

'Core banking has not made much difference in banking system'

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Banks and financial institutions in the country might lay a major thrust to the adoption of packaged software in areas beyond core banking. The non-core banking applications are that of customer relationship management and human resources management among others.

Talking about the relevance and importance of core banking in the Indian banking system, Mr A.K. Khandelwal, Chairman and Managing Director, Bank of Baroda, said: "Core banking has changed the 'DNA' of banking in India, the banks have fought this and

the entry into core banking has been rather smooth."

Mr Khandelwal felt that core banking has not made much difference in the Indian banking system in terms of reduction of cost, though being capable of unlocking a huge potential. He felt that educating the employees was a top most priority for the banks. Core banking offers a couple of advantages over the traditional system of banking. It is capable of handling more number of branches with minimum hassles, it can help innovate new products and services based on demographics and other factors and can also provide 24-hour banking services

to its customers, he felt.

Core banking solution has stabilised to some extent but lot more needs to be done to use the technology for retaining the existing customers and to draw a set of new customers, felt Mr M.S. Sundara Rajan, Chairman and Managing Director, Indian Bank.

He felt that once implemented there is bound to be some surplus in the system. Packaged software worth \$263 million has been purchased and installed by banks and financial institutions during 2006, according to a recent Skoch Consultancy research, which is expected to go up to \$305 million in 2007.