

Union Bank of India

Category: Scheduled Commercial Bank

Background:

This case study includes two IT Implementations in Union Bank of India – Union Bank Money and Green Banking Initiatives

Project: Union Bank Money

Background:

- The key challenges Banking is facing today are
 - Reaching out to unbanked and under-banked masses
 - Achieve cost competitiveness to maintain the margin
 - To popularize banking and inculcate banking habit in rural masses and unorganized segment of the population the Bank is determined to make use of IT advancement to achieve the break through

IT initiative/Project:

- The project was started on October 1, 2010 and ended on March 25, 2011; full-fledged rollout happened on November 1, 2011
- Union Bank of India along with Nokia has built on an open eco-system for mobile payments in India to drive mobile wallet service across the country
- Mobile prepaid (mobile Wallet) initiative launched in compliance with RBI directives on open looped prepaid system
- The service is fully carrier independent and can be used through client application on handset or through SMS/IVR, hence within the reach of everyone irrespective of quality of handsets
- Users can pay bills or just top up their own or their families' prepaid SIM cards
- Users will also be able to do P2P transfers, as well as use it at accepting merchant points to pay for goods and services
- Union Bank money will let users withdraw money from Union Bank of India ATMs using their Union Bank Money ATM cards across the country as well as through Business Correspondent (BC) cash out (Registered Nokia Stores)
- Through 'Union Bank Money' a non-banking customer can avail almost the entire gamut of banking services like transfer of Funds, namely, Union Bank Money Wallet to any other mobile number, Inter Bank / Intra Bank Fund transfer through IMPS or NEFT, cash out through ATMs of NFS network, Utility Bill payments, Recharge Cash in of Mobile Wallet. The access is secured by personalized PIN and password and or SMS/IVR mechanism
- The Nokia agents (BCs) are certified and they can register, activate and educate the customer
- Nokia plans to preinstall the application in Nokia mobile devices

Impact:

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- Union Bank Money since its launch in March 2011 has increased its customer base to 5.45 lakh at the end of Dec 2011
- The Average daily transactions count in the platform is around 37,000 of which 10,000 are fund transfers
- Revenue earned from transaction fees is nearly INR 1.5 Crore.
- Additionally, around INR 6 Crore. of floating fund available
- The Union Bank Money service allows users to store money safely, to send money and to make payments across locations, eliminating the need for intermediaries
- Bank can now connect the unbanked population in the country by leveraging the wide reach of combined networks the bank and Nokia have
- The service is driving financial inclusion by eliminating dependence on the physical presence of a branch
- The service is driving the huge remittance need between the different population corridors in India
- Real time person to person transactions help individuals to transfer money across the country and the service facilitates paying merchants, utility providers, telecom companies and even charity. This interoperable technology will enable users to use mobile payments in a secure way through any network, device and operator
- The Bank is able to reach out to the unbanked/under banked in a massive way ensuring KYC. The Nokia BC Certification, KYC Compliance of the customers, reconciliation and reports etc. are being taken care of leveraging technology
- The project has been rolled out across India; Union Bank has over 3000 branches and more than 3000 ATMs. Nokia's 20000+ retail outlet acts as Business Correspondents (BC) for the bank dispensing this product

Project: Green Banking Initiatives

Background:

The key objectives behind this IT initiative were:

- To migrate major clientele as well as operations to self-service alternate delivery channels facilitating convenience like anywhere, anytime and real time operations in a secured manner
- Leveraging IT to achieve breakthrough in reaching out to unbanked and under-banked masses of rural India (Financial Inclusion Project)
- To harness innovations and advancements in IT to reduce cost of operations and to protect margins in competitive environment

IT initiative/Project:

- The projects were initiated on March 1, 2011 and ended on Dec 1, 2011
- Green Banking Channel:
Customer can initiate the transaction by swiping the Debit card in a POS machine kept at lobby. The transaction thus initiated by customer is automatically posted in Finacle core Banking Application where it is verified by the Branch Finacle user. The transaction is authenticated through ATM PIN
- Green Channel will support:

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Cash Withdrawal
Cash Deposit
Fund Transfer

- The workflow of these transactions would be as follows:
- The customer swipes his card at the POS terminal and is validated by entering the PIN on the POS terminal
- Customer chooses the type of transaction to be performed
- Transfer transaction will involve the entry of both the accounts involved in the transfer.
- Customer enters the amount to be deposited/withdrawn/transferred
- On successful completion of the request, customer gets a printed challan of the transaction performed at the POS terminal. The receipt will contain the Serial Number of the transaction, Debit Account no., Amount and the date of the transaction
- Customer takes the challan to the Branch Teller (BT) and the BT invokes the menu option in Core and after verification of the details authorizes and executes the transaction by either dispensing cash / accepting cash from the customer / crediting beneficiary's account as the case may be
- Green Banking permits anywhere banking and any customer of the Bank issued with ATM Debit card can utilize the facility from any of the bank branches in the country

1. E-Cash:

Any customer of the Bank issued with ATM Debit card can utilize the facility from any of the bank's ATMS. In ATM main menu, select the "FUND TRANSFER" option, select "ECASH" option, and select the category "ISSUE PAYMENT. Enter Beneficiary Mobile No. Enter remitter mobile no. Enter remitter secure code. Enter Remitter Amount. Money is remitted to the beneficiary and SMS is sent to beneficiary mobile number with 4 digit secure code. Separate SMS sent to remitter mobile number for successful transfer of money along with the issuer entered remitter secure code. The issuer informs the remitter secure code to the beneficiary. The beneficiary whether on us customer or of us customer can walk in to any UBI ATM to withdraw cash by using Union Bank debit card / by using any other bank debit card. For off us customers in main menu select the "ECASH" option --- (NOT-ON-US) Select "WITHDRAWAL" option.) Select "ACCOUNT TYPE" option. Enter Beneficiary Mobile no. Enter remitter secure code. Enter Beneficiary Secure code. Enter Withdrawal Amount: Upon confirmation of the details, cash is dispensed and successful completion of transaction happens with receipt

Offered without any charges to the customers and it is anticipated that the customers will welcome this product

2. NEFT through ATM:

- Solution supports NEFT/RTGS funds transfer through ATM which is in place in a few ATMS on pilot basis. Interbank funds framework allows customers to transfer the funds to the account they wish through ATM.
- The workflow of these transactions would be as follows:
- Customer registers through bank branch/online through URL link with furnishing the Customer Name, Customer Date of birth, Customer Address, Customer Mobile Number, Customer Account Number
- Confirm Customer Account Number, Customer Account type, IFSC code, Beneficiary Name, Beneficiary Account Number, Confirm Beneficiary Account Number, and Beneficiary Short Name
- Customer walks in any UBI ATM and in main menu selects the "fund transfer" option

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- Select “NEFT / RTGS” option
- Select the category “NEFT PAYMENT”
- The Beneficiary registered in URL are listed in the above Screen
- Enter Amount to be transferred
- Confirm the above Details Select the Account Successful completion of NEFT fund transfer message is received

Impact:

- Reduction of paper usage since the customers are no more required to prepare cheques / withdrawal slips / deposit challans / pay-in-slips
- on account of the reduction of mundane work of the counter officials, they can devote time for customer service, relationship banking and cross selling
- Sudden requirement of funds for people at odd hours can be handled by our Bank customers with ease

About the company:

Union Bank of India is a nationalized bank offering the entire range of banking products and financial services to corporate and retail customers through a variety of channels and in the areas of liability products such as deposits, asset products such as advances / loans, remittance products, demat services, custodial services, insurance, cash management services, mutual fund marketing.