PART-C

TEN MARKS QUSTIONS:

1. Discuss the Advantage &Disadvantage of E-banking?

E-banking:

It is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC), Internet banking, virtual banking, online banking, remote electronic banking, and phone banking. Pc banking and Internet or online banking are the most frequently used designations.

Advantage:

Electronic banking systems offer a multitude of advantage over traditional, physical banks. They provide a convenient, reliable and safe method of online transactions, allowing customers to access their financial records from anywhere in the word at any time.

Disadvantage:

While banking systems ensure the provision of the highest levels of security by installing high-end firewalls and encryption software, breaches do occur. Hackers and malicious software can break into even the toughest of online vaults and steal personal information.

1. Explain the mobile banking?

- Mobile banking is an answer to quick, easy and convenient banking. Mobile banking places the accountholder in command of his bank account just with his mobile banking.
- Funds transfer to registered persons.
- Bill payment to registered billers.
- Balance enquiry.
- Last, say, five transactions.
- Chequebook request.
- Stop payment of a cheque.
- Transaction status enquiry.
- Prepaid mobile recharge.
- Locate ATM, branch.

3. Explain the advantage & disadvantage of E-mail?

E-mail means g-mail.

Advantage:

- No compulsion on the part of the recipient to read the message the moment it arrives. It sits on the system awaiting access.
- Unlike a telephone message, an email can be sent and accessed (read) at their convenience.
- Multiple copies can be sent to different addresses.
- All the outward mails, mailed documents, received mails and received documents can be managed and organised by filing them electronically, avoiding bulky physical storage.
- A hard copy of any mail can be had at anytime by queuing (directing) it to a printer.
- Alerts can be organised.
  - Disadvantage:
    - Legality.
    - Not absolutely secure, nor is error free.
    - Not a reliable tool to transfer confidential/sensitive information.

4. Explain the ATM & Bio metric ATM?

ATM:

ATM is a contrivance activated by a magnetically encoded card or by the transmission of a code via keyboard or keyset, that allows customers to make routine banking transactions, such as withdrawal and deposit of funds, transfer of funds between accounts and the payment of certain obligations, especially outside normal banking hours. It can be used to obtain statements. It is generally operated by credit/ATM/ credit cards or multifunctional cards in conjunction with PIN.ATMs are often known colloquially as cash dispensers.

Biometric ATM:

Biometric ATMs at village kiosks are expected to serve villagers who will use fingerprint scanners, rather than ATM cards and PINs, to obtain their funds.

5. Explain the features of B2B?

As opposed to B2C ecommerce, in B2B domain, the parties to a deal are at different points of the product supply chain. Typically, in a B2B type domain, a company, its suppliers, dealers and bankers to all the parties are networked to finalise and settle all aspects of a deal, online.

Another important feature of a B2B domain, as distinct from B2B, is that business information/ data is integrated to the back office systems of parties to deal and the state of straight through processing (STP) or near STP is achieved.

Technology and networking are important constituents of a B2B type of business domain.

Other new forms of business models in B2B domain are application service providers (ASP) AND service Integrators.

6. Explain the types of EBP?

EBP- Electronic Bill (Internet based) Payment.

EBP sub-serves two important and dominant markets- business-to-customers (B2C) and business-to-business (B2B).

Bills:

Each bank, by a mutual arrangement, will have a list of billers for whom the customer of the bank can make payments under the Bill pay service by a bank.

Type of Bill:

- The facility is, generally, offered in two modes.

  View and pay:

  The bills are presented to bank and the customer can login, view and pay his bill online.

  Pay:

  Bills are not presented online but payments can be made in full or part as desired.

  Auto pay:

  When once authorised by the payee for "Auto pay" the bills are automatically paid before the due date debit to the customer's account.

7. Explain the SEFT?

The SEFT scheme was introduced by RBI in 2003 for inter-bank transfer of funds. The settlement takes place at Mumbai. The SEFT is distinct from the now defunct EFT scheme and it covers many cities providing quicker transfer of funds in a safe and secure electronic mode. The objective is to establish an electronic funds Transfer system to facilitate an efficient, secure, economical, reliable and expeditious system of fund transfer and clearing in the banking sector throughout India, and relieve the stress on the existing paper based funds transfer and clearing system.

8. Explain the advantage of CBS?

- A set of robust software components, designed to meet challenges of the day.
- Could be tailored to meet the individual, typical requirements of a bank.
- Products are made functionally rich, technically robust, with appropriate architecture, scalability.
- Provides authentic, robust customer base for customer relationship management (CRM).

- Simplified, speedy, efficient accounts administration leading to cost saving and customer satisfaction.
- Can develop and build products and package custom -made, in line with or even bettering market offers.
- All the channels like ATM, branch, Internet banking operations can be seamlessly integrated.
- Supports multicurrency operations, anywhere, any day, anytime.
- MIS, compliance reports and risk assessment can be minute to minute.

9. Explain the public key infrastructure (PKI)?

Public key cryptography can play an important role in providing security services including confidentiality, authentication, digital signatures and integrity. Public key cryptography uses two electronic keys: a public key and a private key. The public key can be known by anyone while the private key is kept secret by its owner .As long as there is strong biding between the owner and the owner`s public key, the identity of the originator of a message can be traced to the owner of the private key. A public key Infrastructure (PKI) provides the means to blind public keys to their owners and helps in the distribution of reliable public keys in large heterogeneous networks.

10. Explain the RBI guidelines - technology &security standards?

(a) Banks should designate a network and database administrator with Cleary defined roles.

(b) Banks should have a security policy duly approved by the board of directors. There should be a segregation of duty of security officer / group dealing exclusively with information systems security and information technology division which actually implements the computer system.

(c) Banks should introduce logical access controls to data, system, application software, utilities, telecommunication lines, libraries, system software, etc.

11. Explain the function of ATM?

(a) Customer swipes the card for the ATM to read it.

(b) Customer keys in his PIN.

(c) ATM, for the safety and security.

(d) with a securely pre- installed PIN and sends it to the ATM switch tallies the number of the swiped card with that on its database and from the verified card number generates the cards ‘’Natural PIN’’, which, as seen above, when added to the relative ’’offset value’’ already stored in the ATM switch, gives the PIN. If both the PINs, i.e., the one now generated by the ATM switch

and the one provided by the customer at the ATM tally, the customers stands authenticated.

12. Explain the function of POS?

The customer presents his credit card and in his presence the shop personnel swipe the card on their pos device.

The pos device is capable of reading card details.

The acquirer then in turn transmits the data over a secure.

In simple and general terms:

- The card is swiped at the merchant establishment.
- The issuing bank is contacted.
- The issuing bank establishment the authenticity.
- The issuing bank authorises the transaction.
- The settlement is claimed.
- The settlement is made.