

banking

C-Edge

Everywhere Banking





Maharashtra Gramin Bank draws upon a powerful ASP solution based on TCS BANCs to provide comprehensive banking services to customers in rural regions of India.

By **Satya Mishra**, CEO, C-Edge Technologies Ltd.

Maharashtra Gramin Bank is a pioneering user of the world-class core banking solution, TCS BANCs, delivered through the cloud-based **C-Edge** platform. The platform provides a highly scalable and cost effective core banking solution that significantly reduces implementation timelines.

In 1976 the Indian government passed the Regional Rural Banks Act with the aim of promoting economic development in the rural economy through the widespread provision of banking services to small farmers, agricultural laborers, artisans, and entrepreneurs. The promise of that 36-year-old vision is finally coming to full fruition with the deployment of modern core banking technology as exemplified by TCS BANCs.

Rural banking in India poses a formidable challenge, requiring extraordinary logistical planning for what might constitute everyday activities for an urban bank branch. Distant rural areas are difficult to reach and lack adequate transportation or modern communication facilities. During monsoon season, flooding can cut off access entirely. Other concerns include language barriers, lower literacy rates compared to urban areas, and even physical danger from insurgent actions.

As a result, customer service at the rural bank branches has tended to be both expensive and lacking in sophistication despite the national mandate for greater coverage of the banking network. The typical rural branch relied upon manual operational systems and manual ledger systems, making it difficult for branch managers to compile accurate financial information. In turn, branch officers were unable to supply adequate reports to regulatory authorities or to control leakage of income and expenditures. Furthermore, these manual systems did not distinguish between the bank's best customers and customers that were in default, rendering rural branch services subpar for all customers.

Difficulties of this sort were present at several of the Regional Ru-

ral Banks (RRBs) established by Bank of Maharashtra with the passage of the Regional Rural Banks Act of 1976. Even though the Maharashtra State government and the Central Government of India contributed share capital to the RRBs, the available technology of the 1980s and 1990s remained far out of reach for a small, remote bank or branch.

Fundamentally, rural banks require an underlying technology infrastructure with similar capabilities as urban banks. Yet implementation and operations typically demand a higher percentage of a rural bank's IT budget, and a rural bank's customer base consists of people having fewer financial resources than their urban counterparts. These factors have left rural banks' technology architectures lagging behind their urban and semi-urban counterparts.

In 2008 and 2009, several small RRBs were amalgamated into a single, stronger RRB named Maharashtra Gramin Bank, operating in 16 districts across Maharashtra and based in the historic city of Nanded. This larger financial institution took upon the task of improving the quality of banking services provided to its customers across all of its constituent banks. Nevertheless, even the expanded Maharashtra Gramin Bank lacked the financial resources to embark upon a comprehensive technology build-out in the face of daunting implementation challenges.

Maharashtra Gramin Bank needed to gain access to powerful core banking technology without committing to high, multi-year capital expenditures on computer hardware, computer software, database management systems, data centers, disaster recovery centers, networking, and other equipment. Nor could the bank afford to hire

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Hon. Philip D. Silva, Chairman, Maharashtra Gramin Bank Nanded



the technology and domain experts required to maintain and upgrade these systems, let alone keep pace with rapid technological developments. Moreover, the bank lacked the resources to implement an office of vendor management in order to source technology from multiple providers.

The desired approach was to find a single vendor, ideally a trusted corporate entity with a proven core banking solution, capable of placing Maharashtra Gramin Bank in the mainstream of Indian banking. The bank needed a low-cost core banking solution with no incremental expenses for customization and new reports, yet having a full complement of services for customers, high reliability for branch managers, and easy access to audits and reports for regulators and risk managers. After conducting a search involving several solution providers, Maharashtra Gramin Bank selected C-Edge Technologies Ltd., a TCS subsidiary and joint venture with State Bank of India.

The C-Edge Advantage

C-Edge combines IT services, business processes and core banking technology in a single, turnkey solution. Instead of having to invest in IT hardware, C-Edge customers share the cost of data centers and disaster recovery centers, made available through a single, reliable, and technologically-advanced point of contact for all supplies and services.

With C-Edge, Maharashtra Gramin Bank only needed to invest in branch-level hardware, peripherals and LAN technology, with the remaining investments shouldered by C-Edge and made available on a per-branch, per-month basis regardless of the number of transactions and accounts. The bank's low infrastructure costs were fixed upfront for a period of five years, conferring the advantages of advance planning and certainty of expenses. Technology changes in response to regulatory requirements are also covered by the arrangement, which gives the bank the ability to respond to new regulations at zero cost.



Governed by a rigorous service-level agreement, C-Edge guarantees uptime for all banking applications and services. C-Edge also performs a comprehensive range of routine daily and periodic operations, including financial reporting and regulatory reporting. Instead of managing the complexities of technology and operations in a difficult environment, the employees of Maharashtra Gramin Bank can now focus on the business of banking.

As part of the agreement, Maharashtra Gramin Bank sought to support rural employment and to ensure that customers could receive multi-channel services in local languages. To achieve these ends, C-Edge established a local help desk to ensure quality, local-language services, using traditional, face-to-face banking as one of the primary points of customer contact. C-Edge also offers 24/7 remote support for all of its banking clients, enabling bank customers and employees to obtain answers to complex queries through any customer channel.

The technology infrastructure powering C-EDGE is TCS BANCNS. With a highly-modular, building-block design and open system architecture, TCS BANCNS enables smooth conversion from older systems, flexible operations, high levels of system security, and extensive reporting capabilities.

As a core banking solution implemented around the world, TCS BANCNS fully meets the criteria of being a proven core banking solution from a trusted entity. Furthermore, TCS BANCNS has demonstrated success at rural banks. Thirty-five percent of rural bank branches in India operate on TCS BANCNS, representing over two million transactions per day for 50 Indian banks with a combined 5,800 branches, 58 million customers, and 28,000 business users. In addition, TCS BANCNS is the unified technology platform of State Bank of India, which services over 261 million customer accounts with a banking network of over 18,400 branches and 21,800 ATMs.

77-Day Deployment

With 327 live branches, Maharashtra Gramin Bank RRB represented the fifth-largest deployment for C-Edge. The contract was signed in December 2010, and on that very day, C-Edge commenced the first branch bank pilot program. In the spirit of trust and partnership, C-Edge had started the implementation process before the contract was formally signed, helping Maharashtra Gramin Bank to achieve a faster rollout schedule.

C-Edge selected a project manager with managerial and supervisory experience, and implemented rigorous, field-tested project management techniques for project planning, change control, risk management, reporting, and frequent reviews by C-Edge senior management. To avoid delays, the process to define business requirements was outlined before the commencement of the project, and the data migration strategy was finalized before the start of coding. Guided by extensive experience in project management, C-Edge tracked milestones throughout the deployment to ensure prompt and timely delivery.

The management team of Maharashtra Gramin Bank also played a critical role in the success of the project. The bank's business head monitored the overall status of the project, ensured the availability of sufficient resources, and tracked budgets, while the bank's head of operations led a cross-functional team consisting of both business and technical staff, whose contributions to the project burnished their credentials for future banking initiatives.

The branch managers were responsible for meeting the goals of the conversion schedule, including end-user training, "train-the-trainer" programs, and in some cases, basic technology skills. End-user involvement was an important component, as their inputs were provided during the requirement, acceptance, training, migration and implementation phases.

The bank also provided coordinators and program managers to act as liaisons between the branches and the bank's headquarters, and their contributions were essential to the success of the deployment. The myriad local challenges included a lack of public transportation requiring the use of professional logistics companies, the need for security guidance for field engineers in areas with active insurgent movements, translators to address local language issues, and training programs and meetings with staff unions to build awareness of the benefits of the C-Edge deployment to the bank, its employees, and its customers.

The tasks of data extraction and data mapping were performed by specialists in legacy systems migration. To move from manual bookkeeping methods, C-Edge employed professional data entry operators on-site, working with intelligent data entry systems that offered guidance, instructions, and data validation in order to prevent incomplete source data from being entered into the system. From there, knowledgeable consultants at the regional or head offices performed data mapping between legacy data stores and TCS BANCs. Finally, the cleaned-up, reformatted data was physically installed at each branch on the designated migration date.

Drawing upon strong contributions from all participants, the C-Edge implementation of TCS BANCs across 327 branches, six regional offices, and the head office of Maharashtra Gramin Bank was completed in March 2011 – just 77 days after the contract was signed.

Post-implementation Technology Environment

C-Edge connected Maharashtra Gramin Bank to a state-of-the-art data center protected by a standby disaster recovery center. C-Edge is also responsible for maintaining a virus-free desktop environment at the branches, for ensuring day-to-day management and guaranteed uptime of local-area and wide-area networks, and for providing continuous training for rural bank staff.

C-Edge manages a staff of 200 from Mumbai to provide Maharashtra Gramin Bank with 24/7 support across technology and banking domains. The C-Edge staff acts as help desk, generates end-of-day and end-of-period reports for distribution, and manages complex accounting tasks.

At the headquarters, bank management now has a total view of its entire business with centralized consolidation of data and reports. New products can be quickly customized and launched, and the business has no constraints on scalability.

Now that branch staff has been relieved from manual reconciliations and bookkeeping, data quality has improved immensely, yielding stronger risk management and asset management practices. In turn, this gives management the flexibility to adjust interest rates, account policies, and exposures to various sectors based on market intelligence and branch-level data.

Stronger control over data also gives regulators better information on faster timeframes, leading to greater understanding and trust. Instead of having to send several reminders to remote branches, regu-

latory offices have easy access to data and reports, better monitoring of funds, and the ability to automate the processing of uniform, standardized data. Helping the regulator also helps the bank through lower costs of communication, photocopying and couriers.

At the branches, bank employees now have the ability to serve any customer of the bank, no matter which branch initially opened the account. The “anywhere banking” concept enables branch tellers to view customer accounts and transactions across all branches and products, and to suggest the most appropriate complementary products. As a result, branch tellers can focus on the business without getting bogged down in the technology, engaging in marketing of bank products rather than more routine, low-value-added chores.

From these changes, customers are more likely to stay with their home banks, enjoying the same level of service and selection offered by larger institutions, including multiple delivery channels and access to national-level payments systems. Per-transaction costs for national electronic funds transfers (NEFT) have been reduced almost 20 percent. Transactions that used to take from five to 10 minutes can be accomplished in under three minutes.

With Maharashtra Gramin Bank entering the mainstream of the Indian banking sector, the roadmap includes extending banking facilities within its area of operation, expanding financial inclusion for the unbanked, and widening the range of products offered. Through these efforts, and with the power of TCS B@NCS and the value proposition of C-EDGE, Maharashtra Gramin Bank will be able to make substantive progress on the decades-long national project of promoting regional rural banking.

“The C-Edge implementation in our Bank has enabled us to provide ‘anywhere banking’ services, including electronic funds transfer and real-time settlement, to predominantly rural customers and enabled us to increase our outreach through our telecom-based Business Correspondent model in unbanked, far-off rural places, within a short span of time,” says Philip D. Silva, Chairman, Maharashtra Gramin Bank Nanded.

“The core banking solution implemented by C-Edge has facilitated operational efficiency of our organization by improving house-keeping, preventing income seepages, strengthening our Management Information System (MIS) capabilities, and facilitating better corporate governance,” remarks Sharadchandra Chitale, Chief General Manager, Maharashtra Gramin Bank Nanded. ■

AT A GLANCE

Company: Maharashtra Gramin Bank, sponsored by Bank of Maharashtra

Business Challenge: To provide high-quality, mainstream banking services through an extensive network of remote rural bank branches without the need for high expenditures in technology and IT staffing

Solution: Outsourced ASP service through **C-Edge**, including IT services, business process outsourcing, and core banking technology powered by TCS B@NCS

FAST FACTS

- Bank of Maharashtra was founded in 1935 to serve the Indian state of Maharashtra.
- Maharashtra Gramin Bank operates in 16 districts in Maharashtra, and is headquartered in the city of Nanded.
- In the Nanded district in the Marathwada region of Maharashtra, over 70 percent of the population lives outside of the urban areas
- About two-thirds of Maharashtra Gramin Bank’s 327 branches are rural branches.

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On April 26, 2012, at the 13th Asian Banker Summit 2012, Maharashtra Gramin Bank and C-Edge Technologies Ltd. received the **Best ASP Program Award** for the deployment described in this case study.