



ELECTRONIC BANKING

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Abstract

Electronic banking is the future of conventional banking today. Day by day, the Electronic Banking has been flourishing with numerous technology. Every technology comes and make the Electronic Banking more cost saving and time saving way of banking. It is increasing its safety as much as traditional banking gives or more than traditional banking in some countries. People use Electronic Banking at home with highest comfort. So, the relative advantage of Electronic Banking is higher than conventional banking.

Key words: *Electronic Banking, Credit Card, Debit Card.*

INTRODUCTION

E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or Touch Tone telephone. While the risks and controls are similar for the various e-banking access channels, this booklet focuses specifically on Internet-based services due to the Internet's widely accessible public network. Accordingly, this booklet begins with a discussion of the two primary types of Internet websites: informational and transactional.

OBJECTIVES OF THE STUDY

The main objective of the study is to enumerate the services offered by electronic banking.

DESCRIPTION OF SERVICES

Here the description of some basic Electronic Banking services provider.

SMS Banking: Short Message Service (SMS) is the formal name for text messaging. SMS banking allows customers to make simple transactions to their bank accounts by sending and receiving text messages.

Electronic Fund Transfer: Customers can transfer any amount from one account to another of the same or any another bank. Customers can send money anywhere in India. Once you login to your account, you need to mention the payees's account number, his bank and the branch. The transfer will take place in a day or so, whereas in a traditional method, it takes about three working days.

Any Branch Banking: Any branch banking is the service where an account is accessible from any branch of a particular bank. It is widely popularized as online banking.

Automated Teller Machine (ATM): ATM means computerized machine that permits bank customers to gain access to their accounts and permit them to conduct some limited scale banking transactions with a magnetically encoded plastic card and a code number.

Point of Sale (POS): Point of Sale (POS) service is an innovative electronic money transferring system that allows the customers of banks to pay for their purchases through their ATM and credit card at any POS enabled retailer.

Debit Cards: Debit cards are linked directly to the bank account of its holder. The holder of debit card can use it to buy goods or withdraw cash and the amount is taken from the bank account right away.

Credit Card Customers

With Internet banking, customers can not only pay their credit card bills online but also get a loan on their cards. If you lose your credit card, you can report lost card online.

Banking KIOSK: KIOSK Banking offers customers the flexibility to conduct their banking transactions via the KIOSK machine. The customer must have a Debit Card and a PIN. When one inserts the debit Card into the Kiosk, he/she will be prompted to enter the PIN. He/she can then begin using KIOSK Banking.



SWIFT: The Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) operates a worldwide financial messaging network which exchanges messages between banks and other financial institutions.

MICR: Magnetic Ink Character Recognition is a character recognition technology adopted mainly by the banking industry to facilitate the processing of cheque.

Open online Letter of Credit: It means that for opening letter of credit the customers need not to go to the bank physically. They can open the letter of credit with the help of online banking.

Home Banking: At first, banks introduced Telephone Bill Payment (TBP) system so that customers could be able to their banking activities from their home. The next version of home banking was video home banking (VHB). The interest is expected to be a major factor in home banking.

Retail Automated Clearing House Service: The Automated Clearing House (ACH) is an electronic network for financial transactions. ACH processes large volumes of both credit and debit transactions which are originated in batches. ACH credit transfers include direct-deposit payroll payments and payments to contractors and vendors. ACH debit transfers include consumer payments on insurance premiums, mortgages loans and other kinds of bills. Businesses are also increasingly using ACH to collect from customer online, rather than accepting credit or debit cards.

Corporate Automated Clearing House: The Automated Clearing House (ACH) is an electronic network for financial transactions. ACH processes large volumes of both credit and debit transactions which are originated in batches. Other retail and fiduciary products and services may include balance inquiry, Funds transfer, downloading transaction information, Bill presentment and payment, Loan Application, Investment activity and other value-added services.

Bill Payment Service

E-Banking facilitate payment of electricity and telephone bills, mobile phone, credit card and insurance premium bills as each bank has tie-ups with various utility companies, service providers and insurance companies, across the country. To pay your bills, all you need to do is complete a simple one-time registration for each biller. You can also set up standing instructions online to pay your recurring bills, automatically. Generally, the bank does not charge customers for online bill payment.

Railway Pass

Indian Railways has tied up with banks and you can now make your railway pass for local trains online. The pass will be delivered to you at your doorstep. But the facility is limited to Mumbai, Thane, Nashik, Surat and Pune.

Investing through Internet banking

Customer can now open an FD online through funds transfer. Now investors with interlinked demat account and bank account can easily trade in the stock market and the amount will be automatically debited from their respective bank accounts and the shares will be credited in their demat account. Moreover, some banks even give you the facility to purchase mutual funds directly from the online banking system. Nowadays, most leading banks offer both online banking and demat account. However if you have your demat account with independent share brokers, then you need to sign a special form, which will link your two accounts.

Recharging Your Prepaid Phone

Now just top-up your prepaid mobile cards by logging in to Internet banking. By just selecting your operator’s name, entering your mobile number and the amount for recharge, your phone is again back in action within few minutes.

Shopping

With a range of all kind of products, you can shop online and the payment is also made conveniently through your account. You can also buy railway and air tickets through Internet banking.

CONCLUSION

Electronic transfers are processed immediately with the transferred amount being deducted from one account and credited to the other in real time, thus saving time and effort involved in physically transferring a sum of money. Opting for electronic transferring system also reduces the possibilities of any mistakes as a transaction is only authorized with complete details which include the correct account number of the beneficiary and the target bank’s specific IFSC code.