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# EFFECTS AND CURRENT TRENDS OF E-COMMERCE AND DIGITAL PAYMENTS

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### ABSTRACT

Recent era demand for an innovative and fluctuation business is necessary needs. E-commerce business boom growth in the Asia and whole globe. Its success depends on their understanding of market timing, market strategy, changing trend and various factors. Present paper deal with brief idea about current E-Business situation, issues and challenges of E-Business. E-commerce is not only buying and selling products online but it's also consist online process of developing, marketing, selling, delivering, servicing and paying for products and services after sale. E-commerce show tremendous growth in the economy.

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### 1. INTRODUCTION

The E-commerce is one of the leading things that have taken the Indian industry by Storm. It is force to change whole economy, which has a huge prospective and is basically varying the way industries are done. E-commerce means anything that involves an online transaction. It's beneficial to both parties' buyers and sellers. Availability of large scale of goods and services is making buying online more attractive and convenient for consumers over the globe. Ever since 1991, after economic reforms explicitly took place in India as a consequence of opening of the economy with a view to integrate itself with the whole economy of the world. The Era of Information and Communication Technology (ICT) and digital innovation lead to dynamic changes in the business environment, where business transactions continue to shift from cash-based transactions to electronic-based transactions. The e-payment system was not introduced to replace cash but as a better alternative to cash and trade barter.

#### What is E-commerce?

Electronic Commerce commonly known as E-Commerce or E-Commerce which denotes different types of transactions involved in commercial activities. It contains both organizational as well as individual activities which include the processing and transmission of digitized data such as text, pictures, sound and video, etc.

E-Commerce has developed a new environment with the help of Internet in business transactions and processing. Here information is provided direct to the consumers about the products they want to buy and the platform is set for product advertisements. It also permits negotiations, order for raw materials, settlement of financial transactions etc.

Electronic commerce is a combination of communication Services, data management and security mechanisms which provides a platform to organizations where they can share information about the selling of goods and Services.

#### Meaning and Definition of E-Commerce:

The term E-Commerce (Electronic Commerce) refers to all types of business operations and transactions that are executed through Internet and other electronic technologies.

"E-Commerce is a virtual business environment in which information moves electronically via Internet related to buying, selling, transportation of goods and Services".

#### What is E-Commerce Order Management?

Ecommerce order management is the back-end process for managing and fulfilling online orders. This includes everything from order routing and printing shipping labels to returns and subscription management

**What is an electronic payment?**

One of the significant functions of electronic commerce sites is the handling of payments over the internet since e-commerce involves the exchange of some form of money for goods or services.

An electronic payment is defined as paying for goods or services on the internet using electronic devices such as Computers, Smart phones or tablets.

.Electronic payment is a method in which a person can make online payments for purchasing goods and services without physical transfer of cash and Cheques, Irrespective of time and location through the internet directly to manage the e-business environment.

**FEATURES OF E-COMMERCE:**

Following figure shows the features of E-Commerce:

**1) Ubiquity:**

E-Commerce is widespread, that is, it is available everywhere always. It sets free market from being restricted to a physical space and makes it possible to shop from computer (such as desktop, laptop). The result is called a market space. For consumers, ubiquity cuts transaction costs for exploring products in a market. Consumers can acquire any information whenever and wherever they want, regardless of their location. It is no longer necessary that buyer spend time and money for traveling to a market. In all, it saves the cognitive energy needed to transect in a market space.

**2) Global Reach:**

E-Commerce technologies enable a business to easily reach across geographic boundaries around the earth far more conveniently and effectively as compared to traditional commerce. Globally, companies are acquiring greater profits and business results by expanding their business with E-Commerce solutions. As a result, the potential market size for E-Commerce merchants is approximately equal to size of online population.

**3) Universal Standards:**

Universal Standards are standards shared by all the nations around world. These are technical standards of Internet for conducting E-Commerce. It gives all the ability to connect at the same "level" and it provides network externalities that will benefit everyone. Universal technical standards lower entry costs and minimal search costs.

**4) Interactivity:**

An E-Commerce technology permits two-way communication between customer and sellers which makes it interactive. It proves as significant feature of E-Commerce technology over the commercial traditional technologies of the 20th century.

**5) Information Density:**

Information density means total amount and quality of information available over Internet to all market buyers and sellers. Internet vastly increases information density. Information density offers better quality information to consumer and merchants. E-Commerce technologies increase accuracy and timeliness of information. For example, flipkart.com store has variety of products with prices.

**6) Richness:**

Richness refers to the complexity and content of a message. Richness means all commercial activity and experience, conducted through a variety of messages. For example, text, pictures, videos, sound, links, SMS (Short Message Services) etc.

**7) Personalization:**

E-Commerce technology offers personalization. Personalization means designing marketing messages according to particular individuals by customizing it as per customer personal details like name, interests, and past purchases record. Products or services can be modified or altered according to the user's choice or past buying record (tope4u)

**Objectives of the study:**

- 1) To study the various e-commerce models.
- 2) To Understand E-commerce order management system.
- 3) To Study various types of e- payments.
- 4) To Study Conviences & Inconviences of E-commerce.

## 2. RESEARCH METHODOLOGY

The present study is conceptual purely based on secondary data which is collected from books, National journals, international journals, published articles, reports of the Government and other websites.

### Eminent reviews:

Lin, X., Wang, X., & Hajli, N. (2019). Building e-commerce satisfaction and boosting sales:

This paper studied how Consumers are relying increasingly on social commerce for making their purchase decisions, and e-vendors have great interests in applying social commerce features in the traditional e-commerce sites to increase sales. Their study contributed to the theory by introducing the new conceptualization of social commerce trust and advancing the understanding of how to enhance Social Commerce trust. Practitioners can gain insights into the implementation of social commerce for building consumer trust and increasing sales.

Boysen, N.De Koster, R., & Weidinger, F. (2019). Warehousing in the e-commerce era: A survey. *European Journal of Operational Research*, 277(2), 396-411: This paper investigated how E-commerce retailers face the challenge to assemble large numbers of time-critical picking orders each consisting of just a few order lines with low order quantities, the field of warehousing for online Retailers, suitable warehousing systems and identified future challenges in this field.

Khan, A. G. (2016). Electronic commerce: A study on benefits and challenges in an emerging economy. *Global Journal of Management and Business Research*.

This paper focused on how Information Technology has been playing a vital role in the future development of financial sectors and the way of doing business in an emerging economy of Bangladesh. This study explained the benefits of information technology in adding value to customer's satisfaction in terms of customer convenience in any place and enables the company to gain more competitive advantage over the other competitors. This study predicted some challenges in an emerging economy.

**Dahlberg, T., Mallat, N., Ondrus, J., & Zmijewska, A. (2008). Past, present and future of mobile payments research: A literature review. *Electronic commerce research and applications*, 7(2), 165-181.:**

In this paper explained the definition of Epayments, reviewed brief history on mobile payment Services, Analyzed the different factors that impact the market & gave directions for future research on this still emerging field.

**Belanger, F. Hiller, J. S., & Smith, W. J. (2002). Trustworthiness in electronic commerce: the role of privacy, security, and site attributes:**

This research studied how a large number of individuals using the Internet have serious privacy concerns, and that winning public trust is the primary hurdle to continued growth in e-commerce. This research investigated the relative importance, when purchasing goods and services over the Web, of four common trust indices i.e. (1) Third party privacy seals (2) privacy statements, (3) third party security seals, and (4) security features.

### E-Commerce models:

Major types of e-commerce business are as follows.

- B2B
- B2C
- C2C
- C2B
- B2Ad
- C2Ad

**Business- to- Business (B2B):** In B2B model a business sells a good or service to another business.

Ex: A business firm selling products or services to other business firms.

**Business- to -Consumer (B2C):** in B2C model a business sells a good or services to an individual consumer. Ex: purchasing of books from an online retailer.

**Consumer-to-Consumer (C2C):** In this model a consumer sells a good or services to another consumer. Ex: you sell your old furniture on eBay to another consumer.

**Consumer- to- Business (C2B):** in this model, a consumer sells their own products services to a business or organisation. Ex: Photographer licenses their photo for a business to use.

**Business- to- Administration (B2A):** it is also known as Business- to\_ Government (B2G). It refers to all transactions between companies and public administrations/ government agencies.

Ex: Acela is Software Company that provides government software solutions and public access to government services for permitting planning, licensing, public health and so on.

**Consumer-to-Administration (C2A):** It refers to all electronic transactions between individuals and public administration. It provides an easy way to establish communication between consumers and government. Ex: Filing tax returns, health (scheduling an appointment using an online service) and paying tuition fee for higher education.

### **How does E-commerce order management work?**

The goal of an order management system is to get a product into a customer's hands as efficiently as possible. It manages the journey of each item in the customer's order from the time it goes into their cart to the moment it arrives on their doorstep-and any returns that may follow:

#### **1. Discovery:**

The order management process starts even before the customer places a sales order. The order management system may note when a customer places an item in their online cart and automatically adjust inventory. The system can also send you a notification that the item is in the cart, or if it's been abandoned.

#### **2. Order placement:**

When a customer does decide to purchase, the order management system communicates with your back-office systems to verify credit card payments and process order details. Once the order has been approved it can be routed to fulfillment.

#### **3. Order fulfillment:**

Based on the order details, an OMS will optimize warehouse selection by its proximity to the order destination. It will then automatically calculate shipping costs and the fastest carriers based on preset criteria. It might also print the packing slips, shipping labels, and communicate the change in inventory levels with your warehouse management system.

#### **4. Warehouse management:**

If a SKU is out-of-stock, the OMS can communicate with your vendors and suppliers to have the inventory sent to that warehouse in advance. Stock-outs can also be prevented if your order management system is able to automatically issue a purchase order when inventory levels are low or hit a reorder point. The system can increase employee efficiency by indicating where in the warehouse employees can find the item, warehouse KPIs to monitor, what items to ship together, and whether the item requires specialized handling.

#### **5. Shipping:**

When the warehouse picks, packs, and ships the products, the order management system can send a notification to the customer that their order has shipped. It can also tell them when to expect it based on their shipping address and order information. Both you and the customer can track the package as it travels to its destination, whether that's the customer's home or a store location.

#### **6. Returns and refunds:**

Even if a dis-satisfied customer returns an item, an efficient return and refund system can go a long way toward rebuilding goodwill. An order management system can instantaneously process a refund request and communicate with your back-office systems to process the refund. It can also connect to your returns provider to ensure data is accurate and updated as the process moves along. (bigcommerce.com)

### **TYPES OF ELECTRONIC PAYMENT:**

Electronic payment is a method in which a person can make online payments for purchasing goods and services without physical transfer of cash and Cheques, Irrespective of time and location through the internet directly to manage the e-business environment.

### **TYPES OF ELECTRONIC PAYMENT:**

- **Credit Card:**

The most popular form of payment for e-commerce transactions is through credit cards. It is simple to use; the customer has to just enter their credit card number and date of expiry in the appropriate area on the seller's web page. To improve the security system, increased security measures, such as the use of a card verification number (CVN), have been introduced to on-line credit card payments. The CVN system helps detect fraud by comparing the CVN number with the cardholder's information

- **Debit Card:**

Debit cards are the second largest e-commerce payment medium in India. Customers who want to spend online within their financial limits prefer to pay with their Debit cards. With the debit card, the customer can only pay for purchased goods with the money that is already there in his/her bank account as opposed to the credit card where the amounts that the buyer spends are billed to him/her and payments are made at the end of the billing period.

- **Smart Card:**

It is a plastic card embedded with a microprocessor that has the customer's personal information stored in it and can be loaded with funds to make online transactions and instant payment of bills. The money that is loaded in the smart card reduces as per the usage by the customer and has to be reloaded from his/her bank account

- **E-Wallet**

E-Wallet is a prepaid account that allows the customer to store multiple credit cards, debit card and bank account numbers in a secure environment. This eliminates the need to key in account information every time while making payments. Once the customer has registered and created E-Wallet profile, he/she can make payments faster.

- **Net banking**

This is another popular way of making e-commerce payments. It is a simple way of paying for online purchases directly from the customer's bank. It uses a similar method to the debit card of paying money that is already there in the customer's bank. Net banking does not require the user to have a card for payment purposes but the user needs to register with his/her bank for the net banking facility. While completing the purchase the customer just needs to put in their net banking id and pin.

- **Mobile Payment**

One of the latest ways of making online payments are through mobile phones. Instead of using a credit card or cash, all the customer has to do is send a payment request to his/her service provider via text message; the customer's mobile account or credit card is charged for the purchase. To set up the mobile payment system, the customer just has to download a software from his/her service provider's website and then link the credit card or mobile billing information to the software.

- **Amazon Pay**

Another convenient, secure and quick way to pay for online purchases is through Amazon Pay. Use your information which is already stored in your Amazon account credentials to log in and pay at leading merchant websites and apps. Your payment information is safely stored with Amazon and accessible on thousands of websites and apps where you love to shop. (amazon)

### **CONNIVANCES OF E-COMMERCE:**

Connivances /advantages of e-commerce can be divided into two categories:

#### **A) Advantages to Customers –**

##### **1) Reduced prices:**

The products available on websites have reduced prices because the different stages of value chain are decreased between source and destination. The intermediaries such as retail store are eliminated by the company and they sell their products to consumer directly instead of distributing through intermediaries.

##### **2) Global Marketplace:**

E-commerce provides global marketplace from where consumers can purchase products according to their needs situated anywhere in the world. According to World Trade Organization (WTO), "there are no custom duties put on products bought and traded globally electronically". Global Marketplace also provides large collection of products and services to consumers with their prices.

##### **3) Anytime access:**

Online businesses are open 24 hours, 7 day a week and 365 days in a year and never sleep. Consumers can do transactions and enquiry about any product/services provided by company at anytime and anywhere from globe. Consumer can purchase any product in day or night using Internet connections and computer at single click of mouse.

#### **4) More choices:**

Online businesses provide their consumers more choices of purchasing. Before purchasing any product, consumer can study products and their features of all major brands.

#### **5) Quicker delivery:**

E-Commerce offers consumer more options and provides quicker delivery of products and services. Some e-commerce company provides free home delivery service to their consumers.

#### **6) Relevant Information:**

E-commerce provides relevant and detailed information about products and services within seconds to its consumers. Consumer can compare products and their prices in easy manner.

### **B) Advantages to Businesses:**

#### **1) Low Barriers to entries:**

In today's world, small and large firms have opportunities to start up and conduct business on the Internet. Firms entry cost to the Internet is minuscule (Very small) because they do not need the space for rent. All the business over Internet are virtual means that there is no need of large number of employees to conduct business.

#### **2) Increased Potential Market share:**

Businesses are increasing their market share by making their business internet enabled. Online businesses are accessed at any time to international markets.

#### **3) Low-Cost Advertising:**

Internet provides low cost advertisement as compared to advertisement on newspapers or television. In today's world, Internet has become inexpensive advertising medium used by firms for commerce. The different methods of advertising are: e-mail, banners, pop-ups, streaming video and audio etc.

#### **4) Strategic benefit:**

E-commerce enabled business have many strategic benefits because they :

- Reduces cost of mail preparation, document preparation and data entry.
- Finds errors easily.
- Lowers cost of calling over telephone.
- Lowers delivery time and labour costs.
- Lowers data entry and management expenses.

#### **5) Global reach:**

E-commerce enabled business has ability to reach globally at low cost. They are able send messages world-wide at any time. Since online businesses are globally accessed so e-commerce helps to attract new consumers and business clients from anywhere in the world.

### **INCONVENIENCES OF E-COMMERCE:**

Inconveniences /limitations of E-Commerce can be divided into two categories:

#### **A) Technical - Inconveniences**

**1) Lack of Security:**

Consumer needs to be confident and trust over E-Commerce payment providers. Any fraud, hacking or forgery can break the trust of consumer.

**2) Low Bandwidth:**

In many countries, network might cause an issue because of low bandwidth.

**3).Difficulty in Integrating E-Commerce:**

It is difficult to integrate E-Commerce software or website with the some existing applications and databases. Vendors need special web servers to, deal with integration problem in addition to network servers.

**4) Not All Customers have Access to Internet:**

Internet access is not universally available so much of the effort made does not actually reach the consumer. Many potential customers that are living in remote villages have not Internet access facility.

**NON-TECHNICAL -INCONVENIENCES****1) Initial Cost:**

The initial cost to develop E-Commerce web site in-house is very high. This may need high cost of hiring qualified staff to maintain and updating E-Commerce web site. There are also companies have opportunities for outsourcing E-Commerce to other E-Commerce companies. But where and how to do outsourcing is a difficult task.

**2) Security and Privacy:**

The major issues in online businesses are security and privacy. Customers feel hesitant to disclose credit card numbers over Internet because of security problems such as theft of credit card number. If consumers do not have any confidence on the online business, they will refuse to purchase anything over the Internet.

**3) Lack of Trust and User Resistance:**

Face-to-face contact and paper transactions are important in business deals and transactions since it is related to trust. So for any consumer switching from physical to online stores is difficult.

**4) Lack of Touch and Feel:**

Consumers may want to touch and feel a product before purchasing online. Online businesses do, not provide the touch and feel experience to consumer on items such as clothes, shoes etc.

**5) Customers Relation Problems:**

Organisation needs loyal customers to run their online business for long time. Online businesses cannot continue without loyal customers in today's competition.

**6) Corporate Vulnerability:**

Online businesses have high availability of information related to product, price, catalogs, and others. This information makes web sites vulnerable to access by competition. This process of extracting business intelligence from competitor's web pages is called Web farming

**7) Legal Issues:**

When buyers and sellers do not know each other, there is chance of fraud over the Internet. Hence there are many legal problems related to E-Commerce. Some common legal issues encountered in E-commerce are as follows:

- Software and Copyright Violations
- Credit Card-Fraud and Stolen Identities
- Illegal Bargains and Criminal Law

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### 3. CONCLUSION

E-commerce is an ever developing area. With the advancement in technology and communication, e-commerce has also gained popularity among the people of India and worldwide. It has made e-business easy and accessible to people sitting at home. E-commerce has a huge impact on costs, access to goods and services and increased productivity of businesses. It also plays an important role in the economic growth and development of a nation. However, Indian e-commerce still faces many difficulties in web marketing because of infrastructural difficulties, limited access and computer illiteracy. Majority of the Indian population lives in rural areas and they do not have sufficient knowledge about computers and the internet. Some customers even in urban areas do not have sufficient facilities and knowledge of online transactions and payments, therefore, this activity of buying and selling of goods online is limited to certain people who are equipped with the knowledge of computer and internet. However, with the government initiatives like Digital India, this scenario has changed a lot in the last decade and India is becoming a huge platform for e-commerce.

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