLUTIONS

By Prof. Santosh Karmani

Asst. Professor,
S.S.T. College of Arts and Commerce,
Ulhasnagar, Mumbai.

Abstract:

Core Banking Solutions are at the stage of implementation in all the banks. Core banking is a system in which an account holder can operate his account from any branch of his bank which was previously not possible. In the present study about 100 respondents of different type of accounts, age group, income group and gender were considered and their satisfaction level has been checked. Different types of questions were asked from the customers based on services and according to their responses, it has been concluded that majority of the customer (i.e. 93%) are satisfied with the services provided by the banks as core banking solutions

Objectives of the Study:

- To study real time banking
- To find Customers Satisfaction towards “Core Banking Solution”

Introduction:

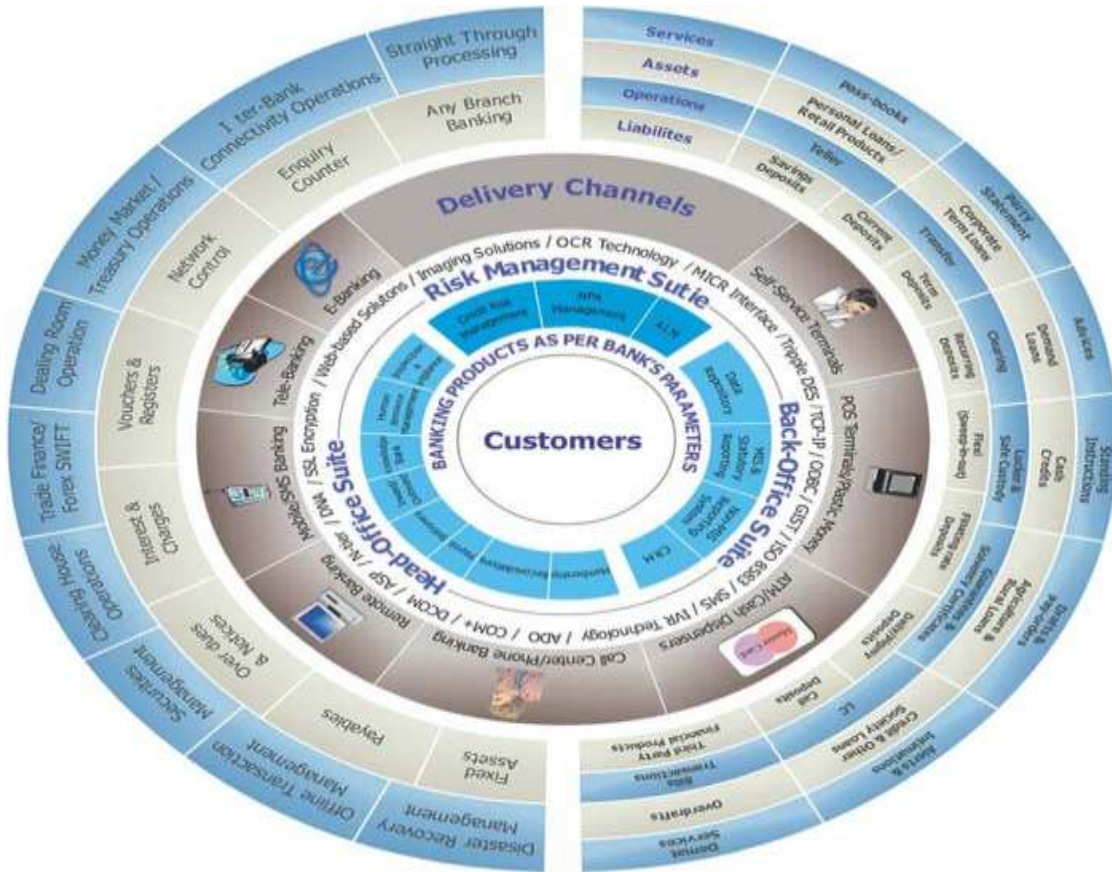
Core banking is a banking services provided by a group of networked bank branches where a customers may access their bank account and perform basic transactions from any of the member branch offices.

Core banking is often associated with retail banking and many banks treat the retail customers as their core banking customers, and have a separate line of business to manage small businesses. Larger businesses are managed via the Corporate banking division of the institution.

Normal core banking functions will include transaction accounts, loans, mortgages and payments. Banks make these services available across multiple channels like ATMs, Internet banking, and branches

Nowadays, most banks use core banking applications to support their operations where **CORE** Banking stands for "*centralized online real-time electronic banking*". This basically means that the entire bank's branches access applications from centralized datacenters. This means that the deposits made are reflected immediately on the bank's servers and the customer can withdraw the deposited money from any of the bank's branches throughout the world. These applications now also have the capability to address the needs of corporate customers, providing a comprehensive banking solution.

A core banking system is the software used to support a bank's most common transactions.



Elements of core banking include:

- Making and servicing loans.
- Opening new accounts.
- Processing cash deposits and withdrawals.
- Processing payments and cheques.
- Calculating interest.
- Customer relationship management (CRM) activities.
- Managing customer accounts.
- Establishing criteria for minimum balances, interest rates, number of withdrawals allowed and so on.

- Establishing interest rates.
- Maintaining records for all the bank's transactions.

Core banking functions differ depending on the specific type of bank. Retail banking, for example, is geared towards individual customers; wholesale banking is business conducted between banks; and securities trading involves the buying and selling of stocks, shares and so on. Core banking systems are often specialized for a particular type of banking. Products that are designed to deal with multiple types of core banking functions are sometimes referred to as universal banking systems.

Examples of core banking products include Infosys' Finacle, Nucleus FinnOne and Oracle's Flexcube application (from their acquisition of Indian IT vendor i-flex).

The reason for calling it Core Banking System, after deployment, is the heart or the Core of the Bank / financial institution. All entities that form part of the eco-system of the bank / financial institution interact with.

The entities are:

- Bank employees head office, regional offices, branches etc...
- Bank Management: executives / managers at respective locations head office, regional offices branches etc...
- Bank customers: Personal banking, corporate banking international banking etc.
- Bank Auditors, internal and external auditors who need to verify systems and procedures.
- Bank Regulators: mandatory reporting to central bank and other financial bodies.

Achievements of Core Banking Objectives:

Core Banking is the meeting point of the largest banking services segment namely Retail and Commercial Banking, cutting edge Information Technology and the ever advancing Communication Technology.

Following mentioned are the two main objectives:

 **Real Time Banking:-**

CORE Banking is the heart of modern services. Availability is a critical factor for core banking. With this solutions, both Customers and Bank staff get 24/7 access, 365 days a year. The online update and processing capabilities through a multi-location, multi branch network– including accrual processes and real-time transaction processing – ensure that they can provide a true 24-hour service.

 **Customer Satisfaction:-**

This Banking Solution helps to create and develop new banking products online real-time, giving the opportunity to bring products to market at the optimal time. Tailor offerings according to the customer's individual needs, and broaden the range of innovative business banking products. That differentiates the banks in the market with aggressive sales campaigns with the right products, for the right target group, in time to respond to market conditions.

Advantages of Core Banking Solutions:

To Customers:

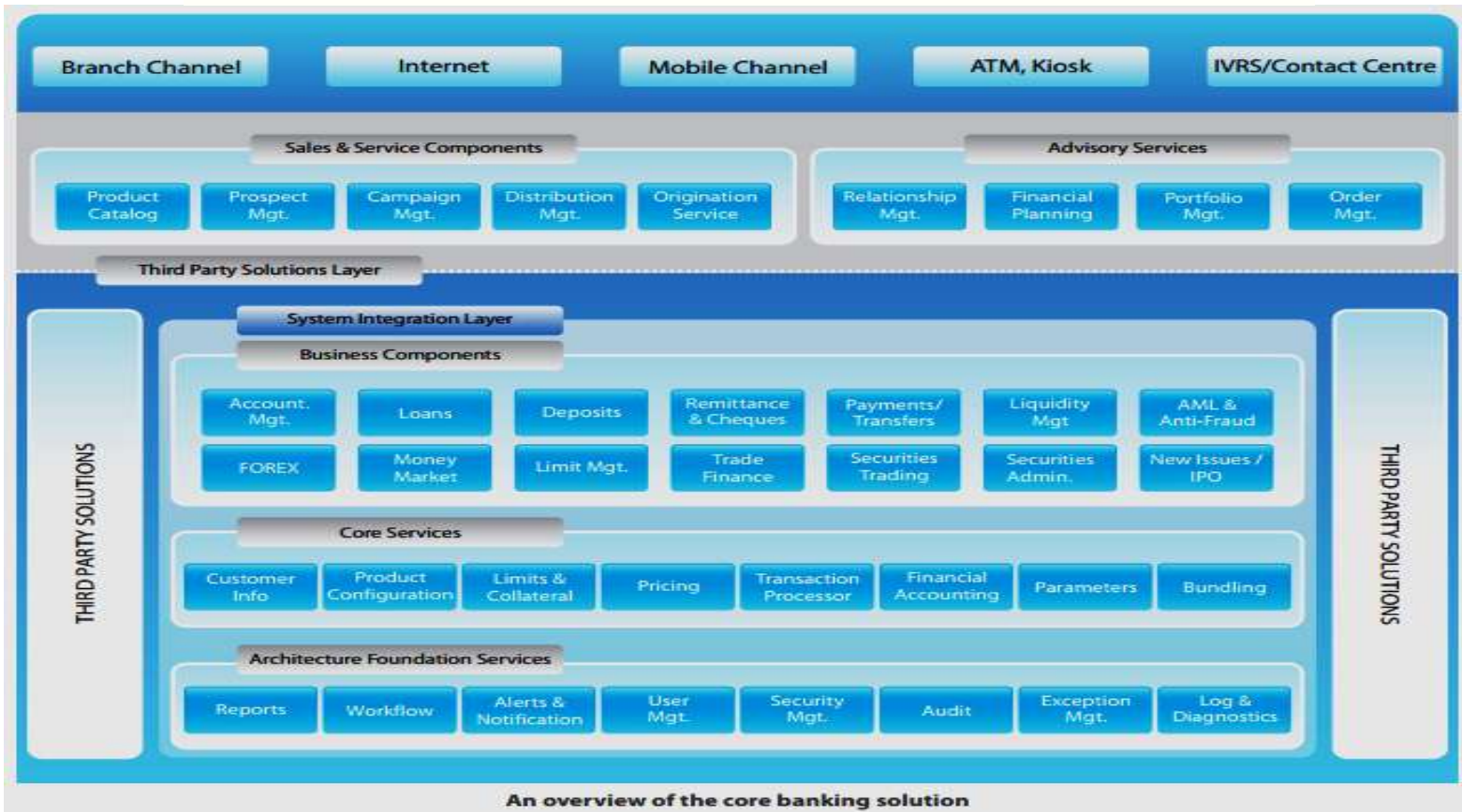
- To make enquiries about the balance; debit or credit entries in the account.
- To obtain cash payment out of his account by tendering a cheque.
- To deposit a cheque for credit into his account.
- To deposit cash into the account.
- To deposit cheques / cash into account of some other person who has account in a CBS branch.
- To get statement of account.
- To transfer funds from his account to some other account – his own or of third party, provided both accounts are in CBS branches.
- To obtain Demand Drafts or Banker's Cheques from any branch on CBS – amount shall be online debited to his account.

To Banks / Financial Institutions:

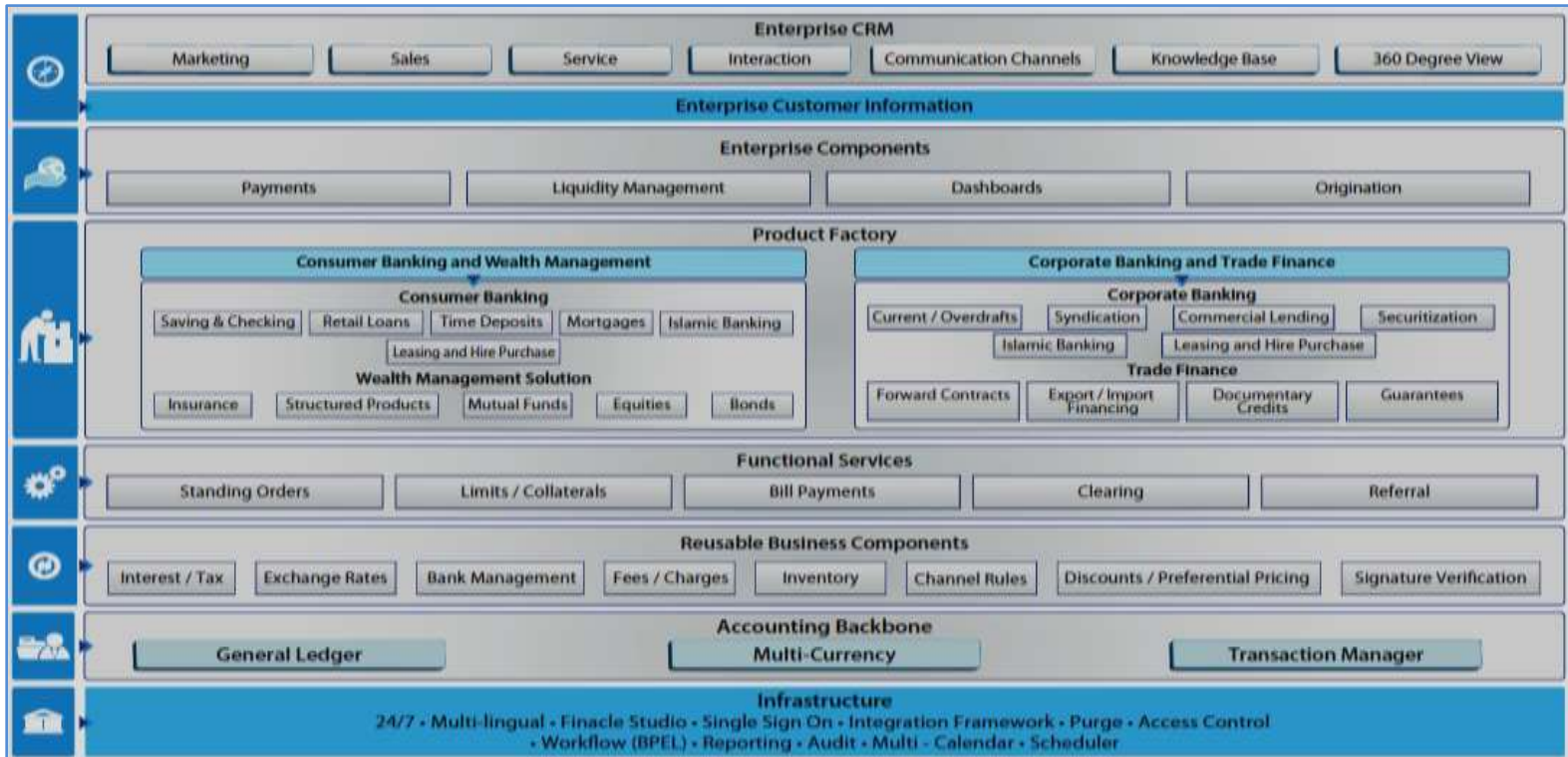
- Entire range of banking products including savings, checking, overdraft and deposit accounts
- Entire range of lending products
- Complement of transactional services including remittance, foreign exchange, cards and trade finance
- Accessibility through multiple channels, including mobile banking and web
- Full integration of front-, middle-, and back-office processes
- Accurate, timely and actionable information about customer relations
- Single view between bank and custom

Functional Architecture of CBS:

 TCS BaNCS



 **Infosys Finacle**



Conclusion:

Core banking solutions are new jargon frequently used in banking circles. The advancement in technology, especially Internet and information technology has led to new ways of doing business in banking. These technologies have cut down time, working simultaneously on different issues and increasing efficiency. The platform where communication technology and information technology are merged to suit core needs of banking is known as core banking solutions. Here, computer software is developed to perform core operations of banking like recording of transactions, passbook maintenance, interest calculations on loans and deposits, customer records, balance of payments and withdrawal. This software is installed at different branches of bank and then interconnected by means of communication lines like telephones, satellite, internet etc. It allows the user (customers) to operate accounts from any branch if it has installed core banking solutions. This new platform has changed the way banks are working.

References:

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