Electronic Banking

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1. Introduction:
E-Banking or electronic banking is a major innovation in the field of banking. E-banking is a facility under which the customers can perform basic banking transactions electronically, round the clock, throughout the world. Information technology refers to the use of computers and telecommunication for production, storing, obtaining and sending information.

2. Types of E-banking

PC Banking:
The term PC banking refers to the online access of banking information from a personal computer. A solution for both personal or business banking needs, this type of financial management allows you to conduct transactions using an internet connection and your computer in lieu of a trip to the local bank branch or the use of an ATM. PC banking enables an account holder to perform real-time account activities and effectively manage finances in a way that avoids the hassle of daytime bank visits and eliminates the postage required to pay bills by mail.

Convenience

Whether you conduct your banking online or using proprietary software provided by your financial institution, PC banking allows you to make transactions on your own schedule, any time of the day or night. Business can be conducted 24 hours a day, seven days a week -- including weekends and holidays -- and you are no longer limited to the typical bankers' hours.

Financial Activities

PC banking allows you the same account access you would normally receive from a branch employee or an ATM. For example, you can transfer balances between checking and savings accounts, initiate the payment of monthly bills or apply for a much-needed business loan. Some institutions even permit account holders to make deposits using photographs of checks.

Account Research and Management.
Online access to your bank account affords the customization of your financial research and reports. Many banks offer scanned images of the checks you have written and received, making it easy to log payments. Account history of one to two years is typically available, and ledgers can be viewed in a number of formats -- for example, you may opt to arrange your accounts by date or payee, view received checks by check number or recalculate your savings account balance within a specific range of months.

Security

Most banking institutions use some sort of data encryption on their servers to secure against malicious attacks on your financial accounts. The use of Secure Socket Layer technology ensures connections with the bank's servers that are secure, with minimal risk of hacker access. Most servers also have default inactivity timeouts in which the server automatically logs you out after a specific amount of time -- typically 10 to 20 minutes of inactivity. FDIC member institutions also insure bank accounts up to $250,000 per depositor.

Considerations

While the connection is protected using SSL and other security measures on the bank's side, it's important that you also employ your own anti-hacking, anti-virus and anti-malware protection on your personal computer. The FDIC suggests that users first confirm the legitimacy of their online bank site and verify that the bank is also FDIC-insured. Log out of all banking sessions as soon as your financial activity is complete, and keep personal information like account numbers, Social Security information and banking logins private. Research and reports. Many banks offer scanned images of the checks you have written and received, making it easy to log payments. Account history of one to two years is typically available, and ledgers can be viewed in a number of formats -- for example, you may opt to arrange your accounts by date or payee, view received checks by check number or recalculate your savings account balance within a specific range of months.

Internet banking:

Internet banks are accessed via web browser and mobile apps, providing customers with banking services from any place with access to the internet. Internet banks generally do not offer their own ATM services, although they often work with other banks and organizations to provide no-fee or low-fee ATM access for their customers.

Informational Internet Banking

This fundamental level of banking does not allow patrons to view or maintain accounts, nor does it allow for communication between the financial institution and customers. Informational Internet banking simply means the bank provides basic information about its products and services, much like a brochure. This is meant for marketing purposes only, and there is no connection to the bank's main computer systems.

Communicative Online Banking

Communicative online banking allows for some communication between the patron and bank. However, this is typically limited to fundamental interactions such as account inquiries, new account updates, loan or mortgage applications, contact information updates and balances. Communicative online banking may connect with the bank's main computer systems.
Transactional Internet Banking

The most popular online banking type, transactional Internet banking offers all of the benefits of a traditional brick-and-mortar institution. This includes full control over your accounts—deposits, withdrawals, transfers, updates and online payments. Increased security measures now make Internet banking safe, secure and convenient, especially in the case of mobile online banking.

3. Digital TV banking

[1] Unions have hit out at bank closures and have also suggested those who do not use the PC or television banking facilities may end up paying. Television is usually viewed as a form of entertainment, but recently it’s taken on an additional role as another way of allowing banks to offer their services.

[2] At the moment, it’s in infancy, but thanks to the digital television revolution, television banking will allow customers to pay bills, check their balance and all the other functions normally conducted in person at a branch or over the telephone.

[3] With digital TV allowing sets to be linked to the internet, the technology for television banking is now in place. The advocates of television banking believe people are likely to prefer banking via their television set than through their PC, largely for reasons of access and comfort.

[4] HSBC is the bank leading the revolution, offering the service to customers with digital BSkyB television. It is being run in conjunction with Open, a service provider. Initially, it will be a limited service, supplying only information on products, a literature-ordering facility and a loan calculator.

[5] For anything more specific, customers need to book telephone calls to the bank, which they do through their remote control.

[6] But HSBC is promising that in 2002 customers will be able to pay bills, set up standing orders, transfer funds and buy other financial products such as insurance.

[7] Abbey National is spending £100m developing its television banking services, and Barclays is in negotiation with communications giant Cable & Wireless to launch its service.

[8] Critics of internet and television banking have expressed concern these new services are elitist and that poorer people will more.

Text or Mobile phone banking:

Mobile phone banking is the use of a Smartphone or other cellular device to accomplish tasks such as checking account balances, transferring funds between accounts, bill payment and finding an ATM while away from a computer. Mobile phone banking is the use of a smartphone or other cellular device to accomplish tasks such as checking account balances, transferring funds between accounts, bill payment and finding an ATM while away from a computer.

How It Works

Mobile phone banking typically operates across all major U.S. cellular service providers via one of three methods: SMS messaging; mobile web; or specific applications for iPhone, Android or Blackberry devices.

Mobile text and alert is most basic. It allows users to transfer funds or access account information using text messages. Texting terminology is different from bank to bank, but the function is the same overall. For example, texting "Bal" will obtain the account balance while "Tra" will allow inter-account transfers. Initially, users have to register and
confirm their phone numbers with their bank. However, once that's completed, they can decide whether to get alerts about negative balances or deposit confirmations.

Mobile web is the second mobile phone banking method. Like accessing online accounts from a home-based computer, this method permits users to check their balances, pay bills and execute account transfers. This is all done simply by logging into their accounts using a mobile web browser.

Mobile phone banking applications for Android, iPhone and Blackberry, connect users directly to the bank server for complete banking functionality without having to first load a mobile web browser. These applications can be downloaded through the bank's website or through mobile application stores like iTunes.

Some banks are taking the technology one step further with account rewards confirmations, person-to-person payments (P2P) and, more importantly, remote deposit capture (RDC) capability.

Simply put, RDC allows users to scan checks and transmit the scanned images to a bank for posting and clearing. In the case of mobile phone banking, a customer can take pictures of both sides of a check and send the photos to their bank. The bank then deposits the money in the same way as if the deposit was made through a teller. RDC capabilities mean customers have quicker access to their funds with yet another automated deposit feature.

4. Conclusion

Technology innovation and fierce competition among existing banks have enable a wide array of banking products and services, being made available to retail and wholesale customer through an electronic distribution channel, collectively referred to as e-banking. The integration of e-banking application with legacy system implies an integrated risk management approach for all banking activities of a banking institution.