

Ch - 14

Banking

Good Morning Students,

Today we will discuss the topic of 'Modes of Transferring Money Online' which is covered in Chapter 14 titled 'Banking' of your book 'Commercial Studies'.

This lesson is being submitted to you on 25.11.2024 and the voice is of Mr. Lokesh Arora

Students, in this chapter we had already discussed Types of Banks and Functions of Central Bank. Today we will discuss modes of 'Transfer of Money Online'.

1. Real Time Gross Settlement (RTGS)

It is a funds transfer system under which transfer of funds takes place from one bank to another on a 'Real Time' and 'Gross' basis. Settlement on 'Real Time' means there is no waiting period. The transaction is settled as soon as it is processed. 'Gross' settlement means the transaction is made on one to one basis without bunching.

Lokesh Anand

with any other transaction. It is more instant settlement system used for high volume payment.

The RTGS service is available to customers from 9:00 am to 3:00 pm on week days and from 9:00 am to 12:00 noon on Saturdays.

Features of RTGS :-

The main features of RTGS are as follows:-

- (i) RTGS is ~~at~~ not available at all the bank branches in India. This facility is provided only by 'Centralised Banking Solution' (CBS) enabled bank branches.
- (ii) RTGS transactions are processed individually and continuously throughout banking hours rather than in batches.
- (iii) The minimum amount in a RTGS transaction is two lacs. There is no upper ceiling for a RTGS transaction.
- (iv) The receiving bank must credit the customer's account within thirty minutes of receiving the funds transfer message.
- (v) The transfer is final and irrevocable.

National Electronic Funds Transfer (NEFT)

NEFT is a countrywide system by which an individual, firm or company can electronically transfer funds from any bank branch to another individual, firm or company having an account with any other bank branch in the country. The funds transfers take place at a particular time period. All transfers are held till that time. In other words, NEFT transactions are settled in batches.

During the weekdays NEFT transactions take place 7 times a day (between 8 a.m. to 7 p.m.) On Saturdays NEFT transactions take place 6 times a day (between 8 a.m. to 1 p.m.).

Any NEFT transaction initiated after a designated settlement time has to wait till the next designated time.

Features of NEFT:-

- (i) A bank branch must be NEFT enabled to become a part of NEFT funds transfer network.
- (ii) An individual, firm or company can make use of NEFT even without having a bank account by depositing cash at a NEFT

enabled bank branch but the maximum limit by depositing cash is of ₹48,889/-
If the person has bank account then there is no maximum limit.

(iii) NEFT transactions take place in batches.

(iv) NEFT cannot be used to receive foreign remittances.

Difference between NEFT and RTGS
Refer to page no. 246.

Immediate Mobile payment service (IMPS) :- This service was started in 2010. In IMPS one person can transfer money from his own account by using the mobile number and mobile money identifier of the person in which the money is to be transferred. NEFT and RTGS are only available on business hours, IMPS service available 24x7. Money is also instantly transferred to the account of the beneficiary. Banks levy a transaction charge for using IMPS.

Features of IMPS :-

(i) IMPS is a fast, safe and secure way to send and

receive funds.

- (ii) IMPS works on both net banking and mobile platforms and its services are available at all times even on public and bank holidays.
- (iii) Bank account numbers are not necessarily required for IMPS fund transfer.
- (iv) The IMPS fund transfer limit is ₹ 2 lakh per day. The minimum allowed transaction in IMPS is ₹ 1.

Students before going further, I will ask you some questions. You may pause the audio for few minutes and write the answers in your notebooks.

Qn 1. What is RTGS?

Qn 2. Give two difference between RTGS and NEFT.

Qn 3. What is IMPS?

E-Wallet:-

E-wallet or Digital wallet is a type of ~~elect~~ electronic card which is used for transactions made online through a computer or a smart phone. Money can be deposited in the digital wallet prior to any transaction or, in

other cases, an individual's bank account can be linked to digital wallet. An E-wallet account is protected with a password. With the help of an E-wallet one can make payment for groceries, online purchase, flight tickets etc. Various E-wallet companies are Paytm, Googlepay, Phone pay, Bharat pay etc.

For setting up an E-wallet account, the user needs to install the software on his/her device, and enter the relevant information required. After shopping online, the E-wallet automatically fills in the user's information on the payment form.

E-Banking :- (Electronic Banking)

Electronic banking means banking transactions carried out with the help of computer systems. Any user having a personal computer and a browser can access the bank website and avail of banking services. The main forms of electronic banking are:-

(a) Electronic fund Transfer System:-

Under this system, money can be transferred from one account to another account. ~~for~~ for example, a

Lokesh Anand

bank transfers wages and salaries directly from company's account to the accounts of employees of the company. This service saves both employer and employees from the inconvenience and risk of handling large amounts of cash.

Electronic funds transfer offers the following advantages:-

- (i) Payments are made on due dates.
- (ii) There is no loss in transit.
- (iii) ~~The~~ No expenses are to be paid on transactions.
- (iv) There is no mishandling of cash.
- (v) Transactions are effortless.

(b) Automatic Teller Machine (ATM)

ATM is an automatic machine. A customer can withdraw or deposit money with the help of this machine by inserting his/her ATM card and typing his/her personal identity number (PIN). The ATM operates 24 hours a day. This is much less costly and less time consuming than a human teller (employee of the bank).

ATM provides round the

Lokesh Arora

Clock service. A customer can withdraw and deposit money when banks are closed.

(c) Debit Card:-

A person can get a debit card by depositing money in the bank. The card holder can make immediate payment for the goods purchased or services availed with the help of a debit card.

Debit card is issued to a person who opens a bank account with the bank. Whenever he/she makes payment with the help of a debit account, some amount is deducted from his account in the bank. Debit card can also be used to withdraw money from the ATM.

Debit card is used with the help of a point of sale (POS) terminal facility. When a customer presents his debit card, the terminal automatically transfers money from the customer's account to the seller's account.

(d) Credit Card:- Anybody having good reputation can obtain a credit card from a bank. A person need

not have money in his bank to get a credit card. Rather it is a type of overdraft facility. The name, photo, signature of the customer, the name of the issuing bank and date of validity are inscribed on the credit card.

The credit card holder need not to deposit the money in his account. He can buy goods and services with the help of credit card. After a period of one month the holder receives the statement of all the transactions of the month. Thereafter, he has to pay the money within a stipulated time.

The main difference between a debit card and credit card is that in case of debit card, the card holder must have money in his/her bank account. But in case of credit card, the holder need not to have money in his/her account as he has to pay the money afterwards.

Difference between Debit Card and Credit Card.

Refer to page no. 215.

(e) Core Banking Solution (CBS) :- Core Banking

(9)

Solution is also known as 'Centralised Banking Solution'. Under this system a customer becomes 'customer of the Bank' rather than customer of a branch. By opening a bank ^{account} in one branch (which has CBS facility), the customer can operate the same account in all the CBS branches of the same bank anywhere across the country. CBS offers the following advantages:-

- (i) Instant transfer of funds between accounts in CBS branches across the country.
- (ii) Cash withdrawal facility from any of the CBS branches.
- (iii) Updating of pass book at all CBS branches.

Thus, CBS is speedy banking anywhere and at anytime.

Students, With this I am ending my topic here. I will give you some questions. All the students are required to write the answers in their note-books.

- Q 1. Explain the difference between Debit Card and Credit Card.
2. What is E-Wallet?

last page