

Information Technology News

I. Inauguration of the Indian Financial Network - 'INFINET'

The 'INFINET' - Indian Financial Network, a satellite based wide area network using VSAT (Very Small Aperture Terminal) technology, was inaugurated by the Deputy Governor, Shri S.P.Talwar, on June 19, 1999 at Hyderabad. The hub and the Network Management System of the INFINET are located in the Institute for Development and Research in Banking Technology, Hyderabad (an institute set up by the Reserve Bank of India). A Closed User Group of the member banks of the network called the "INFINET User Group" has been formed to resolve issues of common interest on a continuing basis.

The INFINET User Group has met four times since its inception. Sub-groups constituted by the larger user group have submitted reports on:

1. Standardisation of Message formats for Inter-bank Applications;
2. Identification and prioritisation of Inter-bank Applications and vendors;
3. Design of Message formats for the identified applications.

These Reports were based on technical inputs from the member banks.

Among the major applications identified for porting on the INFINET in the initial phase are e-Mail, Electronic Clearing Service - Credit and Debit, Electronic Funds Transfer and Inter-city Cheque Realisation advices. At a later stage, other payment system related applications along with Management Information System (MIS) applications would be operationalised.

II. First Meeting of the National Payments Council (NPC)

With a view to improving the efficiency of existing payments and settlement system, a high level National Payments Council has been constituted. The National Payments Council is an Apex body set up for laying down the broad policy parameters for designing and developing an integrated, state-of-the-art, robust payments and settlement system including the Real Time Gross Settlement System.

The Chairman of the National Payments Council is Deputy Governor, Shri S.P. Talwar. The Council's membership is made up of the Executive Director-in-Charge of DIT, and senior functionaries from SBI, PNB, IBA, CitiBank, Banking Division - Ministry of Finance, ICICI Bank, NSE, SEBI and Tata Finance Ltd. The CGM-in-C, DIT is the Member-Secretary of the Council. The first meeting of the National Payments Council (NPC) was held on July 22, 1999.

To assist the NPC in effectively discharging its role it was decided to constitute permanent Task Forces to be headed by a member of the National Payments Council and assisted by the respective Head of the Department concerned within the Reserve Bank, as Member- Secretary. The details of the Task Forces are as under:

Monetary Policy and Related Issues: Convenor: Dr.A.Vasudevan, Executive Director, RBI; Member-Secretary: CGM-in-Charge, Monetary Policy Department, RBI.

Payments and Settlement System Oversight: Convenor: Shri V. Janaki-raman, Managing Director, State Bank of India; Member-Secretary: CGM-in-Charge, Department of Banking Supervision, RBI.

Legal Issues: Convenor: Shri A.T. Pannir Selvam, Chairman, Indian Banks Association; Member-Secretary: Legal Adviser, Legal Department, RBI.

Technology Related Issues: Convenor: Dr. R.H. Patil, Managing Director, National Stock Exchange; Member-Secretary: CGM-in-Charge, Department of Information Technology, RBI.

Systems and Procedures: Convenor: Shri Rashid Jilani, Chairman and Managing Director, Punjab National Bank; Member-Secretary: CGM-in-Charge, Department of Government and Bank Accounts, RBI.

The Task Forces will study the various issues falling under their purview and assist the National Payments Council in its policy making.

The NPC would be meeting every quarter.

III. Replacement of MICR Cheque Processing Solutions at the four National Clearing Cells of the Reserve Bank of India

Following the replacement of the decade old mainframe computer systems, regular operations with the new state-of-the-art IBM S-390, fully Y2K compliant MICR cheque processing systems commenced on August 21, 1999, at National Clearing Cell, Mumbai. Similar new systems will be installed and operationalised at Delhi, Chennai and Calcutta in that order spread over the next two months.

IV. Working Group to study the recommendations for SMART Card based Payment System Standards

The Project 'SMART Rupees System (SMARS)' is a pilot project on SMART Card technology in India. The project undertaken at the instance of the Reserve Bank of India, is a collaborative venture in which the Indian Institute of Technology, Powai, the Institute for Development and Research in Banking Technology, Hyderabad, hardware and software vendors, and two commercial banks (State Bank of India and Canara Bank) are partners. The project has been undertaken to examine the viability and use of SMART Cards as retail payment instruments within the country. The pilot phase of the project commenced on December 3, 1998.

The Reserve Bank of India has constituted a Working Group in the Department of Information Technology to study the recommendations on standards for SMART Card based Payment Systems made by the Indian Institute of Technology, Powai, in its document "SMART Card

based Payment System Standards" version 3.0, as part of the "Project SMART Rupees System (SMARS)". The Working Group is headed by Dr. A. Vasudevan, Executive Director, Reserve Bank of India, with senior executives of Indian Banks Association, State Bank of India, Canara Bank, Citibank and technical experts from the Indian Institute of Technology, Powai and the Institute for Development and Research in Banking Technology, Hyderabad. The Chief General Manager-in-Charge, Department of Information Technology, Reserve Bank of India is the Member-Secretary of the Working Group.

The terms of reference of the Working Group are as follows:

1. Study the various recommendations for "SMART Card based Payment System Standards" version 3.0 made by Project SMART Rupees System (SMARS);
2. Corroborate these standards with the international standards (ISO) and / or those prevalent in Europe;
3. Examine the relevance of the remaining recommendations to the circumstances arising from the developments in the Payment and Settlement systems in the country.

The Working Group will be submitting its Report by the end of November, 1999.

V. Extension of MICR Clearing

Of the twenty six centres identified for the extension of MICR Clearing, eleven centres have been operationalised, the latest being the one at Coimbatore on August 14, 1999. The MICR cheque processing centre at Coimbatore has been set up by Bank of Baroda.

VI. Status of Y2K Preparedness of the Banking and Financial Sector

The status of Y2K preparedness in the Banking and Financial sector in the country as on August 31, 1999 is given in the box below.

Table - 1
COMMERCIAL BANKS AND NON-BANKING SUBSIDIARIES OF COMMERCIAL BANKS

Description	Percentage of compliance by targeted institutions
Commercial Banks reported to be compliant	100.00
Non-Banking Subsidiaries of Commercial Banks reported to be compliant	100.00

Table - 2
FINANCIAL INSTITUTIONS

Description	Percentage of compliance by
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	targeted institutions
Institutions compliant	76.92
Institutions whose compliance is being pursued	23.08
Total	100.00

Table - 3
PRIMARY URBAN CO-OPERATIVE BANKS

Description	Percentage of compliance by targeted banks
Primary Urban Co-operative banks not computerised	49.64
Primary Urban Co-operative banks compliant	38.58
Primary Urban Co-operative banks whose compliance is being pursued	11.78
Total	100.00

Table - 4
PRIMARY AND SATELLITE DEALERS IN GOVERNMENT SECURITIES

Description	Percentage of compliance by targeted institutions		
	Compliant	Compliance is being pursued	Total
Primary Dealers in Government Securities	91.70	8.30	100.00
Satellite Dealers in Government Securities	75.00	25.00	100.00

Table - 5
STATE CO-OPERATIVE APEX RURAL DEVELOPMENT BANK (SCARDB), STATE CO-OPERATIVE BANKS, CENTRAL CO-OPERATIVE BANKS AND REGIONAL RURAL BANKS

Description	Percentage of compliance by targeted institutions			
	Not Computerised	Compliant	Compliance being pursued	Total
SCARDB	47.37	26.32	26.32	100.00
State Co-operative Banks	31.04	34.48	34.48	100.00
Central Co-operative Banks	56.64	22.49	20.87	100.00
Regional Rural Banks	53.57	37.25	9.18	100.00

Table - 6
STATE FINANCE CORPORATIONS AND STATE INDUSTRIAL DEVELOPMENT CORPORATIONS

Description	Percentage of compliance by targeted institutions			
	Not Computerised	Compliant	Compliance being pursued	Total
State Finance Corporations	11.11	33.33	55.56	100.00
State Industrial Development Corporations	21.43	50.00	28.57	100.00