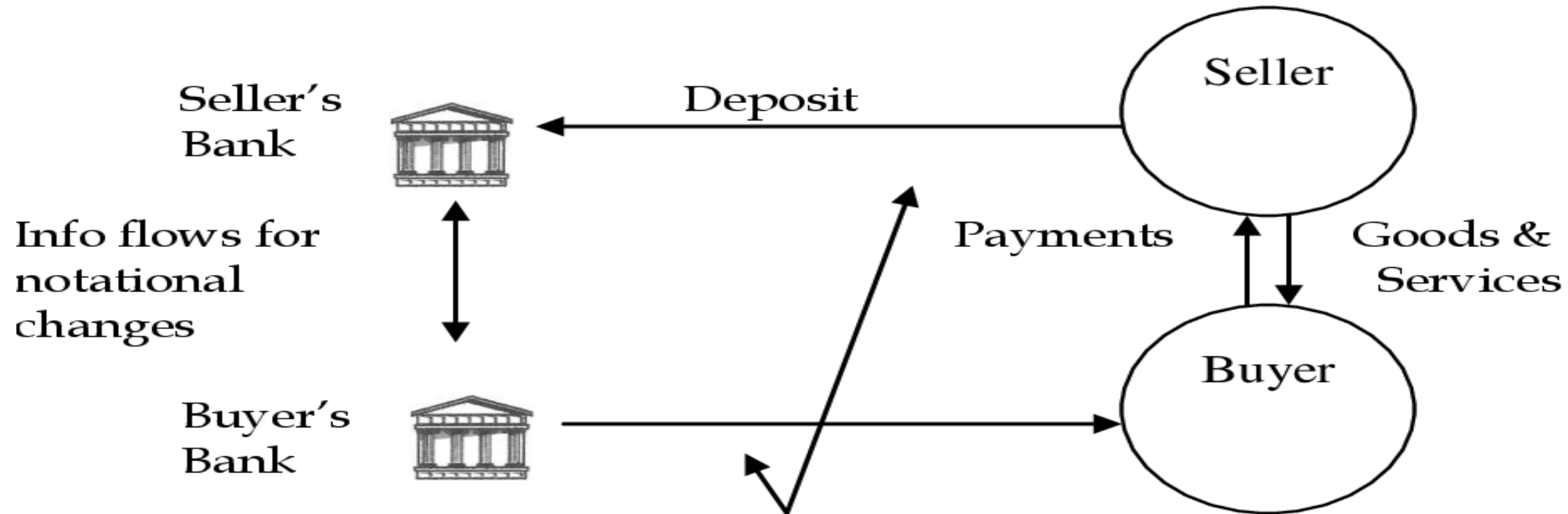


Payment Methods

Traditional payment methods

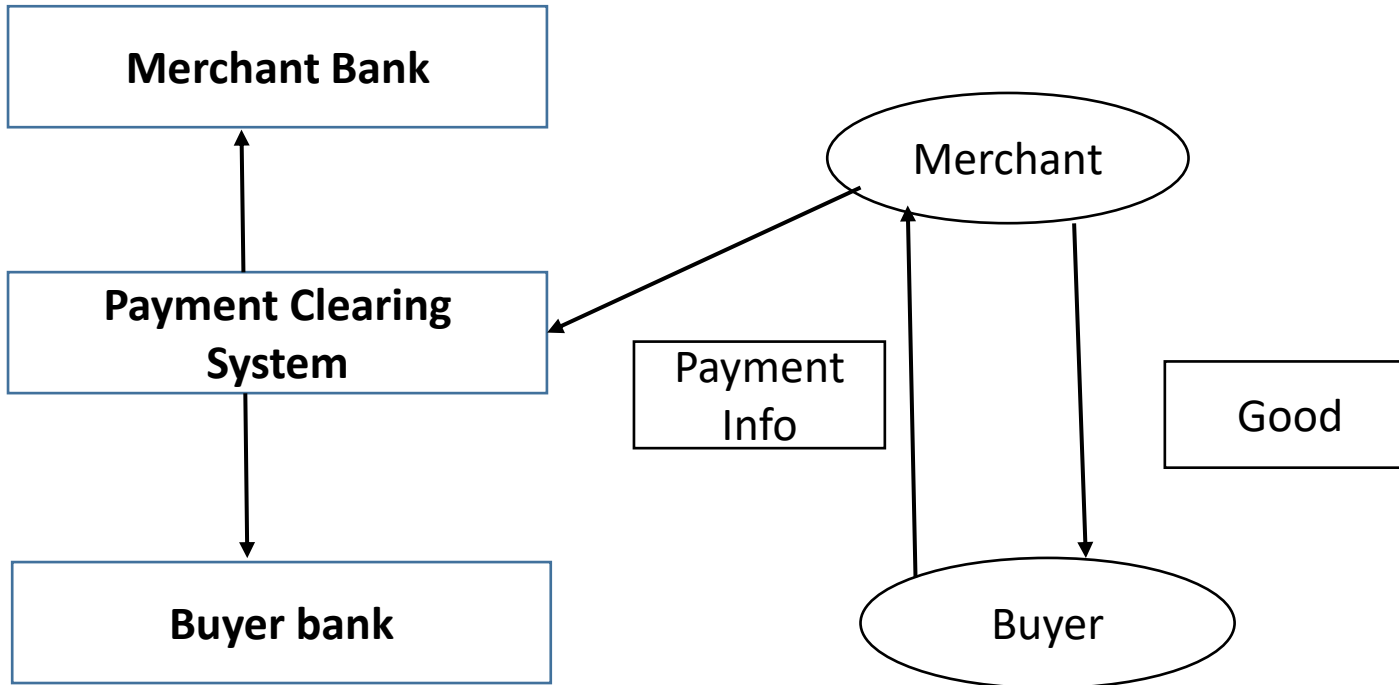
Any transaction that involves the exchange of physical money is called traditional payment method.

Figure 1: Conventional/Traditional Payment System



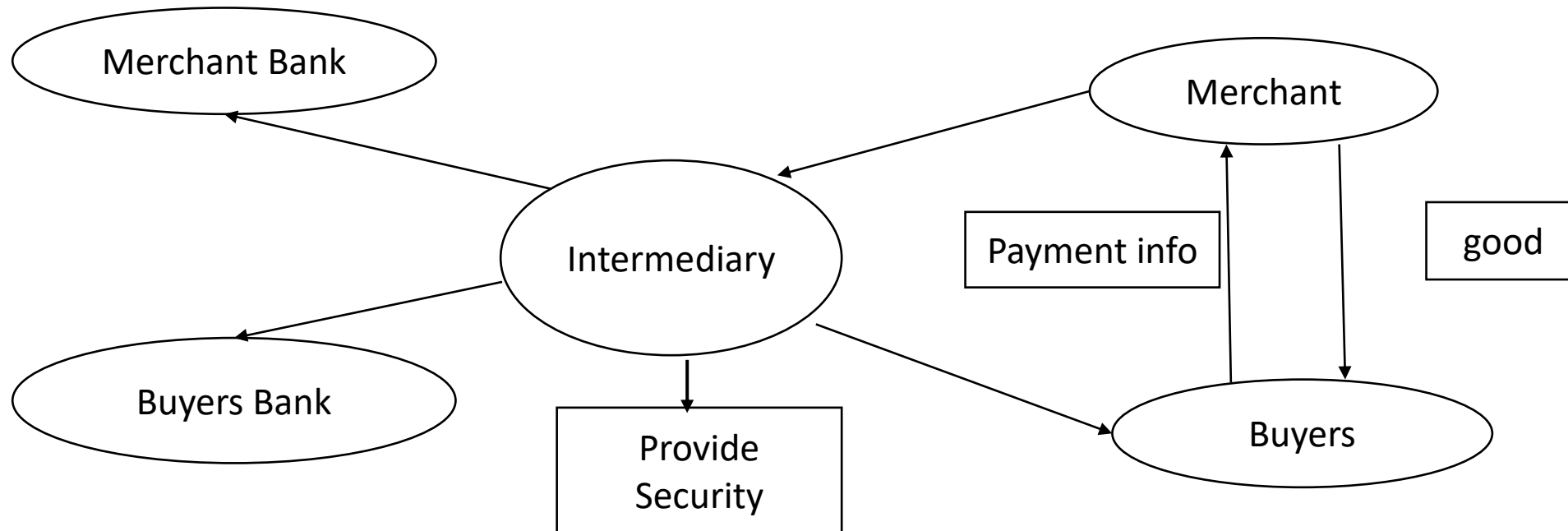
Noncash transaction:

In non-cash systems, payment instruments no longer use money in physical form.



Secure payment system

A secure payment system, or SPS, refers to payment processing and information services that provide users' security online. An SPS is a type of payment processing that ensures a user's financial and personal information is protected from fraud and unauthorized access. These systems must provide reliable services as billions of dollars are transferred through them every year



Digital payment

A digital payment, sometimes called an electronic payment, is the transfer of value from one payment account to another using a digital device such as a mobile phone, POS (Point of Sales) or computer, a digital channel communications such as mobile wireless data or SWIFT (Society for the Worldwide Interbank Financial Telecommunication). This definition includes payments made with bank transfers, mobile money, and payment cards including credit, debit and prepaid cards.

Digital currency

refers to a type of currency that exists in digital form and can be used for transactions over the internet. Examples include cryptocurrencies such as Bitcoin, Ethereum, and Ripple. Digital currencies operate independently of a central bank and rely on encryption techniques to secure transactions. They are often decentralized, meaning they are not controlled by any single entity.

There are several types of digital currencies, including:

Cryptocurrencies: The most well-known type of digital currency, cryptocurrencies are decentralized and use encryption techniques to secure transactions. Examples include Bitcoin, Ethereum, and Ripple.

Stablecoins: Digital currencies designed to maintain a stable value, often pegged to a fiat currency or a basket of assets.
Examples include USDC, Tether, and DAI.

Central Bank Digital Currencies (CBDCs): Digital currencies issued and backed by a central bank, such as the People's Bank of China's Digital Currency Electronic Payment (DCEP) and the European Central Bank's Digital Euro.

A smart card is a type of secure integrated circuit card that is used for various purposes, including payment systems, identification, and access control. It typically includes a microprocessor and memory, and may have additional features such as a magnetic stripe or an embedded display.

Examples of smart cards include:

Credit/debit cards

Government-issued ID cards

Health insurance cards