

Banking Conveniences

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Convenient banking - sounds like an oxymoron, doesn't it? We have become accustomed to the inconveniences of limited banking hours, the location of our chosen financial institution, and the like. However, in today's high-tech society, accessibility has greatly increased the convenience of our financial transactions. Let's look at several ways technology has changed the way we do our banking.

Telephone banking provides you convenient access to your accounts over the phone 24 hours a day, 7 days a week. Telephone banking saves you time, transportation and postage. Available services will vary by bank; some are available through voice-prompts, while others require the assistance of a telephone banking agent. Many services offered through telephone banking are free of charge, but some services are cost items. Some banks will also waive certain telephone banking fees when a balance greater than the minimum requirement is maintained in the account. Check with your financial institution regarding their fee structure prior to conducting any telephone banking transactions.

A few of the automated services offered through telephone banking include bill payment and funds transfer, account balance and activity confirmations, past and postdated bill payment information, credit card balance verification, and interim statement requests. Additional services available through a live telephone banking agent include new account setup, check ordering, stop payment, investments, and loan applications.

Online banking is expected to grow by leaps and bounds over the next several years. The FDIC (Federal Deposit Insurance Corporation) estimates that by the year 2000, the number of financial institutions with transactional web sites will increase by more than 50%. It is also projected that over 13 million Americans will be banking online by the start of the next century. Currently, 43% of Americans have a personal computer in their home, with 25% having access to the Internet, but only 4-5% of them are banking online.

Online banking gives a new meaning to the phrase, "banker's hours." Manage your money and bills any time of the day or night, whenever it is convenient for you. Your accounts are accessible from home, while traveling, or virtually anywhere you have access to an Internet connection.

Online banking provides current account balances, charge and credit card statements, bill paying, money transfer between accounts, and account

transactions which can be downloaded and imported into a money-management program. If you have questions or issues with your account, you can send an e-mail rather than waiting on hold to speak directly to a bank representative.

But what about security, you may ask? Before you begin processing banking transactions on the Internet, check with your financial institution regarding the precautions they have taken to protect your account. You should always be provided with a user ID and password to access the banking system, and the system itself should allow you to send and receive encrypted data. Your browser should also have a security indicator to inform you when you are accessing a secure server.

If you have reservations about the security of your transactions over the Internet, locate a bank which offers a direct connection to the bank's computer. A special local telephone number is usually provided, although some institutions offer toll-free numbers for access when traveling.

Additional software is required to access your account information through an online banking system. Some banks will provide you with a custom interface when you enroll in online banking. However, if you currently utilize Microsoft Money or Intuit's Quicken to manage your finances, check with your financial institution; both of these packages are used by many banks which may simplify your transition to online banking.

When considering online banking, shop around. Fees and services vary widely between financial institutions, since this aspect of the banking business is still relatively new. Some banks charge for online banking and bill-paying separately; others will waive regular account charges when the customer signs up for online services. Don't pay for more features than you need. If you only have a few bills to pay a month, is a \$5 or more monthly fee worth the online convenience?

Extremely new to the marketplace are **wireless banking solutions**, which allow secured financial services to be delivered through certain mobile and Internet-enabled media phones. One of the available banking functions is an "alert" feature which can notify the account holder if, for example, their balance falls beneath a certain level, or when a large payment is received. In addition, most telephone and Internet banking functions are also available. Several banks around the world are currently working on developments in this area.

ATMs (automatic teller machines) provide access to many routine banking tasks, such as withdrawals, deposits, bill paying, funds transfer, and account balance information. Many ATMs are available 24 hours a day, 7 days a week, offering more convenient access to your money. Check the terms of your account closely prior to using an ATM; many banks charge a higher fee if an ATM owned by another financial institution is used.

When using an ATM, there are several ways you can protect your safety. Only use ATMs located in open, well-lit areas; always put your card, cash and receipt away

immediately after processing a transaction; and make sure that no one can see you entering your PIN (personal identification number). If you ever lose your ATM card, immediately contact the financial institution that issued your card.

Debit cards have similar properties of both credit cards and ATM cards, and can be mistaken for either if you are unaware of the differences in appearance and function between these three card types. The main physical difference is that a debit card contains the VISA or MasterCard logo on the front of the card; a standard ATM card will not contain either of these logos. Debit cards, also known as check cards, limit the amount you can spend to the amount of money available in your checking or savings account.

Debit cards can conduct two types of transactions: on-line and off-line. On-line transactions take place at an ATM and involve all the transactions a typical ATM card can perform. The correct PIN must be entered in order for the transaction to occur. The second type, off-line transactions, occur when the debit card is presented in a store. The transaction is treated as a credit card sale, except the money is deducted from the checking or savings account rather than charged against a credit limit. An off-line transaction is authorized by a signature (like a credit card transaction) rather than a PIN (like an on-line, or ATM, transaction).

If you are unsure of the type of card you carry, check your ATM card to see if it is actually a debit card. Be as cautious with a debit card as you would with a regular credit card, since there is a danger of off-line transactions being placed by unauthorized users requiring only a signature. The thief does not have to know your PIN to drain your checking or savings account in a very short period of time!

Credit cards involve money made available to you by the card issuer, similar to a loan. Your credit limit is determined by your income, credit history, and ability to repay the debt. You use the credit with the understanding that you are obligated to repay the amount, including interest on any unpaid balance.

Your mailbox probably receives several credit card mailings a month, so how do you determine which ones to accept, and which ones to trash? Before selecting a credit card, learn which credit terms and conditions apply, since each will affect the overall cost of the credit you will be using. This information is included in all direct-mail applications and pre-approved solicitations. Check the annual percentage rate (APR), grace period, fees, and balance computation methods.

Depending on how you plan to use the card, certain features may be more important to you than others. For example, if you plan to pay all charges in full every month, annual fees and other similar charges may be of more importance to you than the APR. If you plan to pay for purchases over time, the balance computation method and APR are probably most important to you.

You may want to look at other factors besides costs, such as credit limits, card acceptance, and services and features available under the plan. You may also be interested in an "affinity" card - an all-purpose credit card which is sponsored by a

professional organization, college alumni association, or a member of the travel industry. Many times, affinity cards either donate a portion of the fees or transaction charges to the sponsoring organization, or allow you to qualify for free travel or other bonuses.

When using credit cards, pay bills promptly to keep finance charges as low as possible, always keep copies of your sales receipts to compare with the actual statement, and protect cards and account numbers to prevent unauthorized use.

Smart cards are similar to credit cards, but information is stored on an integrated microprocessor chip located within the card itself. The stored information is protected from damage or theft, which makes them more secure than magnetic stripe cards. Smart cards are available as "disposable" or "reloadable", based on the needs of the cardholder. There are two types of smart cards - an intelligent smart card, and a memory card.

An intelligent smart card contains a central processing unit (CPU) which has the ability to store and secure information and make decisions as required by the card issuer's specific needs. Intelligent cards offer a read/write capability, meaning new information can be added and processed. In contrast, a memory card is primarily used for information storage; a value is stored which the user can "spend" in a pay phone, retail, vending or related transaction.

It is predicted that a hybrid card will be developed shortly and will contain not only an embedded microprocessor chip or memory module, but also a magnetic stripe and bar coding. This hybrid card could access different hardware systems and expand the user of smart cards into different markets.

Although there are currently fewer than one billion smart cards in use, it has been predicted that 3.4 billion smart cards will be used worldwide by the year 2001. Smart card activities are growing at 30% a year, mostly outside the United States.

Technology has changed the way we perform many daily tasks, and financial tasks are certainly no exception. Are we moving towards a completely cashless society? That remains to be seen. But, if "cashless" equals "convenience", i have no doubt in my mind that we will indeed be cashless within my lifetime.