



Cisco Enterprise Solutions

Next-generation Universal Banking: State Bank of India

Overview

The State Bank of India (SBI) is the largest commercial bank in India in terms of profits, assets, deposits, branches and employees. At the end of the financial year 2003-04 (April-March), SBI has total assets of Rs. 4,078.15 billion, deposits worth Rs. 3,875.84 billion and a net profit of Rs. 36.81 billion. It has a vast domestic network of 14,000 branches and staff strength of 2,07,039. SBI commands one-fifth of deposits and loans of all scheduled commercial banks in the country.

Vision for "SBI Connect"

Prior 2000, SBI offices and branches were discrete islands of computing. Intra-bank communications for money management and customer information was enabled by networks which connected PCs within a branch. In the year 2000, SBI appointed KPMG to draw up its IT plan with a vision to create a **Universal Banking infrastructure** that would network all its branches across India and enable **real anytime, anywhere banking**. KPMG advised SBI to automate its various facets with applications that will enable Core Banking, Trade Finance, ATM Switch, Treasury and Asset Liability Management.

Mr. A K Purwar, Chairman, SBI said, "The vision to create a Universal Banking platform like "SBI Connect" was an extremely far-sighted decision to take 5 years ago. However, we realized that we needed to invest in such infrastructure, early on in order to be competitive in the industry and committed to our customers. With this initiative, we will further strengthen our position of prominence in the Indian banking sector."

Internetworking SBI

Cisco began engaging with SBI in October 2000 when it was invited to propose a blueprint for the ambitious project. Cisco, along with its systems integration partner Datacraft, proposed that SBI invests in creating an IP-based converged nation-wide network. Cisco explained the benefits of investing in an IP network that was not only reliable, secure and manageable, but was scalable and therefore, future-proof.

Speaking about the evaluation process, **Mr. R N Ramanathan, Deputy MD - IT, SBI** said, "Networking of SBI's 14,000 branches would be the largest project of its kind in the world. So we undertook a rigorous 18-month long evaluation process before choosing the solution and the technology partner. Cisco's end-to-end solution comprising IP Telephony and Security sealed the deal in their favour."

SBI's focus was on deploying a Core Banking solution that would enable centralized banking systems. The initial order included networking of its head office, 13 local head offices, 60 zonal offices and 1350 branches across 49 cities. Commenting on the deployment, **Mr. Bejoy Antony, Account Manager, Cisco Systems** said, "The first phase was crucial for us, since we were connecting business critical networks. By end of FY 2003, the first phase rollout was complete and the solution was working seamlessly."



“We were impressed by the commitment exhibited by Cisco and its partner on the speedy and flawless execution of the first phase of the project,” said **Mr. Ramanathan**. Encouraged by the results of the first phase, SBI decided to expand the scope of the project to over 2500 branches across India. Additionally, more than 1500 branches of SBI's associate banks were also mandated to be a part of this nation-wide network. This was a fresh challenge for Cisco and its partner.

The IP network that was set up delivered branch-to-headquarter connectivity over secure IP-Sec VPN solutions. The challenge was to scale up the network to include the additional branches while ensuring that there was no drop in performance. There were no reference sites for such an extensive network of site-to-site IP-Sec VPN anywhere in the world.

To test the functionality of the solution and to gain customer confidence, Cisco conducted a proof-of-concept simulation for senior SBI officials at its CPOC Lab at Cisco's Research Technology Park in Raleigh, US. The exercise was a success and subsequently, SBI decided to expand its network by adding 1200 of its branches and 1550 branches of its 7 associate banks. With this, 'SBI Connect' will be the largest Universal Banking platform in the country with 4200-networked branches.

Next-Generation Technology delivers New-Age Banking

Each of these 4200 branches that are linked over a world-class IP-VPN network can connect into the centralized Data Center at the SBI headquarters in Mumbai. This allows a wide array of customer-centric solutions such as remote account access and Internet banking.

Mr. Ramanathan said, “Cisco's IP-based core routing and switching solutions offer centralized management, ease of use and an open architecture-based system which allows us to develop advanced applications. We have also deployed a host of Cisco's advanced technology solutions such as IP-Telephony.”

He further added, “One of our biggest concerns was the security of data over the network. Cisco's solutions have proven themselves over the last two years as being scalable to our vision of delivering nation-wide banking, without any compromise on reliability.”

Today, SBI has one of the largest IP Telephony networks, with 6000 IP phones which run on existing leased line network, offering excellent inter-branch connectivity at marginal costs and savings on STD calls. The investment in networking will have a multiplier effect in terms of the returns over a period of time.

The Banking and Financial Services sector has emerged as one of the biggest investors in technology. As the key driver of this change, the Customer is asking for convenient “one-stop” banking options and the challenge is for the banks to stand up and deliver. **Mr. Purwar** has the final word, “India banks on us. India is changing the way it banks and SBI wants to be abreast of this change. The New-world of Banking requires New-world solutions and I appreciate Cisco's role in partnering with us for delivering our vision. Today, with about 50% of our branches on the network, I am confident that SBI is geared for the new era of e-Enabled Banking.”

Future Plans

SBI has already placed a new order with Cisco and is soon to rollout Phase 3 of their SBI Connect project. With this expansion, the number of SBI branches networked by Cisco would go up to 8807, spread over 384 cities across the country.