

Mock Mid

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Short Answers

(1)

friction free commerce means to directly connect buyer and seller, no extra cost or delay but algo pricing and cross-border obstruct this due to:

- In algorithmic pricing, it makes prices unfair, diff for diff users based on competitor analysis of product, demand, location
- e.g Uber uses this creating new type of friction.
- In cross-border e-com, every region has thier own rules according to which price data varies causes delay and changed data, price cross-border.

(2)

Adaptive personalization Vs customization

- Adaptive personalization means system adapts according to user behaviours, history, activities.
- Algo trained on that and make suggestions accordingly. It uses big data. E.g Amazon Co recommend users automatically based on thier search and history purchases.

- Customization is done and controlled by user.
- User select options by thier own choices and Choose preferences and systems then works accordingly.
- Data is saved as user preference. Alikaba allowing users to choose category and price ranges

(3)

→ Zero-trust means not trust anyone from anywhere. Every req has to be verified properly.

→ Least-privilege: every user granted access to information or data only that is required, Lower access, Lower Risk.

- In dynamic scoring, system gives user dynamic scores with time by observing thier behaviour, activities and location + other factors and give access accordingly
- Security Vs Privacy: Constantly observing thier behaviours may violate privacy of users.

(4)

- BNPL face higher liquidity risk because they pay merchant instantly while customer pay later.
- That cause gap in cash-flow money goes out earlier comes in later. Disturbing capital.
- In economic stress customers may delay repayments but fintech has to pay merchant on time

- Deferred cycles amplify exposure, create liquidity gaps, worsen under economic stress
- Credit card firms manage risk better through regulatory reserves.

(5)

- **3D visualization** gives users virtual experience but it requires good system, may load slowly on some systems. Require heavy graphics.
- **WAG 2.2 accessibility** compliance says website should be easily accessible to all users offering inclusive growth.
- More accessible by all type of users is more sustainable than being slower or non-useful for disabled.
e.g. Amazon added screen reader support improves layout.

Long Answers

Question 1

1.1

Financial Governance Risk

Using blockchain ledger instead of traditional banks make lessor of regulatory oversight.

- Every country has different banking Rules.
- Smart contracts auto settle but they do not have any central authority.

→ This makes governance risk. what if any illegal transaction occurred, who will be responsible?

Cross-border jurisdiction

- Every country has their laws and crypto has its own laws cause cross-border conflicts
- e.g. One country ^{to save} say customer data for 5 years other consider it unethical.

Biometric not enough:

It only verifies identity.

Verification of merchant do not guarantee trust and compliance.

As in above example legal conflict still arise even after biometric.

1.2

Two major models it aligns with

Biller-direct: Customer directly goes to company portal (e.g. Telenor)

Consolidator: Third party platform, integrate different billers on one interface.

Blockchain node works as interoperability layer that sync diff bills of telecom operators and merchants on one ledger.

It's role is:

- 1) Maintain data standard b/w diff systems.
- 2) Transaction audit, temper free record.
- 3) Uniform API for every operator.

Answer 2.

2.1

Channel Conflict

- Algo pricing adjust prices dynamically but distributors have fixed commissions contracts
- If AI lower prices, then profit or commission falls too cause conflict.
- Because of this may stop promoting brands because earning not estimated or become uncertain.
- This challenge more severely because of uncertainty in profit and commissions and it becomes harder to fix and manage with fixed contracts.

2.2

- Mainly disrupt revenue model.
Instead of fixed prices AI based pricing
- dynamic and uncertain used to earn through transactions.

Aerospace can respond by redefining its value by guaranteed quality and authenticity and revenue model by using data-analytics and subscription models, loyalty points.