

# E- banking

Subject: banking and insurance

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AY-2020-21

# **E- banking**

- Internet Banking, also known as net-banking or online banking, is an electronic payment system that enables the customer of a bank or a financial institution to make financial or non-financial transactions online via the internet.
- This service gives online access to almost every banking service, traditionally available through a local branch including fund transfers, deposits, and online bill payments to the customers.

# Traditional Banking Vs. Internet Banking

- In traditional banking, the customer has to visit the branch of the bank in person to perform the basic banking operations viz., account enquiry, funds transfer, cash withdrawing etc.,
- E-banking enables the customers to perform the basic banking transactions by sitting at their homes or at offices through a desktop or laptop round the clock globally through electronic media.
- This is called any time, any where banking. The customers can access the banks' website for viewing their account details and perform the transactions as per their requirements.
- Customers can make use of these services with no restricted banking hours, no queues, no tellers and no waiting.

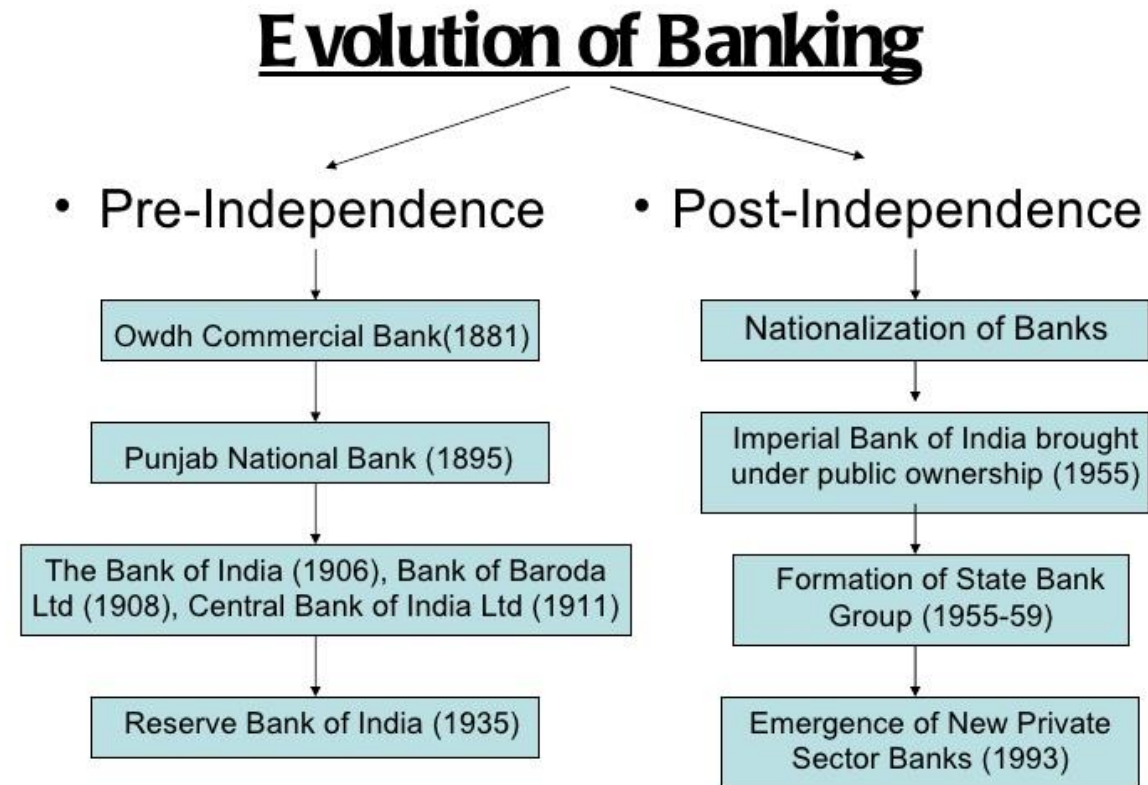
# **Need and importance of e-banking**

- Reduce burden
- Need for transportation
- Ever increasing competition
- Introduction to new and more attractive customer friendly products or services
- Use of electronic means
- Influence of information technology
- Boundary less banking

# **Dimensions of e- banking**

- Customer to e-banking
- Bank to bank e-banking
- Electronic central banking
- Intranet procurement

# Evolution of e-banking in india



# Core banking



# Core banking

- Core banking or centralized banking means a banking process which is completed in a centralized environment i.e. under which the information relating to the customer's account is stored in a Central Server of the bank instead of the branch server.
- The capacity of the memory depends upon the size and needs of a bank, it could be for all operations or for the limited operations.
- This task is carried through an advance software by making use of service provided by specialized agencies. This whole system is called Core Banking Solution (CBS) or Centralized Banking Solution.



# WHY CORE BANKING?

- • A business men would like that outstation cheques given to the bank should be collected immediately. He wants fast service and is also cost conscious.
- The payment required to be made to his outstation customers are normally done through drafts/cheques. If he makes the payment through draft, he is required to go to the bank and apply for the draft, pay the exchange, collect the draft from the bank and mail it to his customer. It costs time and money.
- Even after the dispatch of draft, the money will be credited to the account after 1 day. So the money will be in transit for at least 3 days without any use.
- Here, the core banking system can do the same task in less time and can help the businessmen to flaunt their business easily and fast.

# **Automated Teller Machines (ATMs)**

- ATMs are widely used electronic channels in banking
- It is a computer controlled device at which the customers can make withdrawals, check balance without involving any individuals.
- To use this system customers are given a plastic card which contains the customer's name & account no.
- Customer is given a pin number. Whenever he wants to use it he needs to enter pin number.
- Mostly ATMs are near to branches but nowadays ATMs are available at places like malls, theaters, stations etc.

# Functions of ATM

- Withdraw money from various accounts
- Get latest updated information about cash balances in the account
- Allows transferring of funds from account
- Payment of loan
- Payment of utility bills
- Provides the customers printed copy of transaction details

# Credit card

- It is card issued by bank that can used to buy products and services on credit.
- Bank charge interest on credit card use.
- Credit card are primarily used for short term financing.
- Almost every store allows for payment of goods and services through credit cards. Credit card is convenient substitute for cash and cheques.

# Parties to the credit card

- Card issuer
- Card holder
- The merchants
- *Important points*
- Credit limit
- Annual fee
- Revolving line of credit
- Joint credit
- PIN number

# Debit card

- The debit cards are used for withdrawal of cash from ATM, purchase of goods and services, domestic and international fund transfer from one person to another.
- In recent few years use of debit card for mobile recharge, bills payment, payment at online stores as increased for getting a cashback offers and discounts.
- Debit card examples: - ATM card, Rupay card, Visa Card.

# **Type of debit card**

- Direct debit card
- Deferred credit card

# Smart card

- Smart Card also known as an Integrated Circuit Card (ICC) is a plastic card about the size of debit and credit card, with an embedded microchip that can be loaded with data, used for electronic cash payments, they can be used to pay for many public transportation services, this has many benefits when the person goes to acquire health care facilities, they can be used as identification proof in many countries around the world and it can be periodically refreshed for additional use.



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