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B.Com Honours | Semester V | Calicut University

FUNDAMENTALS OF BANKING AND INSURANCE

Course Code: COM5EJ303 • Module 2 Notes

Module II: E-Banking & Financial Inclusion

Covers Core Banking Solutions (CBS), electronic funds transfer networks (NEFT, RTGS, SWIFT, UPI), plastic money cards, mobile banking, and financial inclusion initiatives.

Unit 6: Core Banking Solutions (CBS) Architecture

Networking of bank branches enabling customers to conduct banking transactions from any branch (Anywhere, Anytime Banking). Centralized database maintained by bank data centers.

Unit 7: Electronic Funds Transfer Systems (NEFT, RTGS, SWIFT, UPI)

1. NEFT: Deferred Net Settlement (DNS) in half-hourly batches; No minimum limit.
2. RTGS: Gross real-time settlement; Minimum limit = Rs. 2,00,000; Meant for high-value transactions.
3. SWIFT: International financial messaging network for cross-border funds transfer.
4. UPI / IMPS: Real-time 24x7 instant interbank payment system operated by NPCI.

Unit 8: Plastic Money, ATMs, & Cards

Credit Cards (revolving line of credit), Debit Cards (direct bank account debit), Smart Cards (embedded microchip), ATMs (Cash withdrawal, PIN change, mini-statement), and E-Cheques.

Unit 9: Internet, Mobile, & Tele-Banking Infrastructure

Online portals, Mobile Banking Apps (BHIM, YONO), USSD mobile codes (*99#), SMS Banking, and 2-Factor Authentication (2FA OTP security).

Unit 10: Financial Inclusion & Recent Policy Initiatives

Extending formal financial services to unbanked populations. PMJDY (Pradhan Mantri Jan Dhan Yojana - Zero balance accounts, overdraft, RuPay card insurance), Payment Banks (Paytm, India Post), and Small Finance Banks.

Practical Case Framework (Electronic Payment Systems Architecture Comparison): Compare NEFT, RTGS, IMPS, and UPI across settlement mode, transaction limits, and operating hours.

Electronic Funds Transfer Systems Comparison Table:

Payment System	Settlement Mechanism	Minimum / Maximum Limit	Operating Hours	Operating Agency
NEFT	Deferred Net Settlement (Half-hourly)	Min: Re 1 / Max: No ceiling	24 × 7 × 365	Reserve Bank of India (RBI)
RTGS	Real-Time Gross Settlement	Min: Rs. 2,00,000 / Max: No ceiling	24 × 7 × 365	Reserve Bank of India (RBI)
IMPS	Instant Real-Time Settlement	Min: Re 1 / Max: Rs. 5,00,000	24 × 7 × 365 (Instant)	NPCI
UPI	Instant Virtual Payment Address (VPA)	Min: Re 1 / Max: Rs. 1,00,000/day	24 × 7 × 365 (Instant)	NPCI
SWIFT	International Financial Messaging	Cross-border institutional transfers	Global Business Hours	SWIFT Cooperative (Belgium)