

6.6 Banking applications

Syllabus 2026 - 2028

WHAT YOU NEED TO KNOW

- Characteristics, uses, advantages and disadvantages of Automatic Teller Machines (ATM)
- Characteristics, uses, advantages and disadvantages of Electronic Funds Transfer (EFT), credit and debit card transactions, cheques and internet banking

Automatic Teller Machines (ATM)

An ATM is a self-service machine connected to the bank's computer. It has a card reader, a keypad for the PIN, a screen, a cash dispenser and a receipt printer.

- **Uses:** withdrawing cash, depositing cash or cheques, checking the account balance, printing a mini statement, paying bills and transferring money
- The customer inserts a card and types a PIN, which is checked before any service is allowed

Advantages	Disadvantages
+ Available 24 hours a day, in many locations	- Card skimming, theft and people watching the PIN
+ No queues and fewer bank staff needed	- Can run out of cash, break down or have withdrawal limits
+ Quick way to get cash	- Charges may apply at other banks' machines
	- Not all services are available (for example, large or complicated transactions)

Electronic Funds Transfer (EFT)

EFT moves money electronically from one bank account to another without cash, for example salary payments and online purchases.

Advantages	Disadvantages
+ Fast and often cheap	- Both parties need bank accounts
+ No cash to handle, and payments can be set to happen automatically	- Mistakes can be hard to reverse
+ A record of every payment is kept	- Risk of fraud or hacking, and the system may fail

Credit and debit card transactions

A **debit card** takes money straight from the customer's account. A **credit card** lets the customer borrow money from the card company and pay it back later, often with interest. Cards are used with chip and PIN, contactless or online.

Advantages	Disadvantages
+ Convenient and no need to carry cash	- Fraud, skimming and stolen card details
+ Purchases are recorded, and a credit card gives short-term credit	- A credit card can lead to overspending and debt, with interest
+ Can be used in shops, online and abroad	- Needs a working card machine or internet connection, and fees may apply

Cheques

A cheque is a written instruction to a bank to pay a stated amount from the writer's account to another person.

Advantages	Disadvantages
+ Safer than sending cash through the post	- Slow, because it takes several days to clear
+ Gives a written record, and a cheque can be crossed so it is paid only into an account	- Can bounce if there is not enough money, and can be forged or lost
	- Fees may apply, and fewer shops accept them

Internet banking

Customers log in to the bank's website or app to check balances, pay bills, transfer money and set up regular payments.

Advantages	Disadvantages
+ Available 24 hours a day from anywhere, with no travelling	- Needs an internet connection and a device
+ Fast, and often cheaper than visiting a branch	- Risk of phishing, hacking and identity theft
	- Cannot be used to deposit or withdraw cash, and some people find it difficult to use

EXAM TIP

Be specific about the risks. For ATMs, write 'card skimming' or 'someone watching the PIN' rather than just 'it is not safe'.

Key terms

Term	Meaning
PIN	Personal Identification Number: a secret code used to confirm the card holder.
EFT	Electronic funds transfer: moving money between accounts electronically.
Skimming	Copying the data from a bank card, often with a hidden device.
Phishing	Fake emails or sites that trick users into giving away their details.