

**“CBS (Core banking solution) system implementation impact on KFM (Key Financial Marker) in UCBs (Urban Co-operative banks): Effective monitoring of Service efficiency in daily operation.”**

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**Abstract:-**

The learning provides the facts about CBS advantage and it could be present in a very organized way by appropriate representation, So that other bank may adopt the CBS for effective business operation and expect smooth banking operation anywhere, anytime, any type, any place with any bank and customers would be more satisfied with their services and speedy work.

CBS (Core banking solution) system in a bank could easily solve their technology connected issues and can more determined on their basic banking business and efficiently employ their manpower for delivering efficient services to customer and other work such as recovery ,product promotion, marketing etc.

Consumers of the banks are the real stalk holders and getting fulfilled with enhanced services by banks.

The study proves how because of CBS (Core banking solution) system, customer receives fast, efficient & rapid services could be provided to customer. Customers are also get benefited of these services leads to customer satisfaction.

Hypotheses for this research paper is proved using SPSS tools, chi-square test used.

Keywords:- CBS (Core Banking Solution) System, KFM (Key Financial Marker)

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## 1) INTRODUCTION

The study is mainly based on how the impact on KPI (Key performance Indicators) because of implementation of CBS(Core banking solution) in certain selected Urban co-operative banks which leads to its positive impact on customer services.

**Important Key Performance Indicators (KPI) of Urban Cooperative bank**-Total Deposit, Total Advances, Investment, Profit/Profitability, Working Capital, Net NPA %, Emp. Productivity, Share Capital, Net Worth, Reserves

### A) ORIGIN OF THE RESEARCH Problem

The top management could not get benefited by chalking out the strategic decision making as a whole for their organization because of inadequate & insufficient information available from current establishment. Unable to analyze the profitability relation to the customer & services of banks & to help the retention of customer forever with the banks because of CRM (Customer relation management) & then extension of various services & business to the customers in absence of CBS (Core banking solution) system.

### B) INTER DISCIPLINARY RELEVANCE

There are many banks that are maximizing profits, paying good dividends and financially doing well. Does that mean there is good financial discipline existing in the bank? The answer may not be positive necessarily. For example a bank which is paying good dividends to share holders may be a defaulter in other RBI norms or there may delay in statutory obligations. In this case the shareholders shall be

happy but the customer of the bank and services shall rate the firm differently. Thus a discipline means conformity to willingly accepted self imposed restrictions. Generally, in the report of auditors some parts of such factors of discipline are covered. For instance monitoring current ration and maintaining it at its standard continuously is a part of discipline. It throws light on continuous monitoring of short term funds as well as long term funds. It is something like stitch in time saves nine.

## C) REVIEW OF RESEARCH AND DEVELOPMENT IN THE SUBJECT:-

### • International Status

All most all the commercial foreign banks as well as local banks from USA and Europe are adopted (Core banking Solution) CBS system and rest of eastern countries such as Japan, Korea and china are adopted such centrally data concepts some part of Asian countries some are still yet to adopt (Core banking Solution) CBS system byb all types of banks and lots of research going on from each part of the countries ,new concept like (Core banking Solution) CBS system with help of cloud computing is emerging and researchers working on it.

### ▪ National Status

- Most of the nationalized banks in India for example: State Bank of India, Punjab National Bank, Allahabad Bank, HDFC, ICICI Bank today supports core banking. As of 2007, many Cooperative banks in India such as REPCO Bank, Jain Urban Cooperative Bank, Kangra Central Cooperative Bank, Udaipur Urban Cooperative Bank, Kollam District Cooperative Bank, Kerala State Cooperative and Panchsheel Mercantile Cooperative Bank have started to use and offer centralized Core Banking too.
- Public sector banks - 27, Private sector banks – 22, Foreign banks -30, Local area banks – 4, Regional rural banks -91, Urban co-operative banks – 1770, Co-operative credit institutions over 100 thousand. Some of the Cooperative banks out of it 572 Urban co-operative banks are in Pune and Mumbai region & 21 RRBs have migrated fully to core banking solutions (CBS) and implementation of CBS is in progress in the remaining RRBs. RRBs are having CBS installations, but they are on their way to go for CBS and very soon they will also be under the roof of the umbrella of Core Banking Solution in mass.\*(\* Data from RBI

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- Still lots more work on various issues of (Core banking Solution) CBS system and new concept like (Core banking Solution) CBS system with the help of cloud computing.

### II) Significance of the study

- Identifying the impact of CBS on KPI (key performance Indicators) and to make analysis study out of it for further inferences.
- Analyze the key issues and problems while adopting CBS by banks, so it can be help full for other banks to eliminate or reduce it further.
- Funding out the customer Satisfaction index and delivery channel management system by CBS adopted banks as against TBA to evaluate the correct solution in the processes.

The real Significance of this study is to make aware of all the cooperative banks about the benefit of CBS by means of research study.

### III) Objectives of the study

The study will focus on the following objectives in selected urban cooperative banks (UCBs) having CBS (Core banking solution) system implementation.

1. To assess the problems and troubles after adoption CBS (Core banking solution) system in urban cooperative banks.
2. To investigate and estimate the adoption of CBS (Core banking solution) system of UCBs, so that banking products and services are performed and delivered in effective way to customers.

### HYPOTHESES

1. The CBS (Core Banking Solution) system positive effect and its efficient utilization in Urban Cooperative banks will result into prompt customer services.

### Methodology

#### I) Research Design

Since it is an inquiry into determination of the term financial discipline and computer technology up gradation for banking to that extent it shall be conceptual and exploratory.

## II) Research Methodology

### a) Data Analysis Tools

Published and unpublished data such as secondary data would be used for conceptual and exploratory analysis and the statistically primary data will be processed on a Personal Computer (PC) with the help of spreadsheet application software like MS Excel and SPSS software (Single user) to generate tables, charts and graphs.

### b) Selection of Sample

The total number of banks under 'CBS' (Core banking solution) system in Maharashtra are minimal till date, Most of these are from Pune and Mumbai, Some of the banks were multistate cooperative banks, schedule urban cooperative banks and small urban cooperative banks. The total population sample size would be appropriately selected for analysis. Sample size will be large enough to make the study conclusive and reach the objectives of the study.

### c) Sampling Method

Sampling method would be Non-Probability convenience sampling method. The above mentioned objectives of the study will be fulfilled by adopting the following methodology. Every effort will be made while choosing the appropriate sample techniques if required.

### Survey Method:

The survey method will be adopted to obtain the relevant information customer services of selected urban cooperative banks in CBS (Core banking solution) system environment. I) Structured questionnaire, II) Random interviews of customers of the bank who adopted CBS (Core banking solution) system and III) Random interviews of bankers who adopted CBS.

### Types of Questions & Scaling Techniques:

Following types of questions will be used in the questionnaire.

1. Open-ended questions
2. Dichotomous questions
3. Multiple-choice single response
4. Multiple-choice multiple response

In addition, a Likert Scale will be used for obtaining rankings.

**Primary Data:** The primary data will be collected through a structured questionnaire & will be collected

from respondents through interviews. (Customers, EDP manager, GM, CEO etc.)

**Secondary Data:** The secondary data comprise of existing published literature which will be used for laying the conceptual framework.

**Sources –Data**

Published data of cooperative banks would be used in the form of annual reports, The availability of secondary data to be collected from Prowees Database of CMIE, Annual Reports, published Research, Reports and Research Organization, Books, periodicals and Website etc.

- Pune District Urban Cooperative Banks Association Ltd, Pune.
- Urban Banks department (RBI), Wadala, Mumbai
- Maharashtra Urban Co-operative Banks Federation, Wadala, Mumbai
- Brihan Mumbai Nagari Sahakari Banks Association Ltd, Wadala, Mumbai

Primary data would be the questionnaire and interviews of customers Front desk users, EDP manager, BM, CEO etc multistate /Schedule Urban cooperative banks where having CBS.

**Hypothesis testing**

H0- The CBS (Core Banking Solution) system impact and its efficient utilization in Urban Cooperative banks will not result into efficient customer services.

H1- The CBS (Core Banking Solution) system impact and its efficient utilization in Urban Cooperative banks will result into efficient customer services.

**Statistical Analysis**

**Q:XIII. Rate your opinion on following parameter about customer services offered by the bank to bank with?\*\*\*-A. Services efficiency is increased due implementation of CBS(Core banking solution) System \* Q: XVII. Finally what is your general opinion about services offered by the bank?\*\*\***

Crosstab

		Q: XVII. Finally what is your general opinion about services offered by the bank?***			Total	
		Very Satisfied	Satisfied	Neutral		
Q:XIII. Rate your opinion on following parameter about customer services offered by the bank to bank with?***- A. Services efficiency is increased due implementation of CBS(Core banking solution) System	Strongly Agree	Count	67	50	6	123
		Expected Count	76.5	46.4	4.1	127.0
		% of Total	36.0%	29.0%	3.2%	68.3%
	Agree	Count	41	10	0	51
		Expected Count	30.7	18.6	1.6	51.0
		% of Total	22.0%	5.4%	.0%	27.4%
	Neither Agree/D isagree	Count	4	2	0	6
		Expected Count	4.8	2.9	.3	8.0
		% of Total	2.2%	2.2%	.0%	4.3%
Total		Count	112	62	6	180
		Expected Count	112.0	62.0	6.0	180
		% of Total	60.2%	36.6%	3.2%	100.0%

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.180 <sup>a</sup>	4	0.021
Likelihood Ratio	15.411	4	.003
Linear-by-Linear Association	6.382	1	.013
N of Valid Cases	180		

Symmetric Measures	Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval Pearson's R	-.180	.065	-2.465	.012 <sup>c</sup>
Ordinal by Ordinal Spearman Correlation	-.218	.066	-2.988	.003 <sup>c</sup>
N of Valid Cases	180			

b. Using the asymptotic standard error assuming the null hypothesis. c. Based on normal approximation.

### Infer:- Inferences :-( Cross tabulation Analysis)

The SPSS software analysis the researcher get the Chi-Square value is **14.180<sup>a</sup>** and degree of freedom is **4** hence as per the Carl-Pearson the p-value (Pearson Value) as **0.021** Since P value is very smaller than **0.05** which is the Standard value of Chi-Square test, so from the above result researcher conclude "Implementation of CBS (Core banking solution) system has increased the competitiveness of the bank" having definite some association with implementation of CBS (Core banking solution) system & its pretentious the overall efficiency of the bank in daily operations

**Ordinal by Ordinal Spearman Correlation = -0.218** **Approx. Tb = -2.988.** **Approx. Sig. = 0.003c** The approximate significance value of each measure is equal to **0.003c**. Since this is less than **0.05**, So can be concluded that there is a statistically non-significant relationship between Implementation of CBS (Core banking solution) system and enhancing the service efficiency of the bank in daily operations efficient and fast.

Sr. no	Hypothesis	Accept/Reject
1	H0- The CBS (Core Banking Solution) system impact and its efficient utilization in Urban Cooperative banks will not result into efficient customer services	Reject
2.	H1- The CBS (Core Banking Solution) system impact and its efficient utilization in Urban Cooperative banks will result into efficient customer services.	Accept

### KNOWLEDGE CONTRIBUTION TO THE SOCIETY

This study make a conceptually comprehensive determination of financial discipline and

technological approach and its impact on Key performing indicators of banking organization shall be built and availability of a tool to banking and RBI for assessment and improvement in overall and financial performance.

### a) Banks and Financial institution:-

a) Expansion & modernization will help the co-operative bank to provide services to the customers and society.

b) CBS (Core banking solution) system would help the organization in customer retention and stay in the competition.

**b) Society:-** Co-operative sector is penetrated in mass to the society and people is getting benefited out of it. Customers can avail the latest IT infrastructural facilities and will enjoy smooth services from the banks.

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