	CLASS NOTES
Class: XI	**Topic: BUSINESS SERVICES** **E-Banking and Insurance**
Subject: BUSINESS STUDIES	

E - Banking

E banking also known as internet banking allows the customers to get connected to the bank via bank's website to perform any of the virtual banking functions and avail banking services.
All services provided by the bank are displayed on a menu. The customer needs to select the service without physically visiting the bank or interacting with a human operator.

Digital payment

Digital payment also known as electronic payment is a way of payment wherein the payment is completed online using internet facility.

Different types of digital payment modes

Automated teller machine (ATMs)

The automated teller machine are the computerized telecommunication device which enable the user to withdraw cash, deposit cheques, find balance in the account, transfer funds to other accounts. It is operated with the help of ATM cards.

ATM card is a card through which the ATM machines identify the customer. The card has a unique personal identification number which acts as an identity of the customer using ATM.

Debit card:

a. it is a plastic card used by the account holder to make payments without any physical exchange of money.
b. It can be used to make payments at the shops which have point of sale terminals.
c. On Presentation of the debit card the terminal automatically transfer money from the customer's account to the sellers account.
d. Payment can be made up to be amount of balance in the account of the customer.

Credit card:

a. It is a plastic card issued by a bank to its customers.
b. The bank allows maximum credit limit and the customer can use the credit card up to this limit only. The credit limit of the customer depends on his credit worthiness.
c. The payment has to be done within the due date which is usually within 45 days

of the transaction.
d. In case the customer fails to make the payment within the due date interest along with late fees is charged.

Internet banking:
a. Internet banking allows electronic fund transfer by transferring funds from companies or individuals account to the receivers account.
For example company may transfer salary direct to the employees account.

Real time gross settlement (RTGS)
a. It is a system where funds are transferred through e banking.
b. In the system the funds are transferred from one bank to another on real time and on gross basis.
c. Real time means that the transaction is processed as soon as the instructions are received.
d. Gross basis means that the transaction is settled on one to one basis.
e. RTGS transactions are processed within RTGS business hours without any waiting time.

National electronic fund transfer (NEFT)
a. It a mode of transferring funds from one bank to another bank or branch of the same bank using internet facilities.
b. Under the system transactions are settled on net basis which means that the settlement of transactions processed are done on regular intervals.
c. No transfer or settlement takes place on Sunday.

Unified payment interface (UPI)
a it is a mode of payment where money can be transferred through the mobile app.
b. To use this facility we need to register for mobile banking and download UPI app.
Examples of UPI apps : Bhim, Phone pay, SBI UPI app etc.

Advantages of e banking:

For customers
1. 24 hours 365 days a year service to the customer of the bank.
2. Transactions can be done through computers or laptop or mobile phone.
3. Systematic recording of each and every transaction brings in financial discipline.

For Banks
1. It provides competitive advantage to the bank.
2. It reduces cost and time of handling customers at the bank.
3. There is no need to open branches all over as banks are made available at the doorstep by the help of computer and internet connection.

INSURANCE

Insurance is a contract or agreement under which one party agrees in return for a consideration to pay an agreed amount of money to another party to make a loss, damage or injury to something of value in which the insured has a pecuniary interest; as a result of some uncertain event.

The agreement put in writing and is known as a policy. The person whose risk is insured is called insured and the firm which insurance the risk of loss is known as insurer.

Functions of insurance:

1. Providing certainty- insurance provides certainty of payment for the risk of loss. The insurer charges premium for providing the certainty.

2. Protection: Insurance provides protection from probable chances of loss. It cannot stop the happening of an event or risk but can compensate for losses arising out of it.

3. Risk sharing: On the happening of a risk event the loss is shared by all the persons exposed to it.

4. Assists in capital formation: The accumulated funds received by way of premium from the insured are invested in various income generating schemes thus leading to capital formation.

Types of insurance

a. Life Insurance: Life Insurance may be defined as a contract in which the insurer in consideration of a certain premium either in lump sum or by other periodical payments, agrees to pay to the assured or to the person for whose benefit the policy is taken the assured sum of money either on the death of the person or on the expiry of certain period.

b. Fire insurance: It is a contract whereby the insurer inconsideration of the premium paid undertakes to make good, any loss or damage caused by fire during a specified period up to the amount specified in the policy. Usually the fire insurance policy is for a period of one year after which it is to be renewed from time to time. The risk covered by a fire insurance contract is the loss resulting from fire or some other cause which is the proximate cause of the loss.

c. Marine insurance: It is a contract whereby the insurer undertakes to indemnify the insured against Marine losses. The insurance guarantees to make good the loss due to damage to the ship or cargo. The insurance in this case is known as the underwriter.