



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
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Chaitra 24, 1938

April 13, 2016

Chief Executive Officers  
Primary (Urban) Cooperative Banks

Dear Sir/Madam

**Scheme for providing Financial Assistance to Urban Cooperative Banks for Implementation of Core Banking Solution**

As announced in the First Bi-monthly Monetary Policy Statement-2016-17 dated April 05, 2016 (copy enclosed), it has been decided to prescribe standards and benchmarks for CBS in UCBs and provide financial assistance and technology support through Institute for Development and Research in Banking Technology (IDRBT) to those UCBs who have partially implemented CBS or are yet to implement CBS.

2. As you are aware, as a part of the Memorandum of Understanding with the State Governments/Central Government on Urban Cooperative Banks (UCBs), Reserve Bank had agreed to provide IT support to the UCBs. With the objective of ensuring implementation of standardized CBS in UCBs, it has been decided to prescribe standards and benchmarks for CBS in UCBs and provide technical support to UCBs through Institute for Development and Research in Banking Technology (IDRBT).

3. Accordingly, a scheme for providing financial assistance to UCBs for implementation of CBS has been formulated in consultation with IDRBT and would be implemented by IDRBT/Indian Financial Technology and Allied Services (IFTAS) (a subsidiary of IDRBT). The initial set up cost of ₹ 4 lakh will be paid by Reserve Bank of India to IFTAS. Thereafter, the recurring cost of ₹ 15,000 per branch per

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बैंक हिन्दी में पत्राचार का स्वागत करता है—

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं माँगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।

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month will be borne by the UCB. The details of the scheme for providing financial assistance to UCBs for implementation of CBS is given in the Annex.

4. UCBs not operating under directions u/s 35A of the BR Act, 1949 (AACS) and which have not implemented/partially implemented CBS will be eligible for financial assistance under the scheme. Such UCBs may approach IDRBT/IFTAS for availing benefits under the scheme.

Yours faithfully

(Suma Varma)  
Principal Chief General Manager

Encl: As above

**Extract from the First Bi-monthly Monetary Policy Statement-2016-17**

34. Technology Support to Urban Cooperative Banks (UCBs): As a part of the Memorandum of Understanding with the State Governments/Central Government on UCBs, the Reserve Bank had agreed to provide technology support to UCBs with the objective of financial inclusion and ensuring implementation of standardized core banking solutions (CBS). It has been decided to prescribe standards and benchmarks for CBS in UCBs and provide financial assistance and technical support through the Institute for Development and Research in Banking Technology (IDRBT). The initial set-up cost in this regard will be borne by the Reserve Bank while the recurring cost will be borne by the UCBs. A circular in this regard is being issued separately.

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**Scheme for Providing Financial Assistance to Urban Cooperative Banks for implementation of Core Banking Solution**

As a part of the Memorandum of Understanding with the State Governments on Urban Cooperative Banks (UCBs), the Reserve Bank agreed to provide IT support to the UCBs. In pursuance of this, the Reserve Bank facilitated submission of off-site surveillance data on line by the UCBs by providing necessary technical support and training to the staff of the UCBs. In furtherance of the larger objective of improving IT enabled operations of the UCBs, it has been decided to prescribe benchmarks and standards for CBS in UCBs and provide technical support to the UCBs through Institute for Development and Research in Banking Technology (IDRBT) for implementing Core Banking Solution (CBS) in UCBs that do not have CBS and reimburse the related cost to IDRBT.

**1. Eligibility:**

UCBs which have not yet implemented CBS or partially implemented CBS will be eligible for financial assistance under the scheme. UCBs which are under directions imposed under Section 35A of Banking Regulation Act, 1949 (AACS) will not be eligible.

**2. Implementing Agency**

IDRBT will be the implementing agency for implementation of CBS in eligible UCBs, herein after called the Implementing Agency (IA).

**3. Steps involved in Implementation**

- i. Eligible UCBs may approach IDRBT for implementation of CBS. A Non-disclosure Agreement (NDA) would be executed between the Urban Cooperative Bank and the IA which would contain all the information necessary to start the process.
- ii. A preliminary study of the status of CBS existing in the bank or other banking solution currently available in the bank would be undertaken by IA to understand the existing set-up and, if necessary, recommend changes to local desktop environment. The entire data of the bank would be run through migration tools to confirm integrity.
- iii. Data would be validated and corrected by IA to be in readiness for porting to the new CBS environment.

- iv. Training for the staff who will be handling the project would be provided by IA.
- v. User Acceptance Test (UAT) will be conducted and thereafter data will be migrated to the new application.
- vi. While implementing CBS the existing desktop environment will be hardened by denying access to USB / mass storage devices and preventing installation of unauthorised programs on the computer.
- vii. The teams implementing the migration will train the staff of UCB to get familiarised with the operations.

#### **4. Services provided by IA**

The migration to CBS will be designed, developed and supplied by IA. The maintenance thereafter and change requests will be handled by IA.

#### **5. Cost of package**

The cost of the migration to CBS for a bank will be ₹ 4/- lakhs. Thereafter, the recurring cost will be ₹ 15,000/- per branch per month and the cost also includes redundant net work connectivity. The recurring cost would be subject to review from time to time.

#### **6. Quantum of Financial Assistant from Reserve Bank of India**

Reserve Bank of India will reimburse the cost of migration of the UCBs to CBS amounting to ₹ 4/- lakhs to IA on successful completion of preliminary study and data validation. The recurring cost of ₹ 15,000/- per branch per month will be borne by the UCB.

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