



“A STUDY OF CORE BANKING, PROCESS AND PRACTICES IN MARATHWADA, WITH SPECIAL REFERENCE TO STATE BANK GROUP”

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ABSTRACT :

Banking is growing fastly, it they cannot stay away from information technology. Constantly, banks are adopting modern technology, in order to functioning in better way. There are competitions among banks so to remain in competition. It has to strive for core banking system that public sector banking are increasing its branches rapidly, in order to complete so bank transaction in time. They are adopting new technology and implementing it. In that, they have adopted core banking system like ATM, internet Banking, Mobile banking etc. In brief, Because of core banking system, banks have increased its efficiency and full made development. The customers could transact anywhere at any branch, at any place in time. In this way, core banking system is conducive for bank employees, bank managers, bank management, bank customers, bank accountant, bank controller's bank shareholder etc. While transforming traditional banking to core banking system, it requires to data compilation and storage renovation of information. All these are challenging technically.

KEYWORDS : growing fastly , adopting modern technology , core banking system.

1.1 INTRODUCTION

In India first bank was established the Bank of Hindustan, the East India company started three presidency bank like the bank of Bombay in 1840, bank of Madras in 1843 and bank of Calcutta in 1840 with government participation. In 1947 there were 648 commercial banks with 4819 branches in India. The Reserve Bank of India was nationalized in 1949 and same year the Banking Act was passed. This act was later also passed Banking Regulation Act 1949.

1.2 ABOUT STATE BANK OF INDIA

In 1921, imperial bank was established which is combination of the group of regional banks which were already established, in 1806 as Bank of Bengal (Kolkata), Bank of Bombay and Bank of Madras.

In 1954, the chairman of commission A.D Gorwal has recommended that imperial bank as a national bank “all India rural cash survey commission’ and also that commission has nominated imperial bank as ‘State Bank of India’. Again in 1955 State Bank of India Act has passed 60% shares has taken by Reserve Bank up to 2008, it has increased up to 92 % after 2008, it has given its share to government of India . On 15 February 2017 the union cabinet approved the merger of a associate bank with state bank of India.

The following merged association bank of SBI

- State Bank of Bikaner
- State Bank of Hyderabad

- State Bank of Patiyala
- State Bank of Mysur
- State Bank of Travancore

And Bhartiya Mahila bank were merger with SBI with defect from 1 April 2017

1.3 State Bank of India Branches in Marathwada

State Bank of India and its associate's banks in Maharashtra have nearly 1940 branches in the state. In Marathwada region 8 district viz. Aurangabad, Jalna, Parbhani, Hingoli, Beed, Nanded, Osmanabad, and Latur. State Bank of India as well as the Associate Banks namely, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, and State Bank of Travancore have 330 branches in Marathwada region.

1.4 Core Banking

In recent time the concept of core banking is growing rapidly. The core banking provides system or service in which the bank customer can avail of service at any other branch of same bank and can make a transaction. In core banking system all other branches are connected to main branch. Consequently, in the result of any bank customer can make transaction at any other branch. In the era of information technology in banking profession is rising therefore cannot enlarge without information technology at the same time as banking sector rising therefore banking cannot stay away from using information technology. Bank is supposed to be in competition by using modern technology.

1.5 Need for Core Banking

- To expand facility to provide world class customer service
- Incorporate new age group banking technology for competitive advantage in the Vietnamese market
- Set up global banking standard to prepare for WTO accession
- Expand a platform to facilitate multiple channel delivery incorporate banking wide risk management practices

1.6 Implementations of Core banking,

In core banking system

- Branches are connected to a central host,
- Branch automation modules and delivery channels are incorporated,
- Transactions are done centrally and online.
The following hardware system:
- Hardware system for core banking-HP system USA
- System integration and customization – TATA consultancy services.
- SBI connected – the communication infrastructure data craft signature

1.7 Benefits of Core Banking

- Describe the services provided by group of network bank branches
- Bank customer may accrue their funds and other transaction or any of the members
- Stride headed toward enhancing the customer services through anywhere and anytime banking
- The bank facility provided in such a person having account in one branch and operate his account in another branches
- Reduced waiting cost and enhanced flexibility

1.8 Significance of the Study

Banking has its own importance in the economic progress of the countries of the world. Actually banking is the breath of modern commercial world. Modern commerce is fully dependent on banking. State Bank of India and its group such as SBH, SBP, SBM, SBT and SBB&J, use online banking system, they are use information technology for improving services. It also contains awareness about Internet Banking best practices and its safety use. There are certain salient features of Internet Banking like 100 per cent secure banking, view / print account statement, transfer funds to your own accounts, card to card money transfer etc.

1.9 Objectives of the Study:

1. To know the customer satisfaction through the Core Banking system and practices.
2. To study the process and practices and effectiveness of Core banking system.
3. To make suggest the suitable remedies to overcome the problems.

1.10 Hypothesis of the Study

1. Core banking process is easier to rural as well as urban the customers.
2. SBI group provides optimum level customer satisfaction through the Core banking.

1.11 Research Methodology:

For the purpose of the present study both types of data were collected from primary and secondary sources.

Primary Data:

For the purpose of the study Primary data were collected with the help of the well-structured questionnaire, field survey and interview with the customers and bank managers.

Secondary Data:

Secondary data were collected form the following resources. Governmental and other publication, journals, published data, books, magazines, articles, research studies and other relevant documents, various banks reports and banking websites.

1.12 Sample Size:

The present study is related to cover all over Marathwada region of SBI group branches for more convenient study. In Marathwada 330 branches of SBI group are working satisfactory. For the purpose of the study primary data were collected from out of 330 branches 10 % means 33 branches and each bank 10 means 330customers were selected as a sample for the study from various districts of Marathwada region.

1.13 Scope of the Study

Temporal Scope: For the purpose of data collection and study, during the year 2011 to 2015 is considered. However necessary reference is made to the previous information.

Geographical Scope: The proposed study is confined to select SBI group in Marathwada. However attempt is made to generate the findings wherever situation permits.

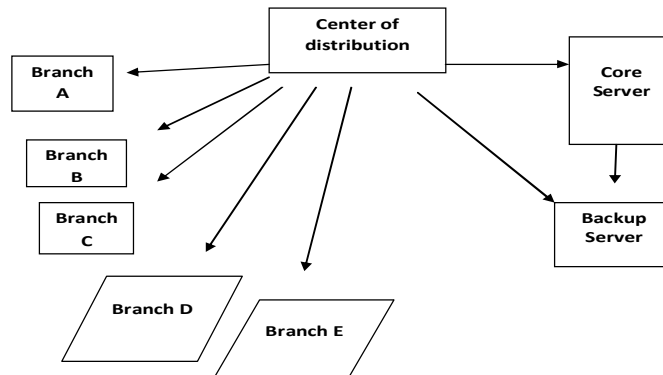
Functional Scope: The purpose of the study is to go in to the depth of strategies followed by leading SBI group in Marathwada.

1.14 Limitations of the Study:

- The reliability of the study depends on the authenticity of the information supplied by the respondents.

- As the study requires huge data from selected area, cost and time constraints may have affected the effectiveness of the study through every attempt made to keep the spirit of the objective s and research methodology.
- This study is limited to only Core Banking of SBI Group in Marathwada region.

Core Banking System of SBI



The details are presented with figures and graphs. Pictorial presentation creates easy, quick, everlasting impression in research study. There were 330 bank customers’ opinions about core banking.

Table No.1.1 Distribution of Respondents as per sex wise

Sr.No	Particulars	No of Respondents	Percentage
1	Male	240	72.72
2	Female	90	27.27
Total		330	100%

Source: Field survey 2016-17

Table No.1.1 shows that maximum male respondents were 240 out 330 respondents. It is 72.72%. And the lowest female respondents were 90 out of 330 respondents. It is 27.27%. Male and female respondents were selected for the present study

Table No.1.2 Bank Provide Information to Customers about Banking Systems

Sr.No	Particulars	No of respondents	Percentage
1	Yes	140	42.42
2	No	30	09.09
3	Some time	117	35.45
4	Neutral	43	13.03
Total		330	100.00

Source: Field survey 2016-17

The above table no 1.2 show that 42.42% means 140 respondents were received banks provided information about bank system by the bank. Moving the next aspect, which is some time 35.45% means 117 respondents were bank provided information. For the next aspect which is 13.03% means 43 respondents are related to neutral and remaining 09.09% means 30 respondents said that, they have no information about bank system

The following hypotheses were set for the study:

- 1. Customers have positive approach towards core banking system.**

For testing this hypothesis, the responses of the customer on opinion about core banking system.

Table No 1.3 Customer’s Opinion about Core Banking System

Sr.No	Particulars	No of respondents	Percentage
1	Good system	297	90.00
2	Need to changes	13	3.95
3	No better system	05	1.51
4	Neutral	15	4.54
Total		330	330

Source: Field survey 2016-17

The above study conclude that maximum 90.00% means 297 respondent’s/ customers opinion about core banking system is good system. For the next aspect which is 3.95% means 13 respondent’s opinion that, there is a need of change in core banking system. According to 1.51% means 05 respondent’s opinion about the core banking system is no better system. And remaining 4.54% means 15 respondents are neutral about core banking system. So, after analyzing these, core banking is a good system according to customers.

H0: 90% banks Customer have positive approach towards core banking system.

H1 :< 90% banks Customer has positive approach towards core banking system.

So, H0 and H1 is set following

Ho-p=90%

H1-p<90%

Here sample size is large because no of samples are used more than 30. It has normal probability distribution. It has one proportion. So Z test is used in present study.

Calculation used mini tab software of z test:

Sample	x	N	Sample p	p- value
1	297	330	0.90	0.527

We observed that (p=0.527> at alpha (a) level of significance 5%=0.05) Therefore accept H0 and reject H1 i.e. 90% banks customer have positive approach towards core banking system.

2. SBI group provides optimum level customer satisfaction through the Core banking.

Table No 1.4 State Bank group provides optimum level Services and facilities to the customers

Sr.No	Particulars	No of respondents	Percentage
1	Strongly satisfied	280	84.84
2	satisfied	30	09.09
3	dissatisfied	05	01.51
4	Strongly dissatisfied	00	00.00
5	Neutral	15	04.54
Total		330	100.00

Source: Field survey 2015-16

The study conclude that, the maximum 84.84% means 280 respondents are strongly satisfied in optimum level services and facilities provided by state bank group. Then, 09.09% means 30 respondents are satisfied. For the next aspect which is 01.51% means 05 respondents are dissatisfied but no one is strongly dissatisfied. And remaining 04.54% means 15 respondents are Neutral. So, after analyzing these, it is quite clear that maximum customers are strongly satisfied about optimum level Services and facilities provided by state bank group.

H0: 85% State Bank group provides optimum level Services and facilities to the customers.

H1 :< 85% State Bank group provides optimum level Services and facilities to the customers.

So, H0 and H1 is set as following

Ho-p=85%

H1-p<85%

Here, sample size is large because no of samples are more than 30. It has normal probability distribution. It has one proportion. So Z test is used in present study.

Calculation used mini tab software of z test:

Sample	X	N	Sample p	p- value
1	280	330	0.8484	0.568

We observed that (p=0.568> at alpha (a) level of significance 5%=0.05)

Therefore accept H0 and reject H1

i.e 85% respondent are strongly satisfied in optimum level Services and facilities to the customers through the core banking .

Table No 1.5 Customer’s Opinion about Process of Core Banking System

Sr.No	Particulars	No of respondents	Percentage
1	Work on time	151	45.75
2	Work slowly	53	16.06
3	Properly	96	29.09
4	Not properly	30	09.09
Total		330	100.00

Source: Field survey 2016-17

Table no 1.5 indicate that 45.75% means 151 respondents were aspect belong to work on time in core banking system. Moving the next aspect which is 29.09% means 96 respondents are related to properly. For the next aspect which is work slowly in core banking system. And, remaining 09.09% means 30 respondents are related to not properly in core banking system. After analyzing above table, it was observed that maximum respondents said that process of core banking system was work on time. According to some customer’s core banking system were properly.

Table No 1.6 Customers Problems in Core Banking

Sr.No	Particulars	No of respondents	Percentage
1	Lack of communication in computerized bank	70	21.21
2	Lack of personal advise	105	31.81
3	Lack security of bank transaction	35	10.60
4	Lack of knowledge of computerized transactions	120	36.38
Total		330	100.00

(Source: Field survey 2016-17)

Table no 1.6 indicates that 36.38% means 120 respondents have problems into lack of knowledge of computerized transaction. For the next aspect, 31.81% means 105 respondents have problems into lack of personal advice. Moving the next aspect, 21.12% means 70 respondents have problems into lack of communication in computerized bank and reaming last aspect, 48.48% means 160 respondents have problems into lack of security in bank transaction.

Table No 1.7 The Information Regarding the SBI Group used Software Package

Sr. No	Computerize services	Name of Software	Value (Rs.)
1	Back office computerization	FOLKS package In house development	
2	Total bank computerization	Bankmaxer in house development	
3	Core banking system	Bank24 Australian package	Approx. 1000 cr for (SBI) State Bank Group

Above the table show that SBI Group is using software for Core Banking System. FOLK's package in house development is used for Back office computerization, Bankmaxer in house development s used for Total bank computerization and Bank24, Australian package and TCS is used for Core banking system.

1.15 CONCLUSIONS

The fact through the study that the opinion of managers about customers awareness in banking sector. There are many banking services such as information at bank website, conduct training program, information at bank counter, more advertisement, presentation to use of core banking services and personal contact program etc. All the above services are effective for customer awareness in core banking system. 36.38% means 120 respondents have problems into lack of knowledge of computerized transaction Numbers of ATMs, KIOSKs, and Cash Deposit Machines are used by SBI. Cash deposits machines and ATMs are increasing in every year. Core banking system (CBS) has one billion accounts over 250 million transactions in a particulars day and delivery through put up more than 17000 transactions per seconds.

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