

Good Morning to all of you

Hon'ble Shri V.Leeladhar Deputy Governor, Reserve Bank of India, Shri N.R.Narayana Murthy, Non Executive Chairman and Chief Mentor, Infosys Technologies Ltd., Shri K.S.Viswanathan, CEO, Wipro Technologies, our Board of Directors, Our valued customers, all our colleagues, I take pleasure in extending hearty welcome to all of you. Let me, to begin with, introduce our guests of honour who indeed require no introduction!

Shri V.Leeladhar our chief guest today is a thorough bred banker who has served with distinction at various levels before rising to head public sector banks like Union Bank of India. It was during his tenure as Chairman & Managing Director of Union Bank of India that core banking implementation in that bank took shape and momentum in execution. Upon his elevation as Deputy Governor of Reserve Bank of India, he has been acting as a friend and guide to the banking industry in his capacity as a Regulator. I specifically recall some of his thoughts that he shared with all during the Banknet India's second International Bank Tech Summit in September last year when he observed that "Today's banking business has become most challenging with customer expectations rising as each day passes by. This calls for substantive changes in the way in which banks do business and in the nature of the products they offer. If the accepted principle of Six Sigma that signifies excellence in business processes will have to happen in the Indian Financial sector, I have no doubt that the IT has to play a crucial role".

Probably, Sir,¹ the most important observation you made at the Summit was the one that banks have to take cognizance of the fact that technological deployment must always be consistent with the levels of expertise in each bank as well as the nature and sophistication of its customers. We have, at Dena Bank, remembered these words of wisdom through our efforts in core banking implementation.

Shri N.R.Narayana Murthy, Chief Mentor of Infosys Technologies Ltd is among the Top Leaders of IT industry, who is a technocrat besides being a good human being above all. He brought one of his products among others to International level i.e Finacle in Technology.

It is with pleasure I note that Shri K.S.Vishwanathan, CEO, Wipro Technologies, a key person who has been associated with the Project from the very beginning till the present stage where the first branch of the Bank has successfully migrated is also here with us on this auspicious occasion.

It is indeed my privilege and honour to have all of you present here today to grace this historic occasion when the first branch of the Bank migrates to Core Banking System. With this, the Bank has accomplished an important milestone in its 68th year and I do believe that this is only one of the many that Bank has set for itself to achieve in the coming years.

¹ Turning towards Dy Governor

This is almost like a culmination of a long journey that started on 26th May 1938. The dream of Sheth Pranlal Devkaran Nanjee to set up a vibrant Indian bank to cater to the socio economic development of the country became reality that day. The Bank renewed its commitments to its purpose of existence upon nationalization on 19th July 1969. Through the decades of its existence, the Bank has been a forerunner in adopting and assimilating new work technologies.

Be it the initial Ledger Posting Machines of the 1970s, Advanced Ledger Posting Machines of the 1980s or total branch automation of the 1990s, the Bank has always been among the earliest banks to embrace the emerging technologies. Our Nepean Sea Road branch, Mumbai was the first fully computerized branch amongst public sector banks; Our Drive in ATM at Juhu Vile Parle Development Scheme, Mumbai was the first of its kind and our Dena Institute of Information Technology at Kandivli West, Mumbai is a pioneering institution amongst its type.

Of course, many other banks has already gone into Core Banking ahead of us but the fact remains that Dena Bank will still be the first to have brought in a number of software solutions integrated with Core Banking designed to meet the aspirations of its clientele as well as the Regulatory expectations with regard to Risk Management, Basel II Compliance, KYC Compliance, Anti Money Laundering compliance etc among other areas. Dena Bank has also been the first to undertake a detailed data cleaning exercise before data migration. We have also utilized the opportunity to evolve a standardised lay out to give a uniform feel and look at all CBS branches that caters to customer

convenience and work flow, again the first to do so amongst the banks.

Let me explain for the benefit of our customers what core banking is all about and what difference it will make to them. Core banking basically shifts the focus from a branch level customer to a bank level customer, it opens up the vistas of Any Where Any Time banking or 24x7 banking. Customer service will be now be at a single window and every customer will get a personal attention for all his / her needs and delays in remittances will become history. Delivery channels types and numbers will increase and the Bank will now have capabilities of offering techno savvy products and services. In short, I will say, your branch will now travel with you, wherever you will go or wherever you are there.

At the same time, availability of granular data in a timely manner will enable us at the Bank to respond to customer needs better and faster. Enhanced customer service and delivery, better control over operations with structured and standardized products, ability to cross sell the products and a host of other benefits will accrue to the Bank also, thus facilitating higher and more efficient levels of operational efficiency at the level of operating staff.

Ladies and Gentlemen,

Today, Your Bank has already crossed over Rs 42592 crore in terms of total business, up from Rs 38371 crore in March 2006. The Bank's Net-worth stands at Rs 1013.93 crore, with its Capital Adequacy at 12.04%, giving a comfortable head room for factoring in the needs of Basel II norms by March 2009. All the

branches of the Bank are already computerized and today we are beginning the migration from total branch automation to core banking. All new branches of the Bank to be opened from today are slated to be under the core banking umbrella straightaway.

I am indeed happy to share with you all some information on the Bank. Of the 1122 branches of the Bank, already 1051 branches are networked and this is a fact that has led us to plan a fast paced expansion of Core Banking Migration over the next 24 months. All our administrative offices including the Corporate Office are part of the net work that has been established by the Bank. This network has facilitated offering of e-services like Any Where Banking, Dena Bill Pay, Dena e-Tax Pay etc.

The conventional Delivery Channels are further augmented by the presence of 264 ATMs all of which are connected to the Central ATM Switch at Mumbai through networks. This number includes 51 ATMs that are installed off-site, at locations convenient to our customers. Value added services and technology enabled products like ATM cum Debit Cards, Mobile banking, Internet banking etc form an important component of the Bank's large bouquet of products and services. The Bank has also signed a Memorandum of Understanding with Indian Railways for installation of 117 ATMs and 78 kiosks for issuing various kinds of Railway tickets, E-tickets, Monthly/Quarterly tickets, PRS tickets and UTS tickets.

In line with our Policy of taking technology to rural and semi-urban areas, the Bank has recently inaugurated ATMs that operate on bio-metric technology in Gujarat

for the benefit of the Rural population who are illiterate or semi-literate and at times, not remembering the PIN no. Even those having PIN no. can also use these ATMs and farmers can use both Biometric as well as PIN taking ATM. Farmers can use PIN No. in non Biometric ATMs

Sir,²

The Core Banking Project of the Bank is a fully outsourced project with adequate provisions by way of hardware refresh every 4 years addressing the issue of technology obsolescence. The Bank has benefited through the association of Prof N.L. Sharda of IIT Mumbai as IT Project Advisor, M/S PDS Legal as Legal Advisors and M/S Ernst & Young as its Consultants. M/S Wipro Limited is the system integrator with the Core Banking software, 'Finacle' from M/S Infosys Technologies Limited. The Bank has already set up its Data Centre and Project management Centre at Jogeshwari, Mumbai and the Disaster Recovery Site is located at Bangaluru. Both Data center and Disaster Recovery Site are made operational. I would like to congratulate the Officers of the IT Department for successfully completing the work in stipulated time.

The Core Banking system comes with a host of customer friendly services like Internet Banking, Phone Banking, Mobile Banking and Cash Management Services besides software system for integrated Treasury operations. A number of third party software solutions are being integrated with Core Banking mainly with a view to address Regulatory guidances and concerns. Among others, the Bank will be implementing, in a phased manner, solutions for Risk

² Turning towards Dy Governor

Management, Asset Liability Management and Anti Money Laundering measures. These solutions will also provide Basel II compliance both in terms of Pillar I - Capital adequacy framework and risk management system requirements under Pillar II.

The Bank has also initiated a number of exercises from HR angle in this process. Around 60 IT Professionals of the Bank have already been trained in the software and network systems and these Officials will man the Data Centre and the efforts to expand the core banking cover. End User training programmes are also being conducted and over 170 officials have already been trained to man the initial set of branches coming under CBS. All Senior Executives at Corporate Office have also been acquainted with the system. The Bank's efforts to prepare the entire staff force of the Bank to successfully operate the new environment will continue.

My Dear Customers,

Today is just a beginning. Migration to core banking at 9 more branches are at an advanced stage and will be before 31st March 2007 along with new branches to be opened. Between now and March 2008, the Bank will expand the core banking canvas to cover a total of 160 branches, and another 250 branches by March 2009. By June 2010 the Bank targets 850 branches and this will cover almost 92% of the total business of the Bank.

It is not just the number of branches to be covered under core banking. The Bank has already initiated a detailed study that will focus on development of new business models that will include formulating new

products and services for serving our customers better. Efforts at revitalizing the entire rank and file of the Bank to give sharper focus to customer satisfaction and delight are also underway.

At your Bank, core banking is not just a technology exercise. It is the first but an important step we are taking towards fulfillment of our Vision statement “Dena Bank will provide its Customers, premier financial services of great value”. It forms the very core of the Vision we have set for ourselves to achieve by 2010 – **Rs One lakh crore of business.**

Before I conclude, I would like to acknowledge the key and specific roles played by our Business Partners in the project including M/s Wipro Ltd, M/s Infosys Technologies Ltd and various service providers and suppliers. Specifically, I would like to acknowledge the active support we have received from M/s MTNL and M/s BSNL which has enabled us to take care of the networking requirements. Our IT Advisor Prof N L Sarda, from IIT Mumbai, our Consultant M/s Ernst & Young and our Legal consultant M/s PDS Legal have all contributed to the success of the project. Last but not the least, I would like to acknowledge the untiring efforts put in by our Team of officers working on the Core Banking Project. Had it not been for them, we would not have seen the light today.

Today’s function has been made possible due to the excellent cooperation received from Solitude Cooperative Housing Society Ltd, for which I convey my personal gratitude to the Office bearers and members of the Society.

With these initial remarks, I request our most distinguished Chief Guest of the day, Shri V Leeladhar, Deputy Governor of Reserve of Bank of India to formally inaugurate the Migration of Dena Bank Mahim Branch to Core Banking System.