

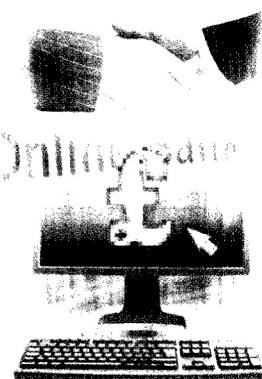
28 Online banking

A Online banking basics

Electronic banking is the general term given to the possibility of performing banking transactions through electronic communications, mainly the Internet. That's why many people prefer to use the terms **online banking** or **Internet banking**.

Online services can be provided by traditional banks, **brick-and-mortar banks**, which through the use of these new technologies become **brick-and-click banks**. Banks that don't have physical branches or ATMs are called **virtual** or **Internet banks**.

To use these services you need a computer with Internet access. Customers can also log in with a mobile phone or a PDA. The use of wireless networks to access financial institutions is known as **wireless banking**.



Brick-and-click banks are probably the best option to start with

B Online banking services

What do you use online banking for?

'I pay bills online. I've got a list in my computer with all my payment recipients' names and account details. When I have to pay, I select the amount and the name of the payee. I can also **schedule the payments**, or fix the date for payments. The bank will **transfer the funds**, or send the money, to the selected account.'

'I check account balances. I can access and view my accounts any time, from any PC. Also, I don't need to wait for the post to get written statements from the bank. I can see and then **save online statements** on the bank's website. It saves time and paper.'

'I find online banking extremely convenient. I don't need to remember when my credit card expires or the date of a payment. My Internet bank **sends short message notifications**, warnings or other information services to my email or mobile phone.'

'I trade stocks online. I contact an online broker to invest my money, and to buy and sell shares.'

C Online security

Most online banks have introduced the concept of **two-factor authentication**, the simultaneous use of at least two different devices or layers of security to prevent fraud.

When you open an Internet account, you are given a confidential **PIN**, personal identification number, and a password and username.

For some transactions, customers are required to use a **TAN**, transaction authorization number, from a list provided by the bank. It can only be used once, and it acts as a second password.

Security tokens are microchip-based devices that generate a number that has to be typed by the user or read like a credit card. They are becoming a common form of two-factor authentication.

One of the best methods of identifying the user of a bank account is **biometric authentication**, the use of a physical trait, such as a fingerprint, to allow a person to log in. Some laptops have built-in fingerprint readers, which makes online banking easier and more secure.



Security tokens provide a secure approach to online banking