Unit 3 :- E-commerce and Banking.

E-commerce:- For a common man e-commerce is known as buying and selling of products and service over internet. But it is more than just handling purchase transactions and transfer of funds over internet.

E-commerce framework was announced by the US-Government in 1997 - at the time when the internet network was allowed to be used by commercial organisations. E-commerce standards are, however, under development.

By integrating computers and data communications into the business process, companies can reap the benefits of exchanging information electronically: reduced paperwork, minimized cost, and improved response time. This process, the computer-to-computer exchange of standardized business information is called Electronic Data Interchange (EDI). The use of EDI eliminates many of the problems associated with traditional information flow, which are given as below:—

→ The delay associated with making documents is eliminated.

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→ Since data is not repeatedly keyed, the chances of error are reduced.

→ The time required to re-enter data is saved.

→ As data is not re-entered at each step in the process, labour costs can be reduced.

→ Since time delays are reduced, there is more certainly in information flow.

Another advantages in the use of EDI is that it generates a functional acknowledgement whenever an EDI message is received, and it is electronically transmitted to the sender. This acknowledgement states that the message is received.

Types of E-Commerce:-

There are three types of e-commerce

(a) Business to Business Ecommerce (B2B)
(b) Business to Consumer E-commerce (B2C)
(c) Consumer to Consumer E-commerce (C2C)

(a) Business to Business E-commerce :-

This type of e-commerce deals between businesses. The exchange of products, services and information between businesses on the Internet is B2B e-commerce. Example – company websites, Brokering sites, Banking and Financial sites, www.seekandsource.com etc.

(b) Business-to-Consumer E-commerce :-

This type of e-commerce deals between business and consumer for their own use. Ex:- www.amazon.in – the online bookseller site launched in 1995 for selling of books and other products directly to consumers. On-line banking, travel services, railway reservation system etc are example of B2C ecommerce.

(c) Consumer-to-Consumer E-commerce :- A virtual market place on the internet in the form of website which allows sellers and buyers to meet and exchange goods, including used goods, at a negotiated price. Example:- ebay.com, bazee.com, olx.com, quickr.com etc.

Applications of E-commerce in Banking

E-commerce has fundamentally changed the way that companies do business. Some important current applications of e-commerce in banking are :—

1. **Electronic billing** — Electronic billing is one of the biggest benefits that e-commerce has brought to both consumers and businesses. Banks now offer the ability to automatically pay your bills through their website or on their app. Companies can send out electronic invoices to their customers and receive payment automatically instead of waiting for and cashing a physical check.

2. **ID Verification** — Banks can and should take identification very seriously. This identification process is not just a protection for the customers, but also for the retailer or vendor. It is the responsibility of all stakeholders — banks and e-commerce retailers alike — to uphold ID verification and customer information security standards.

3. **Mobile Payments** — Mobile focused commerce has become a new normal for many people who are now able to buy everything from a dog sitter to a plane ticket from their phone. A smartphone has become another important e-commerce tool, however - a digital wallet. Customers can now pay for many of their in-person purchases with a smartphone app.

4. **Digital-only banking** — E-commerce has enabled app payments and transactions, leading the way for reeducation in physical brick and mortar banks. Many large banks have opened as online-only operations like brokers. Trading accounts are now available online-only for stock operations (sale and purchase).

5. **B2B Innovation** — E-commerce has enabled banks to offer faster account opening, digital invoice payment, and other conveniences that B2C buyers have long enjoyed. B2B buyers have experienced these features in their non-business life and are making demands in the marketplace that their B2B experience is more consistent and matches the rest of modern life.

E-commerce and banking, then, have a responsibility to continue to elevate the customer experience.

6. International Commerce

E-commerce has made it easier for people to bank internationally or pay for goods and services from another country without having to work around banking regulations or exchange rates. Third-party vendors like PayPal work as a go-between for e-commerce retailers and financial organizations and banks.

E-Commerce has created a lot of opportunities for banking and the applications of e-commerce in banking continue to grow, with both retailers and finance organizations working to create a better customer experience through technology that will help businesses from both industries grow revenue and strengthen their brand.