

COMMERCE AND ITS MANAGEMENT IN TERMS OF ELECTRONIC PAYMENT SYSTEM

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Abstract

The emergence of e-commerce has created new financial needs that in many cases cannot be effectively fulfilled by the traditional payment systems. Recognizing this, virtually all interested parties are exploring various types of electronic payment system and issues surrounding electronic payment system and digital currency. Broadly electronic payment systems can be classified into four categories: Online Credit Card Payment System, Online Electronic Cash System, Electronic Cheque System and Smart Cards based Electronic Payment System.

Key Words: *ecommerce, electronic payment*

Introduction

An Ecommerce payment, being one of the most rapidly changing industries in the world, is constantly in a state of flux. But what drives this surge of innovation in the market? How do we continue to be innovative in the future? It reveals the four drivers of online payments innovation:

1. Changing consumer behaviour and expectations;
2. Ecommerce developments (emergence of (social) platform commerce and subscription commerce);
3. Technology driven innovation;
4. Regulatory reforms and frameworks to clarify aspects in the ecommerce and online payment ecosystem.

In the remainder of this paragraph, the four drivers will be described in more detail, with close attention for the effects on the online behaviour of consumers.

Online payment methods refer to the way shoppers can pay for their purchases over the Internet. An online payment method is presented at the checkout or payment page of the merchant and should have a clear recognition by the shopper through means of a well-known logo (e.g. MasterCard, PayPal, iDEAL) or common all-purpose words like 'credit cards', 'bank transfer' or 'payment-on-delivery'.

Online payment methods rely on six "meta" payment instruments:

1. Card payments
2. Bank transfer payments
3. Direct debit payments
4. Cash payments
5. Crypto-currency payments
6. Direct Carrier payments

A payment method can stand in a one-to one relationship with an instrument, as with credit cards, but it can also incorporate several payment instruments in one method, as with e-wallets.

The ten categories we discern from one another are:

1. Credit Card
2. Debit Card
3. Pre-paid Card
4. E-wallet
5. Online Banking
6. Direct Debit
7. Invoice - Payment after Delivery – Instalments
8. Cash
9. Direct Carrier Billing
10. Cryptocurrency

Payment Management in India

In India, the Unified Payments Interface (UPI), developed by banks, is aimed at the banked smartphone user. Due to its vast

potential reach and ease of use (addressing via email, mobile number and ID number) it is expected to bring about a significant shift in the way mobile banking transactions are conducted in India. It allows users to make payments using mobile phones as the primary device, without the need to download an app to send or receive money. Ubiquitous mobile payments can be created outside of card networks, thus directly on the core banking infrastructure. The new system will allow for a one-click, two-factor authentication on mobile phones across bank accounts. This probably marks the end of wallets in India. In India, as with other emerging countries, cash on delivery and kiosk payments should be offered when expanding into the market. There is a traditional preference for cash payments, something that does not seem to change rapidly.

Introduction to E-Commerce

E-Commerce is a latest technology related with commerce and computer. Commerce is the exchange or transformation or buying and selling of entities (goods or commodities) on a very large scale involving transportation from one place to another. E-Commerce is the process of doing business online. Or we can say that E-commerce is to conduct business by using the IT (Information technology, i.e., computer technology and electronic communication) it is the buying and selling of items or goods or services on the Web using electronic communication and digital information processing technology. EDI or Electronic Data Interchange is an early form of e-commerce. Its high cost, use of proprietary standards etc. hampered the spread of e-commerce.

By the help of the flexibility offered by computer networks and the availability of the Internet, E-commerce develops on traditional commerce. E-commerce creates new opportunities for performing profitable activities online. It promotes easier cooperation between different groups: businesses sharing information to improve

customer relations; companies working together to design and build new products/services; or multinational company sharing information for a major marketing campaign.

E-Business and E-commerce

Internationally both the terms can be interchanged and having the same concepts, that is, doing business online. However, EB is the term which is derived from e-commerce. However there is little difference between these two concepts. Electronic commerce is a business to business [B2B] initiative aimed at communicating business transaction documents on a real time or near real time basis between known trading partners such as suppliers, customers etc. E-commerce might be considered as the use of the Internet as a company's primary or exclusive portal to its customers. Amazon or e-bay conducts all of their business online and their products and services are exclusively those which can be sold online.

Electronic Data Interchange [EDI]

It enables the firms to exchange business information faster, more cheaply and accurately than possible using paper based documents. The whole point of EDI is to enable your company to communicate with other applications that are always on the distal end of some long distance link and always "black boxes" from the viewpoint of your own network and applications. EDI is the electronic exchange of business documents in a standard, computer processable, universally accepted format between trading partners. It is a standard for the electronic exchange of business documents, such as invoices and purchase orders. Edi consists of standardized electronic message formats for common business documents such as purchase order, request for quotation, bills of lading, invoice and similar documents.

Issues and Challenges Regarding Electronic Payment System

Lack of Usability: Electronic payment system requires large amount of information from end users or make transactions more difficult by using complex elaborated websites interfaces. For example credit card payments through a website are not easiest way to pay as this system requires large amount of personal data and contact details in web form.

Lack of Security: Online payment systems for the internet are an easy target for stealing money and personal information. Customers have to provide credit card and payment account details and other personal information online. This data is sometimes transmitted in an un-secured way. Providing these details by mail or over the telephone also entails security risks.

Issues with e-Cash: The main problem of e-cash is that it is not universally accepted because it is necessary that the commercial establishment accept it as payment method. Another problem is that when we makes payment by using e-cash, the client and the salesman have accounts in the same bank which issue e-cash. The payment is not valid in other banks.

Lack of Trust: Electronic payments have a long history of fraud, misuse and low reliability as well as it is new system without established positive reputation. Potential customers often mention this risk as the key reason why they do not trust a payment services and therefore do not make internet purchases.

Lack of Awareness: Making online payment is not an easy task. Even educated people also face problems in making online payments. Therefore, they always prefer traditional way of shopping instead of online shopping. Sometimes there is a technical problem in server customers tried to do online payments but they fails to do. As a result they avoid it.

The Future of mobile payments

According to MEF's third annual Global Mobile Money report 2015, e-commerce and

mobile banking continue to grow with 69% of mobile users carrying out their banking activity via mobile devices. The report conducted a study of 15,000 mobile users across 15 different countries of the world. The report defined the term Mobile Money for the services including in-store payments, carrier billing, online payments, peer-to-peer payments, and payments via mobile wallets. Growing use of mobile payment methods also encouraged developed markets to install device penetration system and infrastructure that should support mobile transactions in-store. In addition, contactless payment methods are also becoming popular with their wearable technology (Sacco, 2015) that offers fast, easy, and a secure way to pay at various places. The wearable payment technology includes smart watches, rings, wrist bands, and a number of Android or iOS smartphones applications.

Conclusion

As the introduction of smartphones has replaced a several things in our daily lives like an alarm clock, watch, music player, and tape recorder it seems that cash and wallets are soon to be added to this list. Payment methods have been through a series of evolutions from cash to checks, to debit cards and credit cards, and now to ecommerce and mobile banking. This study finds that customers are increasingly using mobile payment methods for their routine online purchases and for their on-site purchases as well. With growing advanced technology that supports mobile transactions and makes them transparent and more convenient, consumers have developed their trust and habits on using mobile payment systems. The changing behaviour of consumers making a shift from traditional payment methods to more advanced online payment systems is quite evident in banking and retailing, and with most of the mobile devices available. Since it is evident that the mobile devices became unavoidable part of almost everyone's life form one side and the opportunities this technology enables for online and offline payment regarding convenience and security, it is unavoidable

that the use of mobile payment systems will further rise with ambition to surpass or even replace cash and other cashless payment option. Electronic payment refers to the mode of payment which does not include physical cash or cheques. It includes debit card, credit card, smart card, e-wallet etc. E-commerce has its main link in its development on –line in the use of payment methods, some of which we have analysed in this work .The risk to the

online payments are theft of payments data, personal data and fraudulent rejection on the part of customers. The successful implementations of electronic payment systems depends on how the security and privacy dimensions perceived by consumers as well as sellers are popularly managed , in turn would improve the market confidence in the system.

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