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Q29

The term 'Core Banking Solution' is sometimes seen in the news. Which of the following statements best describes/describe this term? 1. It is a networking of a bank's branches which enables customers to operate their accounts from any branch of the bank on its network regardless of where they open their accounts. 2. It is an effort to increase RBI's control over commercial banks through computerization. 3. It is a detailed procedure by which a bank with huge non-performing assets is taken over by another bank. Select the correct answer using the code given below (a) 1 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3 Official key: A.

UPSC Civil Services Prelims 2016 · General Studies · 2 marks · Economy

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Explanation**(a) Official key**

Statement 1 only. Core Banking Solution networks a bank's branches on a central server so a customer can transact from any networked branch, ATM or channel regardless of the home branch. Statements 2 and 3 describe RBI control and NPA takeovers, which are not CBS. That stored letter is the official key.

(b)

2 and 3 only. Computerisation is not a device to increase RBI's statutory control, and CBS is not a bank-resolution procedure. This letter is not the key.

(c)

1 and 3 only. Statement 1 is CBS; statement 3 is amalgamation/resolution, not CBS. This pairing is not the key.

(d)

All three. Because 2 and 3 are false descriptions, all three cannot be the key.

Summary

Official key is (a) 1 only. CBS is branch networking and anywhere-banking on a core system, not an RBI-control project and not an NPA takeover code. Honour the stored letter (a).

Related possible facts

These can be asked in a future Prelims paper.

CBS idea

Centralised database; any-branch banking

Channels

Branch, ATM, internet, mobile on the same core

Indian public-sector drive

2000s computerisation and CBS rollout

IFSC / CBS codes

Branch identifiers on the network

Resolution of NPAs

IBC, amalgamation-distinct from CBS

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