
TECHNOLOGY USED IN E-BANKING

A sound and effective banking system is the backbone of an economy. The economy of a country can function smoothly and without many hassles if the banking system backing it is not only flexible but also capable of meeting the new challenges posed by the technology and other external as well as internal factors. The importance and role of information technology for achieving this benign objective cannot be undermined. The technology holds the key to the future success of Indian Banks. Thus, "Electronic Banking" is the need of the hour.

Online Banking also known as E-Banking or Internet Banking is an electronic payment system that enables customers of the bank and other financial institutions to conduct various types of financial transactions through website of bank . E-Banking has enabled to conduct financial transactions on a click of mouse .

Banks provide a diverse range of e banking solutions to customers and financial institutions like account balance check , electronic fund transfer , ordering of cheque books , statements , etc .

Thus , Electronic banking provides a diversity of services to customers and financial institutions just at a click of mouse .

A lot of technology is used in providing Electronic banking solutions -

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1. The Electronic Fund Transfer (EFT):

This facility offers you to make payments to account holders of other banks in an efficient and fast manner. As against the physical clearing, where the cheques are cleared on presentment of the physical instrument at the clearing house, in EFT the transactions are settled electronically. EFT also provides you with an opportunity to move your collections to an electronic platform, whereby you can instruct your Dealers to pay through EFT, thus reducing the time for realization of funds. At present the electronic fund transfer facility is available in two modes and you can avail either of the following modes to transfer your funds:

National Electronic Fund Transfer (NEFT): This is the faster mode of fund transfer in which the funds are credited to the beneficiary's account on the same day. It is offered by computerized branches of certain banks.

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EFT: This is the normal electronic fund transfer facility offered by the banks. It is similar to NEFT in all respects with the exception of the transaction cycle time – an EFT transaction takes a minimum of 3 working days to be credited to the beneficiary's account whereas in NEFT, the amount is credited on the same day of the transaction. The end to end transaction can be done through our Corporate Electronic banking wherein the request can be submitted online, either as a single transaction or through a file uploads.

2. Automated Teller Machines:

The Automated Teller Machines are installed, now-a-days, at every nook and corner in most of the towns & cities. These are meant for balance enquiries, cash withdrawals and many other facilities depending upon the policies of the bank. This requires a valid Customer Id and password to log in and is therefore safe to be used. Despite of using ATM cards, Debit cards can also be used in the ATMs.

3. Debit Cards:

Debit Cards is another advanced technology of the electronic banking, now-a-days. These cards are the multi-purpose cards and can be used in ATMs for balance enquiry and cash withdrawal or can be used for easy shopping at various counters. Debit Cards ensure the automatic deduction of amount from the account just by scratching it on the machine. It makes it easier for the consumers to go for shopping with and even carrying cash with them.

4. Credit Cards:

Credit Cards, unlike debit cards, provide credit to the consumers. A credit card system is a type of retail transaction settlement and credit system, named after the small plastic card issued to users of the system. A credit card is different from a debit card in that it does not remove money from the user's account after every transaction. In the case of credit cards, the issuer lends money to the consumer (or the user). It is also different from a charge card (though this name is sometimes used by the public to describe credit cards), which requires the balance to be paid in full each month. In contrast, a credit card allows the consumer to 'revolve' their balance, at the cost of having interest charged. Most credit cards are the same shape and size, as specified by the ISO 7810 standard.

5. Charge Cards:

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A charge card is a means of obtaining a very short term (usually around 1 month) loan for a purchase. It is similar to a credit card, except that the contract with the card issuer requires that the cardholder must each month pay charges made to it in full there is no "minimum payment" other than the full balance. Since there is no loan, there is no official interest. A partial payment (or no payment) results in a severe late fee (as much as 5% of the balance) and the possible restriction of future transactions or even cancellation of the card.

6. Smart Cards:

A card that is used for storing and retrieving personal information, normally the size of a credit card and contains contains electronic memory and possibly an embedded integrated circuit. The card can be used to do many tasks:

7. Will verify the carrier of that card in order to access systems.

8. Storing a patient's medical records

9. Storing digital cash

o To use a smart card, either to pull information from it or add data to it, you need a smart card reader, a small device into which you insert the smart card.

10. Payment and Settlement Systems and Information Technology:

The development of payment and settlement systems conforming to the best international standards has been a key objective of the Reserve Bank. A milestone was crossed during 2003-04 with the commencement of the Real Time Gross Settlement (RTGS) as a facility available for quick, safe and secure electronic mode of funds transfer. Preparation of the draft legislation relating to payment and settlement systems was another important development. The legislation aims at providing a sound legal basis to various payment and settlement systems operating in India and empowers the Reserve Bank to regulate and supervise such systems. It profiles the significant expansion of activity in the payment systems in India and the key drivers – retail payments and the rising popularity of card-based transactions, large value payments propelled by rising turnover in the inter-bank clearing, Negotiated Dealing System (NDS) and foreign exchange clearing segments. Noteworthy landmarks in the evolution of payment systems highlighted in this Section are the implementation of Real Time Gross Settlement (RTGS) system, the Special Electronic Funds Transfer (SEFT) system and the foundation being laid for the constitution of a Board for Payment and Settlement

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Systems as an apex regulatory authority. Reviewing developments in the settlement systems in India in 2003-04, the Section highlights the continuing preponderance of paper-based (cheque) clearing and the preparatory steps being taken to introduce cheque truncation to improve the speed and efficiency of paper-based settlement systems. The implementation of Online Tax Accounting System (OLTAS) to IT-enable tax payment as well as tax administration is brought out in this Section along with developments relating to the Indian Financial Network (INFINET) and Structured Financial Messaging Solution (SFMS). The role of central counter parties (CCPs) in minimizing settlement risks is underscored. The Section concludes with a review of the growing role of information technology (IT) within the Reserve Bank and the special emphasis being laid on information security and disaster recovery management.

Functions Of Electronic Banking

A customer can perform following functions through Electronic Banking -

- View Account Balances
- Download Bank Statements
- View recent Transactions
- Order Cheque Books
- Download Cheque Images

A customer can also perform following transactions through electronic banking

- Transfer Of Funds
- Paying Third Parties ; Like Payment of Bills , etc
- Apply for Credit Card
- Apply for various kinds of loans like Home Loan , Car Loan , Education Loan.

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