# BLOCK 5 MODERN OFFICE EQUIPMENTS AND SYSTEMS

# BLOCK 5 MODERN OFFICE EQUIPMENTS AND SYSTEMS

This is the fifth block of the course "Office Management and Secretarial Practices". This block will familiarize you with fundamentals and preliminary aspects related to modern office equipment and systems. The block on the theme "Modern Office Equipment and Systems" comprises of three units, the detail of which is mentioned below:

Unit 13: Discusses the meaning and importance of office automation and the concept of Modern office equipment. It also makes the readers familiar with the various kinds of office machines and their use. It also discusses the office Mechanization and various advantages & disadvantages of Mechanization in offices and the factors in Selecting Office Machines.

Unit 14: Provides an overview on the modern office system. It makes the learners familiar with the technological communication, meaning of web conferencing, office system and automation. It also talks about technology internet and cloud used in office including smart cloud based office solutions, benefits and drawbacks of cloud computing, cloud storage, role of cloud computing, impact of IoT in cloud and different types of cloud computing and their benefits.

Unit 15: Provides an overview on banking facilities and modes of payment. It discusses the various types of account, passbook and cheque book. It also discusses different types of banking forms and different types of online banking. The later part of the unit discusses the various types of payment methods including Cheque, Indian Postal Order and Online Payments.

# **UNIT 13 MODERN OFFICE EQUIPMENTS**

#### Structure

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Office Equipment
- 13.3 Modern Office equipment
- 13.4 Office Automation
- 13.5 Office Mechanization
  - 13.5.1 Advantages of office Mechanization
  - 13.5.2 Disadvantages of Mechanization Office
- 13.6 Kinds of Office Machines
- 13.7 Factors in Selecting Office Machines
- 13.8 Let Us Sum Up
- 13.9 Keywords
- 13.10 Terminal Questions

# 13.0 OBJECTIVES

After going through this unit, you should be able to:

- discuss the meaning and importance of office automation;
- understand the concept of Modern office equipment;
- understand the office Mechanization and various advantages & disadvantages of Mechanization in offices;
- explain the various kinds of office machines and their use; and
- discuss the factors in Selecting Office Machines.

# 13.1 INTRODUCTION

The difference between modern offices and traditional office spaces is a debatable topic. Modern office designs tend to have open-plan layouts and contemporary interiors whereas traditional offices are usually closed-plan and feature old-fashioned decor.

The people and culture of the company, as well as the aesthetics, frequently define a modern office. In terms of office space, a modern office is likely to include light/white decor, vast areas, and minimum furniture, resulting in a modernistic approach. Office equipment refers to furniture and devices that aid in the effective production of office services, communication, and records.

Customers may boost employee productivity and happiness, as well as generate more seamless communication and collaboration across locations and platforms, with contemporary workplace solutions, while ensuring the security and integrity of systems and data.

# 13.2 OFFICE EQUIPMENT

The tools, machinery, and furnishings required to complete the tasks in an office are referred to as office equipment.

Every business requirement is to reflect about the types of apparatus, their business needs in order for their employees to do their job appropriately. Office equipment helps in managing office-related work and makes your day to day tasks run smoothly. Office equipment is more often than not unnoticed, but essential. The correct and essential equipment should be obtainable for every member of staff so they can work effectively and proficiently. Not only will employees get good quality equipment, but it will also benefit the business image. The right office supplies send out a positive message to clients and partners. Choosing the right office equipment depends on your business requirements and employees needs.

The importance of Office equipment can be understood by the following points:

- 1. They help to improve the quantity of work.
- 2. They increase the pace or quality of work.
- 3. They are more precise.
- 4. They save time and money.
- 5. They enhance the consistency and look of printed items.

# 13.3 MODERN OFFICE EQUIPMENT

Technology aids in the organization of the business. The employment of modern office equipment is foreseen for offices in this modern era- before the entrance of typewriters in the 15th century, the publication of business papers was a complex activity that was largely handled by secretaries because everything had to be handwritten. As time and technology progressed, corporate organizations experienced information overload as a result of increased commercial transactions. As a result, technology is required by business in order to produce words successfully, professionally, and indefinitely. To meet escalating employee expectations, a contemporary workplace civilisation welcomes technology, cares less about where and when individuals complete their careers, and instead fosters a culture based on mutual respect, trust, and accountability.

Workers spend less time on regular activities while using modern office technology, which frees them up for other tasks. Computer aware employees examine computer automation strategies in order to save time spent on regular, repetitive jobs. Employees, for example, save time formatting documents by using templates. Sharing a template with other workers via remote server access, cloud storage, and email from everywhere there is cellular connectivity may enormously boost competency. Google Drive and iCloud are useful services for organizing and sharing frequently used templates, shared spreadsheets, and work-related paperwork. The use of organized cloud sharing eliminates the necessity for a data-sharing gobetween.

# **Examples of Modern Office Equipments include the following:**

- Ergonomic furniture
- Multifunctional spaces
- Integrated technology
- Collaborative environments
- Open spaces
- Recreation and rest areas
- Lighting
- Decorative motivation

# The Advantages of Modern Office Design are as follows:

1. Boosts Productivity: A modern office is distinct from a conventional environment. It's not merely a four-wall office with a door. It allows to work both in the workplace and at home. The ability to work and interact freely with others might really increase productivity and help the network.

Companies usually strive for a high degree of productivity since it indicates that the company output is worth the investment. Of all, a company's efficiency is primarily based on its personnel, which implies that employees should feel adequately supported at work.

The first step in building an exciting workplace atmosphere is to provide them with a practical, pleasant, and safe environment. Regardless of the sort of business one operate, one may set up offices, workshops, and meeting spaces to foster creativity and productivity.

- 2. A Healthier Workforce: When creating a new office or workspace, the health of the employees should be a top priority. If the employees spend the most of their day at a desk, changing their workstation may make a significant impact on their physical and emotional well-being. Perhaps giving standing workstations and providing innovative seating options may limit the amount of people injured on the job.
- **3.** Creates a Functional Environment: The sort of business the firm runs will play an important part in the design process while designing a



functioning workplace. How many staff will occupy the space? Do the company welcome clients into the office on a regular basis? Will the general public be able to enter the premises? What kind of machinery or equipment is required? All of these concerns should be addressed before signing off on any designs. Knowing the workspace's requirements is critical to providing a functioning and successful setting in which the employees can work.

- **4. Select Reliable Materials:** Choosing materials, decor, and office furniture may be a challenging task. While wanting to choose a suitable color scheme or branded decor, the materials' dependability, safety, and durability are all critical.
- 5. Eliminates the stress factor: While it is rare to totally remove jobrelated stress, an open workplace has a really innovative solution. Many organizations have devised novel techniques to assist, encourage and alleviate the strain on their staff. Planned events, movie evenings, parties, and so on are just a few of the features of a contemporary office. A modern office bends all the norms to suit perfectly with the times, allowing them to build an atmosphere that thrives.

There are various benefits of upgrading the Outdated office equipment. Same can be explained as follows:

- 1. Superior Output Capability: Modern office equipment is constantly changing and improving in its capacity to produce high-quality documents and images. If the company is suffering with its present equipment, it may be time to consider investing in a machine that can handle the job. Newer equipment produces more output and has a higher capacity for production, making the workplace more productive.
- 2. Energy Saving Capability: Modern office equipment has the capacity to save energy by entering a power saving mode when not in use. This may not appear to be a lot of energy being consumed, but it will mount up over time. The same logic that applies to leaving a light on in an empty room applies here. When not in use, the machine will go to sleep, conserving energy in the short and long term.
- 3. Employees will find it easier to use: One of the best aspects of contemporary office technology is how simple it is to operate for the average individual. Of course, someone who has been trained in a given equipment will know exactly what each button does and what the machine is capable of, but the majority of the personnel will not have this knowledge. Choose a contemporary machine with the capacity to perform intuitively. This will increase workplace productivity since the staff will be able to use machines more quickly and easily.

# **Check Your Progress A**

1.	What is office equipment?
2.	List a few examples of modern office equipment.
3.	Does modern office design eliminate the stress factor? If yes, then how?
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4.	How does modern office design boost productivity?

# 13.4 OFFICE AUTOMATION

Before 1947, when Ford formed an automation department, the term automation, which was influenced by the previous word automatic (derived from automaton), was not frequently used. During this period, the industry was quickly adopting feedback controllers, which had been established in the 1930s. Automation refers to a broad variety of technologies that eliminate the need for human intervention in operations. Predetermining decision criteria, subprocess linkages, and associated actions — and embodying those predeterminations in computers – reduces human intervention. Automation is a term used to describe technological applications in which human

involvement is minimal. This covers business process automation (BPA), IT automation, personal applications such as home automation, and other similar technologies.

People are unaware of the extent of present automation and the amount of innovation that has already been incorporated in our everyday lives, allowing us to function more effectively and freely. Examples of Automation include data cleaning scripts, self-driving vehicles, hospitality event processing, IVR, and smart home notifications. The various computer hardware and software used to digitally produce, gather, store, alter, and convey office information required to do fundamental activities is referred to as office automation. In general, an office automation system performs three core functions: information storage, data interchange, and data management. Hardware and software work together to provide essential operations in each wide application area.

Office automation (OA) refers to the collection of hardware, software, and processes that support the automation of an organization's information processing and communication tasks. It entails using computers and software to digitize, store, process, and transmit the majority of ordinary office operations and procedures.

# **Office Automation Applications**

Data applications, which are used to generate or update a document, file, spreadsheet, or picture, are part of office automation systems. There are several word processing and desktop presentation tools available that allow one to create or edit textual data.

#### **Example of office automation**

#### Microsoft Office 365

Microsoft Office 365 suite is an example of office automation. By centralizing all documentation and resources, the software saves time and money. The MSO-365 suite is a hosted, online version of Microsoft Office software, similar to the classic installation version.



Source: Microsoft

Figure 13.1 Microsoft Office 365

This subscription-based online service comprises Office, Exchange Online, SharePoint Online, Lync Online, and Microsoft Office Web Apps.

## • Google Workspace

Google Workspace is a bundle of cloud services, productivity, and collaboration tools, as well as software and solutions created and marketed by Google. It started in 2006 as Google Apps for Your Domain, was relaunched as G Suite in 2016, and will be redesigned again in 2020 as Google Workspace.



Figure 13.2: Google Workspace

Google Workspace is a collection of communication and collaboration applications designed for business users. The basic Google Workspace communication programmes, including Gmail and Google Meet, as well as the collaboration apps, such as Google Docs, Sheets, Slides, and Forms, are extensively used throughout the world.

# 13.5 OFFICE MECHANIZATION

Technology aids in the organization of the firm. Project Management Software, for example, aids in the creation, delegation, review, and evaluation of tasks. Employers and supervisors can readily monitor workplace activity, which aids in keeping things on track. Mechanization is the process of transitioning from performing labor mostly or solely by hand or with animals to doing it with equipment. Machines and equipment have become an integral aspect of the contemporary office. A huge range of appliances and machinery are utilized to ensure that office tasks are completed quickly, accurately, and efficiently.

Office mechanization is an effort to replace human labor with machine operation in order to perform regular duties more efficiently and effectively.

# 13.5.1 Advantages of Office Mechanization

As Internet access coverage and performance increase, the premise of the office itself becomes less significant. The modern office environment is more concerned with what you can do rather than where you do it. New technology

is altering the view of what constitutes an office. Offices will certainly embrace newer technology that allow them to accomplish more work with fewer employees, and there will be pressure to maintain a current, professional image by remaining up to date on the newest tech developments. Mechanization has become an essential component of the modern office administrative process. It has several advantages, the most important of which are as follows:

- 1. It Reduces Monotony: A work that is repetitive in nature causes boredom and a sense of monotony among employees. As a result, if the same job is repeated in the machine, the worker will not feel the pinch, and therefore a machine minimizes boredom and monotony.
- **2. Maintains standardization:** It improves the grade of work in terms of quality output. As a result, there is a greater sense of teamwork and better coordination among the staff.
- **3. Accuracy:** Machines offer greater precision. Errors are reduced to a minimum. As a result, the job proceeds smoothly and delays and bottlenecks are avoided, which might be costly.
- **4. Greater Control:** Using a correct collection of machines allows for better job control since it enables subordinates to utilize them and perform the work not only within the specified time but also within the economy—with precision and accuracy.
- 5. Increased Efficiency: Machines improve the speed and efficiency of all forms of office activity. With their assistance, work that may take hours to do could be completed in motion. Improved efficiency leads to increased profitability while also creating a positive image in the minds of those who interact with the organization.
- **6.** Lower Operating Costs: The usage of machinery reduces the operational cost per hour of work. Of course, there is no doubt that they need a significant initial capital expenditure. However, in the long run, they are advantageous.
- 7. Improved Work Quality: Mechanization and machine aid to improve the quality of work done in the office. Not only will the job be finer, but it will also be more systematic.
- **8. More Convenient:** Digital files take up far less amount of space than hard copies and are far easier to organize. Furthermore, archived digital files are far more accessible than archived paper files. Digital files may easily be shared among several people at the same time and accessible from remote places, increasing job productivity.
- **9. Environmental Friendly**: Less paper is utilized for duplicate copies and general record keeping when there are fewer paper files. In most cases, this element makes a paperless office more ecologically responsible. For

online magazines and other publications, publishing digitally means eliminating the use of inks that contain heavy metals, solvents, and other environmentally hazardous compounds.

# 13.5.2 Disadvantages of Office Mechanization

Although the use of mechanical devices has several advantages, it also has a number of disadvantages:

- 1. Surplus of Staff: It has been discovered that some machines require a skilled hand to operate. If it is not accessible for an extended period of time, then either someone is trained to operate it or instant recruiting is conducted to find a person to run the machine. In both circumstances, there is a cost involved, and it adds to the expenditure while also increasing the strength of the staff.
- **2. High installation costs:** Most office devices, such as the Xerox machine, Electronic Scanning Machine, and computers, are expensive, and a significant amount is spent not only to purchase them, but also to maintain them. As a result, the installation and maintenance fees are rather hefty.
- **3. Operating Costs:** The operating expenses of some equipment might be rather significant at times. Before purchasing a Xerox machine, for example, find out how many pages a bottle of toner can copy. Similarly, determine whether the copier's selenium drum requires servicing in an air-conditioned area.
- **4. Breakdown costs:** Breakdowns, etc., can be quite expensive at times. Repairing the same will cost a significant amount of money. Furthermore, the work is halted throughout the break-down period. This raises the expense of the office's operating system.
- 5. Under Utilization of Machines: A machine acquired at a high cost that is not utilized to its full potential, or is not used regularly, not only blocks the money that was spent to buy it, but it also decreases the bank's interest on the money that was blocked while acquiring it. As a result, it is critical to fully use the potential of machines.
- **6.** Concerns Regarding Software and Hardware: A paperless office is only as productive as the software and hardware being used to maintain records allow its employees to be. Software glitches and equipment outages may wreak havoc on the operations of a paperless office. The maintenance of a paperless office's software and hardware is also an issue; information technology (IT) workers or consultants are frequently required, as are professionals to service the gear on a regular basis.
- 7. Errors in Data Entry and Learning Curves: The shift to a paperless office, like any other, frequently requires a learning curve, especially in an office setting where staff are not already computer proficient. Data

- input mistakes may be expensive and cause big issues. Furthermore, data input and filing mistakes might lead to mis-categorizing documents, making it difficult or impossible to locate them afterwards.
- 8. Concerns Over Security: Unauthorized access to digital documents can occur through hacking or insufficient security on the part of workers. Data loss, particularly with sensitive legal and medical documents, can result in considerable responsibility for the firm involved, especially if carelessness is involved. Disposing of digital documents provides a unique challenge, particularly in a shared network setting. Simply deleting a file does not totally remove a digital record, just as throwing a document in the trash does not prevent someone else from recovering the paper later.
- **9. Monotony:** In some circumstances, a specific installation of an office equipment relieves a worker of his office task. This is true in any company's production section, as robots replace employees and boredom becomes a major issue in the office. The introduction of the machine may lower the worker's interest as well as destroy the worker's passion and originality.

# 13.6 KINDS OF OFFICE MACHINES

The primary goal of office machines is to improve the company's operations and enable employees to work more efficiently. Communication technology such as phones, fax machines, and computers save time and money by eliminating the need to travel to meet with people and transmitting information rapidly. Office machines are mechanical and electrical gadgets that help in the performance of office tasks. They include anything from calculators to computers. Office machinery is required for the smooth operation of a contemporary office. People work in offices, and office gadgets help them accomplish their duties more effectively. They boost productivity. Desktop and laptop computers, other electronic devices, office machinery such as a printer or copier, and furniture and fixtures used to adorn the workplace are all examples of office equipment.

Few office machines includes the following:

- 1. Computer Software: Because information is the backbone of any business, computer software is yet another necessary office component. Apps, anti-virus software, word processing software, and CRM systems are examples of computer software. Companies might choose several options depending on their industry.
- **2. Furniture:** Purchasing the proper office furniture is critical for a variety of reasons. For starters, it will make the office appear more pleasant and professional. The workplace will be welcoming and easy to find for both employees and customers.

- **3. Internet Connection:** Having a high-speed internet connection is unquestionably necessary for every organization. Businesses would be unable to communicate with and exchange information both internally and externally if they did not have a dependable internet connection. Given that many firms function online, a decent internet connection helps with day-to-day activities.
- **4. Stationery:** Office stationery is a necessary everyday necessity that every business should have. Pens, paper, notebooks, post-its, and other important office supplies must be readily available for employees to operate successfully and efficiently.
- **5. Storage Supplies:** Office supplies including storage folders, USB flash discs, and external hard drives assist organizations in keeping everything organized and distinct. Even as technology evolves and businesses operate online, paper work will always be a component of any organization.
- **6. Printers:** Any business with even one PC needs a printer to print tangible copies of electronic documents and data. Despite future promises of paperless offices, that day has yet to come. Printing is required for all types of company documents, regardless of whether the firm is product- or service-oriented. Invoices, packing slips, posters, and letters are all examples of regular office paperwork. Printers may be used not just to transmit electronic files to paper, but also to create composite documents comprising digital data and scanned images.
- 7. **Documents Scanners:** While the fax machine was formerly seen to be an essential piece of office equipment, electronic copies of almost any document are now attainable with the aid of a scanner. A scanner captures a picture of non-electronic documents and transforms them to digital images that may be saved on a computer or emailed.
- 8. Shredders: Hand-tearing papers into parts is not only time-consuming and exhausting, but it is also not always as successful as it should be. Paper shredders shred a sheet of paper into so many bits that reassembling it and recovering the lost information is exceedingly difficult, if not impossible. A shredder is essential in any industry where confidentiality is required by law, such as law, health, and education. Of course, each organization with staff maintains human resource documentation, and most of this information is also sensitive.
- 9. Computer Projector for Presentation or Meeting: A projector, sometimes known as an image projector, is a piece of optical equipment that projects an image (or moving pictures) onto a surface, most frequently a projection screen. Most projectors generate images by shining a light through a tiny transparent lens, however some newer types of projectors may generate images directly by employing lasers. A virtual retinal display, sometimes known as a retinal projector, is a projector that projects an image directly into the retina rather than utilizing an external projection screen.

# 13.7 FACTORS IN SELECTING OFFICE MACHINES

While choosing office furniture and machines, keep the following aspects in mind:

- 1. Cost: The most important aspect influencing office equipment selections is cost. Office furniture is offered at a variety of pricing points. The availability of funds should be taken into account while selecting office machines and equipment. In most cases, cost is the decisive issue.
- 2. Life: The durability of machinery and equipment varies depending on the material used to construct them. When compared to wooden and plastic furniture, metal furniture is more durable. Branded machines of higher grade are more durable. The durability of office machines and furnishings should be considered while purchasing them.
- **3.** Compact: Office space is both costly and scarce. Saving space should be a consideration while buying workplace machines and furnishings. Furniture that is small in size should be selected. Machines are becoming smaller as a result of nanotechnology.
- **4. Portability**: The portability of office computers and furnishings should be a consideration while selecting them. Heavy furniture cannot be simply transported from one location to another. Furniture that is light in weight should be selected. Office devices should also be conveniently transportable.
- 5. Security: Office equipment and furnishings should not be dangerous. It is dangerous to have a glass top with sharp-cornered furniture. When choosing office machinery and furnishings, safety should be a consideration.
- **6. Multiple Uses:** Office furniture must serve numerous functions. Their selection should be based on their ability to serve several functions. Machines should be chosen for certain purposes.
- 7. Standardization and design: Machines and equipment should be designed to make office work easier. Size, height, and purpose are all factors in design. It should be visually appealing. Design standardization allows for mass purchases at a reduced cost. With standardized machinery, maintenance is also simplified. When purchasing office machinery and furniture, design and standards should be carefully studied.
- **8.** Convenience: Employees spend a significant amount of time in workplaces. They should be able to sit, work, and store papers comfortably. When choosing workplace furniture, comfort should be taken into account. Machines should be easy to operate.

## **Check Your Progress B**

1.	Define automation.
2.	What is Google Workspace?
3.	What are shredders?
1	
4.	Why is internet connection necessary in the business?
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# 13.8 LET US SUM UP

Every business requirement is to reflect about the types of apparatus their business needs in order for their employees to do their job appropriately. Office equipment helps in managing office-related work and makes your day to day tasks run smoothly. Office equipment is more often than not unnoticed, but essential. The tools, machinery, and furnishings required to complete the tasks in an office are referred to as office equipment.

Workers spend less time on regular activities while using modern office technology, which frees them up for other tasks. Computer aware employees examine computer automation strategies in order to save time spent on regular, repetitive jobs. Employees, for example, save time formatting documents by using templates. Sharing a template with other workers via remote server access, cloud storage, and email from everywhere there is cellular connectivity may enormously boost competency. Google Drive and iCloud are useful services for organizing and sharing frequently used

templates, shared spreadsheets, and work-related paperwork. The use of organized cloud sharing eliminates the necessity for a data-sharing gobetween.

The various advantages of Modern office design includes the following: Boosts Productivity, leads to Healthier Workforce, Creating a Functional Environment and Eliminates the stress factor. There are various benefits of upgrading the Outdated office equipment include: Superior Output Capability, Energy Saving Capability and Employees will find it easier to use.

Automation refers to a broad variety of technologies that eliminate the need for human intervention in operations. Predetermining decision criteria, subprocess linkages, and associated actions — and embodying those predeterminations in computers – reduces human intervention.

Office automation (OA) refers to the collection of hardware, software, and processes that support the automation of an organization's information processing and communication tasks. It entails using computers and software to digitize, store, process, and transmit the majority of ordinary office operations and procedures. Examples include Microsoft Office 365 and Google Workspace.

Office mechanization is an effort to replace human labor with machine operation in order to perform regular duties more efficiently and effectively. It has several advantages, the most important of which are as follows: It Reduces Monotony, Maintains standardization, Accuracy, Greater Control, Increased Efficiency, Improved Work Quality, Environmentally Friendly and others. Although the use of mechanical devices has several advantages, it also has a number of disadvantages: Surplus of Staff, High installation costs, Operating Costs, Breakdown costs, Concerns Regarding Software and Hardware, Errors in Data Entry and Learning Curves and others.

Office machines are mechanical and electrical gadgets that help in the performance of office tasks. They include anything from calculators to computers. Office machinery is required for the smooth operation of a contemporary office. People work in offices, and office gadgets help them accomplish their duties more effectively. They boost productivity. Desktop and laptop computers, other electronic devices, office machinery such as a printer or copier, and furniture and fixtures used to adorn the workplace are all examples of office equipment.

The various factors affecting selection of Office machines include Cost, Durability, Compact, Portability, Security, Multiple uses, Convenience and Design & standardization.

# 13.9 KEYWORDS

**Automation:** It refers to a broad variety of technologies that eliminate the need for human intervention in operations. Predetermining decision criteria, subprocess linkages, and associated actions — and embodying those predeterminations in computers – reduces human intervention.

**Google Workspace:** It is a bundle of cloud services, productivity, and collaboration tools, as well as software and solutions created and marketed by Google. It is a collection of communication and collaboration applications designed for business users.

**Microsoft Office 365 suite:** It is an example of office automation. By centralizing all documentation and resources, the software saves time and money. The MSO-365 suite is a hosted, online version of Microsoft Office software, similar to the classic installation version.

**Office Automation:** It refers to the collection of hardware, software, and processes that support the automation of an organization's information processing and communication tasks. It entails using computers and software to digitize, store, process, and transmit the majority of ordinary office operations and procedures

**Office Equipment:** The tools, machinery, and furnishings required to complete the tasks in an office are referred to as office equipment.

**Office Machines:** These are mechanical and electrical gadgets that help in the performance of office tasks.

**Scanner:** Scanner captures a picture of non-electronic documents and transforms them to digital images that may be saved on a computer or emailed.

**Shredders:** Shredders shred a sheet of paper into so many bits that reassembling it and recovering the lost information is exceedingly difficult, if not impossible.

# 13.10 TERMINAL QUESTIONS

- 1. Why is office equipment necessary?
- 2. Explain the concept of modern office equipment. Provide a few examples.
- 3. What are the various advantages of modern office design?
- 4. What are the various benefits of upgrading the outdated office equipment?
- 5. Explain the concept of office automation with examples.
- 6. What is office mechanization? What are its various advantages and disadvantages?
- 7. What are the various kinds of office machines?
- 8. What are the various factors affecting selection of office machines?

**Note:** These questions will help you to understand this unit better. Try to write answers for them. But do not submit your answers to the University for assessment. These are for your practice only.

# **UNIT 14 MODERN OFFICE SYSTEM**

#### Structure

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Technological Communication
  - 14.2.1 Meaning of Web-Conferencing
  - 14.2.2 Easy, Effective and Reliable Video Solutions for Any Meeting Space
  - 14.2.3 Modern Enterprises Video Communication
- 14.3 Office System and Automation
  - 14.3.1 E-Gov Office Automation
  - 14.3.2 System Automation
  - 14.3.3 e-Office Software Office Automation Software
- 14.4 Technology Internet and Cloud used in office
  - 14.4.1 Smart Cloud Based Office Solutions
  - 14.4.2 Benefits and Drawbacks of Cloud Computing?
  - 14.4.3 Cloud Storage
  - 14.4.4 Role of Cloud Computing
  - 14.4.5 Impact of IoT in Cloud
  - 14.4.6 Different Types of Cloud Computing and Their Benefits
- 14.5 Let Us Sum Up
- 14.6 Keywords
- 14.7 Answers to Check Your Progress
- 14.8 Terminal Questions

# 14.0 OBJECTIVES

After studying this unit, you should be able to:

- identify various tools for communicating effectively in offices;
- explain how technology enables communication at the workplace;
- describe the different types of solutions provided by technology for ease of communication; and
- describe the significance of office automation in various organizations including government sector organizations.

# 14.1 INTRODUCTION

Nowadays, a company's office is more than just a physical location where business transactions take place, it rather serves as an extension of its brand. It is the hub of ideas that makes the business unique. As a result, when it comes to designing a modern office, many companies, from large corporation

to small business, pay close attention to the details. As a business advantages, a modern office includes technology. Businesses can improve their efficiency and employees day-to-day processes easier. The modern office is heavily reliant on software and mobile applications that assist businesses in learning about the market and increasing their market share. Modern offices allow employee to communicate more easily about projects that aid the business in keeping workflow on track and keep the team connected while working toward a common goal.

# 14.2 TECHNOLOGICAL COMMUNICATION

# 14.2.1 Meaning of Web-Conferencing

In simple terms, Web-Conferencing refers to online service with the help of which one can hold meetings, conferences, presentations, training sessions, etc. using the internet, where there can be two or more participants from anywhere in the world, can see, talk and hear each other in real-time.



Figure 14.1: Web Conferencing

Any basic web-conferencing would require a microphone, a sound system, a web browser, a monitor. For video conferences, connecting to a web conference would also require a webcam. In any web-conferencing there can be three different contributors:

- **Host** The person who organizes the meeting , responsible for the agenda and participants
- **Presenters** Person who would be delivering the content of the meeting (can be different from host and there can be multiple presenters)
- **Guests** People who receive invites from the host with all details and are the audience of the conference, meeting, events.

Although web-conferencing has been gaining popularity in the last few years due to advancement in technology, post-covid, it is now seen as an alternative to physical meetings.

# 14.2.2 Easy, Effective and Reliable Video Solutions for Any Meeting Space

Face-to-face communication or physical meetings obviously have certain advantages. For example, one can perceive and send body-language cues, and to use non-verbal cues to reflect emotions which may not be verbally expressed. But, as mentioned in the last section, due to advancement in technology and with unprecedented COVID impact, it is no longer uncommon to see communication happening in virtual space instead of physical one. Nowadays virtual meetings are replacing physical meetings. The various parameters for virtual meetings to be successful are as follows:

- **Easy** Adding complexity cannot be an alternative to physical meetings, so. The devices and platforms to be used should be user friendly
- **Effective** Should not dampen the intent or message of the meetings in any way. The communication should be as effective as in any physical meeting.
- Reliable Multiple technical failures, failed to prevent data leakage and privacy concerns can impact reliability and should be minimized.

There is a surge in the market with various companies offering easy, effective and reliable video solutions for any meeting space. The right solution which may be opted for is largely dependent on the types of meetings one intends to hold. Some of the popular players in the area are:

- Zoom
- Webex meetings
- Microsoft Teams
- Google meet
- GoTOMeeting

and many more. Every player has a certain advantage and depending on the needs of the user, one should choose the application which is best suited to their needs.

# **Check Your Progress A**

1.	What is web-conferencing?

Modern	Office	System
MUUULIII	OHIC	System

2.	Wh	nat are the different contributors to web-conferencing?	
3.	Fill	in the blanks:	
	i)	Web-Conferencing refers to with the help of which one can hold meetings, conferences, presentations, training sessions, etc. using the internet	
	ii)	is a person who organizes the meeting, responsible for the agenda and participants	
	iii)	In face-to-face communication we can use cues, unlike in virtual meet.	
	iv)	ZOOM is one of the popular companies providing solution.	

# 14.2.3 Modern Enterprises Video Communication

Video conferencing is one of the web-conferencing solutions which permits the participants from different physical locations to hold face-to-face meetings without having to meet physically at one location.

Use of Video Conferencing

- Company meetings
- Online classes for schools and colleges
- Interviews
- Job training sessions
- Medical consultation
- Business deals
- Academic seminars
- Political meetings

The vital benefit offered by video conferencing over teleconferencing is that users can see one other, which further allows them to connect and bond with each other in a better way. Video conferencing can take place in multiple ways, for example: Webcams can be attached to or incorporated into laptops, tablets, and desktop computers or even devices like smartphones can help us in connecting with others over video conferencing. In such cases, the communication is often sent across Internet protocols using a software-based platform.

Following are the Essential components required for any video conferencing:

- 1. Laptops, tablets, desktop computers or smartphones
- 2. Web camera or built in camera



- 3. Software-based platform for communication over internet protocols
- 4. Internet connection

As stated in the previous section, with lockdowns in many areas of the world, including India, causing many people to work from home or attend online classes, video conferencing systems such as Zoom, Google Meet, and Microsoft Teams witnessed a boom in their usage pandemic. Many business and academic conferences yearly meetings and seminar sessions were conducted via internet video conferencing services. Financial advisors, therapists, tutors, and attorneys, for example, were able to meet with their clients and conduct one-on-one consultations using video conferencing. During the pandemic, certain judicial hearings and court cases were fully conducted via video conference. Doctors and other medical professionals also embraced telemedicine in far greater numbers than they did prior to the pandemic.

# 14.3 OFFICE SYSTEM AND AUTOMATION

#### 14.3.1 E-Gov Office Automation

E-Gov is defined as "delivery of government services, information to the public using electronic means". The dictionary definition of automation is "the technique of making an apparatus, a process, or a system operate automatically." To put it in simple words, reducing human interventions wherever possible is automation. E-Gov Office automation aims to automate workflows within government departments and agencies to enable efficient government procedures and to make these processes visible to citizens.

Automation plays an important role in both:

- Internal operations of e-gov offices, where the objective is efficient, speedy and transparent government administration services with proper accountability.
- As well as external operations where the objective is efficient, speedy, accountable interactions with the public, thus satisfactorily fulfilling their needs and expectations in respect to various online services.

Office Administrative processes as given below are some of those activities which should be given paramount importance from the automation perspective:

- Automation of entire life cycle of movement of files and correspondences/DAK from creation to archival with process unification across departments and agencies for speedy file management
- Automation of query routing and auto-allocation of queries to the respective departments which can increase the speed of processing
- Automation of alerts, notifications, reminders using automated system defined escalation matrix for faster execution and timely responses

- Digital Signature integration for pdf documents to avoid hassle and decrease the processing
- Barcode Integration for file and correspondence tracking to avoid delays and losses due to human error, misplacement error
- For office note management which refers to the entire process of planning, design and implementation of work, automation would increase the overall efficiency

Few advantages of E-Gov office automation are:

- 1. Significant cost savings in government operations
- 2. Reduction of the administrative burden
- 3. Help in building an agile operation, ensuring more efficient and effective Government to Citizen (G2C), Government to Business (G2B), and Government to Government(G2G) processes.

# 14.3.2 System Automation

In the last section, we already discussed the definition of automation. This section explains the office system automation. Technology is transforming the way people operate in offices and organisations. With this technological advancement, traditional systems and office practices are quickly becoming extinct. For example, memos have been replaced by e-mails, employee timesheet stamping has been rendered useless by biometrics etc.

The office automation system is the tool that facilitates the movement of data from one system to another by itself without any human intervention. Office system automation would

- Eliminate any paperwork
- Minimize the human errors and inaccuracies
- Reduces the storage space with easy retrieval
- Allows multiple people to access data at same time thus making parallel processing possible

Advantages of office system automation:

- Mobile Compatibility
- Saves Time and Resources
- Availability of Reports and Analytics
- Facilitates Easier Creation of Workflows

Even with so many known benefits of an office automation system, many organizations and businesses are still reluctant and struggling to adopt it as it appears to be too overwhelming for them. However, with a structured approach the process is quite achievable.



# 14.3.3 e-Office Software Office Automation Software

Office Automation helps in managing data, with the help of a system created using different computer systems and software.

In its endeavour to execute key ICT projects of government at all levels, National Informatics Centre (NIC) has developed many platforms and software. E-Office is one such product; it's a "digital workplace solution for all government employees".

The goal of the e-Office is to aid governance by facilitating more efficient and transparent inter- and intra-governmental activities. The goal of e-Office is for all government offices to function in a way that is simple, responsive, effective, and transparent. Because of the Open Architecture on which e-Office is based, it is a reusable framework and a standard reusable product that can be replicated by governments at all levels, including the central, state, and local levels. The product unifies disparate operations and systems into a unified framework.

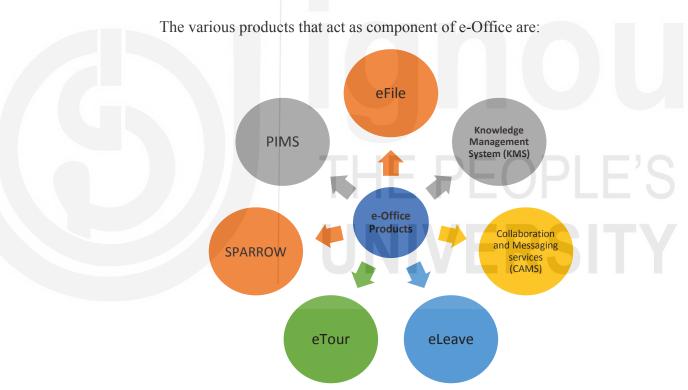


Figure. 14.2: Products of e-Office

• **eFile:** As part of the country's inclusive governance, the government has placed a strong focus on enhancing efficiency and internal procedures, increasing openness in decision-making, and incorporating citizen engagement. The creation of files, noting in the files, making choices at various levels, and eventually issuing decisions as letters and notifications are all part of the governance process. eFile enables smooth flow of work in this regard.

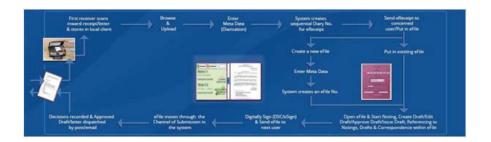


Figure. 14.3: eFile

**Source:** NIC.in (https://www.nic.in/products/e-office/)

• **Knowledge Management System (KMS):** For smooth functioning of various activities, the government has to manage a large volume of documentation. Having a single repository of documents from which all department/ministry users may access information is aided by maintaining a central repository of documents. Users may produce and manage electronic documents that can be browsed, searched, and shared with e-Office KMS. It may also keep track of the many versions that have been edited by different users (Tracking history).



Figure. 14.4: Knowledge Management System

Source: NIC.in (https://www.nic.in/products/e-office/)

• Collaboration And Messaging Services (CAMS): It helps users in communicating efficiently along with sharing relevant information with each other in real life. With the assistance of CAMS, a more connected workplace can be provided to employees as it provides a unified communication and collaboration environment.



Figure 14.5: Collaboration And Messaging Services

**Source:** NIC.in (https://www.nic.in/products/e-office/)

• **eLeave:** It is a workflow-based system that allows the user to apply for leave online, follow the status of application, and view information about leaves taken and balance. The technology aids in the elimination of paper-based applications as well as quicker and more time-bound processing.



Figure 14.6: eLeave

**Source:** NIC.in (https://www.nic.in/products/e-office/)

• eTour: It is a system that makes it easier to handle employee tour programmes efficiently. All tour requests are correctly accounted for with this system. Employees may apply for, cancel, approve/reject, and examine tour records without having to go through the tedious process of filling out paperwork. The system keeps track of the employee's tour and plans in detail.



Figure 14.7: eTour

**Source:** NIC.in (https://www.nic.in/products/e-office/)

• SPARROW: It is an online system based on the State Government/Central Government's thorough performance review dossier for each member of the Service. The goal of this system is to make it easier for officers to fill out their Performance Appraisal Report (PAR) electronically in a way that is not only user-friendly but also allows them to do it from anywhere at any time. Officers will have similar convenience at various stages in the workflow hierarchy of the filling and submission procedure. The technology is also intended to speed up the submission of fully completed APARs.



Figure 14.8: SPARROW

• **PIMS:** Personnel Information Management System (PIMS) is a workflow-based system for keeping track of an employee's information like their identity, skills, salary information, etc. Users can input and amend employee personal data and employment records using PIMS, depending on their access and position rights.



Figure 14.9: PIMS

**Source:** NIC.in (https://www.nic.in/products/e-office/)

Check Your Progress B			
1.	What is E-Gov?		
	THE DEAL		
2.	List down different office administrative processes in E-Gov which are important for automation.		
	Important for automation.		
3.	List down different advantages of the office system automation		
4.	List down different products of the e-Office.		

<b>ŀ</b> .	Fill	in the blanks:
	i)	E-Gov Office automation aims toworkflows within government departments and agencies to enablegovernment procedures.
	ii)	The is the tool that facilitates the movement of data from one system to another by itself without any human intervention
	iii)	is transforming the way people operate in offices and organisations
	iv)	is an online system based on the State Government/Central Government's thorough performance review dossier for each member of the Service.

# 14.4 TECHNOLOGY INTERNET AND CLOUD USED IN OFFICE

## 14.4.1 Smart Cloud-based Office Solutions

The 'Cloud Office' refers to a variety of internet-based computing services, including collaboration and communication tools that include email, file-sharing, conferencing, instant messaging, document management, etc. 'Cloud computing' refers to a cloud alternative to what organizations conventionally manage in-house. For instance, leveraging a webmail service as an alternative to hosting its own email-server by the organization. Microsoft Office 365 and Google's G-Suite are the prominent cloud-based office solutions leveraged by organizations across the globe.

Cloud-based office systems help in cost reduction and improved collaborations in today's "anytime, anywhere" working environment. These cloud-based solutions contribute to enhanced efficiency and productivity levels in the organizations. Cloud-based office solutions help to streamline setup processes, lessen IT costs and optimize maintenance expenses for all applications, communications, data and backup requirements of the organization. The rising number of connected devices and ease in deployment and usage are some of the key drivers of smart cloud-based office solutions.

The Cloud Office Services market is categorized into 4 major segments (by component):

- Cloud office migration tools
- Cloud office collaboration services

- Cloud office professional services
- Cloud office suite

Some of the popular items that are globally transferred from source systems to cloud-based platforms include the following:

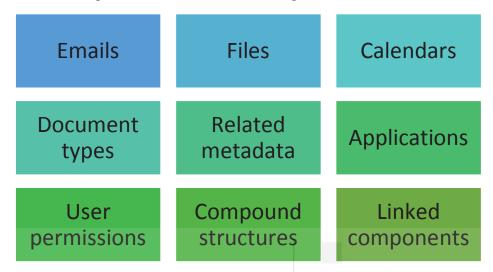


Figure 14.1: Items transferred from Source System to cloud- based Platform

# 14.4.2 Benefits and Drawbacks of Cloud Computing

There are a plethora of benefits and drawbacks that cloud computing provides to the organization:

#### **Benefits:**

# Reduced support and hardware needs

A cloud computing infrastructure needs a smaller IT staff than a conventional IT setup, thereby requiring reduced support and hardware needs

#### Improved global collaboration

Cloud-based solutions help professionals to connect with other professionals outside the organization. It enables them to easily access their work 'anywhere, anytime', even using mobile technology

#### • Green alternative

As cloud computing requires less office resources such as IT equipment, it focuses on less consumption of electricity and leads to optimization of energy consumption, leading to energy efficiency and low maintenance costs

#### Data backup

Through storing the data on the cloud, it helps in easy backup and restoration of data using cloud solutions

## Data security

Cloud computing helps to store and handle the data securely

## Unlimited storage capacity

Cloud carries huge storing capacity for different formats of data such as documents, images, audio, video, etc.

#### **Drawbacks:**

## • Internet connectivity services

Relying on cloud computing services needs high dependence on reliable internet connectivity. For using cloud computing, organizations need to have more bandwidth, consistent internet access, speed of connection, etc.

# • Highly dynamic field

The field of cloud computing is highly dynamic as the vendors tend to go out of the business quite frequently as this bring challenge to the continued service for a long period of time

# Chances of hacking

Although, cloud computing services are very safe and secure, there are chances of hacking while transferring the organization's sensitive information to the third-parties, i.e. cloud-computing service providers

#### United control

As the cloud infrastructure is managed, controlled and owned by the service provider, the organization using the services has limited control over the function and implementation of processes, systems and other services within the infrastructure

# Vendor lock-in

Organizations using services of a vendor may face difficulties in transferring those services to another vendor. As the difference between the platforms provided by one vendor and another is quite significant, the organizations face difficulties in switching the platforms

# 14.4.3 Cloud Storage

#### **Definition:**

Cloud storage is a cloud computing model that allows saving data, files and other documents in an "off-site location" that is accessible via public internet or any other private internet connection. It delivers a cost-effective alternative to saving data in the organization on hard drives and other storage networks. Cloud storage offers the benefit of flexibility to scale-up or scale-down the capacity used as per the change in requirements from time-to-time.

#### **Working of Cloud Storage:**

Cloud storage is purchased from a third-party cloud provider who owns, controls, and handles data storage capacity and provides it through the internet in a "pay-as-you-go" approach. These cloud storage providers



oversee capacity, durability, and security in order to make data available to apps all over the world.

Organizations often connect to the storage cloud using a website, a mobile app, or a web portal, either over the internet or through a private connection. Depending on the scale of the cloud provider's operations, the server with which they connect delivers the data to a group of servers situated in one or more data centres. The providers store the same data on multiple machines so that if a server is taken down for maintenance or due to an outage, one can still access the data.

# **Benefits of Cloud Storage:**

Storing data in the cloud lets IT departments transform three areas:

#### Reduced costs

With cloud storage, there are no hardware costs. The capacity can be altered on demand and organizations are required to pay for storage that they eventually use

# • Time to Deployment

Cloud storage allows IT to quickly deliver the exact amount of storage whenever required. This allows IT to emphasize on solving complex application problems instead of managing storage systems

# Scalability

As the capacity is virtually unlimited, the organizations can scale up as per the requirements, thereby overcoming the constraints of on-premise storage systems

#### Continuity of business operations

Cloud storage supports business continuity in scenarios such as natural disasters or terrorist attacks that can hamper the operations of business

# 14.4.4 Role of Cloud Computing

Cloud computing offers a convenient way to access servers, storage, databases and a complete host of application services over the Internet. Cloud providers function and manage the network-attached hardware tools needed for the application services, offering and leveraging the resources organizations need through an internet application. The involved servers give utilities such as stockpiling, security, etc. Cloud computing offers these types of facilities focused on an organization's needs.

Cloud-based office systems help in cost reduction and improved collaborations in today's "anytime, anywhere" working environment. These cloud-based solutions contribute to enhanced efficiency and productivity levels in the organizations. Cloud-based office solutions help to streamline setup processes, lessen IT costs and optimize maintenance expenses.

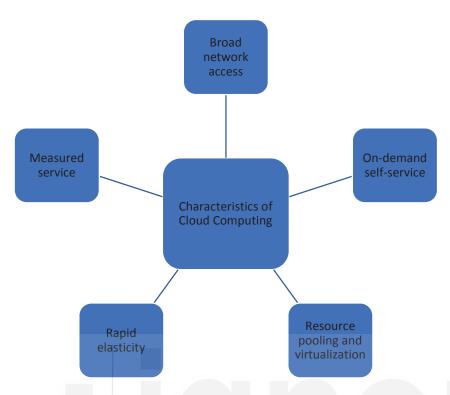


Figure 14.11: Characteristics of Cloud Computing

Source: NIST definition

# 14.4.5 Impact of IoT in Cloud

Cloud computing and IoT have emerged as the two complementary potential internet technologies. The Internet of Things (IoT) is a global network of computing devices and machines that facilitate data-sharing without human or computer involvement. When combined, they offer a host of benefits and advantages. The increased use of the 'Internet of Things' in the cloud has helped in the development and execution of scalable apps and business models.

IoT devices require storage in order to exchange data for purposeful activities. IoT's integration with cloud, such as Stone Fly Cloud Connect to Microsoft Azure, provides users with enhanced space that can be augmented as and when required.

To communicate and connect with each other, the huge volume of data provided by IoT devices requires extreme performance. IoT in the cloud offers the connectivity needed to exchange data amongst devices.

# 14.4.6 Different Types of Cloud Computing and Their Benefits

The prominent cloud computing models are:

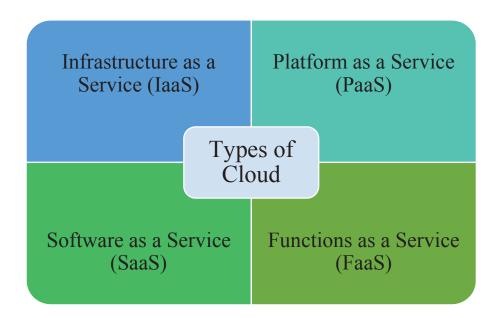


Figure 14.12: Types of Cloud

# **Infrastructure as a Service (IaaS)**

IaaS serves as the fundamental for cloud IT and is a cloud computing service that often includes networking capabilities, machines (virtual or dedicated hardware), and data storage space. Some of the examples are Amazon EC2, Windows Azure, etc.

It allows consumers to access processing power without having to invest in expensive hardware or managing servers providing maximum control and flexibility over the IT resources. Most of the IaaS packages include servers, networking, storage, and virtualization components. Users that utilize IaaS are in charge of installing and maintaining databases, operating systems, applications, and security components.

#### Platform as a Service (PaaS)

It is an upgraded version of IaaS and it delivers the computing platform and solution stack as a service in addition to the IT infrastructure. PaaS is a cloud computing service that provides a platform for developers to use when creating bespoke apps. Some examples are: AWS Elastic Beanstalk, Force.com. by Salesforce, Google App Engine, etc.

PaaS makes software development simple even for non-experts, since anybody can create an application using a web browser and a few mouse clicks. PaaS allows developers in multiple places to collaborate on the same application, allowing for geographical freedom.

#### Software as a Service (SaaS)

The offerings of SaaS provide an amalgamation of the service offerings of both IaaS and PaaS. It provides application-level services with customizations offered for specific business needs. It offers consumers ondemand access to web-based software applications. It provides a fully working programme with a browser-based interface that consumers may

access through the Internet. Some examples are: SAP Business ByDesign, Zoho CRM, Microsoft Office 365, etc.

There is no upfront setup fee because customers may start using the app right away after signing up. There are no hardware costs because the service provider provides the computing power. It also provides compatibility across devices. It also gives a finished product that the service provider runs and manages.

# **Functions as a Service (FaaS)**

FaaS offers serverless computing. Server-less computing model does away with low level decisions pertaining to infrastructure and server management as the application architect is taken care of by cloud service providers. It is the newest and most popular model prevalent today. Some examples are: Google Cloud Function, Webtask.io, Iron.io, AWS Lambda, etc.

It increases the efficiency as developers are not required to consider server operations because they are hosted externally. It helps developers build efficiency by not letting them focus on server logistics. It is highly scalable.

# **Check Your Progress C**

1.	What is a cloud office?	
	THE PEOPLE	
	// IINIMEDQIE	
2.	What is cloud storage?	
3.	Fill in the blanks:	
۶.		
	i) Amazon EC2 is an example of	
	ii) Force.com. by Salesforce is an example of	
	iii) is associated with serverless computing.	
	iv) incorporates both IaaS and PaaS service offerings.	

# 14.5 LET US SUM UP

Web-Conferencing refers to online service with the help of which one can hold meetings, conferences, presentations, training sessions, etc. using the internet, where there can be two or more participants anywhere in the world, who can see, talk and hear each other in real-time. In any web-conferencing there can be three different contributors: host, presenters and guests.

E-Gov is defined as "delivery of government services, information to the public using electronic means". The dictionary definition of automation is "the technique of making an apparatus, a process, or a system operate automatically." To put it in simple words, reducing human interventions wherever possible is automation. E-Gov Office automation aims to automate workflows within government departments and agencies to enable efficient government procedures and to make these processes visible to citizens.

The office automation system is the tool that facilitates the movement of data from one system to another by itself without any human intervention. Office system automation would eliminate any paperwork, minimize the human errors and inaccuracies, reduce the storage space with easy retrieval and allow multiple people to access data at same time thus making parallel processing possible.

Office Automation helps in managing data, with the help of a system created using different computer systems and software.

In its endeavor to execute key ICT projects of government at all levels, National Informatics Centre (NIC) has developed many platforms and software. E-Office is one such product; it's a "digital workplace solution for all government employees". The various products that act as component of e-Office are eFile, Knowledge Management System (KMS), Collaboration and Messaging services (CAMS), eLeave, eTour, SPARROW and PIMS.

The 'Cloud Office' refers to a variety of internet-based computing services, including collaboration and communication tools that include email, file-sharing, conferencing, instant messaging, document management, etc. 'Cloud computing' refers to a cloud alternative to what organizations conventionally manage in-house.

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Cloud storage is a cloud computing model that allows saving data, files and other documents in an "off-site location" that is accessible via public internet or any other private internet connection. It delivers a cost-effective alternative to saving data in the organization on hard drives and other storage networks.

Cloud storage offers the benefit of flexibility to scale-up or scale-down the capacity used as per the change in requirements from time-to-time.

# 14.6 KEYWORDS

**Cloud storage:** Cloud storage is a cloud computing model that allows saving data, files and other documents in an "off-site location" that is accessible via public internet or any other private internet connection.

**E-Gov:** E-Gov is defined as delivery of government services, information to the public using electronic means.

**Web-Conferencing:** Web-Conferencing is an online service by which one can hold meetings, conferencing, presentations, training sessions using the internet, where there can be two or more participants anywhere in the world, and can see, talk and hear each other in real-time.

# 14.7 ANSWER TO CHECK YOUR PROGRESS

- A. i. online service ii. Host iii. body language iv. web-conferencing
- B. i. automatic ,efficient ii. Office automation system iii. Technology iv. SPARROW
- C. i. IaaS ii. PaaS iii. FaaS iv. SaaS

# 14.8 TERMINAL QUESTIONS

- 1. Write brief notes on following:
  - i) Cloud Computing
  - ii) Web-conferencing
  - iii) System Automation
  - iv) Cloud Storage
- 2. Differentiate between the following:
  - i) Infrastructure as a Service (IaaS) and Platform as a Service (PaaS)
  - ii) Software as a Service (SaaS) and Functions as a Service (FaaS)
- 3. Explain the meaning and functions of Web-conferencing
- 4. Explain the advantages of using cloud computing.
- 5. Explain the meaning and significance of System automation.

**Note:** These questions will help you to understand this unit better. Try to write answers for them. But do not submit your answers to the University for assessment. These are for your practice only.

# UNIT 15 BANKING FACILITIES AND MODES OF PAYMENT

#### Structure

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Types of Accounts
- 15.3 Passbook and Cheque Book
- 15.4 Other Forms Used in Banks
- 15.5 Online Banking
  - 15.5.1 Internet Banking
  - 15.5.2 Mobile Banking
  - 15.5.3 Automated Teller Machines (ATM)
  - 15.5.4 Debit and Credit Cards
  - 15.5.5 Mobile Wallet
- 15.6 Types of Payments
  - 15.6.1 Cheque
  - 15.6.2 Indian Postal Order
  - 15.6.3 Online Payments
- 15.8 Let Us Sum Up
- 15.9 Key Words
- 15.10 Terminal Questions

## 15.0 OBJECTIVES

After studying this unit, you should be able to:

- know about the different types of bank accounts;
- differentiate between checkbook and passbook;
- know about the different types of banking forms;
- understand the different types of online banking; and
- understand the different types of payment methods.

## 15.1 INTRODUCTION

Banks are the backbone for the smooth functioning of any economy and plays a central role in facilitating economic activity through three interrelated processes namely financial intermediation, asset transformation, and money creation. Banks provide three core banking services: deposit collection, payment arrangement, and loan underwriting. Banks also offer financial



services such as cash, asset, and risk management. With the global advances in technology, traditional banks have started offering online banking and payment services. Technological innovation not only enables a broader reach for consumer banking and financial services but also enhances its capacity for continued and inclusive growth.

## 15.2 TYPES OF ACCOUNTS

An individual can open different kinds of bank accounts depending upon their needs and requirements set by the bank. Initially, there were only four types of bank accounts that were operating in India. These included the Current Account, Savings Account, Recurring Deposit Account, and Fixed Deposit Account. But later with the advancement in the banking sector, other types of bank accounts got introduced including the DEMAT account and the NRI account. A brief description of various types of bank accounts is given below:

- 1. Savings Account: As the name suggests, the savings accounts can be opened by an individual or jointly by two people to save money. This is the most common account opened by an individual. The main benefit of opening a savings bank account is that the bank pays you interest for opening this type of account with them. Given below are a few features of the Savings account:
  - There is no limit to the number of times the account holder can deposit money in this account but there is a restriction on the number of times money can be withdrawn from this account;
  - The rate of interest that an account holder get varies from 4% to 6% per annum;
  - There may / may not be a minimum balance that needs to be maintained for this type of an account
  - The savings account holders can get an ATM/Debit/Rupay Card if they want to;
  - Savings bank account is further divided into two types: Basic Savings Bank Deposit Account (BSBDA) and the other one is Basic Saving Bank Deposit Accounts Small Scheme(BSBDS); and
  - The savings bank account is most popular amongst students, pensioners, and working professionals.
- 2. Current Account: The second type of bank account is the current bank account. These accounts are not used for the purpose of savings. Some important pointers related to the current bank account have been discussed below:
  - This type of bank account is mostly opened by businessmen.
     Associations, Institutions, Companies, Religious Institutions, and other business-related works;



- There is no fixed number of times that money can either be deposited or withdrawn from such accounts;
- Internet banking is available;
- This type of bank account does not have any fixed maturity;
- Overdraft facility is available for current bank accounts; and
- There is no interest that is paid on such accounts.
- 3. Recurring Deposit Account: Recurring Deposit account or RD account is a form of account wherein the account holder needs to deposit a fixed amount every month until it reaches the fixed maturity date. The features of the Recurring deposit account have been discussed below:
  - Any individual or an Institution can open a recurring deposit account either separately or jointly;
  - Periodic or monthly installments that need to be added can be as low as Rs. 50/- or may vary from bank to bank;
  - The range of months for which an RD account can be opened varies from 6 months to 120 months;
  - The interest rate varies depending upon the bank you choose to open an account with;
  - Nomination facility is also available for RC accounts; and
  - Premature withdrawal of the amount is permitted, provided a sum of the amount is deducted as a penalty.
- **4. Fixed Deposit Account:** FD or a fixed deposit account is another type of bank account that can be opened in any Public or Private sector bank. The list of important things that need to be known with respect to the fixed deposit account has been mentioned below:
  - It is a one-time deposit and one-time take away account. Under this type of account, the account holder needs to deposit a fixed amount sum (as per their wish) for a fixed time period
  - The amount deposited in the FD account can only be withdrawn all at once and not in installments
  - Banks pay interest on the fixed deposit account
  - The rate of interest depends upon the amount you deposit and the time duration of the FD
  - Full repayment of the amount is available before the maturity date of FD
- **5. DEMAT Account:** Shares and securities which can be held in electronic format constitute the DEMAT account. The DEMAT account also stands for Dematerialized Account. Given below the points that need to be known by a candidate regarding the DEMAT Account:



- There are only two depository organizations that manage this type of bank account in India. This includes: National Securities Depository Limited and Central Depository Services Limited
- This helps facilitate easy trade of bonds and shares
- Helps in conducting stress-free transactions of shares
- KYC is required for opening the DEMAT Account
- Transaction cost is reduced
- Traders can work from anywhere
- The transfer of securities can be done with reduced paperwork
- **6. NRI Account:** To fulfill the bank requirements of a Non-Residential Indian or a Person of India Origin, the option of an NRI account is available. The NRI Accounts are further divided into three types:
  - 1. NRO (Non-Resident Ordinary Rupees) Account: This shall allow you to transfer your foreign earnings easily to India. It can be opened in the form of an FD/RD/Current/Savings account. These accounts can be opened by an individual or jointly opened.
  - **2. NRE** (**Non-Resident External Rupees**) **Account:** When an Indian citizen moves abroad to work there, his/her account needs to be converted into an NRE account. This account can be jointly opened with an Indian resident.
  - **3. FCNR** (**Foreign Currency Non-Resident**) **Account:** This type of account can be opened to manage an international currency. It can only be in the form of a Term deposit and can be withdrawn after the maturity period only.

To help manage the finances here are some excellent reasons to have a bank account-

- Bank accounts offer simplicity for transactions. one can easily withdraw money and make payments if they have a bank account.
- Having bank accounts offers a safe treasury of your hard-earned money and even if the bank or the unions are close you are sure to get back your money.
- Most banks and financial institutions offer the account holders free or low-cost services; hence bank accounts are cheaper.
- It is an easy way to grow money. Most banks offer an interest rate when you put your money in a savings account. The interest will help your money grow over time.
- It offers easy access to credits. Having a bank account is favorable as banks provide the facility to access credits to their customers for Personal loans, home loans, education loans, etc.

## 15.3 PASSBOOK AND CHEQUE BOOK

A passbook is a bank document given to all bank account holders by the bank which lists the various transactions that have been made into (credited) and out of (debited) that account. It becomes mandatory to record transactions when the account holder starts initiating the transactions. A passbook provides tracking of the money spent, recording account statements as well as monitoring the transactions effortlessly.

Traditionally, a passbook is used for accounts with a low transaction volume, such as savings accounts. A bank teller or postmaster would write by hand the date and amount of the transaction and the updated balance and enter his or her initials. In the late 20th century, small dot matrix or inkjet printers were introduced that were capable of updating the passbook at the account holder's convenience, either at an automated teller machine or a passbook printer, either in a self-serve mode, by post, or in a branch.

Passbooks appeared in the 18th century, allowing customers to hold transaction information in their own hands for the first time. Up until then, transactions were recorded in ledgers at the bank only, so customers had no history of their deposits and withdrawals. The passbook, which was around the size of a passport, ensured that customers had control over their information, and was called a "passbook" because it was used as a way to identify the account holder without needing further identification.

With the rapid growth of technology, the old printed passbooks of the old days are speedily being replaced by digital passbooks. Unlike traditional bank passbooks, a digital passbook is a digital way of recording banking transactions without any need to visit a bank branch. Digital passbooks do not require any manual processing of transactions. Likewise, the traditional passbook, a digital passbook also showcases all the transactions made over a period of time along with the debited amount.

Cheque books are provided to all current and savings account holders. Defaulting on a cheque is punishable by law. A checkbook is a folder or small book containing preprinted paper instruments issued to checking account holders and used to pay for goods or services. A checkbook contains sequentially numbered checks that account holders can use as a bill of exchange.

In recent years in developed countries there are many design choices available to the account holder for their cheques. A cheque book is a book, which contains several leaves which enable you to draw your own money from the bank, where you have an account or you can issue cheques to third parties. A passbook keeps a record of the latest balance available in the account, based on which the account holder can draw the amount through the check book or make payment to a third party.



#### 15.4 OTHER FORMS USED IN BANKS

Banks are one of the most regulated financial institutions around the world. The banking sector needs to ensure that all its customers comply with regulatory requirements. Compliance is very important and central banks and other global watchdogs provide stringent oversight. Thus, there are many forms used by banks to provide their services. Some of the most commonly used documents in banking are discussed below:

- 1. **Deposit Slip:** The deposit slip is a common banking document that anyone depositing cash or check into an account will need. It is a form on which the depositor indicates the date of the transaction, the depositor's name, account number, and amount deposited. Various benefits of deposit slips are stated below:
  - Banks rely on deposit slips to maintain a ledger of deposited funds;
  - The customer can also use it as proof that the bank received the funds if the deposit was incorrectly counted;
  - The slip contains the depositor's name, the date, the depositor's account number, and the amount;
  - The deposit slip also indicates whether the depositor made the deposit using cash or a check. This information is useful when there is a need for an audit:
  - A deposit slip needs to be signed before presenting it to the teller.

    The teller must also sign the deposit slip, for it to become valid.

    After signing, the teller must issue a receipt for that deposit;
  - Deposit slips can also be used to transport money, whereby you deposit cash in one branch and then withdraw it from another bank branch;
  - Clients can also use deposit slips to make direct payments, instead of issuing checks, when they need to prove they made payments on time, such as when paying rent, taxes, fines, etc.
- 2. **Debit Card:** Banks issue debit cards to account holders. The card helps the individual gain access to their money electronically. Most people use debit cards to withdraw money from automated teller machines (ATMs) or to pay for goods or services at shopping malls and other point-of-sale locations. The debit card allows for debit or credit transactions on an individual's account. Unlike credit cards, debit cards protect you from going into debt. However, in a few cases, you may incur a small debt if you signed up for overdraft protection. But the negative balance is usually incredibly small.

Using a debit card comes with some risks on the part of the user. For instance, if it gets lost, someone may use it to make an online purchase. Fortunately, most banks allow for a chargeback, if the user reports the



**Banking Facilities and Modes of Payment** 

debit card loses promptly, and the fraudster fails to provide the right billing address. Debit cards expire after a certain period, which appears on the front side of the card, after which the user must apply for a replacement card. Some banks may charge you a debit card maintenance fee monthly or annually, while others may only charge you a fee when you renew your debit card. The fact that debit cards typically have daily purchase limits also ensures you cannot spend too much money with the card within a short time. Some debit and credit cards also offer valuable reward programs.

- 3. Bank Statement: The bank statement is a financial document used in the banking sector to show a summary of account transactions. The document is usually prepared every month and takes into account transaction details in a deposit or a credit card account. The statement contains particulars such as date, type of transaction, amounts involved, and balances. Bank statements are incredibly useful documents for any business or individual. In the present scenario e-statement comes into picture and one can download e-statement flow a respective Bank portal. You can use the document in the following ways:
  - Check your bank balance and reconcile your accounts;
  - Identify errors or fraudulent activities;
  - Track your income and expenditure;
  - Get to know your net worth;
  - Help to document your finances; and
  - To determine credit-worthiness.
- 4. Loan agreement form: The Loan Agreement form is one of the most commonly used documents in the banking sector. Whenever one needs to apply for a loan, the bank will provide the loan agreement form to be filled by the borrower and verified by the lender. A bank will rely on other documents to establish the creditworthiness of the borrower. The loan agreement form contains a commitment to a repayment schedule and may include collateral in case of an inability to pay.
- 5. Letter of Credit (LoC): Banks use a letter of credit as a financial document that stipulates what documents a party needs to provide for payment to occur. The LC also ensures the payment occurs as indicated and through SWIFT. It is a guarantee of payment provided by the bank, that if a party meets the requirements stated in the letter of credit, they will get paid.
- **6. Bank Pre-Advice:** The Pre-Advice document is used by banks to offer advice and as a request to open financial instruments on behalf of customers in this or that bank. It involves two banks, with the recipient bank expected to acknowledge and accept the advice before the asking bank proceeds to facilitate the said financial instrument.



- 7. Cheque: It is a document most used within the banking sector. A written cheque will instruct a bank or other such financial institution to pay the indicated amount of money. The amount is paid from the drawer's account to the person named on the cheque or the bearer. Many people still use cheques in the digital era since they are, Safer to mail, Traceable, Not deposited immediately and thus Make budgeting easier. There are three different types of popular cheques as discussed below:
  - **Bearer Cheque:** A bearer cheque is payable to the person who presents it at the counter. It is an unsafe means of payment since anyone can cash a bearer's check at the counter. A bank does not have a way to verify the details of the person cashing the bearer's cheque.
  - Order Cheque: An order cheque is payable to the person whose name appears on the check, or according to the instructions of the person named on the check. Therefore, the payee can cash it at the counter or the bank can transfer the funds to the payee's bank account.
  - Crossed Cheque: A crossed cheque has two lines drawn on its face, and the payee cannot cash it at the counter. Instead, the bank transfers the check's funds to the payee's bank account. It is the safest check since it allows the bank to do further checks on the payee.
- **8. Bank Guarantee (BG):** Another common document is the Bank Guarantee. Banks use this financial instrument to indicate that the bank is ready to make a full payment once the target party meets certain conditions as set out in a Sale and Purchase Agreement (SPA). Anyone with a BG document can borrow money or access credit against it.
- **9. Bank Note:** This is a banking document that people also call a "bill". It is a negotiable promissory note, that a bank issues, and whose usage is broadly similar to what we call money or legal tender. A banknote is always payable on demand and to the bearer. The financial institution (bank) prints the note's amount payable figure on the note.
- **10. Account Opening Form:** The account opening form is a standard document that a bank gives to a person that wants to open a bank account within the bank's branch. The format and required information of this form vary from one bank to another. Nonetheless, most account opening forms require an individual to provide some specific information, which may include full name, addresses, contact number, next of kin, and more. In recent years, this form exists both physically and electronically. As a result, a potential client can download, print, and submit the form to the closest branch. Some banks allow clients to electronically fill out online forms, which can be submitted to the bank digitally after being filled.

- 11. Withdrawal Slip: Withdrawal slips can be described as the opposite of deposit slips. This piece of document allows a bank account owner to withdraw money from their account. A typical withdrawal slip can be found within the banking hall of a bank's branch. Within this slip, important information is written by the client, which allows the bank personnel to verify the identity of the client. Such information includes account name, signature, account number, withdrawal amount, and more. A withdrawal slip can only be used with a savings account. A checking account requires a cheque for the withdrawal of money.
- 12. Fixed Deposit Receipt: A fixed deposit receipt is a document that contains information about a fixed deposit made by a client to a bank. Such information includes the full name, address, age, deposit amount, duration of the deposit, and interest rate. This type of receipt serves as proof that a client has money fixed within a bank. A fixed deposit receipt is usually given to a client at a branch once the agreement between a client and a bank has been reached. Therefore, it serves as proof of an agreement between parties.
- 13. Demand Draft: This type of document is another important banking document. Basically, a demand draft allows a client to pay for products from a merchant through a third-party bank. A demand draft functions just as an exchange bill or a cheque. But a demand draft is sometimes difficult to cancel. The reason for this difficulty is that demand drafts are made for a particular party by the bank. This characteristic is quite different from a cheque or an exchange bill.
- 14. Demand Draft Request Form: A demand draft request form is a type of requisition document. Just like any other requisition document, it allows for a request. However, it is used as a formal document for requesting items or services. The demand draft request form is an excellent document for accounting and tracking requests made within a business. A typical demand draft request form contains the name of the author of the requisition, request date, requested items, dates, delivery details, fulfillment department, and more. Additionally, a box for appending signatures is allowed given within the form. For large organizations, this type of document is perfect as it allows for smooth banking processes.
- 15. Account Closing Form: An account closing form is a document that allows an account owner to formally request the closure of their account. This form is usually given to the customer upon request. In general, the form provides spaces for an account owner to provide personal information such as full name, account name, account type, and more. Additionally, an individual signs the document for validation. Finally, a user is usually asked to provide a reason for the closure of their account as this information is used to better serve other clients.

- 16. Reference Form: The reference form is sometimes called the account reference form or the referee form. This form is usually given to a client when they are at the point of opening a bank account, especially a checking account. The form is to be completed by several individuals that will give an account of the financial worthiness of an individual and the ability to maintain an account. The referees that complete such forms are required to have an active checking account before they become eligible to act as a reference for others.
- 17. Account Upgrade Form: The account upgrade form is a document that allows a client to provide additional information that will allow a bank to upgrade their account status from one type to another. In most cases, an account upgrade form is used to request more information from an individual. For example, an individual can be asked to provide proof of ownership of a property so that their account can become eligible for accessing a larger amount of overdraft.
- **18. Transfer Request Form:** A transfer request form is of piece document that authorizes a bank to transfer a stipulated amount of money from one account to another. This form is usually given to an account owner at the counter. There they fill in their banking details and provide the banking details for the person to whom the money will be transferred.
- 19. Card Request Form: A card request form is a document that lets an account owner request either a debit or a credit card from their financial institution. This document usually contains fields where basic information is provided by the person that requires a card. After the form is completed, it is usually submitted and a card is issued either instantaneously or shipped to the mailing address of the account owner in a few working days.

#### **Check Your Progress A:**

Ι.	What do you understand by passbook?
2.	Differentiate between NRI Account and NRO Account.

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3.	"Compliance is very important and central banks and other global watchdogs provide stringent oversight". Comment.
4.	Differentiate between Credit Cheque and Bearer Cheque.

## 15.5 ONLINE BANKING

Online Banking is a medium of delivering banking services that facilitates the customer to access their accounts from anywhere in the world and offers them customized services as per their needs in a timely and cost-effective manner. Now almost all the traditional banks have incorporated E-banking services to meet their customers' emerging demands. Customers can perform day-to-day banking transactions, check the market information, make trades, view balances, transfer money, open new accounts and even apply for a range of banking services sitting on their most comfortable locations. Thus, banks in this way provide a convenient and cost-effective collection of services to their customers via the opening of and adoption of online platforms. The evolution of smartphones along with digital technology totally reformulated the payment landscape. Online banking services can majorly be classified into four categories; Internet Banking, Mobile Banking, ATMs, and Debit and Credit Cards. Each of these types are discussed in detail below:

## 15.5.1 Internet Banking

With the help of internet banking, an individual can move funds from one bank account to another with online bank transfers. Even if the funds are spread across accounts at different institutions, it helps to have an easy way to make transfers between them. Online transfers are a convenient way to transfer money from one bank to another. Internet banking services can further be classified into 3categories;

• **Information Only Services:** These services provide General-purpose information like interest rates, branch, location, etc.

- **Information Transfer Services:** The services provide information which are customers- specific such as account balances, transaction details, etc.
- **Electronic Transactional Services:** These services allow the customers to operate on their accounts for the transfer of funds, payment of different bills, subscribing to other products of the band to transact purchase and sale of securities, etc.

## 15.5.2 Mobile Banking

Mobile banking is one step closer to creating a completely digitalized environment. It refers to a service provided by a bank or other financial institution, that enables customers to perform a range of financial transactions over mobile. Banks provide mobile banking services to their clients in the different ways listed here:

- Mobile Applications: Mobile banking apps have come a long way. Once upon a time, features like mobile check deposits were considered cutting edge. Now, consumers have come to expect that kind of functionality, along with seamless money transfers, bill pay, ATM locators, and more. Today, some apps will even let you track accounts from different financial institutions. Others offer built-in financial wellness and budgeting platforms. Some turn your mobile device into a digital wallet. If mobile offerings are a deciding factor for you in choosing a bank, we've assembled this list of the best banking apps on the market.
- SMS Banking: Along with mobile apps, most banks offer mobile banking services over SMS. This service is useful for those who do not have smartphones and/or internet connections. Customers need to register their mobile number with their bank to avail of SMS banking. SMS banking offers services such as balance enquiry, mini-statement, block atm card or a credit card, enquiry for forex rate, enquiring about current interest rates etc.
- Unstructured Supplementary Service Data (USSD): USSD is a type of communication via which one can exercise basic banking services. There is no need for a smartphone or an internet connection for this service. It allows services like balance inquiry and transfer of funds. \*99# is a USSD based mobile banking service, that has been launched by NPCI which is supported by 51 leading banks in India. It offers various services such as balance inquiry, mini statement, transfer of funds, MMID etc.

## 15.5.3 Automated Teller Machines (ATM)

ATM is designed to perform the most important function of the bank. It is an electronic banking outlet that allows customers to complete basic transactions



without the aid of a branch representative or teller. It is operated by a plastic card with its special features. The plastic card is replacing cheques, personal attendance of the customer, banking hours restrictions, and paper-based verification.

#### 15.5.4 Debit and Credit Cards

Debit cards are also known as check cards. They offer an alternative to carrying a checkbook or cash. The Credit Cardholder is empowered to spend wherever and whenever he wants with his Credit Card within the limits fixed by his bank. A credit card is a postpaid card. Debit Card, on the other hand, is a prepaid card with some stored value. Every time a person uses this card, the Internet Banking money gets transferred to its account from the bank of the buyer. The buyers' account is debited with the exact amount of purchases.

#### 15.5.5 Mobile Wallet

A mobile wallet is a virtual wallet that stores payment card information on a mobile device. Mobile wallets are a convenient way for a user to make instore payments and can be used at merchants listed with the mobile wallet service provider. It is a technique to hold cash in digital format and can link the credit card or debit card information in mobile device to mobile wallet. One can use mobile wallets to make in-store payments, online purchases, pay for digital content, and accept offers, cash backs and rewards. This type of payment method allocates consumers to make 'tap-and-pay' purchases and use a single wallet for all purchases, including online and offline purchases. Mobile wallets are integrated and intended to let secure, hassle-free and speedy payments for goods and services. A mobile wallet uses a bank account, debit or credit card information to process payments and the payment details are stored in a secure and encoded format. These wallets help lower the payment processing time, lessen fraud and are cost-effective. It is very simple to use a mobile wallet all you need to do is install the app on your smartphone and register for the service.

#### 15.6 TYPES OF PAYMENTS

The major types of payments are cheques, Indian postal orders and online payments are discussed below:

## 15.6.1 Cheque

Payment cheques are the traditional method for collecting regular and one-off payments. A payment cheque is a document, written and signed by a customer, instructing a bank or building society to debit your account and pay another person or organization. A payment cheque can take up to 7 working days to clear. Various types of cheques are:

• **Post-Dated Cheque:** A post-dated check (or post-dated cheque) is a check written with a future date. In other words, the date that appears on



the check is after the date when the check was written. Even with a future date appearing on the check, the check could clear (be paid from) the bank account before that date.

- **Pre-Dated Cheque:** A pre-dated check is a check with a date before the date of deposit. Assuming your friend gives you a check on a Friday with the same date and you deposit it at the bank the next Monday. You have deposited a pre-dated check that is four days old. Now, depositing pre-dated checks is fine until they get too old.
- Stale Cheque: When the date written on the cheque is three months prior to submission to the bank for payment, it is called a Stale cheque. As per RBI guidelines, with effect from April 1, 2012, the validity period of the cheque is reduced from 6 months to 3 months, from the date of issue of the instrument.
- **Dishonored Cheque:** A dishonored check is another term for a returned check or a check with non-sufficient funds. Many people also refer to a dishonored check as a bounced check or simply a bad check. Writing a dishonored check can result in fees for the person who wrote the check, and inconvenience both customers and business owners. In India, a bounced check is a criminal offense, punishable by fines and/or jail term, under Section 138 of the Negotiable Instruments Act, 1881.

Cheques may be dishonored by a financial institution because there are insufficient cleared funds in the account to cover the cheque. Other reasons for not honoring a cheque include:

- the account holder instructs the bank not to pay the cheque, called a stopped cheque;
- the account holder's funds are frozen;
- the account does not exist due to a false cheque being presented;
- the date of the cheque is outside the period permitted by law;
- the signature on the cheque is not the same as the signature on the file of the account holder or an authorized signatory on the account; or
- the cheque is damaged.

#### 15.6.2 Indian Postal Order

A postal order, postal note, or money order is a financial instrument usually intended for sending money through the mail. It is purchased at a post office and is payable at another post office to the named recipient. A fee for the service, known as poundage, is paid by the purchaser.

Indian Postal Orders are the means of remitting money from one place to another through the post office. They used to be useful in transferring small amounts like the application fees for the government services. The amount is to be paid at one post office and is paid to the recipient at the destination post office. Indian Postal Orders (IPOs) are still very much in use, particularly in rural areas and transactions in Government offices. The IPOs are basically like Bank Demand Drafts (DDs)-a means to transfer money through Post Offices. The finance ministry has approved the linking of savings bank accounts at post offices with IPPB accounts. This will enable post office account holders to transfer money from their accounts to any bank account.

## 15.6.3 Online Payments

Online transfers are generally free at online banks and brick and mortar institutions, though some do charge. The various steps about how to transfer money from one bank to another online are discussed below:

- Link the two accounts: Log in to the first bank's website or mobile app and select the option for making transfers. There may be a choice for internal transfers, that is, moving money in between two accounts within the same bank from checking to savings, for example. You want the external option, which lets you move funds out to a different bank.
- **Provide external account information:** Have the second bank's IFSC code and your account number handy. You can usually get this information from a bank statement or printed paper check.
- Confirm the new account: After you enter the required information, the first bank will typically want to verify that you have access to the second bank's account. You might be asked to enter your username and password, which the first bank would then verify. Another way the first bank could verify the account is to make a small deposit or two (think a few pennies each) and ask you to confirm the amounts. This process could take a couple of days to complete.
- **Set up transfers:** Once the account is confirmed, you can set up transfers from the sending bank's website. Choose the sending and receiving accounts, and enter the amount to be transferred and the date for the transaction to occur. From there, you can usually see which date the funds are expected to be available in the receiving account. You will also want to choose whether you want to make a one-time transaction or a recurring transfer (once a week, for example). After you have made your choices, select the option to submit them.

## **Check Your Progress B:**

1.	Write a short note on electronic transactional services offered by internet banking.

2.	"The evolution of smartphones along with digital technology totally reformulated the payment landscape". Comment.
3.	What is USSD?
4.	Differentiate between pre-dated and post-dated cheques.

### 15.8 LET US SUM UP

Banks are the backbone for the smooth functioning of any economy. And plays a central role in facilitating economic activity through three interrelated processes namely financial intermediation, asset transformation, and money creation. Banks provide three core banking services: deposit collection, payment arrangement, and loan underwriting. An individual can open different kinds of bank accounts depending upon their needs and requirements set by the bank. Initially, there were only four types of bank accounts that were operating in India. These included the Current Account, Savings Account, Recurring Deposit Account, Fixed Deposit Account, Demat Account, NRI Account, etc.

A passbook is a bank document given to all bank account holders by the bank which lists the various transactions that have been made into(credited) and out of (debited) that account. It becomes mandatory to record transactions when the account holder starts initiating the transactions. And, Cheque books are provided to all current and savings account holders. Defaulting on a cheque is punishable by law. A cheque book is a folder or small book containing preprinted paper instruments issued to checking account holders and used to pay for goods or services.

Banks are one of the most regulated financial institutions around the world. The banking sector needs to ensure that all its customers comply with regulatory requirements. Compliance is very important and central banks and other global watchdogs provide stringent oversight. Thus, there are many forms used by banks to provide their services. Some of the most commonly

used documents in banking are deposit slips, debit cards, bank statements, loan agreement forms, letters of credit (loc), fixed deposit receipts, demand drafts, account closing forms, transfer request forms, and request forms, etc.

Online Banking is a medium of delivering banking services that facilitates the customer to access their accounts from anywhere in the world. Online banking services can majorly be classified into four categories; Internet Banking, Mobile Banking, ATMs, and Debit and Credit Cards. With the help of internet banking, an individual can move funds from one bank account to another with online bank transfers. Mobile banking refers to a service provided by a bank or other financial institution, that enables customers to perform a range of financial transactions over mobile. ATM is an electronic banking outlet that allows customers to complete basic transactions without the aid of a branch representative or teller. Debit cards are also known as check cards. They offer an alternative to carrying a checkbook or cash. The Credit Cardholder is empowered to spend wherever and whenever he wants with his Credit Card within the limits fixed by his bank. A credit card is a postpaid card.

The major types of payments are cheques, Indian postal orders, and online payments. Payment cheques are the traditional method for collecting regular and one-off payments. A payment cheque is a document, written and signed by a customer, instructing a bank or building society to debit your account and pay another person or organization. A postal order, postal note, or money order is a financial instrument usually intended for sending money through the mail. It is purchased at a post office and is payable at another post office to the named recipient. The various steps about how to transfer money from one bank to another online are linking the two accounts, providing external account information, confirming the new accounts, and setting up transfers.

## 15.9 KEYWORDS

**Cheque:** A payment cheque is a document, written and signed by a customer, instructing a bank or building society to debit your account and pay another person or organization.

**Current Account:** Current bank account is opened by businessmen who have a higher number of regular transactions with the bank. It includes deposits, withdrawals, and contra transactions. It is also known as Demand Deposit Account.

**Demat Account:** A Demat account (short for "dematerialized account") is a necessary account to hold financial securities (equity or debt) in a digital form and to trade in the share market.

**Fixed Deposit Account:** Fixed deposit account gives you a fixed rate of interest on your money for a defined period. That means you will always know exactly what returns you will receive, regardless of any changes in interest rates.



**Mobile Banking:** Mobile banking refers to a service provided by a bank or other financial institution, that enables customers to perform a range of financial transactions over mobile

**NRI Account:** An NRI Account refers to the accounts opened by a Non-Resident Indian (NRI) or a Person of Indian Origin (PIO) with a bank or financial institution which is authorized by the Reserve Bank of India (RBI), to provide various services.

**Online Banking:** Online banking is a medium of delivering banking services that facilitates the customer to access their accounts from anywhere in the world and offers them customized services as per their needs in a timely and cost-effective manner.

**Passbook:** A passbook is a bank document given to all bank account holders by the bank which lists the various transactions that have been made into(credited) and out of (debited) that account.

**Recurring Deposit Account:** A recurring deposit account enables an individual to deposit fixed amount every month for a pre-defined period which earns interest similar to Fixed Deposits (FD).

**Savings Account:** A savings account is an interest-bearing deposit account held at a bank or other financial institution.

Unstructured Supplementary Service Data (USSD): USSD is a type of communication via which one can exercise basic banking services.

## 15.10 TERMINAL QUESTIONS

- 1. Describe the different types of accounts and their features.
- 2. What are the advantages and disadvantages of using pass-books and checks?
- 3. Do you think forms will lose their relevance in the coming time? Why or why not?
- 4. What are the steps for doing online payments?
- 5. What are the different types of Online banking? Differentiate between internet banking and mobile banking
- 6. State the different types of Cheques?

**Note:** These questions will help you to understand this unit better. Try to write answers for them. But do not submit your answers to the University for assessment. These are for your practice only.