

THE COMPUTER CORNER

No. 242: ONLINE BANKING

Stan Kaplan, WB9RQR 715 N. Dries Street Saukville, WI 53080-1664
(262) 268-1949 wb9rqr@att.net

My gosh! Why would Stan include an article on Online Banking! Well, folks, many of us use our computers for banking, to one extent or another. At the very least, some of us look at our balances online. On the other end, some of us do all our banking using a computer, or even a smart phone.

Not being an expert in the subject, I found someone who is. Our own 2nd Vice President, Robert Eskola (K4WTH) has worked in the banking industry for years and has written a short article to “heighten our awareness” in this area. Thanks, Robert, for being a guest author for the Computer Corner. Happy Computing, all!

Banking for the Future: Safe, Secure Online and Mobile Banking.

It's always nice to go into things with your eyes wide open. If you are new to internet banking, you might not have considered where you can run into hiccups as you manage your money online. This article should help you to imagine a few things that can go wrong and may even help you deal with those situations.

It should be noted that most consumers are quite happy with their online banking experience. They enjoy higher interest rates on savings, and they often have access to advances in banking technology such as remote deposit, images of checks deposited, and the ability to move more quickly than they would in a traditional bank teller transaction. Another plus is that the few difficulties mentioned in this article are becoming less and less prevalent as banks improve due to competition.

Online Bank Accounts and Speed

The internet makes some things faster, and some things slower. When you first open an account, it may feel like a “hurry up and wait” situation. You'll need to complete an application online, and you might even need to send in a paper document with your signature. This can feel odd, compared to the relative speed of most other transactions online. At brick-and-mortar banks, you can begin using an account almost immediately. Deposits to your online bank account can be slow, but with practice you will learn to move money quickly and efficiently.

If you get a big check and want to start earning interest, you can expect to wait if you're going to mail the check in, plus you will be at the mercy of the post office. The higher Annual Percentage Yield you earn may still make it worth your while, but it's just no fun to wait. What can you do about this? Use an online bank application that allows you to deposit checks remotely, with a computer or mobile device. Most banks within the United States use 128-bit or 256-bit encryption and follow NIST (National Institute of Standards and Technology) guidelines for what level of encryption to use with your document. For example, NIST declares 80-bit strength until 2010 and 1120-bit strength until 2030 (see NIST SP 800 57).

Keep in mind the adage “location/location/location”. *Where* are you trying to access your information from is just as important as *what* you access. Never use open networks or free Wi-Fi spots to access your bank accounts.

Also, monitor your checks. In a study done in 2016, 54% of bank fraud occurred from unauthorized use of contact information taken from checks. With only one check, a “bad guy” may have access to your routing number, account number, check number, name and address, phone number, and driver license.

Making those deposits remotely using a computer or mobile device will start earning interest faster, and you don't even need to pay for a stamp. But there is a catch: banks limit how much you can deposit with your mobile device, so you can't deposit large (usually over \$5,000) checks this way. What about getting cleared funds quickly? If you need to pay somebody with a cashier's check, an online bank account won't help, since you will still need to run to your local branch. Current banking regulations stated in the Patriot Act require you to personally identify ownership on the account with intentions to create a paper trail.

However, you can generally do a wire transfer out of an online bank account (if your payee will accept a wire transfer). Or set up your bill paying scheme to pay certain people and organizations on your schedule. The nice part of this is that if the payee you are trying to pay accepts electric payments, the funds move via Automatic Clearing House. On the other hand, if they do not accept electric payment, the bank will send a check to be delivered on the exact day you specify. Note that you should never set up a system to have anyone routinely take money from your account on a scheduled basis. Why? It is almost impossible for you to stop this type of transaction, should an issue come up that makes you want to do so. The majority of bank fraud happens when insurance companies or cable/internet companies have your permission to remove money from your account automatically.

You Can't Spend It from Your Online Bank Account If You Don't Have Checks

Online bank accounts traditionally made it very easy to spend your money, making it necessary to really keep close track of your funds in the account. But, things have improved somewhat since the older days. To keep your cash accessible, use accounts that offer online bill pay or debit cards that you can use at an ATM or retailer. Always make sure never to write your pin on your debit card (this voids all protection you otherwise have in your account and you become liable for every penny). Whenever possible always run any transaction as a “credit”. That allows you to sign your signature on your debit card and still have all the protection you would get if you would use a credit card. Most major banks have some sort of rewards program tied with their online banking platform. Remember that you worked hard for your money. The question is, does your money work that hard for you?

Customer Service with Online Bank Accounts

Things are improving all the time, but you may occasionally have trouble with customer service. With a brick-and-mortar bank, you'll likely have some familiarity with the staff. At a credit union, the staff might even get to know you very well. If you're the type of person who enjoys this personal interaction, it's easier to find at a brick-and-mortar institution. On the other hand, you might want to just get things done and move on about your business, in which case online bank accounts are more efficient and can get most if not all types of transactions completed in a very timely manner.

Sometimes problems are easier to solve in person. If there is a mistake somewhere, a face-to-face discussion may be the most effective way to make progress when things are confusing. You won't have to wait on hold, and deal with an “escalation” process, since everybody can sit down together and figure things out. Why does the staff matter? It's easier to get good service if you know them and they know you, especially if they know what you typically do with your accounts. And if you are familiar with the institution's employees, you can select who to deal with.

Online bank accounts often require that you play the “1-800 Lottery” which is a trade off on knowing someone face to face. On the other hand, folks on the telephone often have later hours of operations and can resolve the issue, without you leaving the comfort of your home. You might get somebody helpful and knowledgeable, or you might not. On the bright side, you can always hang up and call back – hoping for a better-qualified representative, but that can be frustrating. It does seem, though, that in recent

years, customer service has improved at most banks because employees are crossed trained to handle most issues.

Other Reasons Why People Avoid Online Bank Accounts and Transactions

Sometimes online banking websites go down. When this happens, there's no backup branch that you can go to -- and the phone lines will be clogged. To protect yourself, always keep a local bank or credit union contact information with you so you won't be penniless or without access while they fix the on line problem.

Summary

You should not ignore online banking because of the ability to quickly access and move money where you want it. Online accounts may offer an easy way to bank for free, and they are a good bet for quickly finding high-interest rates. Thus, they tend to make life easier. You may never run into any of the problems mentioned above, and your overall experience will probably be great. However, you now have an idea of what can go wrong when using these services.