

22.08.2024

What is an online bank, and how does it integrate into digital banking?

Online banks offer a modern-day alternative to traditional banks with advantages such as low fees and higher rates of interest. But how do these institutions work, and what role do they play in the context of digital banking?

An online bank is a financial institution operating exclusively online and not maintaining any traditional branch networks. Thanks to their low costs of operation, such banks are often able to offer lower fees, higher interest rates and better exchange rates. Also known as smartphone, neo- or Internet banks, they offer easy ways of opening an account, transferring money and also additional features such as virtual one-time-use credit cards, all provided via a smartphone app.

To use online banks securely, you will have to observe the same rules of behaviour applicable to classic mobile banking. First you will have to consider that online-only banks frequently offer only limited contact and support options. It is advisable to use such online-only banks for additional accounts only, to pay close attention to them holding a banking licence and to ensure that they are covered by the deposit insurance scheme for Swiss customers.

Digital banking means comprehensive digital transformation of banking services, extending far beyond simple online access to bank accounts. This involves a seamless integration of different financial services across several digital channels, enabling customers to do their banking anytime and anywhere, whether they use their PC, tablet or smartphone to do so. Online banks in particular offer their services exclusively via digital channels and therefore strongly address digital banking criteria.

You can read our complete article [“From traditional e-banking to modern-day digital banking” on MoreThanDigital here.](https://morethandigital.info/en/from-traditional-e-banking-to-modern-digital-banking/) (<https://morethandigital.info/en/from-traditional-e-banking-to-modern-digital-banking/>)