

Immediate

No.99/VGL/10
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 22nd January 2003

To

- (i) The Governor/Deputy Governor, RBI
- (ii) Secretary, Banking & Insurance, Deptt. of Economic Affairs
- (iii) The Director, CBI
- (iv) The Chairman, Indian Banks Association
- (v) All Chief Executives of Banks/Financial Institutions
- (vi) All CVOs of Banks/Financial Institutions
- (vii) The Comptroller & Auditor General of India.

Subject:- Improving Vigilance Administration in Banks.

Sir,

In order to improve vigilance administration in Banks, the Commission had issued instruction vide No. 8(1)(h)/98(2) dated 27.11.1998, wherein it was emphasized that all Banks must ensure that 70% of their business is captured through computerization before 01.01.2001. The Commission is happy to note that all nationalized banks have achieved this goal.

2. In recent times there is growing acceptance all-round that full computerization along with networking would enable dissemination of information and exchange among banks for more efficient credit control and also would help in containing 'money laundering' operations and frauds which are viewed with great concern by law enforcement agencies worldwide. All these have a vital bearing on regulatory and vigilance administration. Accordingly, the Commission in terms of the powers vested in it vide Government of India's Resolution dated 04.04.1999 directs that all public sector banks may continue the computerization drive and ensure full (hundred percent) computerization of their business by 31.12.2004. While doing so, banks may exercise due care to include prescribed encryption techniques and other procedure for security of data and networks. A very large segment of rural and semi-urban branches of banks is not covered by the technology upgradation plans of banks. This segment must be accorded due priority in the technology plans of all banks. All public sector banks should submit a quarterly progress report to the Commission commencing from the 31st March 2003 indicating population category-wise coverage of number and volume of business of bank branches. The Reserve Bank of India would also separately monitor the progress and take effective steps for timely and effective compliance of the directives of the Commission by banks.

3. Receipt of this communication may be acknowledged.

Yours faithfully,

Sd/-
(Mange Lal)
Deputy Secretary
Telefax- 24651010

