



E-Cheque Structure In India

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ABSTRACT: - The Reserve Bank of India has made numerous reforms for a safe and efficient electronic mode of payment, along with improved efficiency in the paper-based mode of payment. In order to foster faster cheque processing the Central bank has implemented Cheque Truncation System in India, in February 2008. Our country has a very large cheque volume, thus to facilitate the smooth functioning a new technology of E-Cheque is introduced.

KEYWORDS: - E-Cheque, E-Tokens, E-Cash, Encrypted, E-Payment.

I. INTRODUCTION

With the population growth, presenting different services in the traditional for presenting different services in a modern method. One of the most important parts of electronic intercourses is e-payment. E-payment is done through different methods such as e-money, e-coin, different banking cards, and e-cheques. The e-cheque which is similar to its paper counter, could be used in different transactions such as conditional, installment, timed, and named payments. One of the main challenges in using the e-cheque is untruthfulness of two sides of an intercourse to this type of payment. This untruthfulness is due to different reasons, and one of them is untruthfulness to cashing the cheque on due time.

II. OBJECTIVES OF THE STUDY

- To define the meaning of E-Cheque.
- To analyze the main features of E-Cheque.
- To analyze the all inconveniences exist in traditional system of payment.
- To analyze the advantages and disadvantages of E-Cheque.

III. LITERATURE REVIEW

- o Bergendahl & Lindblom, 2006; ECB, 2001; Raja, 2008; Oginni, 2013) ECB(2001) viewed e-payment as an electronic preservation of economic substance on an intelligent device generally employed to make payments of undertakings apart from the person who issues it without involving bank accounts in the transaction, though acting as a prepaid bearer instrument, elsewhere e-payment is viewed as the use of credit cards, automated teller machines, debit cards, stored value cards, mobile wallets and others of similar nature to make payments (Oginni, 2013).
- o Snellman, Vesala and Humphrey (2001) defines e-payments as any payment service that makes use of information and communications technologies including Integrated Circuit(IC) cards, cryptography and telecommunications. However, in this study, e- payment refers to delivery multichannel that provides for electronic exchange of monetary substances without physical contact of the transacting parties. It includes all electronic transactions as well as e-cheque payments provides means of transacting business and settling financial commitment electronically without necessarily touching cash in a cashless society.
- o Sannes, 2001; Reibstein, 2002 E-banking is an innovation when new information



technologies merge into traditional banking services. Operating costs minimization and revenue maximization are the major drivers that boost e-banking services.

- Southard and Siau, 2004; Witman and Poust, 2008 E-banking service is basically a self-service by customers, so for banks, it requires less resources and lower transaction and production costs.
- Dandapani et al., 2008 A studies about the e-banking over 1999–2006 shows that the application of e-banking can improve banks' performance in terms of the growth in assets, reduction in operating expenses and portfolio enhancement.
- Even in 1990s, Sraeel (1996) emphasises that creating virtual banking will not only create a new service delivery channel, but also lead to value creation to both banks and customers (Hwang et al., 2007; Murphy, 2007).
- Amato-McCoy (2005) further argues that customers will be attracted to e-banking when the advanced e-banking services like e-transfer, e-cheques and e-bill options are available. Through interviewing banks in a small island and examining their e-banking websites from 2004 to 2006, Jenkins (2007) indicates that those banks were using e-banking as an assurance to their customers to maintain a competitive quality of service.

IV. RESEARCH METHDOLOGY

The study is based on secondary sources of data/information. Different books, journals, newspaper and relevant websites have been consulted in order to make the study effective.

1. WHAT ARE E-CHEQUES

An E-Cheque is also known as Electronic Cheque. It is an electronic copy or scanned image of a real cheque. An E-Cheque is an electronic version of paper cheque. The account holder writes an e-cheque using a computer or other devise and transmits the e-cheque to the payee; e-cheques are affixed with digital signatures. In other words e-cheque is a form of payment made via internet that is designed to perform

the same function as a conventional paper cheque. E-Cheque is another form of E-Tokens. These Cheques be sent using E-mail or other Transport method.

2. FEATURES OF E-CHEQUE

1. Transferability
2. System of crossing
3. Cheque is an instrument in writing
4. Cheque contains an unconditional order
5. Cheque must be signed by customer
6. Payable on Demand
7. Mention exact amount to be paid
8. Payee must be certain
9. Cheque must be duly dated by customer of bank
10. Cheque has 3 parties : Drawer, Drawee & Payee

3. INCONVIENENCES WITH TRADITIONAL SYSTEM

3.1 Lack of Convenience :- Traditional paymentsystem require the consumer to either send paper cheque by e-mail or require him/her to come physically come over and sign papers before performing transaction.

3.2 Lack of Security: - This is because consumer hasto send all confidential data on a paper which is not encrypted, where it may be read any anyone.

3.3 Lack of Coverage: - The business houses needfaster transaction everywhere and this is only possible with e-cheque. Because old system has very limited scope.

3.4 Lack of Eligibility: - Not all potential buyersmay have bank account.

4. BENEFITS OF E-CHEQUE

4.1 Save Money: - Due to less paper work the cost ofprocessing e-cheque is also reduced.

4.2 Secure: - The e-cheque is fully secured as it usesame network as Direct Deposit and Direct Payment, thus it ensure reliable transaction.

4.3 Instant Processing: - E-Cheques require instantprocessing in comparison to paper cheques.

4.4 Reduce Error: - Customers input their detailsinto an online gateway, hence reducing errors.



- 4.5 Wider Scope:** - The e-cheques are globally accepted as it is processed from any bank and in any
- 4.6 High Security:** - Encryption of bank details in e-cheques enabling to reduce risk of fraud and scams.
- 4.7 Simple Process:** - It is a payment method which is easy to understand and used by customers worldwide.
- 4.8 Accessibility:** - Ability to make payments anytime through the online gateway at anytime.
- 4.9 Environmental Friendly:** - This method is environmental friendly as it reduced paper work.
- 4.10 Instant Payment:** - The customer's payment is acknowledged and approved instantly.

currency through the online gateway.

- 5.2 The risk of being hacked:** - Even if the electronic payment system does not launch plastic cards, it can be involved in scandals regarding identity theft, thus the e-cheque system involved in leak of personal data.
- 5.3 Problem of transferring money:** - Usually the majority of electronic payment system does not cooperate with each other. In this case, you have to use the service of e-currency exchange.
- 5.4 Time Consuming:** - Sometime the e-cheque process becomes more time consuming.
- 5.5 Need of Internet access:** - As we know that e-cheque procedure is an electronic process which needs internet connection, thus without internet connection e-cheque payment is not possible.

5. DRAWBACK OF E-CHEQUE

- 5.1 Restrictions:** - Each payment system has its own limits regarding the maximum amount in the account, the no. of transactions per day etc.

6. COMPARISON OF PAPER CHEQUE AND E-CHEQUE

Table 1. difference between e-cheques and paper cheque.

Basis of Differences	Paper Cheques	E-Cheques
Times needed to issue IPO refund cheques	More time needed for cheque printing and mailing.	Shorter time needed to issue e-cheque.
Cost involved	Processing, printing and mailing costs are involved.	There is no printing and mailing cost involved in e-cheque.
Time needed to receive IPO refund cheques	1-2 days after refund day due to postal delay.	Shorter time needed to receive e-cheques.
Efforts needed to do reconciliation (e.g. checking against invoice amount and due date)	Substantial efforts needed.	Minimal efforts needed.
Security	There is less security in paper cheque as it can be lost or stolen in transit.	The E-Cheque is more secure as the data is encrypted in it.
Set up cost and Complexities	No set up cost or complex to operate.	The set up cost is included here and e-cheque is complex to operate.

7. PROCEDURE OF E-CHEQUE

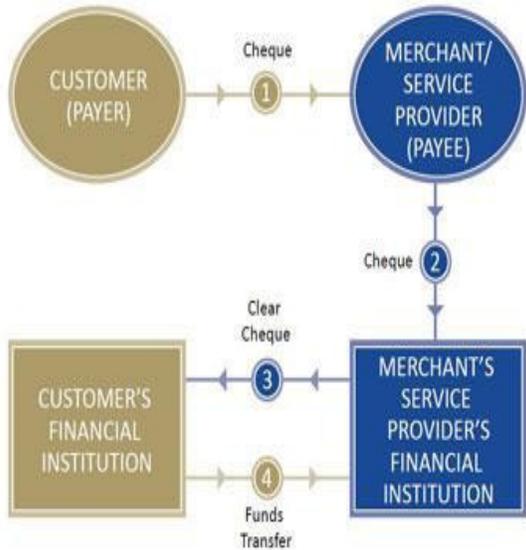


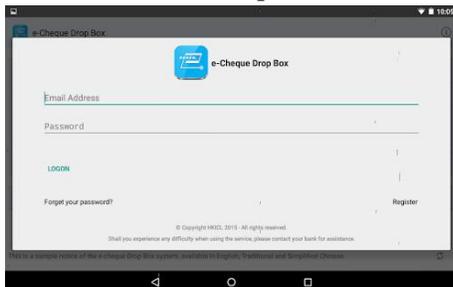
Fig.1 process of e-cheque

8. FORMAT OF CHEQUE



Fig.2 format of cheque

9. Format Of E- Cheque



V. CONCLUSIONS

Today, e-commerce is one of success keys in electronic intercourses. In each electronic intercourse, electronic payment is one of the main pillars. A lot of electronic paying tools have been presented. The e-cheque is one of the paying tools, which are used in special intercourses. But there is always risk for not recovering it, and also trusting to this paying tool is low. Numerous studies have been conducted about trusting in e commerce and it has been studied from different point of views. One of the ways to increase confidence is using social capital and trusting to a third party. Using this approach and combining it with one of the FSTC methods help to present a structure for the e-cheque payment that the third party plays the guarantor role and increases the confidence to recover the e-cheque on due time.

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Fig.3 format of e-cheque



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