



E-Cheques System on E-Commerce in India

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Abstract: Today, e-commerce has great portion in commercial businesses, and it has been developing. One of the most important steps in e-commerce is e-payment that has been done through different tools such as e-banking, and e-cheques. In this type of electronic transactions, there are always different worries both for payers and payees due to untruthfulness. Among all these user base is most important success of e-commerce payment systems also depends on consumer preferences, ease of use, cost, industry agreement, authorization, security ,authentication, accessibility and reliability and public policy. This paper includes history and presentation of E-cheque , paying system, process, advantages .

Keywords: E-Cheque, E-Commerce, Trust, E-Payment.

I. INTRODUCTION

Electronic Commerce introduces a e-payment. E-payment is done through different methods such as e-money, e-coin, different banking cards, and e-cheques. A form of payment made via the internet that is designed to perform the same function as a conventional paper cheque. Because the cheque is in an electronic format, it can be processed in fewer steps and has more security features than a standard paper cheque. 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 dishonesty of two sides of an intercourse to this type of payment. This dishonesty is due to different reasons, and one of them is untruthfulness to cashing the cheque on due time. By studying previous articles done before, this article concludes that the third element known as “payment guarantee” could be useful to increase trust in using this tools, and then presenting a place for this important element in the e-cheque structure.

II. E-CHEQUE

The e-cheque has all capabilities of the paper cheque. The e-cheque could be used indifferent payment, such as installments, conditional, named, governmental, and without cashing money. The e-cheque includes important fields such as number, coding key.

Payer’s banking details, and payee’s banking details, amount, and date of payment. Number, type, limitations, and processing methods of the e-cheque fields are different due to each country’s regulations and implementation algorithm.

As the e-cheque is a complete digital document for paying electronically, therefore its security specifications for implementation is similar to e-money. A lot of rules in international levels for implementing the e-cheque has been run, that American Financial Services Technology Consortium” (FSTC) is the first sample in coded form. Four types of processing has been given in FSTC, in that payers could be able to give the e-cheque directly to the payee, or the bank of payee, or the payer’s bank. In addition, the payee is able to cash it through either his/her bank or payer’s bank. The following figure (Fig1). Demonstrates four types of paying process

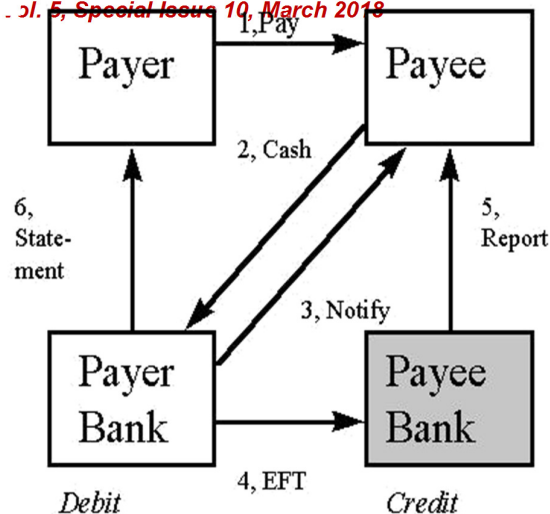


Fig 1.demonstrates paying methods in FSTC.

Security of the e-cheque has been provided through digital signatures and restricted different attacks through the most secure methods of Authentication, Authority, Confidentiality, Integrity, Non-repudiation, and Non-repetition.

III. TERMS OF E-CHEQUE

A. *Transferability*

B. *System of Crossing and its implications*

C. *Creation of a Holder in Due Course*

- **Transferability:** A Cheque as any other Negotiable Instrument is transferable by Delivery in case it is drawn payable to a Bearer and by Endorsement and Delivery when made payable to order. The word Bearer has been used in the NI Act as a person who is in the physical possession of the written instrument. This aspect of Delivery cannot be constructive or implied in case of Negotiable instruments. Hence it can be fulfilled only in respect of Written Negotiable Instruments. If the Virtual instruments are to be acceptable, perhaps these concepts of Delivery and Bearer as applicable to them have to be redefined.
- **System of crossing:** The idea of crossing of cheques has always been recognized through the method of physically writing on the paper cheques. But after the

introduction of electronic cheques, the method of physically crossing the cheques has not been suitably amended so that if a particular cheque has to be crossed or is required to be sent to a particular account, there are no complications. Nowhere has it been mentioned after the amendment that the system of crossing shall also be electronically completed. Crossing by definition is an act of Writing. Unless this is redefined, it cannot be applied by extension.

- **Holder in Due Course:** This aspect of negotiable instruments actually rests totally upon the fact that there has to be a physical existence of the cheque. Unless and until such existence is not there, it shall not be possible to have a Holder in Due Course for a cheque or any other negotiable instrument. There has not been an amendment which could give a full proof recognition to a holder in due course of an electronic cheque. The very essence of a Negotiable Instrument is its ability to create a Holder in Due Course. Whatever attempt has been made to redefine the law and introduce Virtual Negotiable Instruments it will have to accommodate this feature. Without this, the Virtual Cheques can only be another type of a Quasi Negotiable Instrument.

- **Rights and Liabilities of Bankers:** The extent of liability of the Collecting and the Paying Banker has been very clearly laid down under the Banking law. It cannot be extended to the electronic cheques, simply by introducing the concept of e-cheques without providing for a suitable amendment, which would clarify as to rights and liabilities of the banks. It should be made clear as to when will the liability of the paying banker arise in case of a fraud with respect to electronic cheques, and what remedy does it have against the customer. It should also be mentioned regarding the Collecting Banker.

IV. ADVANTAGES OF E-CHEQUE

Electronic check conversions use information found on your check to carry out a single electronic funds transfer, much like

a debit card transaction. These offer advantages to businesses, such as faster processing, and to you by improving your access to goods and services.

A. Faster Processing

Faster processing times provide a key advantage for business owners. Paper checks must go through numerous steps before the money moves from the customer's account to the merchant's, which can take several days. An electronic check often processes in half that time, which means the business gets its money faster. This allows businesses to more easily manage their bills and creates a more stable financial situation for the business.

B. Fee and Labor Reduction

Businesses that employ electronic checks spend less money on check processing fees, which lets them devote more financial resources to core operations. Electronic checks also require less hands-on labor by employees and management, which allows the business to either reduce its overall labor force or devote that employee time to customer service, inventory management and other mission critical efforts. It also reduces the need to raise product or service costs to offset the labor costs and fees associated with paper checks.

C. Customer Payment Options:

Some customers do not possess a debit or credit card. This limits purchasing options, especially from online vendors. Business that accept electronic checks provide you with access to goods or services that might otherwise remain unavailable to you. For example, if you want to start a website, you need to buy a domain name and purchase web hosting services. If domain registrars and hosting services only accept credit or debit card payments and you can only provide a check, you cannot start your website. If they accept electronic checks, however, you get the chance to start your website without needing to get a credit or debit card.

D. Reduce processing costs by up to 60%

E-cheque require less manpower to process and don't come with any deposit. E-cheque is generally much cheaper than a processing a paper cheque or credit card transaction.

V.PROCESS OF ELECTRONIC CHEQUE SYSTEM

Step 1: a purchaser fills a purchase order from attaches a payment advice, signs it with his private key, attaches his public key certificate, encrypts it using his private key and sends it to the vendor.

Step 2 : the vendor decrypts the information using his private key, checks the purchaser's certificate signature and cheque, attaches his deposit slip, and endorses the deposit attaching his public key certificates. This is encrypted and sent to his bank.

Step 3 : The vendor's bank cheque the signatures and certificates and send the cheque for clearance the bank and clearing house normally have a private secure data network.

Step 4 : When the cheque is cleared the amount is credited to the vendor's account and a credit advice are sent to him.

Step 5 : The purchaser gets a consolidated debit advice periodically

The following figure (fig.2) describe clearance of cheque payment electronically

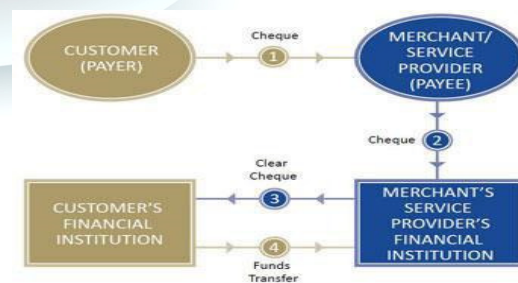


Fig.2 describe clearance of cheque payment electronically

VI.TRUST IN ELECTRONIC COMMERCE AND ELECTRONIC PAYING SYSTEMS



Trust issue has been taken in to account since beginning of social living of mankind .Considering to trusting concept has been increased since 1980 till 1995. Interactions could be mentioned as trust indicators. A lot of definitions have been presented for trusting, Such as “believing on others for achieving our desires” .Propensity toward trusting refers to inner desires towards others based on believing to humanity and its quality. Trusting has been studied out of psychological point of view as well, and is considered as a personality feature. As trusting in electronic paying system is taken in to account in this article, therefore, the following definition for trusting would be applicable that, trusting means one believing that other's promise and saying, in a business relation would be reliable and he/she would observe to his/her words. Financial and credit infrastructures in trusting electronic commerce is very important.

Whatever traditional services change to modern services, the consumers' confidence will decrease . Trust has considerable effect in using information technology. A lot of researches have been done about trust in e-commerce and it has been analyzed indifferent point of views. Trust is more important in e-commerce rather than traditional commerce . Researches show that lack of trust among electronic commerce parties leads to slow down growth of using it. Some people believe that trust in cyberspace is based on three pillars of constitutional, institutional, and interpersonal. Risk and trust are always together and appear meaning to each other

.Information quality, brand, reputation, respond ability, electronic exchange environment also play role in trusting in electronic intercourses . It is important to make confidence, and it should be empowered frequently, and for this issue, untruthful situations should be detects Internet's cams have been providing that strategies for Trust in E Cheque in Electronic Payments presenting e-commerce services would be in the way of increasing customers' confidence.

Buyers simply do not trust in internet sellers, and do not enter electronic businesses. Electronic intercourse experience

is effective in increasing customers' confidence. Trust is one of the important factors in electronic payment and users in electronic payment systems expect flexibility and system separation in order to run their desired expectations . Trust in the e-cheque payment system is one of the main priorities in electronic intercourses system. In order to give priority to the electronic paying system rather than traditional paying system, reliable quality element should be seen within it. Electronic payment has security benefits such as anonymity, confidentiality, integrity. Increasing customers' confidence during transaction is very important. The accuracy of intercourses both in ordinary and electronic.

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 trust in e-commerce and it has been studied from different point of views. One of the ways to 26 New Marketing Research Journal, Special Issue, 2014 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.

ACKNOWLEDGEMENT

The completion of this study could not have been possible without the expertise of Ms. Gurpreet Kaur my beloved adviser. I am highly thankful to MS.Arshdeep Kaur for her active guidance indeed throughout the completion of paper.



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