

Strategic outlook towards CBS in India Post

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“Core Banking Solutions” is the new jargon frequently used in banking circles. The advancement in technology, especially the internet and information technology has led to an innovative way of doing business in banking. The ushering of technology has helped to cut down time, working simultaneously on different issues and boosting efficiency. Core Banking Solutions which provides anytime and anywhere banking facilities to the people is now a part of ‘India Post’. As per the IT modernization project, CBS was implemented all over India to provide banking and money remittance services in India, primarily focusing on the rural population.

Concepts of CBS

The platform where communication technology and information technology are merged to suit the core needs of banking is known as Core Banking Solutions. Here, computer software (Finnacle) is developed to perform the core operations of banking like a recording of transactions, passbook maintenance, interest calculations on loans and deposits, customer records, the balance of payments and withdrawals. This software is installed in different post offices and then interconnected by means of communication lines like telephones, satellite, the internet, etc. It allows the user (customers) to operate their accounts from any branch which has installed core banking solutions. This new platform has changed the way post offices are working. CBS helps to network branches which enable customers to operate their account from multiple locations and avail services from any post office on the CBS network, regardless where they maintain their account. The customer is no more the customer of a particular post office. It helps to enhance customer convenience through ‘anywhere and anytime banking’. The main features of CBS are as follows:

- Anytime-anywhere banking
- Multi-delivery channels like ATM, mobile banking
- System generated emails/letters, request, etc.
- Multi-language support
- Ability to capture KYC (Know Your Customer)

CBS is enabled with the help of call centers, web-portals, phone banking, internet banking and post office applications with a centralized banking software platform.

Benefits of CBS

The implementation of CBS in India Post will provide several strategic advantages for the corporation. It complies with its strategic goal of developing, implementing and operating a system of standards with accountability for performance. Some of the benefits are:

1. CBS is a centralized database which helps anytime, anywhere banking through alternate channels like ATM, Internet banking. It is a simple, standardized and automated process.
2. This system helps in maintaining transparency in social security and employment guarantee schemes. The system can be easily monitored to find out frauds and other discrepancies.
3. CBS promotes better decision making and operational planning due to the availability of timely management information.
4. The CBS can easily comply with anti-money laundering norms which provide a solid base for strong audit and internal control.
5. It can help in improving operational efficiency by avoiding duplication of work and thereby enable a reduction in the cost of operations. This, in turn, will help the postal department to enhance their revenue and market share.

CBS envisions an improved customer service

CBS will help in providing services to the customers through alternate channels on a 24 X 7 basis-like ATMs, Internet, phone, SMS, mobile banking. Customers will be able to operate their accounts and avail banking services from any post office on the CBS network, regardless where they maintain their accounts. 1000 ATMs are planned as a part of this project, which will be helpful in bringing the financial services to the doorstep of the customers. It will also enable faster money fund transfers to reach out to more customers. CBS will be improving the service delivery by facilitating the transfer of money through NEFT (National Electronic Fund Transfer) or RTGS (Real Time Gross Settlement System). As per the India Post 2012 project, the plan of implementing CBS is given below:

- Pilot Phase: 8 circles with Head Post Office, 12 Mukhya Dak Ghar and 8 Circle Processing Centers (in Karnataka, Maharashtra, Rajasthan, Uttar Pradesh, Tamil Nadu, Delhi, Andhra Pradesh and Assam)
- Phase 1: All remaining Head Post Offices, 759 Mukhya Dak Ghar and Lower Selection Grade Sub Post Offices, 750 sub post offices and 14 circle Processing centers.
- Phase 2: 242 Mukhya Dak Ghar and Lower selection grade sub post office and remaining sub-post offices.

As per recent information, many Head Offices (HO) and Sub-Offices (SO) have migrated to CBS. The number of ATMs installed and the number of post offices that have adopted the CBS is given below:

STATISTICAL DETAILS OF OFFICES MIGRATED TO CBS AS ON 19TH MARCH, 2016 & NUMBER OF ATMs INSTALLED AS ON 29TH FEBRUARY, 2016				
Name of the circle	HO Migrated	SOs migrated	ATMs Installed	Total
Andhra Pradesh	95	1761	65	1921
Assam	19	480	5	504
Bihar	32	574	27	633
Chattisgarh	9	195	13	217
Delhi	12	362	24	398
Gujarat	34	1109	24	1167
Haryana	16	347	18	381
Himachal Pradesh	17	375	5	397
Jammu & Kashmir	8	59	3	70
Jharkhand	13	233	5	251
Karnataka	58	1608	64	1730
Kerala	51	1393	2	1446
Madhya Pradesh	43	922	33	998
Maharashtra	61	1982	59	2102
North-East	9	100	1	110
Odisha	35	789	23	847
Punjab	22	568	23	613
Rajasthan	48	1200	61	1309
Tamil Nadu	94	2384	78	2556
Uttarakhand	13	129	7	149
Uttar Pradesh	72	2096	24	2192
West Bengal	46	1021	12	1079
TOTAL	807	19687	576	21070

CBS Architecture

The whole system of CBS banking and insurance in the Postal department is operated through the Finacle and Mc- Chamish software respectively. The different service outlets such as ATMs, Branch offices, Mobiles, internet browsers are connected throughout India via WAN, Mobile/Landline network or the internet. These connections help in the channel integration and application of the software for banking as well as insurance in the Postal Department.

The overview of the CBS architecture is given below

- Finacle CBS conforms to Core banking, Consumer, and E-banking, web-based cash management requirements
- Customer centric – the CRM Module is accessible from all applications and customer data is available across applications.
- The architecture integrates back office and front office to offer a comprehensive functionality

- Allied Solutions such as Regulatory reporting and risk management ensure best practice adherence.
- It also assures the assimilation of external components such as Payment Systems, Central Bank, Clearing Houses and Card Issuers

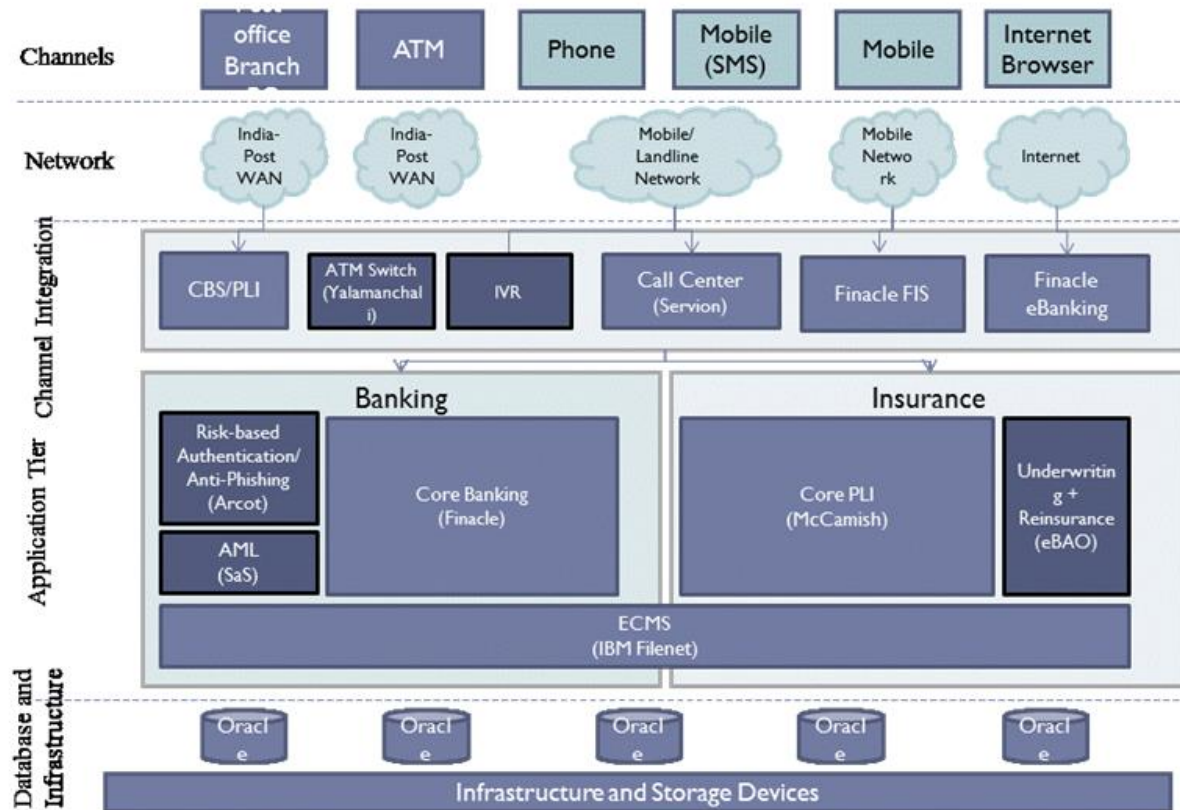


FIGURE: Finacle CBS architecture

Implementation bottlenecks

As per IT modernization project of India strategy, India Post implemented the CBS system across India. It is a part of financial inclusion which focuses on the delivery of financial services at affordable costs to sections of a disadvantaged and low-income segment of society. There are different issues pertaining to its implementation are

1. The connectivity of the network was very poor initially. As a result of this, the operations took more time and there were adaptability issues.
2. As per norms, each CBS office must have a minimum of 2 (two) employees. But due to lack of staff, most of the offices are single-handedly maintained.
3. Lack of knowledge about the CBS software and lack of training among staff was an issue at the time of implementation of this system.

Conclusion

Post offices are located in all nook and corners of the country which makes them easily accessible to the rural population. Post offices have the highest savings coming from this population. In terms of competitive positioning, it was a problem for the people having their accounts in one post office to withdraw or deposit money in some branches. CBS was envisioned to specifically curtail this problem of its customers. The need for such a solution does not arise just because of one reason or the other, but it requires a combination of driving forces to come into existence. Some of these forces are-

- To provide quick and easy services to the rural population
- To comply with the requirements of IT modernization project.
- To meet the demands of customers who are better informed and more demanding
- To enhance efficiency and effectiveness.
- Increasing customer satisfaction and convenience

This project has been initiated under the IT modernization project, which was allocated with Rs 5,000 crores from the central government. Pre-training was given to the existing employees just before the office migrated to CBS. Considering the Assam Circle, the Guwahati Post Office (GPO) and the Biswanath Chariali Post Office were migrated to CBS on 24th February 2014 whereas they have started the training of the employees from 15th February 2014 itself. As per the current data more than 350 officials and 100 end users are trained to handle the CBS effectively.

CBS in India Post is helping the department to enhance their service quality by fast and reliable delivery of services, enhancing customer satisfaction. CBS is enhancing the revenue and market share of the Postal Department by providing customers with multiple touch points such as ATMs, Mobile SMSs, etc. This in turn is improving productivity and accountability of the department to compete in the market. CBS is also providing opportunities to its employees to acquire new skills and develop expertise which builds a sense of belongingness among the employees for the organization.

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