

V-SAT NETWORK IN BANKING OPERATION

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The technological changes in Indian banking and financial sectors after the initiation of liberalisation and globalisation process, have been taking place very effectively. These changes have already had profound impact on the banking sector and will continue to have in the days to come. Tomorrow is not going to be like today. It is no doubt that the technology revolution is going to be dominant in banking business.

Modern technology in banking business is an effective trump card in attracting business and they also render better customer service. Under globalisation scenario, the decision making becomes highly complex and beyond the manual capacity. An efficient information system covering the entire network of branches and technology to analyse the information on a continuous basis have become essential inputs for a successful bank. In other words, a successful bank is one having far more efficient Management Information System (MIS) and strong technology than its competitors.

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RBI, keeping these in mind, has taken many steps to fulfill the customers' expectations with the help of technological developments in the

banking business. It constituted committees like Dr. Rengarajan Committee, Sarat Committee etc. mainly to study the issues relating to adoption of modern technology in banking business. In the light of the recommendations of these committees, RBI accepted as a policy to implement the adoption of technology in a phased manner. Further, RBI is playing a proactive role enabling all banks to benefit from the technology.

V-SAT NETWORK

The RBI set up a V-SAT network (VSAT stands for Very Small Aperture Terminal). The main aim of V-SAT is to serve as a strong, reliable communication backbone for all banks in India. This proprietary network is based on the satellite technology. All branches anywhere in the country can be operated round the clock on all the days. It is located at central hub of the Institute for Development in Research in Banking Technology, Hyderabad.

THE ADVANTAGES OF V-SAT

The following are the important advantages of V-SAT network:

The wide network of branches of all banks can be converted into a strong asset and engine for further growth in business.

Linking of branches over the network would mean a virtual size banking entity for all banking operations.

Transactions between customers of different branches under this network, would be similar to the intra-branch transactions at today's branches.

Net products like Electronic Funds Transfer anywhere in the country, Electronic Data Interchange to support domestic commerce, settlement for trading in government securities etc. could be introduced to boost and deepen the economic activity across the country.

Cash management can be improved.

Reporting system would become efficient by cutting delays in transmission as also by increasing frequency in reporting.

The staff overheads for support and back office functions in each branch can be reduced to central locations.

There would be other benefits like quick inter-branch reconcilia

tion, fast outstation collection, improved quality of customer service, quicker corporate communication etc.

ACTION TO BE TAKEN FOR EFFECTIVE USE OF VSAT NETWORK IN BANKING

The actions to be taken for the effective use of VSAT Network in banking operation are discussed below:

1. System and procedures.

In order to use the device of Information Technology like V-SAT, current system, procedures, accounting statements are to be avoided and such procedures to suit with I.T. environment are to be revised. Senior staff of banks may object to such sudden revision. Hence, such revisions are to be implemented in a phased programme.

2. Standardisation and Codification

It demands rigid standardisation and codification of procedures in banking operation. Hence appropriate software and hardware systems need to be developed.

3. Management Information System

Information is a valuable corporate resource in the competitive world. The V-SAT Network opens up tremendous possibility of information management in banks. Cash balance, incremental deposits, repayment of loan, collection of cheque, etc. are some of the examples to obtain information from various branches/banks through V-SAT.

HUMAN RESOURCE DEVELOPMENT

Information Technology will increasingly occupy strategic place in a bank's operation. Hence the Department of Human Resource and Information. Technology will have to take on complementary role to steer the banks in the modern technology era. The recruitment strategy need to be reviewed to cope with the growth of Information Technology in banking sector.

CORPORATE LEADERSHIPS

The quality of leader determines the morale and strength of modern corporate organisation which is becoming complex with more competition. The leader should have openness to adopt new technology in banking operation.

CONCLUSION

Technology is an ever growing process. E-Commerce and internet banking are two recent examples. The Information Technology products are also becoming more user-friendly and cost-effective to adopt. In order to operate banks successfully and face competition, they have a good information system, technology and skills for decision-making, improved customer services and friendly attitudinal pattern of the personnel at all levels.