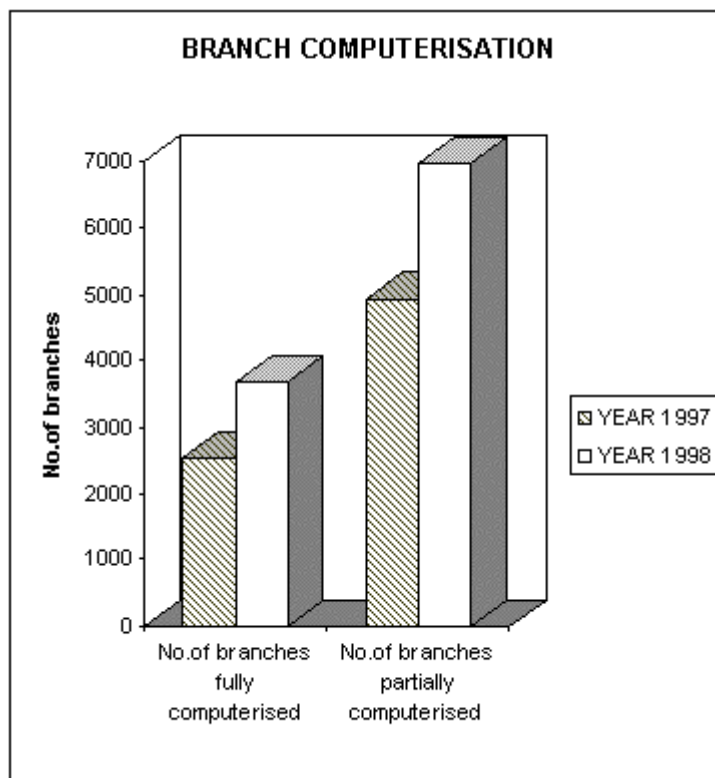


INFORMATION TECHNOLOGY NEWS

1. **Public Sector Bank Branch Computerisation** : Computerisation in public sector banks is showing significant progress. The number of fully computerised branches has gone up from 3383 branches as at the end of March 1998 to 3668 branches as at the end of September 1998. A similar trend is reflected in partial branch computerisation as can be seen from Chart below. The number of partially computerised branches has gone up from 6506 branches as on March 31, 1998 to 6961 branches as on September 30, 1998. Keeping in view that there are over 45,000 public sector bank branches it is evident that banks have to pursue computerisation more vigorously.



2. **Year 2000 preparations in the Banking and Financial Sector**: The Year 2000 is a global challenge. The Reserve Bank of India has adopted the definition of British Standards Institution for the Year 2000 conformity, which means that neither performance nor functionality is affected by dates prior to, during and after the year 2000. The certainty of movement from 1999 to year 2000 makes it impossible to delay the finality of preparedness of all computers to meet processing needs of the next century. Therefore, addressing the year 2000 problem must be viewed as a strategic objective and must entail commitment from the highest levels within the institution concerned. The year 2000 project core group that banks/entities set up, have to develop an overall strategy which should encompass in-house systems, third-party service providers, suppliers, customers, counterparties and auditors. Reserve Bank has constituted a Working Group under the guidance of its Deputy Governor, with three

Executive Directors and the supervisory Departments of the Bank being the members in addition to the Indian Banks Association, the National Institute of Bank Management and a few commercial banks to periodically review the progress of Year 2000 readiness within Banks, Financial Institutions, Non-banking Financial Companies and the Reserve Bank. The progress of Year 2000 compliance of commercial banks is given in Table 1.

3. **Payment Systems Group:** A multi-disciplinary Payment Systems Group (PSG) has been set up within the

Table -1
COMMERCIAL BANKS

Description	Percentage of compliance by targeted banks
Banks compliant	21.16
Banks expected to be compliant by 31-12-1998	56.74
Banks expected to be compliant by 31-03-1999	18.26
Banks whose compliance is expected by 30-06-1999	3.84
Total	100.00

Department of Information Technology in February 1998. The chief tasks of the PSG are to consolidate, design and develop an integrated technologically sound and robust payments and settlement system for the country. A high powered Payment Systems Advisory Committee (PSAC) guides the PSG. The PSG has published a Monograph on the 'Payment Systems in India', which has been widely circulated within the banking industry, IMF, World Bank, BIS, other Central Banks and academic institutions. A wide-area satellite based network using VSAT technology called the 'Indian Financial Network' (INFINET) has made significant progress. The installation of VSAT communication hub and Network Management System (NMS) at Institute for Development and Research in Banking Technology (IDRBT), Hyderabad, and 439 VSATs at the sites of user banks and financial institutions has commenced. Identification of applications, message formats and middleware solutions; and the standardisation of systems software, networking products including structured cabling and security aspects conforming to international standards are in the process of finalisation in co-ordination with user banks. A Closed User Group of the INFINET with representatives of public sector banks was set up in June 1998 to deliberate on various issues pertaining to operationalisation of VSAT. One-eighth transponder space has been allotted by the Department of Telecommunications to facilitate running of the pilot project.

4. **Extension of MICR Clearing:** It has been decided to extend the Magnetic Ink Character Recognition (MICR) Technology to an additional 26 centres (apart from the four metros) which have more than 100 bank branches and volumes of over 25, 000 paper payment instruments per day in clearing. These MICR cheque processing centres are being set up by various commercial banks. The centre-wise implementation position is indication in Table 2.

Table - 2
CENTRE-WISE MICR IMPLEMENTATION

Description	Percentage of compliance by targeted banks
No.of centres identified	26
No.of centres where MICR solution has been implemented	10
No. of centres where MICR solution is at an advanced stage of implementation	2
No. of centres where follow-up is being done with CMD/MD	14

5. **Electronic Clearing Service - Credit and Debit:** One of the trend setting paperless modes of effecting payment was the introduction of the Electronic Clearing Service (ECS) ECS Scheme. Two variants of the scheme - the Credit clearing for effecting multiple repetitive credits to beneficiaries - as in the case of payment of dividends, interest, salaries, etc. and the Debit clearing for effecting payments to utility companies such as Telephones, Electricity, etc., have stabilised and grown in volume. The growth in transactions are reflected in the graph given below.

