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ABSTRACT

E –Commerce will grow more than \$300 billion in the next five years as per some analysts of the world over. E-commerce has changed the face of business, commerce and trade at national as well as international level. E-commerce is a mean of doing business transaction on line. It is operated business using electronic instruments like telephone, fax etc. In recent years it has faced various challenges and threats due to safety and security of the transactions taking place on internet. Though lots of efforts has been taken to overcome these problems, yet the truth also remains that certain new problems have raised their heads which need to be overcome as well. This paper examines the challenges and threats that have been faced by e-commerce in the current changing global business scenario and its impact on the international trade, business and global financial sourcing activities. It is the fact that the companies are not sure of the security aspects of the technology. It is not that sufficient standards or measures to ensure safety and security are not being adopted. But it is also true that the companies are not aware or sure of the efficiency of these technologies and hence are skeptical about employing it in various financial activities. It remains an evolving business concept and many companies, organizations, and communities are taking advantage of the potential of e-commerce. However critical challenges remain to be overcome before e-commerce would become an asset for business and commercial activities.

KeyWords: E –Commerce, Security, Threats, Financial Activities.

INTRODUCTION:

E-commerce a business activity that includes the delivery of information, product and services and payments using electronic medium such as Internet. This medium of business reduces the cost of services, and improves the quality of items and service. Cost reduction due to reducing the paper work .The cost effective electronic documents transfer ensures that both the customers and suppliers documents will be delivered almost instantly and safely. This enables both parties to take decisions quickly. The objective of this paper is to analyze the challenges and opportunities before e-commerce in changing business scenario.

Different Categories of E-Commerce

Elizabeth Goldsmith and others (2000) reported that the general category of e-commerce can be broken down into two parts:

1 E-Merchandise: selling goods and services electronically and moving items through distribution channels, for example through Internet shopping for groceries, tickets, music, clothes, hardware, travel, books, flowers or gifts.

2 E-Finance: banking, debit cards, smart cards, banking machines, telephone and Internet banking, insurance, financial services and mortgages on-line (Elizabeth Goldsmith and others,2000).

E commerce involves conducting business using electronic medium like telephone, fax or e-mail. Thus the major requirement to establish e-commerce activities are the creation data base , processing ability of information and effective mechanism for information communication within and outside the organization. The WTO has recognized that commercial transactions can be broken into three stages 'The advertising and searching stage, the ordering, and payment stage, and the delivery stage.'

DEVELOPMENT OF E-COMMERCE:

E-COMMERCE is not a very new concept as it is started in 1995/1996. Actually in broader sense, e-commerce has started much earlier when telephone and fax machines were used to place an order for buying a product .As per the findings of Internet and Mobile Association India the total value of E-Commerce activities within India has Crossed Rs.570 Crore during 2004-05. Internet and Mobile Association India a non-profit organization founded in January 2004 by

leading Indian Internet portals, projects that e-commerce revenue in the country will reach Rs 5,300 Crore in the 2010.

REVIEW OF LITRATURE

An attempt has been made to put forward a brief review of literature based on few of the related studies undertaken worldwide in the area of e-commerce as follows.

Elizabeth Goldsmith and Sue L.T. McGregor (2000) analyzed the impact of e-commerce on consumers, public policy, business and education. A discussion of public policy initiatives, research questions and ideas for future research are given.

Andrew D. Mitchell (2001) examined the key issues that electronic commerce poses for Global trade, using as a starting point the General Agreement on Trade in Services (GATS), the World Trade organization (WTO) agreement most relevant to e-commerce.

Nir B.kshetri (2001) This paper attempts to identified and synthesized the available evidence on predictors of magnitude, global distribution and forms of e-commerce. The analysis indicated that the twin forces of globalization and major revolutions in ICT are fuelling the rapid growth of global e-commerce.

Jackie Gilbert Bette Ann Stead (2001) reviewed the incredible growth of electronic commerce (e-commerce) and presented ethical issues that have emerged. Security concerns, spamming, Web sites that do not carry an "advertising" label, cyber squatters, online marketing to children, conflicts of interest, manufacturers competing with intermediaries online, and "dinosaurs" were discussed.

Mauricio S. Featherman, Joseph S. Valacich & John D. Wells (2006) examined whether consumer perceptions of artificiality increase perceptions of e-service risk, which has been shown to hamper consumer acceptance in a variety of online settings.

Young Jun Choi, Chung Suk Suh (2005) examined the impact of the death of geographical distance brought about by e-marketplaces on market equilibrium and social welfare.

Prithviraj Dasgupta and Kasturi Sengupta (2002) examined the future and prospects of e-commerce in Indian Insurance Industry.

Arvind panagariya, 2000 examined Economic issues raised by e-commerce for the WTO and developing countries. E-commerce offers unprecedented opportunities to both developing and developed countries.

OPPORTUNITIES FOR E-COMMERCE:

An e-commerce provides a virtual space where sellers and buyers trade with each other as in the traditional marketplace. Various kinds of economic transactions and buying and selling of goods and services, as well as exchanges of information, take place in e-commerce. It has become an alternative place for trading. It can serve as an information agent that provides buyers and sellers with information on products and other participants in the market. These features have been influencing the economy by affecting the behavior of buyers and sellers.

E-business affects the whole business and the value chains in which it operates. It enables a much more integrated level of collaboration between the different components of a value chain than ever before. **Adopting e-Business also allows companies to reduce costs and improve customer response time.** Organizations that transform their business practices stand to benefit immensely from innumerable new possibilities brought about by technology. Financial transactions such as movement of money between bank accounts. One area where there are some positive indications of e-commerce is financial services. Online stock trading saw sustained growth throughout the period of broadband diffusion. E-shopping is available to all these who use a computer. **Over the past year Amazon.Com, eBay India, India times have seen a rapid growth in categories such as mobile handsets, jewellery, fashion apparel, books, gift items and other items.**

Few more examples are as follows.

Naukri.com – India's premier recruitment site has captured around 50% of the recruitment market.

ICICIDIRECT.com - Stock trading simplified, Icidirect.com is today the country's premier trading portal.

Baaze.com the country's premier shopping site started as an auction site and graduated to be the most popular platform-shopping site.

Irctc.com - One of the best things about this site is that a credit card is not an essential requirement for buying tickets here. Instead the site offers a direct debit facility having tied with most of the popular banks.

Students would be introduced to e-commerce education and topics covered in a variety of business courses in different disciplines e.g. accounting, economics, finance, marketing,

management, management information systems. To help assure that all related business courses in all disciplines such as e.g., accounting, finance, economics, marketing, management, information systems pay proper attention to the critical aspects of e-commerce, certain e-commerce topics should be integrated into existing business courses. E-insurance also makes the insurance procedure more secure since the policy details are stored digitally and all transactions are made over secure channels. These channels provide additional market penetration that is absent in traditional channels and help in earning more revenue than traditional insurance processes.

CHALLENGES FOR E COMMERCE:

Internet based e-commerce has besides, great advantages, posed many threats because of its being what is popularly called faceless and borderless.

Some examples of ethical issues that have emerged as a result of electronic commerce. All of the following examples are both ethical issues and issues that are uniquely related to electronic commerce.

Jackie Gilbert Bette Ann Stead (2001), reported the following ethical issues related to e-commerce.

1) Privacy

Privacy has been and continues to be a significant issue of concern for both current and prospective electronic commerce customers. With regard to web interactions and e-commerce the following dimensions are most salient:

(1) Privacy consists of not being interfered with, having the power to exclude; individual

Privacy is a moral right.

(2) Privacy is "a desirable condition with respect to possession of information by other persons about him/herself on the observation/perceiving of him/herself by other persons"

2) Security concerns

In addition to privacy concerns, other ethical issues are involved with electronic commerce. The Internet offers unprecedented ease of access to a vast array of goods and services. The rapidly expanding arena of "click and mortar" and the largely unregulated cyberspace medium have however prompted concerns about both privacy and data security.

3) Other ethical issues

Manufacturers Competing with Intermediaries Online "Disintermediation," a means eliminating the intermediary such as retailers, wholesalers, outside sales reps by setting up a Website to sell directly to customers.

Disintermediation include (1) music being downloaded directly from producers (2) authors

Issues in e-commerce security

There are several issues related with the security of the document on the network. Following are the important issues related with the documents for payment transaction

1. Integrity of the documents.
2. Authentication of the document.
3. Maintaining the confidentiality of the documents.
4. Non-reproduction of documents
5. Authorization issues.

Mauricio S. Featherman, Joseph S. Valacich & John D. Wells(2006) reported that as companies race to digitize physical-based service processes repackaging them as online e-services, it becomes increasingly important to understand how consumers perceive the digitized e-service alternative. E-service replacements may seem unfamiliar, artificial and non-authentic in comparison to traditional service processing methods. Consumers may believe that new internet-based processing methods expose them to new potential risks the dangers of online fraud , identity theft and phishing swindles means schemes to steal confidential information using spoofed web sites, have become commonplace, and are likely to cause alarm and fear within

IT act 2000 and legal system

Beside many an advantages offered by the IT a no. of challenges have been posed to the legal system. The information transferred by electronic means which culminates into a contract raises many legal issues which cannot be answered within the existing provisions of the contract act. The IT act does not form a complete code for the electronic contracts.

Farooq Ahmed (2001) reported that some of the multifaceted issues raised are summarized in following manner.

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1. Formation of e-contracts
 - a) Contracts by e-data interchange
 - b) Cyber contracts
 2. Validity of e-transactions.
 3. Dichotomy of offer and invitation to treat.
 4. Communication of offer and acceptance
 5. Mistake in e-commerce
 - a) Mutual mistake
 - b) unilateral mistake
 6. Jurisdiction: cyber space transactions know no national and international boundaries and are not analogous to 3- dimensional world in which common law principles involved.
 7. Identity of parties

The issues of jurisdiction, applicable law and enforcement of the judgments are not confined to only national boundaries. The problems raised are global in nature and need global resolution.

Evolving Electronic Commerce solutions successfully across the Organization means building reliable, scalable systems for

- 1) Security,
- 2) E- commerce payments
- 3) Supply- chain management
- 4) Sales force, data warehousing, customer relations
- 5) Integrating all of this existing back-end operation.

CONCLUSION.

E-commerce opens new vistas for the organization and generates better business avenues because of easy and cheap reach to the potential customer base. It creates new opportunities for business. The different modes of e-commerce such as TV, PC, fax and mobile has increased the commerce through internet However, rapidly changing technology is continually bringing new goods and services to the market accompanied by new strategies to sell them. Therefore, it may also conclude that new ethical issues related to business will emerge. New ethical issues must be identified and immediate steps and actions should be taken.

Initially, new Internet users would be reluctant to conduct any kind of business online, citing security reasons as their main concern. In order to increase consumer adoption of e-services, the sources of consumer confusion, apprehension and risk need to be identified, understood and alleviated. E-commerce provides tremendous opportunities in different areas but it requires careful application for consumer protection issues. Growth of e-commerce would also depend to a great extent on effective IT security systems for which necessary technological and legal provisions need to be put in place and strengthened constantly.

While many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people.

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