

# **A STUDY ON E-PAYMENT SYSTEM IN INDIA**

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# INTRODUCTION

E-commerce refers to a wide range of online business activities relating to products & services. The electronic payment system is an integral part of e-commerce . The reason for the wide acceptance of e-commerce is perhaps due to the rapid development and growth of various electronic payment systems, out of which four categories have come out importantly. Those are Online Credit Card Payment System, Online Electronic Cash System, Electronic Cheque System, and Smart Card based Electronic Payment System.

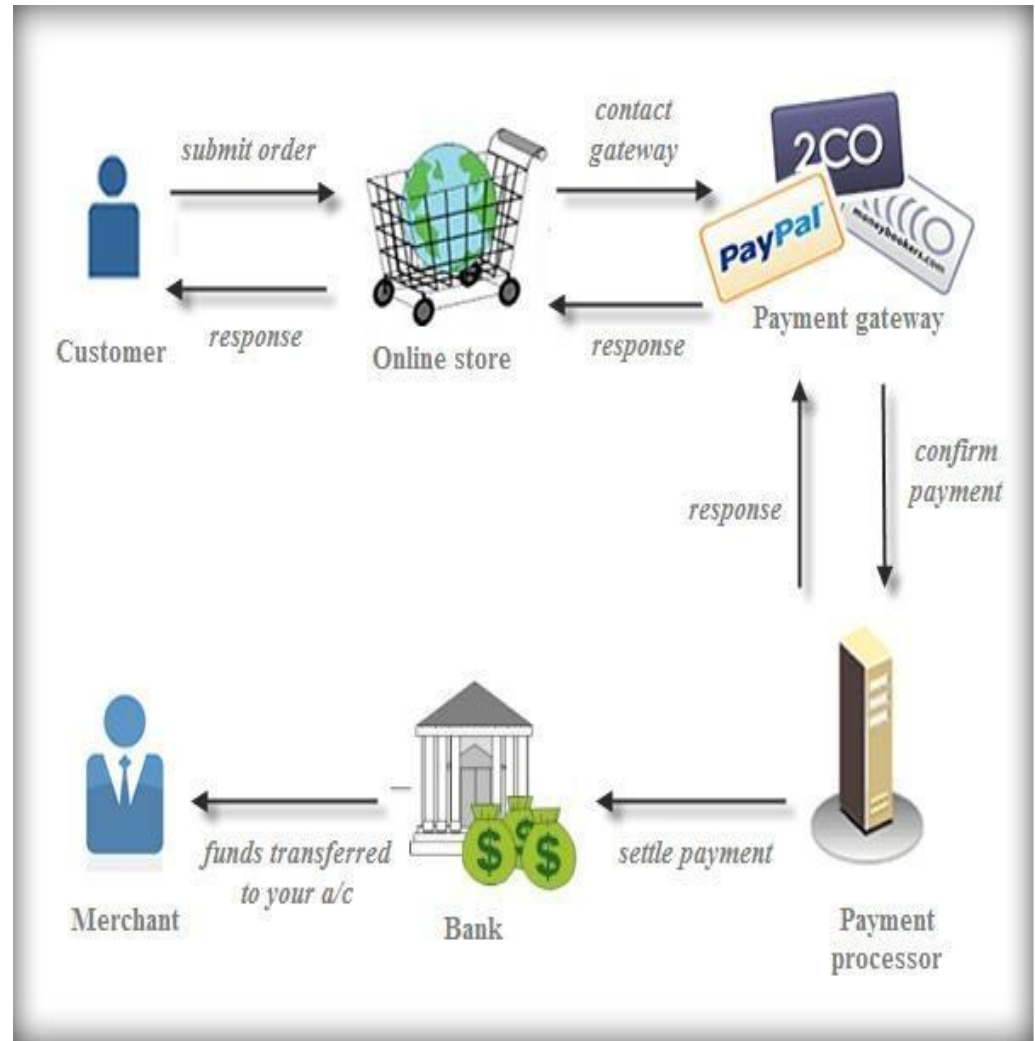
# Concept of E-payment

E-payment system is defined as the system in which receiving and making payment is done, an integral part of mercantile process, electronic payment system is similarly an integral part of e-commerce. In the payment system e-commerce has brought to surface some new financial needs which, in most cases, cannot be effectively fulfilled by traditional methods of payment. As for instance, online auction between individuals has created a new type of purchasing relationships resulting in the need for peer-to-peer payment methods that permits one individual to e-mail payment to the other individual. Payment system based on electronic distribution network constitutes a customary practice in the banking and business sector since 1960s. In addition, as the payment is made from distance, without the physical presence of the payer, it does not include cash.

# Process of Electronic Payment System

Electronic Payment systems have been in operation since 1960s and since then electronic system have been expanding rapidly and growing in complexity. After the development conventional payment system, Electronic Fund Transfer (EFT) based payment system came into operation.

To use EFT to clear payment and settle accounts and online payment service will need to add capabilities to process orders, accounts and receipts. But a landmark landed in this direction is the development of digital currency the digital currency systems have the same advantages as paper currency payment, namely, anonymity and convenience.



# Types of Online E-payment System

With the rapid growth of e-commerce and with the growing complexities in e-commerce transaction, various methods have been evolved for online payment.

The various of types of this system are appended below:

- Online Credit Card Payment System
- Electronic Cheque Payment System
- Electronic cash payment system
- Smart cards based electronic payment system

# **E- Payment System in Government Sectors**

State Bank of India and all other public sector banks, like PNB, UCO bank, UBI, CBI, etc. and the leading private banks, such as – ICICI, HDFC, IDBI, Axis Bank etc. have been authorised by RBI to undertake Government businesses and those banks are offering the following electronic mode of funds –

- **National Electronic Fund Transfer (NEFT)**
- **Real Time Gross Settlement Scheme (RTGS)**
- **Electronic Clearance Scheme (ECS)**
- **Core Banking Solutions (CBS)**