

# “Core Banking System: Implementation and Challenges”

S. Sankara Kumar

Research Scholar, Sai Nath University, Ranchi, Jharkhand

**Abstract – Core banking delivers extensive functionality that rivals the largest institutions, and competes with the most advanced Core banking platforms on the market today. Most importantly it does this for a reasonable price. As a focus on reducing costs has grown throughout the industry, core banking allows you to create a competitive advantage without spending a fortune on its core processing infrastructure. This article analyzes the challenges of Core banking system.**

**Keywords: Core Banking, Challenges, Processing, Implementation, Transformation**

---

## INTRODUCTION

Core banking is structured around the most important component of your business the customer. Because core banking is based on the CIF concept, the inquiry screen is one of the most useful and comprehensive tools in the system. It gives every user the ability to access all the information available on a particular customer from a single screen display. With core banking's [4] comprehensive CIF feature, you and your employees can consolidate and view the entire relationship that any customer maintains with your Institution.

## REVIEW OF LITERATURE:

At present, every time banks decide to launch new services or products, new application software gets added to their data centre. This eventually means that customer interaction is not really 100 percent uniform across products and services. Even banks that have invested huge amounts in CRM software are finding it difficult to provide a unified view across all products and channels since different vendors have used different technologies.

Despite all the financial turmoil in the banking industry, investment in Core banking remains a high priority. To prepare for the future and compete effectively, banks need to reduce their costs associated with Core banking maintenance and integration efforts, but they must also invest to take advantage of new technologies and to increase flexibility in their own service offerings. Financial Insights estimates that Core banking consumes more than 12% of an average bank's IT budget.

## Challenge in Core banking [2, 3]:

The core of the challenge Banks once usually built Core banking systems around products, not customer desires. Over time, this caused basic banking developments to depend on many inter-related applications. This may have worked in a more forgiving, less competitive era. But no longer new products, technologies and business models are charming over once-loyal customers. As a Wal-Mart executive told The New York Times, “We’re not a bank, but we can serve a lot of types of functions you would see someone go into a bank for.”<sup>5</sup> To compete today, banks must become much more nimble. They need to quickly meet marketplace threats and opportunities. Core systems can’t be allowed to block change and innovation. Isolated stacks of rigid processes must be transformed into horizontal, closely integrated core systems. Data needs to flow freely. Processes must be interoperable if they are to drive better decisions and faster responses Banks need to focus on key factors, which make the Core banking transformation a successful experience. Broadly speaking, the key challenges in Core banking transformation are [1]:

- Vendor capabilities and credentials
- Dependence on legacy/vendor applications and impact on envisioned technology architecture
- Bank's business goals and alignment to leverage the new technology

## CONCLUSION:

In this paper we found that while the advent of state-of-the-art technologies and global best practices undoubtedly offer improved agility, efficiency, CRM capability and faster implementation cycles, banks need to be mindful of the challenges associated with Core banking deployments. These challenges, once understood and mitigated properly, are perfectly manageable.

## REFERENCES:

1. <http://www.infosys.com/finacle/solutions/thought-papers/Documents/key-challenges-core-banking.pdf>
2. The value of transforming Core banking systems  
Creating agility, flexibility and long-term growth by streamlining core operations- IBM Center for Applied Insights Banking
3. [http://www-935.ibm.com/services/multimedia/The\\_value\\_of\\_transforming\\_core\\_banking\\_systems.pdf](http://www-935.ibm.com/services/multimedia/The_value_of_transforming_core_banking_systems.pdf)
4. Celent's ABCD Analysis on Core banking Products, Stephen Greer and Bart Narter, Celent.
5. [http://www.nic.in/sites/upload\\_files/nichome/files/documents/ANNUALREPORT2012-13.pdf](http://www.nic.in/sites/upload_files/nichome/files/documents/ANNUALREPORT2012-13.pdf)