



E-Cheque System

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Abstract: The success of electronic commerce depends on developing ample of payment technologies, one such technology is e-cheque. Couple of year ago this technology was developed by a consortium of Silicon Valley IT researchers and merchant bankers. E-cheques work similar as paper cheques in that they are a legal document requesting the transfer of money from one account to another. E-cheque is electronic image of normal cheque. This paper includes presentation of E-cheque, working of e-cheque and advantages & disadvantages of e-cheque.

Keywords: E-Cheque, Paper Cheque, Electronic, Payment System, Services.

I. INTRODUCTION

E-Cheque is an electronic version of a paper cheque or a mode of electronic payments. An account holder using a computer or other type of electronic device for writes e-cheques and transmits the e-cheque to the payee electronically. In other words e-cheque is electronic papers which replace the paper cheque for online transactions. The payment system uses digitally signed XML documents that provide mechanism to authenticate parties to a transaction. E-cheques are defined using FSML (financial services markup language) which allows for addition and deletion of document blocks, signing, co-signing, endorsing, etc. It has some security features like digital signatures, cryptography, authentication, encryption etc.



Fig. 1. E-cheque

II. WORKING OF E-CHEQUE

- a. Electronic cheque work similar as normal cheques.
- b. E-Cheques are directly transferred from payer to the payee. Payer and payee can be individuals, business or financial institutions such as banks. E-cheques are signed by the payer and endorsed by the payee.
- c. The payer writes an e-cheque by an electronic paper with the legal information required to be in a cheque and digitally signs it.



Fig. 2. Transferred from payer to payee

- d. The payee receives the e-checke with the help of e-mail, verifies the digital signature of payer, writes out a deposit and digitally signs it.
- e. The payee's bank verifies the payer's and payee's digital signatures and then forwards the cheque for clearing.
- f. The payer's bank verifies the payer's digital signature and debits the payee's account.



Fig. 3. Demonstrates paying methods



III. ADVANTAGES OF E-CHEQUE

1. **Secured and Safe:** It reduce the risk because no physical movement of cheques so no fear of loss of cheque in transit. So it is more secured than physical cheque.
2. **Saves time and cost:** E-cheque is much cheaper than paper cheque or credit card transaction. No physical movement of cheques so it saves time and money for both customer and banks.
3. **Less error:** It also reduce errors and fraud because limited number of people handle them.
4. **Quicker processing:** E-cheque provide Faster processing times because paper cheques take many days for transfer money from one account to the another account but an electronic cheques often complete this processes in half that time or few days.
5. **Reduce Labor:** Electronic cheque also require less labor by employees and management, which allows the business to either reduce its overall labor force that employee time to customer service, inventory management and other mission critical efforts.
6. **Customer Payment Options:** Many customers do not possess a debit or credit card. This limits purchasing options, especially from online vendors but electronic cheque provide you with access to goods or services.
7. **Easy setup:** It is simple to start a savings account and these accounts are especially good for a young person learning to save for the first time.
8. **Liquidity:** According to government rules and regulations limits for withdrawals money per month on savings accounts, but taking money out is as simple as making an online transfer. You can complete a transfer in minutes online.
9. **Convenience:** E-cheque transactions are based on internet so the user can do these transactions at anytime, anywhere by using these service's interface on internet.

IV. DISADVANTAGES OF E-CHEQUE

1. **Unauthorized Transactions:** An unauthorized transaction becomes challenge for banks, in case of any information breach.
2. **Need Specific Equipments:** E-Cheques can be processed and accessed using specific equipments that ask for investments from financial institutions who offer this system so both payer and payee should have e-cheque facility.
3. **Dependent on Networking:** E-cheque transactions based on internet so any network failure may lead to delay the transfer.
4. **Multiple Signers:** Some problems could be when there is more than one endorser or signer.
5. **Chances of Hacking:** Hackers can get access to your banking information. Some fraudulent businesses also offer electronic cheques for get your banking information or sensitive information.
6. **Bank Fees:** You may have to pay account fees to a bank with a savings account, particularly if you maintain low balances.
7. **Educated Customer:** No everyone can use these services, only the person who have knowledge about those services can use.
8. **Restrictions:** Like amount limits on our credit/debit card, these transactions also has limits on amount that a user wants to transfer.



V. CONCLUSION

An electronic Cheque is an electronic funds transfer, a payment system that transfers money electronically from one account to another account. It is written and signed in secured manner using digital signature. E- Cheques are much faster and cheaper than traditional paper cheque. There are numerous advantages and disadvantages of e-cheques. E- Cheques are more secure than manual cheques. These transactions are not more time consuming services, through internet these transactions are done within seconds or minutes. No location or area restrictions or time constraints are here because user can use these services anywhere anytime. These services are dependent on network, so if any internet failure is occur then user cannot use these services. Amount limits are also in these services to transfer money like as our debit/credit card. User can use these services on computer or by using specific component.

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