

# Mankato Computer Technology University

Online Banking

<https://www.moneyhelper.org.uk/en/everyday-money/banking/beginners-guide-to-online-banking>





# How to stay safe when using online banking

Tyler Kietzer

<https://www.icba.org/about/community-banking>



Online banking, also known as internet banking, has become increasingly popular over the past decade. It's a great way to take control of your finances and an easy way to make sure you're keeping up to date with payments. But how does it work and is it safe?

# How Is an Online Bank Different From a Traditional Bank?

---

## ONLINE BANK

- No physical locations
- Lower fees or no fees
- Higher interest rates on savings accounts and sometimes on checking accounts
- Automatic online and mobile app access
- Quick and easy online process
- Online customer service, sometimes over the phone as well

## TRADITIONAL BANK

- Brick-and-mortar branches available
- Higher fees and more additional fees
- Lower interest rates on savings accounts
- Online and mobile app access usually available
- In-person and online process
- In-person, online, and phone customer service

# What is online banking?

---



## Account dashboard

Do you have more than one account? New services mean you can now see all your accounts in a single banking app. Find out more on our [Open Banking and sharing your information online](#) page.



Banking online means accessing your bank account and carrying out financial transactions through the internet on your smartphone, tablet or computer.



It's quick, usually free and allows you to do tasks, such as paying bills and transferring money, without having to visit or call your bank.



Many banks also have free apps which let you use these services from your smartphone or tablet.

# How Does Online Banking Work?

---

Online banking is exactly as it sounds — banking online. When you access your bank account online and conduct financial transactions, you are participating in online banking as a consumer. Whether that's with a brick-and-mortar bank's online portal or with an online-only bank's website, the process is pretty much the same.

The 2 main forms of online banking include:

- Online-only banks or [challenger banks](#) that offer conventional banking products and financial services, but in an online-only format.
- Traditional banks that offer online banking services via an app or online portal.

# Advantages of Online Banking Over Traditional Banking

---

While [online banking has both its pros and cons](#), the convenience of banking from home and the ability to save money, time, and even the planet, makes online banking the preferred method of the modern world.

According to [Forbes](#), a July 2020 survey of U.S. consumers from Cornerstone Advisors, found that 14.2 million Americans now consider a digital bank to be their primary bank.

Keep reading to learn more about why online banking is considered better than traditional banking by so many consumers.

# Online Banks Have Lower Fees and Higher Interest Rates

---

Brick-and-mortar banks have enormous operational expenses that online banks simply don't have. For example, they need specialized buildings to secure your money, state-of-the-art technology and equipment, and a large staff. They're in the business to make money, not just store yours. That means fees go up when the bank's expenses go up. With online banking, [fees are kept to a minimum](#) because the bank's expenses are kept in check. Not to mention that lower overhead costs mean that online banks can offer their customers far higher interest rates on savings accounts (and sometimes checking) than traditional banks can.

# It's Easier to Access Your Online Bank

---

Traditional banking hours aren't always convenient. For some of us, getting to the bank before closing means leaving work early. It can also mean fighting traffic in the middle of the day, taking time off work, and waiting in long lines. If you do your banking online, there's no traffic and no banking hours. All of your banking needs can be conveniently done from home and on your schedule.

# Easy Access to Your Cash

---

Most traditional banks will let you make your deposits through one of their many ATMs. But what if you're not near one of these ATM machines? With online banking, making a deposit is as easy as snapping a picture of your check and uploading it to an app. But, what if you need to access physical cash? Luckily, switching to an online-only bank doesn't mean you lose out on ATM and debit card services. Most online bank accounts now offer access to a broad ATM network. Chime, for example, allows its members to use more than [60,000 ATM locations nationwide](#) — for free.

# Better for the Environment

---

By receiving all your banking correspondence by email or text, online banking drastically reduces the amount of paper you use. It also reduces the amount of air pollution caused by cars because you won't need to drive to and from a physical location anymore. So you can feel good about banking online — you are doing your part to better the planet.

Most banks let  
you use your  
online account  
to:

- check your bank balance at any time
- pay your bills and transfer money to other accounts
- check any linked mortgages, loans, savings accounts or ISAs
- check your bank statements and go paperless (stop getting paper bills sent to you)
- set up or cancel Direct Debits and standing orders
- check on any investments you might have that are linked to your account.

# How secure is online banking?

---



Keeping your online account safe



Banks take lots of precautions to make sure your online account is safe. These include encrypted websites, timed log outs and many authentication processes. You can ask your bank for more details.



Accessing your bank account online is generally safe. This is as long as you make sure you enter in all the right details when making a transaction and follow a few rules:

# How secure is online banking?

- Check your statement often and report any unusual activity to your bank.
- Don't reply to emails that claim to be from your bank that ask for personal details or passwords.
- Always remember to log out of your online banking session.
- Only use secure wi-fi connections to access your bank account.
- Public wi-fi connections are often not secure, so it's important not to use them for banking or to make purchases. If you're out and about with a mobile or tablet, it's safer to use your 3G or 4G connection.
- Keep your operating system and anti-virus software up to date.
- Choose your password carefully – create it by combining three random words and don't re-use the same one for different accounts.

Read more about safe online banking on the [Get Safe Online website](#)

Find information about [Shopping and paying safely online](#)

# Secure mobile banking

---



Accessing your account through your smartphone, either using a website or a banking app, is becoming more popular.



It's a fast, convenient way to manage your finances, and banks invest heavily in making mobile banking safe.



Some banks have real-time notifications of transactions. This makes it much easier and quicker to spot fraudulent transactions.

# What if something goes wrong?

---



If you notice anything strange on your account, or you accidentally make a payment to the wrong account, get in touch with your bank as soon as possible.



Some banks offer instant card freezing, where you can block your card in your app without having to call or visit a branch. Contact your bank to check if they offer this additional security feature.



Find out more about [Making phone and online bank transfers](#)

# How to set up online banking

Most banks in provide an online banking service.

To find out if you can get online access to your account, check your bank's website, give them a call, or pop into a branch.

For security reasons, the registration process often involves a few steps.

These might include:

visiting your local bank branch

having a set-up code texted to you on your mobile phone

having a password posted to you

being given a small security device you'll need to log on.

However, in many cases you'll be able to set up an online bank account without even leaving your home.

# My bank doesn't offer internet banking

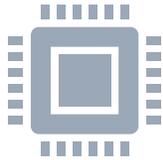
---

If your bank doesn't offer online banking, or you're not happy with the service provided, you're free to switch to another provider.

Find out more on [How to open, switch or close your bank account](#)

# How to access online banking without an internet connection

---



Even if you don't have an internet connection at home, you might be able to access your online account using a computer in a bank branch.



You might also be able to access your online bank account through a secure connection at a friend or relative's home.



If you have a smartphone, you might be able to get a cheap data plan which you can use to access your bank account online.



Find out more in our guide [How to save money on your mobile phone](#)

# How to Know if Online Banking Is Right for You

---

If you favor digital banking and prefer to conduct all your financial transactions electronically, then banking with an online-only bank is the move for you.

Still not sure if an online bank is right for you? Ask yourself the following questions and if all of these check your boxes, you are ready to [close your traditional bank account](#) and make the switch to an online one.

---

Are you comfortable with technology?

Do you hate traveling to the bank?

Do you want your money to grow faster?

Do you want to pay less in bank fees?

Do you prefer 24/7 customer support so you can get help anytime, anywhere?

# Compared to traditional banking are there any disadvantages of online banking?

---

Compared to traditional banking there are some drawbacks to online banking. Here are some of the disadvantages to keep in mind:

- No physical branches
- No in-person customer service
- Cash transactions may be limited
- Fewer financial accounts and services available (i.e., loans, insurance, business accounts)

# How do I open an online-only bank account?

---

Opening an online-only bank account is pretty simple and can be done instantly from the comfort of your home.

First, you will want to apply for an online bank account and download their mobile app. Simply go to the site or app of the online bank account, fill out the application, and then provide your personal information and verification. Once you apply, you'll want to set up [direct deposit](#) to fund your account.

# Are online banks safe?

---

The short answer is yes. With standard security measures, online banks are just as safe as traditional banks. When considering an online-only bank, look for the security measures it has in place. Many online banks use tools like multi-factor authentication, encryption, firewalls, and fraud monitoring to keep your data under lock and key.

# Find out more

---



Find out more about [Making phone and online bank transfers](#)



Read up on [E-payments – why, when and how to use them](#)



Learn [How to choose the right bank account](#)

# Protect yourself against scams

---



Unfortunately, when doing anything online, it's easy to be targeted by scammers.



Find out more about identifying scams, including knowing when your bank has legitimately contacted you via email, in our [beginner's guide to scams](#).



It's also important to stay safe when transferring money. It can be easy to transfer money to the wrong account.



Find out more in our guide [How to transfer money from your bank account](#)

# How to spot an imposter scam

---

3 things you can do to help avoid the deception

[Imposter scams](#) use a variety of tricks to gain your trust and steal your money, but they often start with a simple call, email, or message impersonating a person or company you know to trick you into giving them your money.

Here are a few common scenarios to look out for and what you can do to help avoid them:

## **Family Imposters**

---

*"I received a message from a 'family member' asking me for money ASAP..."*

Scammers may hack social media accounts to impersonate a relative in need.

**How to avoid:** Before sending any money, always call your relative to confirm their actual situation.

# Financial Imposters

---

*"Someone from 'Wells Fargo,' who already knew some of my personal information, asked for my access code..."*

Scammers can spoof their caller ID number and use bits of your personal information to convince you to reveal your access code and steal your money.

**How to avoid:** Don't ever share your temporary access codes or PIN with anyone who calls you unexpectedly. Your bank or the government will never ask you for this information.

# Refund Imposters

---

*"I got a call from an online company about a 'refund' for something I don't remember..."*

Scammers often impersonate well-known retail and tech support companies to gain access to your personal device or bank account.

**How to avoid:** Never give control of your device to a stranger. Never send money to anyone claiming to be from companies asking for payment or offering a refund for something you didn't order.

# Show me more about imposter scams

---

[Click Here](#)

<https://www.youtube.com/watch?v=Wrfm9KulvOk>