



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
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March 13, 2013

The Chief Executive Officers of  
All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

**Implementation of Core Banking Solutions (CBS) by Urban Co-operative Banks (UCBs)**

The usage of Information Technology (IT) is critical for the survival and growth of banking institutions as IT usage not only helps banks to reduce their cost of operations, but also enables them to offer products and services at competitive rates to their customers. IT has become not just an enabler but a differentiator for banks in a competitive environment. Further, for effective regulatory and supervisory compliance the banks need to use IT in their operations. Considering the importance of the matter, the Reserve Bank had included 'Review of Mechanisation and Computerisation' as one of the reviews to be placed annually before the Board of Directors of UCBs.

2. Core Banking Solutions (CBS) essentially helps in integration of the range of services that can be offered by all the bank's branches from centralized data centers. It also helps the banks, apart from providing better customer service, in generating MIS reports for the top management and in submission of various reports to the regulators and the Government. The Government of India has also observed that UCBs without CBS do not integrate well with the banking system and hence there is the need to quickly adopt this model. CBS is a necessity in today's banking scenario. UCBs are, therefore, advised in their own interest, as also in the interest of their customers, to adopt CBS as soon as possible. A large number of software are

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available today, including cloud based solutions, and UCBs may adopt the model that meets their bank's requirement.

3. Information available with the Reserve Bank indicates that very few UCBs have adopted CBS. Hence all UCBs are advised to implement CBS, in all their branches before December 31, 2013. The concerned Regional Office of the Reserve Bank may be kept informed of the progress made in implementing CBS. It may be noted that failure to implement CBS within the timeframe, could result in denial of various facilities (expansion of branches or area of operation etc.) to UCBs.

4. Please acknowledge receipt of the circular to the Regional Office concerned.

Yours faithfully,

**(A. Udgata)**  
**Chief General Manager-in-Charge**