International Journal of Computer Techniques - Volume1 Issue 1

Electronic Funds Transfers (EFTs)

S. Rajeshwar, M. Naveen Kumar, B. Nehru and V. Biksham ,Syed Shah M. and Farooq Javed Sri Indu College of Engineering and Technology

Abstract:

EFT stands for "Electronic Funds Transfer" and represents the way your business can receive direct deposit of all payments from the Commonwealth to your company bank account. Once you *sign up*, money comes to you directly and sooner than ever before. EFT is Fast, Safe, and means that your money will be confirmed in your bank account quicker than if you have to wait for the mail, deposit your check, and wait for the funds to become available. All you have to do is complete the form, print it, sign, and mail to the Department you do business with. We will take care of the rest. Within three to four weeks you will be fully established on EFT and can start receiving your money sooner.

Automatic Investments:

Exchange traded funds represent one of the fastest growing investments available today. While ETFs are a relatively new investment vehicle, they are growing in popularity due to their relative simplicity, built-in diversity and low costs. There are many who see advantages in ETFs, since they are not only well-suited for long-term, buy and hold investing, but can also be adapted for use in short-term trading strategies and even options and shorting.

Don't trade too often:

Buy and hold is one of the most effective ways to save money on any investing. Whether you are looking for a mutual fund with low turnover or investing in individual equities, it can be to your benefit to avoiding trading too often — the fees will start to stack up. Because ETFs are traded like stocks on the market, you incur the same brokerage fees and/or commissions that any normal stock would end up with. If you trade ETFs often, you will start to rack up fees.

Use a discount broker:

When trading, one of the best things you can do is open an account with a discount broker. These are brokers that usually offer online investing services at a discount. You can get discounts (usually a flat rate) on trades, being charged mainly when you buy or sell. Usually, a discount broker comes with two advantages: you don't pay as much for trading and the account minimums are usually lower. However, when you use a discount broker, you are usually on your own when it comes to choosing investments; no expert advice. (Some discount brokers do offer advisement services á la carte.)

Look for ETFs with low expense ratios:

Funds have expense ratios. Some funds have higher ratios than others. The same is true of ETFs. Expense ratios on ETFs are often in the 0.15% to 0.50% range, although there are some ETFs with lower or higher expense ratios. As you might guess, the lower your expense ratio, the more of your money is actually invested. While this is important, it is important to realize that choosing a good ETF goes beyond expense ratios. Per-trade fees can erase your potential and your expense ratio savings. So choose wisely (low expense ratio), and don't trade to often. This is actually sound advice when you are buying index funds and mutual funds as well. However, realize that index funds and ETFs have lower costs than mutual funds.

Be aware of taxes:

Taxes will get you every time. If you are not careful, you will find yourself owing taxes. Everyone talks about how ETFs have great tax efficiency, but you have to know what you are doing in order to take advantage of ETFs. You

have to pay taxes on dividends earned from ETFs. For qualified dividends, you are taxed between 5% and 15%, depending on your tax bracket. In the highest bracket, you only pay 15%. However, with unqualified dividends, you pay the same rate as your income tax bracket. If you want to invest in ETFs that pay dividends, make sure you know whether they are qualified or not. Also, consider long-term vs. short-term capital gains. Try to wait at least a year to sell your investment, since long-term capital gains taxes are lower than short-term capital gains taxes. (Since I am not a tax professional, it is a good idea to consult one to get an even better idea of your situation, and what you can do to reduce costs.)

Watch out for automatic investment plans for ETFs:

One of the mistakes you can make when when investing in ETFs is to get *too* into dollar cost averaging. While dollar cost averaging can be a good strategy for any type of investment, it is important to be careful when using it with ETFs. Since ETFs (unlike mutual funds) are traded like stocks, you are charged the transaction fee each time. A weekly investment of $25 or even $50 into an ETF can quickly be eroded. On the other hand, you can use dollar cost averaging with ETFs on a monthy or quarterly basis. Dollar cost averaging is just regularly putting in the same amount of money. You can do this more spread out with ETFs to lower your costs. $200 a month or $800 a quarter into an ETF will be more cost-efficient than breaking it up into a weekly thing.

Avoid non-ETF ETFs:

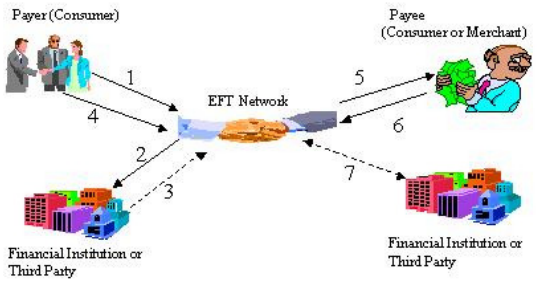
Let me explain. There is a definite difference between exchange-traded funds that are really closed-end mutual funds and ETFs. Closed-end mutual funds are traded during the day in a way similar to stocks. However, they are still mutual funds, and they are usually actively managed. This means that there are the same sort of mutual fund fees involved. You might be surprised, if you do not do your due diligence when investigating ETFs, to find that the costs are higher than you expected — because you might not be invested in a true ETF.

Watch out for brokerage fees:

Even with a discount broker, there are fees. Make sure you understand what the broker fees are for, and try to avoid them. Watch for recurring fees, and make sure you maintain the required account minimum. Also, realize that dividends from ETFs are paid in cash, and not automatically reinvested. While some brokers will allow you to reinvest the dividends into an ETF for no extra fee or charge, there are brokers who will charge you the transaction fee when you reinvest.

Online Security at Fidelity:

We employ the latest technology and security best practices to keep your accounts safe. You can also take action to help us protect you online.



How we keep you safe:

To protect your information and assets, Fidelity employs extensive physical, electronic, and procedural controls, regularly adapting them as technology and new threats evolve. Our security measures are designed specifically to protect you and your accounts regardless of how you access us—on a computer, on a mobile device,

or by phone. We want your access to be secure as well as convenient. Although we cannot disclose all of our security tactics, here are just a few of the measures we take.

Implementing username and password requirements :

When you set up your online access, you create your own unique username and secret password, allowing you safe and secure access to your accounts. We have proprietary monitoring and other protective procedures in place, some of which are visible to customers, such as limits on password entry attempts.

Customer verification :

No matter how you contact Fidelity—online, by phone, or at an Investor Center—we verify your identity before granting you access to your accounts.

Security questions :

If you or someone else tries to log in from a computer we don't recognize, we may challenge you with one of the enhanced security questions which you previously answered when you enrolled. This helps us ensure that it is really you accessing your account.

Strong encryption :

We employ some of the strongest methods of encryption commercially available today, protecting your personal information, like your username and password or the contents of your portfolio, as it travels from your computer to our systems.

Firewalls :

To block unauthorized access, all of our computer systems are protected by firewalls or electronic barriers that prevent unauthorized access to our networks.

Free software offers :

Fidelity has special deals with leading virus scan vendors, helping you protect your computer. The software is easy to install and runs in the background without slowing down your computer.

Secure email :

The technology we deploy for our customer emails enables us to digitally sign our messages so that our customers can verify that the messages have not been forged or altered.

Timed logoff :

Our websites automatically log you off after an extended period of inactivity. This reduces the risk that others could access your information from your unattended computer or mobile device.

Transaction Security :

Certain transactions on Fidelity.com require a six-digit code as an extra layer of security. To receive these codes via text message.

Constant systems surveillance :

Our security teams monitor our systems around the clock, ensuring you have timely and secure access to your accounts.

Security at Fidelity worksites:

Because we also print and deliver documents containing sensitive personal information, all such work areas are monitored continuously and restricted to only authorized personnel.

Restricted access to customer data :

Just as we limit physical access to our work areas, we also restrict access to systems containing customer data and constantly monitor access to these systems.

Employee education :

Our employees receive thorough training on our security policies and are held accountable for adhering to them. Employees who work directly with customers also receive training on emerging risks, such as identity theft.

Payment system:

The payment system is an operational network - governed by laws, rules and standards - that links bank accounts and provides the functionality for monetary exchange using bank deposits.[1] The payment system is the infrastructure (consisting of institutions, instruments, rules, procedures, standards,and technical means) established to effect the transfer of monetary value between parties discharging mutual obligations. Its technical efficiency determines the efficiency with which transaction money is used in the economy, and risk associated with its use.

What makes it a "system" is that it employs cash-substitutes; traditional payment systems are negotiable instruments such as drafts (e.g., checks) and documentary credits such as letter of credits. With the advent of computers and electronic communications a large number of alternative electronic payment systems have emerged. These include debit cards, credit cards, electronic funds transfers, direct credits, direct debits, internet banking and e-commerce payment systems. Some payment systems include credit mechanisms, but that is essentially a different aspect of payment.

Protect Your Accounts:

Use strict password criteria:

A tough password can be your first line of defense against someone trying to access one of your online accounts.

Avoid predictable or easily guessed passwords:
This includes your date of birth, nickname, pet's name or your Social Security number, which is fairly easy for someone to obtain. Many sites will prevent you from using your SSN or date of birth as a password.

Don't reuse password:

Passwords can be difficult to remember, but if an unauthorized person can gain access to one of them, many more accounts for which you have the same login could be compromised.

Keep your passwords and reminders safe:
Treat your passwords as you would the key to your home. If you must write them down, keep them in a safe place or in a computer file with an unassuming filename. Consider using a password vault or password keeper application to help you remember your passwords.

Never provide your password in response to an email:

No reputable company will ever ask you for your username and password in an email. If you get such an email, it is likely a scam or phishing.

Take advantage of password recovery features:
Many websites ask you to keep a secret question on file in the event you forget your password or need to change it. Some can

send you a random code via text message to allow you to reset it.

Reference:

[1] L. Yi-bo, X. Hong, and Z. Sen-yue, "The Wrinkle generation method.

[2] Y. Rener, J. Wei, and C. Ken, "Down sample- based multiple description coding and post- processing of decoding.

[3] H. Demirel, G. Anbarjafari, and S. Izadpanahi, "Improved motionbased .

[4] Y. Piao, I. Shin, and H. W. Park, "Image resolution.

[5] H. Demirel and G. Anbarjafari, "Satellite image resolution.