

C.P.A College

TOPIC: E-BANKING

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E-Banking

Electronic banking has many names like web-based banking, e-banking, virtual banking, or web banking, and online banking. It is just the utilisation of telecommunications networks and electronic networks for conveying different financial services and products. Through e-banking, a client can acquire his record and manage numerous exchanges utilising his cell phone or personal computer.

Services under E-Banking

1. Mobile Banking:

Mobile banking (otherwise called M-banking) is a name utilised for performing account exchanges or transactions, bill payments, credit applications, balance checks, and other financial exchanges through a mobile phone like a Personal Digital Assistant (PDA) or cell phone.

2. Electronic Clearing System (ECS)

The Electronic Clearing System is a creative provision for occupied individuals. With this provision, an individual's credit card bill is consequently charged from the same individual's savings bank account, so one doesn't have to stress over missed or late payments.

3. Smart Cards

A smart card is a card that stores data on a microchip or memory chip or a microprocessor in lieu of the magnetic stripe found on debit cards and credit cards. Smart cards are not utilised for transferring or moving monetary data alone, but also they can be utilised for an assortment of identification grounds. Exchanges made with smart cards are scrambled or encrypted to shield the exchange of data from one party to another. Each encoded exchange can't be hacked and doesn't transmit any extra data past what's required for finishing the single exchange or transaction.

4. Electronic Fund Transfers (ETFs)

Electronic fund transfer (EFT) is the electronic exchange of cash starting with an individual account in the bank to another individual account of the same bank, or within or with other financial institutions or with multiple institutions, by means of personal computers based frameworks, without the immediate intercession of bank staff.

5. Telephone Banking

Telephone banking is an assistance given by a bank or other monetary foundation or other financial institutions, that empower clients to perform via telephone a scope of monetary exchanges which don't include cash or financial instruments, without the need to visit an ATM or a bank branch.

6. Internet banking:

Web-based banking is an assistance presented by banks that permits account holders to get their record information by means of the web or the internet. Web-based banking or Internet banking is otherwise called "Web banking" or "Online banking."

Internet banking through customary banks empowers clients to play out every standard exchange, for example, bill payments, balance requests, stop-payment requests, and balance inquiries. Some banks even proposition online credit card and loan applications. Account data can be acquired day or night, and should be possible from any place.

7. Home banking:

Home banking is the most common way of concluding the monetary exchange from one's own home as opposed to using a bank's branch. It incorporates making account requests, moving cash, covering bills, applying for credits, and directing deposits.

Benefits of E-Banking

E-banking has become a critical component of the banking industry's future growth. Electronic banking, often known as online banking, is a service provided by many banks that allow customers to conduct all types of banking transactions over the internet, largely through the use of information technology and communication.

E-Banking offers discounts, convenience, speed, transferring services and the management of the funds, 24*7 facilities and the liquidity of the funds to its customers.

Customers can save substantial time and money by using e-banking services. These services also improve customer relationship management efficiency (CRM).

- **Convenience-** This is one of the most essential advantages of internet banking that outweighs any disadvantages. Making transactions and payments at the touch of a button without having to leave the house or workplace is a convenience that no one wants to give up. When compared to visiting the bank, keeping track of accounts over the internet is faster and more convenient. Non-transactional services such as obtaining cheque book online, updating the accounts, and then inquiring about the interest rates on various financial products, and so on are made considerably easier by the E-Banking services.

- **Improved Rates-** This implies that a portion of the bank's savings can be passed on to clients in the form of higher interest rates on deposits and lower interest rates on loans. To encourage consumers to use e-banking, most banks provide low- or no-deposit accounts, as well as lesser penalties for early withdrawal of Fixed Deposits. This sort of banking entails fewer physical exertions and greater rewards. The need to expand office space and hire more people to deal with customers is greatly reduced, resulting in huge cost savings for banks.
- **Mobility-** In recent years, e-banking has taken a step forward in the form of mobile internet banking, which provides customers with unlimited mobility and allows them to conduct financial transactions while on the go.
- **Saving of time and increased comfort-** E-Banking transactions can be completed 24 hours a day, seven days a week, without the need for a physical visit to the bank.
- **The Discounts-** Another significant benefit of using online banking services is that it allows users to take advantage of numerous discounts. People can take advantage of a variety of discounts at retail shops when they use their debit or credit cards.
- **The Monitoring services-** Customers can check their updated passbook at any time to keep track of their transactions and manage their budgets.
- **Services** -Technology has made it exceedingly easy for both the bank and the consumer to get information by simply logging in to the bank's website. Financial planning capabilities, functional budgeting and forecasting tools, loan calculators, investment research tools, and equities trading platforms are all examples of e-services. Aside from that, most banks offer online tax forms and tax preparation services.
- **Speed-** Because the response time for this type of transaction is so quick, customers can literally wait until the last minute to send payments.
- **The transfer services-** The virtual banking system allows you to transfer money at any time of day or night, 365 days a year. You are not obligated to complete any transaction during business hours; instead, you can do it whenever it is convenient for you.
- **Management of funds** - Customers can get their transaction history for various accounts and perform their own "what-if" analysis before completing any online transaction. As a result, better money management is possible.