

## **CORE BANKING SOLUTION –ADVANTAGES AND DISADVANTAGES**

*Ms. Shaikh Farha Rasheed, Research student Dept of Management Science Dr. Babasaheb Ambedkar Marathwada University, Aurangabad.*

---

### **INTRODUCTION:-**

The core banking systems has brought about a remarkable blast in the functioning program of the normal human being. When we come to the E- banking, it not only saves the valuable time of common man but also give it effortlessness to work as per his timings. Furthermore, the inter branch reconciliation has also proved it faster and precise. The beginning of new products and the databases in various banking branch offices also gets easier and simplified that new branches are now enormously reaching the core parts of the country.

The hasty and a large amount of quicker progression in the technology and its impact on the banking system solutions is providing a sigh of greater relief. The functions of the banking systems like passbook maintenance, interest calculations and various other book keeping records are kept aside as they can be done precisely and within no time.

### **CORE BANKING SYSTEM**

The word Core Banking is used to depict the variety of services being given by the banking system to its customers and this is completed by the whole banking core branches. This capability makes it achievable for the banks to get transfer their funds and other transactions to other core branch offices in a very effortless and speedy manner. Now, there is no need to get deposit and withdrawal of your cash in the same branch. You can deposit from any branch and get it withdrawal easily from the other branch.

This capability of core banking has been developed few years back and had led to the remarkable transformation in the banking system arrangement. It gives the liberty of preference to the customer to get done the transactions accomplished in his/her individual way. The person is not restricted to anyone.

Core Banking system is the addition total of all the information technology components that allow a bank to administer its hub business actions in a centralised form. The core banking activities embraces round the clock processing of all the products, services and information of a bank. Under CBS, a bank must also be in a position to offer the basic banking services to its customers on a 24/7/365 model. Thus CBS is a step towards pleasing to the eye of the customer expediency from beginning to end anywhere and anytime banking.

### **The major CBS Component**

The major Information Technology components of CBS consist of banking application software, various hardware apparatus and a network communications that create possible & disseminated front end banking operations and a centralised data processing at the back end.

CBS is a banking solution (not a branch banking solution) and hence it is implemented at a central location to which various offices and service outlets of the bank are connected. The customer is no more the customer of a bank's branch but that of the bank itself. The software components used in CBS take care of almost all the core banking activities of the bank.

## FEATURE OF CORE BANKING SOLUTION

The main features of CBS include:

- Customer information files with all the non-dynamic information about the customer, business entity or group and relationships.
- All bank liability accounts: savings, fixed deposits, current accounts etc.
- All bank asset accounts: loans, mortgages and credit facilities.
- Bank General Ledger, Bank Financials and Audit trails.
- Payment systems & Real Time Gross Settlement.
- Card systems, Electronic Funds Transfer at the Point of Sale, Automated Teller Machines, and other electronic payments and transaction handling systems.
- Reporting and compliance with regulatory requirements.
- MIS for Asset Liability Management (ALM)

## OBJECTIVE OF THE STUDY

The present objectives of the study are as follows –

To know the advantages of core banking solution

To know disadvantages of Core banking solution

To know about application security of Core banking solution

## SCOPE OF THE STUDY

The present study focused on Core Banking Solution advantages and disadvantages . It covers the Core Banking Solution's enabling security control.

## RESEARCH METHODOLOGY

For the present study the data will be collected from both secondary sources. The secondary data will be collected from the RBI reports/bulletin, books, journals, magazines, articles/research paper/newspaper, online source, bank websites, and Indian Banks' Association (IBA), Indian Institute of Banking and Finance (IIBF), Institute for Development and Research in Banking Technology (IDRBT)

### Advantages of core banking solution

Core Banking Solution has advantages to both bank as well as customers

#### 1. Advantages to Customers

- ❖ Quicker services at the bank counters for routine transactions like cash deposits , withdrawal, passbooks, statement of accounts , demand draft etc.
- ❖ Anywhere banking by eliminating branch banking
- ❖ Provision of banking services 24\*7
- ❖ Fast payment processing through internet, banking, mobile banking
- ❖ Anytime anywhere banking through ATMs
- ❖ All Branches access applications from central servers/datacenter, so deposits made in any branch reflects immediately and customer can withdraw money from any other branch throughout the world.
- ❖ CBS is very helpful to people living in rural areas. Farmers can receive e payments towards subsidy etc. In his account directly.
- ❖ Transfers of funds from the cities to the villages and vice versa will be done easily.

## 2. Benefits to banks

- ❖ Process standardization within bank & branches
- ❖ Retention of customers through better customer service
- ❖ Accuracy in transaction & minimization of errors
- ❖ Improved management of documentation & record g\having centralized databases result in quick gathering of data & MIS reports.
- ❖ Ease in submission of various reports to the government & regulatory boards like RBI
- ❖ Convenience in opening accounts processing cash, servicing loans, calculating interest , implementing change in policies like charging interest rates etc.``

## Disadvantages of core banking solution

- ❖ Excessive reliance on technology
- ❖ Any failure in computer systems can cause entire network to go down
- ❖ If data is not protected properly and if proper care is not taken , hackers can gain access to the sensitive data.

## Security control in Core banking solution

Enable Secure electronic transaction for core banking.

Transaction occurring between the networked branches of most branches of most banks are prime targets for security attacks. Given the high value value of transactions and increasing frequency of identity theft, having only passwords and SSL-based security are often inadequate.

Enabling security for your core banking services can be challenging Whether you are using legacy core banking solutions or more modern, well documented and customized solutions, integrating new security features to protect your core banking services can be time consuming, costly and frustrating.

## CONCLUSION

The study was conducted to understand the working of Core Banking Solution.. In a country like India, there is a need for providing better and cost efficient banking services to public. This shows that the introduction of Core Banking Solution has made a significant impact on the on the working of the banks. The growth percentage would further be increased in the bank are given effective services on Core Banking Solution and also educating and increase awareness level of CBS to the customer as well as to bank. Everything has been taken into account to judge the CBS is the effectiveness. To conclude with the concept of Core Banking Solution has made a significant effect on bank and customers . Main aim of the study is to create the awareness in the Core Banking Solution and encourage them to use CBS in SBI,

## References:-

1. Jaganath panda and R.K. Dash,(1985) "development Banking in India", Discovery publishing New Delhi,P.74.
2. Jamie shrp, "Canadian Banks Invest in Core Banking Platforms, June 2007
3. [www.virmati.com/core-banking-system.html](http://www.virmati.com/core-banking-system.html)
4. <https://www.esds.co.in/core-banking-hosting.php>
5. [www.cmcltd.com/solutions/banking-finance/core-banking](http://www.cmcltd.com/solutions/banking-finance/core-banking)
6. [www.prokerala.com/banking/sbi/atm.php](http://www.prokerala.com/banking/sbi/atm.php)
7. [www.sbi.co.in](http://www.sbi.co.in)
8. [www.banksifscode.com](http://www.banksifscode.com)
9. [www.odysseytec.com](http://www.odysseytec.com)