

Advantages And Disadvantages Of The Use Of ICT In Banking

Facilities That Have Improved Due To ICT

Due to ICT people can now pay for goods using not only cash but plastic cards, cheques and direct debit cards. Smart cards can also be used to pay for goods over the internet.

A person can now bank from home using the telephone or internet or even through their mobile phones. A person also no longer needs to go to the bank to take out money. Cash machines mean that people can take out money without having to visit the bank.

Cheques have also changed due to ICT. Cheques can now be cleared easier and quicker through the use of Magnetic Ink Character Recognition (MICR).

Advantages Of The Use Of ICT

| Improvement | Advantage | Disadvantage |
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| Banking can be done from home through the use of the internet or telephone. | <p>This is an advantage for the bank because less paper is used and therefore paper costs decrease. It also means less storage space is needed because fewer people will use the bank and therefore fewer employees and staff are needed.</p> <p>This benefits the customer because they can access their bank account 24 hours a day and they won't be charged for the service.</p> | <p>High levels of security are needed at the bank. Also with internet banking hackers can still break into a persons account. Customers also need to have firewalls and virus checks on their own computers.</p> <p>Some people may prefer the 'personal touch' instead of using a machine.</p> |
| ATMs | <p>ATMs mean that banks require fewer employees as fewer cashiers are needed and they offer a 24 hour service (- this is an advantage as banking has become competitive).</p> <p>ATMs are an advantage for customers as they let the person get to their cash quickly when and where they need it. It also allows them to check the balance and print off statements instead of having to wait for their monthly statement to be delivered.</p> | <p>In order to withdraw money a person has a PIN which acts as a password. The PIN however may be known by someone else and therefore this means that someone else may be able to access your money.</p> <p>ATMs do not work sometimes and can also be hacked into.</p> |
| Cheques | The cheque system is quicker | The MICR can be altered. |

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| | and more accurate because it is processed by a computer. Also the MICR number is difficult to forge and can be read even if the cheque is damaged or the characters have been overwritten. | |
| The use of plastic cards such as debit cards, credit cards etc. | People do not need to carry cash around. People can also pay for goods over the internet using credit cards. It also means that highly priced goods can be paid for electronically instead of with cash which saves the person from having to visit the bank or go to an ATM, or carry around a lot of money | Cards can be lost or stolen. They can also be copied although it is difficult to do this because of a small hologram on the cards. They use of plastic cards also causes pollution due to the difficulty of their disposal. |