



PRIMARY AGRICULTURAL CREDIT SOCIETIES BANKING ON CLOUD

ASSISTING PRIMARY AGRICULTURE CREDIT SOCIETIES (PACS) WITH THEIR FIRST STEP IN DIGITAL JOURNEY

CBS for PACS

IFTAS

India's financial services sector has undergone a metamorphosis over the last couple of decades. Technology played a key role in this and timely adoption of the right technology has allowed a sizeable number of Banks to automate manual operations, reduce costs and minimize errors. Technology has paved way for innovative services and products which are delivered via variety of channels to the end customer. This has collectively allowed institutions to increase their reach multi fold and customer bases have been growing exponentially.

Primary Agriculture Credit Societies (PACS), which form the back bone of Banking at the grass root level in villages and gram panchayat's, have unfortunately not been able to leverage technology to its maximum with some waiting to take the first basic step.

IFTAS, a section 8 (non-profit) company, setup by IDRBT (www.idrbt.ac.in), is at the forefront of this socio-economic transformation.

IFTAS provides "Core Banking on Cloud" as a tailored offering to cater to this specific segment. This SaaS service is hosted on IFTAS's Indian Banking Community Cloud (IBCC) - first of its kind cloud dedicated for banking and financial services industry.

Primary Agriculture Credit Societies (PACS) in Kerala

PACS play a very important role in rural credit system by performing their activities on co-operative principles. Besides normal Savings and Fixed Deposit Products, PACS provide short term and medium-term loans to rural people to meet their financial requirements.

PACS have a very strong presence in Kerala. To meet their Business requirements, PACS had mechanized their Banking operations and were offering the services on a very low scale.

District Cooperative Banks (DCB) from two Kerala districts, representing the PACS from their respective districts, approached IDRBT & IFTAS for an integrated & robust Core Banking Solution to scale up their operational efficiency both from a technological and functional perspective.

Most of the PACS within the two districts were either running operations manually or with outdated banking systems. Some of the systems were following single-entry accounting standards. Finalizing the Balance Sheet for the financial year end was a long drawn out process and regulatory reporting to RCS was a nightmare.



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Journey of transitioning PACS of two districts from manual Banking or Banking with outdated systems to a single cloud based Core Banking Solution was never meant to be an easy task.

IFTAS, leveraging its deep domain and technical skills, took the challenge head on and successfully moved more than 80 PACS and 210+ branches across 2 Districts on to its Core Banking on Cloud solution.

Implementation

IFTAS Solution

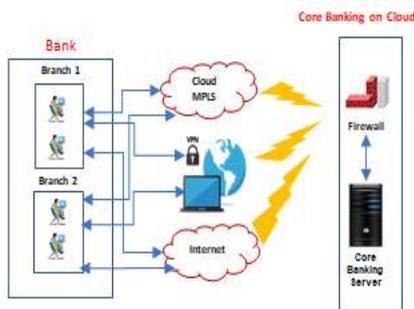
One of its kind IFTAS' Core Banking on Cloud provided a tailor-made low-cost solution to the PACS in question. The solution armed the PACS with a huge feature list out of the box and additionally provided them a glimpse of all that can be achieved in future as part of their digital journey.

The solution included a Security Component installed on User Desktops; Security Component installed on IFTAS Cloud; Core Banking service component hosted on IFTAS cloud that provides backbone of the solution. The Security components at both User desktop and IFTAS Cloud level allows the communication to happen securely over internet with bandwidth as low as 128 Kbps.

IFTAS Core Banking on Cloud solution can also be accessed via IFTAS MPLS Cloud or IFTAS VPN.

Architecture

Multi-tier architecture based on MS .NET technology stack, secured by add-on security modules and hosted on one of the most secured and unique Indian Banking Community Cloud.



Impact

More than 80 PACS and 210+ branches across 2 Districts in Kerala were onboarded on Cloud Based CBS solution over a period of 18 months. A singular cloud based Core Banking Solution for the entire set of PACS in a district – a possible first in Indian banking history!!

Cloud based solution invariably meant low capex and ongoing operations at fraction of Opex. Plus, the Bank does not need to worry about day to day technology operation of such a complex system including security aspect. The complete 24x7 technology operations and support is taken care of by IFTAS's highly talented team.

Transition to the end state, however, was a challenging task and IFTAS leveraged on its deep domain, technical and program execution skills to establish a customized delivery framework which was executed in close collaboration with DCB and PACS.



PACS are now able to avail multiple benefits on IFTAS' Core Banking on Cloud solution:

- Enterprise Banking Solution allowing them to provide full range of banking services to its customers.
- System driven book balancing and EOD allowing them to Offer Banking services for extended hours
- Rich in Functionality and adhering to Standard Banking Practices
- Statutory and Regulatory requirements met out of the box

In addition to putting the system to best possible use, most of the onboarded PACS are now looking at IFTAS for next set of innovative solutions to propel them forward on their Digital Journey.

Challenges

Key challenges encountered during this implementation were:

- Lack of Standard Banking Practices with each PACS keen on retaining their current practices as is.

IFTAS leveraged its deep domain acumen and advised PACS on such matters. Also proposed alternate solutions, wherever applicable, without compromising on regulatory compliance.

- Multiple legacy software's having different platforms and databases resulting in migration challenges

IFTAS leveraged its technical expertise to source data from existing system. For manual PACS or the ones where data could not be extracted, specific templates were designed to source data from PACS.

- Wide geographical spread and Regional language barriers.

IFTAS ensured timely availability of local teams with global experience to proactively eliminate such challenges

- Lack of technology expertise at Bank's side

IFTAS acted as technology partner of PACS to overcome this challenge.

- Initial Reluctance or Inertia to move over to Cloud Based Core Banking System
- IFTAS constantly worked with PACS and engaged in multiple refresher trainings followed by handholding sessions.*