

Unit 3 : Payment Systems, Social Networks and Online Auctions.

Q.1. Explain different types of payment system in E-commerce.

→ Different types of payment system : While performing transactions in traditional commerce, the user can use one of the following payment systems.

- Cash
- Checking Transfer
- Credit Card
- Stored Value
- Accumulating Balance.

* Cash : Cash is the most common form of payment system for number of transactions. It is a legal tender defined by a national authority that represents some value.

- Cash payment are simple and convenient because they do not require any special equipment or technology to process.

Advantages :

- Cash is portable
- The use of cash doesn't require any authentication
- Cash is used for micropayment.
- There is no financial risk for the merchant.

* Disadvantages :

- Cash is limited to smaller transactions only.
- Cash can be easily stolen.
- The purchases tend to be irreversible with cash.
- There is no security against unauthorized use.

* Checking Transfer : Checking transfer is another commonly used payment system. With checking transfer, the funds are transferred directly using a signed draft or check from the customer's account to a merchant's account.

- Checking transfer payment are a convenient and secure way to transfer money between individuals & businesses and they are increasingly popular in today's digital economy.

Advantages :

- The unspent balance can earn interest which is not there in cash.
- It provides security than cash because it requires authentication.
- Checking transfer payment are highly accurate, as the transaction details are entered directly into the system.

Disadvantage :

- Checks can be cleared before it clears the account.
- Checks can be forged more easily.
- It has some float.
- Check can be bounce if there is not enough balance in the account.

* Credit Card : A credit card defines an account that extends credit to consumer. It allows customers to purchase items while deferring payments.

- The credit card issuer provides a credit limit, which is the maximum amount of money that a cardholder can borrow.

Advantages :

- Credit cards offer customers a float.
- It is widely accepted payment system.
- It reduces the risk of theft.
- Credit card allow customers to make small & large purchases.

Disadvantages :

- Users of the credit card have to pay some additional transaction fees.
- With credit cards, customers can repudiate their purchases which raises the risk for merchants.

* Stored Value : The most commonly used stored value payment system is Debit card. Using stored value, customers' accounts are credited with the balance and from that funds can be withdrawn as needed.

Advantages :

- It is used for both small and large transactions.
- It is convenient mode of payments.
- It reduces the risk of theft.

Disadvantages :

- It doesn't provide any float.
- It involves transaction fees for large purchase.

Q * Accumulating Balance : With accumulating balance payment system , customers make periodic payments for the purchase . Using the type of payment system customer's account is accumulated over a specified period and then is paid in full at the end of the period.

Advantages :

- It is convenient payment method for customer.

Disadvantages :

- It includes interest paid by the customer.

Q.2 Give difference between social network & portal.
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Social Network	Portal.
An online social network is a web site that encourages members in its online community to share their interests, ideas, photos, and videos with other registered users.	A portal is a web site that offers a variety of Internet services from a single, convenient location.

<ul style="list-style-type: none"> • It is also known as social networking sites. 	It is a service provider.
<ul style="list-style-type: none"> • Social networks are primarily designed for socializing & networking, and they are usually free to use. 	Portals are often designed as a gateway to the internet, providing users with access to news, email, search engines and other services.
<ul style="list-style-type: none"> • It encourages members in its online community to share ideas. 	It offers variety of services from a single location.
<ul style="list-style-type: none"> • For example : Facebook, Myspace 	For example : Google, MSN, Yahoo!

Q. 3 Explain online auctions in detail.

→ An auction is a process of buying and selling goods or services by offering them up for bid, taking bids and then selling the item to the highest bidder.

Online auctions : An online auction is an auction that takes place via the internet, allowing users to sell or bid for products and services online. Online auctions allows seller to reach larger audiences, in different locations and geographical areas.

- Online auctions include business to business, Business to consumer, and consumer to consumer auctions.
- * Why are auctions so popular ?
 - Auctions are popular for several reasons :
 - Auctions often feature unique and rare items that are not available in the regular market.
- A - Auctions can offer potential bargains, as buyer have the opportunity to purchase items at a price lower than their market value.
- Auctions can also provide investment opportunities as some items can appreciate in value over time.
- Auctions provide a social atmosphere where buyers can meet other collectors and enthusiasts who share similar interests.
 - This can create a sense of community among buyers and increases the enjoyment of the auction experience.
- * Benefits of Auctions :
 - Price Discovery : As the prices are dependent on the supply and demand, buyers and sellers can easily & efficiently develop prices for items that are different to assess.
 - Market Efficiently : Online auctions provide customers a wide selection of goods and services compared to the traditional auctions.

- Customer Aggregation : Auction sites lead the customer directly to the products they are looking for. In such a way, sellers motivate customers to purchase something in one marketplace.
- * Costs and Risks of Auctions :
- Monitoring cost : Participating in auction requires customer's time to monitor bidding continuously.
- Equipment costs : Online auctions require a customer to purchase a computer system, operating system as well as pay for the Internet access.
- Fulfillment costs : The buyer has to pay charges for packing, shipping and insurance compared to the traditional auction.
- Trust Risk : Online auctions are the largest source of Internet fraud. It increases risk for customer and merchants both.

Q.4 Explain different types of auctions.

→ There are various types of auctions like,

- English Auction
- Traditional Dutch Auction
- Dutch Internet Auction
- Name Your Own price auction
- Group Buying Auction
- Sealed-bid Auction
- Vickery Auction
- Yankee Auction
- Reverse Auction

- * English auction : It is the most common form of auction. There is one seller and multiple buyers. There is a single item to be sold and within the time limit this auction ends. It is ascending price auctions.
- * Traditional Dutch Auction : In this type of bidding, the auctioneer declares a high price for the product or service and subsequently, it is lowered depending on whether the participants are willing to pay the pre determined amount. It is also known as descending auction.
- * Dutch Internet Auction : It is multi unit auction. Sellers start by listing a starting bid for one item and the number of items to sell. Bidders specify both a bid & the quantity they want to buy. It uses uniform pricing rule.
- * Name Your Own Price Auction : In NYOPA, buyers specify what they are willing to pay for the goods & services to the sellers. The NYOP is a system, under which buyers make a suggestion for a product's price & the transaction occurs only if a seller accepts this quoted price.
- * Sealed bid Auction : Sealed bid Auctions are when a single bid is made by all bidding parties and the single highest bidder wins, and pays what they bid. It is buyer biased because multiple vendors compete against one another.

- * Vickery Auction : It is a type of sealed bid auction in which the highest bidder wins at the second highest price. If a bidder makes a very high bid, they may have to pay that price, but if they make a low bid there is chance that they will lose the item.
- * Yankee Auction : Yankee Auction implies a multiunit discriminatory English auction. In a Yankee auction, bidders pay amounts equal to their bids. It is seller biased because single seller and multiple buyers competing against one another.
- * Reverse Auction : A reverse auction is a type of auction in which sellers bid for the prices at which they are willing to sell their goods and services. In this auction, the buyer puts up a request for a required good or service. It is buyer biased because multiple sellers competing against one another.

Q.5. State some online social network which provides features like connectivity , profile , friends network and so on in detail.

- Online social network provides following features.
- Connectivity : The entire point of social media is a way to bring internet users together. Social media allows you to keep in touch with friends, family and idols all over the world.

- Profile : One significant advancement experts have come to observe in social media is the gradual ability for users to create customized profile in order to stand out.
- Friend network : This feature allows user to create a linked groups of friends and allow sharing ideas with them.
- Storage : Social network allows users to store their content on the network.
- Instant Messaging : It allows user to communicate with the other user in their online community.
- Favourites : A favourite is the feature that has ability to communicate with favourite sites, contents and bookmarks also.
- Online polling : It is used for member's opinion based on the polling.
- Network discovery : It allows expanding the friends' network by selecting other friend's group which is called the mutual friend.