



Learn the Pros and Cons of Online Banking

Description

The evolution of technology has altered the norm in many industries, including banking. Banking is no longer reliant on human labor.



We no longer need to stand in long lines at the bank to send money, deposit checks, pay bills, check account balances, or even apply for a loan. The online banking system has simplified banking.

Online banking is conducting financial transactions over the internet using a digital device such as a computer or smartphone. Traditional banks, such as BancorpSouth and BanRegio, have promoted online banking to their customers by developing apps and online platforms.

Because digital devices have increased, it is not surprising that many people prefer this banking system. What are the advantages and disadvantages of this type of banking? Continue reading to find out.

Pros of online banking

Simple to set up and use

Online banks are simple to use. We rarely require assistance when creating an account because the instructions are clear. Furthermore, we can open an account anytime and on any day.

The accounts are simple to manage, allowing us to take control of our finances. Budgeting and planning ahead of time are also options. This is because we can set up automatic bill payments and keep track of our transactions by reviewing our transaction history and account balance.

Fee reductions

When we use traditional banks, we usually have to pay many fees. Monthly maintenance, overdraft, non-sufficient funds, and withdrawal fees are a few examples. The majority of online banking platforms do not have monthly payments.

Furthermore, some of them do not require a minimum account balance. As a result, we no longer have to worry about paying non-sufficient funds fees.

Increased interest rates

Customers benefit from online banking, but platform providers benefit as well. Because of the lack of a physical institution, the providers must charge lower fees. They, for example, do not have to worry about employing many people or managing multiple bank branches.

As a result, they can offer their customers higher interest rates. The APY of savings accounts on an online banking platform is typically higher than that of a traditional banking system.

It is quick

We are no longer required to wait in line at the bank to obtain our account balance or transaction history. We can easily find this information by logging into our online account. This procedure only takes a few minutes.

Cons of online banking

Inadequate one-on-one assistance

Although we would like to manage our finances independently, not all of us are financially literate. As a result, we may require assistance in one or more areas. When this is the case, having a one-on-one conversation with an expert in that field is preferable.

Some online banking platforms do not have physical locations where we can get the help we require. Customers can instead get support by emailing or calling the customer service office.

When the line is busy or unavailable, the customer service representative may take a long time to

respond to the email. The disadvantage is that customers may not receive the assistance they require at the appropriate time, which can be frustrating.

It is impossible to deposit money.

It is, as expected, impossible to deposit money directly on an online platform. We must go to the bank to make a cash deposit. We are unable to deposit funds automatically online. Traditional banks continue to play a role in this process. There are no ATMs for online banking.

Although it is possible to withdraw funds from an online bank using an ATM, most online banks do not have dedicated ATMs where users can withdraw or deposit funds. The only ATMs that traditional banks can use are those setups.

Why online banking institutions need cyber security

Protecting customer assets and transactions from fraudulent individuals and groups is an obvious benefit of cybersecurity. Because stolen PII can be used maliciously, even banks have difficulty recovering data.

When cyber attackers kidnap banking customers' data, they are forced to pay hundreds of thousands of dollars to recover it. A cyber attack undermines customers' trust in the bank's security systems even if the data is released. Information theft is the fastest growing and most expensive type of cybercrime.

Conclusion

Online banking systems, like all clouds, have a silver lining. Although online banking has numerous advantages over traditional banking, it cannot be used in isolation.

The online banking system still relies on traditional banks in some areas, such as cash deposits and withdrawals. The good news is that we can use both banking systems simultaneously.

Category

1. Finance

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