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**E PAYMENT : PAYMENT SYSTEMS****Prof. Dr. Ashok Ramchandra Shinde**

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**Abstract**

*In this paper researcher has been tried to study the concept of e-payment and its system and various sources of e-payment like debit Card, credit card, smart cards, digital wallet, e-cash and e check every people should have knowledge of e-payment system for understanding new trends of cashless economy system.*

*Key word – e-payment, Debit card, credit card, smart card, digital wallet, e-cash and e-check*

**Introduction**

Now a days Indian economy changing their transaction structure. They are a adopting cashless economy structure. At that time every Indian should have knowledge about e-payment/transaction. This paper focuses on sources of e-payment which are essential for cashless economy. In e-commerce environment, payment take the form of money exchange in an electronic form and are therefore called electronic payment. E-payment system is secure. There should be no threat to user credit card number, smart card or other personal detail payment can be carried out without involvement of third party. It makes e-payment at any time though the internet directly to the transfer settlement and form e-business environment.

**Objectives of study**

- 1) To study e-payment concept
- 2) To understand advantages of e-payment
- 3) To find out e-payment system
- 4) To study e-payment system and advantages and disadvantages for custome.

**Research Methodology**

- Secondary Data
- References Book, internet, Magzines etc.

**E-payment****Introduction to e-payment**

Electronic payment is a financial exchange that takes place online between buyers and sellers, the content of this exchange is usually some form of digital financial instrument that is backed by a bank or an intermediary or by legal tender. "E-payment is electronic payment for transactions made on the internet."

**E-payment Advantages**

- **Increased speed and convenience** – E-payment is very convenient compared to tradition payment methods such as cash or check since you can pay for goods or services online at any time 1 day or night, from any part of world. You don't have to spend time queing in banks or merchant offices waiting for your turn to transact.
- **Increased sales.** An internet banking and shopping become widespread, the number of people making cash payments is decreasing. As such e-payment enables businesses to make sales to the customers who choose to pay electronically and gain a competitive advantage over those that only accept traditional methods.
- **Reduced transaction costs-** While there are no additional charges for making a cash payment, trip to the store typically cost money and checks also need postage on the other hand there are usually no fees or very small ones to swipe your card or pay online. In the long run, e-payment could save both individuals and businesses hundreds to thousands of dollars in transaction fee.

**Disadvantages of E-payment**

- **Restrictions** - Each payment system has its limit regarding the maximum has amount in the account , the number of transaction per day to the amount of output.
- **Risk of being hacked** - If you follow the security rules the treat is minimal it can e compared to the risk of something like a robbery.
- **Lack of anonymity** The information about all the transactions, including the amount time and receipt are stored the database of the payment system. And it means the intelligence agency has an access to this information. you should decide whether its bad or good.
- **The necessity of internet access** if internet connection fails, you cannot get to your on line account.
- **E-commerce sites use electronic payment** where electronic payment refers to paperless monetary transactions. E-payment has revolutionized the business processing by reducing paper work, transaction costs, labour cost. Being user friendly and less time consuming than manual processing

help business organization to expand its market reach/ expansion, some of the modes or electronic payment are

- Credit card, Debit card, Smart card, Digital wallet, E-cash, E-cheque

### E-Payment System

#### 1) Credit card

A credit card is a payment card issued to users (Card holders) to enable the card holder to pay a merchant for goods and services based on cardholders promise to the card issuer to pay them for the amounts so paid plus other agreed charges. The card issuer (usually a bank) creates a revolving account and grants a line of credit to the cardholder, from which the card holder can borrow money for payment to merchant or as a cash advance.

There are many banks in India provide different types of credit cards i.e.

Auto/fuel credit card. Balance transfer credit cards. Cash back cards, classic credit cards, co-branded credit cards, contact less credit card, credit card for women entertainment cards, Gold credit cards, Life style cards, silver credit card, prepaid credit cards. Travel cards, Rewards cards etc.

#### Advantages.

- **Convenience** – credit cards can save you time and trouble no searching for an ATM or keeping cash on hand.
- **Record keeping**- Credit card statements can help you track your expenses. Some cards even provide year end summaries that really help out at tax time.
- **Low-cost loans**- You can use revolving credit to save today. When available cash is a week away.
- **Instant cash**-Cash advances are quick and convenient, putting cash in your hand when you need it.
- **Build positive credit** – Controlled use of a credit card can help you establish credit for the first time or rebuild credit.
- **Purchase protection** – Most credit card companies will handle disputes for you. If a merchant won't take back a defective product, check with your credit card company.
- **Balance surfing** : Many credit card companies offer low introductory interest rates these offer allow you to move balances to lower rate cards.

#### Disadvantages.

- **Overuse** : Revolving credit makes it easy to spend beyond your means.
- **Paper work** : You will need to save your receipt and check them against your statement each month. You haven't been over charged.
- **High cost fees** : Your purchase will Suddenly become much more expensive if you carry a balance or miss a payment.
- **Unexpected fees** : Typically you will pay between 2 and 4 percent just to get the cash advance also cash advances usually carry high interest rates.

#### 2) Debit card

A payment card that deducts money directly from a consumers checking account to pay for a purchase. Debit cards eliminate the need to carry cash or physical checks to make purchases. A debit card is basically a card used for fund transaction.

#### • Types

Visa debit cards visa electron debit cards master card debit cards, contact less debit card, Rupay debit cards. Maestro Debit card. Top banks providing debit cards in India i.e. SBI debit card, HDFC, ICICI, AXIS Bank, Canara, Bank of India, Bank of Baroda, Union Bank of India, syndicate Bank debit card, HSBC debit card, Indusland Bank debit card, citi bank debit card etc.

#### Advantages

- Any consumer who is not credit worthy or finds it difficult to obtain a credit card can more easily apply a debit card allowing to make plastic transactions.
- The debit card user can use the limited amount available in his account thereby preventing the user from racking up debit as a result of its use. Such cards do not charge any interest, late fees or fees exclusive to credit cards.
- Debit card removes the hassles associated with having writing checks as payments like showing ID or give. Put personal information at the time of the transaction.
- Besides avoiding check writing altogether check cards debits funds from the users account on the spot.

- A debit card user can obtain cash from an ATM or PIXI based transaction at no any extra charge, other than a foreign ATM fee.

#### Disadvantages

- Unlike credit cards, debit cards don't provide its users with any grace period. They are quick and pay now deal.
- Debit cards provide lower levels of security protection than credit cards If your wallet is lost or stolen, the thief will likely have all the information they need to use your debit card for internet transactions.
- Debit cards have pre-set spending limits one can spend only with the account available in his/ her account.
- Debit card users face is accidental charges. i.e. overdraft fees, crossing limit charges etc.
- Debit cards do not allow you to build your credit history.

#### 3) Smart Card –

A smart card is a security token than has an embedded chip. Smart cards are typically the same size as a driver's license and can be made out of metal or plastic. The chip on a smart card can be either a microcontroller chip or an embedded memory chip.

Smart cards can be either contact or contact less smart card smart cards can provide personal identification, authentication, data storage, and application processing.

#### Types

- **Contact cards** – They are used in network security, access control, e-commerce, e-cash and health cards.
- **Contact less cards**- These cards are used as parking cards, student identification and electronic passports.
- **Combination cards** – These are used as vending passes, meal passes, access control and network security.
- **Proximity card** – These cards include access control, identification and security.
- **Hybrid card** – Combination of proximity card and contact card.

#### Advantages of smart card

- It provides convenience and support for multiple currencies over borders.
- Used to store information such as personal identification numbers.
- Its applications include telephone, transportation and library copies.

#### Disadvantages

- The value of money can be depleted and recharged
- Customers must keep separate e-cash cards, one for each application and can recharge card only at designated locations.
- In future recharges will be done through ones Pc whether it is on internet or your bank network.

#### 4) Digital Wallet

A digital wallet refers to an electronic device that allows an individual to make electronic transactions. This can include purchasing items on-line with a computer or using a smart phone to purchase something at a store. An individual's bank account can also be linked to the digital wallet.

#### Top 10 mobile wallets in India

- 1) **Pay TM** – It is one of the largest mobile commerce platforms in India, offering its customers a digital wallet to store money and make quick payment. Pay TM wallet can also be used to make bill payments transfer money and avail services from merchants from travel, entertainment and retail industry.
- 2) **Momoe**- It is a Bengalury based mobile payments start up that focuses on changing how customers pay while eating out, travel and shop using the momoe app., one can store their credit card details and make mobile payments at various restaurants, grocery stores, apparel, salons and other retail outlets
- 3) **Pay U money**- Pay U money, a Gurgaon based company that provides online payment solutions launched its wallet service. This e-wallet by pay U money enables the user to store cash and pay for various services and transactions. This e-wallet provides instant refunds an order cancellations and buyer protects to ensure the right purchase and customer satisfaction.
- 4) **Mobikwik**- It is an independent mobile payment network that supposedly connect 25 million users with 50000 retailers and more.
- 5) **Citrus**- It is a popular e-wallet app for cash storage, payments and money transfers.

- 6) **State Bank Buddy**- This mobile wallet app was launched by SBI to let users transfer money to other users and bank accounts, pay bills, recharge, book for movies, hotels, shopping as well as travel.
- 7) **Citi Mostelpass** – Citi Bank India and master card recently launched city master pass India's first digital wallet for faster and secure online shopping.
- 8) **ICICI pockets** – It provides the convenience of using any bank account in India to fund your mobile wallet and pay for transactions.
- 9) **HDFC Chill** – It is currently available only for HDFC Bank customers and can be used to send money, recharge, split bills, request funds or transfer and will soon be able to pay at online and offline stores.
- 10) **LIME** – Axis bank launched LIME. This wallet is available for both account and non-account holders and lets a user add money using his or her credit, debit net banking details.

5) **E-cash**  
Electronic money also known as e-currency, e-money, e-cash, digital money, digital cash, cyber currency, refers to money which is only exchanged electronically

#### Advantages

- More efficient eventually meaning lower prices.
- Lower transaction costs.
- Anybody can use it unlike credit cards and does not require special authorization.
- Secured transaction.

#### Disadvantages

- Tax trail non-existent, like regular cash.
- Non divisibility
- Susceptible to forgery
- Use provides no audit trail

#### Works of e-cash

- Customer open account with bank in person and establishes identity.
- Once identified, bank issues e-currency and deducts amount from customer's account.
- Customer spends e-cash with merchant who validates it to prevent forgery or fraud.
- Merchant presents e-cash to issuing bank for deposit once goods or services are received.

#### 6) E-Cheque

Electronic check also referred to as an e-check, is a form of payment made via the internet or other data network designed to perform the same function as a conventional paper check benefits of electronic cheques.

- Well suited for clearing micro payment, conventional cryptography of e-cheques makes them easier to process than based on public key cryptography (like digital cash)
- They can serve corporate markets firms can use them in more cost effective manner.
- They create float and the availability of float is an important requirement of commerce.

#### Advantages of electronic cheques.

- Similar to traditional cheques. This eliminates the need for customer education.
- Since electronic cheques use conventional encryption than public and private keys as in e-cash, electronic cheques are much faster.
- Eliminate need for customer education.
- Guarantee that the cheque would be honored
- Less expensive than credit card.

#### Disadvantages.

- E-cash can not be broken into smaller denomination.
- Relatively high fixed cost
- Limited use only in virtual world and the fact that they can protect the user's anonymity

#### Conclusion

Electronic payment is very convenient for the consumer. The more payment people can process electronically, less they spend on paper and postage. There are various sources or systems of e-payment credit card, debit card, smart card, e-cash, e-check, digital wallet, customer can choose any one source for his transactions. It depends on him e-payment system save time, increase sales and reduced transaction cost but the main drawback to electron payment are concern over privacy and possibility of identify theft, virus protection software and firewall. But today e-payment become essential for cashless economy system. So every Indian should have knowledge of e-payment system.

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