

An Analytical Workof Employee's Inclination towards Use of Core Banking Solution

Ashwini R. Chavan¹, R. D. Kumbhar²

¹ Research Scholar, RIRD, Shivaji University, Kolhapur.

² Asst. Professor, KarmaveerBhaurao Patil Institute of Management Studies and Research, Satara.

Abstract

A core banking solution is a boon for the banking sector. In this competitive era of globalization, unlike any other industry banking industry too facing many issues. Although public and private sector banks have already adopted the influence of the IT industry in the banking sector and reaching new heights every day. According to various reports and literature Implementations of CBS increases efficiency by reducing the workload of staff, help to increase accuracy, speed, saves time, money and efforts of employees and customers. Public and private sector banks have already adopted CBS but yet cooperative banks are still struggling with the adoption problems of CBS. Employees are the most important part of the bank. And so it is necessary to understand their views, problems, inclination of these stalwarts. In this paper to understand and analyze employee's inclination towards the use of CBS, the researcher has used a structured questionnaire to collect the data from a convenience sample of 76 bank employees from various cooperative banks in Pune city. A hypothesis has been set and to get the correct results Frequency and Percentage analysis and t-tests are applied for data analysis and understanding. Also, charts and tables are prepared for a better understanding of the findings.

Keywords: Cooperative Bank, employees Preferences, CBS implementation, Information Technology

Introduction:

Banking enhancement in India has been, all things considered, it's nothing but a status-driven movement. The Reserve Bank of India was declared the public sector in 1949, trailed by the nationalization of the Imperial Bank of India (presently the State Bank of India - SBI) in 1955. In 1969, 14 notable commercial banks were nationalized and the activity was repeated when 6 gradually commercial banks were nationalized in 1980. Subsequently, preceding financial changes started in the mid-1990s, banking commercialization in India was a close restraining infrastructure of the Government of India.

According to an article on Banking System in India, the Nationalization of commercial banks was an endowment. After nationalization, there was a shift of importance from industry to agriculture. The country saw fast expansion in banks, even in rural areas. Be that as it may, bank nationalization made its own issues like over the top business, the involvement of people in banks, adoption of technology and be with over changing globalization is the foremost challenge for banks in that era. It was in this setting wide-extending; banking sector changes were presented as an essential piece of the financial alteration plan began in the mid- 1990s and

which is still ongoing. [5].

A. RECENT DEVELOPMENTS

Throughout the years, urban cooperative banks have registered a huge development in number, size, and volume of business. As of 31st *March* 2003, there were 2,104 UCBs of which 56 were scheduled banks. Around 79 percent of these are situated in five states, - Andhra Pradesh, Gujarat, Karnataka, Maharashtra, and Tamil Nadu. As of late the issues looked by a couple of enormous UCBs have featured a portion of the troubles these banks face and approach tries are outfitted to uniting and fortifying this area and improving administration. [6].

B. EMBRACING OF BANKING TECHNOLOGY

The Information Technology revolt has deeply exaggerated the Indian banking system. The use of computers has led to the prologue of online banking in India. The exploitation of computers in the banking sector in India has prolonged many folds after the monetary evolution of 1991 as the country's banking sector has been exposed to the world's market. Soon the Indian financial sector was understood that it's tough to compete with the international banks in customer service, without the use of Information technology.

The RBI set up various advisory groups to characterize and coordinate banking technology innovation. Like in 1984, they formed a Committee on computerization in the Banking Industry (1984) whose chairman was Dr. C Rangarajan, Deputy Governor, Reserve Bank of India. The major implication of this advisory group was, presenting MICR innovation in every bank in India. This has room for the deployment of institutionalized verification configuration and encoders.

According to an RBI report, in 1988, the RBI set up the Committee on Computerization in Banks (1988) headed by Dr. C Rangarajan. It draws attention to that payment task must be automated in the clearing places of RBI in Bhubaneshwar, Guwahati, Jaipur, Patna, and Thiruvananthapuram. It further expressed that there should be National clearing of between city checks at Kolkata, Mumbai, Delhi, Chennai, and MICR that have to be made operational. It additionally centered on the computerization of branches and expanding availability among branches through PCs. It likewise suggested modalities to accomplish online banking. The board of trustees presented its reports in 1989 and computerization started from 1993 with the settlement among IBA and bank workers' affiliations. [7]

C. CORE BANKING SOLUTION

Core banking is anywhere anytime banking. As indicated by Gartner Core banking is banking management given by a congregation of approved bank offices where clients may get to their account details and perform basic transactions from any of the division, branch workplaces.

Typical Core Banking facility will incorporate exchange accounts, credits, home loans, and installments. Banks make these administrations accessible over various channels like ATMs, Internet banking, mobile banking, and branches. [4]

LITERATURE REVIEW

Over the 30 years, most banks moved to core banking applications to help their activities where Core Banking may mean "incorporated online ongoing trade". This essentially indirect all the bank's offices could get to applications from concentrated server farms. This implied the stores

made were, deliberated quickly the bank's servers and the client could pull back the saved cash from any of the bank's branches. [5]

According to authors, Cooperative banks are technologically still weak and there is a need to understand that the economic class and age composition of their customers is not in favor of cooperative banks. Without introducing new technology it is difficult for cooperative banks to attract new young customers. Also, cooperative banks need to increase their budget for IT. The further author believes that now decision-makers of cooperative banks make the right decision to improve computerization in banks so it can be or increase and be beneficial for the all the stakeholders of the bank like employees, customers, etc. to get these success decision-makers must set some time deadline for technology adoption.

B. MunirajaSekhar and Dr. B.Sudhir,2012, in their paper, have suggested the adoption of CBS to cooperative banks but it has a wide scope to understand the reason behind the non- adoption of CBS in cooperative banks. Unless cooperative banks are aware of their problems they cannot find a solution for it. [1]

According to, the cognizant magazine it is also important to understand the reasons behind the failure of CBS implementation. According to authors observations, during core banking implementations for various clients, (a few of the cooperative banks have adopted the CBS but facing issues), they were able to identified and listed some key reasons for failed core banking implementations like Lack of an appropriate product selection, vendor's inability to deliver, project group's limited capability.

So according to this report, there are various reasons due to which CBS implementation could be a failure and it is different bank-wise. So it is very important for the individual banks to understand their needs and select a proper application. [2]

In this context, banks need to redesign their business strategies regarding the adoption of technology. A bank needs a technological solution that is user-friendly and without much third-party involvement. As well as less support requirement for operating the same from the vendor. Ms.Ashwini Chavan and Dr. R. D. Kumbhar, in their paper "CBS Adoption by Cooperative Banks: A theoretical review" stated, that though Indian cooperative banks are trying adoption of technology but yet not fully succeeded. So according to authors, here is a need to understand the reasons for a delay in CBS implementation in cooperative banks. According to the authors, it is necessary, to understand the current market scenario and suggest some latest technological solutions to the banks which are more user and budget- friendly for the non-tech-savvy employees of the bank and can be easily adopted by the banks. [3]

So based on the literature review, it is clear that cooperative banks are still in the phase of implementation of CBS and those who have implemented it are also facing some of the issues. So it is important to understand employee's views, problems, and inclination towards the use of CBS. Considering this fact, the researcher had prepared a structured questionnaire and used it to collect the data from a convenience sample of 76 employees from sample cooperative banks in Pune city.

STATEMENT OF THE PROBLEM

Sample Cooperative banks have introduced CBS facilities for the last four-five years. few of them are still in the implementation phase. As the use of CBS is increasing day-by-day, it is important to study the employee's inclination towards the use of CBS applications in Pune city. This study is one of such an attempt.

OBJECTIVES OF THE STUDY

- To study the awareness and preference to use CBS services offered by selected Cooperative banks in Pune city.
- To study the problems faced by employees while using CBS offered by selected Cooperative banks in Pune city

HYPOTHESIS

The following hypothesis is set for the present research study: “There is a significant relationship between problems observed in CBS use with respect to the designation in selected cooperative banks”.

RESEARCH METHODOLOGY

To carry this study researcher has performed a primary survey of data, which is collected through the issue of a questionnaire to the banks’ employees. Personal interaction and discussion with the employees have helped to understand their perception and attitudes CBS applications and problems. There are a total 65 cooperative banks and its number of branches all over the Pune district.

These banks and its branches are spread over in Maharashtra also. Of these, 58 are urban cooperative banks whereas 7 are rural banks. 3 banks and its branches are selected for study purposes.

DATA COLLECTION

The researcher has performed primary survey of data, which is collected through the issue of a questionnaire to the bank's employees. An effort has been made by the researcher to present the data collected in a tabulated, quantified and categorized manner. Thus, it is proved from Table No. 1 to Table No 4 that the respondents are well aware and prefer to use CBS applications offered by their banks.

The members for this examination comprise 76 bank employees working with the various banks in Pune District, Maharashtra, India.

OBJECTIVE TESTING & FINDINGS

The following table and graph depict the Educational background and designation of the employees. Where on the post of manager out of 20, 16 have done concerned diplomas 4 are undergraduates. Out of 53 technicians, 37 have done concerned diplomas, 9 are undergraduate and 7 have done post-graduation. There is one more category that a single person is handling the responsibility of both as a manager as well as technician and 3 employees belong to this category.

Table-I: Designation * Educational Background

		Educational Background			Total	
		All concerned Diplomas	All concerned Under Graduate	All Concerned post Graduate		
Designation	Technician	Count	37	9	7	53
		% within Designation	69.81%	16.98%	13.20%	100.00%
	Manager	Count	16	4	0	20
		% within Designation	80.00%	20.00%	0.00%	100.00%
	Both	Count	0	3	0	3
		% within Designation	0.00%	100.00%	0.00%	100.00%
Total		Count	53	16	7	76
		% within Designation	69.73%	34.80%	12.70%	100.00%



Fig. 1. Source: based on primary data

The following table depicts the designation and age group cross-tabulation. From the table, it is clear that 58.13 % of Technicians are between the age group 21-30 years, 30.23% are between 31- 40m employees at the, and 11.62 % are between 41- 50 years. Also from the table we can conclude the manager post employees are in between the age group of 21 – 30 i.e. 33.33%, a maximum of 51.85 % in between 31 – 40 years and 14.81% belongs to the age group of 41 – 50. In the third category, there are only 6 employees who are handling both managers as well as technicians responsibility all of them belong to the age group between 21 – 30.

Table-2: Designation * Age group

		Age group			Total	
		In between 21 – 30	In between 31 – 40	In between 41 – 50		
Designation	Technician	Count	25	13	5	43
		% within Designation	58.13%	30.23%	11.62%	100.00%
	Manager	Count	9	14	4	27
		% within Designation	33.33%	51.85%	14.81%	100.00%
	Both	Count	6	0	0	6
		% within Designation	100.00%	0.00%	0.00%	100.00%
Total		Count	40	27	9	76
		% within Designation	52.63%	35.52%	11.84%	100.00%

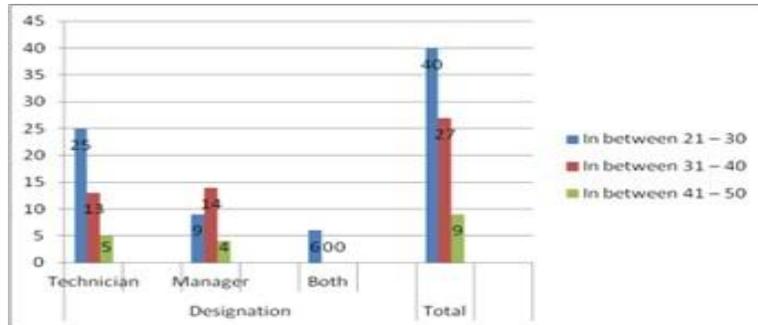


Fig. 2. Source: based on primary data

Following table and graph shows the administrative issues faced by employees, the problems faced by inadequate IT resources and lack of IT Team is the major issue faced by employees. From the table, we can conclude that 85.4% of employees state that they feel the major problem is insufficient IT staff, here as only 16.5 % of employees don't think as IT staff is not a concern. Also according to the employees, the majority employees agree on higher executive sustain, poor IT education and Lack of System information Training.

Table and Graph 3: Administrative Issues

Sr. No	Administration Issues	Yes	No	Total
1	inadequate IT resources	79.7	20.3	100
2	lacking IT team	81.2	18.8	100
3	higher executive sustain	67.8	32.2	100
4	poor IT education	69.8	30.2	100
5	Lack of System information Trainings	64.3	35.7	100

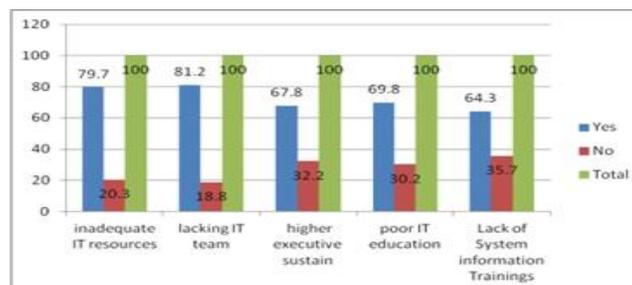


Fig. 3. Source: based on primary data

There are lots of problems faced by the employees, while execution of CBS too. The following table shows the list of problems faced by the employees. According to the table, highly skilled professionals are to be employed due to this salary burden increases. this is the most common problem faced by the banks. 79.5% of employees agree about this problem, whereas 20.5 % don't feel it as a problem. 73.4% of employees agree that there is more third

party involvement to use core banking services and 26.7 % of employees don't agree that customers were not ready to use core banking services. Cooperative bank employees feel huge changes in resources, very difficult computer systems and difficult to understand the errors in the system are major concerns. Rest of the problems and their percentage we can see in the table.

Table and Graph 4: Issues faced during execution of CBS

Sr. No	Issues faced during execution of CBS	Yes	No	Total
1	Huge changes in resources	53.6	46.4	100
2	More third party involvement	73.3	26.7	100
3	Very difficult computer system	58.1	41.9	100
4	IT educated employees	79.5	20.5	100
5	Difficult to understand the errors in system	66.3	33.7	100

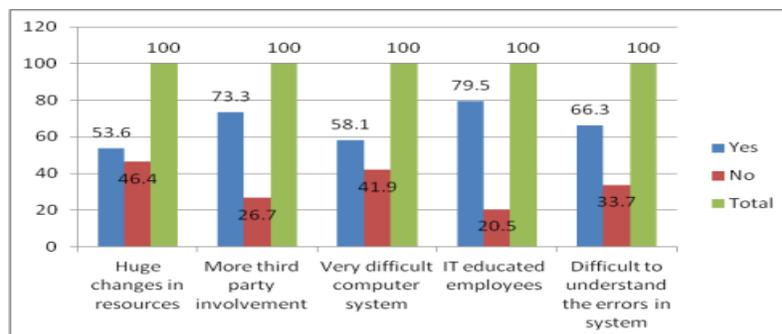


Fig. 4. Source: based on primary data

HYPOTHESIS TESTING

H1: There is significant relationship between problems observed in CBS use with respect to designation in selected cooperative banks.

H0: There is no significant relationship between problems observed in CBS use with respect to designation in selected cooperative banks.

- To test this hypothesis statistically t-test was performed
- The t-test is used to compare two means to check if they are different from each other.
- In the present study, the t-test is inclined to the compare the mean of problems faced by employees observed for CBS use with respect to designation in selected cooperative banks.
- This test tells about the how significant the differences are.
- This test is aimed towards t-score; it is a ratio of the difference between two groups and the difference within the group.
- In the present study, the t-test is carried out to compare the means from the same group at different times.

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	2.795	.099	-5.252	64	0.000002	-5.83411	1.11073	-8.05305	-3.61517
Equal variances not assumed			-5.513	62.382	.00000072	-5.83411	1.05834	-7.94945	-3.71877

V1 - Problems

V2 – Designation (2 groups 1- Manager & 2 - Technician)

As represented in the above table the problems are compared with the designations.

It has observed that the p-value = 0.000002 and 0.00000072 for the equal variance assumed and equal variance not assumed; which is <0.05 at 95 % confidence level with the 64 degree of freedom. If the p-value is < 0.05 then reject the null hypothesis. Hence the null hypothesis (H0) is rejected and alternate hypothesis (H1) is accepted. Therefore it has been concluded that , there is significant relationship between problems observed in CBS use with respect to designation.

RESULTS AND DISCUSSIONS

On the basis of detailed study of Employees inclination towards use of CBS applications towards services offered by cooperative banks, it is clear that CBS applications plays imperious role in the banking activities. The various suggestions for improving the effectiveness of the CBS applications of the cooperative banks are as follows: Banks must make concentrated efforts to train their employees to use the CBS. For this purpose banks must hold training programs for employees from time to time. Younger employees of the bank can use these applications better than the older generation. Banks must make efforts to educate them time to time to update their skills.

Cooperative Banks must offer a better variety of facilities through ATMs, mobile banking, internet banking. At current they are very inadequate in number. Only when these changes are made available, visits of customers to branches will be reduced and both bank employees and customer will benefit in the true sense. Timely trainings for the employees must be provided properly by banks.

CONCLUSION

Banking through CBS has not only transformed traditional banking but has also brought a paradigm shift in the attitude of banks to banking operations. It is evident from the present study that a majority of the employees are highly interested in CBS implementation if they are well trained. The employees are with time and cost utility which provides efficient services. Despite drawbacks in CBSs, it is still preferred as it benefits the bank, employees and customers. It is thus, imperative for banks to ensure that undisrupted and efficient CBS applications provided to employees for best results. If the study aggravates the concerned bank managements to take some positive measures for improving the effectiveness of Employee's inclination towards use of Core Banking Solution in cooperative banks, the researcher will feel thoroughly satisfied.

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