



RESEARCH ARTICLE

CRITICISM OF CORE BANKING CONCEPT IN BHARAT

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ABSTRACT

Core banking is a system that connects more than one branches of the same financial institution collectively to supply operations like loan control, withdrawals, and bills in actual time these days' banks offer numerous banking offerings to residents staying even on the remotest location in Bharat. Key elements that helped banks attain this stage of provider delivery being: i. Information Technology (IT) ii. Ushering of reforms via successive governments brought about huge growth in Bharat's worldwide commercial enterprise. iii. Successive government's attention to have economic inclusion for all Bharatia Banks have been located to be most capable of helping government achieve this purpose. iv. Increase of net penetration across Bharat. CoreBanking enables to satisfy the requirements of its clients, so one can meet the global demanding situations in banking and to beautify its provider delivery fashions allowing banks to scale up operations, better service transport and progressed purchaser delight thereby improving the general performance and overall performance of its operations.

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INTRODUCTION

Inside the public sector banking has first developed from automating the accounting techniques in a standalone mode and eventually graduated into so known as TBM's which in truth simplest included the these standalone accounting packages. Several registers, ledgers scrolls and other types of MIS remain generated manually inside the branch. Several software applications still feature in a standalone mode even in a TBM department like FDR, PPF etc. Such disjointed view of the branches led to a complicated unmanageable IT infrastructure within those banks such distributed statistics based totally / applications pose sever administrative issues. Converting / modifying packages suggest that those modifications need to be applied over great geographically allotted structures, ensuing in sluggish and mistakes prone updating. With common hobby fee changes, product launches regulatory document MIS wishes, it is certainly a night time mare to carry out those modifications across 1500 abnormal branches and retrieve the records and consolidate them to yield precise MIS reports. Introduced to that is the fine of facts emanating from branches. Most data entry operations are out sourced and validity of such big facts is questionable. It is frequently said, albeit in a lighter vein, that if the weekly go back identical week, then it'd be distinctive repeatability, integrity and accuracy, have become real troubles. In a single panoramic / included view and broaden that bundle. Its miles beyond view of the branches view of the marketplace and customers. This holistic view is carried out in centralized software program known as core Banking.

Important products and services supplied and rendered by using business banks

Deposits involve deposits made by clients in diverse schemes for pre- defined periods.

- Industrial banks receive deposits in numerous forms consisting of term deposits, savings financial institution deposits, cutting-edge account deposits, recurring deposits and other progressive merchandise.
- Advances represent a prime source of lending by way of commercial banks. The type of advances granted with the aid of business banks take numerous forms together with coins credit score, overdrafts, buy/ discounting of payments, term loans, securitization of credit score sales, housing loans, instructional loans, and vehicle loans, and so forth. Remittances involve transfer of price range from one place to any other. Most not unusual modes of remittance of budget are as follows:

Demand Drafts (DD) are issued by means of one department of the financial institution and are payable with the aid of every other department of the bank the demand drafts are exceeded over to the applicant. Mail Transfer (MT), no instrument is passed over to the applicant. The transmission of the tool is the obligation of the branch. Normally, the payee of MT is an account holder of the paying branch. Electronic Funds Transfer (EFT) is every other mode of remittance which enables nearly on the spot switch of price range between two centres electronically. Real Time Gross Settlement (RTGS) is

a digital shape of budget switch in which the transmission takes location on a real-time basis. In Bharat, transfer of funds with RTGS is carried out for high price transactions, the minimal amount being 2 lakh. The beneficiary account receives the funds transferred, on a real-time foundation. National Electronic Fund Transfer (NEFT) is a country-wide fee system facilitating one-to-one price range switch. Beneath this Scheme, individuals can electronically transfer budget from any bank branch to any man or woman having an account with another financial institution branch within the United States participating within the Scheme. Immediate Payment Services (IMPS) is an instantaneous price inter-financial institution digital budget transfer machine in Bharat. IMPS offer an inter-financial institution electronic fund switch carrier through cellular phones. In contrast to NEFT and RTGS, the provider is available 24x7 in the course of the 12 months consisting of financial institution holidays.

Collections contain collecting proceeds on behalf of the client: Clearing entails gathering units on behalf of clients of bank. The units stated above can be payable locally or at an outdoor centre. ECS is normally used for bulk transfers completed with the aid of establishments for making bills like dividend, interest, salary, pension, and so forth. Andtakes forms: ECS credit or ECS Debit. Within the case of ECS credit, quantity of beneficiary accounts is credited with the aid of debiting periodically a single account of the bank. Examples of ECS credit consist of fee of amounts towards dividend distribution, hobby, salary, pension, and so forth. Inside the case of ECS Debit, massive wide variety of bills with the bank is debited for credit score to a single account. Examples of ECS Debit consist of tax collections, mortgage instalment compensation, investments in mutual funds and so on. Other Banking offerings a) lower back operations: These cowl all operations executed at the lower back workplace of the financial institution. Those are associated with general ledger, management statistics systems, reporting, and so on. b) Retail Banking: those also are known as front-office operations that cover all operations which provide direct retail services to clients for non-public use. E.g. debit playing cards, personal loans, mortgages etc. c) High Net-worth Individuals (HNI): Banks provide special offerings to clients classified as High Net-worth Individuals (HNI) based on price/ extent of deposits/ transactions. d) Riskmanagement: risks are all pervasive inside the banking quarter. This should be achieved at strategic, tactical, operational and generation areas of bank.

REVIEW OF LITERATURE

A literature overview is a critical evaluation of posted scholarly sources on a specific subject matter, serving to summarize current information, become aware of gaps, and establish context for a brand new studies task. It is going beyond an easy summary, requiring researchers to synthesize, examine, and seriously examine the literature to show themes, controversies, and unanswered questions that their personal paintings will cope with. A literature evaluation may be a standalone document or a section inside a larger paper, including a thesis or dissertation, and allows exhibit a researcher's knowledge in their subject and the significance in their contribution. Biswas, S., & Bose, I. (2015) any other advantage of core banking answers that has been diagnosed within the literature is their potential to provide actual-time get entry to account information. A look at found that core

banking answers can help customers to access their account information and perform transactions from everywhere, at any time. That is in particular beneficial for clients who are constantly at the pass, or for folks who choose to financial institution online or thru mobile systems. Dumisan, (2002) define area as a system of rules and mechanism for making sure that disciplinary codes are followed. This implies that each business enterprise has its rules and regulation "dos and don'ts" Observance of those sets of guidelines in its miles discipline. Chowdhury, M., & Hasan, M. (2018) but, the literature also highlights a few challenges associated with implementing centre banking solutions. A study observed that one of the important challenges is the excessive value of implementation, which can be a full-size barrier for smaller financial establishments. additionally, the observe discovered that the complexity of core banking answers can also be a project, as it could take time for financial establishments to fully recognize and make use of all the features and capability of the system.

Das, S., & Das, A. (2017) any other task that has been diagnosed inside the literature is the need for economic establishments to have an excessive stage of IT know-how to put in force and preserve centre banking solutions. A have a look at by way of discovered that many monetary establishments war to discover the vital IT sources to enforce and hold core banking answers, which can put off the implementation system and boom charges. Knight (2014) therefore defines area as a pattern of behaviour which can be traced back from a particular schooling. This behaviour is portrayed by way of a person on the way to exhibit his non-public developments. A worker, as an example displays a specific behaviour in a place of job state of affairs and his behaviour contributes closer to achieving his or her aim at the employer. Odium (2001) determined that that 'a fair diploma of predictable behaviour is needed from person(s) for the achievement of organizational goals and goals. one of the approach in ensuring decorum, progress and effectiveness in corporation is subject. Wherein there are not any proper disciplinary approaches for erring officials there can be a dislocation of powerful organizational functionality.

Information Technology concept: If one sits down coolly and ponders over all these issues that them could make any equal thoughts to seek a strategy in order to clear up. If not all, most of the problems go searching the sector and notice what others are doing? A core part of that approach is deployment of a centralized centre banking machine. This is the simplest way to run a financial institution. From business angle core Banking pertains to the fundamental enterprise of a financial institution or monetary group. That during a nut shell is taking deposits from customers and lending to customers. At the same time as doing so, make sure that profits are generated for the bank. From a technology angle centre Banking is the short call for a Centralized Banking machine that a bank has to install to be able to perform its core banking business.

Core Banking: The purpose for calling it core banking system, after deployment, is the hart or the centre of the financial institution / financial organization. All entities that shape a part of the eco-machine of the financial institution / monetary organization engage with. The entities are;

- Bank personnel head workplace, nearby places of work, branches and so on.

- Financial institution management: executives / managers at respective places head workplace, regional places of work branches and many others.
- Bank clients: private banking, company banking international banking and many others.
- Bank Auditors, inner and external auditors who want to confirm systems and strategies.
- Financial institution Regulators: obligatory reporting to important financial institution and different economic bodies.
- Bank shareholders: presenting the preferred return to shareholders from banking operations.

For a financial institution / economic establishments the core Banking system ought to cope with the core enterprise of deposits and loans and the equal time, address the paintings location needs of all above entitles at their respective locations.

Ingredients: There are 5 components that shape a part of the core banking system. Those are the important building blocks for the entire bank / group.

General Ledger: The absolute core is the overall Ledger of the bank as a consequence, the absolute core of the banking system is the overall Ledger system, each unmarried financial hobby that takes place at any area within entire bank has to be contemplated in the G.L. system that generates the monetary statements for the complete bank which provides any entity to screen the monetary health of the financial institution. in the course of the arena, nearly all banks have all their economic hobby contemplated in G.L. each night time and next morning the G.L. machine gives the financial institution with corporation wide balance sheet and trial stability record In brief for the ones who have effectively applied core Banking systems, the worried entities in the financial institution recognize the financial condition of the financial institution at the start of each business day. If one is looking on the monetary statements of the complete financial institution the G.L. system should provide that. If one is in local workplace, the G.L. machine must offer the monetary statements for the vicinity. If one is the department the G.L. machine ought to provide the financial statements on the branch. Every morning these kind of entities, at the respective places of work, see these monetary statements reflecting the circumstance as of near of commercial enterprise the day prior to this. In a core banking System, this is accomplished with the aid of deploying a centralized G.L. system which presents for lots of sub ledgers with. degree's begin with character department G.L. rolled up to local G.L. with in addition rollup of all local G.L.'s to bank G.L. monetary transactions from diverse assets at some point of the bank update these subsidiary ledgers and the G.L. system then performs rollups to report at branch, region, zone, country wise head office and some other stage this is required by using the bank / monetary institution.

Customer Information System: The subsequent predominant component of a Corer Banking system is the customer Information System or CIS. For that reason inside the CIS, a purchaser is recognized by means of uniquely via his / her CIS wide variety and all statistics related to that patron (name, deal with, telephones, employment, credit history, household, family participants, and demographic facts) is stored alongside this specific number. All this is saved in a centralized CIS system permitting the consumer to go to any branch to do Business with the bank.

In addition, CIS stores purchaser to account relationships. A single unique consumer could have a contemporary account a joint saving account with his life time deposit, car loan and house loan. The CIS links some of these 5 account to this unmarried specific customer I.D. every time the purchaser visits any branch of the financial institution, all that he does is supply his call (and / or address or cell phone or CIS quantity) and the CIS system indicates the branch body of workers the data about this client in addition to all of the bills linked to this customer and the state-of-the-art balance in each of those account.

Deposit System: The 1/3 important aspect is the deposit system. The capacity to manner various forms of deposits is a must. Those consist of current, financial savings, time deposit and loads of variations in each of these. E.g. easy contemporary bills, modern-day money owed with overdraft, cash credit money owed, variable fee overdrafts, simple financial savings, multi-forex savings, time deposits, CDS, variable price time deposit, habitual deposits, multi-forex, time deposits, and so forth. This is required to handle the liability side of the financial institution / monetary group's enterprise. This all is completed via having deposits system that are heavily deposit machine that are heavily parameterized i.e. by means of genuinely placing a parameter "Fixed charge" or "Variable fee" the deposit account may be processed by using the deposit system the usage of an appropriate rate from the applicable prices. Round the arena banks do no longer open a new deposit account for a consumer without delay inside the deposit machine. Whilst the client wants to open a brand new deposit account, the department staffs to move the CIS screen verifies the client details and opens the account. This manner, the prevailing CIS facts of the purchaser stays infect and the CIS facts suggests that this client has now elevated his dating with the bank / economic group. As an end result banks who've carried out such systems do now not want to have an inter department reconciliation Organisation / System.

LoanSystem: The fourth foremost element is the mortgage system. This machine handles the asset side of this commercial enterprise. In maximum banks / financial establishments around the arena loans are separated through those to retail client and people to business customers processing requirement of loans to corporate clients is distinctive form retail clients and for this reason there are loan systems that cater to retail customers and people that cater to business or company clients. The loan system in a financial institution entails a couple of stems. The mortgage appraisal and sanction step, the disbursement and monitoring step, the non-performance monitoring step the recuperation step and the closure. As a result of the truth that a mess of entities and techniques are involved within the appraisal and sanction step, maximum banks round the arena separate the appraisal and sanction step and enforce a system known as a loan enterprise machine. The alternative closing steps of the loan method are coping with by the loan system. With legal access, anybody of workers operating in any department around the World must be able to retrieve the patron mortgage data on his terminal and assist the client do a financial transaction. Those economic transactions are automatically sent to the bank / financial group's widespread Ledger and that they update the precise credits and debits inside the subsidiary ledgers in the preferred Ledger.

Management Information System (MIS): Once the core deposit and loan business transaction for all customers of the

financial institution are captured and suitable preferred Ledger debts are up to date, diverse customers of the core banking system all through the financial institution need to recognize what is going on inside the whole economic organization. As a result, the 5th fundamental aspect is the control information machine. This enables all of us in the bank to obtain the applicable information from the system as a way to perform their enterprise correctly. MIS is straightforward terms takes statistics from the general Ledger, CIS Deposit, mortgage systems and presents them to the bank / financial organization. Around the world, normal examples of records that bank group of workers (each with access rights) retrieves consist of;

- Department transaction activity for nowadays (listing of all department transactions)
- Loan pastime for a single client or a collection of purchaser.
- Department standard Ledger document published at the branch.
- N P A report for the whole bank for all transactions as of the day prior to this.

New Components: Besides the five important elements, there are elective components (like a car with alternatives like leather-based seats, flashing mild and so forth.) that can be introduced directly to the core Banking systems to help the financial institution team of workers uses them in a greater green way, these include:

Delivery Channels: All the five foremost elements of a core banking system can be operated by using a financial institution team of workers from any location inside the Country easy by means of the usage of their terminal at their place of business. Round the world as banks commenced that specialize in customer courting management; they realized that customers interact with the entire bank for banking transactions in many methods.

Client can visit the branch, visit an ATM, name at the call on the phone, and go browsing to the internet to do their banking transactions. They can use one or extra of these shipping channels (referred to as client soupçondecorates) to behaviour section and decide on in addition funding design precise products and services to promote such delivery channels. The core Banking structures are manufacturing factories growing services and products and tracking them and the shipping channels are distributors and retailers who make sure those services and products are available to the clients every time they're in the country. Therefore, the add-on structures for core banking system include;

- Branch Automation System
- ATM Transfer and connected ATM
- Call centre system
- Internet Banking System

Any transaction performed through the clients in any of the above structures goes and updates the core banking system like deposit or loan at that in flip updates the financial institution's G.L. inside the centre.

Ingredients which are not covered in core Banking: Normally those systems are constrained to a selected enterprise branch within the bank. They're not centre due to the fact they

do no longer have an effect on all regions and entities of the financial institution.

- SWIFT
- Treasure
- Credit Card
- Mutual funds
- Trade finance
- Stocks, Bonds
- External System
- Payment gateways
- Shared ATM network
- Worldwide credit card networks, maestro, electron and so forth.
- International ATM networks plus, Cirrus and so on. And probable other structures that the bank may additionally want to installation in particular departments

Impact of Core Banking: The Core Banking structures have to satisfy the requirements of all the entities that form a part of the eco-machine of the bank.

Bank Employees: Head workplace, regional places of work, branches and so On. Using core banking system with appropriate authority worker as given above can assist clients do their financial transaction.

Bank Management: Executives / managers at respective places, head workplace, nearby offices, branches etc. can acquire the monetary position from core Banking systems related the respective sphere of banking operations and thus assist pinpoint potential troubles on the way to avoid crises.

Bank Clients: Can perform any of their money owed from any department or favoured shipping channel and feature access to his finances any time 24 hours a day.

Bank Auditors : Ones debts audited, they operate the same year on year for that reason allowing auditors to awareness more on systems and tactics at shipping channels like branches, name centre and many others.

Bank Regulators: Core Banking structures produce the desired reports for regulatory our bodies just like the primary financial institution, monetary announcement, asset and legal responsibility reports, NPA reports, large foreign money transaction reviews and so forth. Are all produced by either the deposits, or the loan or an aggregate of deposit, mortgage and G.L. system.

Bank Share Holders: C.B. offering the desired return to shareholders from banking operations developments time beyond regulation on such data informs S.H. approximately how the banks is doing and assist take timely motion to boost up or enhance overall performance.

CONCLUSION

Core banking is a banking service provided with the aid of a set of networked financial institution branches where customers may additionally get entry to their bank account and carry out basic transactions from any of the member branch workplaces. Core banking is frequently associated with retail banking and plenty of banks deal with the retail clients as their

core banking customers. Groups are usually controlled thru the corporate banking department of the institution. Core banking covers basic depositing and lending of money and consists of features including transaction bills, loans, mortgages and bills. Banks make these offerings to be had throughout more than one channel like computerized teller machines, net banking, cell banking and branches. Core banking software program is a key part of banking software program and community technology that permits a financial institution to centralise its document retaining and offer core banking services. The evolution of core banking in Bharat is located to be prodigious, as there has been steady upgradation and enhancement in this area as banking has turn out to be the essence for the survival and operation of financial dealings. The stages of improvement within the banking field from computerization to product-orient to client-orient to platform through API are the increase and traits that have been diagnosed. The banks provided various products, and uses different channels to deliver them at ease, via accepting and adopting the rules and guidelines lay via the RBI.

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