

A STUDY ON DIGITAL PAYMENT SYSTEM-ISSUES AND CHALLENGES

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ABSTRACT

With the revolution of Information and communication technology and IOT has rewritten the concept of payment system and made an ease of payments with the digital or e-payment system with the click of a button from any electronic gadget(laptop, smart phone and desktop) in an easy and safety mode. Digital payment occurs when goods or services are purchased through the use of various electronic mediums. There is no use of cash or cheques in this type of payment method. Consumer-driven digital platforms such as visual commerce, mobile networks and social media all of these enable customers to explore and purchase what they prefer, and there is 24/7 purchasing/ sourcing feature match their specifications, purchase them online at any time or location and expect delivery on scheduled dates as guaranteed. This paper conceptually discusses about the role and impact of digital payment system on customer acceptance and its sustainability.

Keywords: digital payment system, customer driven, commerce, sustainability, internet

Introduction

The growing digitalization of payments and its impacts on our socio-economy is growing multi-folds. Digital banking and mobile payments had registered significant growth, including in emerging economies globally. Inexpensive smartphones and access to high-speed internet have ensured a thriving e-commerce industry in several economies. With the growing popularity of digital payments, consumers have a greater number of payment options for both online and offline purchases. This is helping drive industries and small entrepreneurs who can now sell their products and services to customers in different parts of the city they live in, or even across different countries and more importantly receive payments for these sales

It has following advantages

Convenience, ease of use, no fear of theft, available 24/7, risk free transactions, and every step there are authentications so as to protect the user from external cyber attacks.

Review of literature

1. **S. Kowsalya, (2017)** conceptualized E-Payments refers to the technological breakthrough that enables us to perform financial transactions online, thus avoiding hindrances and other hassles. E-Payments provides greater freedom to individuals in paying their taxes, licenses, fees, fines and purchases at unconventional locations and at whichever time of the day, & 365 days of the year. The authors found that credit and

debit cards will become obsolete, because they saw the increasing development of mobile technology and the internet industry.

2. **ABHIJIT M. TADSE, (2017)** they stated in their study on 'A Study on Usage of PayTM', the authors Abhijit M. Tadse and Harmeet Singh Nannade mentions that Digital wallets are quickly becoming mainstream mode of online payment and mobile users can nowadays use their smartphones to make money transaction or payment by using applications installed in the phone. The authors through their survey states that the PayTm has to work upon the Payment gateway to improve the transaction efficiency as 70% people faced problem with payment gateway. Only 5% people claim to have got assistance every time they had a failure so the service could be improved to cater the needs of maximum customers. PayTm is currently performing well in terms of privacy but it has to work upon discounts/offers, transaction time and bring about innovation to increase customer satisfaction.
3. **Bezhovski, (2016)** also observed that the Future of the Mobile Payment as Electronic Payment System' the author ZlatkoBezhovski states that with all the security and convenience provided by mobile electronic payment method, we can expect further growth of mobile payments worldwide even surpassing payments made by credit and debit cards. However, there are several barriers identified to the adoption of this payment method; so certain measures should be taken to grant this industry a promising future ahead. 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. Enhancing the compatibility with a wide range of users, the use of latest technology and establishment of common standards for various service providers, and overcoming the security and privacy issues could help in facilitating faster adoption of electronic payment methods and advance the rising market of mobile payments.
4. **Pousttchi (2003)** recognized mobile payment as pivotal, and suggested wide acceptance of mobile payment by merchants and consumers not keeping it limited to mobile commerce.
5. **Turowski and Pousttchi (2004)** defined mobile payment an electronic payment transaction procedure where mobile communication technique is employed by the player in coexistence with mobile device for the completion of payment through initiation, authorization or realization of payment
6. **According to Hayashi (2012)** proximity mobile payment services entail many advantages for consumers. First of all, there is the advantage of portability since card accounts can be collected and consequently, there is no longer the need to carry several plastic cards (ibid)
7. **Karnouskos (2004)** adds that during a payment transaction mobile devices have the task to confirm and authorize that a financial value is exchanged for goods and services.

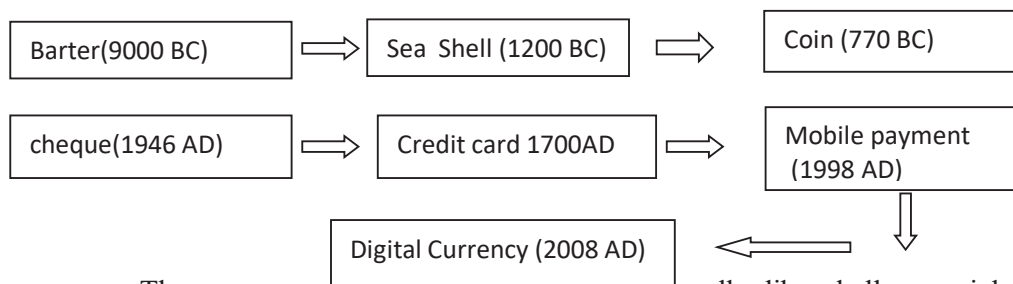
Research Methodology

For this investigation, secondary data have been sourced such as surf engines, bulletins, blogs and journals.

Brief History of Currency and Payment Methods

The concept of money arose with the dawn of human civilization. It was basically a medium of trade of goods between two individuals. The concept of what can be considered as money has changed from time to time from livestock, shells, coins, notes to now crypto-currency. Barter system was the stepping stone in the trade of goods which came into existence around 9000 BC. In this system, one could exchange goods among themselves with no standard technique e.g.- A person can exchange an axe with a goat. Times changed and then a standard item was considered as a base for purchasing) goods.

History of evolution of means of payment (Source: Luna, 2017)



These were generally valuables found naturally like shells, special types of stones etc. which varied from region to region. Around 700 BC, with the development of metallurgy, precious metals such as gold and silver were declared as money by kingdoms. Gradually kingdoms shifted towards cheaper metals such as copper and other alloys such as bronze. Coins made of such materials were much cost-effective to fabricate and were given the status of value marked on it. Chinese with invention of paper around 700 A.D. have revolutionized the system of money. Soon, the paper printed with its value and other specific information was considered as money. It was way easier to carry than coins and much easier to print than complex metallurgical processes of fabricating coins. Paper notes then became popular all over the world which is still in practice. Another paper based cheque system was launched by a British banker in 1762 AD. This was issued by bank and was distributed among consumers, and with valid number and signature, the cheque could be en-cashed. With the launch of credit card by a bank in Brooklyn in the year 1946, plastic money came into existence. This plastic money also changed the way payments were made as wallets started becoming cashless, and a new sense of comfort of not carrying cash was being liked by masses. Coca Cola in the year 1997, introduced the system of mobile payment to the world, in which the vending machines were enabled to accept payments by sending SMS from any mobile phone. Gradually mobile wallets came into existences that are basically software applications loaded on mobile phone for making payments.

Many banks and other third party companies have launched. Mobile wallet has now evolved with many other NFC and UPI technologies. Crypto currencies have also attained the status of money in recent year

Issues and challenges of e-payment system

1. Low internet bandwidth. A solvable yet common issue, low internet bandwidth is usually responsible for failed online payments. ...
2. Card data security. ...
3. Technical integration. ...
4. Multi-currency transactions. ...
5. User experience and checkout challenges
6. Overspending

Conclusions:

1. It is known to many now that digital payments system has greater value, ease of use, social influence, government initiatives, application providers are have been good enough to adopt digital payment system. And users are finding it quite easy to prefer it rather than visiting offline.
2. The fear of cyber attack is the only major issue that worries most users for opting digital payment system. It provides a scope for the policy makers to provide digital infrastructure, robust security system along side in order to increase the user rate and user satisfaction.
3. Omni channel have to be created in order to create more customer convenience.
4. It is the responsibility of the user to take necessary precautions while transacting huge payments as there is always a threat of cyber attacks.
5. As stated above it is the easiest way of making the payments and gets secured without physically carrying huge amounts and there is always a fear of theft and fraud.

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E-COMMERCE & DIGITAL MARKETING

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Abstract

E-Commerce means any form of business transaction conducted through online. This is defined as “buying and selling of goods through the internet on any device”. However E-commerce can also entail other type of activities, such as online auctions, payment gateways, internet banking, etc. Digital Marketing is also called as online marketing. Digital marketing is very important factor of marketing that uses that internet and online based digital technologies such as desktop computer, mobile phones, and other digital media and platforms to promote products and services.

Keywords

E-Commerce, Digital Marketing, Internet, Online shopping, etc.

Introduction

Electronic Commerce, commonly known as E-commerce is trading in products or services using computer networks, such as the internet. Electronic commerce draws on technologies such as mobile commerce, electronic fund transfer, supply chain management, data interchange, inventory management system, and automated data collection systems.

Definition: - “sharing business information, maintaining business relationship and conducting business transactions using computer connected to telecommunication network is called e-commerce”.

E-commerce is widely considered the buying and selling of products over the internet, but any transaction that is completely solely through electronic measure can be considered e-commerce. Electronic commerce is subdivided in to four categories:-

1. B2B or Business to Business:- B2B commerce or Business to Business electronic commerce is the sale of goods or services through online transactions between business. Because order are processed digitally, buying efficiency and effectiveness is improved for wholesalers, manufacturers, distributor and other type of B2B sellers.
2. B2C or Business to Consumer:- B 2 C Commerce or Business to Consumer model means where business provide services directly to the consumer, without the interference of any intermediaries. This model is especially popular in e-commerce, and became the gateway where local businesses could thrive by putting up a storefront of their own for customers to choose and make purchase from.
3. C2B or Consumer to Business:- C2B or Consumer to Business is a type of business model where the customers provides a services or product to the business. This is the reverse of a typical business to consumer model, in which a company provide a service to customers through the sale of goods and services. The internet and social media make

a C2B model possible by connecting customers who can offer their marketing services to companies for a payoff. C2B business solution often used to drive business to a company's e-commerce platform. Some example of C2B marketing include reverse auctioning, affiliate marketing, and on-commission advertisement space.

4. C2C or Consumer to Consumer:- C2C or Consumer to Consumer is a business model whereby customers can trade with each other, typically in online environment. This type of business model that emerged with e-commerce technology and the sharing economy.

Advantages of E-Commerce

- 1 Convenience:- Every product is as the tip of your fingers on the internet, just type in the product you are looking for into your favourite search engine and every option will appear in a well-organized list in a matter of second.
- 2 Time saving:- with e-commerce there is no driving in circles while looking and digging in hopes of finding what you need. Stores online offer thire full line as well as use warehouses instead of stores fronts products are easy to locate and can be delivered to your door in just days.
- 3 Economy benefit: - E-commerce allows us to make transections without any needs on stores, infrastructure investment, and other common things we find. Companies only need well-built websites and customer services.
- 4 Easy to compare:- side by side comparisons are readily available and easy to do. When products are placed online, they come with all the specifics, and they want you to compare them with others, know they have the best options and come back for more.
- 5 Increasing customer base:- the customer base is every business's concern online or offline. When online, a business doesn't have to worry about getting the best property in town, people from around the world have access to their products and can come back at any time.
- 6 Rise in sales:- by not managing a storefront, any business will have a more sale online with a higher profit margin. They can redistribute the money to make the consumer shopping experience faster and more efficient.

Disadvantages of E-commerce

1. Privacy & Security:- While making transections online be sure to check the sites certificates of security.
2. Quality:- while e-commerce makes everything easily accessible, a consumer cannot actually touched product until they are delivered at the door. It is important to view the return policy before buying.
3. Lack of personal information:- while the rules and regulaions of each e-commerce business is laid out for you read, there is lot to read and it may be confusing when it's come to the legalities. With large or important orders, there is no one you can talk to face to face when you have questions and concerns.
4. Extra expense and expertise for e-commerce infrastructure:- to be sure an online business is running correctly, money will have to be invested on e-commerce infrastructure.

Digital marketing and E-commerce

“Digital marketing or online marketing refers to marketing activities targeting consumers using digital challenges”. The digital marketing definition includes all online marketing tactics implemented through digital challenges to achieve business and marketing goals.

Nowadays, digital marketing has penetrated into every field. The primary reason behind this phenomenon is that business processes are evolving very quickly and there are a lot of experimentation and changes done in the industry. We are getting diverted by one or the upcoming trends. Coming to consumers, we can't pretend about them as their behaviour is changing by every minute. Digital marketing as a mechanism can easily adapt to these changes.

E-commerce is a business where buying and selling completely depends on the internet. Therefore the digital marketing comes in to the picture, as it is the only medium to help e-commerce business to grow. The speedy growth of smartphones and internet gives comprehensive access to selling and purchasing merchandise at an easy.

Using digital marketing, e-commerce creates huge revenue as its helps to acquire customers and brand values. Customers are no more dependent just on content or a word-of-mouth before buying a product. They make sure to read the review about a product on all the platforms on which the product is listed.

Social media is a channel of digital marketing which has taken over the world. There is hardly anyone who is not active on social media. Because of this it's become easier for brands to reach out customers through social media. As social media networks are getting stronger it has become digital marketing professionals to include paid social media as part of their strategy to reach out more customers.

Digital marketing involves using mail, social media, search engines, display advertising, and other online channels to attract customers, encourage them to make purchases. E-commerce involves using online platforms to sell products and services, which include designing online stores, crafting product listings, conducting market research, and analysing store performance.

Literature review

1. E-Commerce Evolved, Tanner Larsson,2017

In this book researcher shown simple, and proven formula to help you build grow and scale a widely profitable e-commerce business in today's competitive market.

2. Introduction to E-commerce: Combine business and information technology 1st edition.,2016, Martin kutz

This book explains how the term E-commerce defined. How the internet has enabled for the business for E-commerce.

Objectives

1. To study effects of Digital Marketing in E-commerce.
2. To study role of E-commerce in Commerce & Management.

Conclusion

It is not possible for an E-commerce platform to grow organically by itself in short span of time. Digital marketinghas drastically changed the way businesses operate today. Big

businesses and brands not only the ones who benefit from digital marketing. In fact, the small businesses can also benefit immensely from digital marketing. Digital marketing offers a platform to reach customers in an innovative way. When there is a stiff competition in the market, having an innovative approach helps brands to stand out.

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