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Is Digital Banking for Me?

Choosing the best options for your finances

Now is a great time to learn more about digital banking, in times when face to face interaction is unavailable or households need to change the way they conduct their finances. Technological advances in the ways we obtain credit, make payments, and manage money can provide convenient ways to access some financial products and services that no longer require going to a physical bank branch. These “brick and mortar” banks, a term used to denote a bank branch located in a building, were once the only option we had. With digital banking and mobile banking now widely available and even newer technologies on the horizon, you might be asking, “Is it safe for me to take the leap to digital banking?”

So what is digital banking? The key features of digital banking are affordability, convenience, and instant access to information. These features help consumers understand their financial standing in real time, as well as plan for long-term goals and unexpected emergencies. Whether your bank has

physical branches or not, online and mobile banking enables consumers to manage their finances remotely from anywhere, including depositing checks, transferring money between accounts, and even paying friends and family electronically through peer-to-peer (P2P) payment platforms. The [October 2019](#) issue of Consumer News provides helpful information about protecting yourself when using online and mobile banking technology. Some banks, known as online-only banks, have opted not to provide a physical location at all.

The FDIC provides insurance for the funds that you deposit in FDIC-insured banks. This means that, if your FDIC-insured bank fails, the FDIC will protect you against the loss of your insured deposits whether the bank is brick and mortar or online-only. For more information on FDIC deposit insurance, visit <https://www.fdic.gov/deposit/>.

Depositors in FDIC-insured banks also benefit from other consumer financial protections. State and federal regulators supervise banks to protect consumers from certain practices, including those involving overdraft fees and correcting account errors. For more information on consumer financial protections, visit <https://www.fdic.gov/consumers/assistance/protection/index.html>.

What do brick and mortar banks offer?

In addition to traditional banking services like depositing money and withdrawing cash, brick and mortar banks locations generally offer services such as providing money orders and notarizing documents, which involve an in-person interaction with a teller or other bank employee. Many brick and mortar banks also offer safe deposit

boxes, which customers can lease for storage of valuable items. It is important to note that the FDIC does not insure the contents of safe deposit boxes.

Many brick and mortar banks also offer online and mobile access to their banking services, which their customers can use to manage their money online. Contact your bank or check their website to learn about all of the services it provides.

What does digital banking offer?

Banks that offer online and mobile banking services give you the ability to do some or all of your banking on your computer, tablet, or smartphone. These digital banking services might include transferring funds, depositing checks, viewing account statements, and paying bills. Some online bank services allow you to open deposit accounts and apply for loans, tasks that once required a visit to a physical location. These options may streamline the exchange of loan application information and may lead to faster loan decisions. Some banks also provide budgeting tools to help you manage your finances.

To use digital banking services, customers typically sign up and create account information that enables you to access your accounts on the web or mobile device. Check with your bank to find out what digital banking features they offer and how to sign up for them. It's also a good idea to make sure you know how your bank is protecting your digital banking data. Read more about keeping your data safe in the special [Cybersecurity Edition of Consumer News](#).

Online-only banks do not have a physical presence, so customers open accounts and access financial products and features through a website or an app on their computer or mobile device. You can generally use debit cards at ATMs to take out cash and deposit checks. In some cases, you can also make payments electronically. Some digital-only banks do not accept cash deposits, and there may be a fee for certain transactions, so be sure to verify that the features they offer meet your needs.

Like traditional brick and mortar banks, digital-only banks generally have a customer service department that you can contact to ask questions, get help with transactions, and address other concerns or issues; however, they do not offer an option to meet in person with a customer service representative. If services can be conducted online or over the phone instead of in person, they generally offer many of the same services as a brick and mortar bank.

Is it a legitimate bank?

Before engaging with any bank, whether it is digital-only or brick and mortar, it's important to make sure you are working with a legitimate FDIC-insured bank. Make sure it isn't a fraudulent website set up by criminals to mislead and entice people into transferring money or disclosing personal information for use in committing identity theft. To confirm that a website belongs to

an FDIC-insured bank, check the FDIC's online database, [BankFind](#). BankFind includes both digital-only and traditional brick and mortar banks.

What's best for me?

Brick and mortar banks provide the opportunity to build a personal relationship and have personnel who can go over loan terms or address account issues in person. This relationship is important to some consumers, and others may simply like knowing the bank has a physical presence and commitment to their community. In some circumstances, banking online or on a mobile device may not only be a convenience, but a necessity when face to face interaction is unavailable, even if it is only temporary. The bank that's right for you might be brick and mortar, online, or a bit of both. The best news is that options are available to access your money and keep your funds FDIC-insured.

For more information on digital or mobile banking visit:

FTC at <https://www.ftc.gov/news-events/media-resources/consumer-finance/financial-technology>

FDIC at <https://www.fdic.gov/fditech/> and <https://www.fdic.gov/consumers/consumer/news/october2019.html>

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