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Banking products and services : A Review

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Abstract

Starting with the '90s, retails banks have faced several challenges. One of them is how to efficiently deliver their products and services to the customers. In fact, the most important challenge of a bank is how to efficiently reach the customer, with the right product or service, at the right time. Today, they can choose between branches, contact centers, ATMs, online channels, portals and web banks. Multichannel banking is, therefore, more relevant than ever. Multichannel banking is more than just offering multiple channels, but offering integrated channels, with the optimal balance of services, prices and offer across channels. Banks should have the ability to deliver the right service at the right time in the right channel. The bank should define exactly how they are going to use each channels, which services and products in which channels, how to mix and integrate the channels and how to support the channels.

key words: Banking Products and Services

Introduction

The development and improvement of banking products is a dominant area of innovation activity of banks, which has been named banking engineering. Indeed, during the creation and introduction of an innovative banking product in the market, various costs may be incurred, in particular, design costs, development of documentation for the implementation of innovations, information security costs, advertising of a new banking product, personnel training costs for the presentation of new banking products, costs for the acquisition of the necessary support (technical, software) for the implementation of innovations.

The importance of description of the stages of banking engineering is also due to the fact that depending on the stage of the innovative product development, the costs of its appearance and the results from its use are distinguished. The diagnostics of a stage and its time interval allows us to suppose a different effect from introduction. Moreover, at a particular stage, it can be negative.

Common Banking Products Available

Some of common available banking products are explained below:

1) Credit Card: Credit Card is "post paid" or "pay later" card that draws from a credit line-money made available by the card issuer (bank) and gives one a grace period to pay. If the

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amount is not paid full by the end of the period, one is charged interest. A credit card is nothing but a very small card containing a means of identification, such as a signature and a small photo. It authorizes the holder to change goods or services to his account, on which he is billed. The bank receives the bills from the merchants and pays on behalf of the card holder. These bills are assembled in the bank and the amount is paid to the bank by the card holder totally or by instalments. The bank charges the customer a small amount for these services. The card holder need not have to carry money/cash with him when he travels or goes for purchasing. Credit cards have found wide spread acceptance in the 'metros' and big cities. Credit cards are joining popularity for online payments. The major players in the Credit Card market are the foreign banks and some big public sector banks like SBI and Bank of Baroda. India at present has about 10 million credit cards in circulation.

2) Debit Cards: Debit Card is a "prepaid" or "pay now" card with some stored value. Debit Cards quickly debit or subtract money from one's savings account, or if one were taking out cash. Every time a person uses the card, the merchant who in turn can get the money transferred to his account from the bank of the buyers, by debiting an exact amount of purchase from the card. When the card is swiped through the electronic terminal, it dials the acquiring bank system — either Master Card or Visa that validates the PIN and finds out from the issuing bank whether to accept or decline the transaction. The customer never overspread because the amount spent is debited immediately from the customers account.

3) Automated Teller Machine: The introduction of ATM's has given the customers the facility of round the clock banking. The ATM's are used by banks for making the customers dealing easier. ATM card is a device that allows customer who has an ATM card to perform routine banking transaction at any time without interacting with human teller. It provides exchange services.

- To transfer money to and from accounts.
- To view account information.
- To order cash.
- To receive cash.

4) E-Cheques: The e-cheques consists five primary facts. They are the consumers, the merchant, consumer's bank the merchant's bank and the e-mint and the clearing process. This cheaqing system uses the network services to issue and process payment that emulates real

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world chequing. The customer accesses the merchant server and the merchant server presents its goods to the customer.

- The consumer selects the goods and purchases them by sending an e-cheque to the merchant.
- The merchant validates the e-cheque with its bank for payment authorization.
- The merchant electronically forwards the e-cheque to its bank.
- The merchant's bank forwards the e-cheque to the clearing house for cashing.
- The clearing house jointly works with the consumer's bank clears the cheque and transfers the money to the merchant's banks.
- The merchant's bank updates the merchant's account.
- The consumer's bank updates the consumer's account with the withdrawal information.
- The e-chequing is a great boon to big corporate as well as small retailers. Most major banks accept e-cheques. Thus this system offers secure means of collecting payments, transferring value and managing cash flows.

5) Electronic Funds Transfer (EFT): Many modern banks have computerized their cheque handling process with computer networks and other electronic equipment's. These banks are dispensing with the use of paper cheques. The system called electronic fund transfer (EFT) automatically transfers money from one account to another. This system facilitates speedier transfer of funds electronically from any branch to any other branch. In this system the sender and the receiver of funds may be located in different cities and may even bank with different banks. Funds transfer within the same city is also permitted. The scheme has been in operation since February 7, 1996, in India.

6) Telebanking: Telebanking refers to banking on phone services.. a customer can access information about his/her account through a telephone call and by giving the coded Personal Identification Number (PIN) to the bank. Telebanking is extensively user friendly and effective in nature.

- To get a particular work done through the bank, the users may leave his instructions in the form of message with bank.
- Facility to stop payment on request. One can easily know about the cheque status.
- Information on the current interest rates.
- Information with regard to foreign exchange rates.

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- Request for a DD or pay order.
- DeMat Account related services.
- And other similar services.

7) Mobile Banking: A new revolution in the realm of e-banking is the emergence of mobile banking. On-line banking is now moving to the mobile world, giving everybody with a mobile phone access to real-time banking services, regardless of their location. But there is much more to mobile banking from just on-lie banking. It provides a new way to pick up information and interact with the banks to carry out the relevant banking business. The potential of mobile banking is limitless and is expected to be a big success. Booking and paying for travel and even tickets is also expected to be a growth area. According to this system, customer can access account details on mobile using the Short Messaging System (SMS) technology where select data is pushed to the mobile device.

6) Internet Banking: Internet banking involves use of internet for delivery of banking products and services. With internet banking is now no longer confirmed to the branches where one has to approach the branch in person, to withdraw cash or deposits a cheque or request a statement of accounts. In internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. The Internet Banking now is more of a normal rather than an exception due to the fact that it is the cheapest way of providing banking services.

7) Accepting Deposit

Accepting deposit from savers or account holders is the primary function of a bank. Banks accept deposit from those who can save money but cannot utilize in profitable sectors. People prefer to deposit their savings in a bank because by doing so, they earn interest.

8) Priority banking

Priority banking can include a number of various services, but some of the popular ones include free checking, online bill pay, financial consultation, and information.

9) Private banking

Personalized financial and banking services that are traditionally offered to a bank's digital, high net worth individuals (HNWIs). For wealth management purposes, HNWIs have accrued far more wealth than the average person, and therefore have the means to access a larger variety of conventional and alternative investments. Private Banks aim to match such individuals with the most appropriate options.

Conclusion

So, banking engineering, being a relatively new area of research, is not sufficiently theoretically grounded. In the course of the study, the feasibility of using the concept of banking engineering as a process of development and introduction of banking innovative products that meet the needs of clients and own interests of banks, which is caused by changes in the external and internal environment of their functioning, has been proved. The basic stages of banking engineering were determined; the list of expenses arising on each of them was disclosed. The procedure of formation of the cost of innovative banking product and features of the accounting reflection of expenses during banking engineering was described. Further research should be aimed at determination of the optimal structure of the account plan in terms of registration information for the development, implementation and use of innovative banking products; substantiation of analytical sections, which will allow to form the selection of indicators in the formation of reporting on banking innovations in accordance with the information needs of users; determination of approaches to the building of internal reporting that characterises the process of formation of an innovative banking product; development of a methodology for analytical substantiation of managerial decisions aimed at ensuring the development of effective banking products, and methods for evaluation of their effectiveness

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